

OVERVIEW AND SCRUTINY COMMITTEE

10 July 2023

Minutes of the Overview and Scrutiny Committee held at the Town Hall, Bexhill-on-Sea on Monday 10 July 2023 at 6:31pm.

Committee Members present: Councillors P.N. Osborne (Chair), Mrs V. Cook (Vice-Chair), J. Barnes (MBE), Mrs M.L. Barnes, S. Burton, C.A. Clark, C.A. Creaser, T.M. Killeen (MBE), M.C. Legg (remote), C.R. Maynard and S.B. McGurk.

Other Members Present: Councillors C.A. Bayliss and C. Pearce.

Advisory Officers present: Interim Chief Executive, Interim Deputy Chief Executive, Director – Place and Climate Change, Revenues and Benefits Manager and Democratic Services Officer.

Also present: 8 members of the public via the live webcast.

OSC23/11. **MINUTES**

The Chair was authorised to sign the Minutes of the meeting of the Overview and Scrutiny Committee held on 5 June 2023 as a correct record of the proceedings.

OSC23/12. **APOLOGIES AND SUBSTITUTES**

An apology for absence was received from Councillor B.J. Coupar.

OSC23/13. **DISCLOSURE OF INTERESTS**

Declarations of interest were made by Councillors in the Minutes as indicated below:

Clark Agenda Item 6 – Personal Interest as a Member of East Sussex County Council.

Maynard Agenda Item 6 – Personal Interest as an Executive Member of East Sussex County Council.

McGurk Agenda Item 6 – Personal Interest as a social worker in Adult Social Care.

OSC23/14. **REVENUE BUDGET AND CAPITAL PROGRAMME MONITORING DRAFT OUTTURN 2022/23**

Members received and considered the report of the Interim Deputy Chief Executive on the Draft Revenue Budget and Capital Programme Outturn 2022/23, which had been referred to the Overview and Scrutiny Committee for Members' information and for any recommended actions to Cabinet as necessary. The report updated Members on the Council's finances as at the end of March 2023 and included a brief update on the Collection Fund performance, as well as information on income write offs for the last financial year, as required

by the updated Constitution. Members noted that all numbers in the report were subject to external audit and potential change.

There had not been any reportable variances since the last financial update to Members. Commentary on the more significant year-end variances was included within the report, with further supporting information provided within the appendices.

The Revenue Budget outturn position for the year ending 31 March 2023 was that the drawdown had now reduced to £1.5m, which was £1.7m less compared to the budget. This represented an improvement of £1.5m since the Quarter 3 forecast. The position was summarised in Appendix A to the report and material variances that had been identified since the last forecast were explained in the report. These included: higher than predicted Legal services costs; income from returned Disabled Facilities Grants; increase in Planning income surplus and a net reduction in estimated provision for costs claims; higher contributions to staff costs from Community Infrastructure Levy and the housing company; lottery income and grant receipts; reductions in operational costs of the waste contract; continuing high levels of demand for Temporary Accommodation; lower than predicted impact of Housing Benefit Overpayments; staff turnover; late receipt of additional COVID-19 New Burdens grants; rising interest rates and improved cash management; lower than anticipated borrowing costs due to delays with the delivery of the capital programme; and the positive variance on Section 31 grant income.

There had been little change to the Financial Stability Programme (FSP) deficit since the Quarter 3 forecast, due to a review of existing agreed savings. Any potential savings from devolving public conveniences would not be realised in the original timeframe and engagement was underway for phase two of devolution to protect discretionary services across Rother. Several savings were however already being achieved in the 2023/24 financial year, which were identified within the Service Planning process for implementation in 2024/25 and were detailed within the report.

A review of all Capital Projects and Property Investments was being scheduled to test assumptions, in particular the cost of borrowing and the impact against the planned return on the investments.

The Capital Programme draft outturn as at 31 March 2023 was £23.4m, which was more than £150m lower than the revised budget and £1.3m higher than forecast expenditure at the end of Quarter 3. Large variances were the result either of significant underspend against the 2022/23 budget and/or the change in spend profile. The main variances were outlined in the report and the overall position was summarised in Appendix B to the report, showing the revisions of estimated budgets throughout the financial year and anticipated future years spend phasing. Where schemes were forecast to underspend, it was expected that they would be completed in future years unless otherwise stated.

