

REPORT TO	DATE OF MEETING
Governance Committee	27 th January 2016

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SUBJECT	PORTFOLIO	AUTHOR	ITEM
Grant Thornton Governance Committee Update Report – Challenge Questions	N/A	G. Barclay & D. Highton	6

SUMMARY AND LINK TO CORPORATE PRIORITIES

At the last meeting of the Governance Committee on 25th November, Grant Thornton presented their latest “Update Report” to members which included an “Emerging Issues & Developments” section in which they posed a number of “Challenge Questions” to test whether members had been sufficiently briefed on a range of issues.

It was agreed that a response to those questions would be collated and reported to members at this meeting.

The aim of this report therefore is to ensure the maintenance of strong governance arrangements thereby contributing to making South Ribble an “efficient, effective and exceptional Council”.

RECOMMENDATIONS

That the Committee notes the report.

DETAILS AND REASONING

Background

Grant Thornton present periodic reports to the Governance Committee advising of emerging issues and developments affecting local authorities nationally. The report presented to the Committee in November 2015, contained such items along with several “challenge questions” to determine if members have been briefed on the issues.

The challenge questions have now been collated and the responses are included at Appendix 1.

It can be seen from the responses that Managers are fully aware of the emerging issues but at this stage there is a lack of clarity regarding each item and there are plans to keep members fully informed as progress is made.

Future Responses to Challenge Questions

The Committee has previously agreed that any challenge questions posed by Grant Thornton would be collated and answered as part of the Annual Governance Review. Any further questions will therefore be considered as part of the Annual Governance Report to members in June 2016 and similarly for future years.

WIDER IMPLICATIONS

In the preparation of this report, consideration has been given to the impact of its proposals in all the areas listed below, and the table shows any implications in respect of each of these.

FINANCIAL	There are no specific financial implications arising from this report.		
LEGAL	Whilst there are no specific legal implications, the report highlights that officers are aware of and responding to emerging issues nationally and that members will be fully briefed.		
RISK	There are no specific risk implications arising from this report.		
OTHER (see below)			
<i>Asset Management</i>	<i>Corporate Plans and Policies</i>	<i>Crime and Disorder</i>	<i>Efficiency Savings/Value for Money</i>
<i>Equality, Diversity and Community Cohesion</i>	<i>Freedom of Information/ Data Protection</i>	<i>Health and Safety</i>	<i>Health Inequalities</i>
<i>Human Rights Act 1998</i>	<i>Implementing Electronic Government</i>	<i>Staffing, Training and Development</i>	<i>Sustainability</i>

BACKGROUND DOCUMENTS

Grant Thornton – Governance Committee Update for South Ribble Borough Council – November 2015

Grant Thornton Governance Committee Update Report – Challenge Questions

George Osborne sets out plans for local government to gain new powers and retain local taxes

Local government issues

The Chancellor unveiled the "devolution revolution" on 5 October involving major plans to devolve new powers from Whitehall to Local Government. Local Government will now be able to retain 100 per cent of local taxes and business rates to spend on local government services; the first time since 1990. This will bring about the abolition of uniform business rates, leaving local authorities with the power to cut business rates in order to boost enterprise and economic activity within their areas. However, revenue support grants will begin to be phased out and so local authorities will have to take on additional responsibility. Elected Mayors, with the support of local business leaders in their LEPs, will have the ability to add a premium to business rates in order to fund infrastructure, however this will be capped at 2 per cent.

There has been a mixed reaction to this announcement. Some commentators believe that this will be disastrous for authorities which are too small to be self-sufficient. For these authorities, the devolution of powers and loss of government grants will make them worse off. It has also been argued that full devolution will potentially drive up council's debt as they look to borrow more to invest in business development, and that this will fragment the creditworthiness of local government.

Challenge question

Have members:

- been briefed by on the Chancellor's "devolution revolution" announcement and its likely impact on the Council?

