

The Economy, Housing and the Arts Policy and Accountability Committee Minutes

Monday 28 January 2019

PRESENT

Committee members: Councillors Rory Vaughan (Chair), Zarar Qayyum and Adronie Alford

Other Councillors: Lisa Homan and Max Schmid.

Officers: Hitesh Jolapara (Strategic Director, Finance and Governance), Emily Hill (Assistant Director, Corporate Finance), Glendine Shepherd (Assistant Director, Housing Management), David McNulty (Assistant Director Operations).

26. APOLOGIES FOR ABSENCE

Apologies for absence were provided by Councillor Ann Rosenberg and Councillor Andrew Jones.

27. DECLARATIONS OF INTEREST

There were no declarations of interest.

28. MINUTES

The Chair explained that an update report had been requested on the work of the Arts Commission. The Committee were disappointed to learn there would be a delayed response to the actions raised at the last meeting.

The minutes of the meeting held on 12 December 2018 were agreed as an accurate record.

29. 2019 MEDIUM TERM FINANCIAL STRATEGY

Hitesh Jolapara (Strategic Director, Finance and Governance) introduced the report that set out the budget proposals for the services covered by the Committee. He showed slides that gave context for the scale of the challenge facing local government in recent years.

H&F's general government grant funding had been cut each year since 2010/11. The total reduction since April 2010 to April 2019 was £73m. This was a cash terms reduction of 47% and real terms reduction of 59%. It was noted that Funding was forecast to be reduced by a further 5% per annum from 2020/21 onwards with no confirmation of the continuation of new one-off funding of £4m received in 2019/20.

It was noted that Government resource assumptions, that were used to calculate Government grant for the London Borough of Hammersmith & Fulham (LBHF), model the Council increasing council tax by 3% in 2019/20.

In terms of the adult social care precept, the Committee learnt that due to the continued high levels of inflation in the social care market and the Government's continued failure to propose a long-term funding solution to social care funding, the Council proposed, for the first time, to allow 2% of the government's adult social care levy for 2019/20.

Concluding his initial remarks, Hitesh Jolapara explained that in accordance with the administration's policy of keeping the council tax low while protecting and improving services, the Council's budgeted council tax increase was restricted to an inflationary increase of 2.7%.

Councillor Zarar Qayyum asked how business rates were forecast. Hitesh Jolapara explained that business rates were calculated using the same rate in the pound (the multiplier) across the whole of England. It was noted that there were two national multipliers, the first was the national non-domestic rate multiplier which was used to calculate the rates for all businesses. The second multiplier was for small businesses who qualified for rate relief. The actual amount a business would pay was calculated by multiplying the rateable value of the property by the relevant multiplier.

Councillor Zarar Qayyum followed his question by asking whether the Council's Business Intelligence Unit provided a calculation on those new businesses that came into the borough (annually). Officers responded that the work on new businesses was completed by the Business Rates Team. Intelligence was gained from a number of sources including the work of Council Inspectors, Valuation Office Agency, information from new occupiers, landlords and their agents and Street Naming & Numbering (Gazetteer). This year, the Council's database had grown from 9,795 properties on 3 April 2018 (rateable value £567,261,653) to 9,952 properties expected at the end of March 2019 (rateable value £580,194,220), an increase of approx. £6.2m.

Councillor Rowan Ree noted the reduction in overall grant funding and asked for further details to be provided on forecasting and how this worked. Hitesh Jolapara said that Finance officers looked at inflation, spoke to service areas and used these conversations to produce a forecast on inflation. Further calculations were then conducted on budget pressures. He explained that when the modelling was being done, officers assumed a zero percent Council Tax increase. When these calculations had been completed, officers examined all income and expenditure streams and the best and worst-case scenarios before producing a forecast which balanced these factors.

In relation to Business Rates, Councillor Adronie Alford commented that there had been a number of shop closures which had adversely affected collection rates. She asked what actions were being taken to address business closures. In response, Hitesh Jolapara explained that officers had baseline figures, spoke to colleagues within departments, as well as the Business Intelligence Unit and used this data to forecast likely numbers through predictive modelling. The Chair commented that the Business Rate formula was very complex and asked how officers arrived at the £78 million figure. He also asked what the difference was between the assumed amount and the actual amount. Hitesh Jolapara confirmed that the assumed amount was provided by government on the basis of assumptions around the business base and levels of need, however actual collection may be less than that assumed. In the Council's case we have historically collected less than the assumed amount and have therefore have received business rates at the safety net threshold, which provided the minimum level of funding.

