

MINUTES of a meeting of the POLICY DEVELOPMENT GROUP held in the Council Chamber, Council Offices, Coalville on WEDNESDAY, 16 JULY 2014

Present: Councillor M Specht (in the Chair)

Councillors G A Allman (Substitute for Councillor V Richichi), N Clarke, J Cotterill, J Geary, D Howe (Substitute for Councillor D Everitt), A C Saffell and S Sheahan

In Attendance: Councillors R D Bayliss and T Neilson

Officers: Mr S Bambrick, Mr R Bowmer, Mr D Gill and Mrs M Meredith

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors J G Coxon, D Everitt, V Richichi and N Smith.

2. DECLARATION OF INTERESTS

No interests were declared.

3. PUBLIC QUESTION AND ANSWER SESSION

No questions were received.

4. MINUTES

It was moved by Councillor J Cotterill, seconded by Councillor J Geary and

RESOLVED THAT:

The minutes of the meeting held on 12 March 2014 be approved and signed as a correct record.

5. UPDATE OF THE COUNCIL'S CONSTITUTION

The Deputy Monitoring Officer presented the report to Members, drawing their attention to the recommendation to postpone the annual review of the Constitution due to the pending legislation that would have an impact once enacted.

Councillor S Sheahan asked how long this process would take and whether officers had confidence that this could be completed within the next 6 months.

The Deputy Monitoring Officer stated that he had every confidence that it could be completed within this timescale, as the Statutory Instrument had been published, as had a guidance note, and he was confident that a report could be brought to the next meeting.

Councillor S Sheahan asked if there were any additional forthcoming matters that could have an impact upon the Constitution.

The Deputy Monitoring Officer responded that delegated authority had been granted to the Monitoring Officer to make any minor consequential changes to the Constitution. He added that all legislative matters which officers were currently aware of were outlined in the report.

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Councillor S Sheahan referred to the proposal in respect of the recording of meetings. He commented that it would embrace the spirit of the legislation if the Council webcast its meeting in the same manner as Leicestershire County Council. He added that this would save people the bother.

The Deputy Monitoring Officer advised that this would be a question of costs and practicality, which would need to be investigated.

Councillor S Sheahan requested a breakdown of the costs to enable this to be considered.

Councillor J Geary commented that he had no problem with the report and asked what impact there would be on staffing levels, and how much staff time this would take to implement.

The Deputy Monitoring Officer advised that he could see no major impact upon staffing levels in respect of making the requisite amendments to the Constitution, however there could be an impact in terms of the management of meetings. He added that this would be unknown until it was clear what was required and this could be reported back to a future meeting.

Councillor A C Saffell commented that he had no problem with the recommendation, however he felt that at 600 pages the Constitution was too long and repeated itself in places. He stated that he did not want to impose any additional burden to implement the required changes, but felt that it ought to be possible to remove parts of the Constitution so that it didn't eventually reach 1,000 pages. He added that in the commercial world you would never see a document anywhere near that long and felt that the shorter it was, the better.

The Deputy Monitoring Officer accepted the comments. He advised that the Constitution was based on the Model Constitution, and was one of the shortest in the county at around 300 pages. He stated that as part of the review he would endeavour to shorten the document, however the Council was bound by legislation insofar as what should be included.

It was moved by Councillor J Geary, seconded by Councillor S Sheahan and

RESOLVED THAT:

On the advice of the Monitoring Officer, the annual review of the Constitution be postponed pending enactment of legislation likely to affect the review.

6. ADDITIONAL COSTS OF THE DECENT HOMES PROGRAMME 2014/2015

The Director of Services introduced the item and sought agreement of the meeting to present the subsequent item, entitled "Updating the Housing Revenue Account Business Plan", concurrently as the two reports were inextricably linked.

