

SCRUTINY BOARD (STRATEGY AND RESOURCES)

MONDAY, 12TH NOVEMBER, 2018

PRESENT: Councillor P Grahame in the Chair

Councillors G Almas, A Blackburn, S Firth,
R Grahame, D Jenkins, J McKenna,
M Robinson, A Smart and P Wray

39 Appeals Against Refusal of Inspection of Documents

There were no appeals against refusal of inspection of documents.

40 Exempt Information - Possible Exclusion of the Press and Public

There were no exempt items.

41 Late Items

There were no late items.

42 Declaration of Disclosable Pecuniary Interests

There were no declarations of disclosable pecuniary interests.

43 Apologies for Absence and Notification of Substitutes

An apology for absence had been received from Cllr. Goddard.

Cllr. Ron Grahame was in attendance at the meeting as his substitute.

44 Minutes - 10th September 2018

RESOLVED - The minutes of the meeting held on 10th September 2018 were approved as a correct record.

45 Matters Arising

Minute No. 32. Draft Gambling Act 2005 Statement of Licensing Policy

Further to the Chancellor's budget announcement last month, the Board expressed concern that a reduction in Fixed Odds Betting Terminal stakes from £100 to £2 was being delayed. The Executive Member for Resources and Sustainability echoed the Board's concern and highlighted that the Council would be making representations on the matter.

Minute No. 37. Work Schedule

Further to the Board's request, it was noted that a copy of the Council's latest Social Media Guidance Note for Members had been circulated to Board Members along with details of the structures and processes already in place linked to its ongoing review and any associated training needs of Members. In light of the Scrutiny Board's continued interest in

this matter, it was agreed that the Board be kept informed of the ongoing development of the guidance.

46 Update on current business rates issues

The report of the Chief Officer Financial Services provided an update on issues relating to Business Rates following the work undertaken by the Strategy and Resources Scrutiny Board last year.

In particular, the report provided an overview of the current Business Rates Retention pilot and the application for a Business Rates Retention pilot in 2019/20. It also gave reasons for the volatility of Business Rates and looked at issues within the context of the Fair Funding Review and the Business Rates System Reset.

In attendance at the meeting were:

- Cllr. James Lewis – Executive Member for Resources and Sustainability
- Doug Meeson – Chief Officer, Financial Services
- Richard Ellis – Head of Finance

In consideration of the report, the following key points were made:

- Business Rates remains a high profile issue and featured in the Chancellor's recent budget announcement, with further discounts being awarded to businesses in properties that have a rateable value up to £53,000;
- Numbers of appeals in Leeds continue to reduce, with 851 being settled within the first six months of this year;
- Whilst there were 1,843 outstanding appeals as of 30th September 2018, it was not known how long it would take to reduce the backlog. It was noted that this may be dependent on the difficulty of the cases outstanding;
- A large number of outstanding appeals were lodged against the 2010 ratings list. No appeals had yet been lodged against the 2017 ratings list. Linked to this, it was noted that the Government had reformed the appeals process with a new system, coming into force for the 2017 list, called 'Check, Challenge, Appeal'. Under this system ratepayers have to put forward a suggested alternative Rateable Values for their property, and give more robust arguments why this Rateable Value should apply.
- It was noted that the introduction of a new portal coming online in the Autumn of 2018 could potentially impact on appeal trends as this will allow ratings agents to lodge appeals on behalf of multiple clients.
- It was noted that HMRC calculate the rateable value of properties and this is updated regularly. Details of property values are publically available and listed on the Data Mill North;
- The Business Rates team check the planning permissions and ensure charges are applied as quickly as possible;

- Local MP's were asked to lobby the Government to support the Council's application for the Business Rates Retention Pilot in 2019/20 as this could provide a £7m saving. The outcome of the application would not be known until 6th December 2018.
- Clarification was sought regarding Business Rates Relief for charitable organisations and Academies. It was noted that as the number of Academies increases, this reduces income to the local authority for which there is no compensation.
- Concern was raised about the potential misuse of mandatory charity relief to evade or avoid taxation. Whilst it was noted that due diligence is taken in relation to ascertaining credibility of charitable organisations, it would prove difficult to assess all organisations on a regular basis.
- In maintaining a watching brief of issues surrounding Business Rates, the Chair requested that lead officers from the Council's Business Rates Team be invited to contribute to future discussions of the Board.

RESOLVED – To note the content of the report.

(Cllr. J McKenna joined the meeting at 11:05 am during this item)

47 Devolution

The report of the Chief Executive updated the Scrutiny Board on matters related to the progress of Devolution. Appended to this report was an Executive Summary of the latest 'One Yorkshire' devolution submission to the Government.

The Chair welcomed Cllr. Judith Blake, the Leader of Council, and Ben Still, Managing Director of West Yorkshire Combined Authority, who were in attendance for this item. The Chair reported that unfortunately the Chief Executive, Tom Riordan, was unable to attend.

Cllr. Blake introduced the report and in doing so, made reference to the Devolution updates that are regularly reported to full Council too.

It was particularly acknowledged that the 'One Yorkshire' proposal aims to secure an ambitious deal for the widest possible Yorkshire geography, including Leeds City Region, and continues to have strong local support from residents, businesses, 18 local authorities and the Sheffield City Region Mayor.

