

Minutes of a meeting of the **JOINT PERFORMANCE MONITORING PANEL AND POLICY DEVELOPMENT PANEL** held in the Council Chamber, Council Offices, Priory Road, Spalding, on Tuesday, 24 January 2017 at 6.30 pm.

PRESENT

B Alcock
G R Aley
D Ashby
J R Astill
M D Booth

C J T H Brewis
T A Carter
L J Eldridge
P C Foyster
R Grocock

J L King
J D McLean
A M Newton
J Tyrrell
A R Woolf

Apologies for absence were received from or on behalf of Councillors R Clark, G K Dark, A Harrison, M J Pullen, J L Reynolds and A C Tennant.

In Attendance: The Shared Executive Director Commercialisation, the Interim Chief Accountant and the Democratic Services Officer.

21. ELECTION OF CHAIRMAN

Councillor Alcock was elected Chairman for the duration of the meeting.

22. DECLARATION OF INTERESTS

There were none.

23. GENERAL FUND AND HOUSING REVENUE ACCOUNT DRAFT ESTIMATES 2017-18 AND FINANCIAL MEDIUM TERM PLAN

The Panels received a report by the Executive Director Commercialisation which set out the General Fund and Housing Revenue Account 2017-18 draft revenue and capital estimates and the draft Financial Medium Term Plan

The financial medium term plan set out the framework within which the budget was to be set, to ensure that it enabled the Council to achieve its own corporate objectives. The report highlighted General Fund and Housing Revenue Account estimates. The attached appendices set out the draft General Fund and Housing Revenue Account estimates and supporting papers. Although there was a balanced budget in 2017-18, the revenue estimates would require further efficiencies in order to produce balanced and sustainable budgets.

The existing four year capital programme had been amended to reflect revised budgets and scheme forecasts. The Council had

Action By

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limited resources to finance all of these schemes and final decisions were still to be made on significant capital projects, such as Priory Road, future refuse vehicle replacement and any future investment in growth projects such as the Food Enterprise Zone. Decisions on Priory Road and future asset projects would have a significant impact on the funding and potential receipts the Council had available.

The budget had entered a consultation period, with responses invited from residents and businesses through the Council's website, and also through the Joint Panel's budget scrutiny meeting. Final estimates would be presented to Cabinet on 14 February 2017, with a recommendation for approval to Council on 22 February 2017.

In response to the 2016/17 Settlement, the Council successfully applied for the Government's four year Local Government Finance Settlement offer, using the Moving Forward programme as the basis of the efficiency plan. The provisional Settlement consultation paper for 2017-18 was released on 15 December 2016, and the key components of the Settlement were:

- Revenue Support Grant (RSG) and Four Year Settlement – The value of the four year RSG settlement had not changed so there was no impact compared to the budget set last year.
- New Homes Bonus (NHB) – The consultation included a number of changes to New Homes Bonus which would reduce the amount the Council received by £511,000 over the medium term, which would impact on resources available for Investment and Growth.
- Rural Services Delivery Grant (RSDG) – This grant was to remain although to date, the actual amounts had not been released.
- Business Rates – The recent valuation of business rates took effect from 1 April 2017. This was a revenue neutral exercise nationally however, at a local level, bills and income could rise or fall dependent on the mix of businesses in an area. Further work was now being carried out to determine the impact to South Holland District Council.

The draft budget included assumptions for these areas and these would be updated once further information became available.

Despite the challenges of reduced funding and economic uncertainty, the Council remained in a relatively secure financial position across the medium term, with no dependency on reserves. The draft budget continued to support the principal of

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reducing reliance on RSG to nil from 2019-20 and providing funding for both investment and growth funds.

The Medium Term Financial Plan included annual savings of over £800,000 by 2019/20 as a result of targeted action and investment through the Council's Moving Forward Programme.

Further review would take place during January, including an update of the Tax base and Collection Fund position (NNDR and Council Tax) and a review of Moving Forward Programme targets. Efficiencies implemented through the Moving Forward Programme meant that the Council was able to produce a balanced budget in 2017/18 although the final settlement details, revised tax base and the Collection Fund position were still to be finalised.

The Panels also received a presentation from the Interim Chief Accountant, which expanded on information provided within the report. Councillors noted that the Strategic Objectives were:

- To be a financially independent Council and free from reliance on Government Funding by 2019-20
- Moving Forward Programme
- To generate additional revenue streams
- To invest in service improvements to improve Value for Money

The following capital spending priorities had been identified:

- Affordable Housing
- Priory Road
- Other growth projects – Food Enterprise Zone; Ayscoughfee; South Holland Centre (short and long term issues; leisure facilities (short and long term issues)
- Refuse vehicle replacement programme

Capital growth bids included within the budget were as follows:

- Priory Road Project - £2.7million 2017-18 (funding from reserve)
- Grounds maintenance equipment replacement – included £50,000 in 2017-18 (from reserve)
- Vehicle replacement – Approximate 7 year life from 2014-15, draft included £0.3million in 2019-20 and 2020-21 – subject to service review
- Holbeach Food Enterprise Zone - £1.091million in 2018/19
- Unallocated amounts – 2017/18 -£1million; 2019/20 -

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£1.395million; 2020/21 - £1.395million

- Ayscoughfee and South Holland Centre – no specific provision

Members raised the following issues:

