

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, 14 January 2020 at 6.30 pm.

PRESENT

B Alcock	J L King	R A Gibson
J R Astill	J D McLean	N H Pepper
M D Booth	J L Reynolds	P A Redgate
C J T H Brewis	A R Woolf	S C Walsh
H Drury	J Avery	M Hasan
R Grocock	A C Beal	A M Newton

Apologies for absence were received from or on behalf of Councillors F Biggadike, S-A Slade, E J Sneath, A C Tennant, A C Cronin, G P Scalese, D J Wilkinson and G T D Rudkin

In Attendance: Executive Director, Commercialisation (S151), Strategic Finance & Compliance Manager, Head of Financial Services and Head of Finance (Interim).

5. ELECTION OF CHAIRMAN

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

6. APOLOGIES FOR ABSENCE

7. DECLARATION OF INTERESTS

There were none.

8. DRAFT BUDGET, MEDIUM TERM PLAN AND CAPITAL STRATEGY (FOR CONSULTATION).

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 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

Action By

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(MTRF); 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 in February 2020.

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

- Would it be possible for references to drainage board levies to be renamed precepts in order to remove them from district expenditure?
 - The Executive Director Commercialisation agreed to look at that with regard to terminology.
- What impact will the business rates changes and fair funding decision on the Council?
 - Currently the Authority has limited information regarding this matter which could have a major impact if funding was directed towards counties, resulting in a knock on effect to business rate distribution for example. With regard to the second part of the question, they are intrinsically bound together so the Authority are expecting an announcement regarding a programme of activities in the Spring.
- How is Council Tax calculated into the budget for current and future housing developments and if there was a year where 800 properties were completed, would this reflect in the Council Tax base?
 - The Authority prudently looks at historical trends of delivery irrespective of planning applications. Historically we are starting to over-perform which is why there is a modest increase of 1.6 to 2% growth on Council Tax base to reflect the uplift in terms of completions. Planning Service is regularly monitoring completions to track these figures which are consistently maintaining that level, but only based on delivery on the ground rather than approved applications. Median figures are used on the collection fund and business rate fund in order to track relatively smoothly throughout years of good and bad. If 800 properties were built it would create a collection fund surplus in the following year however the authority hypothecates forward to take these scenarios into account with the collection fund going into surplus or deficit dependent on performance.

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- The Authority's current stance on business rates is on the basis that districts would keep business rates in order to encourage businesses to move to the area. How do we predict and balance business rates with opening and closure of businesses?
 - When the idea was originally put forward it was to achieve 100% retention. The Authority is at 50% retention or 75% retention in the pilots so can only speculate as to what the final proposition will be. Regarding the second question, the majority of smaller businesses will be receiving 100% relief, the larger businesses will not cause an impact due to their size and their void allowance only being for a short space of time so landlords will still be liable for business rates and therefore keen to find a new tenant.
- Is internal borrowing more attractive than PWLB borrowing due to the increase of 1% in the interest rate?
 - It is a far more effective way of borrowing over the shorter term. Longer term borrowing would be better aimed at taking advantage of cheaper interest rates available on long term loans.
- With regard to seeking additional security and challenges on accessing capital resources; several members are hopeful that replacement and refurbishment of leisure facilities could be part of the medium term financial plan?
 - The Place Manager is overseeing consideration of these opportunities, which will need to be built into the MTFs as more detail becomes available.
- With regard to major projects and taking into account that Works Public Loan Board isn't the cheapest to go to for funding, where else could funding be sought?
 - The Authority would consider the Mutual or other parties looking to set up bonds but would take expert advice before taking decisions to members.
- On the point of needing to be able to fund revenue repayment costs (interest payment and capital payment) do both need to come out of the revenue account or could one come out of capital account?
 - This matter would depend on how they were financed. If the Authority had capital receipts, this can be taken out of the project and borrowing requirements could be

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reduced. The residual borrowing requirement would have to be financed in principle and interest from the revenue account.

