

Overview Scrutiny Committee

Thursday, 14 February 2019

7.30 pm

Present:

Cllr John Burden (Chair)
Cllr Sara Langdale (Vice-Chair)

Councillors: Lee Croxton
 Leslie Hills
 Gary Harding
 William Lambert
 Brian Sangha
 Makhan Singh

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| Stuart Bobby | Director (Corporate Services) |
| Nick Brown | Director (Environment & Operations) |
| Daniel Killian | Assistant Director (Operations) |
| Sarah Parfitt | Assistant Director (Corporate Services) |
| Chris Wakeford | Committee Services Officer (Scrutiny) |

99. Apologies

An apology for absence was received from Councillor Cllr Samir Jassal and Cllr Jenny Wallace; Cllr Gary Harding and Cllr Brian Sangha appeared as their respective substitutes.

100. Minutes

The Minutes of the meeting held 17 January 2019 were signed by the Chair.

101. Declarations of interest

No declarations of interest were made.

102. Housing Repairs Topic Review (Part 2) Final Update

The Director (Environment & Operations) and Assistant Director (Operations) presented Members of the Overview Scrutiny Committee with the final update on what has been achieved in relation to the recommendations made by the Overview Scrutiny Committee following the Housing Repairs Topic Review (Part 2).

In February 2017 the Overview Scrutiny Committee selected Housing Repairs for a further topic review (Part 2) which focused on:

- A review of the total amount spent on repairs and maintenance and the capital improvement works to the council's housing stock.
- A review of the cyclical programmes that the council has in place with regards to roofs, kitchens, bathrooms, boilers etc, to establish whether the council is replacing these items more frequently than is necessary, or more frequently relative to others.

The Overview Scrutiny Committee made a number of recommendations for Cabinet consideration:

1. Continue to identify areas of repairs and maintenance work that can be carried out in house and increase staffing levels where appropriate to deliver this objective.
2. Provide a further update of repairs and maintenance improvements to the Overview Scrutiny Committee within 12 months in response to the topic review recommendations
3. Ensure regular liaison between the internal Repairs team and the Housing team to ensure that a good client/ contractor relationship is maintained and that information is shared and acted upon.
4. Provide further training to Housing Officers to enable them to provide more comprehensive advice to tenant's responsibilities and the council's responsibilities in terms of repairs and maintenance issues.
5. Review 'repeat offenders' who have the same or similar repair jobs carried out a number of times and work with housing management to address this issue and to recover repair costs from the tenant where appropriate.

Significant work has been undertaken over the last 24 months; new technology has been introduced alongside an innovative review of existing repairs processes, which challenged existing custom and practices. This enabled the service to achieve the recommendations of the Overview Scrutiny Review whilst giving clearer guidance to both the tenants and the council as a landlord.

These changes have not only improved the service for Gravesham tenants but have also achieved significant savings now and will continue to do so in the future. The service will continue to build on its successes to date as a result of the review and will feedback through the relevant committees.

The Assistant Director (Operations) highlighted the following to the Committee:

- A saving of just over £1m was realised within Responsive Repairs in 2017/18.
- Towards the end of 2018 an increase to the establishment of both the responsive repair and voids team commenced. Depending on the trade, it cost the Council anywhere between 19% and 36% less than what our current contractors would charge the council for providing the same resource.
- It is estimated that by completing the kitchen and bathroom programme work in-house that it will save in the region of £760,000 per year, £23m over the 30 year HRA business plan.
- The target to complete Emergency Repairs on time is 98%. GBC have consistently achieved 100% this financial year.
- The 'fixed first time rate' has increased from 67% to a monthly average of 87%.
- The target to complete a minor void property is 14 days and for major voids,

28 days. The average outturn for minor is 7.5 days and for major is 22 days.

- Customer Service, which has been measured since July 2018 is at an average of 97%.

The Committee commended the Housing Repairs team on their fantastic achievements to date and requested that their thanks be passed on to the whole team.

The Committee Members, who visited the Housing Repairs Team on 7 February 2019, commented on how committed and enthusiastic the team are.

The Director (Environment & Operations) thanked the Committee for their kind words and extended the invitation to visit the Housing Repairs team to all Members.

