

Performance, Finance and Customer Focus Overview and Scrutiny Committee

Wednesday 8 August 2018

PRESENT:

Councillor Ball, in the Chair.

Councillor Winter, Vice Chair.

Councillors Darcy, Derrick, Mrs Johnson (substitute for Councillor Rebecca Smith), Kelly, Singh, Kate Taylor and Vincent.

Apology for absence: Councillor Rebecca Smith.

Also in attendance: Andrew Hardingham (Strategic Director for Transformation and Change); Councillor Lowry (Cabinet Member for Finance); Councillor Penberthy (Cabinet Member for Housing and Co-operative Development), Helen Prendergast (Democratic Advisor), Emma Rose (Strategic Development Manager) and Simon Walshe (Strategic Development Manager).

The meeting started at 3.00 pm and finished at 5.20 pm.

Note: At a future meeting, the Panel will consider the accuracy of these draft minutes, so they may be subject to change. Please check the minutes of that meeting to confirm whether these minutes have been amended.

8. **Declarations of Interest**

There were no declarations of interest made by Councillors in accordance with the code of conduct.

9. **Minutes**

The committee agreed that the minutes of the meeting held on 27 June 2018 were a correct record, subject to the following amendment (minute 5c refers) 'whether the use of Section 106 agreements to generate new resources and support the revenue budget would continue'. (Councillor Evans OBE stated that Section 106 monies and capital receipts would not be used to defray any deficit in the revenue budget).

10. **Chair's Urgent Business**

There were no items of Chair's urgent business.

11. **Capital and Revenue Monitoring Report 2018/19 - Quarter I**

Councillor Lowry (Cabinet Member for Finance) and Andrew Hardingham (Strategic Director for Transformation and Change) submitted the capital and revenue monitoring report 2018/19 – quarter I (end of June 2018).

The report detailed how the Council was delivering against its financial measures using its capital and revenue resources, to approve relevant budget variations and variations and report new schemes approved in the capital programme.

The following key areas of the report were highlighted –

- the estimated revenue overspend was £2.882m; the overall forecast net spend equated to £188.428m against a budget of £185.556m which was a variance of 1.55%;
- this needed to be read within the context of needing to deliver in excess of £11m of savings in 2018/19 on the back of balancing the 2017/18 revenue budget where £18m of net revenue reductions were successfully delivered;
- additional management solutions and escalated actions to deliver further savings from the Council's transformation programme would be brought to the table over the coming months, in order to address the in-year forecasted overspend;
- the Council was not in the same dire financial position as other local authorities, such as Northampton County Council where only statutory services were being delivered; the Council had been proactive in previous years and had been efficient in growing its Council Tax base (by releasing land for housing) and Business rates.

The key areas of questioning from Members related to –

- (a) the impact on the Council's budget of an additional pressure of £625,000 per year, due to the Bank of England's rise of 0.25% in the base rate;
- (b) the impact on the Council's budget in the longer term, due to the Bank of England's warning that the base rate would increase further;
- (c) the lack of regular financial reporting (the quarter one report covered the months of April, May and June);
- (d) the key areas where savings had been achieved, in order to reduce the deficit to £2.882;

- (e) how confident was the Cabinet Member for Finance and the Section 151 Officer, that the Council had sufficient reserves to avoid the severe financial difficulties faced by other local authorities and how far away was it from a deep financial situation;
- (f) whether investment would continue within the city boundary in order to further generate income;
- (g) the level of investment and the timescale relating to Pledge 4 of the administration's manifesto to launch a plan for the revival of district shopping centres on Mutley Plain, Marlborough Street (Devonport) and Ernesettle shops.

The committee noted the report.

12. **Debt Recovery and Enforcement**

Councillor Penberthy (Cabinet Member for Housing and co-operative Development), Councillor Lowry (Cabinet Member for Finance), Andrew Hardingham (Strategic Director for Transformation and Change), Emma Rose (Strategic Development Manager) and Simon Walshe (Strategic Development Manager) presented the debt recovery and enforcement briefing paper.

The report outlined the following key areas –

- local context;
- debt types;
- general income – arrears and bad debt provision (BDP);
- penalty charge notices (parking fines);
- NDR and BID;
- Non Domestic Rates – arrears and bad debt provision (BDP);
- housing benefit overpayments;
- housing benefit overpayments – arrears and bad debt provision (BDP);
- Council Tax;
- Council Tax – arrears and bad debt provision (BDP).

The key areas of questioning from Members related to –

- (a) concern regarding the high levels of debt across each debt type;
- (b) how the Council would make a clear public commitment to reduce bailiff use over time, as recommended by the Money Advice Trust;
- (c) what was the current enforcement process adopted by the Council;

- (d) what was split between customers that could not pay and those that would not pay;
- (e) whether the Council would be replicating the scheme that had been adopted by the London Borough of Lambeth to provide council tax clinics, in relation to the introduction of an exemption from bailiff action for Council Tax Support recipients;
- (f) whether the Council had reviewed its processes, in light of a recent unfortunate incident whereby Plymouth Community Homes had sent a debt collection notice to a tenant who had passed away;
- (g) what was the formal definition used to determine which customer could not pay and those that won't pay;
- (h) what process was in place to robustly challenge landlords that owned houses that were not registered as receiving Council Tax;
- (i) whether the Council had an early intervention policy to prevent customers from getting into financial difficulties;
- (j) the challenges of actively and publicly pursuing individuals who owed high levels of debt, whilst preventing those individuals facing financial difficulties from engaging with the Council;
- (k) the legal number of attachment of earnings that an individual could have at any one time;
- (l) the rationale behind the Council's appointment of three enforcement agencies, how they were managed and whether there were benefits in appointing one agency;
- (m) what action was being taken to recover the high level of debt owed specifically by five individuals.

The Committee agreed that the following recommendations are submitted to Cabinet for consideration –

- (l) a feasibility study is commissioned in order to create a corporate approach to maximise debt recovery, including such areas as high value debt;

- (2) efforts are made to identify the forms of debt (excluding those who have been identified as unable to pay) that are most likely to lead to high recovery rates (in volume and value), in order that resources can be prioritised to focus on the areas identified;
- (3) monitor the ethical debt recovery pilot schemes being undertaken in other local authorities and provide an update report in 12 months' time;
- (4) investigate the feasibility of providing debt collection in-house.

(Councillor Darcy left the room and was not present for the remainder of the meeting)

13. **Work Programme**

The Committee noted its work programme for 2018/19.

14. **Tracking Decisions**

The Committee noted the progress of its decisions.