

SELF REGULATION SELECT COMMISSION
Thursday, 19th April, 2012

Present:- Councillor Hughes (in the Chair); Councillors Atkin, Beck, Currie, Ellis, J. Hamilton, N. Hamilton, Mannion and Sharman.

Apologies for absence:- Apologies were received from Councillors Donaldson and Parker.

69. COMMUNICATIONS

The Chairman reminded the Select Commission Members about the forthcoming Fuel Poverty workshop taking place on Monday, 23rd April, 2012 between 9.30 a.m. and 11.30 a.m.

70. DECLARATIONS OF INTEREST

There were no declarations of interest to report.

71. QUESTIONS FROM MEMBERS OF THE PUBLIC AND THE PRESS

There were no questions from members of the public or the press.

72. MINUTES OF THE PREVIOUS MEETING HELD ON 8TH MARCH, 2012

Resolved:- That the minutes of the meeting of the Self Regulation Select Commission held on 8th March, 2012 be approved as a correct record for signature by the Chairman.

73. SUPPORT COSTS REVIEW

Further to Minute No. 34 of the meeting of this Select Commission held on 8th December, 2011, consideration was given to a further report presented by Pete Hudson, Chief Finance Manager, which provided details of the proposed charging methodology to be adopted for the support services which have always been part of the Council, but excluded former RBT support services as these services were currently being reviewed by nominated services leads. Once reconfigured and fully reintegrated, appropriate bases for the allocation or apportionment of these costs would be identified and a final report produced with the consolidated analysis, supported by detailed financial information. This report would be produced once the Council's 2011/12 accounts had been finalised and audited.

A discussion and answer session ensued and the following issues were raised and clarification sought:-

- That the final report be submitted to this Select Commission before it was presented to the Deputy Leader for approval.
- Inclusion of the RBT services after the Council's 2011/12 accounts had been finalised and audited.
- Costs allocated or apportioned to the Resources Directorate to be pro-rata to the value of all other support costs allocated or apportioned to operational Directorates.

- RBT savings delivered through the management and administration reviews.
- Identification of costs in the Council's accounts.

Resolved:- (1) That the proposed charging methodology for Council support services be noted.

(2) That the further work to be undertaken in respect of the former RBT support services currently under review as part of their reintegration into the Council be noted.

(3) That a consolidated report supported by detailed financial information be presented to the Select Commission when this work was complete.

74. UPDATE REPORT - SCRUTINY REVIEW INTO THE USE OF CONSULTANTS

Consideration was given to a report presented by Pete Hudson, Chief Finance Manager, which provided an update on the agreed actions arising from the Scrutiny Review of Consultants and an analysis of revenue expenditure on Consultants over the last four years.

Since 2008/09 when the Council implemented arrangements for tracking revenue expenditure on Consultants it had significantly reduced expenditure in this area and the report set out in detail the consultancy expenditure by Directorate for 2011/12.

It was pointed out that the Council had two Elected Member approved Framework Agreements in place - one for the provision of specialist Legal advice with Bevan Brittain and one for specialist Finance advice with Price Waterhouse Coopers (PwC).

The Select Commission asked a range of questions, which were answered, relating to:-

- Process of engaging consultants and the business cases for doing this.
- Budget monitoring reports and the appropriate scrutiny of contract spend and where consultants had been engaged.
- Reassurances that the spend on consultants was kept to a minimum.
- The need to optimise value for money in the use of the Council's resources.

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

(2) That the Self Regulation Select Commission continue to monitor spend on consultants.

(3) That a further report be submitted to the Self Regulation Select Commission on consultant and agency spend in due course.

75. OVERVIEW OF HOUSING REVENUE ACCOUNT 30 YEAR BUSINESS PLAN MODELLING

Further to Minute No. 178 of the meeting of the Cabinet held on 28th March,

2012, consideration was given to a report presented by Dave Richmond, Director of Housing and Neighbourhoods, which detailed how from 1st April, 2012 the current Housing Revenue Account (HRA) subsidy system would cease and a new a self financing process commenced. Over a thirty year period this new system may produce significant surpluses.

Based on the assumptions the Council would be able to maintain its housing stock to the decent homes standard and also be able to invest in other priorities, for example an ongoing programme of building Council houses to deal with the acute shortage of affordable housing in the borough. Such a programme had the ability to deliver training and job opportunities which could have a significant effect on regeneration in the borough.

Initial financial modelling had taken place and indicated that:-

- Current housing stock investment plans can be delivered.
- Debt could be serviced and/or repaid.
- Surplus resources can meet long term and wide ranging investment needs.

The report also demonstrated that whilst the surplus resources could be accessed, an alternative funding vehicle may be required to effectively “bring forward” or “smooth out” the projected surplus resources from the latter part of the Business Plan.

The Cabinet had agreed to bring forward proposals for possible future investment priorities and to work up formal proposals to utilise the available £33m borrowing headroom. This work was already underway and could largely be achieved from existing resources. However, a more fundamental piece of work related to the longer term strategy for Council estates. To achieve sustainable estates, which remained attractive places to live in the longer term, it would be necessary to consider a range of more significant interventions. Support would be required to undertake a rigorous and robust process aimed at informing estate based investment decisions. In determining investment priorities it would be essential that as a Council there was a clear understanding of the viability of each housing estate and the works that would be required to ensure that they were sustainable and desirable areas to live. This could potentially involve significant remodelling, investment or disinvestment.

