

OVERVIEW AND SCRUTINY MANAGEMENT BOARD
Wednesday 8 February 2023

Present:- Councillor Clark (in the Chair); Councillors T. Collingham, Baker-Rogers, A Carter, Cooksey, Elliott, Pitchley, Wyatt, Yasseen and Tinsley.

Apologies for absence:- Apologies were received from Councillors Baum-Dixon.

The webcast of the Council Meeting can be viewed at:-

<https://rotherham.public-i.tv/core/portal/home>

149. DECLARATIONS OF INTEREST

Cllr Wyatt raised a non-pecuniary personal interest as a Council tenant in relation to Item 6 – Housing Revenue Account Rents and Service Charges 2023/24. He remained present for the discussion and vote.

150. QUESTIONS FROM MEMBERS OF THE PUBLIC AND THE PRESS

There were no members of the press and public present.

151. EXCLUSION OF THE PRESS AND PUBLIC

There were no exempt items.

152. BUDGET AND COUNCIL TAX REPORT 2023/24

The Board considered a report outlining proposals for the Council's Budget and Council Tax for 2023/24. The proposals were based on the Council's Provisional Local Government Finance Settlement for 2023/24, budget consultation and the consideration of Directorate budget proposals through the Council's Budget process. The report also reviews details of the financial planning assumptions within the Medium-Term Financial Strategy (MTFS).

The Chair invited the Leader to present the report. Also in attendance were the Deputy Leader and the Cabinet Members for Adult Care and Public Health; Children and Young People; Corporate Services, Community Safety and Finance; and Housing. Apologies were received from the Cabinet Members for Jobs and the Local Economy; Social Inclusion; and Transport and the Environment.

In opening, the Leader outlined that there was an £6m funding gap which had resulted from pressures outside the Council's control, such as the national pay award, inflation and rising energy costs. It was highlighted that since the last financial monitoring report was considered, the provisional settlement had been announced which had led to a slightly better position however it would not address the funding pressures fully. The use of reserves would be required , however this had to be done on a

sustainable basis.

The Leader highlighted the priorities underpinning the budget proposals. These were to protect frontline services; avoid placing additional burdens for people on lower incomes; and ensure that services were on a sustainable footing year on year.

The proposals outlined £4 million of cost reductions some of which were permanent savings, with others being offered on a temporary basis. The proposals also contained £0.5m of investments which could be achieved in the current climate.

The Chair thanked the Leader for his introduction and invited members to ask questions and a discussion on the following points ensued:

- The challenges of making budget projections in light of inflationary and energy cost pressures and the necessity of using reserves to meet the shortfall.
- Whether greater emphasis should be given to the impact of financial austerity on the delivery of services. It was outlined that the press release accompanying budget proposals referred explicitly to the effect this had had on people's lives and the Council's ability to deliver services.
- Relatively few of the budget savings proposals would be carried over to next year's budget as these were one off savings.
- It was confirmed discussions had taken place about the use of reserves and sustainability. It was felt that reasonable assumptions had been made concerning next year's position.
- Assumptions about final grant allocations were made on the basis of previous allocations. Any shortfall may require further use of reserves, however that measure was thought unlikely.
- The budget assumptions were based on the best available information. If these assumptions were incorrect, the Council would need to take further action in year 3 to rectify.

The Leader outlined the proposals relating to fees and charges (as outlined in Appendix 7 of the report). In a typical year a 2% increase would be assumed, however in light of the rate of inflation, a 6% increase was proposed for 2023/2024, with a 5% increase in future years. It was highlighted that this was below the rate of inflation to mitigate the impact on residents whilst protecting access to basic services. The proposals to exempt some services from the increase were detailed in the body of the report.

The Chair invited questions from the Board in respect of these proposals,

- Further details were sought if benchmarking had been undertaken

with comparative authorities to establish if the proposals in respect of garage rent and car parking spaces were affordable and usage maximised. An analysis would be undertaken by the service.

- It was noted that charges had been applied for replacement bins in some circumstances. It was not thought that this would be detrimental to recycling targets.
- Clarification was sought if the proposals would have any impact on those eligible for Rothercard. It was noted that the next stage of the Rothercard review would assess available discounts.
- The proposal to exempt market traders from increases to fees and charges were noted. A view was expressed that this would assist to make the trader base sustainable and ensure that a town centre market was viable.
- In respect of housing and district heating charges, it was noted that this came under the Housing Revenue Account.
- It was outlined that there was a shortage of staff to deliver home care packages. The Council was working with the market to influence and create a stable employment base.

