

Finance Committee

Meeting held 16 October 2023

PRESENT: Councillors Zahira Naz (Chair), Mike Levery (Deputy Chair), Toby Mallinson (Group Spokesperson), Mike Chaplin, Glynis Chapman, Marieanne Elliot, Mary Lea, Shaffaq Mohammed and Ibbi Ullah

1. APOLOGIES FOR ABSENCE

1.1 No apologies for absence were received.

2. EXCLUSION OF PRESS AND PUBLIC

2.1 It was noted that Appendix 2 to the report at item 8 on the agenda was no longer exempt from publication, therefore there were no items on the agenda that were identified where resolutions may be moved to exclude the public and press.

3. DECLARATIONS OF INTEREST

3.1 There were no declarations of interest.

4. MINUTES OF PREVIOUS MEETING

4.1 The Minutes of the meeting of the Committee held on 11 September 2023 were approved as a correct record.

5. PUBLIC QUESTIONS AND PETITIONS

5.1 There were no public questions or petitions.

6. MEMBERS' QUESTIONS

6.1 There were no questions from Members of the Committee.

7. WORK PROGRAMME

7.1 The Committee received a report containing the Committee's Work Programme for consideration and discussion. The aim of the Work Programme was to show all known, substantive agenda items for forthcoming meetings of the Committee, to enable this Committee, other committees, officers, partners and the public to plan their work with and for the Committee.

7.2 In response to Members' questions, officers explained that the Community Buildings Policy and Community Asset Transfer Policy had been removed from the Work Programme as the Policies fell within the remit of the Strategy and Resources Policy Committee. Officers agreed to provide a briefing for Finance Committee Members on the Policies prior to consideration by the Strategy and Resources Policy Committee.

7.3 RESOLVED UNANIMOUSLY: That Finance Committee:-

1. approves the Committee's work programme, as set out in Appendix 1, including any additions and amendments identified in Part 1;
2. gives consideration to any further issues to be explored by officers for inclusion in Part 2 of Appendix 1 of the next work programme report, for potential addition to the work programme; and
3. notes any referrals from Council (petition and resolutions) detailed in Section 2 of the report and agrees the proposed responses.

8. CAPITAL APPROVALS MONTH 5 (2023/24)

8.1 The Finance Manager submitted a report that provided details of proposed changes to the existing Capital Programme as brought forward in Month 5 2023/24.

8.2 Officers agreed to provide Members with further information on whether the ten new affordable council housing acquisitions could be purchased by tenants under the Right to Buy scheme.

8.3 RESOLVED UNANIMOUSLY: That Finance Committee:-

1. approves the proposed additions and variations to the Capital Programme listed in Appendix 1 and Appendix 2;
2. approves the award of grant funding as identified in Appendix 3; and
3. approves the acceptance of the grant funding identified in Appendix 4.

8.4 Reasons for Decision

8.4.1 The proposed changes to the Capital programme will improve the services to the people of Sheffield.

8.4.2 To formally record changes to the Capital Programme and gain Member approval for changes in line with Financial Regulations and to reset the capital programme in line with latest information.

8.5 Alternatives Considered and Rejected

8.5.1 A number of alternative courses of action are considered as part of the process undertaken by Officers before decisions are recommended to Members. The recommendations made to Members represent what Officers believe to be the best options available to the Council, in line with Council priorities, given the constraints on funding and the use to which funding is put within the Revenue Budget and the Capital Programme.

9. REVIEW OF SHEFFIELD'S COUNCIL TAX REDUCTION SCHEME

9.1 The Senior Revenues and Benefits Manager submitted a report that provided the Committee with details of the Council's review of its Council Tax Reduction Scheme. Approval was sought for the 2024/25 scheme, which had been amended to include the statutory changes that the Council was required to make, and the Council Tax Hardship Scheme for 2024/25.

9.2 **RESOLVED UNANIMOUSLY:** That Finance Committee:-

1. notes the review of the Council's Council Tax Reduction Scheme, detailed in this report;
2. agrees that, in line with the review, the Council's Council Tax Reduction Scheme is not revised, apart from the changes the Council is required to make by statute;
3. approves the amendments to the Council's Council Tax Reduction Scheme to accommodate the changes the Council is required to make by statute;
4. agrees that the Council's Council Tax Hardship Scheme continues to operate as detailed in this report; and
5. agrees that officers begin a further detailed review of its Council Tax Reduction Scheme and bring a paper back in the new year to consider options for its 2025/26 scheme.

