

OVERVIEW AND SCRUTINY MANAGEMENT BOARD
15th January, 2016

Present:- Councillor Steele (in the Chair); Councillors Beck, Cowles, Hamilton, Mallinder, Pitchley, Sansome, Julie Turner, Whelbourn and Wyatt.

Apologies for absence were received from Councillor Hughes.

72. DECLARATIONS OF INTEREST

Councillors Whelbourn and Wyatt declared personal interests in Minute No. 74 (Housing Rents 2016/17).

Councillor Steele declared an interest in Minute No. 76 (Budget 2016/17 to 2017/18 - Consideration of Savings Proposals - RES7H Trade Union Secondment Budget).

73. QUESTIONS FROM MEMBERS OF THE PUBLIC AND THE PRESS

There were no members of the public or press present at the meeting.

74. HOUSING RENTS 2016/17

Dave Richmond, Director of Housing and Neighbourhoods, submitted a report setting out the proposed housing rent and non-dwelling rents for 2016/17.

The previous Government Rent Policy (published in May 2014) limited rent increases from April, 2015 to the Consumer Price Index (CPI) in September of the previous year plus 1% per annum for 10 years.

The Government expected that all similar properties in the same local area would have equitable rent levels, even if properties were owned by different social landlords. This process was known as 'rent convergence'. The Government set a target for authorities to achieve rent convergence by 2015/16. However, changes to the rent formula had removed the flexibility to increase rents by an additional £2 above the increase in formula rent where rent was below convergence, therefore, 2014/15 was the final year to achieve full convergence.

The average rent for 2015/16 was £73.71 per week over 52 weeks, an average reduction of £0.68 per week.

The Government replaced the former Housing Revenue Account (HRA) subsidy system with a devolved system of Council housing finance called self-financing in April, 2012. A change to the formula rent from April, 2015, had resulted in the Council not meeting rent convergence and, therefore, lower levels of income which impacted upon investment plans within the HRA Business Plan. Due to historical decisions to limit rent increases,

Rotherham's rents were not scheduled to reach full convergence until 2016/17. Government guidance stated that where properties had not reached formula rent by April, 2015, it was expected that the rent was moved up to formula rent when the property was re-let following vacancy. On average 1,700 properties were re-let each year and would generate additional income of approximately £154,000 in 2016/17.

Section 21 of The Welfare Reform and Work Bill 2015/16 set out the Government's policy on social housing rents which requires providers of social housing to reduce rents by 1% per year for four years with effect from April 2016. The new Policy applies to all registered providers of social housing including local authority landlords, who have a statutory obligation to implement the Policy.

This year it was proposed to move to rent payable over 52 weeks rather than the current 48 weeks given that the majority of rent was now paid by electronic means. All tenants had been consulted as part of the consultation on changes to the Tenancy Agreement. No objections had been received to the proposal. There would be no change to the total amount of rent payable over the year. The move to a 52 week payment cycle also accommodated the introduction of Universal Credit which did not account for rent being paid over a 48 weeks cycle.

Total housing rent income generated through the proposed revised weekly rents was estimated to be £77.851m in 2016/17 assuming 150 Right to Buy sales, and voids and rent adjustments at 2.0%. The reduction of 1% on the weekly rent charge would result in a loss in rent income of £1.3M compared with the 2015/16.

The Council had completed the building of 132 new energy efficient properties in 2011/12 the rents for which were assumed to be full converged and, therefore, set higher than those of the existing Council stock. Consequently the proposed average rent to be charged across those properties would be £95.43 over 52 weeks based on the statutory 1% reduction, an average reduction of £0.97 per week.

Discussion ensued on the proposal with the following issues raised:-

- Sustainable financial model for housing in the Borough moving forward
- Increased numbers of Right to Buy
- Impact of the Housing and Planning Bill – Pay to Stay Legislation
- High value properties

(1) Resolved:- That the report be received and the contents noted.

(2) Recommended:- (a) That dwelling rents be reduced by 1% for 2016/17 in line with the requirements outlined in the Welfare to Work bill 2015/16 which would result in an average dwelling rent for 2016/17 of £73.71 per week over 52 weeks, an average reduction of £0.68 per week.

(b) That the average rent for the energy efficient Council properties also reduce by 1% to £95.43 per week, an average reduction of £0.97 per week.

(c) That there be no increase to charges for garage rents, communal facilities and cooking gas in 2016/17.

(d) That the draft Housing Revenue Account Budget for 2016/17 be noted.

(e) That rent and non-dwelling charges be charged over 52 weeks rather than the current 48 weeks.

75. DISTRICT HEATING SCHEME CHARGES 2016/17

Dave Richmond, Director of Housing and Neighbourhoods, introduced a report by the Director of Housing and Neighbourhoods which reviewed the charges for District Heating for 2016/17.

There were a range of heating schemes, but in general district heating charges were made up of two components, a weekly charge and a metered charge per kilowatt hour of heating used. Weekly charges for most schemes exceeded the actual metered costs and hence 34% of all income received from weekly charges were returned to customers.

The report examined each of the three distinct schemes taking into account the cost of the schemes, weekly pre-payment charge and the impact of the level of refunds and tenant arrears owed to the Council. A further review of all schemes was to be undertaken in 2016/17.

With regard to the pooled schemes, the report, therefore, recommended no increase to either the unit charge per KWh or the pre-paid charge for 2016/17. The anticipated reduction in running costs in 2016/17 as gas prices reduced together with the review of the two schemes at St. Ann's and Munsbrough should result in achieving full cost recovery.

