

Housing and Homelessness Policy and Accountability Committee Minutes



Monday 23 January 2023

PRESENT

Committee members: Councillors Jacolyn Daly (Chair), Paul Alexander, David Morton, Asif Siddique and Adronie Alford

Other Councillors: Councillors Frances Umeh (Cabinet Member for Housing) and Rowan Ree (Cabinet Member for Finance and Reform)

Officers:

Sukvinder Kalsi (Director of Finance)

Daniel Rochford (Head of Finance)

Jon Pickstone (Strategic Director of Economy)

Mark Lowthian (Interim Director of Housing & Transformation)

Martin Calleja (Assistant Director, Service Improvement)

Colette Prior (Head of Property Engagement)

Clerk: Debbie Yau

1. APOLOGIES FOR ABSENCE

No apologies for absence were received.

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES

The minutes of the meeting held on 14 November 2022 were agreed to be accurate.

4. 2023 MEDIUM TERM FINANCIAL STRATEGY

Councillor Rowan Ree (Cabinet Member for Finance and Reform) expressed his appreciation for staff in the Finance team who had worked out the current

Budget under the difficult circumstances of rising rates of inflation and bank interests and a tight timeframe. He also highlighted the contributions of Cabinet Members in the tough processes. The Budget had based on realistic assumptions to achieve savings and efficiency. Councillor Ree said he was proud that despite a 56% cut in the resources from the general government grant funding as compared to 2010/11, the London Borough of Hammersmith and Fulham (LBHF) was able to provide unique services such as providing free breakfasts to school children, establishing a local Law Enforcement Team to keep the streets safe and clean and stopping the use of bailiffs to collect Council Tax debt.

Sukvinder Kalsi (Director of Finance) presented the item which covered the Budget 2023/24 and Mid Term Financial Strategy (MTFS) 2024/25+. He outlined the national and local strategic operating environment, proposed revenue budget strategy 2023/24 and the key principles, Council Tax considerations, major savings proposals and growth allocations, and a Reserve summary. Members noted the dates for the proposals to be presented to the relevant committees, the Cabinet and Full Council.

In reply to Councillor Asif Siddique's enquiry, Sukvinder Kalsi highlighted that the Council's Reserve stood at a reasonable and adequate level comparable to those of other London Authorities. In case of emergency like the past pandemic, he expected that funding support would be made available by the Central Government. Councillor Ree noted that it was prudent for the Council to set aside funds in the General Reserve for IT upgrading works in the next few years.

Responding to Councillor Paul Alexander's concern, Councillor Ree noted that it was proposed to earmark £1.5 million (m) for refuse collection which aimed at keeping as well as improving the current services.

Councillor Alexander and officers exchanged views on the ways of calculating rent arrears. Daniel Rochford (Head of Finance) noted that while all monies received were kept in the same bank account, they were listed separately as 'rent' and 'rent in advance' for accounting purpose. Overpayment involving the Department of Work and Pensions (DWP), if any, would be sorted out fairly by the Council every accounting year through individual reconciliation. Martin Calleja (Assistant Director, Service Improvement) assured members that colleagues in the Rent Income Team and Welfare Team were very aware of the financial pressures faced by the residents in managing the utility and food bills. They endeavoured to help the tenants in resolving the rent arrears carefully to prevent the situations to get worse.

In response to Councillor Adronie Alford's question, Sukvinder Kalsi noted that the developer contributions of £46 m (Table 9) were the balance of the lumpsum already received as of March 2022. This was included to show the overall position in terms of financial planning. He said that the developer and sales contributions were always based on legal agreements and they could be difficult to be projected. Hence, the Council was not in a position to give a longer-term forecast but listed them until the actual figures emerged.

Councillor Alford was concerned about the measures taken under the Housing Solution to tackle the volatile housing market and the soaring rents. Daniel Rochford referred to the Budget Strategy under which a provision of £0.9 m had been set aside to, amongst others, support residents with the cost-of-living pressures. In addition, the Council proposed a budget of £0.9 m to procure more affordable properties in response to the expected increase in the number of clients needing temporary accommodation.

