

THE SCRUTINY COMMITTEE

Tuesday, 12 November 2024

Attendance:

Councillors
Brook (Chairperson)

Wallace
Achwal V
Batho
Laming

Pett
Reach
Bolton

Apologies for Absence:

Councillor Clear

Deputy Members:

Councillor Cramoysan in place of Cllr Clear

Other members in attendance:

Councillors Horrill, Godfrey, Lee, Cutler, Learney, Porter, Thompson, Tod and Westwood

[Video recording of this meeting](#)

1. **APOLOGIES AND DEPUTY MEMBERS**

Apologies for the meeting were noted as above.

2. **DECLARATIONS OF INTERESTS**

Councillor Malcolm Wallace declared a non-pecuniary interest concerning items on the agenda that may be related to his role as a County Councillor.

Councillor Steve Cramoysan declared a non-pecuniary interest concerning agenda items 9 and 9a relating to Kings Barton as he was the Chairperson of the Kings Barton Forum.

3. **CHAIRPERSON'S ANNOUNCEMENTS**

The Chairperson advised that the agenda contained a substantial amount of business and whilst it was planned that all items would be addressed, in the unlikely event the committee could not conclude all of this business, the committee may decide to adjourn to another suitable date. The Chairperson sought the committee's views on its priorities for this meeting's agenda.

4. **MINUTES OF THE MEETING OF 14 OCTOBER 2024**

RESOLVED:

That the minutes of the previous meeting held on 14 October 2024 be approved and adopted.

5. **PUBLIC PARTICIPATION**

Councillor Danny Lee, Councillor Caroline Horrill and Councillor Stephen Godfrey addressed the committee regarding several agenda items and a summary of their contributions were captured within the agenda item below.

6. **GENERAL FUND BUDGET OPTIONS & MEDIUM-TERM FINANCIAL STRATEGY**

Councillor Neil Cutler, Cabinet Member for Finance and Performance introduced the report, ref CAB3483 which set out proposals for the General Fund Budget Options & Medium Term Financial Strategy, ([available here](#)). The introduction included the following points.

1. Local government continued to face a funding crisis. Since 2020, the government had indicated a fair funding review, including resetting business rates, ending new homes bonus, and remaining revenue support, but had only provided a one-year settlement each year. This year was no different, with another one-year settlement, expected before the end of the year, and assurances of a longer-term settlement next year.
2. The government had committed to better funding for local government but indicated that increased funding would be based on need.
3. It was prudent to assume that any longer-term settlement would result in reduced core funding for the council, with a reset in business rates, negative revenue support grant, and the end of the new homes bonus in 2026/27, mitigated by forecasts of damping these reductions over four years.
4. Core assumptions for council tax and inflation showed a reduction in revenue resources from £23.36 million in 2025/26 to £19.62 million in 2029/30.
5. The report outlined the council's approach to this financial challenge through the TC 25 project (Section 11), current financial year forecast (Section 12), government funding, council tax, inflation assumptions, fees and charges (Section 13), and budget pressures (Section 14).
6. Detailed descriptions of reserves and the General Fund Capital programme were provided, feeding into the Medium Term Financial Strategy table in Appendix One.
7. Recommendations within the report included adjustments to the base budget for ongoing work on the food waste collection service, additional support for homelessness, contract inflationary increases for the garden waste service, and creating a capital budget to transfer Section 106 funds to Wickham Parish Council.

Liz Keys, Director (Finance) provided the committee with an update which included the following:

1. That the council continued to face pressures due to increased service usage and the cost of delivering services.
2. That uncertainty around long-term funding made forward planning difficult and that the council awaited the December funding settlement information.
3. The paper sought approval to develop the detailed budget to be presented in February 2025, marking a step in the ongoing budget preparation journey.

Councillor Danny Lee addressed the committee and highlighted the following points. Councillor Lee questioned the correlation of the MTFS with the 2025 Council Plan and expressed concerns about the balance between climate mitigation and adaptation resilience. He inquired about the risk and confidence in delivering efficiency savings and sought clarification on the business rates pool and additional funds for homelessness. He also raised concerns about the costs of waste food collection, council contract renewals, and the digital transformation programme.

