

Bristol City Council
Minutes of the Resources Scrutiny Commission

30 November 2020 at 4.15 pm



Members Present:-

Councillors: Stephen Clarke (Chair), Donald Alexander, Margaret Hickman, John Goulandris, Sultan Khan, Clive Stevens, Geoff Gollop and Mark Bradshaw

1. Welcome, Introductions and Safety Information

The Chair welcomed everyone including OSMB Members who had been invited to attend for the Council Tax Reduction Scheme item.

2. Apologies for Absence

Apologies for absence were received from:

- Cllr Morris - Cllr Gollop attended as a substitute
- Cllr Threlfall – Cllr Bradshaw attended as a substitute
- Cllr Cheney – Cabinet Member - Finance, Governance and Performance
- Mike Jackson - Chief Executive

3. Declarations of Interest

Cllr Stevens stated that he had a recently written book and some of what that book contained was relevant to the meeting. He also said that he was a member of the RSA which was mentioned in the Avon Mutual Regional Community Bank papers but he said that neither points precluded him from participating in the meeting.

There were no other declarations of interest.

4. Minutes of the Previous Meeting

P.9 - Cllr Stevens said that hadn't had answer to a previous question about whether the number S106 properties being built was declining. **ACTION: The Scrutiny Coordinator said they would look into this and report back to Cllr Stevens.**

The minutes were agreed as a correct record of the previous meeting.



5. Chair's Business

There were no announcements from the Chair.

6. Public Forum

Suzanne Audrey: Public Forum Questions 1 & 2:

- Supplementary Question 1: the numbers suggest there are still 64 Freedom of Information (FOI) requests outstanding from last reporting period. The original officer response stated there needed to be a 'good reason' for an FOI response to be provided late. Were the Commission satisfied that there are good reasons for the number of late and long-standing responses?

The Head of Insight Performance and Intelligence said that he would investigate the number of outstanding responses and the reasons for them and provide that information in writing after the meeting.

- Supplementary Question Q2: Were there plans to further investigate the response rates and times because this appeared to come up repeatedly in performance reports. It was appreciated that some of the late responses might well be because of the nature of the work. But was this really be the reason for all the late responses? Could the performance data for this subject be inspected more closely and reported back on?

The Head of Insight Performance and Intelligence said that he would also look at the rational for late responses and a written response would be proved in due course.

RESOLVED; That the Public Forum be noted and written responses would be provided to Suzanne Audrey after the meeting.

7. Annual Business Report

The Scrutiny Coordinator took Members through the recommendations in the report.

Resolved;

- Cllr Mark Brain was elected as the Vice-Chair of the Commission for the 2020/2021 municipal year. This was proposed by Cllr Don Alexander and seconded by Cllr Margaret Hickman.
- The Scrutiny Commission's Terms of Reference were noted
- The Membership of the Commission for the 2020/2021 municipal year was noted
- The Commission's meeting dates for 2020/2021 were noted
- The Commission's Task and Finish Groups for 2020/2021 were noted



8. Council Tax Reduction Scheme

The Head of Benefits introduced the report item and took Members through the key points within the report. The report recommended that Members note the decision in respect of Bristol's 2021/22 Council Tax Reduction Scheme (CTRS), the estimated costs of it and rationale for doing so.

- The Commission were informed that there are now currently 35,775 low income households in Bristol.
- The scheme currently costs the Council £42.4m. This figure is expected to be £46.3m next year.
- Bristol is now one of less than 10% of English local authorities (LAs) to have a scheme such as this and is the only Core City that continues to do this. Most other local authorities require residents to make a minimum payment.
- 70,000 people in City have now been furloughed and 8,000 people have lost their jobs.
- Bristol City Council has continued to support low income households since 2013/14 in this way and there are no proposals to change the existing scheme.

