



## **POLICY AND RESOURCES SCRUTINY COMMITTEE**

**MINUTES OF THE MEETING HELD AT PENALLTA HOUSE, YSTRAD MYNACH ON  
TUESDAY, 17TH JANUARY 2017 AT 5.30 P.M.**

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### **PRESENT:**

Councillor S. Morgan - Chair  
Councillor G. Kirby - Vice-Chair

### **Councillors:**

L. Binding, Mrs P. Cook, C.J. Cuss, J.E. Fussell, C. Hawker, Ms J.G. Jones, A. Lewis, C.P. Mann, R. Saralis, J. Simmonds

### **Cabinet Members:**

Mrs C. Forehead (HR and Governance/Business Manager), D.V. Poole (Housing)

### **Together with:**

N. Scammell (Acting Director of Corporate Services and Section 151 Officer), S. Couzens (Chief Housing Officer), S. Harris (Interim Head of Corporate Finance), L. Allen (Group Accountant), M. Betts (Tenant and Community Involvement Manager), C. Forbes-Thompson (Interim Head of Democratic Services), T. Rawson (Solicitor) and R. Barrett (Committee Services Officer)

### **Also present:**

Ms A. Lewis and Mrs S. Jones (Tenant Representatives - Caerphilly Homes Task Group)

### **1. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors Miss E. Forehead, Mrs G.D. Oliver, D. Rees, J. Taylor, D.T. Hardacre (Cabinet Member for Performance and Asset Management) and Mrs B. Jones (Cabinet Member for Corporate Services).

### **2. DECLARATIONS OF INTEREST**

Councillor L. Binding declared an interest in Agenda Item 11 (Whole Authority Revenue Budget Monitoring Report 2016/17). Details are minuted with the respective item.

During the course of the meeting, declarations of interest were received from Mrs S. Jones and Miss A. Lewis (Caerphilly Homes Task Group Tenant Representatives) in respect of

Agenda Item 9 (Housing Revenue Account Charges 2017/18) and are minuted with the respective item.

**3. MINUTES - 15TH NOVEMBER 2016**

RESOLVED that the minutes of the Policy and Resources Scrutiny Committee held on 15th November 2016 (minute nos. 1 - 10) be approved as a correct record and signed by the Chair.

**4. MINUTES - 7TH DECEMBER 2016**

RESOLVED that the minutes of the Special Policy and Resources Scrutiny Committee held on 7th December 2016 (minute nos. 1 - 4) be approved as a correct record and signed by the Chair.

**5. CALL-IN PROCEDURE**

There had been no matters referred to the Scrutiny Committee in accordance with the call-in procedure.

**6. REPORT OF THE CABINET MEMBERS**

The Scrutiny Committee received verbal reports from Councillors Mrs C. Forehead and D.V. Poole. Questions and comments were invited on the report contents.

Councillor Mrs C. Forehead (Cabinet Member for HR and Governance/Business Manager) updated Members on developments across Legal and Democratic Services. An ICT Consultation Group (comprising of Member and Officer representatives) has recently been created to review the provision of ICT services to Members and identify future options for consideration. Electoral Services have successfully relocated to Bargoed ahead of the local elections in May, and Democratic Services have been preparing induction and training materials in readiness for elected members. The Scrutiny Committee were also updated on Human Resources matters, including developments in respect of the Welsh Government's (WG) Apprenticeship Levy and the Public Services Staff Commission.

Members expressed the need for a resolution in respect of the situation surrounding the new Apprenticeship Levy. It was explained that local authorities are still awaiting an announcement from WG to establish whether funds towards apprenticeship schemes can be accessed from this levy, and that Members would be updated on this matter in due course. The Cabinet Member also referred to WG's recent decision to introduce a Bill to challenge the UK Government's Trade Union Act 2016. The Scrutiny Committee were pleased to note this news and acknowledged the value of Trade Unions within the public sector.

Councillor D.V. Poole (Cabinet Member for Housing) presented his report and advised Members that having recently been shortlisted for two Association of Public Service Excellence (APSE) awards, Housing Repair Operations successfully attained the award for Best Performing Local Authority Building Maintenance Service in the UK. Members requested that their congratulations to all those involved in achieving this award be placed on record. The Scrutiny Committee were also informed of the successful implementation of the Common Housing Register and were pleased to note the substantial donations made by Council staff and contractors to Caerphilly Homes' annual foodbank initiative during December 2016.

In the absence of Councillors D.T. Hardacre and Mrs B. Jones, Members noted the contents of their reports, which had been circulated to Members in advance of the meeting. The report from Councillor D.T. Hardacre (Cabinet Member for Performance, Property and Asset

Management) provided an update on progress regarding the sale of Pontllanfraith House, details of a draft Master Plan in relation to the development potential of Risca Basin, and information relating to the Council's future development of Well-being Objectives under the Future Generations Act (2015). The report from Councillor Mrs B. Jones (Cabinet Member for Corporate Services) outlined considerations relating to the 2017/18 Final Financial Settlement, progress on the Minimum Revenue Provision (MRP) Policy Review, and an update in respect of Procurement's Supplier Enablement Programme. There were no questions received on these items.

