

EXTRAORDINARY OVERVIEW & SCRUTINY PANEL

Minutes of the extraordinary meeting held on 26 January 2016 at 7.00 pm in Council Chamber, Council Offices, Cecil Street, Margate, Kent.

Present: Councillor David Saunders (Chairman); Councillors G Coleman-Cooke, Campbell, Connor, Curran, Dennis, Dexter, Dixon, Elenor, Falcon, I Gregory, Jaye-Jones, Potts and Taylor-Smith

In Attendance: Councillor Townend

39. APOLOGIES FOR ABSENCE

The following apologies were received from Members:

Councillor Parsons, substituted by Councillor I. Gregory;
Councillor Bambridge, substituted by Councillor Taylor-Smith.

40. DECLARATIONS OF INTEREST

There were no declarations of interest received at the meeting.

41. BUDGET 2016-17 AND MEDIUM FINANCIAL PLAN 2016-2020

In introducing the item for debate, Tim Willis, Director of Corporate Resources & S151 Officer said that the report before the Panel was the same as the one that was considered and adopted by Cabinet on 19 January 2016. He requested Members to note that Table 1 (External Funding) should be denoted in '£thousands' and not '£millions.' An additional recommendation on second homes discounts and empty properties exemptions for Council tax would be included in the report to go to Council on 4 February 2016 as these were Council functions rather than Cabinet.

As a prelude to presenting the budget to Cabinet a number of briefings had been held for Members to inform Members about the budget process and framework to be used to set the 2016/17 Council budget. The economic and financial environment in which the budget was being set was challenging. It was important that in making recommendations to Full Council on the budget proposals to adopt, reliable funding sources be identified.

Government Funding and Council Tax

Tim Willis advised that if the Council collected more Council Tax than it budgeted for then there would be a surplus. TDC would be entitled to keep its share of that surplus. Tim Willis confirmed that TDC was not planning to share its element of any surplus with town or parish councils; however it was up to Members to decide how the surplus would be spent. Matt Sanham, Financial Services Manager said that the expected surplus share to Council for 2016/17 was £163,000.

Medium Term Financial Plan

One Member asked whether there had been any indication on how the change to the collection business rates would work and whether the Government had made any contingency measures for disadvantaged areas like Thanet District where business growth was small. In response Tim Willis said that the situation was still not clear. However current information at hand was that Local Government would retain all of the business rates collected.

Another Member said that the challenge was that some of the more affluent councils could reduce the business rates levels in their areas and this may lead to businesses moving away from Thanet to those areas with reduced rates.

Budget Savings

The meeting was advised that officers would be providing information on the events budgets due to town and parish councils outside of the meeting. The Chairman said that it was important that town and parish councils be made aware early on of the levels of floral display and events grants they would be receiving in order for them to decide on what match funding levels would be required. Tim Willis indicated that officers would be advising Members as soon as was possible.

Rental Increases

Addressing the question on how much was being collected as result of the Pay to Stay Policy, Nikki Walker, Interim Head of Financial Services said that the initial government guidance indicated that this would be a discretionary rent policy for tenants whose household earnings were more than £60,000 per year. Additional information appeared to reflect that the policy will not be discretionary and would be mandatory.

The initial consultation document inferred the affected tenants would be required to provide evidence to their landlords about their income (through P60s) and they would then be required to pay market level rents. The extra income collected would go to the Exchequer and not the Council. Currently the Council did not operate this policy. It would be likely that further administration would be required and that TDC would have to increase the amount of management fee paid to East Kent Housing to collect these rents on behalf of the council if it chose to implement this policy.

Members observed that this policy may lead to councils being penalised whether they were able to make the collection or not. They were also concerned that the policy might lead to tenancy movement as individuals would not be able to afford the market rent levels to be charged.

Affordable Rents

The Panel was advised that information for benchmarking for market rentals was derived from Valuations Office publications and the local housing allowances produced by the Department of Works and Pensions (DWP). The idea being not to set rents at above the local allowances levels.

Capital Budget Strategy

One Member suggested that Cabinet considered a wider approach to reviewing the capital budget strategy. They said that one of the projects that could be deferred to a future implementation period was the Solar Panel Hydro Power project at the Port of Ramsgate since there was currently minimal business activity at the port. Cabinet was asked to consider cost effectiveness and the current corporate priorities in reviewing the capital programme strategy for 2016/17.

Tim Willis reminded the Panel that the General Fund revenue budget proposals were built on the assumption of the proposed capital projects going ahead in 2016/17 as some of the proposed capital projects had revenue budget implications.

Councillor I. Gregory proposed, Councillor Taylor-Smith seconded and Members agreed the 19 January 2016 Cabinet recommendations to Council, namely that:

1. Members approve the draft Medium Term Financial Plan at Annex 1 to the Cabinet report;
2. Members approve the draft General Fund Revenue budget estimates for 2016-17 to 2019-20 and the resulting budget requirement for 2016-17;

3. Members approve that the level of general reserves be held at £2.011m, and specific earmarked reserves be used as identified in Annex 5 to the Cabinet report;
4. Members approve the HRA budget estimates for 2016-17 to 2019-20 and the HRA services charges as shown at Annex 3 of the Cabinet report;
5. Members agree to a reduction in the grant to minor preceptors as per section 3.15 of the Cabinet report;
6. Members approve the General Fund and Housing Revenue Account Capital Budgets for 2016-17 as detailed at Annexes 2 and 4 to the Cabinet report;

And further agreed to recommend to Cabinet that:

7. The Panel accepts the budget as it stands with the addendum that no further capital expenditure goes ahead in 2016/17 until the capital programme has been fully reviewed.

Meeting concluded: 8.25 pm