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THE SCRUTINY COMMITTEE

Tuesday, 6 February 2024

Attendance:

Councillors
Brook (Chairperson)

Horrill
Laming
Pett

Reach
Scott
Williams

Other members in attendance:

Councillors Cutler, Learney, Tod and Westwood

[Video recording of this meeting](#)

1. **APOLOGIES AND DEPUTY MEMBERS**

None.

2. **DECLARATIONS OF INTERESTS**

Councillor Scott declared a non-pecuniary interest regarding the agenda item "Housing Revenue Account (HRA) Budget 2024/25" as he was a Council housing tenant.

Councillor Reach declared a non-pecuniary interest regarding the agenda item "Capital Investment Strategy." He advised that his home was close to the former Bar End Depot site referenced within the report.

3. **CHAIRPERSON'S ANNOUNCEMENTS**

No announcements were made.

4. **MINUTES OF THE MEETING OF THE 22 NOVEMBER 2023**

RESOLVED:

That the minutes of the previous meeting held on 22 November 2023 be approved and adopted.

5. **PUBLIC PARTICIPATION**

David Chafe, Chair of Tenants And Council Together (TACT) addressed the committee regarding the agenda item "Housing Revenue Account (HRA) Budget 2024/25" and his contribution was captured within the agenda item below.

6. **HOUSING REVENUE ACCOUNT (HRA) BUDGET 2024/25**

Councillor Westwood introduced the report, ref CAB3445 which set out proposals for the Housing Revenue Account (HRA) Budget 2024/25, ([available here](#)). The introduction included the following points.

1. That the HRA faced unprecedented financial challenges in ensuring rents and service charges covered operational and investment costs.
2. The 30-year planning horizon necessitated an annual, viable business plan, highlighting the HRA's self-financing ability and commitment to developing new affordable housing.
3. Economic challenges included high inflation and increased building costs, significantly impacting vulnerable tenants.
4. A £45,000,000 investment was being made in retrofitting council homes to enhance energy efficiency and reduce tenants' living costs.
5. A balance was being struck in recommending increasing rents by 7.7%, aligning with government policy, after extensive consultations, to maintain HRA stability and improve housing quality.
6. The business plan included significant green investments and a flexible approach to deliver the 1,000 new homes programme.
7. Strategic changes involved acquiring homes from developers, a £400,000 savings plan for housing services, asset disposals for capital investments, and digitalization for improved service accessibility.
8. The council aimed to secure approval for the HRA 2024/25 plan, focusing on rent and service charge structures, asset disposal policies, and cost recovery measures for sewage treatment works connections.

David Chafe, Chair of Tenants and Council Together (TACT) addressed the committee and highlighted the following points.

1. He acknowledged the council's response to TACT's request for detailed account information.
2. He welcomed the use of display charts and the thorough explanations provided.
3. He advised of TACT's support for the 7.7% rent increase and that TACT members understood the market and inflation effects on the HRA.

The committee was asked to comment on the proposals within the attached cabinet report, ref CAB 3445 which is to be considered by cabinet at its meeting on the 8 February 2024.

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

1. Clarification was sought regarding the staff consultation processes within Housing Services and the potential impact on the staffing structure and ultimately on tenants.
2. Discussion on maintaining investment levels in homes and services in relation to the proposed 7.7% rent increase (Section 6.1).
3. Clarification on the council's adherence to regulatory standards for rent increases set by the central government.

4. Clarification regarding the reconciliation of investment requirements and fund sufficiency for sewage treatment works, and the value assessment of credits from improvement works
5. Clarification regarding the strategy for communication of overall costs for future homes set at 80% of market rent, ensuring transparency in rent and running costs.
6. Regarding the disposal of Barnes House and any budgetary alternatives if it failed to meet the expected budgetary contribution.
7. Assurance of diverse housing tenures in the Housing Improvement business plan, particularly for younger residents.
8. Whether potential economies of scale existed in adopting hydrogenated vegetable oil vehicles across council services.
9. The budget and strategy adequacy for supporting rural housing development and new build projects in smaller communities and the Council's ability for building projects on rural exception sites.
10. The use and impact of the estate improvement program.
11. Budget allocations for major repairs and climate change emergency work for 2024/25, balancing property standards and climate goals.
12. Future plans and legislative compliance for fire safety provision work beyond 2026.