Councillor Stephen Godfrey addressed the committee and highlighted the following points. Councillor Godfrey emphasised the importance of the MTFS and highlighted the continued uncertainty in government announcements affecting future financial planning. He stressed the need to achieve the £3 million per annum savings target of the TC-25 programme and questioned the genuineness of reported savings. He urged the scrutiny committee to ensure the report accurately reflected both positive and negative financial impacts and addressed the larger financial gap due to decreased planning and building control incomes.

The committee was recommended to scrutinise and comment on the proposals within the attached draft cabinet report, ref CAB3483 which was to be considered by the cabinet at its meeting on 20 November 2024.

The committee proceeded to ask questions and debate the report. In summary, the following matters were raised.

1. A question was asked about the additional cost per annum for providing the food waste service and why it was not covered by the new burdens funding.
2. Further clarification was sought regarding the cost-benefit analysis for the early implementation of the food waste service.
3. Clarification was requested for the additional uptake of service and the increase in fees relating to the garden waste service.
4. A question was asked about the impact of the council's property assets on the budget and suggested a briefing or further meeting regarding asset management.

5. Further clarification was sought on the process of releasing reserves, particularly the £1.9 million reserve to mitigate slower than expected recovery. A further question was asked on the review of reserves and the adequacy of the council's reserves.
6. A question was raised about the progress of the TC-25 programme in achieving its £3 million savings target and the ongoing review process. Further clarification was requested on the inclusion of certain aspects of the TC-25 process, such as the increase in garden waste service uptake.
7. A question was asked about the reduction in building control fees and the cyclical nature of planning applications and building control.

These points were responded to by Councillor Neil Cutler, Cabinet Member for Finance and Performance and Liz Keys, Director (Finance) accordingly.

RESOLVED:

1. The committee scrutinised and commented upon the report.
2. The committee agreed that 5 committee members (Councillors Brook, Bolton, Batho, Laming, and Wallace) would meet with the relevant officers and cabinet member to be briefed and to discuss relevant matters concerning the council's asset management strategy.

7. HOUSING REVENUE ACCOUNT BUSINESS PLAN & BUDGET OPTIONS

Councillor Chris Westwood Councillor, Cabinet Member for Housing introduced the report, ref CAB3478 which set out proposals for the HRA Business Plan and Budget Options, ([available here](#)). The introduction included the following points.

1. The budget for the previous financial year was set against a background of high interest rates and designed to tackle inflationary pressures.
2. CPI inflation had since fallen to 1.7% in September 2024, below the Bank of England's target of 2%. However, costs had not fallen; the pace of increase had slowed, but key cost drivers such as energy and building materials remained significantly high.
3. The main cost pressures came from five areas:
 - a. Continuing inflationary pressures on building supplies and construction.
 - b. The capital costs of maintaining the existing housing stock at the decent homes standard.
 - c. Increased costs of repairs and maintenance.
 - d. High capital financing interest rates.
 - e. New homes viability challenges due to high Public Works Loan Board interest rates.
4. The Council must set its rents in line with the rent standard and Central Government's Social Housing rent-setting guidelines, currently CPI plus 1% for 2025/26.
5. The budget options supported the council's commitment to increase investment in homes, accelerate green initiatives, deliver the 1,000 New Homes programme by 2032/33, and improve customer service and experience for repairs and maintenance.

6. A savings target of £2 million per annum had been established to mitigate these pressures, with officers meeting regularly to identify and quantify potential opportunities.
7. The approach to service charges would ensure that those who use the services pay for them, but the council would seek to ensure that any increase in service charges would be dampened.
8. The budget options would be further developed and subject to consultation to achieve a viable and sustainable HRA Business Plan.
9. The Tenants and Council Together (TACT) Board had reviewed the budget options and was broadly supportive. Their feedback would be considered as part of the ongoing budget process.

Councillor Danny Lee addressed the committee and highlighted the following points. Councillor Lee raised concerns about the financial stress on the HRA and the need for clear sustainability goals. He emphasised the importance of adopting digital ways of working to improve efficiency and future-proof housing. He also questioned the shift from in-house construction to purchasing homes and the plan to address the energy performance gap.

Councillor Caroline Horrill addressed the committee and highlighted the following points. Councillor Horrill raised concerns about the lack of a rural housing programme and sought clarification on budget allocations and service charges. She also highlighted the risk of insufficient condition data on HRA assets and was concerned about any potential cuts to the tenant involvement budget as referenced in Appendix 2 of the report.

