

MINUTES OF THE MEETING Housing, Planning and Development Scrutiny Panel HELD ON Thursday, 21st November, 2024, 18:30.

PRESENT:

Councillors: Alexandra Worrell (Chair), Khaled Moyeed, John Bevan, Isidoros Diakides and Luke Cawley-Harrison

204. 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'.

205. APOLOGIES FOR ABSENCE

Apologies for absence were received from Cllr Hymas. Apologies for lateness were received from Cllr Moyeed.

206. URGENT BUSINESS

There were no items of urgent business.

207. DECLARATIONS OF INTEREST

There were no declarations of interest.

208. DEPUTATIONS/PETITIONS/PRESENTATIONS/QUESTIONS

None.

209. SCRUTINY OF THE 2025/26 DRAFT BUDGET AND MEDIUM TERM FINANCIAL STRATEGY 2025/2030

The Panel received a report which set out the draft 2025/26 budget and 2025-2030 Medium Term Financial Strategy. The report set out the budget setting process for 2025/26 to date and also set out the further steps that would be taken prior to its final sign-off by Full Council in March. The report was introduced by John O'Keefe, Head of Finance (Capital, Place & Economy) as set out in the agenda pack at pages 9-65. The Cabinet Member for Housing and Planning was present for this item, along with a number of officers from the Housing service, including the Interim Director of Placemaking and Housing. The Interim Assistant Director of Housing Demand, Sara Sutton, was also present for this item. Kaycee Ikegwu, Head of Finance (Housing &

Chief Accountant), was present for this item, along with Cllr Dana Carlin, Cabinet Member for Finance and Corporate Services.

The Chair advised that the Panel would be taking sections of the report in turn. The Panel would start with a discussion on the overall budget and its wider financial context (cover report and appended Cabinet report), then they would go through the relevant budget pressures (Appendix 1), then the new savings proposals (Appendix 2), followed by amendments to the capital budget relevant to housing and placemaking (Appendix 3), and they would then look at the pre-agreed savings tracker (Appendix 4). The following arose during the discussion of this agenda item:

- a. The Panel enquired about how much of the stated £32m residual budget gap would be management actions and to what extent were staffing cuts expected. The Panel also sought clarification as to how the subsequent proposals would be adequately scrutinised, if the budget had already gone out to consultation. In response, the Cabinet Member for Finance advised that officers were in the process of going through the budget line-by-line in order to identify further savings and efficiencies. The Cabinet Member acknowledged that identifying areas of savings was difficult in a context where local councils had made savings year on year since 2010. It was commented that Haringey faced a particular disadvantage following the changes to the local government funding formula in 2015. In relation to further scrutiny, the Cabinet Member advised that any further savings proposals would be considered by the Overview & Scrutiny Committee in January. It was also commented that the budget consultation process was open until January and so there was a window for further public consultation to take place.
- b. The Panel sought clarification about whether there would be an opportunity to scrutinise further savings that arose after the meeting of OSC on 20th January. In response, the Cabinet Member advised that an additional meeting of OSC could be arranged if that was required.
- c. The Chair commented that finding £32m of additional savings in light of the amounts that had been found in previous years was a fairly scary prospect. In response the Cabinet Member suggested that it wasn't just a case of finding savings for next year, they also needed to look at the projections of spend in future years and see what could be done to reduce demand and reduce the pressures that they expected to see in future years. Adult social care and temporary accommodation were identified as the biggest areas of projected overspend and that a lot of work was being done to understand and where possible mitigate these pressures.
- d. The Panel queried the line in the capital programme that related to moving Broadwater Farm leisure refurb to the HRA and whether this was just putting the costs on to housing tenants. In response, officers advised that there was a leisure facility on BWF and this budget was to make good the lack of funding investment from Fusion. The Cabinet Member set out that it was a HRA building and the works were going towards things like mending a leaky roof and defective guttering. It was suggested that the cost would likely be split, but they had not got to the position of deciding the relationship between the HRA and leisure provision yet.
- e. The Chair sought assurances about the projected inflation rate increase in Housing Demand contracts of 10%, the extent to which that was a robust assumption, and whether the rate could actually go higher. In response, officers

