

SWT Scrutiny Committee - 5 February 2020

Present: Councillor Gwil Wren (Chair)

Councillors Libby Lisgo, Ian Aldridge, Sue Buller, Norman Cavill, Ed Firmin, John Hunt, Dave Mansell, Phil Stone, Danny Wedderkopp, Keith Wheatley, Simon Coles, Caroline Ellis and Habib Farbahi

Officers: Emily Collacott, Kerry Prisco, Simon Lewis, Scott Weetch and James Barrah

Also Present: Councillors Booth, Kravis, Lloyd, Milne, Pilkington, Rigby, Smith, Smith-Roberts, Stock-Williams, Trollope-Bellew, A Wedderkopp and Whetlor.

(The meeting commenced at 18:15)

63. Apologies

Apologies were received from Councillors Darch, Prior-Sankey and Thwaites.

Councillor Coles substituted for Prior-Sankey

Councillor Ellis substituted for Parry

Councillor Milne substituted for Thwaites

64. Minutes of the previous meeting of the Scrutiny Committees held on 8 January and 20 January (attached)

(Minutes of the meeting of the Scrutiny Committee held on 8th and 20th January circulated with the agenda)

Resolved that the minutes of the Scrutiny Committee held on 8th and 20th January be confirmed as a correct record.

65. 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 N Cavill | All Items | West Monkton | Personal | Spoke and Voted |
| 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 & Bishop's Hull | 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 A Milne | All Items | Porlock | Personal | Spoke and Voted |
| Cllr D Wedderkopp | All Items | Taunton Charter Trustee | Personal | Spoke and Voted |
| Cllr G Wren | All Items | Clerk to Milverton PC | Personal | Spoke and Voted |
| | | | | |
| | | | | |

Councillor Coles declared a further interest in respect of his wife being employed as a Special Educational Needs Coordinator at a nursery.

66. **Public Participation**

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

67. **Somerset Clinical Commissioning Group Fit For My Future Presentation.**

This item was deferred from the agenda, and would be held as an All Councillor briefing at a later date.

68. **Housing Revenue Account (HRA) Budget Estimates 2020/21. (Including Rent Setting and Fees and Charges). Report of the Finance Specialist**

The report presented the proposed Housing Revenue Account (HRA) Annual Budget and Capital Programme for 2020/21, as well as the Rent Setting and the Fees and Charges proposals for 2020/21.

The HRA is a ring fenced account was used to manage the Council's housing stock of some 5,700 properties, with the Council acting as the Landlord.

In April 2012, under the Localism Act 2011, the HRA (under the administration of Taunton Deane Borough Council (TDBC)) moved away from a national subsidy system (which required an annual payment from the HRA to Central Government) to become 'self-financing'. This enabled the Council to retain all rental income to meet the costs of managing and maintaining the housing stock, as well as meeting the interest payments and repayment of debt. As part of the self-financing agreement, a one-off payment of £85.198m was made to Government.

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 annually since 2012, with a full review undertaken in 2016. In response to recent changes in national policies and local aspiration, another full and comprehensive 30-year Business Plan from 2020/21 onwards had recently been undertaken, with the support of consultants Savills, and can be found as a separate report called "HRA Business Plan Review". The key changes in revenue

budget from 2019/20 to 2020/21 were summarised as part of the report.

The HRA continued to face a number of risks and uncertainties, many of which could be significant but the actual financial impact was not known.

As part of the self-financing agreement, an individual housing revenue borrowing cap of £116m was implemented for TDBC. This meant the HRA was unable to exceed a capital borrowing requirement of £116m within the HRA Business Plan. In October 2018 this borrowing cap was officially removed.

The 2020 Business Plan review was undertaken as a direct result of a number changes in both national policies and local aspiration; since the debt cap removal in October 2018, the introduction of the Regulator of Social Housing's new Rent Standard from April 2020 and a new Somerset Housing Strategy published in March 2019. There had been a declaration of a climate emergency and a new leadership aspiration to build 1000 new homes in 30 years.

The HRA 2020 Business Plan review was undertaken to assess the affordability and viability of these aspirational schemes and the financial impact of regulatory changes, to determine what schemes could actually be delivered and when.

The assumptions within the Business Plan indicated that the new build aspirations were affordable and viable but required the maximisation of future rental income through the application of options available within the boundaries of national policy, this would require significant capital investment and borrowing over the next 10 years.

The HRA 2020 Business Plan aimed to deliver 1,000 new homes over the next 30 years with a net gain of 400 homes as a result of tenants purchasing their homes through estimated RTB sales.

In response to the HRA 2020 Business Plan, the table below provided a summary of the main proposed changes to the annual revenue budget estimates from 2019/20 to 2020/21.

