

FINANCE AND AUDIT SCRUTINY PANEL 22 FEBRUARY 2011

Present :- Councillor Dennis Willetts (Chairman)
Councillors Nick Cope, Scott Greenhill, Sue Lissimore,
Jon Manning, Colin Mudie, Kim Naish, Gerard Oxford
and Colin Sykes

Substitute Member :- Councillor Jackie Maclean
for Councillor Christopher Arnold

Also in Attendance :- Councillor Paul Smith
Councillor Tim Young
Councillor Beverley Oxford
Councillor Anne Turrell

54. Minutes

The minutes of the meeting held on 25 January 2011 were confirmed as a correct record, subject to the following amendment;

Under the Budget Strategy item, the paragraph in which Councillor Dopson responds to Councillor Lissimore on the charging policy for Kings Meadow to read;

"In response to Councillor Lissimore concerning the introduction of a consistent charging policy for use of Kings Meadow for parking during events, Councillor Dopson said this is work in progress, there currently is no consistent charging policy for use of Kings Meadow for the variety of events held in or outside the Castle Park. Events that are run by charities utilising the facilities of Castle Park for free, will be able to continue using Kings Meadow parking facilities for free. Councillor Dopson said she was currently reviewing all other uses of Kings Meadow".

Councillor Colin Mudie and Councillor Kim Naish (in respect of being a member of the Board of Colchester Borough Homes) declared a personal interest in the following item pursuant to the provisions of Meetings General Procedure Rule 7(3)

Councillor Colin Sykes (in respect of his spouse being a member of the Board of Colchester Borough Homes) declared a personal interest in the following item pursuant to the provisions of Meetings General Procedure Rule 7(3)

55. Capital Improvement Programme (Decent Homes) progress report

Capital Improvement Programme (Decent Homes) progress

Councillor Tim Young, Portfolio Holder for Housing and Community Safety, Ms. Lindsay Barker, Head of Strategic Policy and Regeneration, Mr. Mark Wright, Director of Property Services, Colchester Borough Homes and Mr. Matthew Armstrong, Asset Manager, Colchester Borough Homes all attended the meeting for this item.

Ms. Lindsay Barker presented the progress report on the Capital Improvement Programme (Decent Homes), that provided a position statement as at the end of December 2010, and that compares the opening plan for 2010/11 against the six months of delivery between July and December 2010.

Ms Barker said the purpose of the project was to achieve a decency standard for all the Council's housing stock and to date progress remained on-track and within the defined existing budget and with the customer satisfaction performance targets achieved.

The chart within the report illustrated that to date the number of non-decency properties stood at 777, well below the predicted forecast of 1070, showing the project to be performing well. At the current rate of progress it was anticipated that the project would be completed within the timeframe.

Councillor G. Oxford said the progress was good news, moving forward with speed. Councillor Oxford enquired about how many Council owned properties still had single glazed windows and how much would it cost to have double or triple glazed units installed. This was discussed later in the debate.

Councillor Manning said it would be helpful in determining progress to know what percentage of the total capital programme budget had been spent, and for the same period what percentage of the housing stock had been completed. Councillor Sykes concurred with Councillor Manning, saying the report did not provide any feeling as to whether the programme is on-track in terms of completed numbers and finances. Councillor Sykes also commented that there were large unexplained differences in the number of components estimated to be delivered against the actual number of components delivered by the end of quarter 2.

Mr. Mark Wright confirmed that this information could be provided, although the total funded programme was £7.5 million, as noted in the Capital Monitor report, and to date the total spend on the project was £3.5 million. Mr. Wright agreed that more detail on costs would be helpful. Mr. Wright said the differential in the number of components delivered against target was largely explained by grouping together the Boiler/Heating component parts

Given the apparently large number of refusals for the heating and kitchen components, Councillor Sykes asked how much pressure was used, or how persuasive was the Council in getting the tenant to accept the need for the upgrade. Mr. Wright said firstly it has to be understood that some refusals are due to the tenant having already carried out their own works. Other tenants are consulted on an individual basis. Housing Officers actively encourage tenants to speak to those neighbours who have had an upgrade and Ward Councillors are notified of tenant refusals, so they can speak to the tenant about the tenant's concerns about the work. Councillor T. Young said the Ward Councillors being notified of refusals, a recommendation of the Finance and Audit Scrutiny Panel at a previous review, was a very positive step made, and enabled the Councillors, who are often better placed to understand the needs or health condition of their ward residents, e.g. he was aware in his own ward of residents who had refused, often confused old people, some of a nervous disposition or dementia sufferers, and this enabled a more sympathetic approach to be taken.

