

Cabinet Member Question and Answer Session

Cabinet Member for Finance and Commercialisation

Scrutiny Committee

Date: 19th March 2018

Author: Cabinet Member for Finance and Commercialisation

Wards: All

Parishes Affected: All

1. Purpose and Reasons

- 1.1 This report sets out details of the portfolio for the Cabinet Member for Finance and Commercialisation.
- 1.2 A key purpose of the Scrutiny Committee function is to hold the Cabinet to account and ensure that Council priorities and performance are being delivered. The Scrutiny Committee partly fulfils this requirement through the use of question and answer sessions with the Cabinet Member for Finance and Commercialisation.
- 1.3 The purpose of the Question and Answer session is to ensure that the Cabinet Member provides the Scrutiny Committee with performance information relative to their portfolio responsibilities. It also requires the Cabinet Member to provide budget information for their portfolio responsibilities and provides an opportunity for the Scrutiny Committee to ask questions on the portfolio responsibilities.
- 1.4 The remit of the Committee includes the review, scrutiny, and development of policy recommendations and the monitoring of performance of corporate priorities including One Swindon and the Corporate Strategy.

2. Recommendations

Scrutiny Committee is recommended to:

- 2.1 Take note of the report by the Cabinet Member for Finance and Commercialisation.
- 2.2 Put appropriate questions to the Cabinet Member for Finance and Commercialisation.
- 2.3 Decide if any further action is required.

3. Detail

- 3.1 The Cabinet Member for Finance and Commercialisation is Councillor Russell Holland who is accountable for the following Pledge from the Council's Vision:
 - 3.1.1 Pledge 24. Provide early support for people in debt so that we significantly reduce the need to use bailiffs to recover Council Tax and other debts.

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3.2 The Portfolio responsibilities for this Cabinet position and are as follows:

3.2.1 Financial Management (Revenue and Capital Programme)

3.2.2 Finance Management Overview

3.2.3 Preparing Future Year's Budget and Medium Term Financial Plan

3.2.4 Procurement

3.2.5 Implementing Commercialisation Strategy

3.2.6 Lead Member for commercial housing development

3.2.7 The Council's Transformation Programme including Stronger Together

3.2.8 Revenue and Benefits Services

3.2.9 Developing Welfare and Benefits Policy

3.2.10 Swindon Programme

What have you done well?

Delivering The Council's Vision and Pledges

3.3 In the last few years the numbers of Council Tax summonses issued significantly reduced and work to reduce the number of bailiff referrals continues. There has been no further reduction in the past year, but the numbers remains significantly lower than in the years 2013/14 and 2014/15. The number of bailiff referrals during 2016/17 compared to 2015/16 did increase, although analysis shows that a number of the referrals relate to older court orders being referred for a second time. From 2017/18 these referrals are being recorded separately and over 40% are being referred to a second bailiff company.

Council Tax Summonses & Bailiff Referrals		
Financial Year	Summonses	Bailiff Referrals
2013/14	14,024	7,200
2014/15	11,016	8,003
2015/16	9,416	6,004
2016/17	8,642	6,921

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Achievements during the Year

- 3.4 In order to assist with the introduction of Welfare Changes and help with financial inclusion a permanent appointment of Social Inclusion and Enterprise Manager has been made, using savings from the Local welfare Assistance fund. Expenditure on the Swindon Emergency Assistance Fund has reduced by significantly, as result of prioritising awards to those in most need and referring those that need budgeting and debt advice to Citizens Advice. The Social Inclusion and Enterprise Manager is involved in the following:
- 3.4.1 Publicising and encouraging residents to join Credit Union. He is an advisor to the board of Wiltshire Savings & Loans (WSL) and is assisting with the merger of WSL and Steam Ahead credit union. The Chief Executive of Bristol Credit Union has also been invited to review the new business plan. A new collection point has been set up in Penhill and work to have another in Highworth is being undertaken. A Save as You Earn scheme has been introduced for Swindon Borough Council employees.
 - 3.4.2 Promoting the work of the National Illegal Money Lending Team ('Stop Loan Sharks'). Encouraging Referrals to this Team and use of their funding as a financial incentive for individuals to join the credit unions.
 - 3.4.3 Working with Council's Affordable Warmth co-ordinator taken action on fuel poverty. Swindon Energy Matters switching site has been established and promoted to help residents transfer their energy suppliers and reduce the number of people on more expensive tariffs.
 - 3.4.4 The Appointment of two 'Money Mentors' working with Citizens Advice continues until September 2018 at least. They are helping more residents who need debt or budgeting advice, particularly those impacted by the latest Welfare Reforms.
 - 3.4.5 Has worked with the Council's commissioners and the Department of Works and Pensions to set up a new process for managing vulnerable clients with drug and alcohol challenges in order to minimise the possibility of benefit sanctions and homelessness
 - 3.4.6 Running quarterly Financial Inclusion Seminars and a 'Swindon Money Matters' Facebook page and updating the Council's Benefits webpages.
 - 3.4.7 Universal Credit Claimants are provided one to one appointments for those needing help to make their claims online at the Central library and Citizens Advice provide Personal Budgeting appointments.

