

SWT Scrutiny Committee - 20 January 2020

Present: Councillor Gwil Wren (Chair)

Councillors Libby Lisgo, Ian Aldridge, Sue Buller, Dixie Darch, John Hassall, John Hunt, Dave Mansell, Hazel Prior-Sankey, Phil Stone, Keith Wheatley, Caroline Ellis and Simon Coles

Officers:

Also Present: Councillors Chris Booth, Ross Henley, Marcus Kravis, Janet Lloyd, Peter Pilkington, Francesca Smith, Federica Smith-Roberts, Brenda Weston, Loretta Whetlor and Alan Wedderkopp

(The meeting commenced at 6.15 pm)

55. Apologies

Apologies were received from Councillors Cavil, S Lees, Thwaites and D Wedderkopp.

Councillor Ellis substituted for Councillor S Lees.

Councillor Coles substituted for Councillor D Wedderkopp.

56. Minutes of the previous meeting of the Scrutiny Committee held on 8 January (attached)

(Minutes of the meeting of the Scrutiny Committee held on 8 January circulated with the agenda)

Resolved that the approval of the minutes of the Scrutiny Committee held on 8 January be deferred until the meeting on 5th February.

57. Declarations of Interest

Members present at the meeting declared the following personal interests in their capacity as a Councillor or Clerk of a County, Town or Parish Council or any other Local Authority:-

Name	Minute No.	Description of Interest	Reason	Action Taken
Cllr S Coles	All Items	SCC & Taunton Charter Trustee	Personal	Spoke and Voted
Cllr C Ellis	All Items	Taunton Charter Trustee	Personal	Spoke and Voted
Cllr J Hunt	All Items	SCC	Personal	Spoke and Voted
Cllr L Lisgo	All Items	Taunton Charter Trustee	Personal	Spoke and Voted
Cllr D Mansell	All Items	Wiveliscombe	Personal	Spoke and Voted

Cllr H Prior-Sankey	All Items	SCC & Taunton Charter Trustee	Personal	Spoke and Voted
Cllr G Wren	All Items	Clerk to Milverton PC	Personal	Spoke and Voted

58. **Public Participation**

No members of the public had requested to speak on any item on the agenda.

59. **East Quay Wall, Watchet - Maintenance Report. Report of The Localities Manager (attached).**

The report set out the situation with the East Quay wall, Watchet and the options that the Council had to maintain this asset into the future. It did not seek approval of a permanent solution for the repair at Splash Point, this would be dealt with separately once possible design options were established, but did request financial approval of the design work for this permanent repair.

For the East Quay wall survey works identified that the wall was not at imminent risk of failure but would benefit from maintenance with some reinforcing in the central and northern sections to ensure that operations could continue into the future, and that a programme of monitoring be put in place for the entire length of the wall. The report challenged the economic advantage of undertaking the reinforcing work to the northern section and proposed alternative options.

The East Quay wall served as part of the structure to create the marina, protects Watchet as a sea defence, and stabilised the East Quay itself. This area was used for boat storage, as a lifting facility for the marina, and a tourism offering.

The timing of the report was unrelated to the granting of the lease to the Onion Collective as the report identified that this development had a negligible impact on the wall structure and no works to the wall were required to enable the development.

The report identified a budget need for design work and a maintenance solution, therefore a budget request was made for £740k to design a permanent solution to the Splash Point failure and reinforce the central section of the East Quay wall with the associated professional costs.

From the survey information provided, the southern section required no substantial maintenance works, however a plan for monitoring was required.

It was recommended that the central section would be reinforced to allow for vehicle movements into the boat storage area and crane operations which were a condition of the lease to the marina operator. These could continue at high tide but advice would be provided to the marina operator and Onion Collective concerning low tide. Undertaking this work would also provide for longer term stability for the operation of the marina.

It is recommended that the northern section is excluded from the reinforcing programme and officers are instructed to work with the marina operator to limit the impact of this decision.

The Authority will undertake a robust procurement activity to ensure that the best options and value are established. We recommend to Members that we further instruct specialists to create the necessary engineering designs for both Splash Point and the central section of East Quay.

We then recommend that the design is put to market with a minimum lifespan requirement. With this quality aspect already set we can then run a procurement activity weighted in favour of price.

Upon approval of the recommendations the design and procurement will begin, with works being undertaken on site in 2020 / 21, and completed to a timeline that avoids further disruption on site following the conclusion of the OC development.

