

# **SHOPSHIRE COUNCIL**

## **PERFORMANCE MANAGEMENT SCRUTINY COMMITTEE**

**Minutes of the meeting held on 8 November 2017**

**2.00 - 4.45 pm in the Oswestry Room, Shirehall, Abbey Foregate, Shrewsbury,  
Shropshire, SY2 6ND**

**Responsible Officer:** Amanda Holyoak

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### **Present**

Councillors Gwilym Butler (Vice-Chair), Roger Evans, Hannah Fraser, Cecilia Motley, Peggy Mullock, Dave Tremellen and Leslie Winwood

### **6 Apologies for Absence and Substitutions**

Apologies were received from Councillors Karen Calder and Alan Mosley.

### **7 Disclosable Pecuniary Interests**

Members were reminded that they must not participate in the discussion or voting on any matter in which they had a Disclosable Pecuniary Interest and should leave the room prior to the commencement of the debate.

### **8 Minutes of the meetings held on 21st September 2017 and 10th October 2017**

Minutes of the meetings held on 21 September 2017 and 10 October 2017 were confirmed as a correct record.

### **9 Public Question Time**

There were no public questions.

### **10 Member Question Time**

There were no questions from members of the public.

### **11 Council Tax Support Scheme**

Members considered a report, copy attached to signed minutes, on the Shropshire Council Council Tax Support Scheme 2018 – 2019.

The Head of Finance, Governance and Assurance, and the Revenues and Benefits Service Manager gave a presentation (copy attached to signed minutes) which covered: the background to the proposals; the Council's Financial Position and current Council Tax Support Scheme; the approach of other Councils; the options being considered; how council tax support is calculated; the effect of the proposed changes; the consultation; discretionary scheme; and council tax collection.

Members asked questions and made comments relating to:

How much of the predicted £1.19m would be delivered at the outset of implementation of the recommended option 4 and how likely it was the collection rate would decrease post implementation; what percentage of a person's weekly income might the additional cost to them represent; could council tax be taken at source from a Universal Credit payment; was it possible that the cost of collection could exceed the amount collected.

In response to questions, the Director of Finance confirmed that implementation of option 4 would result in an additional saving to the Council of £1.19m. He explained that it was anticipated that collection rates would decrease to start with and that £600,000 of this additional £1.19m would be gained in the first year. It was expected that collection rates would gradually improve in subsequent years as experienced by other local authorities following the introduction of a minimum payment. He confirmed that the change would only apply to people of working age. Officers also reported on a scenario where £4 a week could come from a person with an income of £73.10 a week.

Jackie Jeffrey, Chief Executive, Citizens Advice Shropshire, was invited to address the Committee. She circulated the CA's response to the consultation (a copy is attached to the signed minutes) and drew attention to the concerns raised and steps recommended to ensure those struggling most would be protected. It was appreciated that the Council was facing difficult financial decisions but CA believed that the proposal would not solve this problem, and that the cost of collecting arrears from those who had been unable to pay would be greater than the amount the Council was able to collect in additional income. They felt that further research into the impact of the changes was needed and a strategic view formed over how all the Welfare Reform changes would impact on Shropshire Residents. CA wished to work with the Council to ensure that enforcement action should be affordable and proportionate, and had been pursuing a date to do this for some time, finding it harder to make contact then previously as officers were stretched. .

It was confirmed by the Revenues and Benefits Service Manager that a date for this had now been arranged and that flexibility would be possible in negotiating payment plans. Other CA recommendations included placing accounts on hold whilst encouraging the household in arrears to engage with advice agencies. It was also felt that the Council should review the operation of the discretionary payment scheme in cases of hardship.

The CA Chief Executive also reported disappointment about, in her opinion, the poor quality of the consultation letter – she felt it was confusing and complicated and the examples of how the changes might impact on an individual's circumstances were hard to understand. She said she would be able to forward CAB data on the impact of schemes in Cheshire West, Cheshire East and Herefordshire.

Martin Whitelegg, Shropshire Town and Rural Housing explained that some tenants were already in receipt of Universal Credit and in some areas of the County it would roll out further in December with 2,300 tenants eventually being on UC. This year it was anticipated that there would be £40,000 arrears but it was anticipated that implementation of Universal Credit meant that could escalate to as much as £400,000. An officer from the Financial Inclusion Team reiterated that implementation of Universal Credit was expected to dramatically increase the level of arrears and impact on people's ability to pay for food and utilities. It was felt that a discretionary payment would be essential for a certain amount of time.

Chris Westwood, Customer Services Manager, explained the Discretionary Housing Payment Scheme which could not be used for Council Tax purposes but might be available to where overall household income would be effected. Although this would not provide a long term fix it could be a very useful part of a larger scheme. Out of £525,000 available, with £325,000 was currently unspent but the expectation was that demand would increase following implementation of Universal Credit.