The Cabinet Members present were thanked for their reports.

## **7. POLICY AND RESOURCES SCRUTINY COMMITTEE FORWARD WORK PROGRAMME**

Cath Forbes-Thompson (Interim Head of Democratic Services) presented the report, which outlined details of the Policy and Resources Scrutiny Committee Forward Work Programme (FWP).

Members were advised that the FWP includes all reports agreed at the meeting held on 15th November 2016 and outlines the reports planned for the period January 2017 to June 2017. Members were asked to consider the FWP alongside the Cabinet Work Programme as appended to the report and to suggest any changes.

Discussion took place regarding the items listed on the Forward Work Programme. It was agreed that two items be placed on the FWP for consideration at a future Scrutiny Committee meeting (British Telecom (BT) - Update on broadband provision, and the Annual Equalities Report). Officers confirmed that they would make enquiries with the relevant parties as to availability, and update the Scrutiny Committee accordingly. It was agreed that BT would be invited to the meeting of 28th February 2017 or 6th June 2017. Should BT not be available on 28th February 2017, the Annual Equalities Report would be scheduled instead.

It was agreed that subject to the foregoing amendments, the Policy and Resources Scrutiny Committee Forward Work Programme be published on the Council's website.

## **8. CABINET REPORTS**

None of the Cabinet reports listed on the agenda had been called forward for discussion at the meeting.

## **REPORTS OF OFFICERS**

Consideration was given to the following reports.

## **9. HOUSING REVENUE ACCOUNT CHARGES 2017/2018**

Mrs S. Jones and Miss A. Lewis declared a personal and prejudicial interest (as Council tenants) and left the meeting room during consideration of this item,

Shaun Couzens (Chief Housing Officer), together with Lesley Allen (Group Accountant), presented the report, which provided details of the proposed increased charges intended to be effective for the Housing Revenue Account (HRA) for the 2017/18 financial year. The report sought the views of Members on the proposed increases contained therein, prior to its presentation to Cabinet.

Officers summarised the process involved in preparing the Housing Revenue Account (HRA) budget. Members were reminded that Welsh Government's (WG) new Policy for Social Housing Rents) sets a target rent band for each Authority whereby councils have to adjust average rents for their properties in line with this banding. The uplift on the new rent policy is fixed for five years and uses the previous September Consumer Price Index (CPI) inflation figure (as opposed to the RPI inflation figure) and also applies a 1.5% real increase to the average local authority rent. The previous September CPI inflation figure was 1%. WG announced the minimum rent uplift for 2017/18 to be 2.5% which is CPI at 1% plus 1.5%. This increase applied to the current average rent means that Caerphilly Council are just within the low end of the target rent. It was also explained that due to a transitional protection arrangement in place, the maximum rent increase that can be applied by the Authority is 4.39%.

It was therefore proposed to apply a minimum rent increase of 3% per property from April 2017 to ensure compliance with the new rent policy and to maintain the viability of the Council's current business plan. All relevant charges were highlighted within the report which detailed the amount of additional income that would be generated (excluding voids) should the proposed increase be implemented, along with the percentage of service users receiving housing benefit. Also included in the report were proposals for Council-owned garage rent increases. There were no proposed increases across a number of other charges as these are currently under review.

Members discussed the letting of Council-owned garages and the number of vacant garages within the Authority's portfolio. Officers referred to the ongoing programme to improve and rationalise the Council's garage stock, and explained that many of these properties are currently vacant in order to allow improvement works to be carried out. Discussion took place regarding welfare reform and concerns were raised as to the potential for an increase in rent arrears arising from the proposals. It was explained that housing benefit will also have an inflationary increase to contribute towards the rent charge for those tenants in receipt of benefits and that the proposed increase is in line with the average across other local authorities. Officers also outlined the provisions within the Housing Revenue Account in relation to unpaid rent arrears.

Following consideration of the report, it was moved and seconded that the following recommendations be referred to Cabinet for approval. By a show of hands, this was unanimously agreed.

RECOMMENDED to Cabinet that:-

- (i) in order to ensure compliance with the new rent policy and to maintain the viability of the current business plan, a minimum rent increase of 3% per property be applied from April 2017;
- (ii) the variable service charge at sheltered complexes be not increased pending completion of the service charge review;
- (iii) the meal cost at Tredegar Court be not increased pending completion of the service charge review;
- (iv) the guest room charge for sheltered housing complexes be not increased from April 2017;
- (v) the garage charges for Council and non-Council tenants be increased to £8.11 based on a 48-week basis from April 2017.

## **10. LEASEHOLDER CHARGES**

Mandy Betts (Tenant and Community Involvement Manager) presented the report, which responded to a request made at the Policy and Resources Scrutiny Committee meeting on 12th July 2016 for further information on leaseholder legislation, process and good practice.

Members were informed that currently 417 flats within the Council's housing stock are now owned by leaseholders, following their sale under the Right to Buy (RTB) scheme. The Council has continuing responsibilities to maintain the external structure and communal areas of the blocks of flats. The Scrutiny Committee noted the leaseholder procedures in respect of these properties, which are in line with legislation and national guidance, and are currently being reviewed by Legal Services.