Debate

- The temporary rock solution to the East Quay, there was likely unseen levels of damage due to the area where the collapse in the wall had occurred. Engineers were closely monitoring the wall and its risk of collapse.
- Testing of the wall and the temporary measures to fill the breach had ensured the temporary stability of the wall. The costs for a permanent fix to the wall was estimated at £500k which included professional fees and expertise. Clarification was provided that this was an asset the Council owned and not an Environment Agency owned asset.
- Emphasis was given on a permanent solution being required to repair the wall to full strength. There would be a procurement tendering process for the design and delivery of the works. The works being tendered for were to reinstate the existing size of walls and would not take into account a higher level of wall. Doing so would disperse higher waves elsewhere.
- Due to the rising sea levels consideration was requested to reflect repairs which took this into account. The Marina operator was responsible for the maintenance of the harbour. The Council were still in contact with the operator to discuss the range of solutions to dredge the harbour, water injection dredging seen on the Somerset Levels would not be effective on compacted mud experienced in the Harbour.
- The committee welcomed the update being considered at Executive and Full Council and commended the work undertaken by officers and the positive image of the administration which had enhanced its reputation.

Resolved:- The Scrutiny Committee endorse the recommendations that the Executive Full Council approve the following additions to the Capital Programme, which would be funded through borrowing:

- i) Add the following to the Capital Programme for 2019/20
 - a. The sum of £100k be allocated to the wall design works at Splash Point and
 - b. The sum of £100k be allocated to the wall design works at East Quay
- ii) Add the following to the Capital Programme for 2020/21

- a. The sum of £500k be allocated to reinforce the East Quay wall in the central section and
- b. The sum of £40k for project management resource to deliver this project to its conclusion.

60. **Housing Revenue Account (HRA) - Business Plan Review. Report of The Director of Housing (attached).**

The Housing Revenue Account (HRA) Business Plan contained the financial model of the service for the next 30 years. A number of largely external changes meant that a full refresh of the Business Plan was necessary. This report identified the changes and the impact of these. The report also set out a new vision for the Housing Service and plans for growth in the number of new homes we plan to build. The report also proposed a new rent policy following the end of a period of four years of imposed rent reduction, this would provide a refreshed income position on which to build future plans set out in this report.

Officers worked with external housing and business planning advisers Savills to create a new structure and approach to modelling future financial planning. The proposed Business Plan represented the current established position, it incorporated assumptions concerning future projected substantial growth and gearing primarily to invest in new homes, that have been accommodated within the plan. This substantially increased level of investment was possible due to the imposed debt cap on the business having been removed, and represented higher levels of investment and borrowing than the service had previously undertaken. This created substantial opportunity to do more, but also would increase risk, factors which would need to be balanced carefully by the Council in the coming years.

The assumptions made within the business plan were prudent without being excessively restrictive; they provided for inflation on income and costs at prevailing rates which were aligned, allowed a considerable investment in existing stock, a substantial investment in new homes leading to a net increase in properties, whilst debt forecast at elevated levels to today at the end of 30 years. The peak debt of the plan was £164.4 million in year 11, which would not have been possible under the previous HRA regime with a debt cap of £115.8million.

Somerset West and Taunton Council owns and manages affordable housing of over 5700 homes mostly at social rent levels. This “business” within the Council had a turnover of £26M. Income was derived mostly from rents from tenants but also from service charges and other fees. Expenditure was made up of Council staff delivering services to tenants along with repairs and maintenance and other improvements to existing homes and investment in new much needed homes, and the repayment of borrowing.

The finances of the Housing Service was held within a ring-fenced account called the Housing Revenue Account (HRA) which was separate from all other Council finances in that the money was only to be used for providing services to tenants.

In 2012 the Council moved away from a national subsidy system, which meant an annual payment from the HRA to central government, to be ‘self-financing’. As part of the self-financing agreement, a mandatory one-off payment of £85.12m

was made to government, in return for being able to retain all income locally to manage and maintain the housing stock. The total debt in the HRA at the start of self-financing was £99.7m. Financially this was a positive step for the Council and it released more resources to be invested locally on additional services and new homes.

In order to manage the freedoms gained by the HRA through self-financing, a new 30 year Business Plan (2012-2042) was introduced. This set out the Council's overall aims and objectives for Housing Services, as well as laying out plans to manage the increased risks and opportunities. The HRA Business Plan had been reviewed and updated regularly since 2012, but recently there had been many changes in national policies and local aspiration that meant a full update of the Business Plan was once again required.

