

OVERVIEW AND PERFORMANCE SCRUTINY FORUM

Tuesday, 8th December, 2015

Present:-

Councillor P Gilby (Chair)

| | | | |
|-------------|----------------|-------------|------------|
| Councillors | J Barr | Councillors | Dyke |
| | Borrell | | Miles |
| | Callan | | Sarvent |
| | V Diouf | | Simmons |
| | Derbyshire | | Slack |
| | T Murphy + | | T Gilby ++ |
| | Hollingworth + | | |

Alison Craig, Housing Services Manager - Business Planning and Strategy +

Anita Cunningham, Policy and Scrutiny Officer

Barry Dawson, Chief Finance Officer ++

Martin Elliott, Committee and Scrutiny Coordinator

+ Attended for Minute No. 41

++ Attended for Minute No. 42

39 DECLARATIONS OF MEMBERS' AND OFFICERS INTERESTS RELATING TO ITEMS ON THE AGENDA

No declarations were received.

40 APOLOGIES FOR ABSENCE

Apologies were received from Councillors Catt and Perkins.

41 CABINET MEMBER FOR HOUSING - IMPACT OF THE SUMMER BUDGET ON THE HOUSING SERVICE

The Cabinet Member for Housing, the Assistant Cabinet Member for Housing and the Housing Services Manager (Business Planning and Strategy) attended to present a report on the implications of the summer budget on the Housing Revenue Account. The Cabinet Member for

Housing noted that additional policies announced in the Comprehensive Spending Review Autumn Statement could further exacerbate the implications of the summer budget on the Housing Revenue Account.

The Housing Services Manager (Business Planning and Strategy) outlined the following policies that were included in the Welfare Reform and Work Bill:

- A Freeze on working age benefits for 4 years from 2016-17 to 2019-20.
- The removal of automatic entitlement to housing support from April 2017 for new claims for Universal Credit from 18-21 year olds who are out of work.
- A reduction in rents in social housing by 1% a year for 4 years from April 2016.

The Housing Services Manager provided a summary of the Housing and Planning bill, and outlined the following points to members.

- An extension of the Right to Buy to Housing Association tenants.
- From April 2017 Local Authorities with a Housing Revenue Account would be required 'to make a payment to the Government for a financial year, reflecting the market value of high value housing likely to become vacant during that year less costs, whether or not receipts are realised'..
- Social Housing Tenants with household incomes of £30,000 and above would be required to 'Pay to Stay' by paying a market rent or near market rent. The policy could result in Right to Buy becoming more attractive to tenants.
- Lifetime tenancies in social housing would be reviewed to limit their use. The review would only affect new tenants to social housing and it was noted that there would be no change to existing tenants remaining in their current homes.

The Comprehensive Spending Review Autumn Statement had stated that the amount of rent that Housing Benefit would cover in the social sector would be capped to the relevant Local Housing Allowance and that

Housing Benefit would no longer fully subsidise households to live in social housing. This change would only however apply to tenancies signed after 1 April 2016, with Housing Benefit entitlement changing from 1 April 2018.

The Housing Services Manager informed members that work to assess the impact of these changes was on-going, but that initial analysis had shown the changes would have significant and adverse implications for the Housing Revenue Account Business Plan.

The introduction of the 1% rent reduction over four years would mean a loss of £10 million in rental income in real terms and over the life of the Business Plan the loss would be £172.4 million in rental income. This would mean that for the council to continue delivering services and investing in the housing stock as planned it would result in borrowing up to the debt cap of £155.6 million by 2018/19 and that even with increased borrowing there would still be a significant shortfall for the Housing Capital Programme

The Cabinet Member for Housing and the Housing Services Manager advised members that as this situation was financially unsustainable work had begun to make changes within the HRA Business Plan in order to reach a long term sustainable position and that a series of reports are being prepared which would be presented to Cabinet early next year.

The members of the forum were unanimous in expressing extreme concern regarding the implications of these changes for the Housing Revenue Account Business Plan, and the subsequent impacts on current as well as future tenants of council properties.

Members asked several specific questions on details of the proposed legislation including the decrease of rents, the introduction of financial assessments and the differentials between social and commercial rent levels. Members also asked whether these changes could legally be made following the self-financing agreement that was made in 2012. The Housing Services Manager advised that the Local Government Association had looked at the potential of challenging the change to this agreement but that any potential action had yet to be taken.

Members noted with dismay the changes to housing benefit that would mean the amount paid would not cover the entire rent amount for tenants and asked if this could result in increased levels of evictions. The Housing

Services Manager advised that unfortunately it would and that the provision in the business plan for the amount of bad debt could need to be increased.

Members expressed unease at how the changes to the financing of social housing would affect people's welfare, health and wellbeing and viewed these changes as an attack on social housing forcing people into potentially more expensive and lower quality private rented property. There was also concern that the changes could result in the council having empty properties as people would be unable to afford to live in them.

