
Overview & Scrutiny Panel (Economic Well-Being)

**Report of the meetings held on 12th July and
6th September 2012**

Matters for Information

**6. CUSTOMER SERVICES –
REVIEW OF CHANGES AT RAMSEY & YAXLEY**

The Panel has reviewed the impact of the Council's previous decision to reduce the opening hours at the Ramsey and Yaxley Customer Services Centres 12 months after the new arrangements were introduced. Although it has been a difficult year for the service and there had been an initial increase in the number of complaints received, Members have been pleased to note that these have now reduced as customers have become used to the new opening hours and alternative ways to access services. The number of partner sessions at both facilities has been maintained.

The Panel has discussed the future of the Yaxley Customer Service Centre given that the lease for the current premises is due to expire in July 2013. Members have been advised that discussions have been ongoing to develop a 'community hub' within the village and that the Customer Services Manager intends to review the available accommodation options during the course of the financial year with a view to making further budgetary reductions. It has been suggested that the removal of the local bus service to Huntingdon may generate an increase in demand for services at this location.

Having congratulated the Head of Customer Services on the implementation of the changes without any significant impact on customer satisfaction levels, the Panel has agreed that the Customer Service Centres at Ramsey and Yaxley should continue to operate for two days per week at each location. Any further developments will be reported as part of the normal six monthly monitoring arrangements.

7. CUSTOMER SERVICES QUARTERLY MONITORING REPORT

The Panel has considered the Customer Service Quarterly Performance Report for the period January to March 2012. The report sets out the standards of service that have been achieved and the

issues the service has to face in the forthcoming quarter. Members have been pleased to note that customer satisfaction levels have remained high during the quarter.

8. PRIVATE SECTOR RENT LEVELS

Further to Item No. 40 of the Report to the meeting of the Council held on 22nd February 2012, the Panel has received an update on private sector rent levels in Huntingdonshire. Members have been advised that there is currently no evidence to suggest that landlords have been adjusting their rents downwards as a result of changes to the Housing Benefit System and that the situation in Huntingdonshire is similar to that being experienced by other Councils across the Country.

Having acknowledged that many of the effects of the changes in Housing Benefit have not yet materialised and that it is important to continue to monitor the situation in the current economic climate, the Panel has agreed to receive further monitoring reports on a biannual basis.

9. LEADERSHIP DIRECTION

The Panel has considered the content of the Council's Leadership Direction which has been prepared by the Executive and Deputy Executive Leader to set out their intended direction of travel and key milestones for the Council. In doing so, Members have commented on a number of the themes and aims within the document.

10. USE OF CONSULTANTS

The Panel has received an update outlining the progress which has been made on implementing their previous recommendations following completion of the study into the Council's use of consultants. Members have been pleased to note that the majority of the recommendations have been accepted in some form.

The Panel has been provided with details of the Council's expenditure on consultants and hired and temporary staff during 2011/12. Members have sought clarification and requested further information on a number of items of expenditure. The Head of Financial Services has been asked to prepare a similar report, including a breakdown of revenue and capital charges, for submission to the Panel on an annual basis.

11. LOCALISATION OF BUSINESS RATES

The Panel has been provided with details of Government plans for the localisation of business rates, which will come into effect in April 2013. Information has also been presented on the opportunities for local authorities to combine to pool their business rates income and the benefits which the Government envisage that this will present.

Members have noted that business rate income from the Enterprise Zone has not been included in the proposals. This income will be distributed throughout the Local Enterprise Partnership area.

The Panel has discussed the proposals for pooling business rate income and specific aspects of the proposals that will need to be taken into account. Members have noted that pooling will operate on the principle that none of the authorities that are party to the agreement will be in a worse-off position than they would otherwise have been. There will have to be agreement on what to do with any remaining money, which will require negotiation with the other authorities. Where there is growth, there are clear benefits of pooling; however, it cannot be assumed that income from business rates will not go down and if this occurs it could result in a significant overall reduction in the Council's income levels. Members have also been informed that the County Council has modelled a number of different scenarios to identify the range of effects of pooling.

