

# Bristol City Council

## Minutes of the Resources Scrutiny Commission

31 October 2019 at 3.00 pm



### Members Present:-

**Councillors:** Stephen Clarke (Chair), Donald Alexander, Margaret Hickman, John Goulandris, Sultan Khan and Clive Stevens

### 1. Welcome, Introductions and Safety Information

The Chair led welcome and introductions.

### 2. Apologies for Absence

Apologies for absence were received from Councillor Mhairi Threlfall, Councillor Graham Morris and Tim O’Gara – Director, Legal & Democratic Services.

### 3. Declarations of Interest

There were no declarations of interest.

### 4. Minutes of the Previous Meeting

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

### 5. Action Sheet

The Committee noted the progress of actions from the previous meeting.

- 11. Finance Monitoring Report (P4) (from Sept 18<sup>th</sup> 19). Further to the information that was provided in the Commission’s Action Sheet, Members enquired whether any progress had been made with regards to providing mobile technology to care workers and social workers: It was reported the project had been delayed for about 18<sup>th</sup> months. Cllr Stevens said a meeting with



the Director: Digital Transformation and a representative from Adult Social Care and he had been scheduled for the following week where this would be discussed. Cllr Stevens agreed to report back to the Commission on this. **ACTION: Cllr Stevens and the Director of Digital Transformation to report back to the Commission at the next opportunity on the situation with regards to the Agile Working Project**

## 6. Chair's Business

None on this occasion.

## 7. Public Forum

A Public Forum Question was received about the 'Current Council Tax Consultation' which related to Agenda Item 13 Council Tax Base Report.

After a discussion about the information provided in response to the question about Council Tax expenditure by officers, Members requested the line 'Balance Corp Expenditure' be clarified. **ACTION: Officers to provide clarity of what 'Balance Corp Expenditure' means in relation to the 'Other' category of council tax expenditure.**

## 8. Work Programme

The date of the December Scrutiny Commission Meeting was discussed due to it being the same date as the forthcoming General Election. It was agreed by everyone that the meeting would now need to be held after the 12<sup>th</sup> December. **ACTION: Scrutiny Advisor to liaise with the Chair and Officers to agree and new date for the next meeting.**

## 9. Corporate Risk Report Q1

The Chair began the item by asking officers why the Scrutiny Commission were receiving a Corporate Risk Report and not a Resources Directorate Risk Report. Officers said that work was still being carried on the new risk reporting process and a more tailored report would be provided at the December meeting.

It was asked if Clean Air Plan was included in the Corporate Risk Register now. Officers said it wasn't currently no but it would be added to it soon though.

A Member questioned why on (page 30 of papers) Appendix A of the Report it said that CRR29 - Information Security Management System –said 'this risk is managed and monitored within the Growth and Regeneration Service Risk Registers'. Officers said they were not sure and that it needed to be checked. **ACTION: for this point to be checked with the Risk Manager**



Members asked about (Page 32 - CRR1) Colston Hall and if further over-spends were to occur, would the West of England Combined Authority (WECA) cover that? It was explained that BCC will under-write the Colston Hall project because the Council they have a vested interest to ensure the project is successfully delivered. WECA it was said will only cover a certain level of increased costs.

The Commission Members reiterated their request to receive a risk report that was tailored to the Resources Directorate at the next meeting: **ACTION: for the Commission to receive a more bespoke risk report at the next meeting in December.**

## 10 Financial Task and Finish Group - Stage 1 Report

Councillor Stevens, Chair of the Financial Scrutiny Task and Finish Group (T&F Group), summarised the key points in the published statement from Stage One of the Financial Task and Finish Group meetings. The purpose of the statement he said was to assist members of the Scrutiny Commission to ask questions about the Capital Strategy and the Medium Term Financial Plan (MTFP).