The committee was recommended to scrutinise and comment on the proposals within the attached draft cabinet report, ref CAB3478 which was to be considered by the cabinet at its meeting on 20 November 2024.

The committee proceeded to ask questions and debate the report. In summary, the following matters were raised.

1. Further information was requested about the potential reduction in the tenant involvement budget.
2. Clarification was sought on the confidence in achieving the £2,000,000 savings target.
3. A question was raised regarding the ongoing revenue pressures related to historic RPI adjustments relating to an existing repair and maintenance contract.
4. Clarification was requested on the approach to sewage treatment works, particularly the cost recovery for services provided to private houses versus council tenants.
5. Further information was sought on the strategy for delivering new homes in rural areas, especially through rural exception sites.
6. A question was asked about the move towards full cost recovery for service charges and the implications for tenants.
7. Clarification was requested on the significant increase in the number of repairs reported and whether this was a cause for concern.
8. Further questions were raised about sewerage charges and separately the change in "One-off investments" in 2026/27.

These points were responded to by Councillor Chris Westwood Councillor, Cabinet Member for Housing, Liz Keys, Director (Finance), Simon Hendey, Strategic Director, and Kevin Harlow, Finance Manager: Housing accordingly.

RESOLVED:

1. The committee scrutinised and commented upon the report.
2. The committee requested that the tenant service charge information and data, as referred to within the report be made available to committee members.

8. **PROCUREMENT OF HRA REPAIRS AND MAINTENANCE TERM CONTRACT**

Councillor Chris Westwood Councillor, Cabinet Member for Housing introduced the report, ref CAB3463 which set out proposals for the Housing Procurement of HRA Repairs and Maintenance Term Contract, ([available here](#)). The introduction included the following points.

1. The current repairs and maintenance service carried out approximately 19,000 jobs to 5,500 homes and refurbished around 300 void properties annually, alongside day-to-day repairs.
2. The council invested around £14 million annually into refurbishment and maintenance, renewing key building components and retrofitting various energy-efficient measures.
3. The current contract with Cardo had run for around 13 years, necessitating a review to understand how best to meet current requirements.
4. A recent survey showed that 80% of tenants were satisfied with the repairs and maintenance service, and 78% were happy with the timeliness of the service.
5. The council aimed to improve the ease of doing business with the housing team.
6. Consultations were conducted with tenants, staff, members, major service providers, and other local authorities to gather insights and best practices.
7. Key outcomes included seeking a partner, to represent the council and its tenants, improve customer service and experience, and ensure continuous customer feedback.
8. The focus was on delivering value for money, not just the lowest cost, and fostering continuous innovation to improve services.
9. The council planned to expand services beyond repairs and maintenance to include planned upgrades, retrofit activities, decarbonisation of housing stock, voids refresh, and other potential services.
10. A procurement process was to be conducted over the next 18 to 24 months, with the new contract expected to start on 1 August 2026.
11. The evaluation model would reward the highest quality bid at the right price.
12. In summary, the contract aimed to drive change, improve the standard of council-owned housing, enhance residents' lives, regenerate communities, and tackle climate change.

Councillor Danny Lee addressed the committee and highlighted the following points. Councillor Lee questioned the risks of consolidating multiple budgets into a single 10-year contract and the lack of nature and whole-life considerations in the recommendations. He stressed the need for balanced environmental key performance indicators (KPIs) and found the 10% minimum for environmental social value criteria too low. He also raised concerns about the accuracy of data for estimating repair costs and the difficulty of annual budgeting predictions.

Councillor Caroline Horrill addressed the committee and highlighted the following points. Councillor Horrill noted the consultation process and the proposed 60/40 split of quality and cost in the contract. She sought clarification on the flexibility of subcontracting, the setting and use of KPIs, and the definition of a term alliance contractor. She also raised concerns about the lack of detailed data on the number and types of repairs currently performed on the council's housing stock.

The committee was recommended to scrutinise and comment on the proposals within the attached draft cabinet report, ref CAB3463 which was to be considered by the Cabinet at its meeting on 20 November 2024.

The committee proceeded to ask questions and debate the report. In summary, the following matters were raised.