Councillor Zarar Qayyum asked who determined the amount of business rates that were paid to the Government. In response, the Strategic Director, Finance and Governance explained that ultimately the Government decided after various conversations had been conducted between London Councils, the GLA and the Mayor's Office in relation to the London Business Rates retention pilot.

In relation to growth, Emily Hill explained that the Council was developing an Assets and Growth Strategy, which would enable the redevelopment of existing non-residential assets to provide new community assets and affordable housing. It was noted that each specific scheme would be the subject of separate approvals at Cabinet and Full Council where necessary. Councillor Zarar Qayyum asked if there was a benchmark for growth bids. In response, Emily Hill explained that all growth bids were brought forward on a case by case basis.

Speaking on the Affordable Housing Strategy, Councillor Lisa Homan, Cabinet Member for Housing said that only a limited amount of work had been done on Council housing at this stage, but this work would help the Council to assess whether or not to develop pockets of land as well as work collaboratively with housing associations. Emily Hill confirmed that there was budget growth within temporary accommodation last year, but not within the current year.

With regards to savings proposals, Emily Hill confirmed that the Council faced a continuing financial challenge due to overall Central Government funding cuts, unfunded burdens, inflation, and demand and growth pressures. It was noted that the budget gap would increase in each of the next three years if no action was taken to reduce expenditure, generate more income through commercial revenue or continue to grow the number of dwellings and businesses in the borough. As a result, it was noted that Growth & Place planned to deliver a savings target of £0.779m primarily from the Housing Solutions and Planning divisions. These included actions such as: The Temporary Accommodation reduction programme and investment in private rented sector properties, internal staff restructuring (within Housing Solutions and Planning), as well as restructures of the Work Matters service and Section 106 substitution.

Councillor Rowan Ree asked for further details to be provided on the Planning and Housing Solutions Savings. In response, Glendine Shepherd (Assistant Director, Housing Management) confirmed that the idea was for Housing Management and Housing Solutions to be brought together. The Council was in the process of realigning services and was putting more emphasis on front line services and reducing back office expenditure. David McNulty added that this work involved how teams worked across service areas and how further efficiencies could be made.

Councillor Zarar Qayyum asked whether the savings targets would be reviewed in 6 months-time. Glendine Shepherd confirmed that all savings targets were monitored very closely and were continuously reviewed monthly.

Emily Hill, provided an overview of the main budgetary risks. It was noted that the main risks affecting Growth & Place related to managing the impact of the Government's programme of Welfare Reform, which anticipated added client numbers and additional costs. Further risks included the inherent volatility of Planning Department income, as well as the Adult learning and Adult Education Budgets which were reliant on grants and fees income.

Councillor Adronie Alford noted the pressures which had been described and commented that the difficulties appeared to stem from the Council not receiving sufficient income. Councillor Zarar Qayyum asked about how the spending on Adult Learning operated and whether this was funded only from S106 monies or if other funding revenue streams were used. Emily Hill confirmed that course fees and EFA grants were the main sources of funding.

The Chair noted that the Economic Development Service was responsible for the delivery of key elements of the Council's Economic Growth priorities and that the service was dependent upon securing Section 106 funding. The Chair asked for confirmation that should funding not be approved, the risk was £1.2m for each year from 2019/20 onwards. In response, Emily Hill confirmed that Cabinet decisions were needed to award S106 monies. The risks in Planning stemmed from the likelihood of an increased number of planning appeals (and the associated costs) which in the past had been funded from reserves. However, this was now funded differently.

Councillor Rowan Ree asked for clarification about how the S106 process worked and whether an officer team worked with developers to determine what funds might be generated. In response, Emily Hill provided an overview of the S106 process and confirmed that a dedicated team worked on S106 funding opportunities. These officers worked in a cross cutting way, using expertise across the Council to mitigate risks (i.e. schools, education, highways and Planning policy) to ensure informed choices were taken.

Councillor Rowan Ree asked how many officers were in the S106 team. Emily Hill confirmed that this information would have to be provided outside the meeting.

Action: Emily Hill to provide details of how many S106 officers worked at the Council.

