

Minutes of the meeting of the BUDGET & RESOURCES SCRUTINY COMMITTEE held on WEDNESDAY 6 DECEMBER 2023 at 19:00

Present: Councillor Hume (Chair)
Councillors Wardle, Clarke, Geary, M Khan, Lancaster, Long and McBride

Also Present: Councillor Darlington

Officers: N Hutchin (Assistant Director - Finance), S Hattle (Senior Finance Manager), C Arnold (Housing Finance Manager), A Cook (Assistant Director - Housing Maintenance, Investment and Corporate Health and Safety) and S Proffitt (Director Environment and Property), E Richardson (Overview & Scrutiny Officer)

BR23 Apologies

Apologies were received from Councillor Cannon.

BR24 Disclosures of Interest

There were no Disclosures of Interest.

BR25 Minutes

RESOLVED -

That the Minutes of the meeting of the Budget & Resources Scrutiny Committee held on 17 October 2023 be approved and signed by the Chair as a correct record.

BR26 Housing Revenue Account Draft 2024/25 Budget Proposals

Councillor Darlington introduced this item, explaining that 2023/24 had been a difficult year for the finances of the Housing Revenue Account (HRA) as the government imposed rent cap was under the current rate of inflation. She commended the HRA Finance Team who had worked hard to produce a balanced budget for 2024/25. There were still several unknowns, such as whether there would be another rent cap and the ongoing cost of inflation which had to be taken into account, but the plan was to maximise the HRA spend for the benefit of the Council's tenants over the 5 year Medium Term Financial Plan, which was part of the HRA's longer term 30 year business plan.

The Assistant Director Finance then gave a short presentation giving a strategic overview of the HRA budget, an explanation of the documents

involved, key points in the Medium Term Financial Plan relating to income, borrowing, revenue, capital, core assumptions and technical adjustments.

The Committee then discussed the draft HRA budget proposals for 2024/25 in detail, noting that:

- a) The national situation in relation to the provision of social housing remained difficult, with both local authorities and housing associations (Registered Providers) struggling to meet local needs;
- b) Purchasing completed properties was obviously faster than the sometimes prolonged process required to build more houses but could be more costly;
- c) In some cases Registered Providers of social housing were having to drop out of agreements with developers, and it was sometimes possible for the Council to acquire these properties, although there was a fine line as to volume as the Council did not want to push local house prices up;
- d) The Council had five years from the date of receipt of Right to Buy (RTB) monies to spend it on replacement properties. There were rules about what the Council could and couldn't spend it on. Only 40% of RTB receipts were available to the Council for new build or acquisitions, the balance had to come from the HRA;
- e) The Council was developing an acquisitions programme with a number of core principles which would need to be matched when buying on the open market, including the cost of ongoing maintenance and any refurbishment requirements. Acquisitions made with RTB receipts needed to match the RTB property they were replacing and sometimes decisions had to be made quickly;
- f) The Council had a number of loans expiring in the next couple of years and was trying to smooth out the profile of loan repayments across the medium term. Short term borrowing could be refinanced if interest rates started to fall;
- g) Preferential borrowing rates were available from the Public Works Loan Board and the Council had to consider whether it was better to borrow externally, or to self-lend internally;
- h) A consultation on the housing subsidy rate was expected in 2024, together with a review of the social housing rent system. The possibility of more flexibility on the use of RTB receipts may also be considered;
- i) RTB receipts were not sufficient to replace like for like and this had a knock-on effect on the Temporary Accommodation budget;
- j) The Council had moved to the Decent Homes Standard Plus quality standard for its social housing stock;

- k) The Council was taking part in a pilot scheme to improve the professionalisation of housing staff in order to deliver better outcomes for residents;
- l) The HRA budget was being constantly monitored to keep an eye on what might be happening in the future. There was a revenue contingency fund to mitigate any problems caused by overarching unknowns.

The Committee then scrutinised in detail the annexes included in the agenda pack as follows:

Annex A: HRA Corporate Programme

50CPX00596 – Voids: £5.160m

The Council dealt with approximately 700 property changes per year (between 45-75 per month). Some of the expenditure included in the figure for voids was for early refurbishment of capital items, such as kitchens, bathrooms, rewiring, as this work was often easier to do when a property was empty.

