

THE OVERVIEW AND SCRUTINY COMMITTEE

18 February 2013

Attendance:

Councillors:

Pines (Chairman) (P)

Cook (P)

Evans

Gemmell (P)

Gottlieb (P)

Hutchison (P)

Learney (P)

Read

Sanders (P)

Scott (P)

Wright (P)

Deputy Members

Councillor Phillips (Standing Deputy for Councillor Read)

Councillor Tod (Standing Deputy for Councillor Evans)

Others in attendance who addressed the meeting:

Councillors Wood (Leader), Godfrey (Portfolio Holder for Finance and Administration) and Coates (Portfolio Holder for Housing)

Others in attendance who did not address the meeting:

Councillor Tait (Portfolio Holder for New Homes Delivery)

1. **CHAIRMAN'S ANNOUNCEMENTS**

The Committee noted that Cabinet's detailed response to the Access to Services in the Market Towns and Rural Areas Informal Scrutiny Group (ISG) would be via a Portfolio Holder's Decision Notice, to be published following discussions between the Portfolio Holder and the Chairman of the ISG.

2. **MINUTES**

RESOLVED:

That the minutes of the previous meeting of the Committee held on 21 January 2013, be approved and adopted.

3. **DISCLOSURE OF INTERESTS**

Councillor Godfrey declared a disclosable pecuniary interest in respect of Reports CAB2453, CAB2454 and CAB2445 (HSG), as a County Council employee. However, as there was no material conflict of interest regarding any of these items, he remained in the room, spoke and answered the Committee's questions under the dispensation granted by the Monitoring Officer on behalf of the Standards Committee.

Councillor Wright indicated that he had not applied for a dispensation in respect of CAB2454, due to being a Council Tax payer within the District, as he considered that it was an over cautious approach to interpretation of the Localism Act 2011 and unnecessary. He participated and voted. The Corporate Director (Governance) confirmed that a recent ministerial letter had expressed that view, but a number of local authorities had taken the precautionary approach of using the dispensation provisions in the Act, for the avoidance of any doubt. The Department of Communities and Local Government was considering updating the Guidance, but this was not yet available.

Other Councillors present declared disclosable pecuniary interests in respect of CAB2454, due to being Council Tax payers within the District. However, as there was no material conflict of interest regarding this item, they remained in the room, spoke and (in the case of Committee Members only) voted under the dispensation granted by the Monitoring Officer on behalf of the Standards Committee

4. **CAPITAL PROGRAMME 2012/13 – 2015/16** (Report CAB2453 refers)

The Committee noted that the above report had been considered by Cabinet at its meeting held 13 February 2013, where the recommendations had been agreed as set out.

Councillor Godfrey introduced the Report and highlighted the proposed £10m budget for Property Acquisition and Development. He also drew attention to the £7m budget for Silver Hill associated development. The £4.2m budget for RPLC only took account of essential repairs and would need to be reviewed when the Council considered its preferred options later in the year.

Councillor Godfrey pointed out the likelihood that the Council would have to borrow money in the next two years to finance the Capital Programme.

It was also noted that the budget for the City Offices only related to essential repairs and future options would need to be considered. The Chief Executive indicated that Members would be briefed later in the year.

In response to concerns, Councillor Godfrey explained that the Property Acquisition and Development budget would not result in the Council becoming a commercial, speculative developer. Rather, the budget would be used to take advantage of any property opportunities that might arise to promote the District's economic vibrancy which would also generate an income for the Council. Councillor Wood highlighted the proposed Silver Hill doctors' surgery and multi-storey car park as examples of this approach. Councillor Godfrey emphasised the importance of the Council looking to create new income streams to preserve services, in the face of dwindling Government grants, and that each new scheme would be subject to a thorough business case analysis. He also highlighted the current approach to seeking full Council approval for any spending above £1m for schemes of this nature.

At the conclusion of debate, the Committee agreed to note the Capital Programme, as set out in the Report. Although the majority of the Committee welcomed the principle of the Property Acquisition and Development budget, concerns were raised regarding the considerable risks associated with buying land /properties, particularly should the Council then undertake development itself, and the importance of a robust business case for each scheme.

RECOMMENDED:

THAT THE CAPITAL PROGRAMME 2012/13 – 2015/16 AS SET OUT IN REPORT CAB2453 BE NOTED.

5. **TREASURY MANAGEMENT STRATEGY 2013/14**
(Report CAB2455 refers)

The Committee noted that the above report had been considered by Cabinet at its meeting held 13 February 2013, where the recommendations had been agreed as set out.

Councillor Godfrey introduced the Report and explained that the proposed changes to the Strategy and investment policies were a response to the increased importance of treasury management, following the housing finance changes.

Members raised concerns regarding the experience and advice given by the Council's external Treasury Management Consultants and the risk profile they had recommended the Council adopt. In response, the Committee noted that the consultants had been appointed following a competitive procurement process and that the same company also advised many other local authorities, including the County Council. Internally, Council officers reviewed Treasury Management on a daily basis, and that there were monthly reviews and reports to the Performance Management Team and twice yearly reviews by Members via the Audit Committee.