A summary of the overall HRA Revenue Budget for 2020/21 and 5-year Medium Term Financial Plan (MTFP), as a result of planned changes within the HRA 2020 Business Plan and other changes, was set out in Appendix A.

| | Reference Paragraph | £'000 |
|--|---------------------|-------|
| Original Budget 2019/20 – balanced budget | | |
| <u>Income</u> | 5.8 | (555) |
| | | |
| <u>Service Expenditure</u> | | |
| Repairs & Maintenance | 5.11 | (10) |
| Grounds Maintenance | 5.12 | 78 |
| Insurance | 5.13 | (145) |
| Management Costs – salaries | 5.14 | 1,533 |
| Management Costs – other | 5.18 | (97) |
| Efficiency Savings | 5.19 | (100) |
| | | |
| <u>Central Costs / Movement in Reserves</u> | | |
| Provision for Bad Debt | 5.20 | 120 |

| | | |
|---|------|----------|
| Interest Payable | 5.22 | 126 |
| Interest Receivable | 5.24 | 70 |
| Provision for Depreciation | 5.25 | 229 |
| Provision for Repayment of Borrowing | 5.27 | 0 |
| Revenue Contribution to Capital (SHDF) | 5.28 | (1,170) |
| Movement in Reserves | 5.29 | (79) |
| | | |
| Proposed Original Budget for 2020/21 i.e. net transfer to reserves | | 0 |

Debate

- HRA income was ring fenced to manage housing stock. Clarification was provided that a portion of this funded transformation, this was in proportion with a cost split.
- Concerns were expressed over the emphasis of carbon neutrality as part of the business plan. The HRA net zero target should refer to the Councils at 2030.
- Information relating to the discretionary housing payment policy would be circulated to Councillors.
- The committee expressed further concerns over increases in rents for new tenants.
- 4500 residents were actively looking for housing on home finder.
- Savings achieved on insurance remained in the HRA budget.

The Scrutiny Committee:-

1. Supported the following proposed recommendations to the Executive and Full Council:
2. In accordance with the Regulator of Social Housing's new Rent Standard from April 2020, the Dwelling Rent for 2020/21 for existing tenants will be an increase of CPI+1% to the average weekly rent, from £80.87 per week to £83.05 per week.
3. In accordance with the Regulator of Social Housing's new Rent Standard from April 2020, the Dwelling Rent for 2020/21 for new tenants only will be an increase of CPI+1% plus an additional 5% for general needs to the average weekly rent, from £80.87 per week to £87.21 per week.
4. In accordance with the Regulator of Social Housing's new Rent Standard from April 2020, the Dwelling Rent for 2020/21 for new tenants only will be an increase of CPI+1% plus an additional 10% for sheltered/supported and extra care dwelling rents to the average weekly rent, from £80.87 per week to £91.36 per week.
5. To increase non-dwelling rent and service charges in line with national policy by CPI+1% for 2020/21, with the exception of garages for private and shared ownerships tenants which would increase from £10.32 (including VAT) to £12.00 (including VAT).
6. To approve the HRA Annual Revenue Budget for 2020/21.

7. To approve the HRA Capital Programme for 2020/21.

69. **Somerset Homelessness and Rough Sleeper Strategy 2019 - 2023. Report of the Strategy Specialist**

The report outlined the District Councils statutory duty to adopt a Homelessness and Rough Sleeper Strategy. This strategy set out the strategic goals for the four Somerset Housing Authorities including a detailed action plan to show how the strategy would be delivered. The existing Somerset Homeless Strategy was adopted in May 2018; this was an interim strategy which ran until December 2019 so the Council was updating the strategy taking into consideration the priorities identified in the Homelessness and Rough Sleeper Needs Assessment 2019, together with the new requirements of the Homelessness Reduction Act 2019.

The purpose of the report was to enable Scrutiny Committee to scrutinise the content of the proposed Somerset Homelessness and Rough Sleeper Strategy (and Action Plan) 2019-2023 (SH&RSS)

The 2002 Homelessness Act places a duty on Local Authorities to develop a homelessness and rough sleeper strategy and an obligation to renew it every five years. The Homelessness Reduction Act 2017, introduced new measures for dealing with homelessness including:

- Increasing the length of time a housing authority treated someone as threatened with Homelessness from 28 to 56 days
- The introduction of Personalised Housing Plans for clients to outline the circumstances of homelessness, the housing needs of the client, any support required to secure and sustain accommodation, steps that the client was required to take along with the steps the Local Authority was required to take to assist the client
- A new duty to prevent homelessness for all eligible households threatened with homelessness
- a new duty to relieve homelessness for all eligible homeless applicants
- a new duty on public services to notify a local authority if they came into contact with someone they think could be homeless or at risk of becoming homeless

The current interim strategy was developed by the four District Councils in Somerset and was adopted in 2018. Since the adoption of the Interim Strategy the Councils had collectively conducted a Homelessness and Rough Sleeper Needs Assessment which had been used as the evidence base for the 'Homelessness and Rough Sleeper Strategy 2019 – 2023' as well as considering the new requirements of the Homelessness Reduction Act 2017.