Since 2012 the HRA had been subject to an imposed notional debt cap, essentially setting a limit on the borrowing the service could undertake which provided a constraint on growth of the service in terms of investment in new homes. The HRA debt cap was £116M. Following many years of lobbying by the sector, the debt cap was removed, which heralded a new era of growth opportunity, as the business could afford to prudently borrow significantly more to allow more investment in existing and new homes.

The Council along with all Registered Providers (RPs) of social housing was subject to a four year period of enforced rent reduction. This step imposed in 2016 essentially removed £185M from the 30 year business plan at this time. Measures were taken at this stage to reduce costs and manage this reduction in revenue whilst continuing to invest in properties and in services for tenants. The period of rent reduction was now at an end and provided the opportunity to once again apply appropriate and modest rent increases to ensure the business kept track of increases in its operating costs.

The Council had declared a climate emergency, many tenants struggled to be able to afford to heat their homes, particularly as many homes were hard to heat due to poor thermal performance. The ability of the HRA to invest in communities especially with regard to the built infrastructure created an opportunity for funding to be targeted at these issues.

Appendix 2 set out the Housing Revenue Account Rent Setting Policy from April 2020

Debate

- The impact of the 1% reduction was considered. The reduction had caused a £600k deficit from year 1 and a total of £185 million across the 30 year business plan.
- The consequences of a disparity of rent for the houses of the same banding was discussed. Clarification was provided that the rent increase of CPI plus 1% would be applied across all tenancies.
- Rents were formatted on a calculation which formulated the average wage and bedrooms. Tenants in sheltered accommodation in receipt of housing benefits would receive an increase in benefits alongside any increase in rents.
- Emphasis over new homes carbon incentives was encouraged to embrace initiatives working with other districts and housing associations.

- Following questioning members were reassured that there was confidence in the estimated costs of retrofitting stood at £28k per house.
- Support for vulnerable tenants was provided to enable them to retain independence for as long as possible. The Deane Helpline costs were subsidised for those on housing benefit; supported housing accommodation was exempt from right to buy.
- Central Government determined how much was kept from right to buy receipts, the council retained 30% of receipts.
- Right to Buy sales had impacted on the numbers of social housing owned by the council, this decline was a national issue. This was a business risk and created uncertainty, tenants had the right to buy houses once they are 15 years old.
- HRA debt stood at £103 million, the previous debt cap removed stood at £116 million.
- The delivery plan would require a more detailed approach and would be incorporated. Purchase of development land was being investigated to achieve ambitions along with balancing this with the regeneration of existing estates and repurchasing of housing where there was a business case.
- Concerns were expressed over lack of carbon reduction ambitions in the HRA business plan along with the additional numbers of housing figures over 30 years not being ambitious enough.

Resolved: that The Scrutiny Committee:-

1. Approved the revised 30 year Housing Revenue Account (HRA) Business Plan as set out in this report, noting the target for carbon neutrality by 2030 and examining Energiesprong retrofitting proposals along with other alternatives and building techniques. The committee further requested further work relating to the Equality Impact Assessment.
2. Approved the proposed vision for the Housing service along with three new service Objectives.
3. Approves the proposed Housing Revenue Account Rent Setting policy 2020 with feedback from tenant boards to be incorporated.

61. **Corporate Performance Report. Report of the Business Intelligence and Performance Manager (For Information) (attached).**

The report was submitted for information and provided a brief summary of current performance on a selection of key indicators.

As part of the Councils commitment to transparency and accountability the report provided an update on a range of performance indicators. The format of the report would be developed further from the start of the 2020/21 financial year in order to monitor progress of the Councils Corporate Strategy and to reflect the new Directorates.

The table set out in Appendix 1 included a number of the councils Key Performance Indicators and shows how the council had performed for the first 8 months of 2019/20. Some of the targets were still being finalised to take account of performance across the

new council.

Two performance indicators that were reported as red were:-

- Percentage of complaints responded to in 20 days
- Percentage of Freedom of Information Requests responded to in 20 days

Debate

- The figures around Planning appeals were questioned. Clarification of the number of successful appeals would be provided.
- Issues around delays with fly tipping complaints were being resolved. Clarification was requested around turnaround target for complaints with the website stating a five day resolution. Councillors would be provided with an update on the target in due course

Resolved that:- The Scrutiny Committee noted the report.

62. **Scrutiny Committee Forward Plan**

(Copy of the Scrutiny Committee Forward Plan, circulated with the agenda).

Councillors were reminded that if they had an item they wanted to add to the agenda, that they should send their requests to the Governance Team.

Resolved that the Scrutiny Committee Forward Plan be noted.

(The Meeting ended at Time Not Specified)