The Department for Levelling Up, Housing, and Communities had announced an additional £250m Local Authority Housing Fund (second round) which would run over the financial year 2023/24. The Council had been awarded £0.8m, in principle, from the fund which was in addition to the £1.49m awarded in February 2023. The fund would create a legacy for UK nationals by providing a new and permanent supply of accommodation for local authorities to help address local housing and homelessness pressures.

The impact on reserves was a total draft drawdown of £1.5m against the planned use of £3.2m, which meant the Council had used £1.7m less from its reserves to fund the annual revenue budget, which was positive news in terms of the reserve position.

The council tax collection rate at the end of Quarter 4 was 97.66% of the collectable debit and 99.92% of the budgeted yield. Both figures were slightly lower than the corresponding figures for 2021/22 by 0.35% and 1.06% respectively.

The business rates collection rate at the end of Quarter 4 was 97.83%, a 0.84% increase on the previous year's 96.99% of the collectable debit. This showed a continuous improvement in collection rates post-pandemic, despite the challenging economic climate, but may not be sustainable.

Members were provided with information regarding amounts written off during the 2022/23 financial year and for the previous four years for comparative purposes. Balances were written off when the amounts owed were deemed irrecoverable.

The draft revenue outturn for 2022/23 showed an overall deficit of £1.5m, which was £1.7m lower than the approved planned use of reserves. Whilst this was clearly a positive outcome for the Council, it was partly because of additional income from Section 31 grant income. The Council was still drawing from reserves rather than replenishing them and so there was an increased need and urgency to embrace the FSP objectives laid out in the Corporate Plan and captured in Service Plans across Council departments, and to record and monitor its effectiveness with heightened discipline.

The draft Capital Programme outturn indicated an underspend of in excess of £150m against the revised budget. This was largely because of the slow pace of the programme due to a mixture of external economic factors (high price inflation, increasing construction and material costs) and organisational capacity. All Capital Programme items would be subject to a review by senior officers in Finance and Departmental Managers, to establish if the Council should continue to proceed with them.

Members were given the opportunity to ask questions and the following points were noted during the discussions:

- approximately one third of the £1.7m savings made would be recurring, but there would still be borrowing requirements in the

future for the Capital Programme once the detailed review had been completed;

- the infrastructure project at Blackfriars was a significant commitment for the Council;
- the Council was able to borrow internally from cash used for treasury investments to fund the Capital Programme;
- Members raised concerns about the £7.5m underspend on Temporary Accommodation (TA) purchases, which was due to a lack of appropriate properties in suitable areas. Members recommended that Cabinet consider giving more priority to the purchase of TA;
- Members raised concerns that unfilled vacant posts may affect staff morale and raise sickness rates, but there had been no evidence to date. Reviews of working practices were carried out when posts became vacant, to look at ways to work more efficiently and for opportunities such as joint working. There were some areas of the Council where recruitment had been difficult for some time, with adverts being placed two or three times;
- the possibility of prefabricated buildings being built on Council owned land behind the Town Hall for T.A. use was being considered; and
- Members suggested exploring the possibility of T.A. on the Blackfriars site.

Members thanked the Interim Deputy Chief Executive for his clear and concise report and presentation. The Interim Deputy Chief Executive paid tribute to his team for their work on the Council's finances.

RESOLVED: That:

- 1) the report be noted; and
- 2) Cabinet be requested to consider giving increased priority to the purchase of suitable Temporary Accommodation.

OSC23/15. **COUNCIL TAX REDUCTION SCHEME**

Members received the report of the Revenue and Benefits Manager on potential changes to the Council's working age Council Tax Reduction Scheme (CTRS) and the amount of council tax charged on second homes. The CTRS could not be amended in-year and could only be changed following consultation with the public and the major preceptors, East Sussex County Council (ESCC), Sussex Police and Crime Commissioner and East Sussex Fire and Rescue.

The current CTRS administered by the Council was divided into two schemes, with pension age applicants receiving support under the rules prescribed by Central Government, and the scheme for working age applicants being determined solely by the local authority. Pensioners, subject to their income, could receive up to 100% support towards their council tax. The Council had no power to change the level of support provided to pensioners and therefore any changes to the level of council tax relief (CTR) could only be made to the working age scheme.