9.3 **Reasons for Decision**

9.3.1 Legislation requires each Billing Authority to annually consider whether to revise or replace its Council Tax Reduction Scheme. For that purpose, we have carried out a review of the Council's scheme.

9.3.2 Following from this review, it is recommended that the CTRS remains unchanged, as whilst reducing the support offered through the scheme may help with the Council's financial situation, this is countered by the fact that the burden will fall on vulnerable households who are experiencing financial hardship as a result of the cost-of-living crisis. It is also considered that maintaining the scheme in its current form and at the same level of support provides certainty during what are uncertain times.

9.3.3 In reaching this decision, consideration has been given to both increasing and decreasing the level of support provided under the CTRS, and to moving away from a scheme based on the previous CTB scheme. Further detail on these considerations is provided in the main body of the report.

9.3.4 Given the current financial position of the Council, the Council is not able to introduce a more generous scheme in 2024/25.

9.3.5 By maintaining the CTHS, the Council will be able to continue to offer targeted support to those in the most severe financial need including those who are least

able to change their financial situation.

9.4 **Alternatives Considered and Rejected**

9.4.1 The Pensioner element of CTRS is prescribed by Government so cannot be changed by the Council. Consequently, the following options relate to the discretionary element of the scheme that provides support to Working Age households.

Changing the Cap on Liability

9.4.2 Support offered to working-age customers is capped at 77% of their net Council Tax liability. Perhaps the simplest change we could make to our scheme would be to amend the 77% cap.

9.4.3 However, although a less generous cap would produce some savings for the Council it is highly likely that these would be offset by increased arrears, higher debt recovery administration costs and added pressure to the CTHS.

9.4.4 A more generous cap would come at a significant cost, which would negatively impact the Council's ability to maintain funding of other vital services.

Introduction of an Income Branded Scheme

9.4.5 Under this scheme the level of support provided would be based on household income set between certain bands and could include variations on the level of reduction and the level of income in the income bands.

9.4.6 The advantages of this scheme include:

- It gives stability to those whose wages fluctuate each month.
- All non-dependents are asked to contribute the same amount. Some applicants may have to pay less.
- It moves away from the complex means test that currently exists.
- Once established it will probably be simpler to administer and may therefore make administrative savings.
- It is less complex and easier for applicants to understand.

9.4.7 The disadvantages of this scheme include:

- It would require a software change that would come at a cost to the Council.
- Depending on the income bands introduced and the maximum income level used, some current CTS recipients may see a reduction in support and depending on the maximum level of income, some may no longer qualify.
- Those customers at the "cliff edge" of the income bands may struggle to cope with the level of support provided as they move from one band to another. However, this could be mitigated by the CTHS.

Introducing a de-minimis income change

9.4.8 Under this approach any change in income which resulted in a change in the award of CTS by a certain amount would be disregarded therefore would not result

in a change to the level of CTS.

9.4.9 If we were to adopt this scheme, we would need to decide what level of changes in income would be de-minimis.

9.4.10 The advantages of this scheme include:

- All the other current entitlement rules are still maintained so there is no significant divergence from the way HB claims are processed.
- It gives a degree of stability to those whose wages fluctuate each month.

9.4.11 The disadvantages of this scheme include:

- Although some people with an increase in their income would not lose support, others with a decrease in their income would not receive extra support.
- We are foregoing more Council Tax than we otherwise would.
- It would require a software change.
- Incorrect awards of CTS are granted if customers become confused about what changes in their income need to be reported.

Having a scheme which sets fixed assessment periods

9.4.12 This scheme would see an award of CTS fixed for a certain period of time, regardless of any income changes within that period.

9.4.13 The advantages of this scheme include:

- It would be simple for customers to understand.
- It would mitigate any impact that regular fluctuations in income have on Council Tax billing and collection.

