

# MEETING OF THE RESOURCES POLICY DEVELOPMENT GROUP

THURSDAY, 19 JANUARY 2012 2.30 PM



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## GROUP MEMBERS PRESENT

Councillor Jean Bevan  
Councillor Michael Cook  
Councillor Nick Craft (Chairman)  
Councillor Phil Dilks

Councillor Bob Sandall  
Councillor Trevor Scott (Vice-Chairman)  
Councillor Jacky Smith

## OFFICERS

Strategic Director: Corporate Focus  
(Daren Turner)  
Head of Finance (Richard Wyles)  
Head of Legal and Democratic Services  
(Lucy Youles)  
Benefits Manager (Lee Sirdifield)  
Property Development Manager (Neil  
Cucksey)  
Research and Policy Officer (Sam  
McManus)  
Principal Democracy Officer (Jo Toomey)

## PORTFOLIO HOLDER

Councillor Mike Taylor (Resources)

## OTHER MEMBERS PRESENT

Councillor Bob Adams  
Councillor Mrs Frances Cartwright

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### 43. APOLOGIES

An apology for absence was received from Councillor Bryant.

### 44. DECLARATIONS OF INTEREST

No declarations of interest were made.

### 45. ACTION NOTES FROM 24 NOVEMBER 2011

The action notes from the meeting held on 24 November 2011 were noted.

### 46. QUESTION REFERRED FROM COUNCIL

PDG members considered a question referred to them by full Council at its

meeting on 8 December 2011 and their response:

Question: *In light of the changes planned by the Government to housing benefit, can South Kesteven District Council provide a full breakdown of the number of housing benefit recipients in council and private accommodation who would be affected by the housing benefit changes including the percentage reduction/increase in benefit to be displayed in financial and percentage terms.*

Response: A full breakdown could not be provided. The Council did not know the full details of the categories of recipients who the government did not want to be affected.

Question: *Please also provide the numbers of claimants affected by the differing percentages given changes will vary according to circumstances under Government proposals.*

Response: This would not be possible until the first question was resolved.

Question: *Can the information be broken down so that the figures are clear for each town/s associated rural area/villages?*

Response: No – this information was considered irrelevant as all parts of the district were treated in the same way. Councillors suggested there was a political motive behind this question.

Question: *Can the Council confirm that all landlords and claimants have/will be notified of the changes to housing benefits in adequate time for plans to be made?*

Response: The Council would notify all affected claimants and housing association landlords once details of the changes were finalised.

Question: *How will the information be conveyed?*

Response: Various information channels would be used including: letters, SKDC's website, council publications, newsletters, tenants' groups and landlord groups.

PDG members commented providing answers to the questions would be a significant amount of work for officers, which it was not prepared to recommend at this time.

#### **47. UPDATE ON WELFARE REFORM - COUNCIL TAX BENEFIT**

The Benefits Manager gave a presentation on updates to welfare reform and council tax benefit. The Government had asked councils to introduce local

schemes, which would replace a single, national scheme. Localised schemes would be introduced from April 2013. A 10% reduction in expenditure was required; this would be realised through a reduced level of grant. Based on 2010/11 SKDC spent £7.25m a year on council tax benefit.

Initial consultation documents indicated that pensioners (defined as those in receipt of a state pension) were a protected group, however recent correspondence stipulated the protection would not apply to all pensioners; those who could afford to pay would pay. Other protected groups would need defining locally.

Based on research undertaken locally and nationally, (taking account of the 10% cut to expenditure and protecting certain vulnerable groups), projections indicated that non-protected groups could be required to contribute an additional 25% (approximately £340 based on current council tax levels) a year.

The service had seen an increase in the number of cases it administered. This trend was expected to continue and lead to increases in expenditure. When it set its policy, the Council would need to consider whether it would top up the grant or whether it would work within the grant, stopping benefits when the grant was spent.

The PDG was shown a projection of the numbers of people from specific vulnerable groups in receipt of council tax benefit. The groups typically classed as vulnerable in relation to council tax benefit were: passported (those in receipt of certain benefits who automatically had their council tax paid), lone parents, those in receipt of war pensions (one Councillor advised that from his experience of working with SSAFA, the number of claimants of war pensions had increased), carers and people with a disability. Projecting the caseload was complicated because there were overlaps between each group, which was not highlighted in the data.

Challenges were identified: defining vulnerable/protected groups (guidance was awaited regarding pensioners), the budget position was unknown, modelling different expenditure scenarios, deciding whether to 'top-up' the scheme, sourcing and procuring software to administer council tax and council tax benefit and promoting changes to those affected.

Members of the PDG discussed the presentation. Councillors were advised that if the Council did not adopt a local scheme, it would automatically enter a national scheme and face a further reduction in grant funding. It was unclear how funding would be distributed; one possible channel was through the county council. It was also unclear whether the grant would be paid in a lump sum or over several instalments.