The average turn around cost of an average void had fallen from £12,000 two years ago to £7-8,000 this year. The turn around time for voids was now between a week and 10 days, which was on a par with other local authorities.

Clean up costs for newly vacated properties were also included in this figure, but the amount of clean-up required could be reduced by having the resources to enable housing staff to carry out more checks on whether tenants were coping with the management of their homes.

Annex B: HRA Core Assumptions

Rent inflation 2024/25: $CPI+1\%/CPI = 7.7\%$ increase

- Majority of the Council's housing tenants were in receipt of housing benefit therefore any rent inflation should be covered by an uplift in housing benefit;
- Council was proactive in assisting tenants who might have arrears, to manage their debt and prevent it from getting out of hand. The Council also signposted them to other benefits to which they might be entitled, but which they were not claiming;
- The biggest impact on tenant debt was the transfer from the old style benefits to Universal Credit;
- Housing Income Team worked in the Revenues & Benefits section, providing a joined-up approach across all the Council's income and benefits streams.

Annex C: Budget Pressures

HOP02: Additional resource for grounds maintenance: £0.250m

- Assets and land held in either the HRA or General Fund were subject to separate budgets which couldn't cross over;
- Team in Environment & Property Directorate were mapping assets to work out which bits of land belonged where ie General Fund, HRA or Parks Trust;
- The Council was able to levy a service charge on tenants for the maintenance of land held by the HRA;
- The previous approach had been to only carry out maintenance on HRA land reactively, which had led to a poor level of service. Landscaping of HRA land was now moving to a planned maintenance programme to match that of the General Fund;
- Where responsibility for local landscaping services had been devolved to parish councils there was no distinction between what was HRA land and what was General Fund land.

HP01: Disrepair Claims: £0.109m

Committee sought clarification of what this item was about and noted that the number of claims by tenants against the Council for not carrying out necessary repairs to its dwelling stock had increased to such a level that the Housing Team required extra legal support to deal with the workload.

Annex D: HRA MTFP Budget Reductions

There were no questions in respect of Annex D.

Annex E: HRA MTFP Technical Adjustments

HC02: Contractual Inflation: £(0.288)m

In order to prepare the Budget, the Finance Team had had to make certain assumptions about what the level of contractual inflation, and other inflations, would be and that these could change whilst the current financial climate remained uncertain.

Finally, the Committee expressed its view that this was a robust, well thought out and clearly presented budget. It showed a high level of professionalism on the part of all those who had worked on its preparation and the Committee wished to commend them for their efforts.

RESOLVED –

1. That all the officers involved in the preparation of the Housing Revenue Account Draft 2024/25 Budget Proposals be commended for producing what the Committee considers to be a robust budget which sets out the issues clearly.

2. That Councillor Darlington and the officers from Finance and Environment and Property who attended the meeting be thanked for their contributions to the Committee's Scrutiny of this item.
3. That the recommendations in relation to specific items in the HRA 2024/25 Draft Budget be included in the Committee's January report which will be presented to Cabinet on 6 February 2024.

BR27

2023/24 Work Programme

The Committee discussed the proposed Work Programme for the second December meeting and the January meetings.

The Assistant Director Finance advised that they still were not sure when the Government would announce the Local Government Finance Settlement for 2024/25. At the moment they were hoping that it would be made on 18 December, but it could be as late as 20 December, although it did have to be announced before Christmas. This meant that at this stage she was unable to give a firm undertaking that Finance would be in a position to give a comprehensive update at the meeting on 20 December.

The Committee discussed whether or not to go ahead with the meeting and consider conducting the other business via e-mail. However, due to the need to decide which Cabinet Members and Senior Officers the Committee would want to speak to in January, and to notify them in a timely manner, it was agreed that the Committee should meet in person on 20 December, even if only briefly.

RESOLVED –

1. That the Committee's Planning Group and Senior Finance Team review the proposed agenda for the meeting scheduled for 20 December given the uncertainty as to the date of publication of the 2024/25 Local Government Finance Settlement.
2. That the Overview and Scrutiny Officer circulates to the Committee draft outlines of the recommendations from this meeting to be included in the January report.

THE CHAIR CLOSED THE MEETING AT 20:45