When the CTRS was introduced in 2013, for working age applicants the Council broadly adopted the previous means tested Council Tax Benefit Scheme as the basis of awarding support. However, due to the reduction in funding from Central Government, the Council had, since that time, also required working age applicants, even those on the lowest income, to pay a minimum payment of 20%. This was the key issue with the current scheme, significantly increasing the financial pressure on low-income households, particularly given all the wider economic pressures around the cost-of-living crisis.

At the current time, Rother and Eastbourne were the only Councils across East Sussex which had not reverted to a 100% scheme. Since the CTRS's introduction, low-income taxpayers, the poorest households, had struggled to pay the balance leading to additional costs, court, and enforcement action and, in some cases, the amounts demanded had been written off as uncollectable. Whilst the overall level of council tax collection in Rother had remained relatively stable at around 98%, the collection levels for working age CTR applicants was significantly lower.

In addition, the cost of the administration of cases by the Council had increased significantly over the years and these were borne by the Council. With the difficulties experienced, the relatively low level of payment and the high administration costs incurred, it may no longer make the amounts economically viable to collect, notwithstanding the negative effects to those poorest households.

Since its inception, the number of Council Taxpayers receiving CTR had reduced, mainly due to the continued decrease in pensioner cases which had been reflected nationally. The costs of the schemes had reduced in terms of the CTR as a percentage of the Council Tax Base, due to both the changes in caseload and the change (increase) in Tax Base.

The current scheme cost the collection fund c£8.2m; a change to the scheme for 2024/25 to increase the working age maximum to 100%, would increase the cost to the collection fund to an estimated c£8.95m, subject to additional modelling and analysis. Members noted that the cost was borne directly in accordance with the percentage received from the collection fund. Members were guided through a comparison as to the relative costs for both the current scheme and estimate of a new 100% scheme. The cost of the potential change would be most significant for ESCC (£0.55m), with the cost to Rother at approximately £0.06m. However, it was expected that the increase in the tax base generally (based on historic performance) for the same year would offset some of this cost, irrespective of any other change.

The Levelling Up and Regeneration Bill that was currently going through parliament would: reduce the minimum period for the implementation of a long-term empty premium from two years to one year; and allowed councils to introduce a premium in respect of second homes (dwellings that were unoccupied but furnished), (Class A and B), of up to 100%. In the case of the former, the changes could be introduced with effect from 1 April 2024, if Royal Assent was granted.

The latter would require a notice period of one year and therefore the expected start date would be 1 April 2025.

Should the Council decide to adopt the new premium regime offered by the Bill, additional income would potentially be available to the Council and all preceptors in line with their share of the collection fund. This additional income could possibly offset some of the cost of any changes to the CTRS but was difficult to model and estimate at the current time. Guidance from Central Government had not yet been provided and what additional powers, if any, local authorities would be given to help identify properties being used as second homes.

Members were given the opportunity to ask questions and the following points were noted during the discussions:

- Members were concerned that a change in the scheme would affect the 1.5 full time equivalent officers;
- a good level of support was already in place to support the poorest households, such as the Council's Exceptional Hardship Fund and the Government's Household Support Fund. Support available had been highlighted through the joint work of the Anti-Poverty Strategy;
- Members raised concerns that the resulting cost of a change in the scheme to ESCC would in turn affect the Adult Social Care (ASC) budget;
- Members suggested that the single person discount scheme could be reviewed as this was not currently income based;
- the unintended consequences of a change in the scheme would need to be given further consideration;
- the Council had recently adopted the socio-economic duty and therefore should give careful consideration to helping those in hardship, to ensure economic justice;
- more detail on the resulting effects on staffing, poor collection rates and possible links of write offs with the CTRS would be provided in the report to the Committee in September;
- Members hoped that through the consultation process, any resulting effects from a change in the scheme for preceptors would be made clear, particularly with regards to ESCC's ability to provide funding for vulnerable people, such as those within the ASC sector and Special Educational Needs;
- the decision in 2013 to introduce the CTRS took into consideration many factors and recognised that as a member of a community, some contribution to the provision of services received should be made by all;
- Members paid tribute to officers providing support to individual cases of hardship;
- ASC spending was a statutory requirement and eligible needs must be met; and
- there were different tiers of care provided by ASC, with more emphasis being put back into the community. It was suggested that a report could be requested from ASC as to the packages no longer provided by ESCC.

A Member Briefing session would be held over the summer to increase the understanding of the issues around the subject prior to a more

detailed, costed report being brought forward in the autumn for further consideration. A proposed reporting and consultation timeline was provided for Members. If Members ultimately recommended changes to the CTRS, a full Equalities Impact Assessment would be undertaken, which would also need to give due regard to the socio-economic duty set out under the Equality Act 2010 voluntarily adopted by the Council in May 2023.