One risk associated with changes was an increase in non-payment leading to an increase in council tax and rent arrears. The council would need to work with Lincolnshire County Council and Lincolnshire Policy Authority to develop a

policy that took account of any losses should the council tax collection rate decreased. There was an expectation that schemes within the county should mirror each other as closely as possible.

The PDG agreed to consider policy options in more detail at a future meeting following discussions with Lincolnshire County Council and Lincolnshire Police Authority, and the release of further guidance clarifying the principles behind the new approach.

#### **48. LOCAL AUTHORITY MORTGAGE SCHEME**

Report number HOF186 by the Head of Finance on the Local Authority Mortgage Scheme (LAMS) was circulated with the agenda. It asked the PDG to consider a local policy for scheme eligibility. The Cabinet had made an 'in principle' decision to proceed with a local scheme and asked the PDG to determine the criteria and policies in which the scheme would operate. Recommendations would be considered by Cabinet at its meeting on 6 February 2012 before being forwarded for the consideration of Council on 1 March 2012.

The Research and Policy Officer provided a summary of the information appended to the report, highlighting details of the rate of property sales, prices and property types. To achieve the best interest rates, based on the average property selling price, a deposit in the order of £27.5k would be required.

Members considered all of the policy areas highlighted in the report.

*The area of the district, determined by postcode, to be covered by this scheme.*

Councillors agreed that the scheme should apply to all properties that were defined, by postcode, to be within the boundary of South Kesteven. Concern was raised over confusion that could be created when using postcodes to determine a property's eligibility; examples were given of postcodes in certain areas that straddled local authority boundaries. It was suggested that maps could be used to support and clarify the scheme's boundaries.

#### ***Recommendation:***

***The scheme should be open to first time buyers looking to purchase properties where the property is located with the boundary of South Kesteven district.***

*The maximum loan size to be supported*

Councillors proposed capping the property price to which the scheme applied. They considered income levels across the district. An initial suggestion of a cap at £140,000 was made, however after discussion Councillors felt this ceiling would open the scheme to too wide an audience. A further suggestion was

made that the top price should be set at £125,000. This was the expected level of stamp duty for first-time buyers from 1 April 2012.

***Recommendation:***

***The scheme should be available for properties priced up to and including £125,000.***

*Confirmation of first time buyers only*

The PDG agreed that the scheme should be open to first time buyers only.

***Recommendation:***

***The scheme should only be available to first time buyers.***

*The size of the initial scheme*

Councillors discussed the size of the scheme. They considered it appropriate that an initial 'pilot' phase should run, with £1m in funding committed to it.

***Recommendation:***

***The scheme should run for a period as a pilot, with available funding of £1m.***

*Preferred initial partners*

Councillors considered different partner options. The potential partner most experienced in operating LAMS was Lloyds, however their scheme could not be used for the purchase of new build properties. PDG members felt this would dovetail with the scheme run by the government, which solely provided support for the purchase of new build properties. A further advantage of Lloyds was its national standing. This would make it easier for people not resident within the district and looking to move to South Kesteven to access the scheme.

Several local building societies had approached the council and asked how they could be part of the scheme. In order for them to be involved, they needed to apply to Sector (an independent financial organisation supporting the scheme's implementation). Other organisations were already registered, however Councillors considered these options were limited by availability of local branches within the district.

***Recommendation:***

- ***The scheme should not be available for the purchase of new build properties.***
- ***For the pilot phase, SKDC should partner with Lloyds, as the most***

***experienced provider of LAMS. It was further recommended that cash should be deposited with the lender in order to maximise the return on the investment.***

PDG members considered whether there should be a charge for administration. This could cover the costs associated with publicising the scheme. After discussion, Councillors agreed that the majority of the administration work would fall to the provider. Councillors also felt it was not appropriate for the Council to provide advice, suggesting this would be better coming from an independent mortgage adviser. They were concerned about the potential risks to which the Council would be exposed if it provided an advice service.

***Recommendation:***

- ***That there should not be a charge for administration.***
- ***That the Council should not provide an advice service***

Further discussion of the scheme ensued. Councillors questioned whether there would be opportunity for people to access the scheme when they could afford to buy a property, consequently blocking access for people to whom it could make a difference. They noted the government's First Buy scheme limited applications to those with a household income below £60,000.

***Recommendation:***

***Negotiations should be undertaken with the scheme provider about whether it would be possible to refuse applications from households with an income over an agreed level.***

The scheme would be advertised on the Council's website. Further awareness of the scheme, particularly on a national level, could be generated by the provider. Committee members felt strongly that the scheme should only be for owner-occupiers, rather than the buy-to-let market.