The Director (Environment & Operations) and Assistant Director (Operations) fielded questions from the Committee and highlighted the following:

- The Director (Environment & Operations) will provide the Committee with an executive summary of the positive statistics regarding the improvements within the Housing Repairs team.
- The building blocks have been put in place so that the department is fully prepared for any Local Authority Trading Company aspirations.
- The department is certainly willing to share what it has learnt from this project with both internal and external partners.

Resolved that Members of the Overview Scrutiny Committee noted the success of the review and the achievements made by the team.

103. General Fund Revenue and Capital Estimates 2019-20

The Director (Corporate Services) and the Assistant Director (Corporate Services) presented the Committee with the draft revenue and capital estimates for General Fund services in 2019-20 together with the recommended level of council tax to be levied for 2019-20.

The Assistant Director (Corporate Services) highlighted the following:

- On 13 December 2018, the provisional settlement for 2019-20 was announced. The provisional settlement would be the final year of the multi-year finance settlement announced in 2016-17 and completes the Government's intended reduction in the total level of funding for local government over the next three-year period.
The Settlement Funding Assessment (SFA) for the Council was a slightly improved position than that expected due to the decision of Government to provide an additional £153m of funding to those authorities that were due to pay negative RSG for 2019/20. For Gravesham, this amounted to £243,710 that the Council was expecting to lose by way of a reduction to its business rates retention baseline funding level.
- The council has secured indicative NHB funding for 2019-20 of £611,150 (the Council had budgeted £452,000) This is above the level of funding that was previously in the MTFP, with the increase principally due to there being 349 net additions to the housing stock of the borough between October 2017 and October 2018, above the 160 net additional homes needed to meet the 0.4% national baseline.
- Kent & Medway were unsuccessful in retaining pilot status for Business Rates in 2019-20, so GBC will revert back to being part of the Kent Pool arrangement.

- The budget reflects the second year of the pay offer made by National Employers for Local Government which represents a 2% pay rise for staff with some adjustments to the lower pay points to continue to close the gap with the national living wage and also to maintain the differentials between pay scales towards the lower end.
- The vacancy allowance has been maintained for the General Fund at £350,000 and work continues with budget holders to develop proposal for services and address the Council's financial position.
- The funding gap, and therefore action required by the council, increased by £0.4m to £2.9m when setting the budget for 2017-18, primarily driven by the changes to the design of the New Homes Bonus Scheme. The funding gap was widened by at least a further £1m at budget setting 2018-19 due to the financial impact of low housebuilding rates in the borough, the higher than anticipated staff pay award and lower than expected interest rates.
- An update on each workstream of Bridging the Gap activity was presented to Cabinet and Overview Scrutiny in Summer 2018. Further to this, in November 2018 both Cabinet and Overview Scrutiny were presented with further Balancing the Budget Initiatives amounting to just under £1.3m in response to the budget gap identified at budget setting 2018-19.
- The council has undertaken a critical review of its council tax base to analyse movements in the tax base between 2018-19 and 2019-20. This has resulted in a slight reduction in the tax base of 0.17% in 2019-20 compared to that of 2018-19, principally derived from lower than anticipated growth in new dwellings in the borough, the impact of the Council Tax Reduction Scheme and an increase in the level of discounts and exemptions applied to individual accounts.
- Gravesham Borough Council is permitted to raise council tax by 3% or up to and including £5 (whichever is higher).
- The referendum principles permit Gravesham Borough Council to increase its council tax by 2.97% to £203.13 (£5.85 or 11 pence per week for a Band D property).
- Medium Term Financial Plan 2018-19 Quarter Three; projected underspend of £823,330 in 2019-20 meaning the Council will draw £500,000 (instead of £1.3million)
- 2019-20 projecting a balanced budget through the drawn down of £740,000 from working balances. Due to the bridging the gap activity the Councils first savings requirement come in 2023-24
- The budget gap for the Council now sits at £1.9million. £1.2million has already been identified and the Council has a three year window to deliver the remaining £0.7million.
- There is a lot of uncertainty on the horizon with the spending review, fair funding review, Brexit and possible government concerns with the commercialisation agenda.
- An Annual Review of working balances and level of reserves has been carried out and the Section 151 officer has agreed that in 2019-20 there is a need to increase the General reserve from £2million to £4million, meaning the minimum level of working balances will go from £3.25million to £5.25million. The Council will also be re-profiling its commercial income protection reserve to 15% of rental income.
- Capital programme for the General Fund is estimated at £19.5million. New schemes include; Heritage Assets, Car Parking Machinery and the development of Council owned land.