- advised that they had done a lot of work to review the modelling approach and tracking uplifts in this sector, but it was acknowledged that the market remained volatile. Officers advised that the costs were tracking much more in line with the forecasts over the last quarter. It was also commented that there was also a range of mitigations in place to try and bring down the spend, including the acquisition of 150 properties for the HCBS using government funding.
- f. The Panel sought clarification about the use of reserves in previous years and whether that was about £20m. In response, officers advised that was correct in broad terms. Some of that money was made up from a contingency budget which was in place in the revenue budget.
 - g. In response to a follow-up, the Cabinet Member for Finance set out that using reserves to close the budget gap for next year was not an option. The Council did not have sufficient reserves to do so, and it was important to be clear that the Council did not have that option this time.
 - h. In response to a question about rising demand levels, officers advised that the budget pressure in Housing Demand factored in a 15% increase for next year.
 - i. By way of introduction the Interim Director of Placemaking & Housing advised that the £2.2m pressure in Assets -operational estate related to the Corporate Property model being introduced and that it identified gaps in funding that Council's operational estate. The additional funding was to bring those properties up to standard. The pressure consisted of £0.4m in operational FM overspends, £1.5m in revenue shortfall and business rates shortfall of £0.3m. The £1.5m pressure related to Strategic Asset Management was because the service had been funded for 3 years through flexible use of capital receipts and that funding arrangement was ending. The £1.5m was the cost of funding that service going forward.
 - j. The Chair sought clarification around operational estate pressure, and whether this was basically a reflection that the buildings were in a worse condition than was expected. In response, officers advised that this was more reflected in the capital costs later in the document. Instead, this was more general repair costs, such as regular maintenance of gutters. Officers clarified that during the period of austerity budgets had been cut and maintenance suffered. The costs was a reflection of how much it was expected to maintain the current level of stock to an acceptable standard.
 - k. The Panel sought clarification about the extent to which the Council had an accurate list of all of the properties it owned and that it also had detailed information about occupancy levels in each. In response officers advised that there was an accurate list and that the identification of the £2.2m pressure was as a direct result of developing the business case for developing the Strategic Property model, which led a better understanding of where those builds were and the maintenance and business rate pressures involved. It was noted that the Commercial list was commercially sensitive but that officers had circulated some further details of the operational estate to Members prior to the meeting.
 - l. The Panel queried how the Council could owe business rate debt on its own properties. Officers advised that this was to do with reviews of properties coming in and these highlighting increases in business rates.
 - m. In relation to a question about what the Strategic Asset Management team did and what the impact of a reduction or reconfiguration of that service might look like, officers advised that the team was responsible for the delivery of the Strategic Asset Management Property Improvement Plan, which was a review

of the Council's operational estate and looked at the long term future of schools and other operational sites. Officers agreed to provide a written response on what impact a reduction/reconfiguration of the strategic Asset Management team would have on the Council. **(Action: Jonathan Kirby).**

- n. The Director of Housing Demand gave an introduction to the £10.797m budget pressure set out in the report in relation to Housing Demand. The key elements of this were identified as demand pressures, lack of supply, delays in moving on, and the market rates of nightly paid accommodation. The pressure included a 15% increase in demand for nightly paid B&B accommodation. Officers advised that they had external validation carried out on the modelling framework that had been undertaken to ensure the underlying modelling assumptions were robust. The Panel was advised that the government announced £233m for local council's for homelessness and rough sleeping, but that Haringey's allocation of this funding was not yet know.
- o. The Chair sought clarification about the extent to which the undeliverable savings in the 2024-25 savings tracker around Housing Demand contributed to the pressure, and how much this was exacerbated by a failure to turn around voids for use as TA. Officers acknowledged that there was a financial impact from not being able to turn around voids, which had been factored into the modelling. However this was not a significant proportion of the overall pressure. Officers estimated that the worst case scenario was this cost would be about £50k a month, but it was probably half that cost. It was commented that some degree of voids was to be expected due to people moving through the system. By way of context, officers advised that a significant proportion of local authority overspend was caused by the gap in benefit versus subsidy. Haringey's calculation of its own deficit was £10.2m because of the subsidy gap. The Cabinet Member for Housing advised that Haringey had the third highest level of demand in England.
- p. The Director of Housing Demand agreed to provide a written breakdown of the component parts that made up the £10.797m pressure in Housing Demand. **(Action: Sara Sutton).**
- q. The Panel sought clarification about where the 15% additional demand was coming from and how far ahead they were able to predict this demand. In response, officers advised that the key reasons were; end of tenancy, domestic violence, changes to arrangements with family, and changes to homes office rules. There was also significant work taking place to bring down demand at the reduce/relief stage. Officers advised that there were projecting 18 months ahead at present due to the volatility in the market.
- r. In response to a question around rates, officers advised that there had been agreement around inter-borough arrangements in the past but that there had been significant breaches, to the point that the system had broken down. It was suggested that there was a need for a wider sub-regional arrangement to be put in place. Officers advised that they were focusing on a nightly paid retention strategy to look at the longer term pressures in this area.
- s. The Panel sought assurances about what was being done to work with private social landlords and encouraging them to come back to the market. In response, officers advised that they knew they had work to do in this area, and that part of this was developing a strengthened retention strategy, to run alongside building improved relationships. Work was underway with the Cabinet Member to look at how to improve the Landlord Forum.

