

MINUTES OF THE MEETING OF THE HOUSING AND REGENERATION SCRUTINY PANEL HELD ON WEDNESDAY, 14TH DECEMBER, 2016

PRESENT:

Councillors: Emine Ibrahim (Chair), John Bevan, Gail Engert, Tim Gallagher, Martin Newton, Zena Brabazon and Stuart McNamara

Also in attendance: Councillor Alan Strickland, Emma Williamson (EW), Andrew Billany (AB) Alan Benson (ALB), John McGrath (JM), Dan Hawthorn (DH)

1. FILMING AT MEETINGS

The Chair referred Members present to agenda Item 1 as shown on the agenda in respect of filming at this meeting, and Members noted the information contained therein'.

2. APOLOGIES FOR ABSENCE

None.

3. URGENT BUSINESS

The Chair accepted a late urgent item on the sale of Council owned land from the infill sites. This would be taken after item 7.

4. DECLARATIONS OF INTEREST

None.

5. DEPUTATIONS/PETITIONS/PRESENTATIONS/QUESTIONS

None received.

6. MINUTES

6.1 The following matters arising from the minutes were noted:

- Another site visit to a modular build site would be organised in January to Ealing and the panel would be notified (**Action: AB**);
- Implications of the legal judgement in Southwark: there had been a meeting of London Labour Cabinet Members to discuss this but the impact of the judgement was still unclear and members would be updated once the position was more clear. Any required changes would need to be authorised by Cabinet and would be open and transparent;

- In respect of accessibility of RHP, the Cabinet member meets with senior RHP leaders on a regular basis so if there are emerging issues with the larger RHPs then the Cabinet member should be informed. HfH were also leading on some work to develop common performance standards for local RHPs;
- 30 year finance time frame to support local housing was worthy of review;
- The council's financial exposure and risks for housing and regeneration was previously circulated to the panel, but the panel agreed that further information was required particularly in relation to the development vehicle and would notify the Cabinet member (**Action; Chair, Cllr Brabazon and Cllr Engert**);

6.2 Subject to the last note above, the minutes were agreed by the panel.

7. MEDIUM TERM FINANCIAL STRATEGY 2017/18-2021/22

- 7.1 The Cabinet member for Housing, Regeneration and Planning presented the MTFs in relation to corporate priorities 4 and 5. There were three proposed reductions and investments for corporate priority 4:
- A £213k reduction in the Tottenham Regeneration Programme which relates to a number of projects;
 - An increase in planning fees to yield £40k in 2017/18;
 - A reduction of £250k in corporate projects were accrued from a saving of transfer of service to the HDV.
- 7.2 There were no savings proposals for corporate priority 5 which related to local housing issues. This was a reflection of the need to extend and improve provision in all housing areas locally including temporary accommodation, new affordable homes and supported housing for vulnerable people.
- 7.3 Details of the Housing Revenue Account spend for 2017/18 was detailed within the MTFs, and the managing Director was working to identify areas for possible savings proposals. The HRA was under pressure however, given the requirement to reduce rents by 1% per annum for the next 3 years. The HRA Business Plan would be coming forward in February.
- 7.4 In respect of corporate projects for the transfer of functions to HDV, the panel sought to further clarification on the contingencies in place if these are not achieved. The panel noted that many corporate property staff are currently employed on an interim basis to facilitate transfer of this function to the HDV once operational. A small number of staffing issues remained ahead of transfer. It was noted that this proposal was red RAG rated.
- 7.5 The Tottenham Team spend reduction related to reduced use of consultancy staff, particularly in relation to surveyors and architects and specialist legal advice. This would now be delivered within a reduced budget.
- 7.6 The panel noted that Capital Spend on Alexandra Palace was significantly higher this year than last, and requested further information. It was noted that this was

not within the remit of the panel but would be passed on to the main Overview & Scrutiny Committee. **(Action: MB)**

- 7.7 The panel sought clarification on the impact of the proposed Haringey Development Vehicle on the HRA. The HDV would have an impact on the HRA, but it was difficult to set out what this would be until there was greater clarity as to which sites move in to the HDV and when. It was noted that when sites do move into the HDV the income for the HRA would be reduced, but it would also reduce the liabilities for the HRA in respect of funds required to invest in the housing stock (e.g. maintenance, improvements and modernisation). While rental income that came through the vehicle would be split 50/50 with the partner in the HDV, it was noted that as development of land would generally involve some intensification of land use which would most likely increase the number of units for which rental income would be available.
- 7.8 Borrowing capacity through the HRA was tightly proscribed by central government, and potential for borrowing had been further reduced by required rent decreases. One of the key reasons for using the HDV for estate regeneration would be that in most cases this would not be possible within the HRA because of the level of borrowing required.
- 7.9 The panel noted that the site acquisitions fund had been used to acquire properties for rental and enquired why this approach was not being used instead of the HDV. It was noted that many options had been considered by the Future of Housing Review and where it was agreed that the Development Vehicle approach would represent the best way to acquire the necessary capital to support an estate renewal programme.
- 7.10 The panel enquired how much the HDV had cost so far. The panel noted the total budget for the HDV to the point of authorisation was £1.6 million to cover procurement, staffing and other associated costs.
- 7.11 The panel also enquired about the future of 51 Degrees North, the council owned letting agency. It was noted that the functions of the agency had been reduced to acquiring properties for Assured Shorthold Tenancies to assist with work to prevent homelessness. Most staff previously supported this project though most have been absorbed back in to HfH.
- 7.12 The panel noted the savings and investment proposals detailed within P4 and P5 of the MTFS.