Officers agreed to address the following concerns raised in respect of the Strategic Operating Environment (page 34) by Councillor Alexander after the meeting:

- Stock Condition/ /Disrepair Claims/Damp & Mould – how a damp and mould complaint was assessed;
- Building Safety Requirements – information on the relevant schedule;
- Meeting the Green Agenda – definition of thermal efficiency, details of the gas boiler phasing out programme;
- Underperforming Repairs Service with Resident and Member Concerns – schedule of the performance.

ACTION: Richard Buckley

The Chair asked what concessions needed to be made because of the rising cost of living and the impact of the mini-budget in September. Sukvinder Kalsi explained that a pay award provision of 2% was allowed in the Budget of 2022/23 and this ended up to be 5% with the extra amount of some £3.8 m to be funded from the policy contingency set aside for the year, on top of the ongoing efforts to bridge the gap through expenditure cuts. Councillor Ree added that the biggest impact on Councils generally was the increased cost of borrowing. However, thanks to prudent financial management, H&F Council had not had to resort to any additional in-year borrowings.

Addressing Councillor Alford's concern on fees and charges levied by the Council, Sukvinder Kalsi noted that those for Adult Social Care, Children's Services and Housing in line with administration policy were frozen. Commercial services that were charged on a for-profit basis would be reviewed on an ongoing basis in response to market conditions and changed as appropriate with due authorisations according to the Council constitution.

RESOLVED

1. That the Committee considered the budget proposals and agreed to make recommendations to the Cabinet as appropriate.
2. That the Committee considered the proposed changes to fees and charges and agreed to make recommendations as appropriate.

5. HOUSING REVENUE ACCOUNT BUDGET 2023/24

Daniel Rochford (Head of Finance) presented the item and briefed the Committee on the Council's Strategic Operating Environment, an overview of

proposed Housing Revenue Account (HRA) Budget 2023/24 including the key assumptions, proposed capital programme to 2026/27, and some key metrics.

The Chair asked how officers anticipated and mitigated against the varying caps imposed by central government in their longer-term planning which were minus one percent for a number of years and was no seven percent. Daniel Rochford noted that the current long-term financial plan allowed for a financially sustainable HRA despite having been compelled by Government to reduce rent by 1 % every year throughout a 4-year period commencing 2016. The effect of this was to remove around £17m of income from the HRA which could otherwise have been spent on improving the condition of our homes. Sukvinder Kalsi (Director of Finance) added that it was intended for the rent to increase by CPI plus 1% until 2024/25 beyond which the future rent policy had yet to be worked out. In the past, the Local Authorities had been lobbying extensively for some sort of national grant to protect council housing and its services. The gap between the proposed rent increase of 4.4% and the CPI of up to 12% had to be impartially filled by the Central Government.

Noting that there was an increasing demand for social/affordable housing, Councillor David Morton sought clarification of the two as some of the latter were not so affordable. He also noted with concern that the type of social housing on demand was those with 3 – 4 bedrooms while the supply was mainly 1 – 2 bedrooms. Mark Lowthian (Interim Director of Housing & Transformation) noted that the Council met the increasing demand for social/affordable housing through, for example, shared ownership, private sector leasing and temporary accommodation. He agreed that the 3 to 4-bedroom properties should be developed to supplement the housing stock as they yielded higher value for money. Nevertheless, he undertook to brief the Committee with more details on Council's aspirations in housing development to meet the increasing demand at the next meeting in March 2023. The Chair welcomed the discussion of "New Built Development Plan" at the next meeting.

ACTION: Mark Lowthian

Jon Pickstone (Strategic Director of Economy) noted that there were about 3,000 people waiting for social housing and the average waiting time was about 10 years.

Noting that £2.2 m had been set aside in the HRA General Reserves for temporary actions in 2023/24 to deal with, inter alia, damp & mould, Councillor Morton noted that many council properties were badly affected by mould. He asked if the amount was sufficient to treat the pressing problem. Sukvinder Kalsi said he believed detailed works after carrying out a thorough assessment on the extent of the damp & mould were underway. The Authority would keep the position under review and if necessary, allocate more resources from the HRA to deal with this important health issue.

