

## HUNTINGDONSHIRE DISTRICT COUNCIL

MINUTES of the meeting of the OVERVIEW AND SCRUTINY PANEL (ECONOMIC WELL-BEING) held in CIVIC SUITE O.1A, PATHFINDER HOUSE, ST MARY'S STREET, HUNTINGDON PE29 3TN on Thursday, 6 September 2012.

PRESENT: Councillors E R Butler, Mrs L A Duffy, S Greenall, P G Mitchell, M F Shellens and A H Williams.

Mr R Hall and Mrs H Roberts.

APOLOGIES: Apologies for absence from the meeting were submitted on behalf of Councillors G J Bull, R Harrison, R B Howe and T V Rogers.

### **27. ELECTION OF CHAIRMAN**

In the absence of the Chairman and the Vice-Chairman, it was

RESOLVED

that Councillor E R Butler be elected Chairman of the Panel for the duration of the meeting.

### **28. MINUTES**

The Minutes of the meeting held on 12<sup>th</sup> July 2012 were approved as a correct record and signed by the Chairman.

### **29. MEMBERS' INTERESTS**

No declarations were received.

### **30. LOCAL GOVERNMENT ACT 2000 - FORWARD PLAN**

The Panel considered and noted the current Forward Plan of Key Decisions (a copy of which is appended in the Minute Book). Members noted that they would have a chance to consider the Business Plan for One Leisure and the Governance Principles for the Community Infrastructure Levy would be considered at their next meeting. They then requested that the reports on the Community Right to Challenge and Risk Based Verification in Housing Benefit were submitted to a future meeting.

The Head of Financial Services informed the Panel that a report would be submitted to the Cabinet meeting on the 13<sup>th</sup> September 2012 under the Special Urgency provisions set out in the Council's Constitution, seeking endorsement of a proposal for business rate pooling. Members were reminded that there would still be an opportunity to withdraw from the pooling arrangements when the

Local Governance Finance Report was published.

## **31. FINANCIAL FORECAST**

*(Councillor J A Gray, Executive Councillor for Resources, was in attendance for this item).*

*(During the discussion on this item (7.20pm) Councillor S Greenall took his seat at the meeting).*

Consideration was given to a report by the Head of Financial Services (a copy of which is appended in the Minute Book) in relation to the Council's financial forecast. By way of introduction, Councillor J A Gray explained that at present the Council was in a better position than had previously been anticipated but this could change. He drew attention to the progress which had been made in achieving planned savings and explained that further work was being undertaken by Cabinet Members to identify additional savings and efficiencies, the details of which would be made available in due course. He explained that the Cabinet wanted to achieve a balanced revenue budget and ultimately reach a position in which borrowing was only undertaken for investment in physical assets.

The Head of Financial Service drew attention to the significant level of outstanding risks in the current forecast and explained that the risks and unknown factors facing the Council were of a greater magnitude than in previous years. It was hoped that some of these factors would be resolved before the Council set its budget in February 2013. He then acquainted Members with detailed aspects of the report. In considering the risks which had been identified, specific attention was drawn to the assumed continued growth in the New Homes Bonus and the Council's potential liability arising from the insolvency of Municipal Mutual Insurance in 1992.

In considering the contents of the report, Councillor P G Mitchell outlined his concerns with regard to the growth in forecast spending. Although Councillor Mitchell was of the opinion that the increase in cumulative borrowing in the medium term meant that the repayments would have an unacceptable effect on the Council's revenue budget, the Executive Councillor was of the view that borrowing should be undertaken if it was for appropriate capital purposes. In this case the Panel noted that, the Council needed to retain the flexibility to borrow when the most advantageous terms were available and hence it would not be appropriate to set an absolute borrowing limit. With this in mind, Members concluded that the Panel needed to debate what the Council's policy ought to be and agreed that a Working Group should be established to identify the terms of this debate and develop an understanding of the District Council's approach to borrowing. A report would then be requested from officers on the Council's current and future borrowing requirements and the Council's assets.

In considering the Council's level of reserves, Mrs H Roberts queried whether any consideration had been given to the pooling of reserves between local authorities. However, the Head of Financial Services indicated that this would not meet the full requirements of reserves as their purpose included covering Countywide and national events. In

terms of the references within the report to the belief of the Overview and Scrutiny Panel (Economic Well-Being) that there may be argument for higher levels of reserves, Councillors M F Shellens and P G Mitchell indicated that they wished to disassociate themselves from this statement. Members noted that the Working Group would be reporting on its findings to the next meeting of the Panel and would not recommend that the minimum level of reserves was increased.

Councillor M F Shellens raised a number of specific questions and comments regarding the savings and unknown factors, which were identified within the report. These related to the provision in the reserves for Municipal Mutual Insurance, the savings from the rental of office space in Pathfinder House, the provision for doubtful debts in the current climate of changes to Council Tax benefit and car parking charges during the pre Christmas period. Reference was also made to the significant financial impact which might result from an increase in the number of individuals with housing and financial difficulties. Whereupon, it was

#### RESOLVED

- a) that the contents of the report be noted;
- b) that the recommendations that the Council should continue to use the annuity basis for the calculation of Minimum Revenue Provision as outlined in Annex b to the report now submitted be endorsed;
- c) that a working group be established comprising Councillors P G Mitchell, M F Shellens, A H Williams and Mrs L Duffy to develop an understanding of the District Council's approach to borrowing.