A discussion and question and answer session ensued and the following issues were raised and clarified:-

- Housing list review and whether the figures were a true reflection of numbers.
- The various options that had been modelled and the outputs expected.
- Approval of the capital investment and the risks and uncertainties involved.
- Whether the options had been based on the current levels and if the Right To Buy Scheme had had any effect.
- Assumption of rental income and the rental income recovery rates.
- Changes of housing benefit and how this may affect the thirty year

- modelling.
- Monitoring of the detailed plan and validity of the figures contained.
- The Council's Framework Agreement with Pricewaterhouse Coopers and the inclusion of the cost in the Review of Consultants.
- Additional spend on repairs and its requirement given the Decent Homes Programme.
- Activities that may be the responsibility of the tenant and how this may affect the assumptions.
- Use of the Capital Investment and whether this was to be shared borough wide.
- Mechanisms to access funding and additional support.
- Asset management and the quality of information.
- Mitigation of risks for those properties of poor quality and condition.
- Formulae for rents and whether the repairs would lead to an increase.
- Continued monitoring by the Overview and Scrutiny Management Board.

Resolved:- (1) That the work to facilitate the borrowing of up to £33m (permissible against the debt cap ceiling), in order to address short to medium term housing related investment priorities be noted.

(2) That the submitting of a further report to Cabinet identifying and costing these short to medium term priorities for consideration and approval be noted.

(3) That the securing of external support to assist officers be noted to:-

- Define and model future Investment methods available across the term of the Business Plan.
- To undertake an estates needs analysis and investment planning as described in section 10.0.

(4) That the injection of an additional £1m p.a. into repairs as described in Section 9.2 be noted.

(5) That a further report on progress be submitted to the Overview and Scrutiny Management Board in due course.

76. SCRUTINY REVIEW OF RMBC'S DISTRICT HEATING SCHEMES

Further to Minute No. 43(2) of the meeting of the Self Regulation Select Commission on 12th January, 2012, it was agreed that "a Review [should] take place on District Heating Charges under the remit of value for money."

This report presented by Caroline Webb, Senior Scrutiny Adviser, sought expressions of interest to be part of the review, which would look at charges for heating in those areas covered by a district heating scheme of which they were three distinct schemes in operation, each with a separate charging format:

- A pooled metered scheme.
- An unmetered scheme at Beeversleigh.
- Switch 2 card meter scheme at Swinton.

In 2007/08, the Cabinet Member approved a three-year strategy for ensuring

the full recovery of district heating costs. Due to ongoing and significant increases in the prices of gas and utility charges in general, this strategy had yet to be fully realised and it was under this remit that the Self Regulation Select Commission agreed to undertake a review to ascertain whether value for money was being secured.

The Select Commission were, therefore, asked to confirm if it still wished to undertake this review and, if so, it was suggested that a small steering group be set up to determine the scope of the review, identify witnesses and undertake background research. This work would be supported by relevant officers across Directorates.

It was suggested that this work commenced early in the new municipal year, after the annual meeting of Council.

Dave Richmond, Director of Housing and Neighbourhoods, provided further information in relation to the schemes and welcomed the opportunity for the Self Regulation Select Commission to assist with a solution and it was suggested that a scoping report on the areas to focus upon be submitted to the next meeting, with an outline of timescales over the next few months.

Resolved:- (1) That a review of district heating charges under the remit of value for money be initiated.

(2) That a scoping report be submitted to the next meeting of the Self Regulation Select Commission when nominations to a small steering group be received.

77. 2012/13 MONEY MATTERS BUDGET CONSULTATION FINDINGS

Consideration was given to a report presented by Andrew Bedford, Strategic Director of Resources, which provided the key headlines from the recent Money Matters Budget Consultation that took place to help inform the Council's Budget for 2012/13. The Money Matters Budget Consultation had been active since 11th October, 2011 and was completed on 23rd December, 2011.

The headline messages were set out in detail as part of the report and were based on an amalgamation of the outcome of the various consultation methods deployed.

The Select Commission welcomed the opportunity for the public to participate and the methods of promoting the consultation process through the local media.

Resolved:- (1) That the headline messages arising from the analysis of the Money Matters Budget Consultation be noted.

(2) That the consultation findings assist with and help to shape the Medium Term Financial Strategy and allocation of resources moving forward.

78. EXCLUSION OF THE PRESS AND PUBLIC

Resolved, that under Section 100A(4) of the Local Government Act, 1972, the

press and public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act (as amended March, 2006 (information relating to finance and business affairs).

79. DIGITAL REGION - UPDATE

Andrew Bedford, Strategic Director of Resources, gave an update on the current position with the Digital Region.

Further information was provided on coverage across the sub-region, the lead being taken by Rotherham amongst shareholders on the ways forward and the procurement process to seek a new technology provider for the operation of the network.

A number of issues were discussed.

Resolved:- (1) That Andrew Bedford be thanked for his update.

(2) That the information be noted.

80. DATE AND TIME OF NEXT MEETING

Resolved:- That the next scheduled meeting take place on Thursday, 31st May, 2012 at 3.30 p.m.