Councillor Manning and Naish asked whether refusals were in some way linked to the time of year the upgrade is offered, e.g. it was more likely that during the cold winter months a tenant, especially an elderly person, would not want the discomfort of having new windows and doors or a new heating system installed. Mr. Wright said tenants are offered a respite in the works though the turnaround time is relatively quick, with replacement windows usually taking one day to complete. Replacement windows and heating systems are usually completed in the summer months and the month of December is usually avoided for new kitchen installations. This type of installation is not completed during periods of heavy snowfall. Mr. Wright confirmed to Councillor Manning that an analysis of refusals could be provided, giving a breakdown by type and when they were refused. Mr. Wright said gas boilers and heating systems are serviced annually, and if considered defunct they have no option but to immediately replace. It was also confirmed that tenants do not refuse the replacement of windows and doors.

Mr. Wright said if the tenant still refuses to have the necessary work done, this is not the end, and officers will go back to these tenants during the lifetime of the project, or as part of a follow-up review at the commencement of the new financial year. In response to Councillor Oxford, Mr. Wright said whilst he understood the memories of tenants are very long, and their hesitancy could be due to the knock-on effect from previous failings, the programme of work is now published in local newsletters and open evenings are organised in local areas, an opportunity for tenants to meet contractors and have any questions or concerns answered. It was now felt that tenants do look at this project in a different light to previous contracts and any feeling of apprehension has now gone. Councillor Young said there are no greater advocates of the project than those tenants who have had the work done. Mr. Wright said that in other local authorities, broadly speaking, refusals are between 12% – 25% and Colchester falls in the middle of this range.

In response to Councillor Lissimore who asked what would happen to those tenants who through 'refusal' do not have their property upgraded by the time the project concludes at the end of 2012, Mr. Wright said from 2012 the present HRA subsidy system will be replaced by the self-financing housing revenue account. Under this financing system resources will be provided for either improvements in services, additional stock investment or capital investment to the housing stock. Therefore, those properties not upgraded at the conclusion of the Decent Homes Project will be listed, not lost, but picked up a later date under the new scheme.

Ms. Barker confirmed that she would arrange for a briefing note update to Members of the Panel on the new self-financing housing revenue account.

Councillor Willetts said given progress remained on-track and within the defined existing budget and with the customer satisfaction performance targets achieved, asked the Panel whether the need to remain reporting progress on a quarterly basis was still needed, or whether the frequency of reporting could be reduced.

Councillor Manning said he believed progress on this project could now be reported 6-monthly, a year end report presented at the commencement of the new financial year, probably at the June/July meeting, and a 6-monthly update, probably in December.

Whilst it was understood that because having double glazed windows in a property was not a requirement to achieve decency there remained some housing stock properties whose windows remained single glazed. Earlier in the discussions, Councillor Oxford had requested a report setting out details of the number of housing stock properties whose windows remained single glazed, how much would it cost to have these properties double glazed and what would the effect be on thermal comfort levels. Ms. Barker said whilst this work could be looked at in isolation, outside the current Capital Improvement Programme, this exercise would be better served if it was dealt with as part of the overall Asset Management Strategy (AMS) where choices on investment across the total housing stock will be considered in-line with the new self-financing housing revenue account to be introduced from 2012. A review of the AMS would be undertaken in 2011 to form part of the Budget process for 2012/13. Councillor Young agreed that stock investment options needed to be considered as a 'whole', and in time for commencement in-line with the new self-financing system. An Asset Management Group has been set-up to consider the options and come forward with a revised strategy for 2013. Ms. Barker said a review of the revised AMS could be undertaken by the Panel in 2012.

RESOLVED that the Panel:-

- i) Commented on and noted the progress on the Capital Improvement Programme (Decent Homes).
- ii) Agreed that future progress reporting would be on a twice per year basis, a year end progress report in June / July and a 6-monthly update in December.
- iii) Requested that future reports would provide what percentage of the total capital programme budget had been spent, and for comparison purposes, what percentage of the housing stock had been completed.
- iv) Requested that an analysis of refusals is provided to Members, giving a breakdown of refusals by type (the reason for refusal), and the date on when they were refused.
- v) Requested that a briefing note update on the self-financing housing revenue account is circulated to Members of the Panel.
- vi) Agreed to review the revised draft Asset Management Strategy, at a date to be agreed between the Head of Strategic Policy and Regeneration and the Scrutiny Officer.