The Leader outlined the Proposed Revenue Investments 2023/24 (as detailed in Appendix 2 of the report) relating to Council Plan theme. The Chair invited questions on the proposals therein.

- In respect of the Expanding Economic Opportunity theme, it was noted that it was proposed that there was a 50% discount on market rents during the period of redevelopment. In light of changing shopping habits, it was queried if the proposals would support the market offer. In response, it was suggested that footfall would increase because of the redevelopment. It was also noted that the “Thursday Bazaar” had attracted new customers.
- In respect of proposals supporting A Cleaner, Greener Environment, it was noted the capital investment would improve on site services at Household Waste Recycling Centres. It was also noted that two smaller vehicles would be purchased to collect household waste in areas with narrower streets. Options for the expansion of commercial waste collection and recycling were outlined.
- In respect of the One Council theme, the proposals to improve call handling and online information was noted.

The Leader outlined the Proposed Capital Investments (as detailed in Appendix 3A of the report) relating to Council directorates. The Chair invited questions on the proposals therein.

- Further details were sought on the investment to Bereavement

Services and how this related to Dignity's contractual arrangements. It was noted that the proposed additional activities sat outside the current contract.

- The proposed investment to restore the Waterloo Kiln was welcomed. It was noted that matched funding had been secured.

The Leader outlined the Proposed Revenue Saving Proposals (as detailed in Appendix 4 of the report) relating to Council directorates. The Chair invited questions on the proposals therein.

- Further details were sought on the impact of holding vacant Early Help posts in Children and Young People's Services. It was outlined that there had been difficulties recruiting to those vacancies. The workload had been absorbed and delivered within the service without detriment. It was noted that Family Hubs would be introduced over the next year and therefore the staffing establishment would be reviewed in light of these developments.
- It was noted that discussions would take place on longer term vacancies to determine if savings could be made. The impact on service delivery would be a key consideration.
- It was noted that the number of children in care had reduced safely, however the cost of placements remained challenging. It was anticipated that this downward trend would continue. Work was underway with families to support children remaining at home safely.
- In relation to the savings attached to Family Hubs and Start for Life Funding, it was clarified that the savings equated to the use of one-off additional grant income to fund the management of the change programme. The savings would not impact on the capacity of the service.
- In respect of the proposals regarding Bereavement Services it was anticipated that some income would be recovered through penalties clauses. This had been reflected in the projections. Prior to 2022, no penalties had been levied.
- It was anticipated that the savings attached to IT contracts was achievable. It was acknowledged that the value of contracts may fluctuate and therefore was difficult to formulate proposals for permanent savings at this stage.
- It was outlined that the Change and Innovation team had been established to deliver the "Big Hearts, Big Changes" transformation programme. This was largely complete and responsibility for delivery laid with individual directorates. Remaining staff would be merged with the Council's Organisational Development function. In respect of the deletion of an entry-level policy post, it was noted

that the work had been absorbed by the service. Alternatives such as apprenticeships were also being explored.

- In respect of proposals to realign the workforce model in adult social care, it was outlined that the proposals would require external agencies to undertake their own training rather than this being provided by the Council. It was anticipated that the measures would reduce duplication. Provision of training would be monitored through contracts to ensure standards were maintained.
- It was noted that the medical equipment and wheelchair service would be provided by an external body.
- It was noted that more options for supported living solutions for people with mental health issues were being introduced, lessening the dependence on residential placements.

The Chair thanked the Leader, Cabinet Members and officers for their contributions.

Resolved:

- 1) That Cabinet be advised that the following recommendations be supported.
“That Cabinet recommend to Council:
 1. Approval of the Budget and Financial Strategy for 2023/24 as set out in the report and appendices, including a basic Council Tax increase of 2% and an Adult Social Care precept of 2%.
 2. Approval of the proposed extension to the Local Council Tax Support Top Up scheme, that will provide up to £117.60 of additional support to low income households most vulnerable to rising household costs, through reduced Council Tax bills as described in section 2.5.11-14.
 3. Approval of the updated Medium Term Financial Strategy (MTFS) to 2025/26, as described within section 2.6.
 4. Approval of the Reserves Strategy as set out in Section 2.9 noting that the final determination of Reserves will be approved as part of reporting the financial outturn for 2022/23.
 5. To note and accept the comments and advice of the Strategic Director of Finance and Customer Services (Section 151 Officer), provided in compliance with Section 25 of the Local Government Act 2003, as to the robustness of the estimates included in the Budget and the adequacy of reserves for which the Budget provides (Section 2.14).
 6. To note the feedback from the public and partners following the public consultation on the Council’s budget for 2023/24 which took place from 19 December 2022 to 22 January 2023, attached as Appendix 10.”