In noting that there will be an opportunity to withdraw from any pooling arrangements once the draft Local Government Finance Report has been published, the Panel has recommended that the Council's interest in pooling with the County Council and other Cambridgeshire Districts should be expressed to the Department for Communities and Local Government. This is on the understanding that the governance arrangements will be based on no authority losing out from the pooling arrangement.

Members have subsequently been informed that a further report will be submitted to the Cabinet meeting under the Special Urgency provisions set out in the Council's Constitution on 13th September 2012 seeking their endorsement of a proposal for business rates pooling. The Panel has been reminded that the Council will still be able to opt out of the agreement later in the year if it wishes to do so.

12. THE RATIONALE FOR RESERVES

Councillor M F Shellens has presented a briefing paper to the Panel to facilitate a discussion on the Council's approach to the setting of its reserves. As a consequence, the Panel has agreed to establish a Working Group to identify the combination of co-incident risks against which the Council wishes to insure by having reserves. Councillors R B Howe, P G Mitchell, T V Rogers and M F Shellens have been appointed to the Working Group.

Members have suggested that it would be useful to obtain further information from other authorities to determine whether the Council is over or under reserved for an authority of its size.

The Working Group has met in early September and expects to report on its findings to the next meeting.

13. FINANCIAL FORECAST

In conjunction with the Cabinet, the Panel has been acquainted with the present position in relation to the Council's financial forecast and details of the progress made to-date in the achievement of planned savings. Although the financial forecast reveals that at present the Council is in a better position than had been anticipated, the Panel has acknowledged that the risks and unknown factors facing the Council are of a greater magnitude this year than they have been in previous years. Members have also recognised that future Government grant levels present a further risk given the success the Council has had in obtaining income from the New Homes Bonus. A number of these factors will have been resolved by the time the Council sets its budget in February and Members have been advised that further work is being undertaken by the Cabinet to identify further efficiencies to ensure that the Council will have a sound plan to achieve a balanced budget whilst maintaining an acceptable minimal level of reserves.

The Panel has discussed the Council's approach to borrowing and the effect of repayments on the revenue budget. The view has been expressed that cumulative borrowing will increase in the medium term and the repayments will have an effect on the Council's revenue budget. It has equally been argued that borrowing should be undertaken if it is for appropriate capital purposes and that, in this case, the Council needs to retain the flexibility to borrow when the most advantageous terms are available. Members have concluded that the Panel needs to debate what the Council's approach should be and has established a Working Group to identify the terms of this debate. A report will then be received on the Council's current and future borrowing and its assets.

Members also have a particular interest in the Council's level of reserves, having formed a working group to examine this matter and the Council's provisions in this respect (Item No.12 refers). For the purposes of the Financial Forecast, the Working Group does not recommend that the minimum level of reserves is increased and this view has been endorsed by the Panel. The Panel has also been advised of the Council's potential liability arising from the insolvency of Municipal Mutual Insurance (MMI) in 1992 and has noted that the External Auditors are of the opinion that the current provision in the Accounts for this purpose should be reduced.

In terms of the risks and uncertainties listed within the Forecast, a Panel Member has raised a number of specific questions, which have been responded to at the meeting. This has drawn attention to the increasing volumes of people with housing and financial difficulties, and to ensure they receive an adequate service extra spending will be required. In concluding their discussions, the Panel has supported the recommendation that the annuity basis is used for the calculation of Minimum Revenue Provision.

14. THE TECHNICAL REFORM OF COUNCIL TAX

The Panel has received an update on the Government's proposals to reform Council Tax from 1st April 2013, which will enable the Council to use certain discretionary powers.

