

WAVERLEY BOROUGH COUNCIL

MINUTES OF THE OVERVIEW & SCRUTINY COMMITTEE - VALUE FOR MONEY &
CUSTOMER SERVICE - 22 JANUARY 2019

(To be read in conjunction with the Agenda for the Meeting)

Present

Cllr David Beaman (Chairman)
Cllr Mike Band
Cllr Nicholas Holder
Cllr Nabeel Nasir

Cllr David Round
Cllr Richard Seaborne
Cllr Bob Upton

Apologies

Cllr Stephen Mulliner and Cllr Brian Adams

Also Present

Councillor John Ward, Councillor Maurice Byham, Councillor James Edwards, Councillor Jenny Else, Councillor Paul Follows, Councillor Mary Foryszewski, Councillor Michael Goodridge MBE, Councillor John Gray, Councillor Ged Hall, Councillor Jerry Hyman, Councillor Carole King, Councillor Andy MacLeod and Councillor Liz Wheatley

51. MINUTES (Agenda item 1.)

The Minutes of the Meeting held on 19 November 2019 were confirmed as a correct record and signed.

52. APOLOGIES FOR ABSENCE AND SUBSTITUTES (Agenda item 2.)

Apologies for absence were received from Cllrs Stephen Mulliner and Brian Adams.

In the absence of Cllr Stephen Mulliner, the Committee resolved that Cllr Mike Band be appointed Vice Chairman of the Committee for this meeting.

53. DECLARATIONS OF INTERESTS (Agenda item 3.)

There were no declarations of interests in connection with items on the agenda.

54. QUESTIONS FROM MEMBERS OF THE PUBLIC (Agenda item 4.)

There were no questions from members of the public.

55. QUESTIONS FROM MEMBERS (Agenda item 5.)

There were no questions from Members.

56. MEDIUM TERM FINANCIAL PLAN 2019/20 - 2021/22 AND GENERAL FUND BUDGET 2019/20 (Agenda item 6.)

Graeme Clark, Strategic Director (s.151 Officer) introduced the report on the Medium Term Financial Plan (MTFP) 2019/20 – 2021/22 and General Fund Budget 2019/20. He explained that the MTFP set the context for next year's budget and beyond. The report highlighted a number of expected financial pressures, resulting

in a projected £3.8m shortfall over the next three years; these included inflation, reduction in waste funding from SCC and the forecast removal of business rates funding. The report also outlined several measures that would help to address this shortfall, including Council Tax increases, procurement savings, property investment income, and other service income/efficiency savings. Peter Vickers, Head of Finance, also highlighted the input of the Budget Strategy Working Group, which had worked alongside officers to go through the detail of the MTFP and look ahead to the changes that would be coming over the next few years.

Focussing on 2019/20, the Committee was pleased to hear that a balanced budget could be put forward with no proposed cuts to services or reductions in funding for community organisations. There would also be no car park charge increases in 2019/20. A Council Tax increase of 2.99% was proposed for 2019/20, but the Council Tax Support Scheme which provided discretionary support to households on low income would remain unchanged.

The Chairman, Cllr David Beaman, expressed his disappointment at the tapering out of business rates retention, highlighting that Waverley currently collected £37m of business rates and retained only £2m, and that this funding could be completely removed by 2023.

Some Members felt that allocating New Homes Bonus (NHB) income specifically to the Property Investment Fund was too narrow and suggested that other investment opportunities for this money could also be considered. Officers emphasised the importance of the Council's policy of not relying on NHB to balance the revenue budget as there was no certainty around this income stream; the Government could change the threshold or stop it completely at any point.

Cllr Andy MacLeod was in attendance at the meeting and asked for some further clarification about how the NHB figure was calculated. He noted that the income from NHB had decreased, while the number of houses being built had gone up. Officers responded that the declining figure was due to the Government changing the formula for calculating NHB, as well as the introduction of a 'growth threshold' below which NHB is not payable.

Cllr Paul Follows was in attendance at the meeting and spoke on this item. He was pleased that the funding for community grants had not been cut, but highlighted their increasing workload, particularly following the introduction of Universal Credit, and asked whether it would be possible to help them further. In relation to investments, he asked whether there were any other opportunities, aside from commercial property, that might carry less risk. Officers responded that in the past, this money had been spent on 'invest to save' projects such as recycling improvements, however the Council had now committed to its approved policy of using NHB to fund property investment.

There were some further queries in relation to borrowing for investment, however overall the Committee was satisfied that the Council had very clear investment criteria and generally took a cautious approach to property investment, turning down opportunities which were not appropriate.

The Committee heard that the majority of fees and charges would be increased by inflation. Members commented that without knowing the demand for each service, it was difficult to understand the relevant value for each item. The Committee

therefore agreed to suggest that a table showing the revenue from the individual fees and charges should be included with the Budget papers.

Additionally, Cllr Richard Seaborne commented that he felt that by repeatedly increasing fees by inflation rates, the Council was losing touch with the commercial context for its services. It was suggested that further work be done on benchmarking fees and charges with other Local Authorities as well as commercial providers to gain a better understanding of the market value for each service. The Committee proposed that scrutiny of the basis for individual fees and charges should be a work stream for the Value for Money and Customer Service O&S Committee in the next Council year.