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Finance and Procurement

- 3.5 The statement of accounts for 2016/17 were completed and ready for audit by May 2017. This is earlier than achieved previously and met the new requirement a year in advance its introduction. Feedback from the external auditor highlighted that the quality of the accounts and working papers had improved.
- 3.6 The Council received an unqualified value for money opinion and continues its strong record of financial management and keeping within its overall budget at a time of pressures on local government finances generally, and adults' and children's social care in particular.
- 3.7 The team has provided support to all of the Swindon programmes themes, with a particular focus on Commissioning and Procurement, enabling the delivery of in excess of £1m worth of General Fund savings for 2018/19. For contracts managed within this portfolio this has included the delivery of £400k per annum for the re-tender of the insurance contract and savings of £400k for schools from market testing the facilities management element of the Schools' PFI contract.
- 3.8 An e-tendering system for high value contracts has been implemented, leading to significant process efficiencies and reduction in paper consumption.
- 3.9 The Borough has established the Council's new housing companies and the regulatory and accounting arrangements required to ensure their effective governance. The Commercial Investment Strategy Board has been established in accordance with the decision taken by the Council. In 2017/18 the Board reviewed and recommended a number of investments both within and without the Borough. The Cabinet Member and Board have been supported by an all-party CMAG consisting of Councillors Emma Famarzi, Stan Pajak and Kevin Small. The first housing development, at Euclid Street, has been completed and a pipeline of work for the future established.
- 3.10 A Financial Monitoring Board has been established to support and monitor the changes and financial benefits that have been made in Adult Social Care to improve our processes and services whilst also managing demand, with the assistance of Newton Europe. This has overseen the implementation of improvements to the older people's service and set the foundation for the delivery of savings in excess of £2m per annum.

Revenues and Benefits

- 3.11 During 2016-17 the 'in-year' collection rate for Council Tax improved from 97.82% to 97.94%. Business Rates in year collection reduced from 98.8% to 98.2% as a result of some large bills being issued in March 2017 and some businesses that went into liquidation during the financial year concerned. The

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Council continues to collect monies during the following financial years and ultimately collect 99%.

- 3.12 The Council has introduced a council tax exemption scheme for Swindon care leavers under the age of 21, with the ability to extend the scheme for those between the age of 21 and 25, where good reason or hardship is shown.
- 3.13 A policy implemented in September 2017 allowed householders, who agreed to 'host' refugees given permission by the relevant government agency to remain in the UK, to retain a single person discount on council tax, until the refugee is receiving an income or for a maximum period of three months.
- 3.14 Another 'full review' of Council Tax Single Person discounts has been completed. During the period 1st October 2017 until 31st January 2018 an additional £926,000 has been invoiced. The reduction in discounts may affect the Council Tax collection rate for 2017/18, but any long-term impact will not be ascertained until after 31st March 2018. The Council's Corporate Fraud Team, in Internal Audit, has also commenced a data matching exercise in order to remove discounts that are still being claimed fraudulently. Financial Penalties of £70 each can also be charged where fraud is shown to have occurred.
- 3.15 The Council has implemented the new Council Tax parish and empty property charges for 2017/18 billing, which necessitated the setting up of new parishes in the Council Tax system and changes to 62,000 properties. The ability for Council Tax householders to retain any discount when they accommodate refugees has also been agreed and a consultation on discounts for Care Leavers has been undertaken and this scheme is currently being introduced for 2018/19.
- 3.16 The Business Rates revaluation has been implemented, with new transitional relief and small business rates schemes for 2017/8. In addition to this three new schemes to help businesses that had faced large increases in rates following the national revaluation were introduced. For businesses that received Small Business Rates Relief in 2016/17 increases, have been limited to £600 per annum (this benefited 11 businesses in 2017/18). Public Houses with a rateable value of less than £100,000 have been offered a £1,000 reduction for both 2017/18 and 2018/19. To date 40 businesses have applied for this, whilst letters were sent to 72 businesses. Businesses have to make a state aid declaration before the relief can be granted. Thirdly medium sized businesses that could have faced increases of up to 42% have had increases limited to 12.5%, subject to a maximum reduction of £5,000 per property unless hardship was shown. 31 businesses have benefited from this relief and been awarded £19,584 in total.