Officers referred to the main charges for leaseholders as contained in the report and explained that it is intended for work to be carried out to reassess the current management and administration fee for leaseholders. Although the current annual charge of £10 generates income of £4,170, the minimum annual cost of administering the leaseholder properties is £53,034. It is also intended to assess charges for solicitors' enquiries in relation to the sale or purchase of leasehold flats. Additionally, it is planned to cap the administration charge levied for WHQS works (currently 10%) and review alternative charging mechanisms, as the volume of these works are resulting in higher bills for leaseholders than might normally be the case. Further information in relation to leaseholder legislation, charges, procurement for major works, billing, payment options and best practice was included within the report.

In response to a Member's query regarding disputed charges, Officers confirmed that in the very few cases where these had been referred to the Leasehold Valuation Tribunal (LVT), they had only been partially upheld. A Member suggested that it could be beneficial to establish a Leaseholder Forum and Officers confirmed that this was an avenue that could be explored further as part of a range of potential involvement options. Officers also outlined the process relating to leaseholders' obligations and payment options in respect of buildings insurance.

Discussion took place regarding the consultation process for repair/improvement works to leasehold properties. Officers explained that on the occasions where the consultation process is not fully completed (due to a need to carry out urgent works to these properties), the leaseholder contribution is capped at £250 and any remaining costs are covered by funds from the Housing Revenue Account (HRA). Officers agreed to circulate to Members further information on the costs incurred by the Authority arising from such occasions.

The Scrutiny Committee also discussed the disparity between the current management and administration fee for leaseholders and the minimum annual cost of administering the leaseholder properties. Officers explained that in addition to the reassessment of the current fee, the associated collection processes are also being reviewed. The report concluded that there is scope for further improvements to be made in respect of the leaseholder charges process and Officers confirmed that work is already underway in many of the identified areas.

Members extended their thanks to the Leaseholder Services Team for the informative report and noted its contents.

## **11. WHOLE AUTHORITY REVENUE BUDGET MONITORING REPORT 2016/17**

Councillor L. Binding declared a personal interest in part of this item (as his employer has contracts with the Council within the Domiciliary Care service area). As the interest was personal and not prejudicial (in that discussion did not take place regarding this particular service area) he remained in the meeting room during consideration of the item.

Steve Harris (Interim Head of Corporate Finance) presented the report, which provided information on the position of the whole authority in respect of revenue budget monitoring for 2016/17. Detailed budget monitoring reports for each Directorate are prepared for Scrutiny Committees throughout the financial year. Consideration has been given to actual expenditure and income trends, and projections have been made of the likely year-end outturn position. Any variations from the budget were highlighted in the report, which also detailed the progress made in delivering approved revenue budget savings for the 2016/17 financial year, and highlighted those areas where savings are not currently progressing as originally planned.

Members were reminded of the ongoing challenging financial outlook for Local Government and the need to identify significant savings to support the Council's Medium-Term Financial Plan (MTFP). Consequently, expenditure has been curtailed in a number of areas in recent years with the aim of identifying savings in advance to support the MTFP. This prudent approach has resulted in a trend of reported year-end underspends for all Directorates. However, the position is now becoming more challenging with a number of cost pressures emerging across some service areas, in particular Social Services and Waste Management. Members were referred to Section 4.2 of the report which compared the original 2016/17 budget estimate, a revised estimate (where approved changes have been made in year) and the projected outturn. The projected revenue budget underspend for the Authority for 2016/17 is £3,515k. Members also noted Appendix 1 of the report which detailed the service areas where 2016/17 savings have not been achieved, the plans in place to address this shortfall, and any potential shortfall for 2017/18 (currently estimated at £151k in total).

During the course of the ensuing debate, further information was sought in respect of shortfall in income from car park charges, an underspend within the Rising 3s nursery scheme, and underspends within Community Regeneration. It was confirmed that these queries would be relayed to the relevant Officer within each service area and responses circulated to Members.

Discussion took place regarding the significant pressures on Social Services arising from the National Living Wage (that has impacted on supplier contract prices to CCBC) and the ever-increasing demand for services in both Adult and Children's Services. Officers confirmed that work is ongoing to address this demand, and that in addition to the contingency of £2.5m for 2016/17 agreed by Council in February 2016 (which has now been permanently transferred into the Social Services base budget to meet these cost pressures), a further sum of £3.5m has been included in the draft budget proposals for 2017/18 to meet these ongoing pressures. Reference was also made to an overspend within Waste Management and Cleansing for the dry recycling treatment budget, and Members were advised that this is partially due to ongoing cost issues in respect of the recycling and treatment of contaminated waste.

The Scrutiny Committee were pleased to note the effectiveness of the savings made in advance and extended their thanks to all Officers involved for their continued efforts in this area. Members noted the contents of the report and requested that Directors and Heads of Service continue to review expenditure and income trends in order to ensure annual budgets are achieved.

The meeting closed at 6.39 pm.

Approved as a correct record and subject to any amendments or corrections agreed and recorded in the minutes of the meeting held on 28th February 2017, they were signed by the Chair.

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CHAIR