The Director (Corporate Services) and the Assistant Director (Corporate Services) fielded questions from the Committee and highlighted the following:

- The Council is awaiting the results of the fair funding review to see the effects on the negative Revenue Support Grant (RSG) line and on New Homes Bonus before making any plans going forward.
- A letter has been sent to enquire why Kent & Medway were unsuccessful in retaining pilot status for Business Rates in 2019-20, so far no response has been received.
- The Section 151 Officer confirmed that there are no aspirational savings in the budget.
- The reason the Council has a minimum level of working balances is because it needs to make sure it maintains a certain level of cash within the organisation to meet the day to day liabilities. The other reason is to protect the Council against the risks that are on the horizon (e.g. disappearance of New Homes Bonus). Many of the Council's funding sources carry great volatility.
- The Council is relatively well prepared in the face of future uncertainty. GBC has been building up its working balances and its reserves to replace vehicle fleets, play site equipment, invest in leisure centres and has linked the commercial income protection reserve to the level of income we receive (15% of all rental income).
Financially the Council is doing all the right things. Internally, the service review process has enabled the Council to get a handle on what it is spending its money on. Understanding the cash flow has given the Council confidence, the Council was the first in Kent to create a 10 year cash flow. Property acquisitions have also improved the Council's cash flow. The Council also has £10million in Property Funds and £10million in Multi-Asset Funds.
- An 'un-ring-fenced grant' means it's not meant for any particular purpose and therefore the Council can apply it to what it wants.

The Committee voiced their grievances over the unfair nature of the current New Homes Bonus arrangement and supported the suggestion that this be fed back to central government by whoever is in charge of the Council following the Borough Election in May.

The Chair clarified that the Council has not agreed to engage in commercialisation, the Council is not outsourcing, it's just being more aware of how the commercial market works.

The Committee congratulated the Finance Team for all their hard work.

Resolved that the Overview Scrutiny Committee noted the Cabinet recommendations that will be presented to Full Council.

104. Housing Revenue Account Estimates 2019-20 and Housing Capital Programme

The Director (Corporate Services) and Assistant Director (Corporate Services) presented the Committee with the draft revenue and capital estimates for Housing Revenue Account Services in 2019-20 together with the determination of the level of rents and service charges for 2019-20.

The Assistant Director (Corporate Services) highlighted the following:

- The Council is budgeting for income of £27.2million, versus expenditure of £30.7million with the need to draw £3.5million funds from the general HRA reserve, principally to fund works within the capital programme.

- The budget reflects the second year of the pay offer.
- The HRA will retain a vacancy allowance of £100,000
- The Finance Team have worked with budget holders to challenge their budgets, as a consequence of this the Council is delivering £54,000 of ongoing budget reductions which builds on £241,000 that's been realised by that process over the last 2 years.
- Salary related savings total £466,000 due to reviewing the staffing establishment and removing long term vacant posts.
- The budget also reflects the last year of the government's rent reduction policy which requires rents to be reduced by 1% annually, which will see the average weekly rent for the authority falling from its current level of £87.77 per week to £87.71 per week in 2019/20.
- Service Charges: September CPI gives a figure of 3.4%
- The Capital programme for the year is estimated at £16.7million which reflects investment in the Council's existing stock and also the continuation of the new build and acquisition programme.

The Director (Corporate Services) explained that the vacancy allowance is designed to reflect the natural turnover within the year. The Council tries to minimise the impact on service delivery wherever possible.

The Director (Corporate Services) advised that the Local Government Association is lobbying on behalf of Local Authorities regarding central government housing policies that many feel are unfair (e.g. Local Authorities Right to Buy receipts to fund no more than 30% of the cost of a replacement unit).

The Chair noted that this was a well-managed account and more social housing is to be welcomed but it doesn't seem right that the people paying for it are the poorest. If the costs were to be shared it would be fairer.

Resolved that the Overview Scrutiny Committee noted the Cabinet recommendations that will be presented to Full Council.

Close of meeting

The meeting ended at 8.50 pm