

Finance Sub-Committee

27 November 2018

Present: Councillor D Cox (Deputy Chair)
Councillors N Craven, S Graham, E Hodson,
J Stirling, M Thirlaway and J Wallace

F16/11/18 Apologies

Apologies were received from Cllrs A McMullen and J O'Shea

F17/11/18 Substitute Members

Pursuant to the Council's constitution the appointment of the following substitute Member was reported: - Councillor S Graham for Councillor J O'Shea.

F18/11/18 Declarations of Interest and Dispensations

There were no Declarations of Interest

F19/11/18 Minutes

Resolved that the Minutes of the meeting held on 18 September 2018 be confirmed.

F20/11/18 2018/19 Financial Management Report to 30 September 2018

The Sub-Committee considered the report which was the third monitoring report on the 2018/19 financial position and provided an indication of the potential revenue and capital position of the Authority at 31 March 2019.

The sub-committee was informed that due to timetabling of the monitoring meetings they had not received the second monitoring report 31 July 2018 (which had been considered by Cabinet on 10 September). It was stated that it was more beneficial for the sub-committee to receive the position at the 30 September 2018 as this was the most up to date position. Cabinet had considered this information at its meeting on the 26 November 2018. However officers did verbally provide comparative information from the second monitoring report during the presentation of the update.

The budget for 2018/19 was approved by full Council on the 15 February 2018 and the net General Fund revenue budget was set at £154.724m. This included £10.143 of savings to be achieved.

The forecast outturn had significantly improved since reported to Cabinet in May of £5.593m and was now estimated at £3.599m against the approved net budget.

The improvement had mainly been achieved through improved Creating a Brighter Future (CBF) savings, reduced interest charges and the backdated refund of rates relating to Segedunum Museum. There was however continued pressure in Children's Services of

£4.193m and Adult Services of £2.710m, which had partly mitigated by the contingency balances created as part of the 2018/19 Budget setting process.

The continuing £6m of projected pressures were £3.249m in Corporate Parenting and Placements, £2.771m in Wellbeing and assessments and £0.835m in Disability & Mental Health. It was noted that these were national pressures as people were living longer and with more complex needs.

The report detailed the continuing pressures from 2017/18 and it was anticipated that the outturn forecast would improve over the course of the financial year as planned remedial actions impact on both expenditure and income.

With regards to Housing Revenue Account (HRA) the sub-committee were informed that the forecast was for year-end balances at 31 March 2019 was now £5.994m, which increased to £3.274m higher than the budget which was set at £2.670m.

This was due the impact of the previous year's financial performance (£1.443) and an estimated in-year underspend of £1.831m against an in-year budget of £1.970, due to additional income of £0.693m and a reduction in forecast expenditure of £1.138m, mainly due to the progress of the Construction Options Project (£0.758m).

With regards to school funding the Sub-committee was was informed that Beacon Hill school was no longer requesting deficit approval and the remaining nine schools that sought it had been given approval for 2018/19.

To the end of September 2018 spend on the Investment Plan was £28.87m, which reflected the continued improvement in delivering the phased plan. The Annex to the report detailed the reprogramming of the investment plan for the period 2018-21.

Members raised a number of questions in relation to:

Overall waste tonnage – It was asked if the change to alternative weekly collections was a result of the reduction of waste going to landfill. It was stated that recycling rates and the actions to reduce industrial waste being collected as domestic waste had aided the reduction.

A member questioned to the level of savings from increased recycling and it was stated that there needed more time to reconcile data but once available this would be shared with the sub-committee.

It was raised to measures undertaken over a number of years to reduce corporate parenting & placements costs, it was asked why costs continued to be a similar levels. In response it was stated that each case is determined on its own circumstances and were complex in nature.

In relation to the regeneration works within the investment plan information was requested to the number of sales to the High Point Development. Officers indicated that a written response would be provided to the number of units sold or under offer.