The Cabinet Member for Housing and the Housing Services Manager reassured members that despite the significant challenges that these changes presented, officers had plans on how to adapt the Housing Revenue Business Plan to reflect the changes, but that unfortunately this could mean improvements to housing stock as well as estate environmental improvements could have to be delayed or rescheduled.

Members thanked the Cabinet and Assistant Cabinet Member for Housing and the Housing Services Manager for attending and providing the report.

RESOLVED -

1. That the report on the impact of the Summer Budget on the Housing Revenue Account be noted.
2. That the Overview and Performance Scrutiny Forum notes its extreme concern regarding the changes announced in both the Government's Summer Budget and in the Comprehensive Spending Review Autumn Statement and the negative impact that these changes will have on social housing tenants.
3. That the Overview and Performance Scrutiny Forum supports the Local Government Association in any action it takes with regard to challenging the changes to the self-financing agreements that were made in 2012.
4. That Cabinet be recommended to write to the Local Government Association and local MP's raising the concerns of the Overview and Performance Scrutiny Forum regarding the impact of the Summer Budget and the Comprehensive Spending Review Autumn

Statement on the Housing Revenue Account Business Plan, and the subsequent impact on the borough and its residents.

42 **GENERAL FUND REVENUE AND CAPITAL BUDGET MONITORING REPORT AND UPDATED MEDIUM TERM FINANCIAL FORECAST – SECOND QUARTER 2015/16**

The Deputy Leader and the Chief Finance Officer attended to provide members with an update on the Council's current budgetary situation.

The Chief Finance Officer advised that currently deficits were being forecasted in 2015/16, 2016/17, and 2017/18. It was noted that the current years' deficit could be reduced by tight budgetary control throughout the remainder of the year, and that any residual deficit could be met from reserves. The Chief Finance Officer advised however that the use of reserves was not a sustainable situation and that the focus should be on providing longer term solutions.

The Deputy Leader informed members that at a recent meeting of the Corporate Cabinet a number of measures had been looked at to tackle the possible deficits in the short and medium-term, including vacancy control and a moratorium on non-essential expenditure. It was also noted however that attention should be maintained on the medium term where the scale of the forecast deficits was such that significant budgetary savings would need to be considered and implemented.

The Chief Finance Officer advised members that unfortunately the recent spending review announcements from the government were not quantified and lacked detail so that a great deal of uncertainty still remained in many areas of local government funding such as the future of the New Homes Bonus and the Council Tax Freeze grant. The Chief Finance Officer also noted that a wide ranging review of local government finance could mean a realignment of resources towards adult social care, and that this could consequently result in further reductions in funding for district councils. Members were informed that there could potentially be changes made to give more flexibility to authorities' use of capital receipts; however there would be conditions applied to this.

The Chief Finance Officer confirmed that there would be 100% Business Rates retention for authorities by 2020, but again there would be conditions attached, and that as the Treasury wanted the change to be fiscally neutral it was not yet clear how this change would affect local

authority finances. The Chief Finance Officer also provided information to members on the latest situation regarding Business Rates appeals and the consequent uncertainty that this created with regard to budget setting and planning.

The Deputy Leader and the Chief Finance Officer noted that some local authorities were very near the edge of financial viability and were under severe financial stress. Members expressed concern at the government's apparent belief that local authorities had huge cash reserves they were not using. The Chief Finance Officer advised that while the council did have reserves these were declining and that they were also earmarked against planned liabilities.

The Chief Finance Officer noted that details of the provisional settlement for local government would be released on 16 or 17 December, but that details regarding the medium term could be later.

Members asked several questions about specific aspects regarding proposed changes to Business Rates and how this could affect the Council's finances. Members also asked about the performance of the Council's investments. The Chief Finance Officer advised that investments were currently providing very low returns, and that the way in which the Council's investments were made may have to be reviewed.

The Chair noted the important role that scrutiny members could play in the budget setting process and advised that there would be a member development session in the new year on the budget setting process and on how members could become involved in the process.

Members thanked the Deputy Leader and the Chief Finance Officer for attending and providing the update on the Council's current budgetary situation.

RESOLVED -

1. That the update on the Council's current budgetary situation be noted.
2. That a further progress report on the setting of the budget be brought to the January 2016 meeting of the Overview and Performance Scrutiny Forum.

3. That the Overview and Performance Scrutiny Forum request the opportunity to look at the draft budget when available.
4. That during the budget setting process all Council members are kept up to date as more information becomes available.
5. To note that some learning and development on the budget setting process is planned to take place during that time.

43 **SCRUTINY PROJECT GROUP REPORT ON CONCESSIONS ON FEES AND CHARGES**

The Scrutiny Project Group report and recommendations on Concessions on Fees and Charges were presented by Councillor Jeannie Barr, the Project Group leader.

It was reported that Chesterfield Borough Council offered concessions on fees and charges made on chargeable services and that the review had examined the consistency, fairness and objectives in the provision and application of concessions across the council's services.