7. Approval of the proposed increases in Adult Social Care provider contracts and for Personal Assistants as set out in Section 2.4.
8. Approval of the revenue investment proposals set out in Section 2.7 and Appendix 2.
9. Approval of the Council Fees and Charges for 2023/24 attached as Appendix 7.
10. Approval of the revenue savings proposals set out in Section 2.8 and Appendix 4
11. Application of the Business Rates Reliefs as set out in Section 2.10, in line with Government guidance.
12. Approval of the proposed Capital Strategy and Capital Programme as presented in Section 2.12 and Appendices 3A to 3F.
13. Approval of the Treasury Management matters for 2023/24 as set out in Appendix 9 of this report including the Prudential Indicators, the Minimum Revenue Provision Policy, the Treasury Management Strategy and the Investment Strategy.
14. Approval of the Flexible use of Capital Receipts Strategy 2023/24 (Appendix 5).
15. Approval that the projected 2022/23 revenue outturn overspend will be funded from the Council's corporate reserves as indicated within section 2.9.
16. Approval that any changes resulting from the Final Local Government Finance Settlement 2023/24 be reflected in the Budget and Council Tax Report to Council on 1 March.
17. It is recommended to continue with the principles and measures adopted since April 2020 to make faster payments to suppliers on receipt of goods, works and services following a fully reconciled invoice as described in section 2.11.
18. Approval that the Capital Programme Budget continues to be managed in line with the following key principles:
 - (i) Any underspends on the existing approved Capital Programme in respect of 2022/23 be rolled forward into future years, subject to an individual review of each carry forward to be set out within the Financial Outturn 2022/23 report to Cabinet.
 - (ii) In line with Financial and Procurement Procedure Rules 7.7 to 7.11 and 8.12, any successful grant applications in respect of capital projects will be added to the Council's approved Capital Programme on an ongoing basis.
 - (iii) Capitalisation opportunities and capital receipts flexibilities will be maximised, with capital receipts earmarked to minimise revenue costs. "

153. HOUSING REVENUE ACCOUNT RENTS AND SERVICE CHARGES

The Chair welcomed the Cabinet Member for Housing to the meeting. The Cabinet Member introduced a report seeking approval for the proposed values of the housing rents, non-dwelling rents, District Heating and service charges and the draft Housing Revenue Account Budget for 2023/24.

Also in attendance were the Strategic Director for Adult Care, Housing and Public Health, the Assistant Director for Housing and Interim Head of Services.

The Cabinet Member outlined that there was a requirement for the Council to produce a plan which would allow the Council to maintain and develop its stock. It was noted that the Government policy had capped social rents at 7% and this was reflected in the proposals for a corresponding increase in dwelling rents and shared ownership rents (Option 1). It was outlined that there was a proposal for a 6% increase to charges for garages, communal facilities, cooking gas and laundry facilities. In respect of district heating, it was noted that the Council had cushioned the effect of energy price rises, however in order for the scheme to break even in the long term, the unit charge per kWh would be increased by 186.43% and weekly prepayment charges increased by a maximum of 150% (dependent on property size). Approval was also sought to retain the policy of rent realignment to formula rent levels for re-let properties.

Options for housing rents and district heating charges were detailed in the report.

The Chair invited questions from the committee and a discussion on the following issues ensued.

- Clarification was sought on how tenants using district heating would be supported. It was outlined that the current cost model was not sustainable which was why it was being raised. It was noted that the existing taper was in place and there was parity across the charges. The Tenancy Support Team would work with tenants to maximise take-up of benefits and vouchers for pre-payment meter energy support. The report contained details of the number of tenant households in receipt of Universal Credit and/or Housing Benefit.
- Details were requested on the process for raising formula rents, noting that it would take approximately 12 years to achieve parity. It was outlined that the Council was following the process and timescales outlined by Government policy.
- It was suggested that clear communication should be issued to outline the reasons behind the increases to the district heating

charges and where support was available.