Challenge Question	Report	Officer	Response
Have members been briefed on the Chancellor's "devolution revolution" announcement and its likely impact on the Council?	November 2015	Head of Shared Financial Services	Member learning is planned for post final settlement and budget setting to explain in more detail the latest information available on core funding in future years.

Councils must deliver local plans for new homes by 2017

Local government issues

The Prime Minister announced on 12 October that all local authorities must have plans for the development of new homes in their area by 2017, otherwise central government will ensure that plans are produced for them. This will help achieve government's ambition of 1 million more new homes by 2020, as part of the newly announced Housing and Planning Bill.

The government has also announced a new £10 million Starter Homes fund, which all local authorities will be able to bid for. The Right to Buy Scheme has been extended with a new agreement with Housing Associations and the National Housing Federation. The new agreement will allow a further 1.3 million families the right to buy, whilst at the same time delivering thousands of new affordable homes across the country. The proposal will increase home ownership and boost the overall housing supply. Housing Association tenants will have the right to buy the property at a discounted rate and the government will compensate the Housing Associate for their loss.

Challenge question

Have members:

- been briefed by on the government's new homes announcements and their likely impact on the Council?

Challenge Question	Report	Officer	Response
Have members been briefed on the government's new homes announcements and their likely impact on the Council?	November 2015	Strategic Housing Manager	<p>Both the Cabinet Member for Housing and Healthy Communities, and Senior Management Team have been kept updated with current developments.</p> <p>A report has gone to the Central Lancashire Strategic Planning Joint Advisory Committee on the Housing and Planning Bill, which is the main instrument for implementing policy change. However, there is currently still some ambiguity around the Bill, and what it will mean for local authorities. Once there is greater clarity, an update will be produced.</p> <p>In addition, the Strategic Housing Framework will go to Cabinet for approval in February. This document will provide an overview of current policy for members and the implications for South Ribble. It will also enable a series of policies to be brought forward to deal with national policy changes.</p> <p>There are two learning hours for Members on affordable housing in January and March 2016 respectively.</p>

Improving efficiency of council tax collection

Local government issues

DCLG have published "Improving Efficiency for Council Tax Collection", calling for consultation on the proposals to facilitate improvements in the collection and enforcement processes in business rates and council tax. The consultation is aimed specifically at local authorities, as well as other government departments, businesses and any other interested parties. The consultation document states that council tax collection rates in 2014-15 are generally high (at 97 per cent), however the government wishes to explore further tools for use by local authorities and therefore seeks consultation from local authorities on DCLG's proposals. The consultation closes on 18 November.

The Government proposes to extend the data-sharing gateway which currently exists between HMRC and local authorities. Where a liability order has been obtained, the council taxpayer will have 14 days to voluntarily share employment information with the council to enable the council to make an attachment to earnings. If this does not happen, the Government proposes to allow HMRC to share employment information with councils. This would help to avoid further court action, would provide quicker access to reliable information, and would not impose any additional costs on the debtor. The principle of this data-sharing is already well-established for council taxpayers covered by the Local Council Tax Support scheme, and it would make the powers applying to all council tax debtors consistent. Based on the results of the Manchester/HMRC pilot, Manchester estimate that £2.5m of debt could potentially be recouped in their area alone.

Challenge question

Have members:

- been briefed by on the government's council tax collection consultation and the Council's response to it?

Challenge Question	Report	Officer	Response
Have members been briefed on the government's council tax collection consultation and the Council's response to it?	November 2015	Revenues Manager	This is a relatively technical consultation that is focusing upon the exchange of employment data between HMRC and local authorities once a liability order has been granted by the Magistrates' Court. This proposal has emanated from HMRC and the Cabinet Office and, as a result, it is highly likely that Government will implement this policy. Therefore, councillors have not been briefed at this point in time but will be informed when this policy is implemented and the Council Tax Recovery team have subsequently amended working practices to take account of this change.