Cllr Jerry Hyman was in attendance at the meeting and spoke on this item. In light of the £3.8m shortfall, he asked if the MTFP was realistic and whether more dramatic action needed to be taken sooner. The Committee, however, felt that a lot of work had been done throughout the year by both Members and officers in order to close a significant funding gap for 2019/20.

The Committee agreed, subject to the observations noted above, to endorse recommendations 1 – 2 and 4 – 5 as set out in the report. In relation to recommendation 3, the Committee suggested that this recommendation be expanded to include that a schedule be added to the fees and charges document in future, showing the volume of demand for each service, and that a comprehensive review of fees and charges be undertaken over the coming year to ensure that these appropriately reflected the market.

57. HOUSING REVENUE ACCOUNT BUSINESS PLAN, REVENUE BUDGET AND CAPITAL PROGRAMME 2019/20 (Agenda item 7.)

Graeme Clark, Strategic Director (s.151 Officer), introduced the report on the HRA Business Plan, Revenue Budget and Capital Programme 2019/20. He explained that the Government had implemented some significant changes, including a 1% rent reduction, however officers had worked very constructively with the Portfolio Holder to build these into the Business Plan. It was anticipated that rents could be increased from 2020/21, and this had been incorporated into the Business Plan to ensure a robust financial position going forward.

Cllr Carole King, Portfolio Holder for Housing, was in attendance at the meeting and spoke on this item. She commented that it was disappointing to have had to deal with the 1% rent reduction, but that the Council had done very well to maintain stability on the Business Plan. She added that there were no plans to increase garage rents, and highlighted the proposed investment to bring void garages back into use, therefore generating income.

The Committee noted that the predicted growth in the income figure was a result of a combination of rent increases and new properties being built. Members asked that these be split out to enable them to more easily see the benefits of investment in housing stock. Officers agreed that there was a lot of information behind these figures, and agreed to provide a more detailed break down, particularly as this would highlight not only growth from new properties being built, but also loss from Right to Buys.

Cllr Richard Seaborne noted that the principal repayment figure increased significantly in 2022/23 and queried why this was the case. Officers advised that the principal repayment was deliberately structured in this way so as to kick start the new build programme; there would be further step increases throughout the repayment period.

Hugh Wagstaff, Head of Housing Operations, also informed the Committee that extra resource had been put into managing the Business Plan and a new Housing Finance Manager had been appointed. He invited Members to let him know what additional financial information they would like to see in future so that this could be provided.

Cllr Paul Follows was in attendance at the meeting and spoke on this item. He queried whether the increase in housing maintenance was proportional to the property growth. Officers responded that the increase in maintenance was a combination of property growth and inflation. They offered to provide further details about how this was calculated.

Cllr Nicholas Holder raised a query in relation to the spending on kitchens and bathrooms. Officers clarified that routine investment in features such as kitchens, bathrooms and windows was built into the business model.

The Committee endorsed the recommendations as set out in the report subject to the request that a more detailed break down of dwelling income be provided.

58. COUNCIL TAX EMPTY HOMES DISCOUNT AND EMPTY HOMES PREMIUM
(Agenda item 8.)

Peter Vickers, Head of Finance, introduced the Council Tax Empty Homes Discount and Empty Homes Premium report to the Committee. He drew Members' attention to the benchmarking information set out in the report, highlighting that Waverley's current scheme was very generous, and was at direct cost to other Council Tax payers in the Borough. He added that property owners who were experiencing genuine hardship would still be able to apply for discretionary relief.

Cllr Carole King, Portfolio Holder for Housing, was in attendance at the meeting and spoke on this item. She highlighted that landlords had a legal requirement to carry out safety checks between tenants, thus causing a delay in re-letting properties. She suggested that the Committee consider recommending a 1 month discount rather than abolishing the discount altogether.

The Committee acknowledged that Waverley's scheme was currently much more generous than its neighbours and was supportive of the 1 month discount proposal which would bring the Council more in-line with other Surrey districts. Cllr Richard Seaborne also noted that the policy could be reviewed again the following year if necessary.

Members also welcomed the proposal to encourage owners of long term empty properties to bring these back into use by applying the maximum additional Council Tax premiums.

Having considered the proposed recommendations from Executive to Council, the Committee recommended the following amendment to recommendation 1.

1. The discretionary Council Tax discount for “empty and substantially unfurnished properties” **is reduced to 1 month** from 1 April 2019.

59. COMMITTEE WORK PROGRAMME (Agenda item 9.)

Yasmine Makin, Scrutiny Policy Officer, introduced the Committee’s work programme and invited Members to comment on the items scheduled for the next meeting in February.

Cllr David Beaman highlighted the issue of the relocation of the Farnham Post Office and suggested that this be added to the work programme for the Community Wellbeing O&S Committee.

The meeting commenced at 7.00 pm and concluded at 8.30 pm

Chairman