56. Risk Management, period October to December 2010

Ms. Hayley McGrath, Risk and Resilience Manager, presented the Risk Management report for period October to December 2010, an interim review.

The key risk for quarter 3 continued to be the potential impact of future central government decisions to reduce public funding, including that of partners.

Ms. McGrath drew Members attention to the Risk Matrix illustrated in appendix 2 of the report that identified the three high risk areas, those of the decline of staff motivation with the impact of fundamental service reviews, the potential impact of future central government decisions to reduce public funding and the inability to deliver the budget strategy in the current economic climate.

Ms. McGrath said Colchester had been recommended to Brentwood Borough Council by the Audit Commission to provide advice on how to manage risk. In the opinion of the Audit Commission, Colchester demonstrate a good example of best practice in providing an effective risk management process. Ms. McGrath also confirmed that work had commenced by the internal auditor to align the internal audit plan with the risk register(s) to ensure a comprehensive audit of key issues within each service area.

Ms. McGrath confirmed to Councillor Willetts that local authorities would see new risks emerging, such as those arising out of the new Bill on Localism.

In response to Councillor Lissimore who asked about the specific risk of declining staff motivation due to the impact of Fundamental Service Reviews and the implementation of budget efficiencies, given that Members have previously being told how staff had embraced the potential changes and were pleased these reviews were being undertaken, Ms. Ann Wain, Executive Director said the risk score for this specific risk remained the same as has previously been reported, as had the mitigating action taken by management and the recent 'Best Council' staff survey had produced a marginal improvement in results. Ms. Wain said the management are comfortable with the present risk score while work continues on the uncertainties.

Councillor Manning said staff are the lifeblood of the organisation, making it work, and given all the uncertainties around budget pressures and the current economic climate should be commended for their continual hard work and dedication.

RESOLVED that the Panel noted the progress on Risk Management during the period October to December 2010 and the updated Strategic Risk Register.

57. Capital Expenditure Monitoring report

Me. Steve Heath, Finance Manager, presented the Capital Expenditure Monitoring report for April to December 2010.

Mr. Heath gave an overview of the first 9 months of this year capital spending totalling £9.4 million, and representing 29.5% of the total programme, and 43.9% of the projected spend for 2010/11. New funding has been added to the capital programme including £342k released by Cabinet for phase 2 of the Carbon Management Programme and £272.5k Section 106 funding towards the construction of the new community centre at Tiptree, together with some smaller contributions from other external parties and Section 106 monies. It should be noted that the programme includes a number of major schemes where spending is planned across more than one year.

In regards to the projected variances on major schemes, the scheme for Colchester Leisure World Fitness Pool LACM and Modernisation is currently forecast to be overspent by a maximum of £125.5k, together with an overspend of £31k on the Site Disposal Costs that will require further funding in order to complete the planned sales. The contract retention payments on the St Anne's Community Centre were less than expected, resulting in an underspend, as was the programme of DDA works, giving an overall net overspend of £71.7k.

Mr. Heath confirmed to Councillor Willetts that the results on the Capital Improvement Programme (Decent Homes) showed the work and finances to be on-course.

Mr. Heath confirmed to Councillor Oxford that the £190.3k funding for 2011/12 under the Disability Discrimination Act (DDA) Measures was for the DDA Sensory Access project.

RESOLVED that the Panel noted the level of Capital Spending during 2010/11 and forecasts for future years.

58. Revenue Expenditure Monitoring report - April to December 2010

Mr. Plummer, Finance Manager, presented the Revenue Expenditure Monitoring report for April to December 2010, giving the Council's spend up to the end of December with a year-end forecast.

Mr. Plummer said the projected outturn for the General Fund is currently a net overspend of £251k, and the Housing Revenue Account forecast outturn position, an underspend of £176k. The position at the second quarter indicated a potential net overspend of £1.035m, so the current forecast outturn represents a considerable improvement on the position reported in November 2010.

Mr. Plummer commented that in the 2011/12 report agreed at the recent Council meeting, it was stated that the anticipated year-end net overspend would be between £150k - £200k. Officers anticipate that we will finish at this level representing a slight improvement on the current estimate of £250k.

Councillor Manning enquired about the recent news concerning a 48% cut by Essex County Council on the Supporting People's Grant, and the impact on the Financial Monitoring report. Mr. Plummer said this would be picked up as part of the 2011/12 Budget process and the consequences of this would be reported to the Panel in-year.

RESOLVED that the Panel noted the financial performance of the General Fund Services and the Housing Revenue Account in the first nine months of 2010-11.

59. Work Programme

RESOLVED that the Panel confirmed the current work programme.