

BEST VALUE COMMISSIONERS

NOTES

FINANCE SUB-BOARD MEETING

Wednesday 8th January 2025 2.00 – 4.00pm

Apologies:

Joanne Roney, Managing Director, BCC
Jonathan Woodward, Head of Revenues, BCC
Max Caller, Lead Commissioner
Tom Smith, Chief of Staff to the Commissioners

Attendees:

Chris Tambini, Finance Commissioner (Chair)
Fiona Greenway, Interim Chief Financial Officer
Cllr Karen McCarthy, Cabinet Member, Finance and Resources
Cllr Meirion Jenkins, Finance lead for Opposition (Conservative)
Cllr Paul Tilsley, Finance lead for Opposition (Lib Dem)
John Biggs, Political Advisor to Commissioners and BCC (part)
Rishi Shori, Deputy Chief Executive, BCC (part)
John Coughlan, Commissioner (part)

Jackie Belton, Commissioner (part)
Cllr John Cotton, Leader of the Council (part)
Andrew Healey, Finance Business Partner, BCC
Tim Savill, AD Revenues, Benefits and Rents, BCC
Chris Tate, Strategic Adviser for Finance, BCC
Tim Bell, Consultant, Corporate Finance, BCC
Nikhita Nachiappan, representing MHCLG Chief of Staff
Kathryn Clarke, Business Support, BCC (notes)

1. Welcome

The Chair welcomed attendees.

2. Minutes of last meeting and actions update

Attendees acknowledged the minutes of the previous meeting as a true record and reviewed and updated progress on actions.

3. Finance Update

(Fiona Greenway)

Fiona Greenway presented slides and discussed 2023/24 provisional outturn and predicted outturn for 2024/25, 2026/27.

Key points:

- The final outturn of £76m overspend for 2023/24 is within the predicted range of £75 – 78m.
- Due diligence is ongoing to ensure areas of overspend in 2023/24 have been mapped across to 2024/25.
- 2024/25 budget forecast was presented to Cabinet in December 2024. The forecasted gross expenditure of £4.17bn reflects a £10m reduction in the exceptional financial support (EFS) required.
- The provisional settlement figures have now been received and scrutinised and will be set out in the January 2025 Cabinet Report.
- 2025/26 budget projections currently indicate a £15.6m budget gap, Fiona Greenway will continue to review contingency levels with the aim to meet a balanced projection in preparation for presenting to Cabinet in January 2025. The Finance Overview and Scrutiny board have reviewed and approved all delivery plans for savings proposals for 2025/26.

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	<ul style="list-style-type: none"> Pressures were noted in connection with areas such as business rates appeals and Highways PFI. Chris Tate will circulate the breakdown of pressures identified for 2025/26 for information. This detail will also be included in the January 2025 Cabinet Report. There is no intention to seek EFS for 2025/26 if agreement to a further Council Tax increase is approved. February 2025 Cabinet Report will provide further information on the budget projection for 2026/27, including where the predicted gap of £100m can be mitigated. The intended aim is to provide a balanced budget for the next two years from 2025 – 2027. Cllr Tilsley requested an overview of the proposed asset sales to meet the latest target of £750m. This will be tabled as an item for the February 2025 meeting.
ACTIONS: Chris Tate will circulate the breakdown of budget pressures identified for 2025/26. An overview of proposed asset sales to meet the latest target of £750m will be tabled as an item for the February 2025 meeting.	
4.	<p>Finance Modernisation (Fiona Greenway) Fiona Greenway presented slides on the Finance Improvement and Recovery Plan. Key points:</p> <ul style="list-style-type: none"> Improvement priorities have been identified both within the Oracle system and in the wider financial management process, meaning some areas of improvement can be addressed in parallel with the Oracle reimplementation programme. Issues were identified where lack of initial training on the Oracle system had resulted in attempts to replicate the SAP system. A full training programme for reimplementation will mitigate any future risk. <p><u>Debt Recovery Update provided by Tim Savill</u></p> <ul style="list-style-type: none"> Due to both the impact of the Covid pandemic and the issues with Oracle, debt recovery has been impacted to the outstanding value of £149m (figures for October 2024). Key areas of debt include Council Tax, Business Rates and overpayment of benefits not reclaimed, however there are 60 different debt types subject to varying legislation and recovery approaches, resulting in a lack of consistency and communication across the organisation. Poor data quality and a variable approach to management and performance has impacted the scale of the recovery programme as issues have been revealed. A project roadmap has been developed to identify 'quick wins' and opportunities to accelerate the debt recovery programme. Parking and warrant debt management and reporting to the National Persistent Evaders database requires some improvement to support the recoup of the existing and ongoing £3m recurring debt. Data analysis is required to determine whether capital investment in parking technology could be offset by the resulting debt reduction. Workshops are being held to review data from the parking system to support the development of the debt collection strategy. Adult Social Care debt will undertake a deep dive as soon as possible, as another key area of debt recovery.