Councillor Rowan Ree asked whether S106 agreements generated spending power. In response, Councillor Max Schmid, Cabinet Member for Finance and Commercial Service provided a detailed explanation of how S106 funding agreements worked and underlined how important it was to have excellent negotiating skills within the Council.

Noting the fees and charges outlined in the report, the Chair drew the Committee's attention to Appendix 4. The Chair highlighted that there were lots of 0% increases. Both the Chair and Vice-Chair agreed it would be useful for the Committee to receive an update on savings targets later in the year.

RESOLVED

That the Committee reviewed and commented on the report.

30. FINANCIAL PLAN FOR COUNCIL HOMES 2019/20

Councillor Lisa Homan (Cabinet Member for Housing) and Emily Hill (Assistant Director, Corporate Finance) introduced the report that covered the proposed Housing Revenue Account (HRA) budget and the Financial Plan for Council Homes.

Emily Hill stated that the draft budget for Council homes for 2019/20 included the final year of the decision by the Chancellor of the Exchequer to reduce social housing rents by 1% each year for four years from April 2016. Moving forwards, it was noted that rents may need to increase in future years to support the effective management and maintenance of homes - Government announced last year that annual rent increases are likely to be limited to the Consumer Price Index (CPI + 1%) for at least five years from April 2020.

Councillor Lisa Homan explained that the Fire Safety Plus Programme (started in 2017) would continue to make sure that the Council's homes and property meet high standards and this programme would move into the delivery phase. This would be supported by the new HRA Asset Management

Strategy, which was approved at Cabinet on 3rd December 2018 which set out the priorities for investment in the Council's homes, with fire safety and health and safety compliance of primary importance.

Emily Hill highlighted that the repairs and maintenance contract with MITIE was being terminated and the Council would be introducing a more permanent, residents' focused delivery model.

To enable the successful delivery of the Capital Programme, fire safety plus, and improved services to residents, restructures to the Growth and Place directorate were under way. This had resulted in budget growth of £1.94m in these areas of operations, which would enable on going revenue savings of £0.8m per annum from 2020/21 rising to £0.9m per annum from 2021/22. It was anticipated that these savings would materialise due to better stock condition following investment and savings from improved customer service.

In relation to rent increases, Councillor Lisa Homan assured the Committee that the Council had consulted residents about what the Council thought was a reasonable rent increase going forwards. Councillor Adronie Alford commented that she thought rent levels were meant to be on parity with Housing Associations. In response, Councillor Homan commented that the Council's current rents were low and very competitive within the market place.

Councillor Rowan Ree asked what the impact was of the Right to Buy scheme on the HRA. Councillor Lisa Homan confirmed that at present, the Council was selling between 30 to 35 properties per year. David McNulty confirmed that the implications of Right to Buy on the HRA was a technical area and further information could be provided outside the meeting.

Action: David McNulty to provide further information on the Right to Buy scheme and HRA outside the meeting.

Councillor Adronie Alford asked about the Fire Safety Plus Programme and specifically how the Council made savings by investing. In response, Councillor Lisa Homan provided a detailed explanation of how infrastructure and maintenance savings could be made. She also explained that the Council was in the process of reprogramming the Capital Programme to ensure that the Fire Safety Plus recommendations could be implemented as a priority.

Adding additional detail, Emily Hill provided further information on the Asset Management Programme. She explained that savings would come from the repairs model and specifically by ensuring that repairs were carried out correctly first time. David McNulty commented that if the Council understood the asset better, then officers could invest capital in a more targeted way.

The Chair asked about future rent increases and how this meant that the Council would have additional funds to invest in rent repairs. In response, Councillor Lisa Homan explained there was a correlation between increased rental income and increasing the planned maintenance programme. In the past when the Council chose to reduce rents, residents were consulted (so that the implications for doors and windows maintenance were understood).

David McNulty commented that Grenfell and the outcomes of the Hackett enquiry would determine what actions the Council needed to take in the future.

Councillor Zarar Qayyum noted that the MITIE contract was being terminated and asked what steps were being taken to mitigate risk. In response, Councillor Lisa Homan confirmed that a Cabinet report had been prepared which set out the arrangements for interim model to be implemented for 10 to 15 months as well as what the monitoring arrangements would be.

A resident stated it was their understanding that MITIE did not relinquish the contract and MITIE had sold the contract on to Mears. David McNulty confirmed that in accordance with standing orders, the Council had served notice for the repairs and maintenance contract and had provided 6-months' notice in the usual way.