During discussion, the Chair said the communications around the consultation should have been better, and it should not be left to other organisations to provide a clear explanation. Members discussed the possibility of giving three months grace for those transferring onto Universal Credit with payments tapered over the remaining year.

#### **AGREED:**

That Citizens Advice provide comparative data from neighbouring authorities

That officers be asked to provide:

- real examples of the weekly of income of individuals, and how much Council Tax they would have to pay following implementation of proposals,
- more robust information around the costs of collection;
- detail of whether it would be possible to use Discretionary Housing Payment
- Information whether it would be possible to implement a Council Tax grace period of 3 months following transition on to Universal Credit – with payments tapered over remaining months

That the Committee consider this information at its next meeting to form any recommendations and feedback to Cabinet at its meeting on 6 December 2017, in advance of a final decision being made at the Council meeting on 14 December 2017.

## **12 Digital Transformation Programme Update**

The Head of HR provided an update on Digital Transformation, a hard copy of which would be circulated after the meeting. This covered the Social Care Project, ERP, Customer Relationship Management System, Infrastructure and Architecture, Programme Assurance, Budgets and Programme Management.

Members requested that acronyms be avoided in the next update to the Committee. A request was also made for an update on the ways that people contacted the Council. Members asked when the Programme would start providing a return. The Chief Executive explained that the original budget did not forecast any returns as timeframes were so broad at that stage. As things moved closer to reality the financial strategy could start to reflect where savings would be made or income raised.

## **13 Financial Strategy**

The Head of Finance, Governance and Assurance introduced the report on the Financial Strategy (copy attached to signed minutes) and explained the reasons for the increase in

funding gap for 2018-19 from £24m to £36m. This was then predicted to grow by £6m a year subsequently. Cabinet and officers would develop an approach in response which would be presented to Cabinet on 6 December 2017 and consulted on in the new year. Council would then set the budget for 2018/19 and agree proposals for the following two years at its meeting on 22 February 2018. He also reported that an overspend of £5m for 2017 – 18 was currently predicted and addressing this in-year was an imperative as using one offs to try to offset this next year would not be enough.

Discussion covered cuts to the Education Improvement Service, how the Financial Strategy could be scrutinised and whether there would be enough time for PMSC to comment on the proposals and feed these to Cabinet on 6 December. Members asked what the management action would be to minimise the £5m overspend, for detail around how savings would be achieved in adult services and how any actions taken now would impact on the following year's budget.

Members also asked about the Council's investment strategy and whether plans for income generation would eventually be able to place the Council in a sustainable position. Officers reported that the Council was not just looking at the short term, but also the long term, with a clear ambition to generate enough income and reduce costs to achieve a sustainable position. Short term decisions were however required to achieve a balanced budget.

In response to further questions, the Chief Executive explained that Shropshire was funded at a level significantly less than other Councils and that joint activity with other authorities had already been investigated. As Shropshire was such a low cost and high quality authority any such activity would be more beneficial for other authorities. It was confirmed that Shropshire Council was currently exploring work it could do for the CCG.

The Head of Finance, Governance and Assurance confirmed that implications of action needed for 2017 – 2018 for future years were under discussion. A spending freeze until 31 March 2018 was likely in a number of areas and there was an opportunity to do that in Adult Social Care using one off grants. This would reduce expenditure and deliver an underspend in Adult Social Care which would be offset by an overspend in Children's Services. The Chief Executive added that although predictive tools used by the Council were good, they could not cover completely unforeseen circumstances.

Members asked if the Head of Finance, Governance and Assurance's membership of the Government Technical Working Group on funding had provided a clearer picture of the future. He reported that the main concern of urban areas was deprivation whilst in rural areas it was older people. An attempt was being made to establish a fair funding formula which identified need and growth in need in particular areas on an equitable basis. Currently amount spent was used as a determiner and as Shropshire was in the bottom quintile for ASC costs, despite being rural, the danger was that it was locked in a continuing funding mechanism on this basis. Local Authorities were all of one mind that if 'need' could be identified rather than spend then the system would be fairer, but the problem was establishing a robust measure.

The Chief Executive also reported that although many Councils had put precepts up, expenditure in Adult Social Care had not gone up in all authorities.

A Member asked about selling services to the CCG and provided feedback around the service provided to schools. Officers confirmed they were aware of and addressing issues around this support.

It was confirmed that there was not any further information available to scrutinise at this stage and would not be until the next iteration of the Financial Strategy was available for the Cabinet meeting on 6 December.

## **AGREED**

That an additional meeting be scheduled for the morning of 6 December 2017, with a view to providing comments from the Committee to the Cabinet meeting later that day.

That the terms of reference for the Financial Strategy Task and Finish Group be approved (copy attached to the signed minutes)

Signed ..... (Chairman)

Date: .....