

MID SUFFOLK DISTRICT COUNCIL

Minutes of the Meeting of the **MID SUFFOLK SCRUTINY COMMITTEE** held at the Council Chamber, Council Offices, High Street, Needham Market on Wednesday, 15 March 2017

PRESENT:

Councillors: Rachel Eburne (Chair) Lesley Mayes
Elizabeth Gibson-Harries Kevin Welsby
Lavinia Hadingham Derek Osborne
Wendy Marchant

In attendance: Councillors Nick Gowrley and Jill Wilshaw
Arthur Charvonia – Chief Executive
Kevin Jones – Interim Strategic Director
Emily Yule – Temporary Assistant Director – Law and Governance
Val Last – Governance Support Officer
Henriette Holloway – Governance Support Officer

1 **APOLOGIES FOR ABSENCE/SUBSTITUTIONS**

An apology for absence was received from Councillor James Caston.

2 **TO RECEIVE ANY DECLARATIONS OF PECUNIARY OR NON-PECUNIARY INTEREST BY MEMBERS**

There were no declarations of interest.

3 **Y/03/17 - TO CONFIRM THE MINUTES OF THE MEETING HELD ON 26 JANUARY 2017**

RESOLUTION

That the minutes of the meeting held on 26 January 2017 be confirmed as a correct record subject to a minor amendment to correct the spelling of Councillor Paul Ekpenyong

4 **TO RECEIVE NOTIFICATION OF PETITIONS IN ACCORDANCE WITH THE COUNCIL'S PETITION SCHEME**

None received.

5 **QUESTIONS BY THE PUBLIC**

None received.

6 **QUESTIONS BY COUNCILLORS**

None received.

Y/04/17 - HOUSING REVENUE ACCOUNT 30 YEAR BUSINESS PLAN

Kevin Jones, Interim Strategic Director, introduced Report Y/04/17 which enabled Members to examine the work being undertaken to forecast the 30 year financial position of the Housing Revenue Account (HRA) for the District.

The report appraised Members regarding recent changes made to the assumptions contained in the HRA Business Plan, the reasons for the changes and the impact the changes had on the 30 year financial position. It also informed the Committee about the development pipeline of new homes for the Mid Suffolk HRA. A roadmap was set out for the transformation of the role of local authority housing and HRAs in light of the significant financial challenges caused by changes to Government policy, the emerging Suffolk work on housing delivery and the Government White Paper 'Fixing Our Broken Housing Market'.

The Chair noted that the Committee was disappointed that the draft HRA 30 Year Business Plan was unfinished and that the Report was lacking in detail. The Interim Strategic Director explained that the HRA Business Plan was currently being updated and was close to completion and would be presented to the Executive Committee and Full Council in April.

The Interim Strategic Director then gave a presentation titled the HRA Business Plan Review which was based on Report Y/01/17 and attached as Appendix 1. It was explained that Central Government had brought out recent legislation, which had an impact on the HRA budget planning. Although it was a 30 Year Business Plan an annual update was to be provided for Members and Officers would adjust the Business Plan every quarter to incorporate necessary changes. The Government had imposed a Debt Cap on Councils HRA Budgets and Mid Suffolk District Council would potentially exceed this limit. The immediate purpose of the HRA Business Plan was to provide a framework to enable the Council to operate below the Debt Cap and incorporate recent changes brought by the Government. Two impacts on the HRA Budget were the 1% rent reduction introduced by the Government for years up to 2019/20 to reduce the Welfare Benefit Bill and the increase in sales under the 'Right to Buy' scheme which would have a significant impact on the Councils' rental income in the future.

During the presentation Members were informed of the assumptions which formed the basis for the previous HRA Budget and of the adjustments made to these assumptions and the effect they were to have. Future adjustments and assumptions were explained and illustrated further by graphs. The presentation also included information on the Babergh Mid Suffolk Building Services (BMBS), benchmarking and historical approach

Councillor Rachel Eburne clarified to Members the term 'Void' was used as a term for letting vacancies in tenants housing. Members questioned the specific assumptions applied to Rents, Voids and Bad Debts, specifically the financial differences between Babergh and Mid Suffolk District Councils. It was clarified that the differences between Babergh and Mid Suffolk District Councils' performances were a result of the differences in housing stock and stock conditions. Mid Suffolk District Council needed to improve performances in Letting Voids.

