

Economic Regeneration, Housing and the Arts Policy and Accountability Committee Minutes

Tuesday 19 January 2016

PRESENT

Committee members: Councillors Adam Connell, Alan De'Ath (Chair), Lucy Ivimy and Harry Phibbs

Other Councillors: Sue Fennimore, Wesley Harcourt, Lisa Homan and Andrew Jones

Officers: Mike Clarke, Kathleen Corbett, Mike England, Hitesh Jolapara and Andrew Lord

29. APOLOGIES FOR ABSENCE

Councillor Max Schimd, Cabinet Member for Finance, had sent his apologies for not being at the meeting to present the budget.

30. DECLARATIONS OF INTEREST

There were no declarations of interest.

31. MINUTES OF THE PREVIOUS MEETING

The minutes of the previous meeting were agreed to be accurate.

32. 2016 MEDIUM TERM FINANCIAL STRATEGY

Hitesh Jolapara introduced the Corporate Budget. He said that public sector finances continued to be tight owing to the Government's attempt to reduce the deficit. Funding to Local Government had been cut by 20% since 2010. This was because some areas of spending were protected from funding cuts,

meaning that Local Government bore more of the overall cuts than would otherwise be the case. He explained that the Government had chosen to allow Local Authorities to introduce a Social Care Precept of 2% on top of their Council tax. This would only raise a small amount of additional income in Hammersmith and Fulham as the current levels of Council Tax were very low. It was expected that Non Domestic Rates would be devolved completely by 2020, however with this new money new responsibilities were expected. The Government had yet to launch its consultation on the proposals which would include details of what might be expected of Local Authorities. There were only two large items of corporate growth which related to the removal of Local Authorities' National Insurance rebate, and increased costs in Children's Services. The budget proposed that Council Tax be frozen, with the Social Care Precept not being introduced either. Fees and charges for Adult Social Care, Children's Services, Adult Learning and Skills, Libraries and Housing would be frozen. Parking charges would also be frozen. Some charges in Environmental Services would rise by 1.1%, the Retail Price Index inflation rate from August 2015. Commercial fees and charges would be reviewed to ensure that services were competitive and bringing in good levels of income. The general fund reserves would remain at £19 million, whilst £18 million of the £90 million earmarked reserve was committed to projects taking place in 2016/17. The budget gap for future years was rising and would reach £55.8 million in 2019/20 if the Council did not find further income and savings.

Kath Corbett explained that much of Housing Services budget was part of the Housing Revenue Account which had been considered by the committee on 1st December 2015. The remaining part of the budget related to the Council's homelessness duties, consisting of assessment and advice, allocations and reviews, and providing temporary accommodation. The cost of bed and breakfast accommodation had been kept below budget in 15/16 by officers hard work, and no families had been placed in this type of accommodation for almost a year. There was limited scope for a reduction in temporary accommodation costs, as any reduction in expenditure would lead to a reduction in income from Housing Benefit. Savings for the 2016/17 budget had been achieved through the negotiation of a phased withdrawal from Hamlet Gardens, properties used for temporary accommodation through the Housing Associations Leasing Scheme. This phased withdrawal meant that tenants could be rehoused gradually, allowing the Council to avoid paying premium prices for acquiring a large number of properties at once from the private rented sector.

Mike Clarke explained that the Libraries budget for 2016/17 was focussed on income generation through diversifying the use of space, for example, by providing coffee bars and Amazon-style lockers, and by licensing Fulham Library for weddings. Charges were not going to be raised as fines were already quite high and printing and copying services had to remain competitive with other providers. There were no proposals for reductions to the current service levels.

The Chair asked why no Arts Budgets were included in the report. Kath Corbett explained that there were no budgets dedicated to the arts in the report as funding came from an events budget which had been considered by

the Community Safety, Environment and Residents Services Policy and Accountability Committee, and from third sector grants which were considered by the Finance and Delivery Policy and Accountability Committee. The Chair asked that a report on Arts Funding be brought to a future meeting of the committee. Councillor Jones agreed that this would be a useful item to discuss.

Councillor Homan said that she was very pleased with the work of officers on keeping temporary accommodation costs down and reducing the use of bed and breakfast accommodation. She noted however that the service faced serious risks from increasing costs of private sector housing, which were largely outside of its control.

