

# Bristol City Council

## Minutes of the Resources Scrutiny Commission

25 April 2017 at 5.00 pm



### **Members Present:-**

**Councillors:** Graham Morris (Chair), Stephen Clarke (Vice-Chair), Donald Alexander, Barry Clark, Geoff Gollop, Tim Kent, Afzal Shah and Olly Mead

### **Officers in Attendance:-**

Johanna Holmes (Policy Advisor - Scrutiny), Nicki Beardmore, Denise Murray (Service Director Finance) and Nancy Rollason (Service Manager Legal)

## **1. Welcome, Introductions and Safety Information**

The Chair led welcome and introductions.

The Chair asked all those present to observe a minutes silence in respect of ex-Councillor John Bees who died on Monday 24<sup>th</sup> April.

## **2. Apologies for Absence**

Apologies for absence were received from Councillor Brook. Councillor Mead would be attending in substitute.

It was noted that Councillor Godwin is now Cabinet Member for Children and Young People and therefore no longer sits on the Resources Scrutiny Commission.

## **3. Declarations of Interest**

Post meeting note – see Agenda Item 9: Councillor Kent declared an interest as the Chair of Hartcliffe Community Farm – which receives 100% Business Rate Relief.

## **4. Chair's Business**



None.

## 5. Minutes of the Previous Meeting

The Commission agreed the minutes of the last meeting as a correct record.

## 6. Action Sheet

- Procurement item – Cllr Clark to pursue with officers
- Channel Shift – one action to be reported on (Information unavailable until after the meeting date)
- All other actions were agreed as complete

Additional points of discussion:

- Quarter 2 Performance Report - Legal Services: Members raised some concerns about Legal Services picking up the costs for other services when they acted against legal advice and cases have been lost. Members reiterated their previously voiced concerns about this and what they consider to be an unfair structure.

The Service Manager for Legal and Democratic Services advised Members that a Memorandum of Understanding (MoU) was currently being developed that sets the parameters around this issue and informs colleagues that if the advice to you is to not progress, and you do, then you may have to pay for any legal costs that are incurred.

Officers offered to bring back an up-date on this.

Cllr Clarke offered his support and assistance in the process.

A Member suggested that the MoU should state that legal services ‘will’ not ‘may’ charge if costs are incurred after teams have acted against legal advice.

Members were in agreement that changes needed to be made and that the process and criteria going forward needed to be very tight.

### **Action: Officers to up-date Members on any developments regarding the discontinuation of Legal Services incurring legal costs via other service areas**

(Cllr Negus joined the meeting)

The Chair of the Commission asked the Chair of OSMB to provide an up-date on the future structure of scrutiny, following an OSMB meeting the previous evening.

The Chair of OSMB said that there had been unanimous agreement that scrutiny is not as effective as it could be. Members wish to get involved much earlier at the policy development stage rather than pre-



decision scrutiny. Members also recognise that inquiry days have been successful. We need to design a process that fits the issues rather than a set committee structure first. This would mean looking at a smaller number of items in more depth in future and will involve smaller groups of interested councillors. This doesn't mean 'no holding to account', it can be done in a different way. It appears there is wider agreement on this but this is still 'work in progress. The next stage is to speak to Party Group Leaders (PGL).

## 7. Public Forum

No public forum received

## 8. Work Programme

The Chair thanked the Commission Members for their work over the past months and said that he believed that it had been good experience for the future.

The Chair of OSMB said that some scrutiny would carry on over the next 3-4 months. Members can make suggestions via OSMB or scrutiny officers for the next civic year.

## 9. Business Rate Retention

Councillor Negus was invited to join the table

The Interim Service Manager for Corporate Finance briefly introduced the report which sets out details of business rates both under the existing rates retention scheme and the 100% rates retention pilot starting on 1 April 2017. Also included was information around reliefs, Section31 grant, losses on appeals and the mechanics behind how the multiplier and tariff operate.

The following is a summary of the key discussion points and comments made:

- The Chair asked for clarification of how the new multiplier works. Officers responded that this is the increase year on year that BCC can apply to business rates, this is capped by the Government to a 2% increase and is now based on CPI rather than RPI.
- A Member asked about the rateable values which have previously been set by Government and which can now be set lower by BCC. An example given was a cash machine installed in a community shop has meant that the owners business rates have apparently almost doubled. It was suggested that small business are being penalised.
- Officers advised that any changes to business rates policy would require Full Council approval
- Members asked for clarification on whether the RSG / Rate Support Grant had now gone. Officers confirmed that the grant has now gone and the council gets what it collects instead. BCC will now collect approx. £200M and will keep £150M. There will be new money but there is also more risk attached to this process, such as appeals and enforcement. The council must therefore maximise what it collects.



- A Member asked about definitions of charitable status for bodies such as hospitals, schools and care homes and if there is scope for the council to review this. Officers advised that other councils have challenged businesses attempting to use charitable status/arms inappropriately to offset business rates. Charitable rate relief is mandatory (80% reduction) for example if the hospital trusts applied for charitable status would see a reduction of £30M to the council. There is a mandatory requirement if the criteria is met (80% is repaid by the government, 20% is at our discretion and done at the cost to the council).
- A Member enquired about BCC's discretionary rate relief and if it would be possible to look geographically at small businesses and assist them to help regenerate areas. The Cabinet Member responded that it would require a policy change at Full Council to do this and how the council decided to utilise the 20% discretion that it has. It was suggested by the same Member that the council could concentrate more on landlords of HMOs who are claiming business rate relief when they perhaps shouldn't be. Officers will take this away and examine enforcement activity and data analysis to generate opportunities for greater collection rates and who determines the criteria for a business rates.