The Director of Services presented the reports, drawing Members' attention to the final number of additional non-decent homes identified. He added that in addition to these 305 properties, there were a further 91 properties which, at the time of the original bid, were believed to have qualified for backlog funding. However, as part of the survey work undertaken, it had transpired that these 91 properties had become non-decent after April 2012 and therefore did not qualify. As a result of this, there would be a reduction in the Homes and Communities Agency (HCA) grant of £618,895. He added that these properties would still require improvement works as they were non-decent, however there

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would be no funding available for these works. Therefore, in addition to the shortfall identified in respect of the 305 properties which were never included in the original programme, the total shortfall was £3,063,165. He advised that the report to Cabinet sought their view and agreement to fund that shortfall to enable all Decent Homes works to be completed by the target date of April 2015. He referred Members to paragraph 5.7 of the first report which set out what was believed to be the most prudent options for funding the shortfall. He pointed out that if Members decided to fund the shortfall, the amount currently identified would be the absolute maximum amount required, as it was likely that some properties had been sold through the right to buy process, and some tenants could refuse improvement works. He advised that if a tenant refused improvement works, they were required to sign a form to evidence the refusal, and the property would then become decent for the purposes of the HCA. He added that works would subsequently be completed when the tenant vacated the property.

The Director of Services referred Members to the financial impact of funding the shortfall as set out in the second report and the potential implications which were indicated. He advised that the principal focus at present was to accrue enough funds by 2021/22 to repay the initial loans against the housing stock. At present, the Housing Revenue Account (HRA) Business Plan indicated a small shortfall of £112,000 due to changes in the housing market. He commented that the housing market was very fluid and there were likely to be further changes that would need to be taken into account. He advised that to date, an increased assumption in respect of properties sold under the right to buy scheme had been built in due to a substantial increase over the last 3 years, which had had an impact upon income. He advised that an increased vacancy rate had also been built in to reflect the current position. He added that the 2013/14 budget setting process had also been reflected in terms of the provisions for bad debt. He advised that the significant emerging issue in respect of rents and the national convergence policy had yet to be considered. He stated that taking into account the shortfall and the additional funding required for the Decent Homes works, the Council would clearly not be in a position to repay the original loans against the housing stock. He added that no decision was being sought at this stage to address the shortfall, as there were other issues which needed to be built into the business plan. He referred Members to the options set out at paragraph 4.2 of the report and suggested that the most prudent and pragmatic way forward was a combination of reducing ongoing expenditure and refinancing the loans rather than repaying them. He advised that both of the reports would be considered by Cabinet on 29 July.

Councillor S Sheahan sought clarification on how much was spent on asbestos removal and stressed the importance of ensuring value for money. He asked if the Council was monitoring relationships between contactors and sub-contractors and whether officers were aware of any disputes or late payment issues. In respect of bad debt provision he asked whether the cause of the increase was due to the bedroom tax or rent levels generally.

The Director of Services agreed to provide a further breakdown of the costs of asbestos removal after the meeting. He advised that regular monitoring meetings took place with contractors and they were contractually required to make us aware of any disputes with sub-contractors. In respect of bad debt, he advised that it was difficult to indicate a specific cause as there were a number of issues which had had an impact. He added that in terms of rent arrears and the ability to pay, the welfare reform could be seen to have had a clear impact. He commented that there was also an increase in empty homes as people were moving into family homes or into shared accommodation.

Councillor S Sheahan commented that it would be helpful to have the extra 0.6% broken down and attributed to various causes to clarify where the problems were arising. He added that his question in respect of disputes with contractors had not been fully

answered and acknowledged that it may not be possible to disclose this in a public meeting.

The Director of Services responded that if there were any disputes, he would be unable to discuss these in a public meeting, however he was not aware of any at present.

Councillor S Sheahan referred to paragraph 3.7 of the HRA Business Plan report and sought clarification on the replacement ratio of affordable housing.

The Director of Services responded that there was no specific ratio for replacement, and the income received from right to buy sales was reinvested in delivering affordable housing once an agreed financial threshold was crossed.

Councillor S Sheahan asked whether the replacement ratio was genuinely one for one.