Members asked the following questions:

Given that this was described as an exceptional scheme, it was asked if Central Government had ever made comment about it or was it thought they had an opinion about it? Officers said that the Government hadn't commented, and that Bristol is really left to decide its own responsibilities. The Director of Finance added that in terms of the Fair Funding Review this was an area being considered but no decision had been made in terms of the approach going forward. But for 2020/21/22 they have chosen to provide additional support for LAs in order to replicated similar types of approaches for those on low incomes i.e. through the Hardship Fund. So, it could be presumed that the Government think this is right thing to do now. Members asked if the Council had lost out on any Hardship Funding as it was already providing this type of support. Officers said the Council was instead able to utilise a significant proportion of that funding for other welfare assistance things, such emergency food assistance and utilities and purchasing school uniforms and the Council was able to extend its support further than most other LAs could do.

The Chair commented that this one of the areas that the Council does very well at. Was it however fair to say that the general public don't really understand that the Council does this? Officers agreed that this was not generally known because it was not publicised but it was something that the City should be proud of because it was quite exceptional. Members asked why this was the case. The Director of Finance said there wasn't any particular reason why it hadn't been publicised in the past. However, this year's consultation for the Council Tax had for the first time included the details in terms of the Councils areas of support such as those experiencing hardship and/or on low incomes.

It was asked what the difference was between pensioners and people of working age i.e. Figure 7.3. why does the Council split these figures up? Officers said the pensioners scheme is mandated by Government and the Council therefore had no jurisdiction over that so it couldn't put a cap on benefits that the Council gives to them. It was then clarified that the Council does not get any extra funding for pensioners. Officers said they would come back with a firm response in writing.



Table 7.2 in the published report showed the projected figure for 2021 however Members asked what the original budget figure was so that they could compare them. Officers said they would look into this and confirm the position in writing after the meeting.

A Member said they thought they recalled a £40m cap being on the CTRS previously and asked if or when that had been lifted or when was the definition changed? Was this something that needed to be considered? Officers said they didn't have a direct response, but they would take the question away and provide a written response after the meeting.

It was suggested that the report didn't tell the 'true value for money story' and explain why the CTRS is such a good decision. It was asked that in future officers explain both sides of balance sheet i.e. this is not just an altruistic thing to do but is also 'good housekeeping'. Officers concurred but said that it was very difficult to quantify some of the benefits such as good health and wellbeing.

Another Member congratulate officers for the application CTRS and asked was there any information in terms of the of impact it had had on stabilising or reducing child poverty? Officers said it was hard to show correlations. Even large national studies that they had read hadn't necessarily been able to show a direct link but they would continue to look into this.

It was suggested that officers could undertake some type of holistic study into the real value for money (VFM) gained by the City as whole by this scheme.

The Chair noted that the message coming from the Commission was that it very much supported the continuation of the CTRS as was planned. He also said that he would suggest in the statement that the scheme is communicated more widely so the general public know it is happening. The other Members agreed that a statement would be submitted to the Cabinet meeting the following day to express the views of the Commission.

The Members thanked officers for their time and hard work.

Resolved; that the Commission agreed to submit a statement to the Cabinet meeting on 1st December to confirm their support for the Council Tax Reduction Scheme.

ACTIONS:

- **Officers to check why the figures for pensioners and 'working' were split up in the report and come back with a firm response in writing.**
- **Officers to provide to Members with the original projected CTR figure for 2021 that was in the budget papers earlier in the year.**
- **Officers said they would check if there had been a £40m cap placed on the CTR scheme and provide a written response to Members after the meeting.**



9. Council Tax Base 2021-22 Report

The Council's Chief Accountant introduced the report to Members. The report would also be presented to Cabinet and Full Council in due course.

It was said as the billing authority the Council sets the council tax base for itself and the preceptors. The council tax base represents the chargeable number of dwellings that the council can charge Council Tax to. This takes into account all discretionary and non-discretionary discounts and exemptions.

To determine the CT Base for next year a 'snap-shot' of all the Bristol dwellings is taken and the figures are adjusted accordingly. Since the report was published however the Government's Spending Review has now taken place and so an addendum to the original report had also been published.

In year collection rates had reduced as a result of Covid –19.

