

Extract from Overview and Scrutiny Minutes 20 January 2016

5. REPORT OF THE OVERVIEW AND SCRUTINY REPORTING AND MONITORING WORKING GROUP – GENERAL FUND MTFP 2016/2017 - 2020/2021, DRAFT COUNCIL WIDE DRAFT BUDGET 2016-2017, HOUSING REVENUE ACCOUNT (HRA), RENT SETTING 2016/17 AND BUDGET PROJECTIONS 2017/18 TO 2020/21

The Chair referred to the report of the Reporting and Monitoring Working Group that had identified three key issues from General Fund MTFP 2016/2017 - 2020/2021, draft Council wide draft budget 2016-2017, Housing Revenue Account (HRA), Rent Setting 2016/17 and Budget Projections 2017/18 to 2020/21:

Rent decrease based on Government Policy -1% for 4 years
Impact on the Capital Programme
Impact on the Repairs and Maintenance Budget

Welfare Reform:

Details of provisions in place for support and how this is reflected in the budget

Environmental Services Contract:

Review and plans for a possible new contract and the mitigation against potential increase in costs

Cabinet Members and Officers presented the above issues to the Committee:

Environmental Services Contract:

Councillor Alan Bottwood, Cabinet Member for Environment, Councillor Mike Hallam, Cabinet Member for Finance, Glenn Hammonds, Chief Finance Officer, and Julie Seddon, Director of Communities and Customers advised:

- The current Environment Services contract commenced in 2011 and will conclude in 2018. It is a joint contract with Daventry District Council.
- Work needs to commence now on the looking at a way forward for a new contract from 2018.
- It was acknowledged that it is expected that there would be an increase in the price of a new contract and there is a need to minimise any increase looking at:

The statutory elements of the contract

Elements of the contract that residents would expect

Other elements of the contract

- A decision would need to be taken regarding the specification of the new contract and the best way for it to be delivered, for example looking at the various options such as:

Tenders from private companies for the new contract
Delivering the service in-house
Arm's length organisation
Work with other District Councils

- An options evaluation of each option would be undertaken and information would be gathered of what the specification of the contract should include. It was expected this process would commence April 2016.

The Committee asked questions, made comment and heard:

- There is a need to ensure the contract is fit for purpose
- It was acknowledged that Scrutiny input into the contract would be proposed at the forthcoming Overview and Scrutiny Work Programming event but there was a need to consider the following options prior to work on the procurement process:
 - The preferred option for the new contract
 - What should be included within the specification of the contract
- The Committee felt that work on the above was best placed in the Scrutiny mechanism but recognised that constitution allows for the setting up of Cabinet Advisory Groups.

It was therefore **AGREED**:

- (1) That an Overview and Scrutiny Working Group is set up to investigate the options for the new Environment Services Contract and the specification for the contract.
- (2) Membership of the Working Group would comprise Councillor Dennis Meredith (Chair); Councillors Gareth Eales, Terrie Eales, Brian Oldham, Brian Sargeant and Samuel Shaw.

The Scrutiny Officer would contact Councillor Lane, Chair, to ascertain whether he would also become a member of the above Working Group.

Rent decrease based on Government Policy -1% for 4 years

Councillor Stephen Hibbert, Cabinet Member for Housing, Councillor Mike Hallam, Cabinet Member for Finance, Glenn Hammons, Chief Finance Officer, Phil Harris, Head of Housing and Wellbeing and Mike Kay, Chief Executive, Northampton Partnership Homes gave the Committee a presentation that set the scene:

- Impact on Capital Programme
- Impact on Repairs & Maintenance Budget MTFP had assumed that rent would increase by CPI + 1%
- Rent decrease will reduce total income by approximately £20.6m over 4 years
- Will have an even bigger impact over the longer term 30 year HRA Business Plan
- Will affect investment options around the stock
- Impact of the 1% rent decrease over the next 4 years:
 - Savings on Retained HRA - £0.6m

The remaining £20m is proposed to be found by splitting over the following areas:

- NPH Management Fee (25% / £4.98m)
- Repairs and Maintenance (30% / £5.98m)
- Capital Investment Programme (45% / £8.97m)

The Committee asked questions, made comment and heard:

- To give some context over the 4 years the forecast NPH management fee is approximately £50 million, Repairs and Maintenance managed budget is approximately £64 million and Capital Investment approximately £82 million before the proposed reductions. In response to a query it was confirmed that tenants will pay 1% less in rents year on year for the next 4 years and this will cost approximately £20 million in reduced income. There will be a continued need to drive efficiencies, driving value for money and look at costs and overheads etc.
- The Committee heard one example about the new Scheduling System that will drive efficiencies SAMS
- The Northampton Standard identifies certain aspects of work that are a priority. Some works will be deferred if they have not been identified as a priority.
- In response to a query, it was confirmed that repairs to Sheltered Housing accommodation will go forward. A Sheltered Housing Review is nearing completion and report will be presented to the Overview and Scrutiny Committee at its June 2016 meeting.
- The Capital Programme is currently predominantly for improvements to existing housing stock
- The Committee heard that the extension to Housing Associations of Right to Buy will result in a formulae approach to calculating how much the HRA will have to pay over to Treasury to pay for this extension. Details of the formulae are awaited to enable the assessment of impact although it will be another negative financial impact on the HRA starting from 2017/18.
- The Committee welcomed and commended the work undertaken by NPH over the past year.

Welfare Reform:

Councillor Mike Hallam, Cabinet Member for Finance, Councillor Stephen Hibbert, Cabinet Member for Housing, Glenn Hammons, Chief Finance Officer, Phil Harris, Head of Housing and Wellbeing and Mike Kay, Chief Executive, Northampton Partnership Homes advised:

- Spare Room Subsidy - 687 tenants: 554 at 14% and 133 at 25%, NBC visited all of the tenants that were likely to be affected
- Actively promoted mutual exchanges and transfers
- Universal Credit (UC) Rollout started in November 2015, from 2018
- Existing housing benefits claims will be migrated to UC, it is expected
- this process will take until 2021 to complete
- Tenants Conference – focused on UC

- UC claims separately identified
- NPH, NBC,CAB,CLS, Credit Union all working in collaboration regarding UK
- Budgeting support, bank accounts and any day direct debits etc. have been set up
- Set up
- Officers are learning from others

The Committee asked questions, made comment and heard:

- It was noted that 2 bedded properties are in the highest demand.
- A list of under-occupied properties is produced and monitored.
- It was confirmed that tenants living in under occupied properties that are willing to move and awaiting a suitable property are not excused from the subsidy
- A time limit for exchange has not been set
- A home swap webpage has been produced and mutual exchanges are encouraged
- Moving across to Universal Credit will be a slow process. It is being rolled out in Northampton

The Chair thanked Cabinet Members and Officers for providing a comprehensive presentation on the three issues as identified by the Reporting and Monitoring Working Group.

AGREED: That the comments and observations of the Overview and Scrutiny Committee on the General Fund MTFP 2016/2017 - 2020/2021, draft Council wide draft budget 2016-2017, Housing Revenue Account (HRA), Rent Setting 2016/17 and Budget Projections 2017/18 to 2020/21 are included as an Appendix to the Cabinet report; and for consideration by Cabinet in agreeing a final budget proposal.