With regard to Beeversleigh, the report proposed no increase to existing weekly pre-payment charge in 2016/17. The scheme recovered the full cost and individual meters were due to be installed during 2016/17 which would mean that tenants would pay for the actual heating used rather than a standard weekly charge based on the size of the property.

With regard to Swinton, it was proposed to retain the unit charge at 8.72p per KWh, the same level as 2015/16 and the proposal for the pooled schemes. Tenants using the scheme had received increases in the unit charge of 14.6%, 30% and 30% over the last three years. Expenditure per property was £454 compared with income per property of £410 based on 2014/15 actual figures. Given the significant increase in unit charge over the last three years, the expected reduction in contract price of gas, the near recovery of costs and the current installation of new and more reliable meters, it would seem appropriate not to increase the unit charge and review in 2016/17 pending the outcome of the actual usage with more modern and reliable meter units.

(1) Resolved:- That the report be received and the contents noted.

(2) Recommended:- (a) That there be no increase to the unit charge for the pooled district heating schemes.

(b) That charges be made over 52 weeks in line with Housing rents (Minute No. 74 refers).

(c) That there be no increase to the pre-payment weekly charge for the pooled and unmetered scheme at Beeversleigh.

(d) That there be no increase to the unit KWh charge at the Swinton district heating scheme.

(e) That the report be referred to the Improving Places Select Commission and that a further review of the pooled schemes be undertaken in 2016/17 including achievement towards full cost recovery and for this to include the members involved in the initial review wherever possible.

(f) That Ward Members be briefed on the issues related to specific schemes in their Ward.

76. BUDGET 2016/17 TO 2017/18 - CONSIDERATION OF SAVINGS PROPOSALS

In accordance with Minute No. 171 of Commissioner Manzie's Decision Making Meeting of 7th January, 2016, Justin Homer, Head of Policy Improvement and Partnerships, presented a report setting out ten Service level proposals across Council Directorates, totalling up to £627,000 (Appendix A). Adult Social Care matters (Annex B) would be considered at the Board meeting on 22nd January, 2016.

The ten Service level proposals were:-

RESH7H	Trade Union Secondment Budget
RES10C	Terrorism Insurance
RES19A	Town Hall Catering

RES21C	Legal Services Demand Reductions
CYPS15	School Crossing Patrols
EDS6.3A	Advocacy and Appeals Service
EDS22	Parking Services Initiatives
EDS24D	Highways – Prudential Borrowing
EDS26J&L	Sports Development Match Funding

Discussion ensued on the proposals with the following issues raised:-

- Terrorism insurance - had a full risk assessment been undertaken/opportunity to pool the risk?
- Town Hall Catering – all equipment etc. should be retained pending the outcome of the review and sharing of best practice as to what services were provided in other authorities
- School Crossing Patrols – Parish Councils/Schools/Governing Bodies should be approached regarding the provision of patrols
- Parking Services – Option 2 be the preferred option
- Sports Development Match Funding – the Rotherham Active Partnership was very effective and engaged with partners and would be the future funding route

Resolved:- (1) That the report be received and its contents noted.

(2) That the revenue budget savings proposals, as now detailed in the submitted reports, be accepted and referred for further consideration by the Commissioners and by the Council with the following preferred option for EDS22:-

EDS22 Option 2 (£75,000 additional income and free (off street) Saturday parking

(2) That the newly appointed Assistant Director of Legal and Democratic Services, once in post, be invited to attend a future meeting of the Board to discuss Legal Services and the possibility of shared services in particular.

(3) That a report be submitted to the Improving Lives Select Commission on School Crossing Patrols

(Councillor Steele declared a personal interest in RES7H (Trade Union Secondment Budget.)

77. ISSUES REFERRED FROM THE AREA ASSEMBLIES

There were no issues to report.

78. YOUTH CABINET/YOUNG PEOPLE'S ISSUES

Work was ongoing with regard to the Children's Commissioner Day with a detailed progress report to be submitted to the next Board meeting.

Resolved:- That the invitation to the Children's Commissioner Day be extended to all Members of the Council.

It was also noted that there was to be a Holocaust Memorial Event to be held in the John Smith Room on 28th January, 2016, at 5.00 p.m.

79. MINUTES OF THE PREVIOUS MEETING HELD ON 11TH DECEMBER, 2015

Resolved:- That the minutes of the previous meeting of the Overview and Scrutiny Management Board held on 11th December, 2015, be approved as a correct record for signature by the Chairman.

80. WORK IN PROGRESS

Improving Lives Select Commission:-

The Chair reported that the next meeting of the Improving Lives Select Commission was to be held on 3rd February. The agenda would include:-

- Safeguarding
- Performance Monitoring

Improving Places Select Commission:-

The Chair reported that the next meeting of the Improving Places Select Commission was to be held on 20th January. Items to be discussed included:-

- Draft report from the Waste Management Task and Finish Group
- Draft Town Centre Masterplan
- Update on the progress of the Litter and Flytipping Task and Finish Group

Health Select Commission:-

The Chair reported on the recent activities of the Health Select Commission:-

- Options for the transformation of Adult and Older People's Mental Health Services
- Proposals for a Single Point of Access for Health and Social Care including Mental Health
- Recent meeting of the Joint Health Overview and Scrutiny Committee
- Vice-Chair to attend at RDaSH Quality Summit
- Discussions underway with neighbouring local authorities regarding a new Joint Health Overview Scrutiny Committee

Audit Committee:-

The Chair reported on the recent activities of the Audit Commission:-

- A self-assessment exercise on 21st January
- Awaiting PWC report into the work of the Internal Audit Services

81. CALL-IN ISSUES - TO CONSIDER ANY ISSUES REFERRED FOR CALL-IN

There was nothing to report.