8. URGENT ITEM - INFILL SITES

- 8.1 The panel discussed this item under urgent business procedures. The panel was disappointed at the progress of infill build programme to secure additional Council-owned and managed housing on these sites. There was also concern that there were proposals to sell on infill sites to local registered housing providers for development, which may lead to the fragmentation of local estates (e.g. managed by differing housing providers) and the associated problems that this may bring (e.g. differing housing and investment plans).

- 8.2 The panel noted that the priority of the Council was to ensure that new homes at affordable homes were delivered as quickly as possible for local residents. The ability of the council to play a direct role in the provision of social housing had diminished given the pressures within the HRA, the reduction in rents to be applied and the limited development experience within the Council. Furthermore, there had been a substantial increase in development costs, currently around £260k per house, which was inhibitive. Such problems were not confined to Haringey, as the number of council homes being built by councils in London was also very small.
- 8.3 It was noted that Sanctuary have just been selected to build 70 homes over 19 different sites. With the development experience that this provider has, it was suggested that homes could be delivered much more quickly than if the Council were the developer.
- 8.4 The panel were disappointed that Right to Buy receipts had not been used to support housing investment locally, and that substantial funds had been returned to the Exchequer. It was noted that spending RTB receipts was complex, particularly as these could not be used with any other grants within development. The panel noted that RTB receipts would be used to support a development in Tottenham Hale and grants scheme to support local housing development.
- 8.5 The panel discussed the council's commitment to deliver 1000 affordable homes, 250 of which would be directly developed by the Council. It was noted that this was a very challenging target and that further work was being undertaken to identify the exact amount of homes that have and would be delivered by the next election. For the reasons outlined in 8.3, the ability of the Council to develop homes itself was limited. The Council does have a good record in delivering affordable homes however, in recent years the GLA noted that Haringey was one of the few boroughs to deliver a majority of affordable homes in overall housing delivery.
- 8.6 It was noted that 51 Degrees North had cost about £500,000, but had to date been able to let very few tenancies through the agency. This would be circulated to the panel at a later date (**Action AB**).

9. GOVERNANCE ARRANGEMENTS FOR HARINGEY DEVELOPMENT VEHICLE

- 9.1 The panel received a presentation of the key findings from its work on the Haringey Development Vehicle. This set out the aims and objectives, the panel's approach, key conclusions and outline recommendations.
- 9.2 The panel discussed the emerging conclusions and recommendations. Whilst it was clear that the panel had a number of significant concerns about the HDV, it did not wish to miss the opportunity to influence the governance arrangements that would be decided over the coming months with the preferred bidder.
- 9.3 Notwithstanding the above, the panel agreed that there were substantial risks associated with the HDV that needed further investigation. It was agreed that

there should be further scrutiny of these risks ahead of final authorisation of the HDV, scheduled for April 2017.

- 9.4 It was agreed that the following wording would provide a primary recommendation which would sit as a preamble to the agreed report:

‘A balance has to be found in any venture involving public bodies such as the council, including not only decisions of the Cabinet but also the scrutiny function, with a responsibility to the public to be thorough and prudent. On the one hand there are opportunities and strengths within the HDV proposal and on the other there are risks and weaknesses. From what the panel has learnt through the work of this review, it was clear that very significant risks with the proposed HDV remain. What the Council, and by extension its tenants and residents, gain from the proposed HDV was far less clear than what it and they stand to lose. That was the picture that has emerged from the evidence that we have seen and heard during this review, and also from the inferences that have had to be drawn from the information that simply wasn’t available.

In terms of governance, there are a very significant set of issues, including:

- 1) A fundamental democratic deficit inherent in any such proposed structure and one of such size and scale;
- 2) The role of unelected officers joining a board in a voting capacity would supersede the role of elected councillors;
- 3) A lack of transparency with regard to meeting structures, particularly in relation to rights of attendance at HDV meetings, and whether reports and minutes would be publicly available;
- 4) The absence of any sufficient contingency plans to mitigate the risks of a scheme of such size and scale;
- 5) What, if any, role the Secretary of State for Communities & Local Government has, or ought to have, in authorising a scheme of such size and scale.

On the basis that at present there are no governance arrangements that adequately mitigate the risks of this scheme, the panel has no other option than to recommend that the HDV plans are halted and that further scrutiny work should be undertaken.’

- 9.5 The report would be agreed and finalised by the panel and would be submitted to the Overview & Scrutiny for confirmation. Once confirmed, this would report then be presented to Cabinet in January 2017 for its agreement.

10. WORK PROGRAMME UPDATE

Not discussed.

11. NEW ITEMS OF URGENT BUSINESS

None.

12. DATES OF FUTURE MEETINGS

The next meetings of the HRSP were scheduled for 6th February 2017 and the 7th March 2017.

CHAIR: Councillor Emine Ibrahim

Signed by Chair

Date