These points were responded to by Simon Hendeby, (Strategic Director), Councillor Westwood (Cabinet Member for Housing) Liz Keys, (Chief Financial Officer), and Gillian Knight, (Corporate Head of Housing), accordingly.

RESOLVED

1. That the report be noted.
2. That clarification be provided regarding the financial arrangements for fire safety provision beyond 2026.
3. That the implementation of the 80% rent strategy for new affordable rent tenants if the property met the required minimum energy efficiency requirements be clarified.
4. That cabinet considers all the committee's comments raised during the discussion of the item.

7. **GENERAL FUND BUDGET 2024/25**

Councillor Cutler, Cabinet Member for Finance & Performance introduced the report, ref CAB3444 which set out proposals for the General Fund Budget 2024/25, ([available here](#)). The introduction included the following points.

1. That the Government's initial Finance Settlement aligned closely with forecasts, varying by only £11,000 from the assumed core funding level in the Medium Term Financial Plan presented in November, but noting it was only a one-year settlement agreement.
2. That the updated budget projections showed the Council's stable financial position through 2026, albeit with identified longer-term deficits.
3. An organisation-wide transformation programme, TC25, was initiated to address a £3 million funding gap within three years.

4. Significant investments were being made and included improvements to our website and app to make contacting and reporting matters to the council easier; streamlining the back-office of the parking service to improve the operation of our car parks; and digitalisation of the planning service to make submission of applications easier and the processing of them more efficient.
5. The report outlined proposals for the next year focusing on supporting core services and the 'Greener, Faster' initiative, notably in recycling, food waste collection, and decarbonisation of the waste fleet, reducing the council's overall carbon emissions by 25%.
6. Provision existed to assist residents with the cost of living challenges through schemes like the Council Tax Reduction and additional funding for hardship schemes, alongside continued community grant support.
7. Despite longer-term financial hurdles, a balanced 2024/25 budget was presented, ensuring the preservation of essential services, and enhancing the Council's transformation capacity.

The committee was asked to comment on the proposals within the attached cabinet report, ref CAB3444 which was to be considered by the cabinet at its meeting on 8 February 2024.

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

1. The use of the exceptional financial hardship fund and whether new funding was available.
2. The impact of reducing the long-term empty property criteria from two years to one.
3. Clarification regarding any potential impact of the civil enforcement team's redesign.
4. Clarification on the budget provision for carbon offsetting projects and further details on future investment plans for carbon reduction.
5. Clarification regarding the TC25 initiative, and whether it would generate genuine efficiencies or cost reductions.
6. Clarification regarding any additional government funds/grants that had been received and an explanation of how these funds are factored into the budget.
7. Clarification was sought regarding the reduction in the building control budget and the proposed increase in associated fees.
8. Questions were asked regarding the response to the budget consultations and whether improvement in public engagement could be considered.
9. Whether the forecasted savings from TC25 considered additional government grants and if it presented figures represented worst-case scenarios.
10. Clarification was sought regarding managing or reducing the costs associated with external audit fees.
11. Clarification regarding the digital transformation budget and whether it represented ongoing maintenance or transformative projects.

These points were responded to by Councillor Cutler (Deputy Leader and Cabinet Member for Finance and Performance), Liz Keys, (Chief Financial Officer), Laura Taylor, (Chief Executive), and Councillor Tod (Leader and Cabinet Member for Asset Management) accordingly.

RESOLVED

1. That the report be noted.
2. That cabinet considers all the committee's comments raised during the discussion of the item.

