

## Finance Sub-Committee

19 July 2017

Present: Councillor D Cox (Chair)  
Councillors N Craven, J O'Shea, F Weetman

### **F07/07/17 Apologies**

Apologies were received from Councillors A McMullen and K Lee.

### **F08/07/17 Substitute Members**

There were no substitute members.

### **F09/07/17 Declarations of Interest and Dispensations**

There were no declarations of interest or dispensations reported for this meeting.

### **F10/07/17 Minutes**

**Resolved** that the Minutes of the meeting held on 21 June 2017 be confirmed and signed by the Chair.

### **F011/07/17 2017/18 Financial Management Report to 31 May 2017**

The Sub-Committee considered the report which was the first monitoring report on the 2017/18 financial position and provides the first indication of the potential revenue and capital position of the Authority at 31 March 2018. It was noted that the report is in a different format and begins to bring together financial and relevant performance information with the intention of explaining the current financial position in the context of the policy priorities in the Our North Tyneside Plan.

It was noted that at this stage in the financial year there are aspects of the £18.338m 2017/18 savings programme still to be made in order to deliver the General Fund budget approved by Council on 16 February 2017 and that senior management is working to manage that financial risk. The forecast overall pressure is estimated at £8.842m against an approved net budget of £152.360m. This is driven mainly by continued pressure in Health, Education, Care and Safeguarding (HECS) of £7.625m (2016/17 £6.868m). The forecast outturn does not at this stage take into account the additional funding for Adult Social Care announced as part of the Spring Budget on 8 March 2017. For 2017/18 this amounts to £4.579m, and work is currently in progress to determine the appropriate application of this funding.

It was noted that the Housing Revenue Account (HRA) is forecast to have year-end balances at 21 March 2018 of £4.283m, which is £1.431m higher than budget. The report also provides an update in respect of work in progress with regard to school funding. There is an increase in the number of schools requesting deficit approval and at the time of the report ten schools have made requests compared to eight in 2016/17.

There was some discussion about the action being taken to mitigate pressures, particularly in relation to Health, Education, Children and Adult Services. It was noted that workshops were being held with all Heads of Service to consider all options, including managing demand for services. Although there was evidence of some success around a range of actions there is some concern that full year efficiencies may be difficult to achieve.

It was noted that at this early stage in the year a prudent approach is taken to reporting efficiency savings, and they will only be reported in the forecast position when the impact can be seen.

There was a question about the delivery of budget savings since 2010 as set out in table 2 (page 16). It was highlighted that the savings required for 2013/14 were lower than other years. It was suggested that this may be due to a change in emphasis from funding reductions to increased demand pressures, but that further information on this could be provided.

There was some discussion about the information contained in table 26 – Sheltered Stock Voids. It was noted that the trajectory of voids was down as the new sheltered housing stock was filling up.

Members commended officers on the new layout of the report which they felt provided more information in an easier to understand format.

It was **AGREED** that:

- the Head of Finance would provide an explanation behind the slightly smaller budget savings in 2013/14;
- the report be noted.

### **F012/07/17 Welfare Reform**

The sub-committee considered the report which provided an update on the following three schemes that were implemented or revised as a consequence of ongoing welfare reform:

- Discretionary Housing Payment Fund,
  - Local Council Tax Support Scheme, and
  - Local Welfare Provision Scheme.
- Discretionary Housing Payment (DHP) fund

It was noted that the number of claims remains quite high and the Council was continuing to work with external agencies, such as the Citizens Advice Bureau, to provide assistance and support with budgeting and debt advice, as well as internally with all service areas to raise awareness of the DHP.

It was noted that at the end of March 2017 there had been £25,016 of the fund unspent and this is required to be returned to the DWP, although every effort was made to keep unspent funding to an absolute minimum.

It was noted that funding from the DWP for 2017/18 is £570,266, an increase from £473,141 in 2016/17. However, there is growing concern across all partners that

continuing changes introduced by welfare reform in coming years will increase demand and this may outstrip funding available.

- Local Council Tax Support Scheme

It was noted that, as agreed by Council in January 2017, from April 2017 the maximum support available for working age claimants under the Local Council Tax Support Scheme was reduced from 90% to 87.5%. It was noted that the cost of the scheme has increased because there has been an increase in the Council Tax level, although there was a net residual saving to the authority as a result of the changes.

- Local Welfare Provision

It was noted that government funding for this scheme had stopped some years ago so all costs are allocated to the general fund.

It was **AGREED** that the report be noted.

### **F013/07/17 Update on the Solar Panel Project**

The sub-committee considered the report which provided information on the Council's contract with EON to install Solar Photovoltaic cells on a number of properties identified as suitable within the Council's Social Housing Stock.

It was noted that Solar PV system were installed on 1,503 properties, that all systems were installed at no cost to the Council and are monitored and maintained by EON, and that for the majority of these the Council receives a roof rental payment of £55 per property per annum. In addition, there are benefits to the tenant in terms of reduced fuel bills and to the borough in terms of carbon reduction savings.

It was noted that the Council received an upfront payment of £150,000 to pump-prime an HRA Green Fund, and a gain share of 30% of any additional electricity generated about targets.

It was noted that the Council also received an upfront payment of £225,000 from EON for a risk pot to fund compensation payments if Solar PV systems are removed. It was noted that there have been 28 compensation events to-date where systems have been removed, the main reason being mortgage conditions attached to tenants exercising their Right to Buy. As set out on page 56, within the next 2-3 years we are likely to exhaust the sums held in the risk pot, albeit the charges will be reducing. It is proposed that the first call on the Green Fund payments each year would be to meet these compensation events.

It was **AGREED** that the report be noted.

### **F014/07/17 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.

**F015/07/17 Business and Technical Partnerships – Risk Management (High Level 'Red' Risks)**

The sub-committee considered the report which set out the latest monitoring update on risks which are rated high (red) within the Strategic and Operational Risk Registers of the Business and Technical Partnerships with ENGIE and Capita respectively.

The sub-committee highlighted that it would be helpful for future reports to include a copy of the risk matrix to allow easier understanding of the risk scores.

It was **AGREED** that the Risk Matrix would be included in future reports.

Signed by: \_\_\_\_\_

Date: \_\_\_\_\_

Cllr A McMullen, Chair of the Finance Sub-committee