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**MINUTES OF A MEETING OF THE
OVERVIEW & SCRUTINY BOARD
Havering Town Hall, Main Road, Romford
31 January 2024 (7.04 - 10.15 pm)**

Present:

COUNCILLORS

| | |
|---------------------------------------|---|
| Conservative Group | Dilip Patel, Keith Prince, Timothy Ryan and David Taylor |
| Havering Residents' Group | Laurance Garrard, Gerry O'Sullivan (Chairman), Philip Ruck (Vice-Chair) and Bryan Vincent |
| Labour Group | Matthew Stanton Martin Goode |
| East Havering Residents' Group | |

All decisions were taken with no votes against.

The Chairman reminded Members of the action to be taken in an emergency.

26 APOLOGIES FOR ABSENCE AND ANNOUNCEMENT OF SUBSTITUTE MEMBERS

Apologies were received from Councillors Mandy Anderson (Pat Brown substituting) and Natasha Summers.

27 DISCLOSURE OF INTERESTS

There were no disclosures of interest.

28 MINUTES

The minutes of the meetings of the Board held on 15 and 29 November 2023 were agreed as a correct record.

29 2024/25 BUDGET SETTING CYCLE

Bridge Close Regeneration Business Plan and Housing Revenue Account (HRA) Business Plan

Officers clarified that the wording in the report in relation to the view of Savills regarding their view of the HRA business plan was based on an early draft and was no longer accurate. Savills had concluded that the business

plan was on a relatively sound financial basis. The revised advice would be circulated to Members.

It was confirmed that it was sound financial practice for the HRA to borrow from the General Fund. This continued to be assessed as a cost effective option and it was currently more cost effective for the HRA to borrow in its own right. This meant the HRA could access better rates in its own right when borrowing from the Public Works Loan Board. The average cost of borrowing was considered over the course of a year and officers would circulate further details about this area.

For next year's budget, the HRA would borrow in its own right. There was no formal policy on this area as it often varied what was the most cost effective option. Any loans would be short term of up to 2 years duration with a current interest rate of 4.58%. The Council would look to refinance within 2 years as it was unlikely that repayment of the principal would be achieved within this time. Officers would monitor interest rates very closely.

It was **AGREED** that the following comments on the HRA and Bridge Close reports made by the Places Overview and Scrutiny Sub-Committee should be included in the Board's report to Cabinet on the overall budget papers:

BRIDGE CLOSE REGENERATION LLP - IN YEAR REVIEW OF 2024/25 BUSINESS PLAN

- 1. That Officers suggest a frequency for regular reporting on the project to Places OSSC**
- 2. That a metric is identified to quantify savings to the General Fund, such as a reduction in pressure on the social care budget. We recommend that an Active Mode Appraisal Toolkit (AMAT) assessment is conducted**
- 3. That the term "affordable" in the report is broken down to identify the products on offer**

HRA BUSINESS PLAN UPDATE, BUDGET 2024/25 & CAPITAL PROGRAMME 2024/25 – 2028/29

- 1. That Members note that the advice from Savills, in section 7.3 of the HRA report, in which they appear to question the viability of the scheme, was based on an early draft and is not the current position. The final advice from Savills to be appended to these comments or otherwise made available at the Cabinet Meeting and to the Overview and Scrutiny Board.**
- 2. We recommend that the Council revisit the infill scheme, regarding Council garages, in order to reduce anti-social behaviour and provide new homes.**
- 3. That Members be mindful of the potential telecare costs, relating to the digital switch over.**
- 4. That the negative Equality Impact Assessments (EQIA), on all characteristics be noted by Cabinet.**

5. **We recommend that the Section 151 Officer should explain the need to borrow from the general fund, as opposed to the Public Works Loan Board or other external sources, also commenting on the impact that this has on the General Fund and deficit**
6. **That Members be provided with an update on work undertaken to increase the number of bedrooms in homes, with a view to ensuring residents can remain in their home as opposed to being moved to a larger property.**
7. **That the Places OSSC be provided with a breakdown on the charges relating to heat and water**

Budget, Capital Programme and Treasury Management Strategy Statement Reports

The reports had been brought forward by one week to allow full scrutiny although it was noted that the figures in the reports were draft as the final Local Government Finance Settlement had not yet been received. Further changes to the reports were therefore possible.

It had been recommended that Council Tax should increase by 4.99% which included the 2% adult social care precept. New savings proposals shown in the report had been consulted on. Officers emphasised that the budget had been set as robustly as possible using the information that was currently available. A balanced budget required agreement on the level of fees and charges, Council Tax, savings and capitalisation direction. It would not be possible to set a balanced budget without the capitalisation. It was also likely that further capitalisation directions would be needed in future years.

The Strategic Director of Finance, thanked her team, the Executive Leadership Team and Councillor Wilkins for their support.

The overall capitalisation order has been requested for £54m. This would be used to cover the overspend for this year of £21-22m and to close the anticipated budget gap for next year. Officers would check if Council was required to approve the capitalisation order although the Strategic Director of Finance felt that this was part of her statutory duties as s. 151 officer. The interest cost of £3.4m would be borrowed as part of the £54m capitalisation. The loan would currently have to be repaid over 20 years although officers were trying to change these terms.

