

FINANCE AND MANAGEMENT COMMITTEE

6th September 2012

**PRESENT:-**

**Conservative Group**

Councillor Wheeler (Chairman), Councillor Mrs. Watson (Vice Chairman) and Councillors Hewlett (substitute for Councillor Watson), Mrs. Hood (substitute for Councillor Murray), Lemmon, Smith and Stanton (substitute for Councillor Jones).

**Labour Group**

Councillors Frost, Mrs. Heath (substitute for Councillor Southerd), Mulgrew (substitute for Councillor Richards), Rhind, Taylor and Wilkins.

**In Attendance**

Councillor Harrison (Conservative Group).

FM/23. **APOLOGIES**

Apologies for absence from the Meeting were received from Councillors Jones, Murray and Watson (Conservative Group) and Councillors Richards and Southerd (Labour Group).

FM/24. **MINUTES**

The Open Minutes of the Special Meetings held on 22nd May and 28th June and of the Meeting held on 21st June 2012, were taken as read, approved as true records and signed by the Chairman.

FM/25 **DECLARATIONS OF INTEREST**

Councillor Harrison declared a pecuniary interest in respect of the item on Options for a Local Council Tax Support Scheme, as the responsible Cabinet Member at Derbyshire County Council.

**MATTERS DELIGATED TO COMMITTEE**

FM/26 **AUDIT SUB-COMMITTEE**

The Chairman of the Sub-Committee addressed Members, in particular referring to the review of arrangements for monitoring sickness absence and a recommendation that periodic reports be submitted to the Finance and Management Committee on work-related accidents.

**RESOLVED:-**

***That the Minutes of the Audit Sub-Committee Meeting held on 19th June 2012 are received and any recommendations contained therein are approved and adopted.***

**FM/27. CORPORATE PLAN 2009-2014: PERFORMANCE MANAGEMENT REPORT (1ST APRIL – 30TH JUNE 2012)**

A report was submitted on performance for the period, in relation to the Council's Corporate Plan 2009-14. The report and appendices gave detail on the progress against Corporate Plan key projects and performance measures. The Corporate Plan consisted of four main themes or priorities and it was refreshed in March 2012. Each theme contained a number of outcomes. This Committee was responsible for the delivery of four outcomes within the Value for Money theme. Details were provided in the report and appendices of the key projects, performance measures and on managing risks.

**RESOLVED:-**

- (1) That the Committee notes the progress and achievements during the period 1st April to 30th June 2012, in relation to the Council's Corporate Plan 2009/14.***
- (2) That where progress has failed to achieve the specified target the Committee accepts the remedial action taken.***

**FM/28. MORTGAGE INTEREST RATE**

It was reported that under Section 438 of the Housing Act 1985, the Council was required to declare the local average rate of interest on its mortgages at six-monthly intervals. This was the rate charged to borrowers and was the higher of the Standard National Rate and the Council's Local Average Rate. The remaining borrower would be charged at the National Rate of 3.13%.

**RESOLVED:-**

***That the Local Average Rate of Interest for the period October 2012 to March 2013 is declared at 3.13%.***

**FM/29. BUDGET AND FINANCIAL MONITORING 2012/13**

The latest budget and financial monitoring report was presented for the Committee's consideration. Initially, this focused on the General Fund Revenue Account and a table summarised the approved budget for 2012/13. In line with normal monitoring arrangements, the position on net expenditure on services was the main area subject to a detailed review. A full analysis of each service area at cost centre level with variances across each policy committee was detailed in appendices to the report. Further tables showed performance against budget for 2012/13 as at June 2012 for each committee and by main service area. The tables showed that there would be an overall

increase in net expenditure on services of £27,086 and the main variances were summarised in a further table with additional commentary.

Next, the report focused on the Housing Revenue Account (HRA). This was the first year under the self-financing framework and the HRA Budget was set with a small surplus of £30,346. Performance on the HRA was detailed in a further appendix to the report and the main variation to date was additional legal and other costs, relating to a County Court judgment on an abandoned property.

Capital expenditure and financing was reported and a table summarised the capital spending as compared to the budget at June 2012. Additional commentary was provided on each of the schemes, with particular reference made to a project at the Etwall Leisure Centre and the contribution of funding of £27,332 towards additional car parking.

Finally, the report considered treasury management with an analysis of the debt outstanding, short-term investments and other financial indicators.

**RESOLVED:-**

- (1) That the latest budget and financial monitoring figures for 2012/13 are approved.***
- (2) That the remaining sum of £27,332 from the Etwall Leisure Centre New Build Project, is used as a contribution to provide additional car parking facilities at the site.***

FM/30. **WORK PROGRAMME**

The Committee was asked to review its work programme.

**RESOLVED:-**

***That the updated work programme is noted.***

FM/31. **OPTIONS FOR A COUNCIL TAX SUPPORT SCHEME**

The Committee received a comprehensive report and presentation on changes to the framework that supported local residents in paying Council Tax (CT). This followed the Government's proposal to abolish the national benefits scheme applying to CT and to replace it with a new system of local support or a local discount. The report analysed the potential options available for implementing the new local scheme, including associated issues, funding and regulatory requirements that would need to be encompassed. This was part of the Government's wider proposals for welfare reform, which would ultimately give rise to a "Universal Credit", although the CT discount would be separate and additional to the new Credit. Detailed regulations were still to receive Parliamentary approval, but the Bill imposed the duty on billing authorities to make a localised scheme by 31st January 2013.

The report also assessed other proposed changes to CT, such as the method of payment and the possible reduction of some existing discounts. Any changes to current discounts could affect the amount of funding available to finance a local scheme.