Councillor Phibbs shared Councillor Homan's view of the excellent work on keeping families out of bed and breakfast accommodation; he considered its use a good example of how Councils could spend large amounts of money and receive only a very poor service. He was also pleased with the achievement of savings at Hamlet Gardens, but noted that these were one off rather than permanent savings. Mike England explained that Hamlet Gardens had been an expensive scheme and so there were also likely to be ongoing savings through the procurement of cheaper accommodation for the residents being moved.

Councillor Phibbs felt that the budget was not sufficiently ambitious, and that more efficiencies could be achieved, especially through increased sharing of services. Mike England explained that there was very little scope for savings as much of the budget was demand driven; of the £3,281,000 budget which was considered to be controllable £265,000 was a considerable proportion. Officers were looking at sharing services, for example, the procurement of private sector housing for use as temporary accommodation. Councillor Homan said that sharing services was difficult in this area as the interests of Hammersmith and Fulham residents had to be protected, for example, sharing services might lead to more families being placed outside of the borough, which she was keen to avoid.

Councillor Phibbs also noted that the funding for the Residents Commission on Council Housing was not referred to in the report. Hitesh Jolapara explained that spending related to the Residents Commission was being funded from earmarked reserves.

Councillor Connell said that he was impressed with officers work, and was pleased with the reduction in costs relating to Hamlet Gardens.

Councillor Ivimy asked for clarification on what money was spent on temporary accommodation above housing benefit receipts. Mike England explained that this money was used to meet rents to sustain households in their accommodation; it was cheaper to pay a small additional charge to a private landlord than to rehouse residents to potentially even more expensive temporary accommodation. Kath Corbett said that it also covered emergency accommodation for those presenting as homeless and the costs of sourcing appropriate accommodation. Councillor Ivimy asked what scope there was to

reduce this cost. Mike England explained that reductions in spending on procuring accommodation would likely lead to an increase in bed and breakfast costs, so it was very hard to achieve efficiencies.

Councillor Connell said that the impact of the benefit cap on the Council's finances was concerning, noting that because of it temporary accommodation spend was outstripping income. He asked, bearing the further reductions to the benefit cap in mind, what the impact of further rent increases would have on the service. Mike England said that it was very difficult to model this as there was uncertainty about how much rents would rise. He estimated that the number of households affected by the benefits cap would treble to between 6-700, but rent rises, and the willingness of landlords to negotiate were uncertain. The reduction in the cap would be a direct burden on the Council for those families in temporary accommodation leased directly by the Council as the gap between their housing benefits and the amount the Council paid for the accommodation would rise.

Councillor Phibbs said that in his view the benefits cap appeared to have forced private sector landlords to reduce their rents to more reasonable levels. Most of the first 220 households affected by the cap had remained in their existing accommodation, and the number of residents who had moved out of the borough had been in single figures. Mike England explained that this was true to some extent, but noted that Westminster and Kensington and Chelsea had both been affected far more severely. He explained that some residents affected by the benefits cap had been helped into work, whilst others had now moved into temporary accommodation, some of which was outside the borough. The reduction of £3,000 would make it much harder to secure properties in Hammersmith and Fulham, and so he expected it to become more difficult to accommodate people in the borough. Councillor Phibbs asked whether discussions about rent reductions with landlords had begun. Mike England confirmed that they had, and explained that discretionary housing payments would also be used to keep tenants in properties. Councillor Homan noted that funding available for discretionary housing payments had reduced significantly, and so these might not be a viable option in the long term. She expected that there would be an increase in the number of families becoming homeless.

The Chair asked whether providing temporary accommodation was discussed with developers. Councillor Homan said that it was not as it was better to reduce the need for temporary accommodation by providing more affordable housing than simply to meet the need for temporary accommodation. The Council was however exploring bulk procurement of temporary accommodation. Kath Corbett noted that the Government's starter homes scheme would also have an adverse impact on this area. Councillor Jones said that the starter homes scheme was unlikely to help residents in temporary accommodation.

