

FINANCE ADVISORY COMMITTEE

Minutes of the meeting held on 29 January 2019 commencing at 7.00 pm

Present: Cllr. Eyre (Vice Chairman) (In the Chair)

Cllrs. Mrs. Bayley, Bosley, Dr. Canet, Eyre, Lake, Pearsall and Pett

Apologies for absence were received from Cllrs. C. Barnes, Esler, Krogdahl and Scholey

Cllr. Purves was also present.

37. Minutes

Resolved: That the Minutes of the meeting of the Finance Advisory Committee held on 15 November 2018 be approved and signed by the Chairman as a correct record.

38. Declarations of Interest

No declarations of interest, not already registered, were made.

39. Actions from Previous Meeting

There were none.

40. Update from Portfolio Holder

The Portfolio Holder's report was noted.

41. Referrals from Cabinet or the Audit committee

There were none.

42. Appointment of Vice Chairman for the meeting

Resolved: That Cllr Mrs Bayley be appointed Vice Chairman for the meeting.

CLLR MRS BAYLEY IN THE CHAIR

43. Discretionary Rate Relief

The Business Rates Manager presented the report which set out the proposals for awarding discretionary rate relief for 2019/2020 to ratepayers who had made applications or who were expected to make an application before 1 March 2019, which was an already extended deadline from 15 November 2018. Should

applications not be received by 1 March 2019 then annual bills for those organisations would be sent without relief, but they would have until 30 September 2019 to contact the Council and request that their case be re-considered.

The report also provided an update on the local discretionary rate relief scheme which would be in its third year of operation in 2019/2020. It was noted that some existing recipients of discretionary rate relief, the cost of which was solely borne by the Council, would be entitled to Retail Discount and/or revaluation relief. Government guidance was that any government funded reliefs should be applied before un-funded relief. Therefore the recommendations had been amended so that the ratepayer received relief of an equivalent percentage to that given in previous years, albeit via one or more types of relief. The report also set out the proposed approach for the implementation of the Retail Discount Scheme for 2019/2020 and 2020/2021. In response to a question, the Business Rates Manager undertook to look into and advise a local member whether Weald Community Hub CIC was in receipt of business rate relief.

Public Sector Equality Duty

Members noted that consideration had been given to impacts under the Public Sector Equality Duty.

Resolved: That

- a) it be recommended to Cabinet that the proposals for granting relief from business rates for 2019/20 set out in Appendix B to the report, be approved;
- b) the estimated level of local discretionary rate relief to be awarded in 2019/20 as set out in paragraph 24 of the report, be noted; and
- c) it be recommended to Cabinet that the proposed approach for implementation of the Retail Discount for 2019/20 and 2020/21, be approved.

(Cllr. Eyre was not present during consideration of this item, due to a disclosable pecuniary interest.)

CLLR EYRE IN THE CHAIR

44. Council Tax Discounts for Empty and Uninhabitable Dwellings and Empty Premium

The Council Tax and Recovery Manager presented the report which recommended amendments to the level of Council Tax discount for unoccupied and unfurnished dwellings, and dwellings undergoing or requiring major structural repair. It also asked Members to consider: increasing the premium on properties that were long term empty (unoccupied and unfurnished for more than 2 years); reducing the Class C discount to 100% for 2 months and the Class D discount to 0% for 12 months; and increasing the long term empty charge from 50% to 100%, which would

support the Council's Empty Homes Action Plan and encourage empty dwellings to be brought back into use more quickly.

Members discussed reducing the Council Tax discount for unoccupied and unfurnished dwellings from 100% for up to 3 months to 100% for up to 1 month rather than the recommended 2 months but this was generally thought to be too restrictive.

Public Sector Equality Duty

Members noted that consideration had been given to impacts under the Public Sector Equality Duty.

