

FINANCE ADVISORY GROUP

Minutes of the meeting held on 13 June 2012 commencing at 9.30 am

Present: Cllr. Ramsay (Chairman)

Cllrs. Firth, Fittock, Grint, McGarvey and Scholey

1. Minutes

The notes of the meeting of 28 March 2012 were agreed as a correct record.

2. Declarations of Interest

There were no declarations of interest.

3. Council Tax Collection Fund and Taxbase Setting Process

Following a request at the last meeting, the Principal Accountant gave a presentation to the Group on the Council Tax collection fund and the calculation of the Council Tax base. He also circulated to Members a copy of the taxbase figures for the district as a whole and for each parish council within their ward.

The Principal Accountant considered each step of the calculation process and highlighted the differences between it and the calculation done for the purposes of the Revenue Support Grant.

In the calculations the Group was surprised at the number of chargeable dwellings entitled to the single person discount. A Member was concerned at the discount given to second homes, as they still benefited from local services. Officers clarified that there was a minimum discount of 10% with a discretion to offer up to 50% discount but the Council only granted the minimum discount and this was similar to most Councils. Those whose second home was related to and required by their job would, however, qualify for a discount of 50%.

The total of Band D equivalent properties in the district was 51,115.60 and the Council had presumed a 99.5% collection rate, which resulted in a taxbase of 50,860.03. The collection rate was higher than the national average. It was explained that the final figure was higher than the total number of dwellings in the Sevenoaks District as there were more properties in the area which were above band D level than there were below.

In response to a question, the Officer advised that revaluation of the Council Tax bands was due to take place every 5 years, however calculations were still based on 1991 bandings. He did not expect this to change soon.

The Group commended the Principal Accountant for a very informative presentation.

4. Financial Control of Planning Agreements

Having considered the funds received and balances held the Service Accountant considered that there were appropriate methods in place to control funds received under a Section 106 agreement.

Officers advised that in the past most monies received were to be passed to Kent County Council for the provision of infrastructure, such as education or highways. In 2011/12 the Council had received almost £300,000 and approximately £200,000 of it was for contributions to affordable housing provision. This reflected a growing trend. The Chairman emphasised that Officers needed to ensure there was an adequate audit trail to show the sums had been dealt with appropriately.

The Group Manager – Planning directed Members to the report which showed how the new Obligation Tracker software traced the funds received and then whether those funds have been spent or forwarded, as appropriate, within the expected timeframe. Each sum sent to the Council is given a planning reference and will be allocated accordingly.

Some Members asked what the consequence would be should a third party, having received monies from the agreement, not deliver the infrastructure. They were concerned about whom the developer would contact to reclaim the money and whether the Council would have a legal obligation to ensure the infrastructure was adequately provided. It was agreed that either the Planning or Legal Services Teams should provide a response as to the Council's obligations in such cases.

Action: The Planning or Legal Services Team to provide Members with clarification on the Council's obligations under Section 106 agreements, in the event of non-performance by a third party.

The Chairman considered that the software would assist in tracking monies but agreed further general oversight of monies may be required, possibly by the Performance and Governance Committee or the Finance Advisory Group. Oversight of the performance of agreements may need to be considered by individual, relevant Committees. A Member, not on the Group, was concerned that oversight would be lost if divided between too many Committees. The Chairman believed this could be considered further at a later point.

The Group thanked the Officers for their work on the report.

Resolved: That the report be noted.

5. Localisation of Council Tax Support

The Group Manager – Financial Services advised the meeting that by 1 April 2013 all Council Tax billing authorities would require a local Council Tax Support Scheme. The scheme would replace the existing provisions for Council Tax Benefit in which the Council pays a sum to the claimant and the Council is then reimbursed by the government. In future the support would be provided by way of discount from the Council Tax bill. The Government would pay a grant to district and upper tier councils to contribute to the costs.

The Council faced considerable challenges as the Government was committed to reducing the grant by 10% on current levels and had stated that pensioners should be protected and receive their existing levels of support. 52% of the current claimants within Sevenoaks District were pensioners. Secondly, as the support now acted as a discount on Council Tax, rather than a payment, the Council's taxbase would be detrimentally affected so the amount of Council Tax collected would reduce. It was also not realistic for over 300 billing authorities to have individual local schemes as there are very few

specialist software suppliers who will not be able to write unique systems for that number of customers within the available timescale.

On 25 May 2012 Members of the Kent Forum agreed to recommend a single Council Tax Support Scheme which provided for an 18.5% reduction to all non-pensioner claimants. In return the 3 major precepting authorities (Kent County Council, Kent Police Authority and Kent & Medway Fire & Rescue Authority) had agreed that they would both pay £125,000 to each district as a contribution to the increased administrative costs and also reimburse a district council should the new discounts exceed the cost of the grant receivable from the Government. This agreement would run for 3 years. The joint agreement with a single scheme would have the added benefit of creating consistency when creating new software. This proposal had been approved in principle by the Kent Forum but discussions were continuing and some details may still be changed.

