

BUDGET SCRUTINY COMMITTEE

Minutes of a meeting of the Budget Scrutiny Committee of the Bolsover District Council held in The Council Chamber, The Arc, Clowne, on Thursday 21st January 2016 at 1400 hours.

PRESENT

Members: - Councillors A. Anderson, J.E. Bennett, R.J. Bowler, Mrs P.M. Bowmer, T. Buxton, T. Cannon, J.A. Clifton, CP. Cooper, Mrs P.A. Cooper, H.J. Gilmour, R.A. Heffer, A. Joesbury, D. McGregor, C. Moesby, T. Munro, S. Peake, J.E. Smith, R. Turner, K.F. Walker, B. Watson and D.S. Watson.

Officers: - B. Mason (Executive Director – Operations), P. Campbell (Head of Housing) and A. Bluff (Governance Officer).

Councillor S.W. Fritchley in the Chair

The meeting stood for one minutes silence in respect of former Councillor Sue Wallis who had recently passed away.

0722. APOLOGIES

Apologies for absence were received on behalf of Councillors T. Alexander, P. Barnes, M.G. Crane, M. Dixey, P. Smith, S. Statter, E. Stevenson and J. Wilson.

0723. URGENT ITEMS OF BUSINESS

There were no urgent items of business.

0724. DECLARATIONS OF INTEREST

There were no declarations of interest made.

0725. MINUTES – 7TH DECEMBER 2016

Moved by Councillor R.J. Bowler and seconded by Councillor S. Peake
RESOLVED that the Minutes of a Budget Scrutiny Committee meeting held on 7th December 2015 be approved as a correct record.

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0726. UPDATE FROM SCRUTINY CHAIRS

Customer Service and Transformation Scrutiny Committee

Councillor Bowler, Chair of Customer Service and Transformation Scrutiny Committee, reported that the Committee's Review on the CAN Ranger Service had been presented to Executive at its meeting on 4th January. The Chief Executive Officer had indicated that the service was likely to change due to more Blue Line responsibilities, devolution and other changes which would all have an impact on the type of service carried out by the CAN Rangers. Executive had accepted all the recommendations and progress on these would be reported back to the Executive in three months time.

Healthy, Safe, Clean and Green Scrutiny Committee

Councillor Peake, Chair of Healthy, Safe, Clean and Green Scrutiny Committee reported that Committee had commented on the Joint Homelessness Strategy which had been developed with North East Derbyshire District Council and Chesterfield Borough Council.

The Joint Housing Ambition Project was currently running sessions in secondary schools aiming to highlight to young people the financial burdens of running a home and to dispel the myths that young people can leave home and immediately be given a council house. This presentation would also be given to the Committee in February 2016.

With regard to 'H05 – Support 417 inactive 16+ individuals per year and increase their activity levels to more than 30 minutes of moderate intensity physical activity per week', the Committee had challenged the performance against the Corporate Plan Target and invited the Senior Sport Development Officer to the meeting to provide an update; following an explanation, the Committee were satisfied that performance could be improved.

The Environmental Health Manager had provided an update on how Environmental Health were working jointly with the Police and Fire Service in dealing with Houses in Multiple Occupation (HMO's) and information on Government consultation relating to extending HMO licensing. Following discussions, a recommendation to Executive had been made that an investigation be carried out into the feasibility of increasing Council Tax by way of revised valuation) for HMO's.

The Committee would carry out its Annual Review of the Crime and Disorder Partnership at the meeting in April 2016.

The Committee was also looking to pull together information on the activities available for young people across the District and then use the information to consider the results of the survey carried out by the Youth Council entitled 'things to do, places to hang out'. It was hoped to be able to identify any gaps in provision and share the information with partners. It was also hoped that the Committee could look at mental health services for young people at some point in the near future.

Finally, Committee were starting to look at the work plan for the forthcoming municipal year and pick up any outstanding pieces of work.

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Growth Scrutiny Committee

Councillor Fritchley, Chair of Growth Scrutiny Committee reported that the Chief Executive Officer, the Executive Director – Operations, the Assistant Director – Economic Development, the Assistant Director – Property and Estates and the Assistant Director – Environmental Health and Planning had collectively attended the last meeting of the Committee to provide a detailed update on the Council's activities in relation to its objectives for supporting enterprise in Bolsover District. The information had been welcomed by the Committee and a discussion took place regarding the timescale for a Marketing Strategy which led to a recommendation that this should be completed by 1st September 2016.

0727. MEDIUM TERM FINANCIAL PLAN 2016/17 TO 2018/19 INCLUDING PRESENTATION

Committee considered a report of the Executive Director – Operations in respect of the Medium Term Financial Plan (MTFP).