A Homelessness and Rough Sleeper Needs Assessment 2019 set out in Appendix 1 was carried out to assess the need within the county. This had been used to inform the new Somerset Homelessness and Rough Sleeper Strategy 2019-23 detailed in Appendix 2. The strategy included 6 priorities for 2019-23:

- Provision of adequate, affordable accommodation
- The provision and effective use of temporary accommodation
- Support the Government's commitment to combat rough sleeping
- Support prevention and early intervention
- Enable specific client groups to access suitable accommodation

- Maintain strong working relationships across partnerships

The SH&RSS would be implemented by each district through the Homelessness Managers Group (HMG) who would be responsible for the day to day delivery of this strategy and actions contained within the action plan; including monitoring progress against actions and targets at the monthly HMG meetings. There would also be a link with the Somerset Strategic Housing officers Group (SSHG) who were responsible for the delivery plan for the Somerset Housing Strategy 2019-2023, close links would be maintained between both groups to ensure The Council kept track of progress on actions overall.

Debate

- The homelessness team were engaging with the Local Plan Review, along with the evidence to deliver different types of accommodation to address the need for housing for those with disabilities.
- Insisting on increasing levels of affordable housing on developments was a key priority.
- Consideration was given to more of the funding being received through the garden town initiative should be set aside to tackle homelessness.
- More responsibility and obligation should be enforced with central government to tackle homelessness with members the ex-military community as part of the armed forces covenant. It was established that 56 former armed forces personnel had received help from housing services.
- Young people had been impacted on the most with housing shortages alongside suffering an employment and skills shortage.
- In a January survey it had been established that there had been 25 rough sleepers across the district.
- Consultations with Ark and the voluntary sector had taken place to attain more information around the homeless community to generate policy to reduce numbers in the district and county,
- Specifics around members of the homeless who could be experiencing trauma, addictions, and disabilities or living in the rural community along with addressing employment skills were a common theme across the community.

The Scrutiny Committee

1. In principle supported the adoption of the SH&RSS, subject to
2. Provided comments for consideration by the Executive (10th February 2020) who would be asked to formally recommend the adoption of the Strategy to Full Council.

70. **General Fund Revenue Budget and Capital Estimates 2020/21. Report of the Finance Business Partner and Deputy S151 Officer**

The report set out the draft budget estimates for 2020/21, Medium Term Financial Plan (MTFP) forecasts, and 2020/21 Capital Programme and the proposed sources of funding.

The Provisional Finance Settlement was issued by Government on 20 December, and included details regarding general revenue grant funding, New Homes Bonus, and business rates retention baseline and tariff. The information arising is broadly in line with our previous expectations. The final Finance Settlement is expected to be published before Full Council meets on 19 February.

Executive is minded to implement a council tax increase of 3.17% (£5 on a Band D) in 2020/21, making the annual Band D charge £164.63. The increase in the tax rate provides an additional £282,249 income, however a reduction in the tax base equating to £27,299, results in a net additional council tax income of £254,950 compared to 2019/20.

Executive is also minded to precept £29,240 in special expenses for the Unparished Area of Taunton. This results in an annual council tax rate at £1.91 for a Band D for the Unparished Area of Taunton.

The 2020/21 draft budget also included a prior year net Collection Fund surplus of £250,191 (£63,877 council tax deficit and £314,068 business rates surplus).

On the advice of the S151 Officer, the Executive is minded to reallocate £3.5m from the Business Rates Retention Smoothing Reserve to a new Investment Risk Reserve to reflect a change in risk profiles across the two different funding streams.

The Provisional Settlement, provided the level of funding set by Government through business rates retention and general grants, was announced on 20 December 2019. The information arising is broadly in line with our previous expectations, with the main headlines being:

- (a) Council Tax – Government has confirmed district councils may increase council tax by up to the greater of £5 or 1.99% a year.
- (b) Revenue Support Grant – Confirmed as £6,444, slightly higher than our previous estimate of £6,340 due to an inflation factor being applied. Government has again mitigated the potential “negative RSG” which would have reduced our funding by £128,000.
- (c) Rural Services Delivery Grant – Confirmed as £241,506, no change to our previous estimates.
- (d) New Homes Bonus – provisional grant for 2020/21 confirmed as £3,253,289, which is £38,529 higher than previous estimates. Information included with the Settlement confirms the 2020/21 ‘increment’ within the NHB calculation will be for one year only – not four years as per previous years. It also indicates (but subject to future Finance Settlements) that the legacy payment from the 2018/19 and 2019/20 allocations will apply for four years, therefore the S151 Officer is minded to add the projected income back into the MTFP forecasts for 2021/22 and 2022/23, totalling £2.5m over the two years.
- (e) Business Rates Retention – Baseline and Tariff allocations in line with our previous estimates. Local estimates for total business rates income are due to be completed by the end of January 2020 which will determine the net income retained by SWT including growth above the baseline and potential Pooling gains.