- Why had no specific provision been allocated to Ayscoughfee and the South Holland Centre?
 - The Panel was advised that there were indicative figures available for the Holbeach Food Enterprise Zone and Priory Road projects however, these were subject to detailed business cases being drawn up and agreed by the Council. The South Holland Centre and Ayscoughfee projects were not as advanced and therefore had no specific amounts allocated to them. However, these assets would need to be considered as part of the Capital Programme and Moving Forward project.
- The cost of the Priory Road project was substantial – was this the full cost? The Panel felt it was necessary for members to scrutinise the cost and the Panel was advised that the business case was currently being looked at, and that the cost had been properly assessed by experts within the field. The Leader had already confirmed that members would have the opportunity to scrutinise the project in the future.
- There were continued concerns with regard to leisure services , specifically whether provision was being considered for the long term.
 - The Panel was advised that, as with Ayscoughfee and the South Holland Centre, there was currently no provision for the long term. However there were opportunities around leisure that could be picked up.
- Members responded that they would be very pleased if this was brought forward as leisure did contribute to the economic development of the area.
- The General Fund Capital Programme detailed within the presentation indicated a £330,000 forecast for 2016/17 and £78,000 for 2017/18 – further clarification was requested as to whether the spend was correct, as the site in question had been handed over to the travellers
 - Members were advised that the £330,000 was to be spent in the current year and the £78,000 was for phasing next year. However, the situation with regard to ownership of the site and requirement for spend

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would be clarified and members informed.

- Members commented that with regard to the General Fund Estimates by Income and Expenditure 2016/17 to 2017/18 table detailed at Appendix A to the report, and the equivalent table included within the presentation, there appeared to be variances within the information provided. The Panel was advised that the information was the same on both tables, the difference being how the use of reserves was shown in expenditure. It was agreed that members would be provided with a breakdown on the use of reserves, and that this would be built into the final report going forward.
- Members questioned why, within the table detailing changes from 2016/17 budget (within the presentation), a cost of £119,000 for District Elections 2019/20 was added for both 2019/20 and 2020/21.
 - Officers would check why this was the case and report back to members.

The following Medium Term Financial Plan risks and opportunities had been identified:

Risks

- Non Domestic Rates
- Non Domestic Rates – set aside for Power Station appeal
- Detailed Budget Review
- Internal Drainage Board (IDB) Levies

Opportunities – there could be opportunities available to mitigate any ongoing pressures, which included:

- Review of assets (including Priory Road)
- Increased efficiency targets, such as further reductions from service reviews in later years
- Potential business rates growth
- Continuation of work with additional income streams
- General Fund Services and Housing Revenue Account Services shared service

Members raised the following issues:

- Had the Authority taken into account the possible risk of an appeal against Non Domestic Rates from the Power Stations?
 - A provision had been built into the budget for this eventuality, and the situation was being monitored.

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- Any impact at a local level following the recent valuation of Business Rates had to be monitored carefully – was this being done?
 - Officers had discussed this issue with the Portfolio Holder for Finance, and work was being undertaken to look at how areas may be affected within the district.
- Not all IDBs used the same pension scheme – had this been taken into account?
 - The current forecast was based on a freeze of levies, although possible issues with the IDBs had been identified. An increase in levies had not been taken into account, and an agreed position with the boards had to be arrived at.

Members were advised of the following key HRA Budget Assumptions:

- 1% rent reduction per year
- Assumed Right to Buy loss of 20 properties per year
- Additional net rent from new affordable housing units built in

Members raised the following points:

- There was a continued loss of houses through the Right to Buy scheme however, affordable housing continued to be built – would one not compensate for the other?
 - Members were advised that the number of houses built exceeded the number of those sold however, the reduction of 1% in rent year on year particularly impacted the figures – after year 4, this would build to a 4% decrease. This could not be covered by new housing.
- In order to qualify for the New Homes Bonus, how many houses would have to be built to achieve this?
 - Officers would ascertain this figure and advise members.

The Councillors thanked the Interim Chief Accountant and Executive Director Commercialisation for their clear presentation and responses to questions.

AGREED:

- a) That the report and presentation be noted;

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- b) That leisure be included within the budget programme in the future; MA
- c) That the risks associated with achieving increased income from various areas such as commercialisation, house building etc, that was required to mitigate scarce resources and future economic uncertainty relating to interest rates and Brexit, be acknowledged; and MA
- d) That Panel members be provided with clarification on the following points: MA, CM
 - i. That the situation with regard to ownership of the travellers site referred to in relation to spend within the General Fund Capital Programme be clarified – if it had been handed over to the travellers, was this spend still required?
 - ii. That following a question regarding perceived variances in information detailed within the General Fund Estimates by Income and Expenditure 2016/17 to 2017/18 table detailed at Appendix A to the report, and the equivalent table included within the presentation, members be provided with a breakdown on the use of reserves, and that this be built into the final report going forward.
 - iii. That officers ascertain whether costs of £119,000 should be allocated to 2019/20 and 2020/21 budgets, for District Elections in 2019/20.
 - iv. That officers confirm how many new houses would have to be built per annum to qualify for the New Homes Bonus.

24. ANY OTHER ITEMS WHICH THE CHAIRMAN DECIDES ARE URGENT

There were no urgent items.

(The meeting ended at 8.02 pm)

(End of minutes)