The report had been considered by Audit Committee at its meeting on 18th January and would be presented to Executive on 1st February and Council on 3rd February. All precepts and Council Tax for the District, including DCC, parish councils, Police, Fire and the District Council would be agreed at Council on 2nd March 2016.

A slide presentation was also provided to the meeting which covered the main issues raised in the report.

Members were asked to note that the report would;

- Need to be sufficiently robust to withstand external scrutiny including potentially from Audit.
- Need to provide information in a format that allowed Members to understand and challenge the budget process and financial position if necessary.

In developing and agreeing its budget the Council had three Key Objectives;

- Delivery of Statutory Services
- Secure a balanced budget based on reasonable assumptions (income = expenditure)
- Delivery of Member Priorities.

The budgets set out in the report were 'roll forward' budgets which assumed continuation of existing service standards. Separate reports regarding any major Issues would be presented to Members as appropriate during the year. It would be recommended in the Council version of the report that an additional delegation be given to the Executive Director – Operations in consultation to accept a 4 year financial settlement.

General Fund (Estimated Outturn 2015/16)

The Council set the original budget for 2015/16 on the basis that it was necessary to secure £0.350m of savings. Due to a variety of factors, this had been managed and there

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was currently an anticipated surplus of £1.317m. This was a significant achievement and provided the Council with a firm basis to address its forecast financial position over the period of the Medium Term Financial Plan. Where there had been under spends, these would be transferred to the Transformation Reserve where they would be available to support agreed priorities in future financial years.

Original Budget 2016/17

The budget in respect of 2016/17 currently showed a short fall of £57k. Given the Council's performance over the previous four financial years and the longer term plans to reduce expenditure in line with Government austerity measures, officers were of the view that these financial savings would be secured during the course of the next financial year.

The minimal level of savings required in respect of 2016/17 reflected the work that the Council had continued to undertake in order to secure efficiencies and to take advantage of the opportunities offered by the growth and transformation agenda in previous years. A continuation of that approach was an essential part of a strategy to secure the necessary level of financial savings in future years whilst minimising the impact on local residents.

With respect to the element of Revenue Support Grant arising from the former Efficiency Grant (£0.843m) it was proposed that this be transferred to the Transformation Reserve. This would help maintain the momentum on the growth and transformation agenda and crucially, would put the Council in a better position to secure the projected financial savings of £1.4m which it was anticipated would be necessary by 2018/19.

By allocating the Efficiency Grant to the Transformation Reserve the Council would also be putting itself in a better position to manage the impact of ongoing Central Government austerity measures.

As part of a recommended strategy for addressing the Council's financial position over the period of the current Government, it was recommended that the Council agreed to an increase in Council Tax of 1.95% which would provide a £0.065m contribution towards balancing the 2016/17 budget.

There would not be any Government grant to those local authorities which did not raise council tax as had been provided in previous years. The Government had allowed those councils with responsibility for adult social care to apply an extra 2% increase to their council tax – county councils and unitary councils could increase by 4% overall.

With respect to New Homes Bonus the Government was proposing a reduction in the payment period from 6 to 4 years (a potential loss of £0.4m to the Council) and was considering introducing more targeted incentives for planning.

The Council had been successful in increasing its income from business rates. Currently the Government was looking at localisation of NNDR which potentially would have a significant impact on the Council (currently accounts for £4m per year 40% budget). The proposals around NNDR were part of a number of changes including devolution, Universal Credit etc, which could increase costs or reduce income over the period of the current MTFP.

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Housing Revenue Account (HRA)

The Head of Housing referred to the Government's announcement last July that rent levels would be reduced by 1% per annum for a period of four years from April 2016 and the impact this would have on the Council's HRA.

Given that the HRA Business Plan together with the transfer of £94.3m of debt to the Council was based on rent increases in line with inflation with Council house rents moving towards target rent, the estimated loss of rent income for the Council was £0.4m in 2016/17 rising to £2m in 2019/20 on the basis of current low inflation rates. Over the four year period of the Government's current rent policy, the Council would see a cumulative loss of rental income of £5m and given that rent levels in April 2020 would be £2m below planned levels, this loss of rental income would cost £60m over the period of the 30 Year Business Plan. If inflation were to average 1.5% over the next 4 years then the loss of rental income would rise from £2m to £3m in the final year. The risk that the rent reductions would go on beyond 2020 would make ensuring the financial viability of the HRA more challenging.

Other changes affecting the HRA were;

- Increasing numbers of Right to Buy (RTB) given the more generous discount rates.
- The Government was also extending RTB to Housing Associations and the potential forced sale by the Government of local authorities' vacant high value properties would fund Housing Association RTB's.
- Welfare Reform - tenants would receive their housing benefit direct and the Council would have to rely on tenants paying this to the Authority.
- Funding for Supporting People would also be cut; these were the services the Council ran on behalf of DCC, for example, the wardens and static wardens.
- The Government's 'Pay to Stay' policy; any household with an income over £30k would have to pay higher rent. The Council would have to administer this including the associated costs, while any additional income would need to be paid over to central Government.