The issue of how the Council offered concessions on fees and charges had originally been raised by Environmental Health Management as an area for Scrutiny to look at in 2012. The issue had again been raised as an area for Scrutiny work in 2015 by the Deputy Leader of the Council, Councillor Terry Gilby and Executive Director, James Drury. It was noted that there was currently no corporate policy on the application of reduced rates (concessions) for chargeable services with regard to the rate of discount applied or eligibility criteria, as well as there being no guidance available to managers on when it was appropriate to apply concessions.

Councillor Barr gave details of how the project group had conducted the review and noted that there had been direct input from local residents via a consultation with Community Assembly members. The information gathered from the consultation had then informed the project group's focus, as well as the group's subsequent recommendations.

Councillor Barr outlined the report's recommendations and how they had been formulated in order to address numerous issues in the current way concessions on fees and charges were offered by the council. The report stated that the way concessions were currently offered did not meet the council's commitment to equalities, nor the Council Plan objectives of

becoming financially self-sufficient by 2020 and being able to provide sustainable services to residents of the borough. The report also stated that services needed to have a thorough and detailed understanding of all costs involved in the service provision. This would ensure decisions taken on pricing and concessions of individual services were well informed and were made as part of an overall charging and concessions policy that resulted in service costs of a being covered and subsidies reduced.

Members noted that targeted concessions did encourage some people to access services such as theatres and leisure centres who otherwise would not if a concession was not offered.

Members did express some concern about the group's recommendation that concessions should not be offered to those aged over 60 on a basis of age. Councillor Barr and other members who had been on the project group acknowledged these concerns but noted that anyone aged over 60 who was financially disadvantaged would still be able to receive a discount based on one of the other concessionary categories. It was also noted that offering a discount based solely on being aged 60 or over was not compatible with the council's equalities statement and that by offering this concession the council could be perceived as creating inequalities with regard to accessing services. However it was accepted the offering of this concession could still be considered for specific market driven reasons.

The Committee expressed their thanks to Councillor Barr and the members of the Project Group for their work and to the Committee and Scrutiny Co-ordinator, Martin Elliott, the Cabinet Member for Governance, the Cabinet Member for Environment, the Cabinet for Town Centre and Visitor Economy and to all the other officers who had been involved for assisting the Project Group in their review. The Project Group were also congratulated on the way they had kept Cabinet Members abreast of the scrutiny work underway.

RESOLVED -

1. That the recommendations of the Scrutiny Project Group as detailed below are approved.
2. That the Overview and Performance Scrutiny Forum now report the following recommendations to Cabinet for consideration:

- I. That concessions made on fees and charges should be used as part of a dynamic and agile pricing approach for services, where the overall objective is that total costs are covered.
- II. That the concession on bulky waste and pest control services be reduced from 50% to 20%.
 - This would bring the concession into line with the concessions offered by leisure services (average 16% concession) and by theatres (between 10 – 20% concession), and thereby help to make these services more financially sustainable.
- III. That the cost of providing concessions along with the provision of less popular or costly services should be supported by higher demand and popular services, along with revenue generated from services paid for at the full rate.
- IV. That Leisure Services and Theatres should continue to have the freedom to vary the rate of concessions offered to manage demand. The project groups notes with approval the approach taken by these services to offering concessions and their focus on the overall cost of providing all services.
- V. That services should establish the unit cost of providing a service before setting a price. The costing of services should include all possible applicable costs, both fixed and variable involved in delivering a service such as buildings, staff, materials and IT.
- VI. That where appropriate, services should only advertise that concessions are available rather than listing all concessionary categories at the point of a service being enquired about. Also, that those services should only grant concessions after entitlement of eligibility has been confirmed.
- VII. That the concessionary categories for all services should be updated to include the categories of:
 - i. Universal credit, with no earned income
 - ii. Universal Credit with a housing element included

to reflect the changes to benefit delivery created by the introduction of Universal Credit.

- VIII. That the Sports and Leisure Manager should review the published list of categories giving entitlement to concessionary rates so that the list is shorter, clearer and easier to understand by service users.
- IX. That concessions should not be offered on the basis of being aged 60 or over. The project group notes that in the current climate of local government cuts, this category of concession is neither sustainable nor fair. Anyone who is financially disadvantaged who is 60 or over would still receive a concession based on one of the other concessionary categories.
- X. That a member and officer working group be established to develop a corporate policy on concessions.
- To produce a corporate policy on concessions that managers should use when setting concessionary rates for their services so that a corporate approach is taken when setting concessions
 - A corporate policy on the application of concessions would ensure greater consistency and fairness in the application of discounts, and greater transparency on the extent to which service costs are covered by the charges.
 - That a corporate policy on concessions on fees and charges includes all the recommendations made by the project group.
 - That the members of the scrutiny project group on concessions on fees and charges be included in the member and officer working group.
3. That Councillor Jeannie Barr should present the report on Concessions on Fees and Charges to Cabinet.

4. That Community Assembly members who participated in the consultation are informed of the report's submission to Cabinet.
5. That a Member Development session is held on 7 January, 2016 on how scrutiny reports are progressed to Cabinet after they have been approved by the scrutiny committee.