There was no specific threshold at which officers would advise against further borrowing. Capitalisation could continue as long as the Council could generate sufficient income. Officers agreed that there were unlikely to be any changes to the funding formula for at least two years but it was hoped that more recent census data could be used by Central Government.

Officers confirmed they had explained to Central Government that a further capitalisation order was likely to be needed for succeeding years and that

another solution was needed. The issuing of a s. 114 notice would still lead to capitalisation but applying for capitalisation voluntarily would give a greater element of control. Ministers understood that the budget issues facing Havering were the result of structural issues of underfunding and were not due to bad decisions having been taken.

Borrowing could continue depending on the response of the lender but Council services would still have to be provided. The option of a Judicial Review of the use of old census data had been explored but officers felt this could be difficult and costly. The Chartered Institute of Public Finance and Accountancy had indicated that capitalisation was an acceptable option and could be continued. A Member was concerned that continued borrowing could lead to the Council becoming a bad risk. Officers confirmed that there was no official credit rating for the Council. The Strategic Director would confirm the amount the Council had borrowed in the last 10 years.

Even with the capitalisation order, there would still need to be savings and reductions to services year on year. Statutory services would always have to continue to be provided and it could be possible to dispose of Council assets more easily in the future.

A review of library provision had been supported by 53% of consultation respondents with 37% against and 9% having no opinion. A Member felt that the treatment of people with no opinion in the results could be misleading and should be reconsidered.

Members raised concerns about stopping the Christmas lights programme and the high cost of visitor parking permits. Officers could supply specific figures on the amount of Council Tax that was paid in advance at a discounted rate. Officers added that offering the discount helped to maintain a high collection rate. The cost of the Council Tax Support Scheme could also be confirmed. It was clarified that many former tenant arrears were still being pursued and that this was not a budget savings proposal.

Fortnightly bin collections were being considered as new legislation could introduce weekly food waste collections. This would however be subject to further consultation. There were targets for increasing recycling and officers agreed that it was important to seek to increase recycling rates in flats.

Decisions on the extent of the business rates pool were taken annually but this did not represent an additional cost to the Council.

It was clarified that three Children's Centres were closing due to decisions taken last year. The proposed further closures had however been withdrawn.

The fact that some costs in the budget papers had still to be finally agreed would not impact significantly on the proposals as a 6.1% uplift had been applied to the majority of income streams. Clarification of rates was awaited from a number of suppliers. Many adult social care charges were based on

an uplift in state benefits but the extent of this would not be known until after the budget had been set.

The delegation to the s 151 officer to accept grant funding was not a new power. The relevant governance route to accept funding of this nature would continue to be followed. The scheme of delegation would also still apply.

It was accepted that the impact of e.g. a rise in business rates had not been modelled for the whole borough. This was however modelled for individual decisions. Members asked if modelling had been undertaken on the impact of introducing parking charges in parks. Officers responded that the assessment of new income could be very difficult but that efforts had been made to make a prudent assessment of park usage and income. Members remained concerned however that there was no data on the current use of car parks in parks.

A Member expressed concern that the savings proposed were going too far and asked if they were all necessary. It was also felt that an increase in parking charges could deter people from using local businesses. This could negatively impact on obesity levels in the borough and a Member felt that the Council should seek to borrow more rather than cut services. Officers accepted that these were difficult decisions but the Council was required to demonstrate that it was minimising the level of capitalisation order requested.

The proposed level of parking charge increases had been reduced and would now only generate an additional £200k in 2024/25. It was accepted that there needed to be a balance between officer recommendations on budget matters and Member decision making. Car parking charges had been raised as a concern by residents during the consultation and so it had been decided to retain the 30 minutes free parking. Officers would also map where the free parking sessions were available and see if this could be extended outside of Romford town centre. Work was also in progress to launch an annual resident car parking pass.

Since austerity began, the Council had delivered more than £160m of savings. Day care provision was not a statutory service but officers felt that scrapping this could lead to more intensive support being needed for service users. The numbers of buildings used for Children's Centres had been reduced but it was hoped to retain the actual service.

A Member felt that the proposed reduction in street lighting would take too long to reclaim the costs involved but officers felt that the proposals were balanced and had been consulted on with residents. The £300k on street lighting was capital expenditure but savings would be applied to the revenue fund. It was confirmed that capital receipts could not be used to subsidise revenue costs.

Members felt that the level of response to the budget consultation remained very poor and that it was not possible to judge issues such as the

introduction of parking charges in parks on this basis. A Member also raised the issue that charges for private car parks in Romford were tied to those of Council car parks and so may also need to rise if the Council charges increased. Officers agreed to investigate if this condition could be removed.

A temporary exemption to business rates could be granted if e.g. a business was closed for refurbishment and officers would confirm the duration of this. The liability if a business ceased trading mid-year could also be confirmed. If the business remained the landlord for the building then business rates liability would remain.