The following points were discussed:

- Long Term Empty Properties - paragraph 9.3 of the published report; was the Council applying the maximum premium it could? Officers said yes, the Council was applying the maximum premium and the policy was being applied.
- Why was there a reduction of 1,396 (1.09%) Band D equivalent properties in the last 12 months? Officers confirmed this reflected the increase in costs of the CTRS.
- Table 12.6 shows 9,000 dwellings are currently under construction, which was said to be unusually high. Was that solely due to Covid or were there other reasons as well? Officers said yes, the number was quite a bit higher than last year (7,198). There was a down-turn due to Covi-19. But they had been out to look at all the site and they are all work in progress and should be complete in the next 18 months.
- The report shows an assumption of 25% not being complete this year. Was this the same figure that was used last year? Officers said yes it was. A Member said that he therefore questioned that assumption and thought that officers should 're-think or re-check' it.

10 Collection Fund - Financial Surplus/Deficit Report

The Council's Chief Accountant introduced the report to Members. The report would be presented to Cabinet and Full Council in due course.

It was said that Covid-19 had had a significant impact on the collection fund. Both the council tax and business rates elements were estimated to have significant deficits for 2020/21. The Government were however allowing in-year losses to be split over the next three years.

The following points were discussed:

- Table 10 of the report showed a breakdown of the in-year deficit for council tax but didn't appear to show the corresponding breakdown figure for business rates. It was said it would be helpful for Members to understand how much of this was in-year appeals and how much was a bad debt increase at the year end. Members said it wasn't therefore clear how the £8m shortfall had



arisen. Officers said that the majority was likely be due to lost rate income, but they would look into this and provide more information after the meeting.

- It was asked how many properties had received small-business rate relief? Officers said they would need to report back on that figure.

ACTION:

- **Officers to provide further clarification on the breakdown of the in-year deficit for business rates.**
- **Officers to provide the figure of how many properties that have received small-business rate relief**

11 Resources - Period 7 Finance Information

The Council's Chief Accountant introduced the report to Members which was the Resources Directorate extract of the P7 Finance Monitoring Report that would be presented to Cabinet on 1st December 2020.

This was the first time that the Commission had seen the in-year financial position. It was stated that there was an £8.5m overspend all of which is a result of Covid-19. This figure was broken down into £5.2m of additional expenditure and £3.3m loss of income.

For non-Covid related pressures, which are reported on separately it was said there was net bottom-line position of break-even but there were ups and downs such as significant pressures on HR - Facilities Management (FM), an area that the Scrutiny Task and Finish were to look at the following day. The pressures had been offset by some one-off underspends within the areas of Digital Transformation, Legal & Finance and Policy Strategy and Partnerships.

For Covid related expenditure the highest figures were related to Finance, more specifically hardship payments via the additional crisis prevention fund payments that had been made.

The Chair asked Officers to confirm that from a Directorate point of view and in terms of non-Covid related activity the budget was balanced? Officers confirmed that although there were some ups and downs such as FM that was correct yes.

A Member asked about the Divisional Debt Age Analysis on P9 of the supplementary report and said that he was surprised to see debts that were several years old and that the Council had not yet written off or pursued. He suggested that this was something that Commission might want to look into at a future meeting. Officers agreed but highlighted that since Covid-19 debt collection had slowed down considerably and due the officers being deployed to different roles temporarily so had the Council's process of writing off debts. It was agreed that this would be something to consider when time permitted.



12 Avon Mutual Regional Community Bank

The Director of Finance introduced the report to Members and explained that the report provided a progress update on the establishment of Avon Mutual a Community Bank for the region. The report sought approval from Cabinet for the Council to make a further investment in development shares that would support the proposition through the next stage of its development.

It was highlighted that the report would be going to Cabinet the following day.

Members were reminded that in July 2019 Cabinet recommended initial founder investment of £100,000 and then also another £50,000 to enable officers to some detailed due diligence on the banking model. This was now the second round of potential investment of to take it through to the final stage. The key point was that the Council was looking to invest approx. £200,000.