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	<ul style="list-style-type: none"> • Some historic debt is still in accounts receivable and needs to be passed to debt collection agencies. This area of work requires an agreed approach. • The Oracle team are supporting with the creation and despatch of statements, which are required before recovery letters can be issued. A new separate resource is being procured to support with the running of this process, outside Oracle. • Temporary Accommodation debt is a priority as it is difficult to recover after residents have moved on. Collectability of debt requires review and prioritisation. • Resident data and debt track record can support the approach to managing and repaying debt accrued, including up-front payment for services. Only discretionary services can be withdrawn for non-payment, statutory services must continue. • Cllr McCarthy suggested exploring alternative methods to track down debtors, including social media platforms. • Some recommendations for debt management will require process and expertise development, tighter contract management for collection and more resource into enforcement and sundry debt management. <p>Chris Tambini noted debt as an area of high concern for Commissioners and requested a review of the programme to ascertain priorities, timelines and resources required.</p>
	<p>ACTIONS:</p> <p>Fiona Greenway will review the debt recovery programme and provide proposals to clear existing debt within one year.</p> <p>Andrew Healey will provide a categorised breakdown of debt across the organisation.</p>
5.	<p>Housing Budget <i>(Fiona Greenway / Andrew Healey)</i></p> <p>Andrew Healey presented slides on the Housing Revenue Account (HRA) financial position and provided a brief introduction to funding in City Housing.</p> <p>Key points:</p> <ul style="list-style-type: none"> • The HRA business plan was developed in 2022 by Finance and reviewed last year by City Housing, in line with their strategic priorities to develop a 30 year plan to reflect new legislation, recommendations from the Social Housing Regulator and meet the decent homes standard for all BCC stock. The plan will cover upgrades and maintenance to existing housing stock and some decarbonisation work. • All planned borrowing for the HRA will be repaid by the end of the plan period. • Repairs and maintenance procurement will be reflected in the next iteration of the business plan. • Disrepair and housing improvement is resulting in a predicted overspend for 2024/25. This is being mitigated and offset against rental income, where possible. • It is predicted that 2025/26 should provide a balanced budget, with the repairs programme predicting a cost reduction by year 4 due to the decent homes work undertaken and offset against planned rent revenue.

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	<p>Cllr Jenkins requested data on the number of units BCC currently owns and whether they could be sold to private sector.</p> <p><i>Andrew Healey confirmed that BCC currently owns 159k residential units.</i></p> <p><i>Jackie Belton confirmed that retaining and maintaining the stock is the most cost-effective approach as many private sector landlords would not accept the properties in their current condition or with the capped rents for local authority tenants. The plans proposed will provide a more sustainable and, ultimately, self-financing solution.</i></p> <p>Cllr Jenkins requested information on the expected timeframe for residency and the risks associated with the right to buy.</p> <p><i>Jackie Belton advised that this type of housing would be considered a permanent solution for families and not regarded as temporary accommodation, which is a separate category.</i></p> <p><i>Andrew Healey confirmed that right to buy legislation has changed, with the discount being a percentage of market value but capped at £26k, which would avoid risk associated with investing in the upgrade of properties for them to then be sold at a considerably reduced rate under the right to buy scheme.</i></p> <p><i>Jackie Belton reiterated that planned work would not be regarded as improvement as its intention is to meet the landlord's obligation to the decent homes standard.</i></p>
<p>ACTIONS:</p> <p>None noted</p>	
6.	<p>Any other business</p> <p>None noted</p>
<p>Date of next meeting: 29th January 2025 3-5pm</p>	

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