- Assurance was sought that officers would work with tenants, including those not in receipt of benefits. It was noted that affordability tests were conducted prior to tenancies being offered. If surplus payments were accrued on pre-payment meters, this was paid back to the customer at regular intervals
- Information was sought if lower service charges could have been introduced to mitigate the compound impact of charges. It was noted that the recommended position was required to avoid a deficit.
- Clarification was sought if consideration had been given to how the proposals may impact on tenants with long term health conditions or disabilities who may not be in receipt of Universal Credit or Housing Benefit. It was reiterated that the Financial Team are able to offer advice and there were tenancy support options available. A request was made that consideration be given to providing financial support for people in receipt of Personal Independence Payments or have a long term health condition.
- The communication strategy in respect of Money Matters was welcomed. Details were sought if communications had been considered to target those on district heating, with a specific request made that drop-ins and targeted materials should be available. In response, it was outlined that this would be considered. In addition, tenants would be given an annual projected bill and offered advice to assess their ability to pay and establish if additional support was required.

The Chair thanked the Cabinet Member and officers for their contributions.

Resolved:

- 1) That Cabinet be advised that the following recommendations be supported.
“That the Cabinet note the content of the report and recommends to Council:
 1. That dwelling rents are increased by 7% in 2023/24 (Option 1) in line with the latest Government policy on rents for social housing which caps rent increases to 7% for 2023/24.
 2. That shared ownership rents are increased by 7% in 2023/24 (Option 1) as per the increase on Council dwelling rents.
 3. That there is a 6% increase in charges for garages and parking

spaces, communal facilities, cooking gas and use of laundry facilities.

4. That Cabinet note the £1.65m 'cushioning' effect that the Council has put in place through the District Heating Scheme in 2022/2023 rising to £2.593m for 2023/2024 subject to Recommendation 6 below.
 5. That the Council retain the Energy Bill Relief Scheme amounts to offset some of the deficit incurred in cushioning tenants from energy price rises.
 6. The unit charge per Kwh is increased by 186.43% and weekly prepayment charges are increased by 44% to 150%, depending on property size, for District Heating Schemes in 2023/24 (Option 1) to enable the Scheme to break even in the long term.
 7. Approve the draft Housing Revenue Account budget for 2023/24 as shown in Appendix 2.
 8. That the Council retain the policy of realigning rents on properties at below formula rent, to the formula rent level when the property is re-let."
- 2) That consideration be given to whether additional measures, such as tenancy advice and support, could be introduced to mitigate the impact of rent increases for residents who are particularly vulnerable to changes in rent levels (for example recipients of Personal Independence Payments and Disability Living Allowance for children).
 - 3) That consideration is given to developing a communication strategy, including drop-in sessions, to raise awareness of changes to the district heating charges and support available to households.

154. HRA BUSINESS PLAN

The Chair invited the Cabinet Member for Housing to introduce a report which provided a detailed technical overview of the current position and the reasons for changes to the Housing Revenue Account Business Plan. The Cabinet Member outlined that this report should be considered in conjunction with Housing Revenue Account Rents and Service Charges report 2023/24.

Also in attendance were the Strategic Director for Adult Care, Housing and Public Health, the Assistant Director for Housing and Interim Head of Services.

The report detailed that the Housing Revenue Account recorded all expenditure and income relating to the provision of Council housing and related services, and the Council was required to produce an HRA

business plan setting out its investment priorities over a 30 year period.

The overall approach was to make savings where it was feasible to do so and invest in future new affordable housing and to position the housing service so it is best placed to respond to ongoing inflationary pressures and future challenges as they arrived.

It was outlined that the current business plan took account of known costs for housing growth, housing management and repairs and maintenance. To date, a total of 530 homes were already completed or contracted for completion by March 2026. It was proposed a further £115.7m would be invested to deliver more council homes by 2025-26. Over the short to medium term forecast, the business plan was operating at or around the minimum balance; however, this would increase to a surplus of £9.452m by year 30 of the plan.

Details of the planning assumptions were outlined in the report, including options for rent and service charge increases. Base option 1 was recommended for approval.

Having had a full discussion of proposals in its consideration of the Housing Revenue Account Rents and Service Charges report, no further questions were raised by the Board. The Chair thanked the Cabinet Member and officers for their attendance.

Resolved:

- 1) That Cabinet be advised that the recommendations be supported.

“That Cabinet recommends to Council to: -

1. Approve the proposed 2023-24 Base Case Option 1 for the HRA Business Plan.
2. Review the Plan annually to provide an updated financial position.”

155. CALL-IN ISSUES

There were no call-in issues.

156. URGENT BUSINESS

There were no urgent items.

157. DATE AND TIME OF NEXT MEETING

Resolved: - That the next meeting of the Overview and Scrutiny Management Board will be held at 10.00am on Wednesday 22 February 2023 at Rotherham Town Hall.