The following points were highlighted by Cllr Stevens and discussed by all:

- The Capital Strategy is a set of rules to be approved by Full Council by which Capital Investment decisions are taken.
- Capital Strategy: the first one was completed last year. This year is the first review of it. It sets out the risks and provides a governance framework. Some changes are being made to it this year, including the aims and how projects are prioritised.
- It was highlighted that there is a proposal to limit the long-term total of capital investment so that financing costs were held at or below 10% of the General Fund income. The effect of which needs to be better understood and if implemented could force quite rigorous prioritisation and tough decisions.
  - The Director of Finance responded to the point Cllr Stevens made about the 10% being attributed to the cost of financing and it not being intended to destabilise the programme i.e. it is the cost of borrowing. She said it was a mixed and balance programme and is moving on the right trajectory. Also, that officers had completed a benchmarked exercise against other local authority's (LA) programmes on 'invest to save' initiatives and they varied greatly. The national average is 4% but for Core Cities it is much higher. For example Birmingham is 13% which makes it difficult to compare like for like. However, it was highlighted that this was not intended to set the direction of travel as such. Officers said that the 10% figure was a 'guide' which the Council are moving towards. Officers were conscious the actual figure was gradually creeping up and they were keeping an eye on it. However it was reiterated that there is no right or wrong figure on this.
- Capital investment currently falls into three categories:
  - Investing for inclusive growth
  - Invest to save and to generate returns
  - Investment to improve and maintain Council assets
- SEND (Special Educational Needs and Disability): Direct Schools Grant (DSG) There is a 'cap' to stop any new borrowing within DSG funds. It was agreed that this point should be discussed further at



the forthcoming SEND - Scrutiny Evidence Gathering Session on 3<sup>rd</sup> February 2020. Officers reaffirmed the Councils

- Members asked if the Investment Strategy included Bristol Energy. Officers said no it did not.
- (MTFP) The potential implications of the McCloud Local Government Pensions Scheme legal case. This is a national issue and for all local authorities. Estimations suggest this may potentially cost £13.9m. A lot of work has been carried out on what the likely impact is to be for Bristol City Council.
- Cllr Stevens said that when budget comes out Members will need to systematically consider about how the Council invests and how it can get the optimum amount from its finances.
- It was asked if the Social Care precept was only for one more year. Officers yes and that is the case every year.
- Reserves: The Chair of the T&F Group said he did not think this had been very transparent in the past. Officers said they intended to provide more clarity and for this to be more transparent going forward. The general reserves were now capped at £20m and figures have been incorporated into the MTFP where they are more visible. The Members agreed and the Task & Finish Group Chair said he had looked at the MTFP that day and had never seen so much transparency which was he applauded, and said was very good.

Cllr Stevens offered to submit a statement to the next Cabinet meeting on behalf of the Commission. He said it could be an update from either the Task and Finish Group or the Scrutiny Commission. It was agreed that the Statement would come from the T&F Group. **ACTION: Cllr Stevens to submit a statement to the next Cabinet Meeting on behalf of the Task and Finish group.**

## 11 Finance Monitoring Report Period 5

The Finance Monitoring Report Period 5 was introduced by the Director of Finance. The report had previously been presented to Cabinet on the 1st October 2019. It was reported that in-between the Period 5 and Period 6 Reports officers had undertaken a 'deep-dive' into the finances to allow them to be able to forecast any budget pressures and if necessary plan the necessary mitigations.

The Chair said he hadn't fully understood the debt analysis diagram in the report. Officers said that the bottom section of the graph had dropped off the bottom of the page which made it very difficult to decipher. It was said that the graph had been intended to demonstrate that some debts can be owed to the council for a long time but are not written off because of the potential for them to still be paid off some time later, for example via legacies.

A brief discussion took place about the payment of invoices (p69 of papers bundle: 4. Payment Statistics) and particularly those for Digital Transformation and why so many were paid later than the 30 day target and/or as retrospective orders. Officers said that a number of causes had been identified which effected the speed of process, for example some go to the wrong person to start with and if there's any type of dispute the invoice stays in system for that length of time. Also, some invoices don't have a Purchase Order number attached to them so they can't be paid until this is resolved and this clogs the system up. Officers said that they were aware that the situation needed to be improved.



