

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 Wednesday, 9 January 2019 at 6.30 pm.

PRESENT

B Alcock	P C Foyster	S-A Slade
G R Aley	R Grocock	A R Woolf
D Ashby	A Harrison	S Wray
G K Dark	J D McLean	
L J Eldridge	M D Seymour	

Apologies for absence were received from or on behalf of Councillors J R Astill, M D Booth, J L King, A M Newton, J L Reynolds, E J Sneath, A C Tennant and J Tyrrell

In Attendance: The Executive Director Commercialisation (S151), the Strategic Finance and Compliance Manager, the Strategic Business Partner (Finance) and the Democratic Services Officer.

**12. ELECTION OF CHAIRMAN**

Councillor B Alcock was elected as Chairman for the duration of this meeting.

**13. DECLARATION OF INTERESTS**

There were none.

**14. DRAFT BUDGET 2019/20, MEDIUM TERM FINANCIAL PLAN**

Consideration was given to the report of the Portfolio Holder for Finance and the Executive Director Commercialisation (S151) which asked the Joint Panel to consider and scrutinise the Draft General Fund, Housing Revenue Account and Capital Programme Budgets and the Draft Financial Medium Term Plan.

The Joint Panel was provided with a presentation by the Executive Director Commercialisation which covered the following areas – Revenue Budget and the Medium Term Financial Plan (MTFP); the Housing Revenue Account (HRA); Capital; the General Fund Capital Programme; HRA Capital and Reserves. It also highlighted key challenges, the future and key dates in the progression of the budget to its consideration by the Council on 27 February 2019.

Following consideration of the report and the presentation, the following issues were raised:

**Action By**

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- Would the Authority be bidding again for a higher percentage of retention of Business Rates collected. If so, what was the likelihood of this being successful?
  - The Authority had put in a bid however, this had not been successful. The result of the bid had not been known when the original draft budget had been set however, it had been assumed that it would not be successful.
  
- A lot of reliance had been placed on the new leisure contract – would this be as successful as stated at the recent meeting of Council?
  - The leisure contract was a contractual position and the Authority should therefore expect to see the results promised. The sums built into the budget were seen as certain. However, the contract was for five years contract so it was more likely that the Authority would be seeking a longer position.
  
- With Brexit in mind, how sure was the Authority that it held its investments in the right place?
  - A Treasury Management report was shortly due to be presented to the Governance and Audit Committee, which showed where monies were invested. Not more than £5million was placed with any one party, and investments were spread all over the world. When placing investments, a party's robustness was always considered. The Authority would always look for the best and most robust position. In addition, it had to comply with the SLY guidelines – Security, Liquidity, Yield.
  
- In respect of fees and charges increases, was any research undertaken to determine whether this was the best way of increasing income?
  - Officers agreed that fees and charges should not be put up too quickly or by too much. In some cases, the Authority needed to enhance the offer alongside the increase, and the two could be done hand in hand whilst also giving due consideration to the market. It was stated that the cost base was now increasing e.g. staffing costs and income were not keeping in line.
  
- Could spending from business rates be more active than reactive? E.g. when business rates stopped being payable on public toilets, could the money saved by ring fenced to bring

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the assets up to a better standard?

- What was essentially a small sum could not be ring fenced. A more holistic view would be taking by bringing all assets together and considering them as a whole which would be easier than managing them on an asset by asset basis.
- How would Councillors be able to scrutinise decisions made under delegated powers in respect of acquisitions, before they took effect? If the spend amount on delegated decisions increased, would members be able to effectively scrutinise decisions?
  - Consideration needed to be given about how members should be consulted, and they would be asked how they would wish this to happen. The current process would make it very difficult to make decisions on relatively modest acquisitions. Officers stated however that there should be no major acquisitions that members would not be aware of.
- Members responded that sometimes the decision making process was not quick enough when a speedy decision was required. The Authority needed the opportunity to react but there had to be a clear process in place to ensure that there was robust scrutiny by members in place.
- With regard to the HRA, there was currently an increase in the amount of properties purchased under the Right To Buy scheme. Looking forward, was the Authority prepared for this by sourcing more land, and building more properties. Was there enough social housing stock?
  - The Authority needed to plan to replace what was in the HRA. The main issue was the supply of land and whether the Authority could build within budget. It currently held some land, but there was an issue with the cost of development, and consideration needed to be given to the amount of debt taken on. Business case processes had to be refined in order to look at better sites and whether any grant funding could be drawn in.
- Members responded that in the past, slippage had been seen in projects undertaken. There was now a great reliance on being able to deliver on the HRA account, and the Authority's homes building company to contribute to the General Fund. It was difficult for the Authority to keep pace with delivery, and Scrutiny had a role in ensuring that any issues, such as ensuring adequate staffing provision, were raised in order to provide a seamless delivery.

