

MINUTES of a **MEETING** of the **SCRUTINY COMMITTEE** held on 13 January 2025
at 5.00 pm

Present

Councillors

L G J Kennedy (Chair)
G Westcott (Vice-Chair), D Broom,
E Buczkowski, G Czapiewski, M Farrell,
C Harrower, B Holdman, L Knight and
S Robinson

Apologies

Councillors

A Cuddy and R Roberts

Also Present

Officers:

Andrew Jarrett (Deputy Chief Executive (S151)), Maria De
Leiburne (Director of Legal, People & Governance
(Monitoring Officer)), Dean Emery (Head of Revenues,
Benefits & Leisure), Simon Newcombe (Head of Housing &
Health), Paul Deal (Head of Finance, Property & Climate
Resilience), Laura Woon (Democratic Services Manager)
and David Parker (Democratic Services & Policy Research
Officer)

Councillors

Online

J Buczkowski, L J Cruwys, S Keable, J Lock and J Wright

69 APOLOGIES AND SUBSTITUTE MEMBERS (0:04:11)

Apologies were received from Councillors A Cuddy and R Roberts.

70 DECLARATIONS OF INTEREST UNDER THE CODE OF CONDUCT (0:04:28)

No Interests were declared under this item.

71 PUBLIC QUESTION TIME (0:04:47)

Paul Elstone:

Housing Rents.

Question 1

There is important information missing from the text of the Housing Rents report, which by now should now be readily available.

When was this rent calculation error made?

Question 2

The actions timetable, item 10, shows that initial letters have been sent to tenants, split between Overs and Unders so the numbers must be known.

How many overcharged tenancies are there?

Question 3

How many undercharged tenancies are there?

Question 4

The actions timetable, item 7, shows that the modelling of over and under charges has been completed at summary level. Given that a figure of £1.8 million has been provided for overcharges.

What is the summary gross financial figure for undercharges to date?

Question 5

The actions timetable, item 8, shows the modelling of the aggregate potential impact on the Housing Revenue Account has been completed. What is the financial loss in terms of the incorrect and lower rent revenue for this current financial year?

Capital Programme.

Question 6

I have repeatedly challenged the grossly excessive cost being paid by this Council for the ZED PODs projects. My challenge has previously been dismissed including by Cabinet Members.

I believe the source of the Cabinet Members information to be substantially incorrect.

I recently made a Freedom of Information (FOI) Request. This after the numbers shown in the HRA Capital Project budget sheet did not add up. The FOI response fully validated my cost challenge.

The HRA budget sheet for Fir Close Willand previously seemed to suggest that the total project cost was £140,000. A figure recently increased to £170,000. However, the FOI response states that the current Fir Close project spend amounts to be a massive £251,000.

This equates to an exorbitant total development cost of over £6,780 pounds per square metre.

Putting that figure into perspective the total development cost inclusive of all design, construction and land purchase cost for and I quote, the “*magnificent eco-friendly homes*” at Haddon Heights, Bampton. Homes built by 3 Rivers and being marketed by this Council, equates to circa £ 2,980 pounds per square metre or well under half of the ZED PODs development cost.

In closely examining the Capital Programme budget sheet it can be seen that there are no line entries showing the full project historic spend to date.

Also, the original and revised total cost estimates and for each project.

Only spend forecast over the budget period is shown.

All this leading to erroneous project cost information being available to Council Members on which to base decisions.

Will this Scrutiny Committee ensure this information is provided in project budget sheets going forward this in full support of good project cost management?

The Chair thanked Mr Elstone for his questions and stated that he would receive a reply in writing within ten working days.

72 **MINUTES OF THE PREVIOUS MEETING (0:09:04)**

The minutes of the meeting held on 16 December 2024 were **APPROVED** as a correct record by those who were present at that meeting and **SIGNED** by the Chair.

73 **CHAIR'S ANNOUNCEMENTS (0:10:19)**

The Chair gave his thanks to the Vice Chair for so ably handling the previous two meetings whilst he had been unavailable.

74 **DECISIONS OF THE CABINET (0:10:32)**

The Committee **NOTED** that none of the decisions made by the Cabinet on 7 January 2025 had been called in.

75 **2025/26 BUDGET REVIEW (0:10:46)**

The Committee had before it and **NOTED** a *report from the Deputy Chief Executive (S151).