***Recommendation:***

***That the scheme should be reviewed fully after the initial £1m is exhausted.***

*16:05-16:08 – meeting adjourned.*

#### **49. UPDATE AND PROGRESS WITH ASSET MANAGEMENT PLAN**

The Council's Property Development Manager gave a presentation on the Asset Management Plan. He explained the plan was a suite of documents and gave a summary of their respective contents:

- Property Strategy

- Why the Council has assets
  - What the assets are
  - Vision and objective – previously there had been no vision about how the Council’s assets should be working
  - Policy framework
- Property Organisational Framework
    - Overview of the council’s approach to asset management planning
    - Strategic fit with corporate business planning
    - Key roles and responsibilities
    - Asset management organisational arrangements – internal structure/governance
    - Corporate decision-making
    - Consultation and engagement
    - Challenge and review process
    - Data and its management
    - Property asset management practices and procedures

Mr Cucksey highlighted externally focused work based on ‘Leaner and Greener II: Putting Buildings to Work’, emphasising efficient operation to meet economic and environmental challenges while improving service delivery, working in partnership to determine locally appropriate delivery models and running successful property partnerships.

The Property Services Manager also suggested provision should be included for a Local Strategic Property Forum and a Pooled Property Partnership Board.

- Property Performance Management Framework and Reports
  - Outline of performance management framework
  - Rationale for performance indicators and process used to adopt performance indicators
  - Property Performance Management Framework
  - Analysis of performance
  - Headline performance
  - Key activities and projects
  - Monitoring and review arrangements
- Property Asset Management Plan
  - What the assets are
  - What is expected of them
  - How the assets are performing
  - Performance shortfalls – issues

- Reasons for performance shortfalls
- Priorities for intervention
- Resources analysis
- Action plan
- Monitoring and review arrangements

Delivery models for consideration:

- Strategic joint venture partnership for property rationalisation – by developing an incentivised strategic joint venture property partnership, public sector organisations could achieve better results from a wider skill set whilst deferring the costs incurred until the point at which real savings were being delivered.
- Local Asset Backed Regeneration Vehicle – Assets could provide an equity stake in a Local Asset Backed Regeneration Vehicle or Joint Venture to realise a revenue return on the asset value until such times as the market conditions were right to achieve the best consideration reasonably obtainable from disposal.

The Localism Bill required councils to produce a register of Assets of Community Value. A second register would be kept listing those assets for which applications were submitted but they were not added to the register. These provisions gave communities a right to identify a building or other land they believe to be important to their community's social well-being. If the asset came up for sale, they would be given a fair chance to make a bid to buy it on the open market. Provisions would not restrict the owner of a listed asset, nor did they confer a right of first refusal to community interest groups.

Summary:

- Documents needed updating to reflect current roles, responsibilities and governance structures.
- The council needed to define a vision to which it was committed and identify suitable vehicles to deliver that vision.
- External governance arrangements for the whole public estate were required.

Brief discussion ensued around partnership use of key assets. Members felt arrangements worked particularly well when a range of community and voluntary sector organisations were based in the same venue.

**Action Point:**

***PDG members were asked to feedback comments to the Property Development Manager by Friday 17 February 2012.***

## 50. FINANCIAL REPORTS 2011/12 - MONITORING INFORMATION AND BUDGET PROGRESS REPORT

The Head of Finance summarised his report HOF187, which contained financial monitoring information to the end of November 2011 and Budget progress for 2012/13. There had been few changes since the last report to the PDG. An underspend was still forecast against the general fund revenue budgets

The 2012/13 draft budget took account of a projected decrease in income from Development Control and Building Control. Further information was awaited on the deregulation of development control fees, which could provide an opportunity for the district council to set its own fees. New fees could only be set on a cost-recovery basis.

Councillors queried variance changes from the previous report in Housing and Neighbourhoods and Legal and Democratic Services. The variance had changed in respect of Housing and Neighbourhoods because part of the spend was government funding. Accounting rules meant this had to be shown as expenditure above the budget. Variance in the Legal and Democratic Services staffing budget was consequent of the appointment of a new member of staff.

### ***Action point:***

#### ***Include variance from previous update report to assist in comparison***

The HRA was in a similar position to that previously reported. Some savings were delivered through re-tendering.

There was a deliberate pause on the HRA capital programme because the packaging of programme had changed. Remodelled work packages for delivery of the housing programme gave financial benefits to the authority.

There was no update on the outcome of a planning appeal lodged against the Council.

PDG members briefly discussed special expense areas and whether they could be used to support economic development in Grantham. Legislation would not allow a localised charge for a service if it would not ordinarily be provided by town or parish councils.

The Cabinet would be presented with the draft Budget at its meeting on 6 February 2012. Cabinet would make recommendations to Council, who would consider the draft Budget at its meeting on 1 March 2012. The provisional settlement for the Council had been announced as £7.5m - £824k less than 2011/12. Councils were also made an offer if they agreed to freeze their council tax for 2012/13 then a one-off payment would be made. Councils that froze their council tax in 2011/2 received reimbursement for a four-year period.

**51. CLOSE OF MEETING**

The meeting was closed at 16:51