

Extract from the Draft Minutes from Stronger Council Select Committee – 19th January 2021 - DRAFT BUDGET PROPOSALS 2021/22

Councillor Neville thanked the officers for their hard work as it was not an easy year to develop a budget. However, he would expect more detail at this time of the cycle and asked when we would see this at a Cabinet meeting. He was told that the budget was less developed as it normally would be. There would be more details in the February Cabinet and Council meetings. Councillor Philip asked if he was looking for information on the small savings to be made or for the big ones. Councillor Neville replied it was nothing in particular but maybe more on the smaller items.

Councillor Brookes asked about the rent increase mentioned of 1.5%, was this set by us or were we told to do so. She was told that this was at our discretion, in line with CPI inflation plus 1%.

Councillor Brookes then asked how many tenants had their rents paid by Housing Benefits, what sort of percentage. Officers did not have that information with them and said they would get back to her on this.

Following the meeting the following answer was given:

“I can confirm that the Council holds the following statistics re Proportion of Housing Rents paid by Benefits:

- 2018/19 - 46.6%
- 2019/20 - 41.0%
- 2020/21 (to Week 30) - 35.4%

As you can see, there is a fairly strong downward trend, which is the result of working age claimants migrating from Housing Benefits to Universal Credit (UC), which has been ongoing for a while now (the vast majority of UC claimants receive the money and then pay their rent to the Council).

Theoretically the figures quoted above do include UC claimants. However, the figure is known to be significantly understated. The Council’s current Housing system (“Ohms”) is aging and was not built to cope with UC, although the Council is procuring a new Housing system, which will improve the situation, (unless the system changes in some way) there will still be a large number of UC claimants who are paying their rent in full and on time, that never get identified on the Council’s system as UC claimants.”

Councillor Brookes then asked about the Housing Repairs Fund; as repairs were going to Qualis now, would this effect things. She was told that it would be cost neutral, payments would remain the same except it would be external payments and not internal.

Councillor Jon Whitehouse agreed that there was a lack of detail and it was not unreasonable that they should have service level budgets with comparison figures to previous years. He then asked how much the £5 increase in Council Tax would bring in and how many of the government changes and settlements were one year changes and how many would still be in effect in future years. He was told that the £5 increase would raise £270k, as for the other government changes they were mostly one off adjustments and officers were uncertain if they were to be extended. The New Homes Bonus had been extended for one more year, no extension for the Covid support was expected and others

such as the local tax support grant depended on how quickly the economy recovered. We have also been promised a fundamental review of Local Government funding for a number of years now and this will be pushed back for another year or more or maybe axed altogether; but it could be reviewed at any time.

Councillor Rackham thanked officers for their hard work and asked about business rates and council tax and how well had we performed compared to other authorities. She was told that there was no neat answer to this; information was still emerging. We had performed badly on council tax and business rates but so had others. We did not know what would be the lasting legacy after this. The government would be giving back about 75% of our losses so that was not too bad. As for business rates, businesses have been massively affected by the pandemic and we may have a number of bankruptcies. But we did start the Pandemic with strong reserves, so were not suffering as much as other authorities. Councillor Philips added that traditionally businesses rates and Council taxes collections was the highest amongst our neighbours, so we had further to fall than they had. On the plus side these rates have not fallen as drastically as other places. We will only know when other authorities set their budgets. We have not had to cut or drop any of our services except for the leisure centres.

Councillor H Kane asked how much would the financing costs project, on further work—including the 2021/22 impacts of the joint Museum and Library project at Waltham Abbey, cost. She was told that paper went to the Cabinet before Christmas putting a business case for this. The anticipation generated by this new centre would cover the financing costs associated with it. There was about £200k already in the budget for this, but there was still more work to do in refining this. Councillor Kane asked if the officer would let her know when he had the figures. She then asked about the 'non dwellings rents' in Appendix B, what were they? She was told that these were garage rents. She then asked who carried out major repairs on leasehold properties. She was told that Qualis did this now.

Councillor H Kane then asked about the interest payable on loans; which loans were these. She was told that the council borrowed, back in 2012, as part of buying its way out of the Housing Subsidy scheme and now services this loan instead of paying over an annual subsidy to the Government.

Councillor Bassett asked when we could expect further details and asked about transfer payments, the estimates have gone from £29.5million to just under £25.5 million, what was happening. Also, something mentioned through the report was insurances, and changes in the value of insurances etc. could officers explain a bit more. He was told that transfer payments relate to Housing Benefits Payments, so at present the governments roll out of Universal Credit (UC) which means that some claimants and new claimants were being gradually migrated to universal credit. The rate of migration to UC seems to be an area of uncertainty. But this is self-balancing due to government contributions. Councillor Bassett asked if we got paid by the government for administrating this on their behalf. He was told that yes, we did, this had not changed. As for insurance, this was a one off – previously the council had accounted for insurance in a holding account that sat outside the main fund budget. This had not been put in before, but as there was a new team this was now put in as part of the detail. Councillor Philip added that they were now being more transparent.

Councillor Bassett noticed an overspend of just under £600k, on Capital Charges due to a deficient Depreciation budget, was the same problem encountered in 2019/20. What was the problem. He was told that the 2019/20 budget set back in February 2019, which showed a half million depreciation in the budget by which time the budget for 2020/21 had already been set so it had rolled over so keeping the same problem. We propose to correct this in 21/22 so it should not happen again.

Councillor Bassett asked again when they would see the details and was told that officers were working on it and were nearly finished. Councillor Philip added that would be when they were sufficiently sure of the figures and would bring it to Cabinet if not the Council. Officers were also waiting for the County to set their budget, hopefully on 23 February.

Councillor Murray thanked officers for their work and the Portfolio Holder as this had not been an easy year. He agreed that they needed more details by the time of the full council meeting. He noted that it was said that no services would be cut, but presumably there would be less funding for them. He would like to know if we did not raise Council Tax at this late stage where would we get this money from? Councillor Philip echoed his thanks to the work done by the officers. This had been a challenging year and next year may prove to be more challenging. He did not want to put up Council Tax, but they were still setting the budget and would keep working the budget to see what they could do and hoped not to leave services with less money.