- t. In relation to a clarification on voids, officers set out that the voids in question related specifically to Temporary Accommodation properties only, not general needs housing. As a follow-up, the Panel sought clarification about the impact on TA of bringing voids in general needs housing back into use. Officers advised that there was a correlation between general needs and TA, but that only a proportion of those voids would be available to house homeless families due to the housing register and allocations policy. Officers advised that there was no exact calculation, but that there were projections set out in the lettings plan. Officers agreed to provide a written answer on what the revenue cost implication was of a void, both in terms of TA voids and a void in general needs housing. Officers agreed to supply this information as part of the HRA budget paper on 16th December. **(Action: Sara/Kaycee).**
- u. The Panel enquired whether there were targets in place for numbers of private social landlords. Officers advised that there were targets, but that these were under review. There was a target for 150 acquisitions, but cautioned that this would increase the number of void properties before they were turned around and transferred to the HCBS.
- v. The Chair sought assurances about what was being done to improve the move-on from Temporary Accommodation. In response officers advised that the rate at which the Council was able to move people on from TA had improved significantly in the last couple of years, it was just that the rate of improvements had been outstripped by the corresponding increase in demand over the same period. Officers advised that the outflow in August 2024 was 76, compared to 51 in August 2023 and 30 in August 30. Between April 2023 and October 2024, 519 households had been moved on from bed and breakfast, but the overall demand had increased at a significantly higher rate.
- w. In response to a follow up question, officers advise that of those 519 people moved on from B&Bs, 195 of them was because the Council had ended its duty, 14 were transferred to another local authority, 88 either left or their eligibility was not accepted, 22 were transferred to TA accommodation. Of the 195 above, this was broken down into 66% were housed privately, 27% social housing, 7% socially rented housing.
- x. The Panel commented that there had been a historical problem in Haringey with other borough's discharging their housing duty by placing people in Haringey housing. In response, officers advised that this was an ongoing issue and that Haringey also placed people in different boroughs including hotels in Ilford.
- y. The Panel also commented that there seemed to have been a significant drop off in the number of properties that the Council had available for allocation from housing associations. In response, officers advised that 300 lettings took place last year but that they were projecting around 900 for this year.
- z. A Panel Member suggested that there was a £20k saving per year for every Council property that was brought back into use. It was queried why the Council did not do more to boost the numbers of Council homes, given the savings involved. In response, officers advised that there were revenue implications to capital borrowing and that the Council had to find a balance.
- aa. In relation to local agreements with other authorities, officers advised there was very little that could be done for breeches of these agreements.
- bb. The Interim Director of Placemaking & Housing gave an introduction to the proposed saving of £350k in Asset Management for 2025/26 (with further

