

Joint Policy and Accountability Committee Budget Meeting (CSE & EHA PACs) Minutes

Monday 25 January 2021

PRESENT

NOTE: This meeting was held remotely. A recording of the meeting can be found at: <https://youtu.be/7CsybbQ-IOA>

PRESENT

Committee members for the Community Safety and Environment PAC:

Councillors Bora Kwon (Chair), Iain Cassidy, Fiona Smith Councillor Ann Rosenberg, Victoria Brocklebank-Fowler

Committee members for the Economy, Housing and the Arts PAC:

Councillors Rory Vaughan (Chair), Daryl Brown, Ann Rosenberg, Helen Rowbottom, Adronie Alford

Other Councillors: Councillor Sue Fennimore (Deputy Leader), Wesley Harcourt (Cabinet Member for the Environment), Lisa Homan (Cabinet Member for Housing), Max Schmid (Cabinet Member for Finance and Commercial Services)

Officers: Sharon Lea (Strategic Director of Environment), Emily Hill (Director of Finance), Andrew Lord (Head of Strategic Planning and Monitoring), Daniel Rochford (Head of Finance – Economy), Sukvinder Kalsi (Head of Finance – The Environment), Cliff Parker (Assistant Director Housing Finance), Gary Hannaway (Head of Finance (Parking)), Glendine Shepherd (Assistant Director Housing Management), Mark Meehan (Chief Housing Officer),

1. APOLOGIES FOR ABSENCE

There were no apologies for absence.

2. ROLL CALL AND DECLARATIONS OF INTEREST

The Chair (Councillor Bora Kwon) carried out a roll call to confirm attendance. There were no declarations of interest.

3. 2021 MEDIUM TERM FINANCIAL STRATEGY (MTFS)

Councillor Lisa Homan (Cabinet Member for Housing), provided the opening remarks and explained that when the two committees were combined, the Housing Revenue Account (HRA) which is usually considered, was omitted from the agenda. Councillor Lisa Homan confirmed that a Housing Representatives Forum meeting was held on 12th January 2021 and attended by 17 Housing Representatives, which provided them with an opportunity to provide their feedback on the HRA. It was noted that the presentation and the minutes of this meeting were available upon request.

Councillor Adronie Alford expressed her concern that the Committee had not received the HRA and asked to be provided with all the documentation.

Action: That officers provide Councillor Adronie Alford with all the HRA documentation.

Corporate Budget Context

Emily Hill (Director of Finance), gave a presentation outlining the Council's budget proposals and proposed changes in fees and charges in the budget. The gross General Fund budget rolled forward to 2021/22 was £528m of which the net budget requirement of £156.9m was funded from Council resources (such as council tax and business rates) and general government grant. She showed slides that outlined the local spending power increase across local government and the Council. It was noted that the spending power increase for both London and the Council were below the national average. An overview of the Council's savings and growth including the reserves and general balances was also provided.

The budget proposals for 2021/22 and forecast to 2024/25 were summarised. A balanced budget was proposed for 2021/22 with a contribution to general balances, arising from one-off/ non recurrent benefits, to enhance financial resilience of £1.1m and set aside a contingency for unfunded Covid-19 pressures of £1.1m. The direct impact of the Covid-19 pandemic on Council expenditure and income was summarised. The government had announced that the fees and charges grant compensation scheme would continue in the first quarter of 2021/22 and that a new emergency Covid-19 pressures grant of £6.2m would be receivable in 2021/22. The Council anticipated a reduction in business rates income and the ending of the London business rates pool. There would also be an impact on the economic downturn on major Council projects, such as the Civic Campus or Education City development, and risk to future contributions from developers.

Summing up Emily Hill (Director of Finance) provided an overview of the budget assumptions for 2021/22. These included an increased budget gap between 2021/22 to 2023/24 to fund the unfunded 2020/21 collection fund losses. Including a lower council tax rate and allowance for an increase in the number of residents entitled to claim council tax support.

Councillor Victoria Brocklebank-Fowler asked for further clarification to be provided on what was covered in the earmarked and restricted reserves. In response, Emily Hill (Director of Finance) outlined the difference between the two reserves, noting that the earmarked reserves were amounts set aside for specific policy purposes such as the Civic Campus and that the restricted reserves were for grants and insurances purposes. It was noted that a Cabinet report sets out all the reserves in more detail and a copy of this would be provided to Councillor Victoria Brocklebank-Fowler.

Action: That officers provide Councillor Victoria Brocklebank-Fowler with all the reserves documentation.

The Chair asked how the Council forecasted and managed the budget during these challenging times. Emily Hill (Director of Finance) provided a summary of some of the risks faced by the Council, including the reduction in the business rates income due to the Covid-19 restrictions. However, the budget had been based on the minimum amount that was guaranteed to be received by the government. A Covid-19 contingency of £1.1m had also been included in the budget to cover any additional costs.

