

FINANCE AND MANAGEMENT COMMITTEE

22nd October 2009

PRESENT:-

Conservative Group

Councillor Harrison (Chairman), Councillor Wheeler (Vice-Chairman) and Councillors Bladen, Grant, Lemmon (substitute for Councillor Mrs. Coyle), Roberts and Mrs. Wheeler.

Labour Group

Councillors Richards, Southerd, Taylor and Wilkins.

Independent/Non-Grouped Member

Councillor Pabla.

In Attendance

Councillor Dunn (Labour Group).

APOLOGIES

Apologies for absence from the Meeting were received Councillor Mrs. Coyle (Conservative Group) and Councillor Mrs. Brown (Independent/Non-Grouped Member).

MINUTES

The Open Minutes of the Meeting held on 10th September 2009 were taken as read, approved as a true record and signed by the Chairman.

MATTERS DELEGATED TO COMMITTEE

FM/43. **A REVIEW OF THE COUNCIL'S FINANCIAL STRATEGY**

It was reported that the Financial Strategy set out the framework and principles on which the Council planned and managed its finances. Overall, the Strategy was designed to ensure that finance contributed to the priorities of the Council, whilst ensuring that the Council's financial position was sustainable and that probity and stewardship existed in the use of financial resources.

Members were reminded of the key areas included within the Strategy. It was set against the medium-term time frame to fit in with the Council's corporate planning framework from 2009 to 2014. Clearly, the Strategy might develop in response to new financial opportunities or risks and new policy direction. Main points were

set out within the report, highlighting the review of the Medium-Term Financial Plan, the projected deteriorating financial position and the outcome of the Government's Comprehensive Spending Review of public services. Furthermore, reference was made to the levels of Government grant settlement, efficiency targets, the transfer of concessionary travel funding to upper tier authorities and the potential impact of the next Pension Fund valuation. All of these issues were likely to have a significant impact on the Council's overall financial position. Against this, particular parts of the Financial Strategy would look at identifying efficiency savings, examining expenditure against statutory requirements and Council priorities and reviewing fees and charges.

RESOLVED:-

That the Council's Financial Strategy is approved.

FM/44. **A REVIEW OF THE COUNCIL'S CAPITAL INVESTMENT STRATEGY**

It was reported that capital investment was a key factor to enable delivery of the Council's services and priorities. It was important that capital investment included the identification of funding to deliver it, and that it was planned and managed carefully. Details were provided of the areas covered by the Capital Investment Strategy. This was a medium-term document to fit in with the Council's corporate planning framework and the Strategy was reviewed on a regular basis. The detailed Strategy was submitted and the key issue was the limited resources in the form of retained capital receipts that were available for future investment. The latest projection on capital investment highlighted a projected shortfall in financing commitments over the next 5 years of approximately £2M. There might be further capital receipts generated, but these were not guaranteed. If further capital investment was to be made, the Council would need to continue its excellent track record of leveraging in external funding and working in partnership.

RESOLVED:-

That the Council's updated Capital Investment Strategy is approved.

FM/45. **COUNCIL TAX DISCOUNT CHANGES**

Further to Minute No. FM/73 of 4th December 2008, an update was submitted on the discretionary Council Tax powers introduced by the Local Government Act 2003. Members were reminded that with effect from 1st April 2009, there was a reduction in the national discount relating to second homes and long-term empty properties. The current situation was reported and a table showed the number and monetary value for each category of accommodation, based on a Council Tax band D equivalent. Under the precepting arrangements, the District Council retained approximately 10% of the actual income reported, with the majority being returned to Derbyshire County Council. In view of this, an approach was made to the County Council to seek an improved share of the additional income for this authority and an update was provided.

The report included a section on the impact on individuals affected by the change in policy. Representations had been made that the extra charge was unreasonable and quoting unusual prevailing circumstances. Details of these cases were submitted.

The Local Government Act gave the Billing Authority the power to reduce any amount of Council Tax payable in relation to particular cases or grouping of cases. It was considered appropriate to determine properties classed as second homes or long-term empty properties as such a grouping of cases under the legislation. A local discount scheme could be introduced with a maximum Council Tax reduction of 50%, effectively returning those adversely affected to the position prior to 31st March 2009. It was noted that the costs incurred would be met solely by the District Council and given this situation, tight controls would be necessary. It was suggested that the scheme for the award of a local discount be delegated to the Head of Customer Services, in consultation with the Section 151 Officer.

Members discussed the position where properties had been repossessed and particularly the exemption where legal title had passed to the bank or building society. A comparison was made between the scheme proposed and a previous discretionary scheme.

RESOLVED:-

- (1) That the Committee notes the current situation following the change in policy on Council Tax discounts for second homes and long-term empty properties at 1st April 2009.***
- (2) That the Committee approves the proposals submitted for delegation of the scheme for the award of a local discount.***

FM/46. **PROPOSED REFORM OF COUNCIL HOUSING FINANCE**

A report was submitted which outlined the Government's proposals in their consultation paper, 'Reform of Council Housing Finance', and sought Members agreement to a response to be made by the stipulated closing date of 27th October 2009.