Members commented that if the Authority was looking at keeping existing businesses and attracting new ones, when business look to relocate, the attractiveness of the local facilities will make a difference. Officers confirmed that the Authority is working to put project management in place for this purpose which will include ensuring the appropriate expertise is available in order to maximise any new government initiatives which may arise.

Members requested clarification of Council Tax Base figures. Officers advised there was a Council tax increase of £241,000 which consist of 2 elements; an extra £4.95 proposed increase on the properties across the total tax base generating £141,000 plus tax from the additional 561 properties which is approximately £100,000 equalling a total of £241,000.

- Could the £232,000 HRA budgeted rent loss figure be improved?
 - Officers advised that this figure is an allowance and if there are improvements they will be seen as an overachievement in terms of income so the Authority is assuming an extent of bad debt which may not materialise. HRA is generally doing better than that.
- When Crease Drove starts can officers provide assurances regarding timescales of delivery?
 - Officers advised that the situation was similar to HRA where the Authority provided additional resources and will look to do same in the property area. Sourcing additional resources was successful in housing but has proved to be more difficult on the property side and the Authority would be exploring a variety of options on how to get expertise in those areas.
- Where are agency and consultancy costs shown?
 - Officers advised that this depends which sort it is. Agency costs are within employees and are all budgeted for as part of normal business as usual. Supplies and Services cover specialist consultants which depends if costs are budgeted for or an additional requirement (usually). There are funds set aside for development of a project which will cover these costs.

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- As tenants on Universal Credit are now personally responsible for paying their rent (instead of rent being received directly from Housing Benefit to the Authority), will Universal Credit increase in line with rental increase? Also, will tenants be served with notice of rent increase and what will the policy be if there is resistance from tenants to any increases?
 - Officers agreed to ask the service to provide a written answer.

Members commented that housing stock should include smaller accommodation (1 bed) in order to meet demand and that the Authority should be able to anticipate resource problems of this type. Officers advised that the Authority may need to build these types of properties if the market is not bringing appropriate stock forward and that there will be discussions with the team around additional resources being in place.

- As there is a £2m underspend regarding repairs and maintenance, should the Authority be seeking to invest the money built up in HRA account (which is tenants' money) on repairs and maintenance as well as purchasing new stock? In the HRA revenue accounts capital programme, roof and gutters have been added where they weren't before.
 - Officers advised that more detail would be required from relevant teams and questions will be posed to Housing.
- Can officers advise what the whole pension cost is for the Authority?
 - The whole cost covers all employee related expenses in employers contributions for pensions and National Insurance. Contributions we make to the fund are in 2 tranches: 1) Fixed percentage employer's contribution sum of £1,041,000 on our gross pay bill of approximately £6m. 2) A lump sum top up of £744,000. The total paid out in pension contributions by the Authority is approximately £1.8m.
- Is the Authority prepared for any unforeseen issues regarding Business Rates and Fair Funding?
 - Significant shifts in business rate support to District

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Councils will be extremely challenging.

- Would it be possible for the Authority to use Right to Buy funds on reduction of debt in order to avert losing those funds to central government?
 - Officers advised that the Authority would look at all options.
- Would it be possible for the Authority to start charging for pre-application advice, which is currently offered as a free service?
 - Officers advised that members could consider this if they wish.

Members thanked the team for making the report clear and concise. They felt that they had learnt something and enjoyed the presentation.

ACTIONS

Officers will provide information regarding costs relating to leisure facilities repair and renewal.

Officers agreed to ask the service to provide a written answer regarding whether tenants on Universal Credit will receive increases in line with rental increases and what the policy will be regarding resistance from tenants to any increases.

Officers agreed to refer questions to Housing regarding repairs and maintenance to existing stock and to provide an explanation regarding figures for replacement kitchens and bathrooms.

9. ANY OTHER ITEMS WHICH THE CHAIRMAN DECIDES ARE URGENT

There were none.

(The meeting ended at 8.00 pm)

(End of minutes)