Members have reviewed proposals for a number of changes to Council Tax discounts and exemptions, which will generate extra income for the Council and will be used to reduce the impact on the Council of forthcoming changes to Council Tax Support. Having considered the three types of discounts/exemptions and noting that those affected will include individuals who inherit property and private landlords, the Panel has expressed their support for the proposals to:-

- ◆ grant unoccupied and unfurnished (Class C) properties 100% discount for 1 month and 0% thereafter;
- ◆ reduce Second Home Discount to 0%;
- ◆ grant uninhabitable properties (Class A) 100% discount for a maximum of 12 months;
- ◆ levy Empty Homes Premium after two years at 50% in addition to the 100% charge currently made;
- ◆ continue to require monthly instalments to be made on the 15th day of each month; and
- ◆ continue to work in Partnership with other Cambridgeshire local authorities to publish the 48 page Council Tax Booklet.

With regard to the proposal to reduce the exemption for unoccupied and substantially furnished properties from six months to one month, the Panel has been assured that testing has been undertaken to maximise the cost effectiveness of the change.

The Panel has also discussed the social consequences of the proposals and has concluded that overall they will result in houses being occupied more quickly. This has been endorsed by the Chairman of the Social-Well Being Panel.

15. COUNCIL TAX SUPPORT FROM 1st APRIL 2013

The Panel has received an update on progress being made towards the implementation of a new local Council Tax Support Scheme for the District, which must be in place by 31 January 2013. The Local Government Finance Bill stipulates that before adopting a scheme, the Council must consult their major precepting authorities, publish a draft scheme and carry out a consultation exercise with stakeholders and interested parties.

The Panel has noted that the District Council current awards approximately £8.1m (net of adjustments) in Council Tax Benefit; however, the Government will reduce the funding it provides to Councils to meet the cost of Council Tax support. Whilst some of those

who could have been affected are protected from any reduction in the support they receive, the Panel has concurred with the view that the whole reduction should not be passed on to the remaining recipients of support and that the Council should make up part of the difference. Members are also of the view that when changes are being developed and implemented, the Council should make clear that the Government has imposed the reduction and that the Council will not benefit from any savings.

Having been advised of the responses, which have been received as part of the current consultation to-date, Members have commented on the fact that the consultation has not targeted all Council Tax payers. It has been suggested that it might have been more widely distributed. Although it is important that those affected are consulted to enable the Council to complete an impact assessment, these comments will be taken into account when the responses are analysed.

On behalf of the Social Well-Being Panel, Councillor S Criswell has expressed the view that the Council is minimising the effects of the changes as far as possible and that if the Council made up the whole of the shortfall it would have to find an extra £1m in savings. The Council will need to take a decision on behalf of all Council Tax payers on the basis of the consultation responses received.

Finally, Members have suggested that the Council might assist those affected to move to properties in a lower Council Tax band and they have been assured that the facility for some payers to pay their Council Tax over twelve months will not cause the Council any cash flow problems.

Other Matters of Interest

16. LOCAL GOVERNMENT ACT 2000 – FORWARD PLAN

The Panel has been acquainted with details of the current Forward Plan of Key Decisions at each of its meetings and have noted those items which will be presented to its future meetings. Members have requested that reports on the 'Community Right to Challenge' and 'Risk Based Verification in Housing Benefit' are submitted to their next meeting.

17. OVERVIEW AND SCRUTINY PANEL (ECONOMIC WELL-BEING) – PROGRESS

The Panel has reviewed its ongoing studies at each of its meetings. Members have noted that the Corporate Governance Panel has established a Working Group to consider fraud prevention and the resulting report will be submitted to the Panel in due course. Councillor

P G Mitchell has also provided an update on his recent attendance at a meeting of the Great Fen Project.

18. SCRUTINY

The Panel has considered the latest edition of the Decision Digest and discussed matters contained therein. An update has been provided on the current position with regard to the finalisation of the Council's 2010/11 Accounts.

T V Rogers
Chairman