Councillor Helen Rowbottom commented on the 75% which was being met by government and therefore the 25% shortfall spread over 3 years. She asked what mitigations were in place and how the shortfall would be met. In response, Emily Hill explained that the Council tax loss had been factored into the budget gap. In terms of the fees and charges losses, these would be met from the contingency sums which had been set aside, or alternatively from reserves.

Community Safety and Environment PAC Departmental Budget

Sharon Lea (Strategic Director of Environment) and Sukvinder Kalsi (Head of Finance – The Environment) gave a presentation of the Environment revenue budget for 2021/22, highlighting the following key points:

- The department was responsible for the delivery of a wide range of universal services to residents.
- A number of major service changes had been implemented to reflect the Council priorities.
- The department had a good fiscal and financial management record, including the implementation of any recovery action plans.
- The outturn for 2019/20 showed a marginal overspend of 1.1% of the budget.
- The Covid-19 pandemic would have a major impact on the department finances in 2020/21. Excluding that impact the department was expecting to deliver a net expenditure outturn of no more than £0.5m of the approved budget.
- A summary of the proposed departmental budget for 2021/22 was provided.
- The key budget investments and future strategic issues were outlined in detail

Councillor Victoria Brocklebank-Fowler queried why the Council felt it was necessary to implement the new recycling service in the borough during the Covid-19 pandemic from a financial point of view and asked if residents had been consulted on this. In response Sharon Lea (Strategic Director of Environment) provided a summary of why the Council went ahead with the trial for the new recycling service, noting that majority of the Council's nationally operated with a wheeled bin system. This was a much safer way of collection for the operatives and also encouraged residents to do more recycling.

This was a prototype service to ascertain whether residents would engage and embrace the new recycling service delivery. There had been a lot of interaction with residents over the course of the prototype trial, however the Council encountered some challenges during the Covid-19 pandemic. During the roll out of the trial the Council had achieved an overall increase in recycling rates in the borough. In addition, it was noted that a decision around the continuation of the new recycling trial had not yet been made.

Sukvinder Kalsi (Head of Finance – The Environment) explained that the current waste collection and street cleaning contract with Serco was worth approximately £11.5m. He provided an overview of the costs associated with the new recycling trial and the savings made to date on the Serco contract.

Councillor Wesley Harcourt (Cabinet Member for the Environment) explained that the Council had declared a climate emergency and therefore it was vital to improve recycling rates across the borough in line with the Council's target of being net carbon zero by 2030. He outlined the various cost savings that would be made by implementing the new recycling service and highlighted the increase in recycling rates in the areas where the trial had been rolled out.

Councillor Victoria Brocklebank-Fowler asked for further clarification to be provided on the figures for the new South Fulham traffic cameras. Sharon Lea (Strategic Director of Environment) noted that these figures were not included in the report and if the figures were available these would be circulated to Councillor Victoria Brocklebank-Fowler after the meeting.

Action; That officers provide Councillor Victoria Brocklebank-Fowler with the figures for the new South Fulham traffic cameras if they were available.

Councillor Iain Cassidy asked for further information to be provided on how the equality impact assessment (EIA) was conducted. Sharon Lea (Strategic Director of Environment) explained that officers in collaboration with and the Co-production Team would undertake a review of the EIA. She also confirmed that training and development would be provided by the Co-production Team which would improve how future EIA were managed. It was noted that any proposed changes to EIA that impacted upon residents would be also be acknowledged.

Max Schmid (Cabinet Member for Finance and Commercial Services) provided further assurances to the Committee, explaining that the Council carried out an in-depth EIA for all the individual budget items prior to the

implementation stage (which addressed many of the concerns raised by Councillor Iain Cassidy).

The Chair asked how the Council managed expenditure as well as the loss of income during the pandemic. In response, Emily Hill (Director of Finance) explained that the government had introduced a fees and charges compensation scheme. This scheme provided a mechanism for the Council to be reimbursed by the government on a quarterly basis to cover some of the losses incurred during the pandemic.

The Economy, Housing and the Arts PAC Departmental Budget

Danny Rochford (Head of Finance, The Economy Department) provided a presentation of the Economy general fund budget for 2021/22, highlighting the following key points:

- The plan for the next fiscal year included a combination of inflation and temporary growth requirements as well as savings.
- The proposed budget for the Economy Department includes the following services: Housing Solutions, Operations, Economic Development, Learning and Skills, Planning, Regeneration and Development and Place.
- £1.1m savings had been identified through: The Commercialisation of Planning fees income (£0.35m), Placing homeless residents in to better, longer-term private rented sector housing to reduce the use of Temporary Accommodation (£0.2m), A Facilities Management restructure (£0.2m), Consolidation of management and workforce and reduction in the use of agency staff (£0.1m), A Review of Senior Management and Business Support (£0.18m and other Savings (amounting to) (£0.08m).
- Temporary Growth of £1.24m for one year only included: Planning fees income (£0.7m) and Temporary accommodation cost avoidance payments (£0.94m, of which £0.4m will be met from additional specific grant)
- An overview of the risks as set out in Appendix 2
- An overview of the Fees and Charges as set out in Appendix 4

Councillor Helen Rowbottom asked officers to provide further details on the Design Review Panel (DRP) and specifically whether it included accessibility as one of the equality measures. In response, Danny Rochford explained that the Design Review Panel was a discretionary service which was used for the Council's larger planning schemes. The concept was to roll this out over a wider audience to generate further income for the Department (although in 2022, it was anticipated the DRP might only generate a further £20k).