A member questioned the options available to the authority other than the use of the Debt Management Office in relation to debt management. Officers responded that as short term interest rates were low. the authority was only depositing very short term at the present time (0-3 days) and not taking long term loans.

It was stated that if the borrowing policy changes, the Authority would look to invest with banks who tend to want deposits of 1 month minimum.

A member questioned if the authority would continue to support Warmzones. Members were informed that Warzones had entered administration.

With regards to the reduction in Council Tax and Business Rates recovery it was questioned if the introduction of Universal Credit was the reason. In response it was stated that there were a number of factors that did include Universal Credit, however there were an additional 2500 payers that had opted to extend the payment terms over 12 months instalments rather than the original 10 instalments.

AGREED that the 2018/19 Financial Management Report to 30 September 2018 be noted.

F21/11/18 Welfare Reform – Financial update

The Sub-committee considered the quarterly report that provided an update on the three schemes that were implemented or revised as a consequence of on-gong welfare reform.

Also provided was an update on the Full Services Universal Credit that was implemented in North Tyneside on 2 May 2018.

Discretionary Housing Payment Fund – (DUP)

The Discretionary Housing Payment Fund provided by the Department of Work and Pensions supports people in financial need who have a shortfall in their rent and housing benefit (or Universal Credit including the housing element).

There is continued work with the Citizens Advice who have created a specific team that supports clients who have debt and/or arrears. This has enabled the streamlining of the work needed so applications are dealt with quicker.

The Sub-committee was reminded that the DHP policy was reviewed on an annual basis that ensure s payments are directed to those in most need. The report provided the current financial position and a breakdown of the fund.

Local Council Tax Support Scheme

The number of claimants to the scheme had reduced to 18,066 at the end of September 2018, with the amount of Council Tax Support since 1 April 2018 totalled £14,528,000.

Due to some changes to support such as the removal of empty property discounts has mad collection more difficult, however is was still expected that the long term collection rate would be 98.5%.

Local Welfare Provision

For the period 1 July 2018 – 30 September 2018 there had been 367 applications for Local Welfare Support where immediate practical support totalled £2,220 in addition to the annual grant to the Food Bank of £26,000.

Universal Credit

The Sub-committee was reminded that Universal Credit (UC) was a new benefit that replaced 5 state benefits and the rollout of the Full Service UC in North Tyneside had gone smoothly as possible. The roll out of the Full Service took place on 2 May 2018.

In 2018/19 the DWP had provided Local Authority's direct funding for the delivery of Assisted Digital Support (ADS) and Personal Budgeting Support (PBS), which it then passes to Citizens Advice and the Education and Employment Teams, it was noted that the Authority had received 50% of the funding up front.

It was noted that as more people moved onto UC, the number of working age claimants receiving Housing Benefit had reduced, with a reduction of 1900 since May.

The impact of the Full Service UC showed 1092 tenants on Universal Credit with 80.8% being in arrears. It was also noted that 75.4% of those on UC were already in arrears when they moved onto UC.

The sub-committee was informed that from April 2019 the DWP would fund Citizen Advice directly and would be the consistent approach across the country.

The sub-committee was also informed of a number of changes being made to UC following the autumn budget.

AGREED that the Welfare Reform – Financial update be noted.

F22/11/18 Exclusion Resolution

Resolved that under Section 100A (4) of the Local Government Act 1972 (as amended) and having applied a public interest test as defined in Part 3 of Schedule 12A of the Act, the press and public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Act.

F23/11/18 Business and Technical Partnership Risks

The Sub-committee considered the report that set out the latest monitoring update on risks which are rated high within the Strategic and Operational Risk Registers of the Business and Technical Partnerships with Engie and Capita.

A member raised concern on the level of reliability in relation to the Authority's IT systems and the number and length of IT downtime and asked for a report on what the level of downtime was acceptable under KPIs and information on historical performance.

AGREED that Business and Technical Partnership Risks report noted ; and (2) to receive a report on IT systems performance.