The Government had published its wide-ranging consultation paper on the outcome of the Review of Council Housing Finance on 22nd July 2009. The review had been ongoing for the previous 18 months and followed a previous review, which had lasted a year. There was widespread acceptance that the current national housing system was not working. However it was accepted that there wasn't a ready-made solution. Full details were given on the current system.

There was a summary within the report of the proposals and proposed feedback on the specific questions posed for consultation. The main focus of attention the paper had received had been on the issue of debt redistribution. It also accepted that the current funding mechanism did not reflect the true cost and therefore if the current system was retained, it raised the prospect of a reduced contribution to the national pool. This was contradicted by the general understanding that any changes would have to be cost neutral and the difficult general economic climate made this seem more likely. It was estimated that there was £19bn debt in the system that would need to be redistributed.

The consultation paper was broken down into five sections. The first described the review process itself, the second the current system, leaving three sections relating to proposed changes and the future. Full detail was provided under the headings:

- The current housing finance system.
- Costs and standards of Council Housing in the future.
- Options for Fundamental Reform of the System.
- Implementing Reforms.

Members were reminded of the presentation made to the Housing and Community Services Committee the previous week and key slides from that presentation were displayed. Members commented on the key uncertainties of the likely amount of debt and interest rates. Reference was also made to the ARCH Conference in London and to this Council's involvement in the pilot study.

RESOLVED:

That the Committee agrees the response to the Government, as set within the report on the proposed reform of Council housing finance.

FM/47. **COMMUNITY INFRASTRUCTURE LEVY**

It was reported that the Department of Communities and Local Government had issued a consultation document on proposals for the introduction of a Community Infrastructure Levy (CIL). The report and appended summary of the consultation document outlined the provisions in the Planning Act 2008 for the introduction of the CIL. It concentrated on aspects of the draft proposals and regulations currently out for consultation that might have implications for the operation of a CIL in South Derbyshire. Those issues related to the definitions of infrastructure, changes to the use of planning obligations, effect on affordable housing, joint examinations and how the levy was calculated. A suggested response to the consultation document was provided.

The summary from the consultation document set out briefly what the CIL was, how it should be spent, how to set it, calculation, payment and enforcement, the relationship with Section 106 obligations and implementation. The CIL would be a new mechanism under which local authorities would be empowered, to enable contributions to local and sub-regional infrastructure, to be sought from

developers to support development of the area. The report gave a definition of infrastructure, the areas included and the potential for regulations to keep the definition up to date. It was highlighted that affordable housing would continue to be achieved via planning obligations and this had been removed from the list of defined infrastructure. Further paragraphs of the report looked at the impact on planning obligations, resulting from the introduction of CIL.

Members discussed the likely implications of CIL impacting on funding secured currently through Section 106 agreements. There was recognition of the innovative approach that this Council had adopted. With regard to the consultation response, a slight amendment was proposed, relating to developments wholly for affordable housing, which was debated. There was also discussion about how consultation would take place on CILs. There would be a regional approach to CILs and the money would not rest with the Council, unlike the current arrangement under Section 106 Agreements. Such a centralisation of funding and associated bidding processes were considered unfortunate. The Committee gave further consideration to the proposed response to this consultation document.

RESOLVED:-

That the Committee agrees the proposed response to the Department of Communities and Local Government on the Community Infrastructure Levy consultation.

FM/48. **ELECTORAL REVIEW OF SOUTH DERBYSHIRE**

It was reported that presentations had been made by representatives of the Boundary Committee for England, to the last Council Meeting and to a Meeting with parish councils on 7th October 2009. A presentation would also be made to the current cycle of area forums. In 1997, when a Periodic Electoral Review was undertaken by the Local Government Boundary Commission, a Working Panel was established, which prepared a draft submission for consideration by the Full Council. The Committee was asked to consider the establishment of a Working Panel for this process.

A proposal was submitted on the Working Panel's composition, which was discussed and a request was made by the Opposition Group. Officers sought clarification and it was:

RESOLVED:-

(1) That a Working Panel be established to consider the Council's response for recommendation to the Full Council.

- (2) *That the composition of the Working Panel be delegated to the Chief Executive, in consultation with the Leader of the Council and Leader of the Opposition Group.*

FM/49. **WORK PROGRAMME**

The Committee was asked to consider its work programme.

RESOLVED:-

That the Committee receives the updated Work Programme.

FM/50. **LOCAL GOVERNMENT ACT 1972 (AS AMENDED BY THE LOCAL GOVERNMENT [ACCESS TO INFORMATION] ACT 1985**

RESOLVED:-

That, in accordance with Section 100(A)(4) of the Local Government Act 1972 (as amended), the press and public be excluded from the remainder of the Meeting as it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that there would be disclosed exempt information as defined in the paragraphs of Part 1 of the Schedule 12A of the Act indicated in brackets after each item.

MINUTES

The Exempt Minutes of the Meeting held on 10th September 2009 were received.

FAMILY Z: SPECIAL NEEDS ACCOMMODATION (Paragraph 3)

The Committee agreed proposals to satisfy the rehousing needs of a family with particular and special needs.

PAY AND GRADING REVIEW (Paragraph 4)

The Committee gave consideration to a report on the Pay and Grading review and agreed the way forward.

J. HARRISON

CHAIRMAN