Resolved: That it be recommended to Cabinet that with effect from 1 April 2019

- a) the Council Tax discount for unoccupied and unfurnished dwellings be reduced from 100% for up to 3 months to 100% for up to 2 months (Class C of the Council Tax (Prescribed Classes of Dwellings) (England) (Amendment) Regulations 2012);
- b) the Council Tax discount for unoccupied dwellings undergoing or requiring major structural repair be reduced from 100% for 12 months to 0% for 12 months (Class D of the Council Tax (Prescribed Classes of Dwellings) (England) (Amendment) Regulations 2012); and
- c) in accordance with Section 11B of the Local Government Finance Act 1992 and Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 the additional amount payable for Council Tax be increased from 50% to 100% for dwellings that were unoccupied and substantially unfurnished for more than two years.

45. Risks and Assumptions for Budget 2019/20

The Head of Finance presented a report which set out the risks and assumptions built in to the 2019/20 draft budget that would be presented to Cabinet on 14 February and Council on 26 February.

The financial assumptions included in the financial plan as at 1 December were

- Government Support: no Revenue Support Grant or New Homes Bonus in 2019/20
- Council Tax: 2% in 2019/20 and 2% for all future years
- Business Rates Retention pilot safety-net in 2019/20 only plus 2% in later years
- Interest Receipts: Flat amount of £200,000 in 2019/20 and £250,000 in subsequent years;
- Pay Costs: 2.0% in 2019/20 and subsequent years
- Non-pay costs: 2.25% in all years
- Income: 2.5% in all years except for off-street car parks which are 3.5% from 2019/20 -23/24

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- As confirmed in the Local Government Financial Settlement there would be no negative Revenue Support Grant (RSG) in 2019/20 but future years were uncertain.

It was noted that the financial assumptions were based on the latest available information which could be subject to change, and any changes would be included in the budget report to Cabinet in February.

Public Sector Equality Duty

Members noted that consideration had been given to impacts under the Public Sector Equality Duty.

Resolved: That the report be noted.

46. Treasury Management Strategy 2019/20

The Principal Accountant presented the report which sought a recommendation to approve the Treasury Management Strategy 2019/20.

The Local Government Act 2003 (the Act) and supporting regulations required the Council to 'have regard to' the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council's capital investment plans were affordable, prudent and sustainable. The Act therefore required the Council to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy (as required by investment guidance issued subsequent to the Act) which sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.

Revised reporting was required for the 2019/20 reporting cycle due to revisions of the Ministry of Housing Communities and Local Government (MHCLG) Investment Guidance, the MHCLG Minimum Revenue Provision (MRP) Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code. The primary reporting changes included the introduction of a capital strategy, to provide a longer-term focus to the capital plans, and greater reporting requirements surrounding any commercial activity undertaken under the Localism Act 2011.

In response to questions the Principal Accountant advised that Property Trusts should be regarded as long term investments as returns in the first couple of years were usually below par due to entry fees to the Funds. Although it was an available option within the Strategy, the Council did not usually invest in these as it was deemed that having its own property portfolio the Council would then be too exposed to property as a class of investment. He advised that further to previous concerns with regards to Newcastle Building Society, once the investment with them had matured a better opportunity had presented itself and the money placed elsewhere.

Public Sector Equality Duty

Members noted that consideration had been given to impacts under the Public Sector Equality Duty.

Resolved: That it be recommended to Cabinet to recommend to Council that the Treasury Management Strategy for 2019/20, be approved.

47. Capital Strategy 2019/20

The Principal Accountant presented the report which introduced the reporting of a Capital Strategy for 2019/20 in line with the new CIPFA Prudential Code and the CIPFA Treasury Management Code. The Capital Strategy formed part of the Council's policy and strategy documents, providing guidance on the Council's capital programme and the use of its capital resources, and required approval by Cabinet and Full Council.

Its aim was to ensure that Members fully understood the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite. The guidance in the strategy complemented and supplemented the Medium Term Financial Plan, the Property Investment Strategy and the Treasury Management Policy and Strategy.

Members noted that this was more a formalisation of current practices, than something completely new. However they requested a standardised or 'traffic light' reporting format in order to be readily able to examine the information. Members were advised that a draft format was being worked on.