The Cabinet Member said that he was taking this issue to the relevant Minister.

**ACTION - Officers to report back to Members on increased enforcement activity and who determines the business rate criteria for small businesses**

- A Member requested if in future a report of this complex nature could have some graphs etc to visually demonstrate positions. Officers agreed to bare this in mind.
- A Member asked for clarification of the risks involved and it was explained that a safety net of 97% existed that income wouldn't fall below and that if any increases occurred, the council will automatically keep them.
- Members asked about 'empty property relief' and whether BCC had to offer it. Officers said that lasted for 3 months only but that BCC policy is being reviewed with a view to making it more complex to be eligible for empty property relief.
- A Member asked about small business rate relief and the recent changes. Officers said that more business are now able to claim this but that the council claims the money back via S181 so there is no loss to the council.

Councillor Kent declared an interest as the Chair of Hartcliffe Community Farm – which receives 100% business rate relief.

- A Member asked about some businesses which may now get 100% rate relief or a discretionary rate relief. Officers advised that they are conducting a review of discretionary rate relief – small properties might be covered under small business rate relief and may be continuing under the old system - officers advised that they will ensure that this is fed into the team leading on the review and they would 'join the dots up' when they completing the review.
- A Member commented that the £300M discretionary fund seemed low. Officers said they are currently querying this figure with central Government.



**RESOLVED:**

That the report be noted

**10 Capital Programme**

Officers introduced the report and briefly explained the principles of the capital programme whilst highlighting some of the key points in the report. It is estimated that the Council will now have a net borrowing requirement of £470m over the next five years. The costs of borrowing will represent some 12% by 2022, compared to less than 8% at present.

The following is a summary of the key discussion points and comments made:

- The Chair concurred with Officer comments that it is an ambitious plan and asked if there was a debt re-payment plan. Officers explained that there is and that the debt is paid off by minimal revenue provision which is in the Medium Term Financial Plan (MTFP) which is a key part of the budget process and is contained within the council's budget assumptions. It was advised that many local authorities will be rising above the current national average.
- A Member asked if there is a breakdown available to understand if projects have other sources of funding attached to them or not. Officers responded that they can provide this information but it would be easier to provide it on individual schemes as that would create a massive document.
- Members requested it be noted that they were concerned that cuts are being made where it's possible that down the line funding could be found.
- A Member asked about whether the £5M Metrobus overspend was included in the figures provided. Officers said that it was not.
- Members asked if there is a contingency fund and if so, has it been allocated yet? Officers responded that there needs to be flexibility for new schemes but that there is no call on the contingencies at this stage. The monitoring report will reveal if there needs to be a call on additional resources and if so amendments will be made. Due to the size of the programme officers are of the view that there should be a significant contingency fund to avoid a call on reserves.

**RESOLVED:**

That the report be noted

**11 Resources Finance Information (Period 10)**

The Service Director for Finance introduced the report to Members. It was explained that the variance in forecast for the General Fund's position was previously forecast £11m but is now forecast at an £11.6M overspend. This is primarily due to the People function and the costs of care packages for adult social care.

Also that the net overall forecast outturn of £11.6M represents 2.7% of the General Fund net revenue budget.



Officers drew Members attention to the increased Resources Directorate Forecast Overspend of £3.3M

Members commented that they liked the new format of the report.

**RESOLVED:**

That the report be noted

## 12 Resources Directorate Risk Register

(this item was moved forward on the agenda and taken after the Scrutiny Work Programme)

The Service Director for Finance apologised that the report hadn't been available at the previous meeting. The report was introduced to Members outlining the five key risks as detailed in the report and the measures, including action plans that have been put in place to reduce those risks.

(Councillor Mead joined the meeting)

The following is a summary of the key discussion points and comments made:

- New risks have been identified and added to the register and previous risks which are no longer relevant have been removed from the register.
- Officers stressed that the plans are very ambitious and so are the timescales and it will therefore be very closely monitored
- Officers stated that the register is being applied as a proactive tool not just for reporting or registering information.
- The Legal Officer present stated there is currently a lot of in-house work coming through. There are also currently a lot of legislative changes taking place. Both are currently being managed well.
- Members expressed their views that the register was very clear, comprehensive and much improved.
- Timescales were questioned and the deliverability against these. It was confirmed that all those listed for March 17 had been completed. The register is up-dated monthly and part of the corporate reporting mechanism.
- Members queried the risk of cyber threats and whether the measures detailed were adequate. Officers agreed that the risk register should be much clearer about cyber protection, risks posed and the actions required to address it. Officers agreed to bring back an update on this.

**ACTION: Officers to make the risk of cybercrime more explicit in the risk register and provide members with an up-date**



- A Member commented about the headings on some of the columns in Appendix 1 needing to be reviewed (e.g. RO in third column). Officers agreed it needed to be checked again.

**ACTION: Officers to check the headings in the columns in Appendix 1**

**RESOLVED:**

That the report be noted

Meeting ended at 7.10 pm

**CHAIR** \_\_\_\_\_