Members also asked about the Finance row of the same table (P.69 of papers bundle: 4. Payment Statistics) and why 40% / 200 invoices are 'paid without order'. Officers said they would look into this and report back. **ACTION: Officers check this if figure is correct and provide some clarification on the circumstances.**

## 12 Collection Fund Surplus/Deficit Report

Officers introduced the first of two council tax related reports and highlighted the following points to Members which were briefly discussed:

- There is an estimated small surplus on the Council Tax element of the Collection Fund of £43k to be declared for 2019/20.
- That an estimated deficit on the Non-Domestic Rates (NDR) element of the Collection Fund of £1.780m will be declared for 2019/20 and shared between BCC, Avon Fire and Rescue Service and the West of England Combined Authority (WECA) in proportion to the appropriate in-year demands.
- Officers said it should be noted that £1.3m relates to prior year deficits i.e. this has been carried forward
- It was said there are numerous reasons why decreases or increases of Business Rates might be seen at the end of year.
- There is a gradual reduction of working age people contributing.
- A Member suggested the estimated Council Tax surplus was masking other issues with regards to collection rates.
- Council Tax reductions reduce as pensions are getting bigger
- The Government have recommended that 4.7% of net rates should be set aside to cover potential appeals relating to the 2017 list.

## 13 Council Tax Base Report

Officers introduced the report to Members and highlighted the following points for discussion:

- Estimates for 2020/21 suggest the number of new chargeable dwellings added to the valuation list will be exceeded by the number of student exemptions awarded resulting in reduced growth of 1.2% in the tax base. This is equivalent to a loss in council tax revenue of £0.6m. Officers said the Medium Term Financial Plan (MTFP) would be adjusted accordingly.
- Officers said the re-valuation of Council Tax has not yet been carried out nationally. So it's only when property is sold that extensions are then logged against a property's value and the increase is then registered. Officers said there were about fifty cases of this per month. They said that trends indicate fewer people appear to be moving currently and are instead extending their properties.
- Members asked about student exemptions and the in-year prediction that further 440 dwellings will be student properties. Fifty will be conversions to Houses of Multiple Occupation (HMOs) and



a further 300 into bedsits. Officers said it was predicted that 400 houses would be lost. 350 of those would be purpose built, so it could be said that only 50 will be lost. 75% of student properties are purpose built so that figure has gone down it was said.

- Members asked about (P90 - 7. Unoccupied Properties) properties that are furnished but not someone's full-time home and asked if it was possible the Council could give them a negative discount? Officers said they understood that 0% discount was the lowest the Council could go. It was however said that owners were now penalised for properties being empty long-term / 2 years and they were now being charged the premium 100% rate with no discretion.
- Members also asked about empty / unused University buildings during the summertime. For example, Language School Buildings are sitting empty during the summer but are then used for commercial purposes. Members asked if the University should be paying business rates on these buildings if they are generating an income. It was also asked if the University declare commercial activities and whether the Council has checks in place for this. Officers said that the amounts chargeable would probably be low but yes they did do spot checks on this sort of thing. However Officers said they would look into this and report back to the Commission. Members said they thought that the checks should be carried systematically. One Member raised the example of Goldney Hall in Clifton and suggested that it was used commercially for about 2 months during the summer and asked if it was known if the University had paid or should be paying business rates for this type of use.

**ACTION: It was agreed that officers would look into this further and would report back to the next meeting.**

#### 14 Legal Services Draft Strategy 2019-2024 - Exempt Item

##### *Exclusion of Press and Public*

***That under s.100A(4) of the Local Government Act 1972, the public were excluded from the meeting for the following item of business on the grounds that it involved the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of schedule 12A of the Act.***

***The minutes of this item have therefore not been published with rest of the meeting minutes.***

Meeting ended at 5.45 pm

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