Councillor Morton reflected the concern of leaseholders in Council blocks that due to inflation, they were struggling to pay the substantial bills for potential default which could be as much as £30,000. He asked if the Council could offer additional assistance. Councillor Rowan Ree (Cabinet Member for

Finance and Reform) said he understood currently it was a tough time for residents and they were allowed extra flexibility including payment holidays. Sukvinder Kalsi added that the option to repay the sum over a longer period of time was also available.

Councillor Adronie Alford was concerned about the rent increase, if any, further to the current one of 4.4% proposed under the HRA Budget. In response, Councillor Rowan Ree explained that the rent increase was proposed having regard to various factors including the rising cost of living and the need for a sustainable and efficient budget. He noted that there was no intention to raise the rent again in the near future.

Councillor Asif Siddique asked about Council's additional assistance for tenants to meet the rent increase amidst rising cost of living. Martin Calleja (Assistant Director, Service Improvement) noted that over half of the tenants received benefits and had their rent and service charge covered. For those who were not covered, they were entitled to apply for the one-off emergency payment or hardship arrangement. Once approved, half of the proposed increase would be covered until March 2023 subject to review from April onward. Martin highlighted the comprehensive assistance offered to the tenants including maximising benefits entitled, managing their finance, training and work etc. He referred to the banner on LBHF's website via which residents could learn about the details on the practical help and support offered by the Council to combat the cost-of-living crisis and they might contact the dedicated cost of living team in case of need.

Councillor Ree pointed out that despite the fact the Government had capped the rent increase at 7%, LBHF only proposed an increase of 4.4% under the HRA having regard to the rising cost of living. In response to the Chair's question, Sukvinder Kalsi noted that a 7% rent increase was generally adopted by the boroughs across London as well as the Housing associations including those in Hammersmith and Fulham. Jon Pickstone added that the rent increase in the private sector, which was not subject to the government cap, stood at 16% as at October 2022. Councillor Ree noted that around £1 m was set aside for Private Sector Leased accommodation to help relieve affected tenants from the cost-of-living crisis. Councillor Frances Umeh (Cabinet Member for Housing) informed members that similar assistance would be available to tenants in housing associations of LBHF.

On Councillor Alford's enquiry about the changes in service charges. Councillor Ree noted that service charges were set based on a cost-recovery basis and user-pay principle. Residents would not be charged for services that they had not used. Martin Calleja noted that in fixing the service charge to the correct level, opportunity had been taken to rectify similar cases across the borough. While understanding that residents might have a different view that they had not used the services, the Authority was led by the terms and conditions laid in the leaseholders'/ tenants' agreements.

Noting that the Authority sought to improve the void rent loss, Councillor Alford asked about the current position. Mark Lowthian (Interim Director of Housing and Transformation) gave a detailed account on actions taken since last October to lower the void reduction from 2.6% to 2%. He said there

would be a progress report which categorised the reasons and proposed actions for each void property. Members exchanged views and agreed that as the Committee had touched the subject of void reduction at previous meetings, it would continue to do so in the future.

ACTION: Mark Lowthian

Councillor Paul Alexander referred to the minutes of the last meeting and requested officers to follow up an outstanding action in respect of void reduction, i.e. information on the building specifications adopted by H&F.

ACTION: Jon Pickstone / Richard Buckley

Councillor Alford asked for an updated HRA Budget 2022/23 with figures and format in line with those of the proposed HRA Budget 2023/24. In response, Sukvinder Kalsi assured members that the HRA Budget was under regular and rigorous scrutiny. The next update of the Budget covering the HRA for 2022/23 would be presented to the Cabinet in the next couple of months. He noted that while the current HRA Budget was presented in a slightly different way to improve transparency and better understanding, the figures were the same.

In reply to Councillor Siddique's question, Daniel Rochford noted that pipeline savings covered a number of items including housing transformation programme and a few other smaller savings. Martin Calleja noted that under the fully structured housing transformation programmes, efforts had been made to streamline housing management structure with services supported by online delivery and reducing costs associated with service failures. Savings of £1.1 m would be realised as quickly as possible through the reduction of headcounts starting with the management without compromising the high-quality customer experiences.

Responding to Councillor Siddique's concern about the risk, if any, using the Reserve 2023/24 for structural deficit of £1.4 m, Sukvinder Kalsi considered that the General Reserves were at a reasonable level which would help strengthen the financial resilience of the HRA over a medium term.