Swindon Programme

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- 3.17 The programme was formally launched in October 2017 as the Council's strategic response to the financial challenge of identifying and delivering £30m of savings over the two year period from April 2018 to March 2020.
- 3.18 Progress since project launch has been made in creating the framework of the project office and in getting some 90 project live inside the programme.

What would you do differently?

- 3.19 There has been a very low take up of the three schemes implemented to help businesses facing large increases in their rates following the national rates revaluation. Letters were sent to all the eligible businesses and the Council is obliged to ensure these businesses are not receiving any other state aid reliefs before assistance is given. Even phone calls and emails to the businesses concerned has not generated the applications or confirmation needed.
- 3.20 The transition towards a longer term financial planning horizon, including the incorporation of the emerging Swindon Programme projects, led to initial detailed budget proposals being available for member scrutiny later than has traditionally been the case. Having now moved on from that transition we are now in a position where half of the detailed proposals relating to 2019/20 are already published.

What are the Challenges facing your Portfolio?

- 3.21 Revenues & Benefits will continue working on providing support to Universal Credit claimants and reducing bailiff referrals for Council Tax. Undertaking further financial inclusion work to help low income households. Work to promote and encourage Social Enterprises is due to be undertaken, particularly those that may be assist in helping the vulnerable and offering employment opportunities.
- 3.22 The additional contracting capacity required for one off projects including those funded by the Local Enterprise Partnership such as the New Eastern Villages infrastructure schemes.
- 3.23 Further work will be undertaken within the Swindon Programme to identify the remaining projects needed to achieve the savings required in good time for the 2019/20 budget setting process.
- 3.24 The financial pressures on local authorities will continue and the Council's approach will seek to:
- 3.24.1 Extend further the financial planning horizon to prepare the organisation for the challenges ahead, including the Council's capital strategy;

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3.24.2 Engage with the development of the new funding arrangements for 2020/21 onwards to ensure that Swindon's interests are protected and that local decisions are taken with the best information of their impact;

3.24.3 Maintain financial stability through effective decision making to ensure a focus on our essential services.

3.25 Managing the budget in the forthcoming financial year will require rigorous monitoring of spending and tracking of the delivery of planned savings. The resources set aside to invest in the delivery of children's services will need to be targeted to address the challenges within the service and ensure its future financial sustainability.

4. Alternative Options

4.1 The Committee can choose not to operate a Cabinet Portfolio Question and Answer session system.

5. Implications, Diversity Impact Assessment and Risk Management

Financial and Procurement Implications

5.1 There are no direct financial or procurement implications arising from this report.

Legal and Human Rights Implications

5.2 Section 21 of the Local Government Act requires every local authority to establish an overview and scrutiny function to hold the Executive to account, undertake policy development and review, monitor, and improve performance.

All Other Implications (including Staff, Sustainability, Health, Rural, Crime and Disorder)

5.3 There are no other direct implications arising from this report. Any further implications will be identified when a topic is reviewed by the Overview & Scrutiny Committee and in any recommendations made by it.

Diversity Impact Assessment

5.4 No Diversity Impact Assessment is required at this stage. Any DIA that is required during review of topics included within the work programme will be identified at the appropriate stage.

Risk Management

5.5 No risk management issues have been identified at this stage. Any risk management issues will be identified at the appropriate time when a topic is

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under review by the Overview Scrutiny Committee and if it makes any recommendations.

6. Consultees

- 6.1 The Director of Finance (Section 151 Officer) and Director of Law and Democratic Services (Monitoring Officer) are consulted in respect of all reports.

7. Background Papers

- 7.1 None.

8. Appendices

- 8.1 None.