RESOLVED

That the Committee reviewed and commented on the report.

31. TEMPORARY ACCOMMODATION PRESSURES

Glendine Shepherd (Assistant Director, Housing Management) introduced the report that set out the challenges in delivering services to fulfil the Council's statutory obligation to provide suitable and affordable TA in the face of welfare reform changes, rising accommodation costs and decreasing availability of in-borough accommodation.

As well as providing a comprehensive overview of the pressures, Glendine Shepherd outlined what the Council was currently doing to help mitigate the risks. Steps included, having a strong TA reduction programme in place to reduce the financial impact of this accommodation type.

It was noted that a Cabinet report had been written requesting the Authority join Capital Letters - an ambitious Government and London Councils sponsored scheme to centralise the procurement of TA and Private Rented accommodation from private landlords. Further actions included, implementing an interim staffing structure to prepare for the Homelessness Reduction Act 2017 with temporary roles being budgeted to end in March 2019. In the longer term, Glendine Shepherd explained that a full-service review was underway to establish the interim structure and review overall service delivery to ensure a robust response to the new legislation, ensure legal compliance and provide greater emphasis on preventing and relieving homelessness.

In addition, and as a result of the current budget pressures for 18/19, Glendine Shepherd explained that a review of the TA provision had been carried out to ensure that the best possible value for money was being achieved from available resources. Finally, it was noted that the introduction

of a new Trail Blazer service would support and enable tenants to gain exemption from the Benefits Cap through: Training and qualifying employment; Disability/Carers benefit where possible; Crowd funding arrangements in partnership with BEAM (a service that fund-raises for employment and training for people who are homeless or at risk of homelessness).

Concluding her initial remarks, Glendine Shepherd stated that increasing the supply of social and affordable housing was crucial to the success of any strategic approach to managing the TA process. Low turnover in social housing (in common with all of London) had slowed the TA move on process and resulted in more households remaining in TA for longer periods – compounding the need for additional TA units. It was noted that the Council plans to increase affordable housing, reducing pressure on TA budgets by providing permanent lower cost homes through direct delivery, partnership with housing associations and working with developers through the planning process

Councillor Zarar Qayyum asked in cases where a resident or homeless person had a connection within the borough whether this affected their housing entitlement. In response, Glendine Shepherd explained that this factor only carried weight if it was for an application for permanent housing. In those cases where an offer of temporary accommodation was appropriate, only temporary accommodation would be offered on a time limited basis.

Councillor Zara Qayyum asked for further details to be provided on the Trail Blazer scheme. Glendine Shepherd explained that this was a 2-year pilot scheme funded by the Government which was geared to working with young people. Full details of the scheme were provided and it was noted that 200 homeless persons had been assisted back into sustainable employment.

Action: The Committee requested a further breakdown of the Trail Blazer scheme, including the numbers of persons assisted back into employment.

In relation to the Capital Letters scheme, Councillor Rowan Ree asked if the Council paid into the scheme and how it worked. Councillor Lisa Homan confirmed that the scheme had not started yet but further information could be circulated to Committee outside the meeting.

Action: That a copy of the report on Capital Letters be circulated to the Committee.

Councillor Adronie Alford commented that the mitigation measures outlined in the report were excellent if they worked and asked for a further update on temporary accommodation be provided to a future meeting. Councillor Adronie Alford followed this, by asking what happened in those cases where a request for temporary accommodation was centrally turned down. In response, Glendine Shepherd said that the Council still worked to assist the family by putting them in touch with the Moving on Team.

The Chair noted that the Capital Letters Scheme stopped London Councils from bidding against each other for housing stock and asked how the collaboration process worked. In response, Glendine Shepherd explained that the scheme used a pool of temporary and private accommodation to provide a wealth of housing options. However, the concept was still in the early stages and so would need close monitoring before an assessment of its overall effectiveness could be made.

RESOLVED

That the Committee reviewed and commented on the report.

WORK PROGRAMMING 2018/19

The Chair introduced the item and suggested the Committee could be provided with an update on the work of the Arts Commission, a report on digital inclusion on estates and an update report on Private Sector Licensing to the next meeting. The Committee was also conscious that it wanted to look at the progress that was being made on the Fire Safety Plus scheme later in the year. Committee Members were encouraged to contact the Chair with any potential topics they might have.

Meeting started: 7:00 pm
Meeting ended: 8:58 pm

Chairman

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