## **32. THE TECHNICAL REFORM OF COUNCIL TAX**

*(Councillor J A Gray, Executive Councillor for Resources, was in attendance for this item).*

With the assistance of a report by the Head of Customer Services (a copy of which is appended in the Minute Book) the Panel was acquainted with details of Government proposals to reform Council Tax, which would come into effect in April 2013. The proposals would provide Billing Authorities with a number of discretionary powers, which would allow the Council to make a number of changes to the existing Council Tax discounts / exemptions.

Members' attention was drawn to a series of proposals for changes to Council Tax that would enable the Council to collect an additional £724k per annum in Council Tax from 2013. This sum would be used to reduce the impact on the Council of the changes to Council Tax support. However, because the legislation had not yet been passed, the Cabinet would only be able to approve the proposals in principle at that stage. Those affected included those who had inherited property and private landlords.

In considering the contents of the report, Members discussed the social consequences of the proposals and concluded that they would result in housing being occupied more quickly. This view was endorsed by the Chairman of the Social Well-Being Panel.

With regard to the proposal to reduce the exemption for unoccupied and substantially unfurnished properties from six months to one month, the Panel was assured that testing had been undertaken to maximise the cost-effectiveness of the change. In terms of the proposals for Uninhabitable properties (Class A), Members queried whether it would be viable to reduce the discount period to 6 months but officers explained that the Government would only permit a variation to the size of the discount in this category.

#### RESOLVED

that the Cabinet be recommended to express their support in principle for the recommendations set out in paragraph 8 of the report now submitted.

### **33. COUNCIL TAX SUPPORT FROM 1ST APRIL 2013**

*(Councillor J A Gray, Executive Councillor for Resources was in attendance for this item).*

The Panel gave consideration to a report by the Head of Customer Services (a copy of which is appended in the Minute Book) providing an update on the progress made on the implementation of a new Council Tax Support Scheme. Members were informed that the new scheme had to be in place by 31<sup>st</sup> January 2013 and that a consultation exercise with customers and stakeholders was scheduled to finish on 14 October 2012. Members' attention was drawn to the principles which had been adopted towards the design of the new scheme and an analysis of the Council Tax Benefit caseload which gave a breakdown of where the changes were likely to be experienced.

Although the legislation had not yet been passed, Members were informed that the Government would reduce the funding which it provided to Councils to meet the cost of Council Tax support and it was estimated that this would equate to approximately £1.3m in 2013/14. Whilst some of the recipients were protected, Members were of the opinion 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.

Having been advised of the responses which had been received during the consultation to date, comment was made on the fact that not all Council Tax payers' views had been actively sought and it might have been more widely distributed. In response, Members were advised of the efforts which had been made to promote the consultation and the Head of Customer Services emphasised the need to ensure that those affected were consulted to enable the Council to complete an impact assessment. Officers were requested to take these comments into account when the responses were analysed.

On behalf of the Social Well-Being Panel, Councillor S Criswell expressed the view that he was satisfied that the Council was taking steps to minimise the effects of the changes as far as possible and that if the Council was to make up the whole of the short-fall it would have to find an extra £1m in savings. In terms of the consultation exercise, he reiterated that the Council would have to take a decision of behalf of all Council Tax payers on the basis of the consultation responses received.

During the course of the ensuing discussion it was suggested that the Council might take steps to help those affected to move to properties in a lower Council Tax band. However, Members were informed that this already took place through the housing list and that Registered Social Landlords had a number of schemes to help their tenants to move. Comment was also made about the potential impact of the changes on the staffing resources within the Housing Team and Members noted that provision for additional resources to meet the additional demand had been included within the Financial Forecast.

Having noted that under the new scheme payments would be made on a monthly basis rather than weekly as had been the case in the past, comment was made that this could cause budgetary difficulties for some recipients. The Panel was assured that the facility would be made available for some payers to pay their Council Tax over twelve months and that this would not cause the Council any cash flow problems. Whereupon, it was

RESOLVED

that the contents of the report be noted.

#### **34. WORKPLAN STUDIES**

The Panel received and noted a report by the Head of Legal and Democratic Services (a copy of which is appended in the Minute Book) containing details of studies that were being undertaken by the Overview and Scrutiny Panels for Social and Environmental Well-Being.

#### **35. OVERVIEW & SCRUTINY (ECONOMIC WELL-BEING) - PROGRESS**

The Panel received and noted a report by the Head of Legal and Democratic Services (a copy of which is appended in the Minute Book) reviewing progress on matters that had been previously discussed. In considering the contents of the report, Councillor P G Mitchell provided an update on his recent attendance at a meeting on the Great Fen project.

It was reported that the Corporate Governance Panel had established a working group to investigate the fraud risks faced by the Council and the resources that the Fraud Team would require in the future. A copy of the report would be considered by the Panel in due course.

**36. SCRUTINY**

The Panel considered and noted the latest edition of the Council's Decision Digest (a copy of which is appended in the Minute Book). Following a question by Mrs H Roberts, the Scrutiny and Review Manager undertook to provide her with a copy of the report on the Risk Register which was considered by the Cabinet at their meeting in July 2012.

Chairman