The following was highlighted in the report:

- The documents before the Committee were the three recent reports that had been presented to Cabinet.

- The various versions of the budget updates had been through the Policy Development Groups.
- The informal Budget Briefing to Members had been useful and was something the Council would repeat.
- The Scrutiny Committee were now being asked to fulfil their legislative function of reviewing the whole budget process, review the recommendations that had previously been made and make any recommendations that the Scrutiny Committee thought appropriate to the Cabinet meeting to be held on 4 February 2025.
- The Housing Revenue Account (HRA) showed a balanced budget for the financial year 2025/26.
- The Capital Programme for the financial year 2025/26 was also balanced.
- The General Fund was £450,000 short of being in a balanced position. That figure had grown following the funding settlement received from Central Government prior to Christmas. The largest contributor to the shortfall was the confirmation from the Government that the National Insurance Compensation Scheme would not compensate the Council by as much as had been previously alluded, that item had probably added £300,000 to the shortfall and would impact the HRA as well.
- Additional Extended Producer Responsibility (EPR) funding of approximately £927,000 was announced just before Christmas which assisted the Council.

Discussion took place with regard to:

- The figure mentioned for EPR funding was a provisional sum and was for one year only. After that it would be subsumed into whatever Medium Term Funding agreement that would be offered from 2026/27 onwards.
- The funding floor was another value that might only last for one year. The funding floor was there to ensure that no council received less in cash terms than they had received the previous year.
- Internal borrowing from funds to help manage the Council's General Fund expenditure in the short term.
- The Treasury Management report showed the Treasury activities for the future financial year. That report went to the Cabinet and Full Council.
- Once the compensation amount for National Insurance was known, the Deputy Chief Executive (S151) would notify all Members of it and what it meant for this Council. For the moment, based on the formula that the Government provided, it was felt that the cost to the Council would be one third of the overall cost of the National Insurance change.

There was nothing the Scrutiny Committee wanted to feedback to the Cabinet.

Note: *report previously circulated.

76 REGULATION OF INVESTIGATORY POWERS ACT - ANNUAL REPORT (0:21:26)

The Committee had before it and **NOTED** a *report from the Director of Legal, People and Governance (Monitoring Officer).

The following was highlighted in the report:

- In August 2024 the Investigatory Powers Commissioners Office completed its three yearly review which had been very positive.
- The Policy remained the same and no amendments had been made to it.
- The Council had not used its powers under the act since March 2014.

There were no questions from Members.

Note: *report previously circulated.

77 HOUSING RENTS (0:23:069)

The Committee had before it and **NOTED** a *report from the Deputy Chief Executive (S151).

The following was highlighted in the report:

- The report before Members was a replica of the report that was presented to Cabinet as a progress update on what the Council had been doing since identifying the error.
- The Council were working with third parties such as Churches Housing Action Team, Involve, Citizens' Advice Bureau etc. as they worked with a lot of the Council's housing tenants.
- The Council was keen to ensure that they looked after their tenants throughout the whole process.
- The correction would take months or potentially longer to sort out.
- The actions that had been taken to correct the error were listed in the report.
- Other Housing Associations had made similar errors previously and the Council were talking to them to learn from their experience.
- The Council in dealing with the correction were liaising with the Benefit Service and specifically with the Department for Work and Pensions (DWP). So far the Council had received a lot of generic advice from the DWP Office but were awaiting technical advice on, for instance, how far back the Council had to go back in the benefits system and how they were expected to collect it. The Council was issuing joint communications with the DWP wherever possible.
- The operational tracker system owned by the Leadership Team where all actions were monitored and progress was reported. This was additional to the weekly officer and team meetings.
- Meetings had been taking place with the Regulator for Social Housing.
- The Council had consulted its external auditors and because the error spanned the period from 2023 to 2024 the Council had entered a provisional figure of £1,500,000 for the six years' worth of backdated payments. Advice had been received from King's Counsel that the Council should go back as far as six years for the correction.

- Weekly meetings were held to update the Cabinet Members for Housing and Finance.
- It was a large administrative task that was important to get right and was complicated by the need to net down any refunds to take into account any rent write offs, service charges or anything else that may have happened in the past.
- It was likely that the repayments were structured to be made in tranches based upon complexity and liaising with the DWP.
- There were some vulnerable tenants who would need assistance with how to deal with what may be a large refund.