1. A question was asked about the accuracy of the 19,000 repairs figure, given that last year's total was 23,793, including planned work.
2. Clarification was sought on the council's confidence in using a competitive dialogue procedure for procurement.
3. Further clarification was requested on the rationale behind the 60/40 quality-to-price ratio in the evaluation criteria.
4. A question was raised about the scope for small and medium-sized enterprises (SMEs) and local businesses to contribute within the process.
5. It was asked whether the council had considered running with two contractors for a period before moving to a single contractor.
6. A question was raised about how the council would identify and maintain high levels of quality in the contractor's work over the contract's duration.
7. Clarification was sought on the existence of a break clause in the contract for terminating it if quality standards were not met and the performance management measures, specifically if there was a midpoint review.
8. A question was raised about the specific environmental aspects included in the contract and how these would be enforced.
9. It was asked whether the contract would come back to the committee for review after a year to assess its performance.

These points were responded to by Councillor Chris Westwood Councillor, Cabinet Member for Housing, Gilly Knight, Corporate Head of Housing, Liz Keys, Director (Finance), Simon Hendey, Strategic Director and Laura Taylor, Chief Executive accordingly.

RESOLVED:

1. The committee scrutinised and commented upon the report.
2. The committee requested that a breakdown (by number and type) of repairs currently undertaken on the council's housing stock be provided to committee members.

9. **ACQUISITION OF AFFORDABLE HOMES AT KINGS BARTON**

Councillor Chris Westwood Councillor, Cabinet Member for Housing introduced the report, ref CAB3485 which set out proposals for the Acquisition of Affordable Homes at Kings Barton, Winchester, ([available here](#)). The introduction included the following points.

1. The paper sought approval for the allocation and expenditure of the new build unallocated capital budget, to purchase land and 146 new affordable properties at Kings Barton, Winchester. The council had secured these homes in a competitive process against other interested registered providers.
2. Outline planning consent for the scheme was granted on appeal by the Council as the Local Planning Authority in 2011.
3. The Section 106 agreement for the outline planning consent required a proportion of new homes to be provided as affordable, and integrated throughout the scheme and phases.
4. Acquiring Section 106 allocations in this manner was currently a more cost-effective method for the council to deliver new homes compared to direct build.
5. This approach to housing delivery was a more efficient use of in-house resources and allowed for delivery at scale compared to the direct development of small council-owned sites.
6. External expert advice was taken on the agreed price and the structure of the deal.
7. The development included a range of affordable property types and sizes for a mixture of affordable rent and shared ownership.
8. New homes would be built to building regulation energy-efficient standards with the addition of air source heat pumps, supporting the Greener Faster Council plan priority.
9. The proposed purchase met the council's approved viability tests, based on 51 shared ownership properties and 95 affordable rent units set at 70% market rent.
10. There was a strong demand for new affordable housing in this location.
11. Housing register numbers had grown in recent years across all property types, highlighting a continued need for accommodation delivery.
12. The delivery of these units at Kings Barton, intended for rented accommodation and allocated via Hampshire Home Choice, would assist the council in satisfying demand on the Housing Register.
13. Current anticipated timescales showed practical completion dates over three phases, delivering in financial years 2025/26 through to 2027/28.
14. TACT had been consulted on the allocation of funds from the New Homes Capital Programme and supported the council in providing new affordable homes throughout the Winchester district, including this specific proposal.

Councillor Danny Lee addressed the committee and highlighted the following points. Councillor Lee raised concerns about the energy gap and poor build quality in new acquisitions, emphasising the need to avoid high running costs and carbon emissions. He questioned how the council could ensure compliance with optimal building regulations and planning regimes.

Councillor Caroline Horrill addressed the committee and highlighted the following points. Councillor Horrill supported the addition of new homes and stressed the need for consistent build quality and integration of affordable homes across the development. She raised concerns about financial protection through stage payments and inquired about legal considerations in the procurement process.

The committee was recommended to scrutinise and comment on the proposals within the attached draft cabinet report, ref CAB3485 which was to be considered by the cabinet at its meeting on 20 November 2024.

The committee proceeded to ask questions and debate the report. In summary, the following matters were raised.