The Interim Strategic Director informed Members that the introduction of Universal Credit was predicted to create more rental arrears and increases in Bad Debts, as tenants received the Universal Credit payment directly into their bank accounts, before paying their rent to the council. Members debated the consequences of this new method of payment and queried how this was to be managed and the cost implications likely to be incurred, as Bad Debt cases were likely to rise and reduce rent collection. Members were informed that once Universal Credit was introduced, it would be prudent to allow for a rise in Bad Debt and the management thereof in the HRA Budget. It was expected that the workload was to increase for a period of time, and the team had factored this into the HRA Business Plan.

The Babergh Mid Suffolk Building Services (BMBS) service was to commence on the 1 April 2017 and would be an in-house service. A review of the BMBS business plan was nearing completion and the updated forecasts would be included in the final version of the HRA business plan being prepared for the Executive Committee meeting on 10 April 2017.

The historic approach and the proposed way forward were outlined together with proposed mitigation measures for efficiencies, inflation, and variable cost.

In response to a Member's question relating to the reduction in staff costs which was expected with the merging of services it was explained that although the joining of the two Councils had resulted in savings, staff progression through the pay scale and the 1% salary increase generated a year on year increase in costs and was reducing the savings. Any allocation of staff costs to the HRA Budget would be reasonable and auditable.

Members debated the reduction of housing stock due to the Right to Buy and the forecast for the next 5 and 10 years. It was presumed that as the Councils' housing stock reduced the costs of repairs would also then be reduced. Members questioned the information on the cost of maintaining the housing stock and compared this to the national benchmark. It was noted that Mid Suffolk District Council spent nearly twice as much on Responsive Repairs as Babergh District Council. This could be caused by the difference in the condition of the housing stock but a better balance should be achieved. Some form of out of hour's emergency insurance was debated but officers had not considered this option as the BMBS was expected to cover this area.

The way Housing Voids were managed was questioned. Performance to date this year had improved although it was recognised that there was still a need for improvement.

Members debated the way forward regarding housing stock and how dwellings were sold through the Right to Buy Scheme and new houses were being built. In the HRA Budget Plan, Mid Suffolk District Council is forecasting to sell 32 dwellings every year over the next five years, and these could not be replaced at the same rate within the Council's stock. Councillor Eburne advised that the houses were not 'lost' but were no longer let by the Council. New homes were being built in the District so the housing stock increased overall. The Chief Executive confirmed that the

strategic objective was to grow the overall housing stock in both districts.

The Interim Strategic Director explained that Appendix 1 had been created to illustrate the budget for staff and front line manager and that the figures required updating, and should be regarded as a work in progress.

Members were advised that more details for the HRA Budget would become available in the coming months and the 30 Year Business Plan was to be ready for the full Council Meeting in April.

Throughout the meeting several requests were made by Members regarding the layout of the Report:

- That the Y and X axis and the 'Debt Cap Impact MSDC' and 'Ability to Fund Capital Costs' graphs were amended to read the money in £ millions and the actual individual years and not the numbers of years.
- A line to illustrate the Debt Cap on each graph.
- That any evidence or sources were referenced such as that the HRA Budget Plan was based on an industry model developed by the Chartered Institute of Housing.

It was confirmed that the Joint Housing Board had considered the report and provided input.

Councillors Derek Osborne and Kevin Welsby proposed and seconded the recommendation respectively.

By a unanimous vote

RESOLUTION

That the approach being taken to deliver a sustainable Housing Revenue Account 30 Year Business Plan be endorsed

The Business of the meeting was concluded at 11.00 a.m.

Note: Councillor Elizabeth Gibson- Harries left the meeting at 10.30 a.m.

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Chairman