9.4.14 The disadvantages of the scheme include:

- Claims would still have to be reassessed periodically, and
- Depending on whether changes on reassessment are applied retrospectively or not we could:
 - be making customers worse off.
 - be missing out on Council Tax revenue as we are awarding more CTS than necessary or be impacting Council Tax collection rates as customers may have more Council Tax to pay over a shorter period of time.

Maintaining the current scheme

9.4.15 Maintaining the current scheme in 2024/5 continues to offer the following advantages:

- a. it is closely aligned to the Housing Benefit scheme and the statutory Pension Age CTRS

- b. It will continue to spread the burden of the reduced funding for CTS equitably across all working- age claimants and, by applying the means test already established by CTB, ensure that those with greatest need continue to receive the greatest level of support.
- c. There will be no requirement to change ICT systems, undertake training, amend documentation, and produce publicity material, all of which increase costs and would be required if the current scheme were to be amended.
- d. It maintains consistency of support to working age CTRS households by not subjecting them to any changes in support that an amended scheme may bring. This provides valuable assurance at a time when the current cost of living crisis is placing an enormous strain on the finances of households in Sheffield.
- e. There is insufficient time to properly develop options for an alternative scheme in 2024/25, and consult and prepare for any system, administrative and staffing changes required

9.4.16 Given the above advantages of maintaining the current scheme into 2024/25 the alternatives have been disregarded.

9.4.17 However, it is recommended that work starts now on developing options for an alternative scheme in 2025/26, to allow sufficient time for consultation and preparation for any required system, administrative and staffing changes should the Council decide to change its scheme.

10. CORPORATE DEBT POLICY

10.1 The Head of Revenues and Benefits submitted a report to present the Council's Corporate Debt Policy for the Committee's consideration and approval.

10.2 **RESOLVED UNANIMOUSLY:** That Finance Committee:-

- 1. approves the Council's Corporate Debt Policy; and
- 2. notes that relevant Council services will conduct a review of their operational policies and practice, to ensure they are in line with the Corporate Debt Policy following adoption.

10.3 Reasons for Decision

10.3.1 The adoption of the Corporate Debt Policy clarifies the Council's position on its approach to debt management, protecting the most vulnerable and modernising its systems and processes accordingly, in line with good practice. Putting in place an underpinning Corporate Debt Policy will help us operate in a more coordinated way, building on existing good practice. This will help ensure our customers are treated in a fair and consistent manner, irrespective of the service they are dealing with.

10.4 **Alternatives Considered and Rejected**

- 10.4.1 The Council could continue as it does currently, dealing with the issues covered in the proposed policy at an individual service level. Every service is different and complete consistency of operational practice will not always be necessary or possible, reflecting those different requirements. However, a corporate policy provides a clearer benchmark for overall strategic objectives and emerging good practice. As explained in this report, the main downside of a service level approach is it makes it more difficult for the Council to state its overall position on such issues as an organisation.

11. **COMMISSION OF DEBT RECOVERY SERVICES**

- 11.1 The Senior Revenues and Benefits Manager submitted a report to inform the Committee of the need for the Council to operate debt recovery activity. The report set out the proposal to commission debt recovery services and sought approval for the provision of the services for a period of four years commencing on 16 March 2024, with an estimated cost to the Council of £300k.

- 11.2 **RESOLVED UNANIMOUSLY:** That Finance Committee approves the commissioning of debt recovery services as described in this report for the four-year period from 16 March 2024 to 15 March 2028, with an estimated cost to the Council of £300k.

11.3 **Reasons for Decision**

- 11.3.1 This commissioning decision will enable the Council to continue to have a debt recovery service in place from March 2024 (when the current debt recovery framework expires) for a further four years, to ensure there is no break in debt recovery activity at the point the current framework expires on 15 March 2024.

11.4 **Alternatives Considered and Rejected**

- 11.4.1 Although the Council does undertake debt recovery activity, it does not have the resource to carry out the full scope of activity being commissioned via this report. For example, an external provider can use its national infrastructure to trace and collect debt from debtors who have moved away from Sheffield.
- 11.4.2 Additionally, external partners provide valuable resilience to the Council's own in-house enforcement team to deal with peaks in workload and cover for staff absence.
- 11.4.3 Doing nothing, which would mean having to rely solely on in-house resources to undertake this activity, has therefore been disregarded.

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