A further report would be provided to the Committee in September, providing the latest update in relation to the Levelling Up and Regeneration Bill and the final decisions relating to long-term empty property and second home premiums.

RESOLVED: That the:

- 1) report and the further engagement session that will be held over the summer be noted; and
- 2) proposed timeframes for consultation on any new scheme be noted.

(When it first became apparent, Councillor Clark declared a Personal Interest in this matter as a Member of East Sussex County Council and in accordance with the Members' Code of Conduct remained in the meeting during the consideration thereof).

(When it first became apparent, Councillor Maynard declared a Personal Interest in this matter as an Executive Member of East Sussex County Council and in accordance with the Members' Code of Conduct remained in the meeting during the consideration thereof).

(When it first became apparent, Councillor McGurk declared a Personal Interest in this matter as having worked as a social worker in Adult Social Care and in accordance with the Members' Code of Conduct remained in the meeting during the consideration thereof).

OSC23/16. **WORK PROGRAMME**

Consideration was given to the Overview and Scrutiny Committee's Work Programme. Members were reminded that any Councillor could make a request for an item to be placed onto the Council's Scrutiny Committee Work Programme.

The following additions to the Work Programme were noted:

- 11 September 2023 – Temporary Accommodation Purchase Strategy;
- 11 September 2023 – Rother District Council Owned/Managed Accommodation Policies;
- 16 October 2023 – Discharge of Homeless Duty into Suitable Private Sector Policy; and
- 16 October 2023 - Allocations Policy

A report on the Terms of Reference for a Housing Development Strategy Task and Finish Group would be brought to the Committee in due course, the date to be confirmed.

RESOLVED: That the Work Programme at Appendix A be agreed, as amended.

CHAIR

The meeting closed at 7:47pm

OVERVIEW AND SCRUTINY COMMITTEE

WORK PROGRAMME 2023 – 2024		
DATE OF MEETING	SUBJECT – MAIN ITEM IN BOLD	Cabinet Portfolio Holder
11.09.23	<ul style="list-style-type: none"> • Performance Report: First Quarter 2023/24 • Revenue Budget and Capital Programme Monitoring – Quarter 1 2023/24 • Council Tax Reduction Scheme • Temporary Accommodation Purchase Strategy • Rother District Council Owned / Managed Accommodation Policies 	Jeeawon McCourt
16.10.23	<ul style="list-style-type: none"> • Medium Term Financial Plan 2024/25 to 2028/29 • Digital and Customer Services Strategy • Discharge of Homeless Duty into Suitable Private Sector Policy • Allocations Policy 	Jeeawon Byrne McCourt
20.11.23	<ul style="list-style-type: none"> • Performance Report: Second Quarter 2023/24 • Revenue Budget and Capital Programme Monitoring – Quarter 2 2023/24 	Jeeawon
22.01.24	<ul style="list-style-type: none"> • Draft Revenue Budget Proposals 2024/25 • Key Performance Targets 2024/25 	Jeeawon
18.03.24	<ul style="list-style-type: none"> • Crime and Disorder Committee: to receive a report from the Community Safety Partnership • Performance Report: Third Quarter 2023/24 • Revenue Budget and Capital Programme Monitoring – Quarter 3 2024/24 	Field Jeeawon
22.04.24	<ul style="list-style-type: none"> • Call-in and Urgency Procedures • Draft Annual Report to Council • Review of progress against the recommendations of the Health and Well-Being Task and Finish Group 	Coleman
ITEMS FOR CONSIDERATION		
<ul style="list-style-type: none"> • Regeneration inc. Leisure Centre, Fountains, Skate Park and Accessibility of Green Spaces across the district • Review of the Economic Regeneration Strategy • Litter Strategy • Review of the Tourism Strategy and the impact of Airbnbs • Impact of Airbnb and second homes in Rye/Winchelsea/Camber • Review of the Financial Stability Programme • Update report from the Local Strategic Partnership • Update report from the Health and Well-Being Board • Review of progress against the recommendations of the Health and Well-Being Task and Finish Group (Year 3) • Development of new Housing, Homelessness and Rough Sleeper Strategy • Development of new Corporate Plan • Update report from the Climate Change Steering Group 		

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