On measures related to repairs raised by Councillor Siddique, Jon Pickstone highlighted that while there was still room for improvement, a lot had been done in the previous year to bring down the number of outstanding repairs, and substantial resources had been earmarked to bring the number further down in the next few years. The Authority had worked with large contractors to address operational issues and carry out repairs while bringing in medium-sized contractors to increase the capacity of the repair services. It also sought to strengthen its complaint mechanism by aligning different teams and establishing dedicated bodies straddling across different areas such as the Damp and Mould Action Group. Jon said he was aware of the situations faced by the residents that even though there was a change of contract, the sub-contractor and their attitude/behaviour were the same. The Authority would continue to seek to rectify these situations.

The Chair asked about ways to make Council houses more energy efficient and to deploy greater use of technologies in housing. Mark Lowthian highlighted the alarming heating charges due to the rising cost of living. Working closely with the climate change team, the housing team had stepped up insulation works under its capital programme and had taken actions against the damp and mould as well as disrepair claims. He considered it necessary to balance the risk and opportunity as trimming the cost too much and leaving essential work undone might damage the Council's reputation. Martin Calleja gave a detailed account on the online services rolled out for the Council's landlords and tenants with a view to increasing transparency and visibility.

Councillor Alexander asked how the changing ratio of freehold vs leasehold in the Council's housing stock would affect its overall liability. Noting that 75% of carbon dioxide emission came from housing among which some had no gas boiler, he sought information on the percentage of the Council housing responsible for the emission. Jon Pickstone expected the capital value of the housing stock would change as the market prices fluctuated while the London prices would slowly increase over time. He noted that his team was working closely with the climate change team to align a number of issues in relation to fabric improvements and boilers with a view to achieving the zero-emission target by 2030. He undertook to provide the requested information after the meeting.

ACTION: Jon Pickstone

Question from the floor

Martin Thirlaway was concerned about the proposal of not increasing the rent to the Government's cap of 7% and not increasing the service charge to meet the current shortfall might necessitate future increases. Councillor Ree reiterated that the rent increase of 4.4% for 2023/24 was proposed taking into account the rising cost of living and a sustainable budget. Sukvinder Kalsi acknowledged that part of the additional service charge income of £3.5 m for 2023/24 reflected the changes implemented in November 2021. He also agreed with Martin that the service charge for leaseholders and tenants should be the same apart from identifiable items like insurance. Jon Pickstone confirmed that there would not be a mid-year rent increase. However, as mentioned by Mark Lowthian earlier, the Council needed to improve the repair services instead of dealing complaints and litigations related to repairs services, which in the longer-term would enable the Council to run a more cost-effective housing service.

Noting the Capital Charges and Corporate Services would increase by £3 m and £1.5 m in 2023/24 respectively, Martin Thirlaway sought details of the items and the causes for their increase. Daniel Rochford noted that the Capital Charges covered the depreciation charge of the HRA which was about £17 m each year, plus the borrowing interests of about £8 m which might rise with the increased borrowing. Sukvinder Kalsi noted that in view of the rising cost of living, the Authority had worked hard to contain the cost/expenditure of Corporate Services and keep them under review to minimise the impact without compromising the quality of service delivery. Martin

opined that the Budget with a deficit could not maintain financial resilience regardless of the size of the Reserve which should be kept in the account rather than used. Sukvinder agreed and noted that much effort had been made to lower the deficit from £4.1 m in 2022/23 to £1.4 m in 2023/24. While the Reserve in 2023/24 would be used to cover the structural deficits and temporary actions, it was expected to achieve a balanced overall Budget.

Councillor Frances Umeh (Cabinet Member for Housing) thanked Mr Thirlaway for his input. She also thanked Councillor Ree and all colleagues who worked together in past six months for drawing up the HRA proposals.

RESOLVED

1. That the Committee noted the Housing Revenue Account Budget 2023/24.

6. DATE OF NEXT MEETING

The Committee noted the date for the next meeting;

- 20 March 2023

The Chair said that the Committee would consider “New Built Development Plan” at the next meeting and “Greening the Housing Stock” at the future meeting.

Meeting started: 7.00 pm
Meeting ended: 9.26 pm

Chair: d

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