During debate, the Head of Finance highlighted the annual Members' Training on Treasury Management and how that training could include an exercise which stress-tested the Council's investment options.

At the conclusion of debate, the Committee supported the Report's developments in Treasury Management, but raised concerns regarding the future risks on borrowing and investments.

RECOMMENDED:

THAT THE TREASURY MANAGEMENT STRATEGY 2013/14 AS SET OUT IN REPORT CAB2455 BE NOTED.

6. **BUDGET AND COUNCIL TAX REPORT 2013/14**
(Report CAB2454 refers)

The Committee noted that the above report had been considered by Cabinet at its meeting held 13 February 2013, where the recommendations had been agreed as set out. Cabinet had recommended no increase in Members' Allowances for 2013/14. Councillor Godfrey explained to the Committee the corrections to the Report, which had been highlighted to Cabinet. The Head of Finance also agreed a correction to recommendation 4 (for Cabinet) which should read "£792,379" rather than "£792,365".

In response to questions, Councillor Godfrey explained that, whilst national negotiations were continuing, it was hoped that within the 1% total increase in staff wages, a greater increase could be afforded to lower paid staff. He also explained that Personnel Committee would consider a report on "the living wage," and that 10 posts at the Council currently fell beneath this level. Members also raised concerns regarding the increasing costs of the pension liability to the Council.

Members raised concerns about the projected budget for 2013/14, both in regard to the predicted low level of reserves at that time and the effect of the withdrawal of the Council Tax Freeze support from the Government. In response, Councillor Godfrey stated that it was important that the Council prepare for this change now, by reducing expenditure and increasing income where possible, to minimise the detrimental effect on services to the public.

RECOMMENDED:

THAT THE BUDGET AND COUNCIL TAX AS SET OUT IN THE REPORT (SUBJECT TO THE ABOVE MINOR CORRECTIONS) BE NOTED.

7. **HOUSING REVENUE ACCOUNT BUDGET 2013/14 AND BUSINESS PLAN 2013/14 TO 2043/44**

(Report CAB2445 (HSG) refers)

The Committee noted that the above Report had been considered by a meeting of the Cabinet (Housing) Committee, held 30 January 2013, and at Cabinet, held 13 February 2013. At both meetings, the recommendations were agreed as set out.

Councillor Coates introduced the Report and drew the Committee's attention to the key budget items outlined therein.

In response to questions, the Committee noted that the Council had identified approximately 20 over-occupied Council properties which could benefit from the loft conversion (or extension) scheme. As each conversion was likely to cost between £20,000 to £50,000, it was possible that if all the properties proved to be suitable for conversion and came forward in the same year, the existing budget of £200,000 might not be sufficient. Officers were therefore reviewing the scheme's progress and were mindful of the possible demand beyond the initial 20 identified properties.

In response to other questions, the Committee noted that the stock survey was likely to be a three month process and would start in early summer 2013, following the resolution of IT difficulties.

The Committee raised concerns regarding the possible effect of Government changes to Housing Benefit. It was noted that as part of the Council's response, tenants who wished to downsize would be given a "Band 2" priority and therefore were likely to be placed ahead of most others on the housing waiting list. However, the likelihood of these applicants actually being able to move was dependant on the limited number of available smaller properties in the housing stock. Furthermore, it was noted that these smaller properties may not be in the area requested by the tenant who wished to downsize.

Councillor Coates explained that he had written to the District's MPs expressing his concern about the under-occupation element of the housing welfare reform. He had asked the MPs to encourage the Government to rethink how the changes affect people on housing benefit who had "spare" rooms, but in practice used these rooms for carers. The Committee welcomed the thrust of Councillor Coates' letter and requested that the response when received be distributed to Members.

In order to mitigate the effects of the Government's reform, the Council had increased the capacity of the Housing Management Team to offer support and advice to tenants, but anticipated significant potential housing rent arrears, at least, in the short term.

The Council also held a budget of £100,000 for Discretionary Housing Benefit, although it had calculated that the total reduction in benefits to its tenants would be approximately £300,000 per year.

The Chief Executive explained that a Members' Training Session on Housing Benefit Reform would be held on 28 February 2013.

The Committee also noted that, whilst the installation of photovoltaic roofs could be re-considered as part of future energy efficiency reviews, the Council had chosen not to implement the scheme in 2011/12. This was because the schemes had become less attractive after the Government reduced the tariff and, in light of the increased financial risk to the Council, it had agreed to prioritise its limited resources on key repairs and new builds.

The Head of Housing Services also explained how changes to the right to buy scheme now meant that the Council could reinvest a greater proportion of the proceeds into new Council housing and how the estates improvements programme (funded from the HRA) was targeted at schemes that benefitted tenants rather than the general/owner-occupier community.

During debate, the Committee also noted the Council's and private sector's response to house an aging population and the increase in the number of homeless.