Action 1: Updated draft capital bid form to be circulated for all Advisory Committee members to comment on.

Public Sector Equality Duty

Members noted that consideration had been given to impacts under the Public Sector Equality Duty.

Resolved: That the report be noted.

48. Capital Programme and Asset Maintenance 2018/21

The Head of Finance tabled an [additional](#) Appendix A and a [replacement](#) Appendix B for consideration. The report set out the proposed Capital and Asset Maintenance Programme for 2018/21 together with proposed funding. The Asset Maintenance figures were from the previous 10-year budget and did not assume any additional growth at this stage although SCIA16 proposed an annual increase of £100,000.

Public Sector Equality Duty

Members noted that consideration had been given to impacts under the Public Sector Equality Duty.

Resolved: That it be recommended to Cabinet that

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- a) the Capital Programme 2018/21 and funding set out in Appendix B to the report, be approved; and
- b) the proposed Asset Maintenance budget of £561,000 be agreed for 2019/20.

49. Financial Performance Indicators 2018/19 - to the end of November 2018

The Head of Finance presented a report which detailed the internally set performance indicators as at the end of November 2018, which Members considered.

Public Sector Equality Duty

Members noted that consideration had been given to impacts under the Public Sector Equality Duty.

Resolved: That the report be noted.

50. Financial Results 2018/19 - to the end of November 2018

The Head of Finance presented a report on the Council's financial results 2018/19 to the end of November 2018, which showed the year end position was currently forecast to be an unfavourable variance of £140,000, which represented 0.95% of net service expenditure budget totalling £14,687,000. In response to a question relating to the unfavourable variance for internal enforcement agents, the Chief Finance Officer advised that the variance was due to the changes starting later than assumed.

Public Sector Equality Duty

Members noted that consideration had been given to impacts under the Public Sector Equality Duty.

Resolved: That the report be noted.

51. Property Investment Strategy Update

The Chief Finance Officer presented the report which provided an update on the progress of the Property Investment Strategy to date including acquisitions, and provided the opportunity to review the criteria of the strategy.

Members took the opportunity to ask questions of clarification concerning acquisitions and considered the suggested amendments to the Strategy as outlined in paragraph 43 of the report. Each recommended amendment was discussed. In principle the suggested amendment to 'iii. Individual Properties or Portfolios / Lot size of £1m - £5m' was welcomed but there was concern around the drafting/interpretation of a 'portfolio of properties' and the potential abuse or

restrictiveness of the suggested amendment. Members requested that Officers draft wording for Members to consider and feedback to Cabinet as an update report from the Chairman. The 50 mile radius rule was further explored with a suggestion of different investment strategies and returns within or outside of the District, and whether the 50 mile rule was required.

Action 2: Officers circulate new draft wording for criteria (iii) to Advisory Committee members for comment.

Public Sector Equality Duty

Members noted that consideration had been given to impacts under the Public Sector Equality Duty.

Resolved: That

- a) the report be noted; and
- b) it forward the following comments to Cabinet regarding the potential amendments to the Property Investment Strategy as outlined in paragraph 43
 - i. Support amending the income yield to 3%+ above the Council's average treasury management return (currently 0.7%) when not borrowing or internally borrowing, and 3%+ above the borrowing rate (currently 2.6% for 30 years) when externally borrowing, based on an average over 10 years. (Flexibility may be applied to those opportunities that show an acceptable social return on investment);
 - ii. Support amending the lot size to £1m - £10m subject to some suggested alternative wording;
 - iii. Not support changing the lot size limit to individual properties within a portfolio as this would be partly accounted for by ii above; and
 - iv. Support keeping investment opportunities restricted to those within a 50 mile radius of the Council's Argyle Road offices however, recognising that this may need to be changed in future if legislation is amended.

52. Work Plan

The work plan was noted. Members were reminded that the next meeting date had changed from 26 March 2019 to 27 March 2019 due to an Extraordinary meeting of Council.

THE MEETING WAS CONCLUDED AT 8.26 PM

CHAIRMAN