Councillor Phibbs referred to paragraph 3.5 of the report and asked whether it was appropriate for the Council to use S.106 receipts to fund services, as he understood that they were intended to improve an area affected by a development. Councillor Jones said that developments increased pressure on

services and so it was quite proper that contributions be spent on appropriate services. He noted that only £2 million of the £60 million additional contributions which the current administration had negotiated from developers was being spent on supporting services, and that most of the money would still be used for the type of improvements Councillor Phibbs had spoken about, for example providing affordable housing for residents 'priced out' by developments. He explained that most of the infrastructural improvements required were now covered by the Community Infrastructure Levy (CIL), rather than by S.106. Hitesh Jolapara explained that planning officers and lawyers had identified S.106 agreements which could be used to support services, and so their inclusion in the budget was entirely proper.

Councillor Ivimy asked how the Council wide savings included in table 4 of the report would be achieved. Hitesh Jolapara explained that these savings came about as a result of reduced debt interest.

Councillor Ivimy wondered whether it was prudent to spend 20% of earmarked reserves in one year. Andy Lord explained that some of the programmes were intended to save considerable amounts of money for the Council, whilst other parts of the figure was money which departments had put aside to pay for high value replacement programmes, for example, the Council's pay and display machines would be replaced in 2016. Councillor Harcourt noted that many of the existing machines were very old and in poor order; they were expensive to repair and lost the Council revenue when they were broken. Councillor Ivimy asked how much money had been spent from earmarked reserves in 2015/16. Hitesh Jolapara agreed to send Councillor Ivimy this figure. He also noted that External Auditors would raise concerns if the Council were to spend unsustainable amounts of its reserves, which he explained were replenished by departments, especially when there was lower than expected spending in a year.

Councillor Ivimy asked what the long term intentions were for the borough's archives. Councillor Jones explained that the archives would eventually be moved from the Lilla Huset. A report was being commissioned on options for the Cecil French Collection, with one possibility being to reproduce some items in order that they be available for public display. Discussions about loans of some items were ongoing, but display always had to be balanced against potential damage. Councillor Harcourt noted that some items had already been passed to Kelmscott House for display. Councillor Ivimy suggested that the development around the town hall could be altered to include the borough's archives. Councillor Jones explained that discussions with developers in the north of the borough about the archives were taking place. Mike Clarke clarified that there was no immediate need to leave the Lilla Huset.

A resident was impressed with the budget and the Council having managed to keep tax frozen whilst not cutting services, despite the reduction in government funding.

33. WORK PROGRAMME AND DATE OF NEXT MEETING

Councillor Harcourt explained that a paper about changes to the library service would be brought to a future meeting of the committee. He explained that there was no intention to close libraries or cut hours, or indeed outsource the whole service as other boroughs had done. The intention of the item would be to look at ways that the library service could increase its income and at alternative ways of doing things which were cheaper, but of the same quality.

The Chair asked that the item on the Private Rented Sector be brought to the 8th March meeting of the committee.

Councillor Phibbs asked that an item on Adult Education and Skills be brought to a future meeting as significant funding was available for improving skills and helping residents into work. He also suggested that fees could be raised and more courses could be run. Councillor Jones explained that the Council was exploring options to run more classes, but that accommodation was currently a problem as the Macbeth Centre was used to its capacity; online courses had now begun to help relieve this pressure and other venues were being sought. He didn't feel that there was much scope for increasing charges as the service had to be competitive. The amount of funding available from the Learning and Skills Council was being reviewed which might impact on the service. A resident said that she thought the borough's courses did not represent good value for money, and would not support a rise in the cost. The Chair explained that an item on Adult Education and Skills was already included on the work programme.

Councillor Connell asked that the item on Key Performance Indicators for MITIE be brought to a committee soon. Councillor Homan explained that Councillor Coleman was looking at this issue with a view to improving residents satisfaction, so a report would likely follow that work. Councillor Ivimy asked that the item include issues around Major Works.

Councillor Phibbs asked that the proposed item on doing business in Hammersmith and Fulham also include details of the Council's Empty Shops Strategy as this issue had recently been raised with him. Councillor Jones noted that this item would depend on discussions proceeding well around the Growth Strategy.

The Chair noted that the April meeting would be held at St John's Church, Vanaston Place, Fulham and would be focussed on high street regeneration. The June meeting would hopefully be held at Michael Stewart House, and would discuss Sheltered Housing. The Chair also invited members to a visit to the Phoenix Housing Association in Lewisham. An email with full details would be sent to Councillors shortly.

Meeting started: 7.00 pm
Meeting ended: 8.35 pm

Chairman

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