In response to a question, Councillor Coates explained that the treatment of the £10m internal borrowing from the General Fund for the HRA would be returned over a period to the General Fund, but that this would not restrict the HRA's future borrowing ability within the total debt ceiling.

At the conclusion of debate, although concerns were raised that the scheme initially would benefit only a few tenants, the Committee welcomed the loft conversion programme as a cost effective way to increase the housing stock and as a scheme that would also help the local construction trade. The Committee also underlined its concerns regarding the possible effects of the Housing Welfare Reform.

RECOMMENDED:

THAT COMMITTEE'S DISCUSSION ON THE HRA BUSINESS PLAN AS SUMMARISED ABOVE BE NOTED, IN PARTICULAR ITS WELCOMING OF THE LOFT CONVERSION SCHEME (ALTHOUGH AT THIS EARLY STAGE IT ONLY AFFECTED A FEW PROPERTIES) AND ITS CONCERNS REGARDING THE POSSIBLE EFFECTS OF THE HOUSING BENEFIT WELFARE REFORMS.

8. **BATCH 4 INFORMAL SCRUTINY GROUPS (ISGs)**

(Report OS62 refers)

During discussion, Members raised concerns that the selection of ISG topics had been limited to the ISG Chairman only and that it appeared to exclude any pre-scrutiny.

At the conclusion of debate, the Committee agreed appoint the three ISG topics recommended in the Report, but that the "Making Member Involvement and Decision Making More Effective ISG" be split into two separate ISGs. One would look solely that the Council's ability to implement Scrutiny Group recommendations and the other look at making Council meetings more effective and the issue of returning to the pre-2000 Committee system.

In addition, the Committee recommended that the following issues be considered, along with the other potential topics set out the report, for future waves of ISGs:

- The Council's Consultation Processes
- The Museums Service
- To Identify the Public Health Needs of the District (to influence public health policy)

The Committee noted that the membership of the Informal Scrutiny Groups would be considered by Group Managers after the meeting and it was anticipated that the new ISGs would start their work as soon as possible. The detailed terms of reference would be set by the ISGs at their first meeting.

RESOLVED:

That the following Informal Scrutiny Groups (ISGs) be established:

- i) Making Member Involvement and Decision Making More Effective (to be chaired by Councillor Wright)
- ii) The Council's ability to implement ISG recommendations (to be chaired by Councillor Hutchison)

iii) The Guildhall as a Commercial Venue (to be chaired by Councillor Scott)

iv) Access, Exclusion and how we address it (to be chaired by Councillor Evans)

9. **ASSET MANAGEMENT PLAN (PROGRESS REPORT) (LESS EXEMPT APPENDIX D)**
(Report OS63 refers)

The above report had not been published on the agenda within the statutory deadline. The Chairman agreed to accept this item onto the agenda, as a matter requiring urgent consideration, due to the need to consider alongside the Council's budget process.

In response to questions the Head of Estates explained that as soon as negotiations on Avalon House reached a conclusion, Members would be informed. Members also noted that a report was currently being prepared on the options for the City Offices.

The Head of Estates also explained that the provision of office space for charities and space for small businesses had been considered as part of the Plan. He also confirmed that, whilst spending was anticipated to reduce dramatically in 2015/16, the proposed Management Plan was adequate.

RESOLVED:

1. That the progress in the implementation of the Asset Management Plan be noted.

2. That the amended work programme set out in Appendix B of Report OS63 be recommended to the Portfolio Holder for approval.

10. **SCRUTINY WORK PROGRAMME (REPORT OS59 REFERS) AND MARCH 2013 FORWARD PLAN AND ITEMS FOR FUTURE CONSIDERATION**

RESOLVED:

That the Scrutiny Work Programme and Forward Plan for February 2013 be noted.

11. **EXEMPT BUSINESS**

RESOLVED:

1. That in all the circumstances, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

2. That the public be excluded from the meeting during the consideration of the following items of business because it is likely that, if members of the public were present, there would be disclosure to them of 'exempt information' as defined by Section 100I and Schedule 12A to the Local Government Act 1972.

<u>Minute Number</u>	<u>Item</u>	<u>Description of Exempt Information</u>
##	Asset Management Plan (Progress Report) Appendix D) Information relating to the financial or business affairs of any particular person (including the authority holding that
	Stanmore Land Acquisition) information). (Para 3 to Schedule 12A refers).

12. **ASSET MANAGEMENT PLAN – EXEMPT APPENDIX D**
(Report OS63 refers)

RESOLVED:

That the financial information set out in the exempt appendix be noted.

13. **STANMORE LAND ACQUISITION**
(Report CAB2460)

The Committee considered the above exempt Report. During discussion, the Committee received reassurances from the Head of Estates regarding the business case for the acquisition.

RESOLVED:

That the consequential changes to the Capital Programme arising from Cabinet decision on the above Report be noted.

The meeting commenced at 6.30pm and concluded at 10.40pm.

Chairman