8. **CAPITAL INVESTMENT STRATEGY**

Councillor Cutler, Deputy Leader and Cabinet Member for Finance and Performance introduced the report, ref CAB3443 which set out proposals for the Capital Investment Strategy, ([available here](#)). The introduction included the following points.

1. The report outlined the Council's capital spending programme, emphasising the principles that guided these investments to achieve the desired outcomes as set out in the Council plan.
2. It presented a detailed overview of the overall programme for the next ten years, including how it was financed, governance structures, risk appetite, and its impact on the Council's medium-term financial strategy.
3. The total capital programme was projected at £444.7 million over the next decade, with £39 million from the General Fund and £405.7 million from the Housing Revenue Account (HRA).
4. Appendix 2 categorised the Capital Programme by project, distinguishing between those approved for expenditure and those subject to further appraisal.
5. The strategy document included key projects, outlined the approval process, and detailed project programme management protocols.
6. It incorporated several prudential indicators as mandated by the CIPFA Prudential Code and the Department for Levelling Up, Housing, and Community Statutory Investment Advice.

In addition, Liz Keys, Chief Finance Officer, advised the committee of the following:

1. That the Prudential Code requires the S151 officer to consider the affordability and risk associated with the capital programme.
2. That the council's 10-year programme is ambitious; however, Winchester has a long history of successfully managing its capital assets to support its objectives while minimising the risks.
3. As a result, she considered the proposed programme to be affordable, sustainable, and prudent.

The committee was asked to comment on the proposals within the attached cabinet report, ref CAB3443 which is to be considered by the cabinet at its meeting on 8 February 2024.

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

1. Clarification regarding the £200,000 allocated for the demolition of the former Bar End Depot, particularly in relation to potential ground contamination and the adequacy of resident consultations.
2. Further information concerning the long-term use of the Guildhall in light of significant investments in fire safety and insulation.
3. Understanding the likelihood of the demolition of the River Park Leisure Centre in 2024/25.
4. Regarding the budgeting of £610,000 relating to 59 Colebrook Street, and the sharing of these costs with others.

These points were responded to by Laura Taylor (Chief Executive) and, Liz Keys, (Chief Financial Officer) accordingly.

RESOLVED

1. That the report be noted.
2. That cabinet considers all the committee's comments raised during the discussion of the item.

9. TREASURY MANAGEMENT STRATEGY 2024/25

Councillor Cutler, Deputy Leader and Cabinet Member for Finance and Performance introduced the report, ref CAB3446 which set out proposals for the Treasury Management Strategy 2024/25, ([available here](#)). The introduction included the following points.-

1. The strategy was an annual requirement under the Treasury Management Code.
2. It was prepared with input from Hampshire County Council's Investments and Borrowing Team, which is responsible for managing cash balances, investing surplus funds, and sourcing short-term borrowing.
3. The document outlined the forecasted borrowing need, derived from the Capital Investment Strategy and the budgets for the General Fund and the Housing Revenue Account (HRA).
4. It detailed the Borrowing Strategy, the Investment Strategy, and the Treasury Management Prudential Indicators.
5. The strategy was largely consistent with previous years.
6. Officers from Hampshire County Council and Winchester City Council were present to answer any questions.

The committee was asked to comment on the proposals within the attached cabinet report, ref CAB3446 which is to be considered by the cabinet at its meeting on 8 February 2024. The committee noted the content of the report.

RESOLVED

1. That the report be noted.

10. **TO NOTE THE LATEST WORK PROGRAMME FOR 2023/24**

RESOLVED:

1. That the latest version of the work programme was noted.
2. That the item relating to the former Bar End Depot be removed from the March meeting draft agenda.
3. That an item relating to the future waste strategy be added to the March meeting draft agenda.

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

RESOLVED

1. That the Forward Plan of Key Decisions for the period 1 March 2024 – 31 May 2024 be noted.

The meeting commenced at 6.30pm and concluded at 8.35pm

Chairperson

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