- savings in subsequent years). The Panel was advised that this was part of the wider review of the commercial portfolio and included turning around empty properties as well as achieving increased rental income levels from its commercial buildings, some of which had not had a rent increase for some time. The Director added that they had achieved a good level of compliance with rent increases in the current year, and that gave them confidence about achieving this saving.
- cc. The Chair enquired about what the relationship was between this saving and the budget pressure in Asset Management, and the extent to which the budget pressure reflected the impact of this saving. The Director advised that until a building was disposed of the Council had a responsibility (as landlord) for statutory compliance and health and safety. As a pipeline of work improvements, locations increased, and utilisation across the operational estate came online, the Council should achieve reductions in those pressures. It was clarified that the forecast pressures reflected what was in place now, in order to forecast utility costs and look after statutory compliance costs.
 - dd. The Chair sought assurances about the impact on community groups and VCOs that use Council buildings of significant rent rises. The Director advised that the process looked at a range of criteria, outside of rental returns, including what the social value of the building was. The Director advised that the VCS elements of the commercial portfolio were fairly small in number. There was a report to Cabinet in March about support to the VCS and this involved an element of co-production. The Panel were given assurances that if there was a wider societal value or merit to the lease of a building that would be taken into account, as part of the wider property governance structures. However, it was acknowledged that there would inevitably have to be some decisions made that reflected the Council's worsening budget position.
 - ee. The Panel enquired about the ongoing existence of peppercorn rents. In response, officers advised that there were historically leases given at peppercorn rents and that these would continue until the expiry of their term.
 - ff. In relation to a question about rental levels, officers advised that the starting position was that everyone would pay something and that where appropriate the starting position would be what a market rent is, notwithstanding the previous point around societal value. It was commented that having a clearly set out policy in relation to rental incomes allowed that Council to better calculate societal value and support VCOs.
 - gg. Officers agreed to come back with a figure on what the current level of bad debt provision was, and agreed to break this down into general debts, those debts on a payment plan, and those debts which were written off as non-reclaimable.
(Action: Jonathan Kirby).
 - hh. In relation to bad debt provision, officers advised that the service was working closely with colleagues in Legal and Finance and was having some success in terms of securing repayment plans and, where needed, taking those sites back.
 - ii. In relation to a question about a consistent approach to rents in a particular block or building, officers advise that they were prepared to have those difficult conversations about where people may have got very advantageous deals in the past. Consistency would be the norm going forward.
 - jj. Officers advised that in general the levels of due diligence on its commercial tenants were good and that the key thing was to have levers in place in the contracts in order to allow the organisation to exit the contract if they got into

- trouble. The Council was pushing strongly for all of its tenants to provide a tenancy deposit.
- kk. In relation to the proposed saving of £412k around Housing Related Support Contracts, the Acting AD for Housing Demand advised that the Council had a range of contracts in this area, many of which were commissioned services. The saving related to working with those providers to find back office efficiencies from those contracts, such as accommodation costs or energy savings. The Panel was advised that the service would also be looking at savings from consolidating floating support contracts, seeking external funding in some cases, and focusing on targeted prevention to ensure that contracts were delivering value for money.
 - ll. The Chair sought clarification about where alternative sources of funding might come from and whether these were statutory services. In response, officers advised that most support in this area was non-statutory and that there were a range of charities and not-for-profits that operated in this field. Seeking external funding for these services was also an element of the saving proposal.
 - mm. The Chair asked for clarification about the impact of this saving on residents would be. In response, officers set out that that they would seek to protect frontline provision as much as possible and that was why they were targeting back-office provision. Officers emphasised that some of these reductions would be around vacant posts rather than reducing services. The Cabinet Member emphasised that there were a lot of contracts in this area, across a range of providers including health. Not all of the contracts were related to homelessness. The Chair requested further details on this saving, once proposals had been firmed up a bit. Particularly around what support these contracts provided and what was potentially being lost. **(Action: Sara Sutton).**
 - nn. In response to a question, officers advised that the number of vacant buildings had reduced significantly in recent years and provided assurance's that that the service aimed to have rental income for sites whilst the long term plans for redevelopment were being drawn up. Officers advised that they did look at meanwhile use of vacant buildings, particularly for use by other services in the Council, including temporary accommodation. It was acknowledged that vacant sites incurred costs on the Council around maintaining those sites e.g. security and utilities.
 - oo. In response to a questions around GLA funding, officers advised that the Council did very well in relation to taking up external grant funding and having that relationship with the GLA.
 - pp. In response to a suggestion that the council needed to be consistent with the terms of leases it offered to different parts of the community, officers acknowledged this point and set out that going forward there would be an open transparent bidding process for buildings, rather than any sort of direct allocation.
 - qq. The Panel sought assurances around River Park House and whether this could be generating an income, for meanwhile use or being let out on a longer term basis. In response, officers advised that due to the condition of the building and occupancy levels, it was not viable to rent the building out as it would take too much investment to bring it up to the required energy performance standards. Particularly, as the Council's long term plan was to dispose of the site as part of the wider Wood Green work. River Park House was partially used by the