For new tenants there were proposals to end lifelong tenancies which under Government proposals would be replaced by 5 year tenancies. This would incur administration costs for the Council and potentially require up to 10 additional staff to administer once the necessary process of assessing which tenants should be allowed to stay had been undertaken.

The Head of Housing referred the meeting to the presentation slides which showed the HRA expenditure and investment for 2015 and the proposed expenditure and investment for 2016.

In response to Member's questions the Head of Housing advised the meeting that an assessment for security of tenure would be based on the vulnerability of a tenant(s), the size of a property to the size of a family and also household income. To date in 2015/16, the Council had sold 40 properties under RTB keeping 30/40% of the money from the sale which was used to repay the debt of £93m. The Executive Director – Operations added that the Portfolio Holders for Housing from Bolsover, Chesterfield and North East Derbyshire, would be meeting John Healey, Shadow Minister for Housing and Planning, regarding the Government's changes and Members would be informed of any developments in relation to the Housing and Planning Bill.

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Councillor Anderson left the meeting at this point.

Members raised questions in relation to council tax collection, debt write offs, procedures for tenant rent arrears, the possibility of revaluation of council properties, new build properties and rent levels.

A lengthy discussion took place.

Councillors Peake, Bowler and Joesbury left the meeting at this point.

Capital Programme

The Council had an anticipated Capital Programme of £17m for 2016/17 which included a number of major projects.

The financial provision to fund the ongoing programme of housing refurbishment work was planned to continue at a level of £5m per annum over the period of the proposed MTFP. After 2019/20, it would be necessary to increase the rate of spend as key elements of the Housing Stock, such as roofs, kitchens and bathrooms needed replacement. At this stage given the reduced income from the rent reduction it would become more challenging to fund the required level of capital works from within the resources available to the HRA.

In addition, the Council was also in the process of commencing a £10m refurbishment at Bolsover Model Village, which would upgrade the buildings externally reinstating a number of the key original features, whilst internally a major investment would be made in modernising the houses including thermal insulation. These measures would be part funded by the Heritage Lottery in respect of those houses which were privately owned.

The investment should help address the level of voids in the Council's Housing Stock in the area, whilst showcasing one of the District's key heritage assets. A more detailed report would be presented to Executive on 1st February.

Since the introduction of HRA reform in 2012, the Council had already built 55 new houses and this programme was set to continue with work now commencing to deliver 7 homes on a former garage site at Rogers Avenue, Creswell. Plans were also in place for a further 93 new homes under the B@home programme.

Whilst the Council only progresses building new council houses on the basis that they were financially viable (generating income in excess of expenditure), the increasing challenging financial position of the HRA would reduce the financial capacity for building new homes and place an increased dependency upon external funding to make sites viable.

With regard to the General Fund, the main schemes would include the revised plans for service delivery within Bolsover Town. The Council was working to deliver a new Contact Centre located on Cotton Street. It was anticipated that a partner organisation currently located in Sherwood Lodge would be moved into refurbished premises at Oxcroft House allowing the Sherwood Lodge site to be redeveloped by its private sector owner.

In addition, work had now commenced on the enhanced leisure facility at Clowne which should be open before the end of the next financial year (2016/17). The Council was also working with Shirebrook Town Council in order to secure a shared Contact Centre located

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in the Market Square at Shirebrook. These facilities would serve to enhance the services that were provided to local residents whilst contributing to the sustainability of three of the main towns within the District.

Councillor Bennett left the meeting at this point.

Treasury Management Strategy

The Treasury Management Strategy was in line with the Council's agreed financial plans.

The Council was continuing with current low risk policy in terms of investment, prudential borrowing for vehicle fleet and for up to £2m of Enhanced Leisure facilities.

In response to a Member's query regarding Pleasley Vale Mills, the Executive Director Operations advised the meeting that options for the future of Pleasley Vale were being considered including the use of a joint venture. At this stage the work being progressed was essentially a feasibility study of available options and should any opportunities be identified these would be reported back to Members.

There was a discussion regarding the proposals to increase the rate of reduction of the level of subsidy paid to Town and Parish Councils in respect of the Local Council Tax Support Scheme. Members raised their concerns about the potential impact of this upon Town and Parish Council's.

Moved by Councillor K. F. Walker and seconded by Councillor T. Munro

RESOLVED that Budget Scrutiny Committee supports the recommendations to Council as set out in the report to Executive.

(Executive Director – Operations)

The meeting concluded at 1545 hours.