Action: Danny Rochford to contact the Planning Department and provide Councillor Helen Rowbottom with further information on the commercial opportunities provided by the Design Review Panel.

Councillor Adronie Alford reiterated that the EHA PAC had not been provided with the Housing Revenue Account and expressed disappointment at this, as there was no other opportunity to scrutinise it publicly.

Councillor Adronie Alford asked about the Homelessness Budget and for further details to be provided about the differences between Temporary Accommodation and Private Sector Leasing and the risks associated. In

response, Danny Rochford confirmed that the Authority was already part of a Pan London Agreement which was working with other London Boroughs to reduce the cost of temporary accommodation. Adding further details, Mark Meehan (Chief Housing Officer) confirmed that the Authority did participate in the Pan London scheme, called Capital Letters, which was proving beneficial to Hammersmith and Fulham. Mark Meehan explained that the number of private sector lettings had increased in the last 18 months, but the Authority also operated its own Temporary Accommodation Team. Mark highlighted that the numbers of residents in temporary accommodation had reduced slightly, which given the pandemic, was a remarkable achievement by officers.

Mark Meehan explained that when the Eviction Ban ends in February 2020, there was a possibility of an increased number of homelessness cases. And with the number of homelessness cases, came increased costs. The benefit of using the Private Rented Sector was this cost far less than Bed and Breakfast accommodation.

Action: That Mark Meehan provide Councillor Adronie Alford with the current performance statistics for Capital Letters.

Councillor Lisa Homan, Cabinet Member for Housing, explained the Capital Letters scheme had been successful as it had meant that different Boroughs were not competing in relation to the rates that tenants paid. Echoing Mark Meehan's remarks about driving down the use of temporary accommodation, she also underlined the risks, including the possible rise in the number of evictions and the unknown state of the housing landscape after the pandemic.

Councillor Lisa Homan highlighted the success of the Council's Rough Sleeping Strategy over the past year and formally thanked officers for their hard work in this area. Referencing a previous EHA PAC and the minor changes to the Housing Allocations Policy which were suggested at this meeting, Councillor Lisa Homan explained that as the Council was now discharging its duty into the private rented sector; but still allowing people to stay on the Housing Register; this incentivised the use of the private rented sector.

Councillor Adronie Alford asked about Housing Benefit and Universal Credit. In particular, how reliable officers thought Universal Credit was being with assessing and paying people the correct amount. The point being, that if people went into arrears during the pandemic then landlords would be inclined to evict tenants. In response, Danny Rochford explained that Universal Credit had remained a concern since its inception and the Council had anticipated it having a significant impact on income collection performance. However, since April 2018, Universal Credit had been replaced by Housing Benefit for new clients. Danny Rochford explained that income collection rates by Housing officers were exceptionally good and the Housing Team worked closely with Finance colleagues.

Councillor Lisa Homan commented that she was closely monitoring the prevalence of people entering rent arrears from the Council's housing stock.

She highlighted that there was plenty of support available if people did enter difficulties, as there was in the Private Rented Sector.

Councillor Rory Vaughan, Chair of EHA PAC acknowledged that the report clearly set out what the savings and growth items were. He was encouraged that a Government grant had been received to help reduce temporary accommodation costs.

Councillor Rory Vaughan stated it would be helpful to hear at either then next PAC or outside the meeting, the effect of changing the allocations policy to allow people to use the private rented sector without losing their place on the housing register (which was a disincentive to people before).

Councillor Rory Vaughan noted that the commercialisation of planning fees would raise another £350k and asked if a review had been conducted to see whether this was a realistic target. In addition, he asked for further details on the proposed management restructures and how these would lead to savings. In response, Danny Rochford explained that in terms of the commercialisation of planning fees, the Department had ensured it had a robust charging methodology to ensure it recovered its costs and conducted benchmarking with other Authorities. In response to the proposed restructures, Mark Meehan provided details of how several Housing posts were joint funded between the General Fund and HRA. He confirmed that a restructure had already taken place which had resulted in two senior management posts being deleted.

Action: That Mark Meehan liaise with Committee Services to ensure the HRA Budget information is circulated to all EHA PAC members.

As a final remark, Councillor Rory Vaughan thanked officers for their hard work on the budget. Closing the meeting, Councillor Bora Kwon thanked everyone for the change in arrangements for the meeting and confirmed that the usual PAC arrangements would resume with the next set of meetings.

RESOLVED

- That the joint Policy and Accountability Committee (PAC) considers the budget proposals and makes recommendations to Cabinet as appropriate.
- That the joint PAC considers the proposed changes to fees and charges and makes recommendations as appropriate.

Meeting started: 6:30pm
Meeting ended: 8:21pm

Chair

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