Figures on the amount of compensation paid to people injured by potholes could be obtained from the insurance team. There was an insurance fund of £900k to pay court claims. Contributions to this would be stopped for the next year but there remained a healthy balance. Lower contributions would also be made to the pension fund but the Council was still required to cover its liabilities. The next valuation of the fund was due in 2026/27. It was emphasised however that the Council would not be reducing employer contributions to the pension fund. The proposed reductions related to topping up of the pension fund cash account, the current balance of which was already in excess of policy thresholds. This account was also not included in the pension scheme valuation.

Licensing for private rented homes was covered by statute and hence could only be extended to areas with particular problems with condition of housing stock. Income from this scheme could not be used for other services. Officers did however agree to work with ward Councillors on where the scheme could potentially be extended.

Officers felt that it would take time for the spending reductions agreed on 9 October 2023 to work through. The reduction in use of purchase cards and the re-establishment of a recruitment panel would also require a cultural change in the organisation. There were no specific figures for these savings as yet but £9.6m savings had been achieved last year with £1.8m unlikely to be achieved.

Members were not confident that the required savings would be achieved next year but officers confirmed that monthly reports on the delivery of savings would be given as part of management meetings. This would include the reasons for any slippage in savings.

The decision on the level of uplift to social care providers had been delegated to officers as this could not be finally agreed until after the budget had been set. The budget had been calculated on a 5% uplift this year which officers would work with as a target.

Members raised concern about the numbers of long standing agency staff and asked whether these could be recruited automatically as a cost saving. Officers responded that using agency staff was cheaper in some cases and that individuals may not wish to switch to permanent employment in some

cases. Efforts were also being made to build up apprenticeships at the Council.

A Member expressed concern that the budget reports were not robust enough and contained a lot of qualifications and instances of insufficient data. The Strategic Director of Finance felt that it was not possible to determine exactly what would happen over the next year but any assumptions made had been set out in the detail of the report. Growth had been built into the budget for areas such as building control fees.

Concern was raised by a Member that the £2m contingency for non-delivered savings may not be enough. Officers confirmed that a £3m contingency had now been put in the budget to cover the rising cost of social care and temporary accommodation. An overspend in social care was not expected next year due to more prudent setting of the budget.

It was suggested that it may be prudent to pause plans to cease the Romford Sunday market given legislation proceeding in Parliament around the relocation of markets. Officers agreed that they would seek further advice re whether the removal of the Sunday market would be in breach of the market charter.

It was **AGREED** that the following comments on the 2024/25 Budget Setting Cycle reports should also be included in the Board's overall response to Cabinet:

2024/25 BUDGET AND 2024/2028 MEDIUM TERM FINANCIAL STRATEGY

- 1. The Board notes the issues and difficulties faced by officers in applying for the Capitalisation Order and supports the view that a more up to date funding formula and census data should be used by central Government when deciding on the Council's level of funding.**
- 2. More emphasis should be placed on the future cost of capitalisation requests.**
- 3. The treatment in the consultation results of people who have no opinion on an issue should be reconsidered.**
- 4. The Board is concerned at the proposed increase in parking charges for e.g. visitor parking permits.**
- 5. The Board is concerned at the lack of historical data on the use of car parks in parks.**
- 6. The planned increase and expansion of parking charges for parks is a source of significant concern to the Board.**
- 7. That a list of organisations exempt from charging such as 'Friends' groups and other recognised organisations like the archaeological dig in Bedfords Park be drawn up, in the event of charges for parking in parks being introduced.**
- 8. The Board recommends that proposal Places 02 regarding the introduction of parking charges in parks is not proceeded with.**

- 9. That a review be undertaken of the availability of the free half hour parking offer for small shopping areas located in the Romford Town ward but outside the main Romford shopping area.**
- 10. The Council should continue its efforts to increase recycling rates in flats.**
- 11. There is concern over the impact of savings on local businesses and the Board would wish to ask if this has been modelled sufficiently.**
- 12. An expansion of the licensing scheme for private rented homes should be investigated, subject to any legal restrictions around this.**
- 13. More details should be given of the impact of the proposed savings announced in October and details of progress with meeting the savings targets should be brought to the relevant Overview and Scrutiny Sub-Committee/Board on a regular basis.**
- 14. There is a lack of confidence in the savings proposals being accurate as a number of the templates submitted admit that there is a lack of reliable data on which to base the proposal.**
- 15. The Board has concerns over the legal implications of closing the Sunday market and feels that these should be carefully considered before any closure takes place.**
- 16. The Board recommends that the £16.5m list of planned savings is revised to total a maximum of £15m.**

30 **EXCLUSION OF THE PUBLIC**

It was **AGREED** that, for the relevant section of agenda item 5 only, the public should be excluded from the meeting on the grounds that it was likely that, on view of the nature of the business to be transacted or the nature of the proceedings, if members of the public were present during that item, there would be disclosure to them of exempt information within the meaning of paragraph 3 of Schedule 12A to the Local Government Act 1972.

Chairman

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