

SCRUTINY SELECT COMMITTEE – RESILIENT COUNCIL

Thursday, 7th March, 2024

Present:-

Councillor Dyke (Chair)

Councillors Blakemore
McLaren
Ogle

Councillors Twigg
Wheeldon
Yates

*Matters dealt with under the Delegation Scheme

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

No declarations of interest were received.

31 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Hollingworth, Ridgway and Snowdon.

32 HRA BUDGET 2024-25

The Service Director – Housing presented a report on the HRA Budget 2024/25. It detailed the draft estimates of the Housing Revenue Account for 2024/25 that were presented to Cabinet on 27.02.24 and Full Council on 28.02.24. Also presented was the draft HRA budget for 2024/25 and the Medium-Term Financial Plan (MTFP) for the years 2024/25 to 2028/29.

The deficit for 2023/24 was forecast to be £858k (as at period 8), which was an improved position of £2.223m against the original budget, primarily due to a number of funding and financing adjustments such as removing the planned £3.389m revenue contribution to fund the capital programme and pausing the voluntary repayment of debt (£1.841m). Table 1 in the officer's report summarised the forecast outturn for 2023/24 against the original budget. The main variances included:

- Rents
- Repairs and maintenance
- Depreciation charges
- Provision for the repayment of debt
- Direct Revenue Financing

The financial strategy for the HRA was to deliver a balanced and sustainable budget which was self-financing in the longer term, and which reflected both the requirements of tenants and the strategic vision and priorities of the Council.

The HRA was not permitted to run at an overall deficit and risks must continue to be identified and managed effectively. A minimum working balance of £3.5m (increased annually by inflation) was maintained to avoid the risk of the HRA moving into a position of negative balance in the event of an exceptional cost(s) arising.

The MTFP, in Appendix 1 of the officer's report, showed that the HRA balance was anticipated to fall to £5.071m in 2024/25.

New service pressures of £3.673m had been included within the budget for 2024/25, some of which were one off, whilst £1.625m were ongoing and had been built into budgets from 2025/26. These pressures were essential activities but in the short-term represented costs over and above the base budget. However, many of the activities would deliver savings in future financial years. A full breakdown of the service pressures was set out in Appendix 2 of the officer's report.

A key service pressure for scrutiny by this Committee is Void Properties. It was reported that a range of activity is underway to improve the Council's performance in dealing with voids – reducing the number and speeding up the relet process. It is recommended that £1m of additional funding be allocated in 2024/25 (£750k from revenue and £250k has been included with the capital programme) for the procurement of external contractors to undertake this work and reduce the backlog of void properties.

The current rate of void properties is 3.57% and it is estimated that this commission will bring 200 empty homes back into use within 2024/25, reducing the void rate to 2.5%. These assumptions have been built into the medium-term financial plan and will deliver substantial savings in lost rent and reduced council tax payments from 2024/25.

Pending the procurement of the external contractors, there will however be additional costs associated with the current level of void properties in 2024/25; an additional £427k in lost rental income and £267k in additional council tax payments. The activity set out to reduce the level of voids was reported to mitigate this pressure from 2025/26.

It was reported that Transformation Activities would require £200k in 2024/25. This included the development of a more efficient and effective model of delivering repairs and maintenance services, the implementation of better ICT systems, and the review of red-book staff's payment arrangements/ terms and conditions. As the provision of £300k in 2023/24 remains unspent, this will be carried forward into 2024/25 so that the total funding for transformation activity in 2024/25 will be £700k.

It was reported that savings proposals for 2024/25 included:

- Savings from Vacant Post
- Phasing out Voluntary Sector Advice Agency Grants
- Changes to Careline

The budget estimates for 2024/25 were shown in Table 2 of the officer's report and compared the movements to the original budget estimates for 2023/24. The MTFP shown at Appendix 1 evidenced a working balance, over and above the minimum of £3.5m (updated by inflation), in all years through 2028/29. However, the 2024/25 budget had a gap of £729k which had been covered by an allocation from the working balance and, whilst the deficits over the MTFP reduced year on year, it was not until 2028/29 that the MTFP did not rely on the use of the working balance to achieve a balanced budget position.

Members discussed the proposed new ICT system and the amount of investment it would be receiving. The Service Director- Housing assured members that it was not a new system being designed, more of consolidation of changes within the system, transferring everything into a central place. Members requested that the Service Director – Housing return to this Committee in September to give an update on the ICT Housing system.

Members questioned why only 200 voids were being given to external contractors rather than the full amount of 296. The Service Director – Housing reported that there was a balance between not wanting to

increase financial pressures further, whilst also keeping a workload for CBC staff. The Council had to be mindful of the affordability and capacity of the sector, detailing that both soft and hard market testing had taken place. The Cabinet Member for Housing stated that the Council did not want to outsource all of the work and wished to keep as much in-house as possible. It was reported that there were a number of new apprentices who would be able to help with the back log of work.

Members asked whether the specific voids to be given to contractors had been assessed in terms of difficulty of completion and also if there would be break clauses within the contract depending on an assessment of the standard of work completed. It was reported that sampling of the voids had taken place to ensure that a cross section of properties would be contracted out. There was however a balance to be achieved as there are current voids which are on the Council's specific match list so these properties would need to be escalated. It was reported that there would be rules within the contract to ensure a successful outcome. It was desirable to have an element of contractor competition whilst also utilising local labour in order to add social value.