Recently the Government had announced that it may provide some support to parish and town councils to ameliorate the effect of the change in their taxbase. District Councils would be provided a grant which would be distributed to the local councils.

A Member stressed the importance of notifying residents in writing of the 18.5% reduction in Council Tax support for unprotected groups. The Group Manager – Financial Services clarified that there will be consultation on the Scheme over the Summer and it would not be finalised until December. Claimants could be notified between December 2012 and March 2013.

The Chairman suggested that the Council's taxbase could reduce between 2.5 and 5% because of the reforms.

6. Matters Arising including actions from last meeting

It was considered that presentation from the Secretary of the Superannuation Fund created a good debate but Members hoped that, as the number of pensioners in the scheme rose when compared to the number of contributors, that the scheme would move towards more long term investments, such as bonds and away from equities.

The other completed actions were noted.

A Member, who was also the acting clerk for Shoreham Parish Council, apologised to the Group regarding the item on local housing needs in Shoreham, which was considered at the last meeting of the Group. It was only at the Parish Council's meeting on the Thursday prior to the Performance and Governance Committee meeting on 12 June 2012 that he learned of the Parish Council's objections to the scheme. The Parish Council now believed that the consultation from 2005 was out of date. Since the consultation the local needs would have changed and the development in Dunton Green had since begun. Members were informed that the Performance and Governance Committee had therefore deferred the item.

7. Referrals from Performance & Governance Committee

There were no referrals.

8. Provisional Outturn 2011/12 and Carry Forward Requests

The Finance Manager reminded Members that at the end of February the forecast outturn was for a favourable variance of £50,000. The provisional variance was now

£632,000 which included a VAT refund the Council had achieved of £552,000. Disregarding the refund the variance was £30,000 better than the February forecast. If approved, the carry forward requests would reduce the outturn to approximately £8,000.

The Group considered the carry forward requests and had comments on the following items:

Direct Services Training

A Member was concerned that there was no clear commitment that the carry forward request would be spent in the financial year 2012/13. The Finance Manager confirmed that the training budgeted for had started in the last month and was therefore an ongoing expense.

Asset maintenance

The reason for the request stated that the funds carried forward possibly may not be used on the same projects as those which were underspent in 2011/12. Officers were advised that the request should not be used to recreate the asset maintenance fund which had been abolished by the Council. The Chairman agreed that the projects the money would be spent on should be enumerated before the report was taken to the Cabinet meeting on 14 June 2012 for consideration. Officers agreed to report to Cabinet those items which had been underspent to show the sums were authentic carry forward requests.

Action: Officers to clarify, when the report is considered by Cabinet, which asset maintenance items had been underspent.

Disabled Facility Grants 2011/12

The Chairman noted that there was little leeway for the Council on this request as the Occupational Therapist service was one run by Kent County Council. He was also unsettled by the sums involved in children's Disabled Facility grants but was content to approve the request.

A Member noted that Direct Services Trading Account had continued to struggle, facing a £21,000 loss as opposed to the originally budgeted £71,000 gain. In February the expectation had been to break even. The Chairman noted that the Head of Environmental and Operational Services had reported to the Group on 28 March 2012 explaining the increased costs they had faced. The Chairman hoped for improvement but had confidence in the Officers.

Resolved that:

- (a) the Revenue 'carry forward' requests totalling £72,010 as set out in paragraph 13 of the report be approved, subject to the clarification suggested by the Finance Advisory Group; and
- (b) the capital carry forward requests totalling £490,107 as set out in paragraph 15 of the report also be approved.

9. Financial Performance Indicators 2011/12 - to the end of March 2012

A Member enquired why the Council Tax collected for 2011/12 was at 98.6% when the taxbase was calculated on a presumption of a collection rate of 99.5%. It was clarified that the figure of 98.6% was the amount collected within the year and some would only be collected later.

Members were encouraged that the numbers paying for Council Tax through Direct Debit had risen. Residents had recently been given the opportunity to arrange this online and it had proven very popular.

It was noted that the number of full-time equivalent employees in March was above target. The Finance Manager stated that the Benefits Team had recently needed the use of agency staff. The Chairman noted from the report in minute item 10 that the figure in April 2012 had improved to 372, which was 7 ahead of target.

10. Financial Performance Indicators 2012/13 - to the end of April 2012

Officers were asked why the reason for sundry debts was high. This was a result of 2 large invoices for one of the other Councils in the Licensing Partnership. The Chairman noted that there were some considerable National Non-Domestic Rates outstanding.

Action: Officers to shift the scales on the graphs when the reports is next presented, so that the lines are closer to the centre.

11. Forward Programme

It was requested that a report be made on the costs for the Council of the Paralympic Games. Although set out in the costs for Community Development, the Chairman suggested that the figures be brought forward.

The Group Manager – Financial Services agreed to include updates on the localisation of Council Tax support before a proposal was sent to the Council in the Summer.

Members invited the Head of Environmental and Operational Services to return to the Group in October 2012, principally to focus on an update regarding Direct Services.

THE MEETING WAS CONCLUDED AT 12.07 pm

Chairman