Background was provided and it was confirmed that the Council would be required to introduce its own local support scheme from April 2013. The overall framework and general issues were set out in a number of sections, before the report looked at the current situation for South Derbyshire and then assessed the various options available for a local scheme, including the impact of indicative funding levels. The report looked at risk and opportunity, the impact on the local economy and protecting vulnerable groups. Funding issues were covered, including the impact on the CT base and the impact for preceptors. Further sections looked at the proposals for sharing financial pressures, the requirements for consultation and the ability of the Government to impose a default scheme if the Council failed to implement a local scheme. Details were then provided of the timescale and implementation issues, the additional funding for implementation and the transitional arrangements. Sections on the other financial implications and an impact assessment were also given, together with the national risks and assumptions and the technical changes to CT.

In terms of the current situation at South Derbyshire, detailed modelling had taken place on various scenarios. Consultation was initially being undertaken via a questionnaire and would then be undertaken with focus groups supported by the Council for Voluntary Services. A briefing would be undertaken with parish councils through the Parish Liaison Group and presentations were also planned at the area forums and the South Derbyshire Partnership board meeting. Details of the consultation programme taking place during September and October were provided. The report confirmed the discussions between authorities within Derbyshire and at this stage, there was no consensus on a complete County-wide scheme. The financial implications associated with revisions to the Council's Revenue and Benefits IT system were also reported.

Next, the provisional funding was reported for this Council and other preceptors. A comparison was provided to the cost of current benefit paid and the indicative grant equated to a reduction £512,000. A table was included within the report showing how this impacted across the authorities with the respective percentage reductions. The full calculation was detailed in an appendix to the report. The indicative reduction for South Derbyshire's grant was very close to the national average of 10% and notification of the final grant was expected in December 2012.

Further sections then looked at alternative income streams, reviewing other discounts and exemptions, court costs, growth and the collection fund surplus, together with new burdens analysis and the national picture.

An options appraisal was then provided. Potentially, there were an infinite number of options and the main ones considered to date were detailed in an appendix, together with further information, as part of the consultation material. The solution could be a combination of several options and those

being considered here were generally those being considered within other authorities. Tables were included showing the current benefit caseload and cost to the council. Further commentary was also provided on the implications for pensioners, working age claimants, war widows & war disabled before giving a summary of the options. A possible way forward was set out within the report to:

- Offset some of the required saving by an increase in revenue generated from changes to other CT exemptions.
- Review options 5 to 13 with a view to making a small number of changes to generate further savings overall.
- Make up the remainder of the amount required by applying a percentage reduction from current entitlement from all unprotected groups or working age claimants (effectively options 3 and 4).

The advantages and disadvantages of each approach were also reported. The report concluded by examining the effect on parish councils, providing a risk analysis and the proposed next steps.

The accompanying presentation emphasised the key parts of the report confirming the areas that the Council needed to consider and the options available. A context was provided that a steer was sought before undertaking the wider consultation to reach the best-informed decision. A comment was made about the cost implications of each authority adopting an individual scheme against the anticipated savings nationally. The cost of IT system changes were discussed and the cost of pursuing arrears. A number of contributors spoke about the complexity of this issue, equality and fairness issues and the need to protect the vulnerable in society.

The following proposal was submitted:

“I propose that the Council should offer protection from any cuts to:

- Pensioners (in line with Government policy) and
- War Widows.

It is a major element of the planned change that our scheme should be to encourage claimants into work and off benefit but we recognise that the disabled face serious challenges in this. I therefore also propose that disabled claimants should be fully protected.

The effect of a reduction in funding would therefore fall on other claimants of working age. The Committee and ultimately Full Council will wish to consider the level of any reduction when we have the precise figures.

We should recognise that single parents also face specific challenges in returning to work. There is already public funding available which can amount to over £200/week for a parent with two children, but I propose that we ask officers to discuss with partners – I think in particular of the County and CVS, but there may be others – what additional support this Council can provide and its possible costs.

All claimants coming off benefit have their benefit “tapered” down for a month. As a further incentive I propose that the Council looks to extend this to eight weeks and ask that officers forecast the costs of this.

Anything more than just passing on the Government funding cost in full will result in a cost to the Council. It would be irresponsible to take costs out of reserves and we don’t want to increase taxation unless there are other reasons to do so.

One such other reason might well be to address the substantial number of long-term empty properties in the District, bringing them back into use and helping reduce the shortage of housing.

I therefore propose that we ask officers to investigate the potential to charge over 100% Council Tax on long-term empty properties and increasing this progressively over time.”

**RESOLVED:-**

- (1) That the Committee considers the analysis and issues detailed in the report and sets out in principle, subject to consultation, the criteria/parameters to formulate and fund a local Council Tax support scheme for South Derbyshire, based on the proposal submitted above.***
- (2) That the detailed financial implications of the proposal are analysed and an update is provided to the Committee at its meeting on 18th October 2012.***
- (3) That the final proposal for a local scheme is approved and recommended to Full Council, at the Committee’s meeting on 6th December 2012.***

Note: Members of the Labour Group abstained from voting on this matter.

FM/32. **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 21st June 2012 were received.*

**560 PROGRAMME (Paragraph 3)**

*The Committee approved proposals for the award of a contract for the delivery of this programme.*

**PROPERTY PURCHASE IN NEWHALL (Paragraph 1)**

*The Committee approved the purchase of a former Council property, funded from the Housing Revenue Account.*

**TRANSFER OF FINANCIAL SERVICES: STRUCTURE AND RESOURCES (Paragraphs 1 and 3)**

*The Committee approved proposals for the restructure of Financial Services.*

R. WHEELER

CHAIRMAN