Debate

- Levels of funding in relation to Climate Change were criticised. As one of the Councils key objectives a request was made for increasing the funding.
- It was considered if more funding could be considered for the unparished area. Through the Charter Trustees in the next financial year the unparished area would be able to precept.
- Changes to Earmarked Reserves were considered.
- Ideas had been put forward with the environment strategy development and community engagement around this.
- Funding for tree planting and public conveniences were considered.
- Income through the sale of assets had not been forecasted.

- Further information was requested around CIL allocations and community development.

The Scrutiny Committee:-

1. Supported a recommendation to the Executive and Full Council to approve the Draft Revenue Budget expenditure, savings and income targets, subject to any final adjustments as may be required for new information prior to Full Council (such as the NNDR1 final estimates and the Final Finance Settlement).
2. Scrutiny supported a recommendation to the Executive and Full Council to approve the new capital schemes of the General Fund Capital Programme Budget of £12.015m for 2020/21, as set out in Appendix A and Table 10.
3. Scrutiny supports a recommendation to the Executive to approve a virement from the Capital Project for Transformation and Office 365 to the project for the Change Programme in the 2019/20 budget of £774k.
4. Scrutiny is recommended to support the reallocation of £3.5m from the BRR Smoothing Reserve to the Investment Risk Reserve.

71. **Off Street Car Parking Charges Report. Report of the Specialists Manager**

The Council desires to change driver behaviour as part of its Corporate aim for a low-carbon, clean, green and prosperous district that attracts high quality employment opportunities and encourages healthy lifestyle.

The council's aim to promote and enhance the use of Taunton Park and Ride facilities provided by Somerset County Council to support its own aims in reducing town centre congestion for Taunton and pollution and supporting overall Air Quality Management across the Council area as set out in the Air Quality Action Plan. The latest Air Quality Action Reports (2018) are available on the SWTC web site at:

Charges were last increased across the former Taunton Deane Borough Council area in 2016. Notwithstanding that there was a realignment of fees in Taunton to move to a more readily understood Short and Long Stay parking as part of the Pay on Foot parking project. However, these changes were cost neutral, as outlined and approved by Taunton Deane Full Council in February 2018.

Charges were last increased in the former West Somerset Council area in 2017.

The report outlines the intention to raise car parking fees by 10% in all areas, the legal basis for doing so and the intentions of monies raised through this.

The powers for local authorities to provide and charge for car parking are set out in the Road Traffic Regulation Act 1984 (RTRA). Different provisions are set out in relation to on-street and off-street parking. This report relates to off street parking arrangements.

Section 122 places a duty on every local authority to secure the expeditious, convenient and safe movement of vehicular and other traffic (including pedestrians) and the provision of suitable and adequate parking facilities on and off the highway. In particular that means securing and maintaining reasonable access to premises; the effect on the amenities of any locality affected and (without prejudice to the generality of this paragraph) the importance of regulating and restricting the use of roads by heavy commercial vehicles, so as to preserve or improve the amenities of the areas through

which the roads run; the strategy prepared under section 80 of the Environment Act 1995 (national air quality strategy); the importance of facilitating the passage of public service vehicles and of securing the safety and convenience of persons using or desiring to use such vehicles; and any other matters appearing to the local authority to be relevant.

Decisions on setting fees must be reasonable and proportionate and have a view to the reasons for the parking powers in the first place (i.e. the minimising of congestion in town centres). The Council is awarded powers to create off-street parking places – and then to charge for them – where it appears necessary to them for the purposes of relieving or preventing traffic congestion.

A schedule of proposed fees was included at Appendix A.

Debate

- Concerns were expressed over the alignment of car parking charges across the district since the creation of the new authority.
- Impacts of an increase on the businesses across the district were considered. There were fears that increases of car parking charges combined with business rates would impact on the economy, especially with local businesses.
- Encouraging reduction in carbon emissions alongside increasing additional revenue were the primary aims of the increase.
- It was considered if businesses could be consulted in future with car parking increase proposals
- Further concerns were expressed in relation to this impacting on the amount of revenue generated through parking charges.

The Scrutiny Committee supported:-

The recommendation to raise car parking charges by 10% across the Somerset West and Taunton Council area.

72. **Executive and Council Forward Plans**

The Scrutiny Committee noted the Executive and Full Council Forward Plans.

73. **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 21:30)