In response to the Government's requirements, it was highlighted that proposals surrounding the One Yorkshire governance arrangements were also included in the 10th October 2018 submission to the Secretary of State. Such arrangements reflect Yorkshire's scale and diversity and are based on a single One Yorkshire Combined Authority which would be overseen by a directly elected Mayor from May 2020.

Whilst acknowledging the Government's previously stated position that the Sheffield City Region (SCR) deal must be fully implemented before progressing the One Yorkshire proposal, it was noted that Yorkshire Leaders

have since proposed that the implementation of the SCR deal and a One Yorkshire deal could pragmatically be progressed in parallel instead of entirely sequentially.

However, the Board was informed that no response had yet been received from the Secretary of State (Ministry of Housing Communities and Local Government) to the latest submission on 10th October 2018.

The Chair therefore agreed to also write on behalf of the Scrutiny Board to the Secretary of State (the Rt Hon James Brokenshire MP) reinforcing the need for Central Government to acknowledge the potential economic benefits of Devolution for Yorkshire communities and for Ministers to commit to a meeting with the One Yorkshire Leaders in order to progress this further as a matter of urgency.

Responding to further questions from Board Members, the following key points were also made:

- It was noted that the independent economic study had been commissioned to set out the economic benefits to the region and had been undertaken by a group called 'Steer';
- It was noted that the Yorkshire brand was already well known and that people understood what it was and acknowledged that it had already proved a success in relation to tourism with Welcome to Yorkshire;
- It was felt that the dynamics of the Northern Powerhouse would increase with the One Yorkshire proposal benefitting the area with transformational change which would increase confidence in the area and show how the north could contribute to the economy of the country.

RESOLVED –

- (a) That the contents of the report be noted.
- (b) That the Chair writes on behalf of the Scrutiny Board to the Secretary of State (the Rt Hon James Brokenshire MP) reiterating the importance of Ministers urgently meeting with the One Yorkshire Leaders to progress proposals for a One Yorkshire devolution deal.

48 Effective Procurement

The report of the Chief Officer, Financial Services provided an update to the Board on the ongoing support from Procurement and Commercial Services (PACS) to the commissioning activity by the Council. The report covered the following points:

- Social Value
- Non and off contract expenditure and compliance
- Faster Payments Service
- Contractor Insolvency and Profit Warnings
- Waivers
- Future Issues

In attendance at the meeting were:

- Councillor James Lewis, Executive Member for Resources and Sustainability
- Paul Hyde, Head of Commercial (Finance)
- Dominic Bailey, Procurement and Commercial Senior Officer

The Board was informed that PACS was in the process of reviewing the Council-wide procurement strategy. It was noted that many of the outstanding issues identified in the report would be addressed in the updated procurement strategy. An outline of the strategy would be presented to Executive Board at its meeting in December prior consultation with a report back to Executive Board for final approval in early 2019/20.

In response to Members questions the Board was informed of the following points:

- In relation to the collapse of high profile companies Members were informed that the Council was not able to influence what was happening and usually any action was retrospective;
- A copy of the guidance on 'company financial health checks and profit warnings' and been appended to the submitted report;
- It was noted that Business Rates Relief could be given to companies who were going through hardship.

During the meeting, particular attention was given to the use and prevalence of waivers, especially surrounding annual events and contracts. The Board was of the view that better training was required in the use of waivers and that there should also be a more robust checks and challenge by PACS prior to the use of a waiver. Linked to this, the Board acknowledged that Internal Audit had carried out a recent review of waivers and would be finalising its report in due course. However, the Board was pleased to learn that key recommendations arising from this review already refer to the need for more robust templates for raising waivers; delivery of training to decision makers; and changes to the process for issuing waivers to allow final check and challenge from PACS to ensure integrity and the correct use.

RESOLVED –

- (a) To note the content of the report.
- (b) To maintain a watching brief surrounding the development of the new Procurement Strategy 2019-2023 and the implementation of recommendations arising from the recent Internal Audit review.

49 Work Schedule

The report of the Head of Governance and Scrutiny Support requested the Board to consider the work schedule for the remainder of the current municipal year.

The Principal Scrutiny Adviser advised the Board of forthcoming working group meetings as follows:

- Session 2 of the Scrutiny Board's Inquiry into Embracing Digital Technology Solutions – Tuesday 11th December at 1pm;

- Maximising the Apprenticeship Levy – Friday 14th December at 10am

During the meeting, the Chair explained that she would struggle to attend the Board's next scheduled meeting on 14th January 2019. As such, the Board agreed to find another suitable meeting date. *Following the meeting, the Principal Scrutiny Adviser confirmed that the Board's next meeting would now take place on Monday 21st January 2019 at 10.30 am.*

RESOLVED –

- (a) To agree the work schedule as appended to the submitted report as a basis for the Board's work for the remainder of 2018/19.
- (b) To reschedule the Board's next meeting (now to be held on Monday 21st January 2019 at 10.30 am)

50 Date and Time of Next Meeting

The next meeting of the Strategy and Resources Scrutiny Board to be held on Monday 21st January 2019 at 10:30am (pre-meeting for all Board Members at 10:00am)

The meeting concluded at 12:20pm.