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- There were a number of untidy sites and land in South Holland – how could these be dealt with?
  - In order to move forward on this issue, there needed to be a plan for the area concerned. The total sum of all the untidy sites needed to be considered, in order to prioritise opportunities and then proceed on this basis. There was now a five year programme relating to this issue, with a broad scoping opportunity.
- Due to the slow progress at a Government level with the Brexit process, did the Authority have a Plan B?
  - The Authority was planning as much as it could in the circumstances, trying to consider any possible interventions. It was looking at working with businesses, considering how to keep town centres buoyant and addressing any decrease in house building. The Authority's HRA was currently well-off – this was a huge facilitator and could be helpful in the market if required.
- Members commented that SHDC was in a better position than many authorities, due to holding good reserves.
- The table at section 3.6.3 of the report showed a significant rise in staff costs. How was the difference between the original and revised estimates justified when this was larger than the proposed pay rise?
  - The difference was due to a number of reasons – within Housing, there had been some one off funding for temporary issues; the Housing Development Team had been charged to the HRA as there was a cost to them coming in, and they needed to grow; some internal staff were no longer contractors and had been insourced; staffing for District Elections; there were some shared posts for staff employed at South Holland District Council and not at Breckland Council; there were HRA and General Fund adjustments; the incoming pay award of 2%: there were pension and National Insurance contribution uplifts; and there were some budget adjustments relating to Environmental Services.
- The table at section 3.6.3 of the report showed a prediction for an increase in rents and service charges of 14% - was this realistic?
  - Letting part of the building out to the DWP was cited as one of the reasons for the increase. There were also some adjustments that would feed in with regard to new

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tenants. It was agreed that further information was required on this item.

- What was the intended use for the Community Reserve, and how had it come about?
  - The New Homes Bonus had been set up to reward areas where new homes were built. As these monies were no longer needed for Revenue Account, and the funds could be used within the community, consideration was to be given to how this could be best used. If members supported the concept, a further report would come forward with suggestions for how these monies could be spent on. It would be a more significant sum to invest in local communities than the current member budgets.
- Members commented that enforcement remedies should be used more effectively in the future than they had been in the past.
  - Enforcement had to be used appropriately and the Authority needed to track fees to ensure that they kept pace with costs. To avoid chasing debt where a service had already been provided, some payments should be taken in advance. There were various ways of ensuring that enforcement and income protection were sufficient.
- An assumption had been made that Compass Point Business Services would continue to make savings – was this realistic?
  - CPBS was currently undergoing its own transformation programme which it would need to work through over a period of time. In the meantime, assumptions had to be made.
- With regard to Parish precepts, how could parishes find out how many new properties had been built in the area?
  - Officers advised that this information was available to parishes as part of the tax base calculation – this was normally distributed towards the end of the year.
- The Authority would hold a £500,000 surplus in respect of the 19/20 deficit in Business Rates – could this not be used to avoid an increase in Council Tax or be used in some other way for the benefit of residents or to stimulate growth?
  - Officers commented that not increasing Council Tax could sometimes have a detrimental impact on the

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Authority – if it did not increase Council Tax, it could be penalised via other systems and this therefore would not future proof the Authority going forward.

- Members commented that historically, there had been several examples of this being the case. The Authority had been penalised for being prudent and it was therefore import to give careful consideration to holding down any increases.
  - In response to the suggestions for alternative use of the Authority's surplus, officers commented that with regard to Council Tax collection and discounts e.g. care leavers discounts, these were reviewed every single year. Consideration was given annually to who in the collection fund was receiving benefits and reliefs, and this piece of work was ongoing as Universal Credit was rolled out. With regard to Business Rate discretion, it was good to have this set up, but it was hard to implement.
  - Officers also commented that the New Homes Bonus would not be available in the future – this was likely to be a one-off amount, there was an opportunity to put money back into the community now, but the Authority could not bank on this in the future.
- Councillor McLean was advised that it was too late in the current budget setting process to take forward is suggestions however he questioned whether some of the initiatives could be considered in the future.
- Councillor Alcock responded that some of the suggestions had merit – the way forward would be for a working party to consider this issue and see if there was a consensus by members that use of money was undertaken in a slightly different way.

Following the discussion, it was felt that the Cabinet should consider the following issues:

- Uncertainty within the area of business rates – this could have a big impact the Authority.
- The dependency of the Authority upon delivery of additional housing, with regard to the HRA and General Fund.
- Concerns with regard to Brexit – whatever the final outcome, it would affect the country quite considerably, and the Government's ability to fund local authorities.

Members thanked the Executive Director Commercialisation for the good and thorough report and presentation.

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**AGREED:**

- a) That the report be noted; and
- b) That the Cabinet should consider the following issues going forward:
  - i. Uncertainty within the area of business rates, and the impact that this could have on the Authority.
  - ii. The dependency of the Authority upon delivery of additional housing, with regard to the HRA and General Fund.
  - iii. Concerns with regard to Brexit – whatever the final outcome, it would affect the country quite considerably, and the Government’s ability to fund local authorities.

**15. ANY OTHER ITEMS WHICH THE CHAIRMAN DECIDES ARE URGENT**

There were none.

(The meeting ended at 8.10 pm)

(End of minutes)