The Director of Services responded that it was not one for one, and the income available was invested in providing new affordable housing. He advised that the route chosen for the provision of affordable housing would determine the replacement ratio.

Councillor S Sheahan asked if the Director of Services was suggesting that a replacement ratio of one for one was unrealistic.

The Director of Services responded that a ratio of one to one was not required in any case and depending upon the route chosen and the value for money received, the ratio could be more or less than one for one.

Councillor S Sheahan requested an update on the current position regarding the review of sheltered housing schemes and the improvement priorities post 2014/15.

The Director of Services advised that options were currently being considered in respect of the review of sheltered housing schemes, and would be brought forward as part of the budget setting process for 2015/16. He added that he was unable to provide any further detail at this point. In respect of the improvement priorities, he advised that this would include issues such as how Members wished to utilise any headroom in the HRA budget, and clearly the options for dealing with the additional costs would need to be considered. He advised that this would also be part of the budget setting process.

Councillor S Sheahan asked if officers were recommending a particular approach following the completion of the consultation on the sheltered housing schemes.

The Director of Services responded that he was not in a position to share this information as the due processes had not yet been completed. He agreed to write to Councillor S Sheahan separately.

Councillor N Clarke asked if bringing 396 homes up to standard by March 2015 was achievable. He sought clarification on what the impact and cost implications would be of delaying works to some properties. He referred to the refusal rates outlined in the first report and asked whether this was genuinely a problem.

The Director of Services responded that if Members decided not to fund the shortfall, the Decent Homes Improvement Programme would not be met by 2015. He advised that the consequences of this were that the Council would not have achieved what it had set out to, and the properties would still require these works which would need to be funded in subsequent years. He added that the cost of any delayed improvement works could not be guaranteed and there was a risk that this may increase. In respect of refusals, he advised that there were a number of different reasons for this, such as the elderly or infirm

not wanting the disruption, or people not wanting works completed at a certain time of year. He explained that refusals from years 1 and 2 of the programme had been treated as deferrals. He added that ultimately the Council could not force the tenant to receive works to the property, with the exception of issues causing a risk to health and safety.

The Head of Finance added that the tenants who had refused works in years 1 and 2 were being revisited and offered partial works to try and ensure that homes were being made as decent as possible and the use of the funding available was maximised.

Councillor N Clarke asked if the work was achievable.

The Director of Services responded that the works could be completed by the target date of March 2015.

Councillor N Clarke referred to the financial implications as outlined in the second report. He asked what the impact of the additional costs would be on the revenue budget, and what the total budget was per year.

The Director of Services responded that the total HRA budget was just over £16,000,000.

The Head of Finance added that Appendix A to the first report set out the HRA budget and pointed out that savings could only be made on a limited number of budget heads as some of the funding was fixed. He added that there would need to be an assessment of where the least impact would be. He stated that the more palatable option would be to simply replace the loans which would have no impact upon the business plan, however there was a risk that the interest rate could be higher than at present.

Councillor D Howe stated that he remembered the last time right to buy agents were employed in this area. He commented that they had been very successful, however no new affordable housing had been provided.

Councillor A C Saffell commented that he was pleased to see value for money was being achieved and the Council was below the median for all costs. He congratulated the work that had been done to achieve this. He stated that he was equally disappointed that 91 homes were missed that now needed to be dealt with. He sought an explanation as to how they had been missed. He also requested an update on the previous report which had been provided regarding staff.

The Director of Services agreed to provide an updated report. He advised that the initial bid made to the HCA was not based on a survey of 100% of the housing stock. He advised that a 70% survey had been undertaken, which was comparatively quite high. He explained that the remaining properties had had an assumed rate of decency, and some of the assumptions made were wrong. He added that the decision had been taken to move to a 100% survey of the housing stock, which had come at a cost. He explained that in year 3, the final update of the survey had been completed, which included not only those properties which were due to be made decent, but also those where assumptions had been made about the levels of decency, and it was due to this process that the additional properties had come to light. He added that when the initial bid had been made, the Council was not in a position to undertake a 100% survey of the housing stock.