- Council for storing a data centre and CCTV. It was also generating an income through advertising being placed on the building.
- rr. In relation to meanwhile use, officers advised that the costs of bringing it up to standard were not feasible and that the Council could not make a loss on its buildings anymore, it had to protect its financial interests. Officers advised that it's buildings were able to be used by external organisations, provided the building was safe. A list of buildings available to rent was on the website.
 - ss. The Panel raised concerns that a decision had effectively been made to mothball River Park House, without the proper due diligence. It was suggested that as an alternative the Council should be looking to invest in the building and generate revenue from renting it out. The Panel also sought assurances around what would happen with the building whilst it was being mothballed. In response, officers advised that the work to figure out how long it would take to do the wider Wood Green piece of work was being done now, and so it was not possible to say how long it would be before the site could be disposed of. The site was generating income from advertising in the meantime. Officers set out that the Council would never be able to re-coup the costs needed to invest in the building to bring it up to standard. It was emphasised that the building condition survey identified that River Park House was in the worst condition of any of the buildings.
 - tt. A Panel Member requested that the Cabinet Member for Finance look again at using River Park House to generate an income and cover the costs of keeping it going. Officers set out that all of the modelling that had been done showed that the Council would not get the level of income required in order to make this viable. It was suggested that the building was not costing the Council any more than was in the budget, and that they were actually reducing the costs by reducing occupancy levels in the building. The Cabinet Member for Finance advised that she had been assured that Wood Green and Station Road were being looked at as matter of urgency. The Cabinet Member set out that the Council was paying over 7% in borrowing costs and that its capital schemes had to have a robust business case.
 - uu. The Panel requested to see the modelling around River Park House and what it would cost to bring it up to a reasonable standard. Officers advised that the work being done at the minute around Wood Green would provide this assurance. Officers agreed to share this with officers, once it was finished.
(Action: Jonathan Kirby).
 - vv. In relation to the Capital investment of £13.247m in Asset Management of Council Buildings, the Panel sought clarification about whether this was a revised budget or additional investment from what had been agreed in previous years. In response, officers advised that this was additional investment into the Council's operational estate. In previous budgets, there was no Investment in the later years of the budget as it was envisaged that the council would be rationalising its estate. The investment would be used to keep the buildings operational and up to compliance standards.
 - ww. The Panel sought clarification about the capital investment of £5m into the HRA for Housing Demand. In response, officers advised that the Council used a Proval system to assess viability for acquisitions and this worked on a process of determining if the property had a 'positive net value'. However, this model did not work for larger family homes. This investment was for an average of £50k investment per property from the GF to the HRA in order to make those

acquisitions viable in the HRA. In return the GF would get additional Temporary Accommodation relief and the Council could house people in proper housing in the HCBS, rather than TA. Each acquisition would be subject to a mini business case and Proval approval. The Cabinet Member added that at present the General Fund was taking all of the costs for TA and that it was in the GF's interests to invest in larger properties that would then be loaned back to the HCBS. It was noted that the scheme also leverages in external government and GLA grant funding.