RESOLVED –

1. That the forecast outturn for the Housing Revenue Account for the current financial year, 2023/24 be noted.
2. That the Service Director – Housing return to this Committee in September to report on the Housing ICT system.

33 HRA CAPITAL PROGRAMME 2024-25

The Service Director – Housing presented a report that had been delivered at Cabinet on 27.02.24 and Full Council on 28.02.24 detailing the Housing Capital Programmes for 2023/24 and 2024/25 and to provide an indicative programme for 2025/26 to 2028/29.

The 2023/24 Programme had been revised to recognise changes during the year. The principal change was the delayed start of major new build schemes at Staveley and Middlecroft, due to the Covid pandemic and a main contractor going into liquidation. The delayed works had been incorporated into the revised 2023/24 and 2024/25 Programmes which were shown in Appendix 1 of the officer's report.

The 2022 Stock Condition Survey, carried out by Savills, identified that the condition of the housing stock had improved since the previous survey in 2017. The proposed 2024/25 Programme had been designed to ensure stock achieved and maintained 100% decency. Currently, 99.7% of the housing stock met the Decent Homes Standard (as of December 2023) and it was anticipated this would reach 100% during 2024/25.

One of the main focusses of the Programme remained the modernisation of properties to maintain the Decent Homes Standard, with the balance of activity over the next 12 months concentrating on building elements such as kitchens, heating renewals, roofs and windows, and further improvements to external estate environments. The work programmes for 2024/25 until 2028/29 continued to be prioritised in line with the level of investment needed according to the 2022 stock condition survey, and the amount of recent expenditure on repairs and maintenance.

Investment in blocks would continue through the block refurbishment programme, with the next scheme to be Loundsley Green commencing in 2024/25.

The investment proposed in the Programme would make a significant contribution to improving the energy efficiency of the Council's housing stock whilst also contributing to the Council's decarbonisation targets. A decarbonisation feasibility study had been undertaken for a pilot scheme at one of the sheltered schemes, Brocklehurst Court, to work towards meeting the 2030 Council Climate Change target and a feasibility study was planned for 2024/25 to identify options available to enable Housing Services to meet the 2050 target.

The Council's new build programme would continue with Middlecroft and Westwood Avenue due to complete in 2024/25. An additional new site at Mastin Moor had been identified and the designs submitted to planning. Development was planned to start in 2024/25. All existing and proposed new build schemes were shown in the table at paragraph 4.14 of the officer's report.

It was also proposed that the council's successful programme of strategic housing acquisitions would continue, to allow the purchase of properties which met housing need, thus increasing the Council's housing stock.

The table shown at paragraph 6.1 of the officer's report showed the level of planned investment in the council's housing stock, over the 5-year

Programme to 2028/29. This had been informed by the stock condition survey carried out in 2022 by Savills.

Members discussed the fantastic work that had already been delivered at Aston Court and Pullman Close. The need for more bungalows was emphasised and members were happy to hear of the significant numbers of bungalows in the forward plan that would be EPC Band A and of a lifetime standard.

Questions were raised over the inclusion of money for fencing in the budget. It was reported that this would be for the boundaries of estates rather than individual properties. The Service Director – Housing would check that the tenancy agreement stated that the upkeep of boundary fences of individual properties was the responsibility of the tenant.

Members questioned whether there was a possibility of a contingency for the budget. The Service Director - Housing reported that there is already a working balance of £5m in the HRA. The Head of Finance and Accountancy clarified that a contingency was not a usual way to operate the HRA or general fund as having a contingency would have meant cutting some of the Capital programme out.

The Chair thanked the officers for providing the reports and acknowledged the hard work being done by all involved.

RESOLVED -

1. That the Housing Capital Programme be noted.
2. That the Service Director – Housing would return in September with an update of how the budgets for the HRA account and Capital are progressing.

34

SCRUTINY PROJECT GROUPS PROGRESS UPDATES

The Chair shared feedback with Members of the Committee around a discussion held with The Service Director – Corporate, The Head of Policy and Partnerships, The Climate Change Officer, and the Chair of the Scrutiny Select Committee – Economic Growth & Communities, that had taken place the previous evening about the plan for Climate Change Scrutiny going forward. Exact plans and timescales would be shared with Members in the coming weeks.

35 **SCRUTINY MONITORING**

It was noted that the items discussed at the last meeting of this Committee had been added to the Work Programme.

The Housing Updates requested following the reports received tonight would be added on for September.

RESOLVED –

That the Scrutiny Monitoring schedule be noted.

36 **FORWARD PLAN**

The Committee considered the Forward Plan for the period 1 April to 31 July 2024. Items of interest for future meetings included:

- Sale of CBC land
- Sale of Tipton House
- Staveley 21 – the procurement of a main contractor
- Market fees and charges

These would be scheduled into the work programme where appropriate.

37 **WORK PROGRAMME FOR THE SCRUTINY SELECT COMMITTEE - RESILIENT COUNCIL**

The Work Programme for the Scrutiny Select Committee – Resilient Council was considered. Members were asked for any specific questions relevant to the reports scheduled for May be forwarded to enable officers to prepare responses.

It was suggested that the Lighting Strategy Update be scheduled to return to this Committee before the end of the year, enabling monitoring of progress to be carried out.

RESOLVED –

That the Work Programme be noted.

38 **MINUTES**

RESOLVED –

That the Minutes of the Scrutiny Select Committee – Resilient Council on 25th January 2024 be approved as a correct record and signed by the Chair.