Councillor R D Bayliss added that at the time the initial survey was completed, this kind of opportunity had not been anticipated and staff had had to work with the information they had to submit the bid. He commented that under the circumstances, he was surprised that more properties had not been identified.

Councillor J Geary referred to the decision in 2007 to retain a housing stock which was in poor condition and not fit for purpose, which had required spending money. He added that there had been problems from day one as things had been done in a rush. He commented that 7 years later the Council was newly identifying non-decent properties, which indicated that the goalposts were always moving. He expressed concerns that more problems would arise in future and more money would be required to address them despite the assurances to the contrary. He added that he was not satisfied that the properties had been properly surveyed in the first instance. He asked if a contingency plan had been put in place. He also asked how the works were clerked and whether this was done in house. He asked how the Council was ensuring that value for money was being achieved and suggested that the statistics in the matrix could have been manipulated to the Council's advantage. He stated that he was very unhappy and requested a presentation to full Council on both reports going back to day 1 to enable members to chart how the current position had been arrived at as he believed more issues would arise. He expressed alarm regarding the refusal rates and felt that as a landlord, the Council had the right to maintain its properties as it saw fit. He sought clarification that a tenant would have no say if a property needed rewiring or work to the roof.

The Director of Services responded that tenants would have no say on any works required to address health and safety issues, such as rewiring.

Councillor J Geary stated that he would like a presentation at Council so that all Councillors who were interested could see how the current position had been arrived at, and to consider how this could be managed in future.

The Director of Services responded that it was a matter for Members if they wished to make a recommendation to Cabinet. In respect of any further issues arising, he stated that as a 100% condition survey had now been undertaken, this was the first time that officers were certain of the levels of decency. In respect of the quality of the survey, he reminded Members that 30% of the stock had initially not been surveyed at all. In respect of clerking the works, he advised that 3 contract supervisors were employed by the Council and their role was to ensure that works were completed to a satisfactory standard. In respect of the matrix, he advised that the figures were provided by the HCA and showed a comparison of all authorities who were receiving backlog funding.

Councillor J Geary stated that he would like to fully comprehend the bigger picture as he did not understand how this position had been reached. He commented that there was every possibility of a change of leadership next May and added that someone could be inheriting a complex mess.

Councillor S Sheahan seconded the motion for a presentation to Council. He expressed concern that this could happen again. He felt that this would allow a full debate on how this could be managed in future.

Councillor D Howe asked if the 91 houses identified were in one area.

The Director of Services advised that the 91 houses were spread across the district and no particular concentration was discernible in terms of location. He added that he was happy to provide this information if required.

The Chairman referred Members to the recommendations in the report and sought a proposition.

It was moved by Councillor N Clarke, seconded by Councillor J Geary and

RESOLVED THAT:

Cabinet be asked to consider the comments from Policy Development Group prior to making decisions relating to the matters covered by this report.

Councillor S Sheahan referred to the request for a presentation at Council which had been moved and seconded.

The Director of Services responded that the intention was to attach the minutes of this meeting to the report to Cabinet, and the request for a presentation would be made clear. He added that this would then be a matter for Cabinet to consider.

Councillor S Sheahan sought clarification on whether it was necessary to refer this point to Cabinet.

The Deputy Monitoring Officer referred Members to section 7(b) of the Scrutiny Procedure Rules which indicated that Policy Development Group may make recommendations to Cabinet.

Councillor A C Saffell stated that he had asked a question a number of years ago as to how a Member could submit an item for a Council agenda. He stated that he was advised that such a request could be submitted to the Proper Officer via Democratic Services and the agreement of the Chairman could then be sought.

Councillor J Geary clarified that he was not particularly interested in having a debate at full Council, but wanted a presentation to enable all Members who were interested to attend to gain a full understanding of the issues.