- xx. In response to a question, officers advised that this was a top-up for each individual acquisition, in order to make it viable in the HRA. The Panel queried whether it would be possible to double this investment to £10m, given the inherent savings to the Council from expanding its housing stock and reducing its use of nightly paid accommodation. In response, officers advised that this was a trial, and that it was working with grant funding which was limited. Finance advised that they had secured grant funding from the government for 60 units, but that they would look to expand this if it was possible. It was emphasised that there was a limitation around capacity, and that without the grant funding this scheme would not be viable at all.
- yy. The Panel sought clarification about the placemaking schemes in the budget and how the figures in the reduction of these schemes had been arrived at. In response, officers advised that there were some projects within these schemes that were already underway, but that the team were committed to reviewing the viability of projects that the Council was not in contract on, or if there was no financial penalty for not undertaking them. Within the Wood Green Regen line the schemes that were being reconsidered were the enterprise hub at 40 Cumberland Road, and Penstock tunnel, which included public realm works and a lighting programme. Within Tottenham Streets & Spaces, the projects being re-profiled were future phases of work at Down Lane Park (inc. green space improvements, drainage, landscaping and play facilities). The Cabinet Member advised that in the past the capital programme had contained schemes that were struggling to go ahead. But this required the Council to allocate borrowing costs for those schemes, unless they were self-financing. The Cabinet Member also set out that schemes taken out for this reason would go into a pipeline and those projects could be reconsidered as future schemes. The Capital programme would be reconsidered every year at future budget setting events.
- zz. The Panel sought assurances around the Wards Corner scheme in the capital budget in relation to its viability challenges and the financial impact on the Council from not building houses on the site if it was not viable. In response, officers advised that the wider scheme was not viable at present and viability was crucially important for any scheme to go ahead. Officers advised that they were working across the Council and with TfL to find a solution and that the Council had made a public commitment to pursue this. In response to a follow-up, officers confirmed that this was an example of a scheme coming out of the capital programme, because it was unviable, but that it would go into a pipeline of schemes that were being looked at in relation to how to deliver them in future.
- aaa. The Interim AD for Housing Demand advised that in relation to the line on the savings tracker around modular buildings, they were going out to tender on this and it was progressing but delays had led to a slippage. In relation to

- the acquisitions programme, it was noted that the service was bringing 46 properties online by January and that this saving would mitigate any under-delivery in Housing Demand.
- bbb. The Panel sought clarification around whether to saving around using two bed social housing as TA, referred to HRA TA. In response, officers advised that there was a proportion of HRA properties used as Temporary Accommodation.
- ccc. The Panel sought clarification around the saving around proactively undertaking fraud checks for those applying for TA and whether it was possible to fraudulently claim TA. In response, officers advised that this had been an increasing area of concern and that other authorities that had started carrying out checks had seen an increase, particularly in relation to illegal subletting of nightly-paid accommodation or private sector leases.
- ddd. The Panel queried the saving around planning application notices, and its desirability given the modest £10k saving involved. In response, officers advised that the modest saving was as a result of the fact that there would be costs involved in implementing this. The proposals was to stop sending any notification letters to local residents and to focus on doing site notices instead. It was noted that this was a proposal that was being considered in light of its feasibility at this stage, rather than something that had been agreed.
- eee. The Panel made a plea that the savings tracker be pulled together in a more consistent manner in future. It was commented that the RAG status should reflect whether the saving had been met, partially met or not met. In response, Finance acknowledged that they were changing the way the document was collated.
- fff. The Chair sought clarification about the £500k saving in the property data project. In response, officers advised that this saving related to a review of the usage of the Council's operational estate, which had not been progressed as quickly as was initially envisaged. Some of the non-delivery of this saving in-year would be mitigated by over-achieving on rental incomes. In relation to a follow-up, it was noted that Hard FM related to when the Council had to fix things like boilers, and soft FM was around cleaning buildings. The Council was seeking to bring both of these back together under a Corporate Property Model.
- ggg. The Panel queried about the increase in Planning Application fees and whether the Council was looking about charging additional fees for a fast-track or premium service, say for a particular category of priority scheme, such as green infrastructure. In response, officers advised that the increase in fees was set by the government. The application fees were statutory and the authority had no power to change them. Officers set out that that they had increased non-statutory fees and had implemented a pre-application advice service that generated income. Officers advised that there was no intention to look at increasing CIL rates as this had been done recently.

RESOLVED

That the Panel scrutinised the proposals presented in the report.

210. WORK PROGRAMME UPDATE

RESOLVED

That the work programme was noted.

211. NEW ITEMS OF URGENT BUSINESS

N/A

212. DATES OF FUTURE MEETINGS

16th December
6th March

CHAIR: Councillor Alexandra Worrell

Signed by Chair

Date