Discussion took place with regard to:

- How did the error continue for six years? The setting of housing rents was quite a complicated process and a manual error had been made in a spreadsheet about a decade ago that had gone unnoticed and just rolled over. All annual updates that had been checked by finance and housing teams had been done correctly but the teams had been updating an incorrect base that had not been picked up. Eighteen months ago new external auditors (Bishop Fleming) were appointed and the Council had a change of Finance staff and a new housing accountant. Both of them had a look at the system and went right back and when the error became apparent flagged up the problem.
- As soon as the Council became aware of the error they referred themselves to the Regulator for Social Housing (RSH).
- The Housing Tenants had initially been split into two categories, those that had overpaid their rent and those that had underpaid their rent.
- Did everyone on the current rate know that if their tenancy changed that they would go onto a new rate?
- Those that had underpaid their rent would not be charged for the underpayment and they had been told that they would remain on that charge until their tenancy changed.
- Those that had been overcharged had been told that some money would be due back to them but that it was now a question of how much that was and netting off whether there were adjustments that needed to be made. Those that had been historically overcharged were now on the correct rent to avoid compounding issues.
- The Council was taking care with how and when they communicated with those residents to make sure that they were not left worrying.
- The RSH very much welcomed the fact that the Council had taken the proactive step of referring themselves.
- How were vulnerable tenants being treated and had the Council identified all the tenants that should be treated as vulnerable? The Council had their own record of tenants that they believed were vulnerable. The Council were working closely with their Neighbourhood Officers who knew the estates and their tenants.
- The Neighbourhood Officers either had formal or anecdotal information around vulnerabilities. In that context, the Council were particularly interested in those with an addiction where a sudden influx of money could be problematic. So it was about identifying those individuals but also comparing the Council's records with DWP records because they had their own information around vulnerability. In some cases it would be worth the Council suggesting to the

tenant that they used the refund for something like making payments for them or offsetting the refund against another bill. The Council was trying to do something constructive that would prevent a large sum of money suddenly becoming something of an attraction.

- Once the Council had the output figures in terms of who was owed what, a threshold would be set and those vulnerable tenants above the threshold would be engaged with including offering a face to face conversation.
- How did the sum of money to be refunded affect the Housing Revenue Account (HRA)? A provision of £1,500,000 had been made in the 2023/24 accounts which would significantly reduce the HRA general balance which was effectively their cash reserve, normally set at £2million. The effect would be that the reserve would be reduced to £500,000. Over the next three or four years the Council would budget to replenish those reserves back to £2million. If it became necessary the HRA contained other reserves which could be borrowed from. The financial health of the HRA was still strong.
- In order to avoid a similar error happening in the future, the officers had now agreed a process where at least three officers were involved in test checking any of the data that went into the calculation of housing rents.

The Chair thanked the staff and Officers for the work that had gone on to correct this error and the work that was still to be done.

Note: *report previously circulated.

78 **WORK PROGRAMME (0:47:52)**

The Committee had before it and **NOTED** *the Forward Plan and the *Scrutiny Committee Work Programme.

The following was highlighted:

- The Scrutiny Committee could ask for any items listed on the Cabinet Forward Plan to be brought before them.
- The Clerk mentioned the items coming to the February, March, and April 2025 meetings of the Scrutiny Committee.
- The March Scrutiny Committee Meeting would be a single issue meeting where a representative of South West Water would be present to answer questions. A list of questions would be circulated to Members of the Scrutiny Committee to consider and add to.
- The draft programme of work for the Scrutiny Committee for 2025/26 would hopefully be available for the meeting in February 2025.
- A Work Proposal Form submitted by Cllr S Robinson regarding Devon County Council's Highways Department and Junction 28 of the M5. It was **AGREED** to accept this work proposal and to invite the Devon County Council Cabinet Member for Highways to address the Scrutiny Committee on 14 April 2025, (proposed by Cllr S Robinson, seconded by Cllr E Buczkowski). If the County Council were by then in "Pre-Election Period", then the Cabinet Member would not be able to attend and the matter would be put back to the June meeting.

Note: *the Forward Plan and the *Scrutiny Committee Work Programme were previously circulated.

(The meeting ended at 5.53 pm)

CHAIR