The following points were discussed:

- One member said they fully understood and commended the good intentions of the bank but said from experience this was a dangerous area with mine field everywhere. He did not want this to be the next Bristol Energy Company where money was sucked in. He said it needed to be clear with any investment such as this that there are no indemnities, or anything hidden. His view was therefore one of caution. Officers said that none of the funding so far had any additional liabilities but yes, the note of caution was well understood.
- Another member commented that some of what had been said had caused alarm bells to ring for him but that he still needed to look at the exempt Due Diligence report that had been provided to Members in detail. He also asked about whether the payments should be viewed as 'grants' as they had been referred to at times. Officers said yes from a financial perspective the Council was viewing them as 'economic grants'.
- The Chair commented that he thought the charges for the current accounts were relatively high compared to other banks. He also asked about potential branches and said there seemed to be a lot of them. Officers said there will be different types of branches established and that promoters were looking at differential pricing models for the accounts to negate the impact on the most vulnerable.
- The Chair added that he did support the model but that also heard the caution that some others were expressing.
- Another Member said it was his understanding that this type of banking model was common in the EU just not here in the UK and in his view although the Council needed to tread carefully it was very important that it went down this road.
- Another Member commented that he supported the measures to reduce financial exclusion, but he was slightly concerned about opening branches when others were rapidly closing them on the high streets. He also raised a point about 'cash' and access to cash and said that Covid had changed the patterns of how people pay for things i.e. the use of cash had dropped considerably and it was important for this enterprise to be at the forefront of these changes.



- Members asked if branches were now an old-fashioned model? Was there an issue of what it was trying to be or what people actual need? Officers said that with regards to the bank branches some will be satellite branches and some staffed branches but the details were yet be decided.
- A Member who said that he had briefly read the Due Diligence Report (DDR) said 'alarm bells were ringing' because it appeared to be full of caveats and disappointingly it hadn't told him anything that didn't he already expect it to say. He thought the concept of the bank would be good for small business and in areas of high deprivation where it could provide opportunities that people would not have had before. But it didn't explain what the commitment was beyond this stage and said very little about the risks. He asked where the funding would come from if the £20m target wasn't reached. Would the Council be asked to contribute again and was there a bottom line? Officers said in terms of the DDR there was a need for this to be undertaken independently and needed for a credible contract to review and provide clear details of robustness of the model. In terms of the commitment there is no obligation for anything further than was has been detailed in the report but yes it was correct to assume that local authorities will be asked if they had an appetite for additional investment.
- The Member who said they would look at the exempt DDR said that he had now looked at it and he did not support it and thought it should not be approved the following day. When asked by other Members asked to provide an explanation of why he had come to this conclusion without breaking any confidences he said it was mainly the bad dept assumptions. Officers said the report needed to be read in full because bad debt assumptions were covered in the report in detail and the assumptions had been stressed-tested.

The Chair said the Commission had a choice as to whether they decided to include the concerns that some Members had expressed in the statement to Cabinet. A straw poll was taken which showed that half of the Members present did want to have their concerns noted in the statement. The Chair agreed to draft a statement up that basis and send it to the other Members for their consideration the following day.

Resolved:

That a note would be added to the Commissions statement to Cabinet to say that some Members expressed concern of the levels of financial risk they believed the Council was potentially opening itself up to in the future.

13 Resources Directorate - Performance Report Quarter 2

The Head of Insight Performance and Intelligence briefly outlined the key points in the report to Members. It was said that some of the indicators came with a health warning due to Covid-19. The direction of travel was currently said to be generally good i.e. 58% of indicators were said to be on or above target and 59% had improved compared to the same period last year. Nothing stood out as a particular area of concern.

Members said they didn't have any further points to discussed but thanked the Officer for his time.



14 Resources Directorate Risk Report

The Risk Manager attended the meeting and briefly introduced the report and outlined the key points to Members as requested. The Quarter 2 Corporate Risk Report would be presented to Cabinet the following day. Previously the most critical risk reported had been the financial framework but this had seen a significant improvement.

The Chair asked why the Commission did not receive the Q2 Report. It was said that the live reporting went through Cabinet first, then the Audit Committee and then Scrutiny.

The Chair said the delay in reporting was concerning because in his view Members needed to be kept informed about the risks the Council faced at the time and not months later. It was agreed that the Q2 Directorate Risk Report would be sent to Members as soon as it is available.

Action: Q2 Directorate Risk Report be sent to Members as soon as it is available.

15 Scrutiny Work Programme

The Commission noted the scrutiny work programme.

Meeting ended at 6.15 pm

CHAIR _____