The Director of Services responded that a request for a Member briefing in advance of Council could be accommodated far more easily. He added that the report received by Members at this meeting would eventually come before full Council and be debated.

Councillor S Sheahan added that as the seconder of the motion he felt the intention was to inform any subsequent debate.

The Chairman then put the motion to the vote and it was

RESOLVED THAT:

A briefing and presentation be arranged prior to full Council for all Members on the Housing Revenue Account Business Plan from its introduction to the present day.

7. UPDATING THE HOUSING REVENUE ACCOUNT BUSINESS PLAN

It was moved by Councillor S Sheahan, seconded by Councillor A C Saffell and

RESOLVED THAT:

Cabinet receives the comments of Policy Development Group at its meeting on 29 July.

8. RISK MANAGEMENT STRATEGY

The Head of Finance presented the report to Members, highlighting the changes to the strategy. He advised that corporate risks would now be reported to Cabinet each quarter

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as part of the performance management framework. He invited comments and suggestions from Members.

Councillor S Sheahan asked whether the quarterly report to Cabinet would also be referred to the Audit and Governance Committee.

The Head of Finance responded that the corporate risk register would be reported to Cabinet and subsequently to the Audit and Governance Committee. He added that this formed part of the Council's internal controls and was a requirement as part of the Annual Governance Statement.

Councillor S Sheahan sought clarification on how it was decided what should be included in the risk register. He asked if contingencies were examined.

The Head of Finance responded that the risk register emanated from the business plans produced by each team. He advised that issues could be escalated either from the team directly or identified by the Corporate Leadership Team as a cross-cutting risk. He added that advice had also been sought from the Council's insurers and a workshop had been undertaken with the Corporate Leadership Team, which had informed the risk register. He explained that the risk register was a dynamic document and was reviewed each quarter.

Councillor S Sheahan asked if the external auditors had the opportunity to comment on the risk register.

The Head of Finance advised that external audit were fully engaged. He added that this formed part of the governance process and was fed into the September meeting.

Councillor N Clarke referred to paragraph 1.1 of the strategy and highlighted the first bullet point in respect of protecting the health, safety and welfare of employees. He commented that this should also include contractors and agency staff. He also asked why employee lost time injury rates had not been included in the report to Cabinet in the last year, and felt this should be included in future.

The Head of Finance responded that he was happy to put forward the suggestion to include contractors and agency staff in the objectives. He stated that he could not provide an answer in respect of the employee lost time injury rates and would explore the reasons why this had not been included.

It was moved by Councillor S Sheahan, seconded by Councillor N Clarke and

RESOLVED THAT:

Cabinet receives the comments of Policy Development Group at its meeting on 29 July.

9. ITEMS FOR INCLUSION IN THE FUTURE WORK PROGRAMME

Councillor J Geary referred to the item in respect of the refuse transfer facility. He commented that this was a decision for Leicestershire County Council and asked how the District Council would influence it.

The Director of Services advised that it was a matter for Leicestershire County Council to decide whether to place the facility in Coalville, however it would be located on property owned by the District Council, and as such there would be financial implications.

Councillor S Sheahan requested an item on the Medium Term Financial Strategy. He requested that Policy Development Group have sight of this prior to the report to Cabinet if possible. It was agreed that the possibility of rescheduling the next meeting be investigated to accommodate this.

Councillor S Sheahan referred to the request from Councillor T Neilson in 2012 to set up a sub group to look at the effectiveness of the Community Engagement Strategy.

Councillor T Neilson clarified that at the time of the original request, the strategy had only been recently introduced and it was decided to include this in the work programme for 2014/15.

Councillor A C Saffell referred to his suggestion 2 years ago for Members to ride around the district to see the outcome of previously approved planning applications. He felt that this would assist Members in learning the effect of their decisions. He commented that this had been agreed by the Committee and had appeared in the minutes, however he had heard nothing about the matter since.

The Director of Services responded that he would look into this further.

The meeting commenced at 6.30 pm

The Chairman closed the meeting at 8.05 pm