1. Further clarification was sought on the staged payments and the protection measures in place.
2. A question was raised about the opportunity to use the council's buying power to secure additional benefits beyond the housing units.
3. Clarification was sought on whether the houses would be built to level 5 energy efficiency standards or the level 4 standards as per the original planning permission.
4. A question was asked about the financial stability of Cala Homes.
5. A question was raised about the potential shortage of affordable homes for first-time buyers if the council purchased all the properties for social housing.
6. Clarification was sought on whether the council homes would be liable to pay management fees similar to private and shared ownership homes in the development.
7. A question was asked about the speed of delivery of the homes at King's Barton and whether there were mechanisms in place to ensure timely completion.

These points were responded to by Councillor Chris Westwood Councillor, Cabinet Member for Housing, Liz Keys, Director (Finance), Simon Hendey, Strategic Director and Caroline Egan, Service Lead - New Homes accordingly.

RESOLVED:

1. The committee scrutinised and commented upon the report.

9A **ACQUISITION OF AFFORDABLE HOMES AT KINGS BARTON
(EXEMPT APPENDIX)**

Members did not require to move into an exempt session.

10. **FUTURE OF WASTE AND RECYCLING; NEW FOOD WASTE
COLLECTIONS AND RECYCLING SERVICE.**

Councillor Kelsie Learney, Cabinet Member for Climate Emergency introduced the report, ref CAB3475 which set out proposals for the Future of Waste and Recycling; New Food Waste Collections and Recycling Service, (available here). The introduction included the following points.

1. The report set out proposals for the introduction of food waste collection, covering the budget and proposed phasing, commencing October 2025.
2. Vehicle procurement was already underway, but there was a need to acquire appropriate bins and caddies and find space for the new food waste vehicles.
3. The introduction of food waste collection would significantly reduce residual waste, leading to considerable carbon savings.
4. The aim was to move forward pragmatically to avoid excessive costs.
5. An options appraisal had been conducted on different delivery methods, with a phased rollout proposed from October to the end of March 2026.
6. Phasing the rollout would facilitate carbon reduction, make it easier to train and recruit staff, and allow for the sensible distribution of bins.
7. A recent visit to Cornwall had highlighted the importance of timing in bin delivery to avoid confusion and clutter and ensuring resident support from the beginning.

Councillor Danny Lee addressed the committee and highlighted the following points. Councillor Lee expressed concern over the cost and carbon benefits of the new waste and recycling service compared to other projects. He emphasised the need to prioritise higher pressing decarbonisation needs and reduce wider environmental harm. Additionally, he requested the scrutiny committee to consider the potential premature decisions regarding the local area energy plan and the electrification programme for the waste collection fleet.

The committee was recommended to scrutinise and comment on the proposals within the attached draft cabinet report, ref CAB3475 which was to be considered by the Cabinet at its meeting on 20 November 2024.

The committee proceeded to ask questions and debate the report. In summary, the following matters were raised.

1. A question was asked regarding the increase in costs since February 2024.
2. Further clarification was sought on the additional £70,000 attributed to Hydrotreated Vegetable Oil (HVO) costs.
3. Clarification was requested regarding the assumption that the government would fund 80% of the service costs and whether this continued to be the situation.

4. Clarification was sought regarding the use of the depot at Barfield Close by Biffa, specifically whether the additional space was needed for vehicle and staff management or for processing food waste.
5. A question was asked about the facilities anticipated at the Winnall site for the fulfilment of the food waste contract and further clarification was requested on why costs associated with the Winnall site were included in the food waste contract.
6. A question was raised about the communication strategy for informing residents of waste and recycling initiatives and whether this responsibility lay with the County Council, Winchester City Council, or individual councillors.

These points were responded to by Councillor Kelsie Learney, Cabinet Member for Climate Emergency, Liz Keys, Director (Finance) and Campbell Williams, Service Lead - Environmental Services accordingly.

RESOLVED:

1. The committee scrutinised and commented upon the report.

11. **Q2 FINANCE & PERFORMANCE MONITORING**

The Chairperson advised that this item would not be discussed at this meeting but that the Q3 report would be available shortly.

12. **TO NOTE THE LATEST WORK PROGRAMME FOR THIS COMMITTEE**

RESOLVED:

That the latest version of the work programme (which can be found here <https://democracy.winchester.gov.uk/mgPlansHome.aspx?bcr=1>) be noted.

13. **TO NOTE THE LATEST FORWARD PLAN OF KEY DECISIONS**

RESOLVED

That the latest Forward Plan of Key Decisions be noted.

The meeting commenced at 6.30 pm and concluded at 9.45 pm

Chairperson