

MINUTES OF THE MEETING OF THE HOUSING AND REGENERATION SCRUTINY PANEL HELD ON MONDAY 16TH DECEMBER 2019, 7.00 - 9.20PM

PRESENT:

Councillors: Khaled Moyeed (Chair), Dawn Barnes, Ruth Gordon, Bob Hare and Yvonne Say

35. 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'.

36. APOLOGIES FOR ABSENCE

Apologies for absence were received from Cllr Daniel Stone and Cllr Sarah Williams.

37. URGENT BUSINESS

None.

38. DECLARATIONS OF INTEREST

None.

39. DEPUTATIONS/PETITIONS/PRESENTATIONS/QUESTIONS

None.

40. MINUTES

Referring to Item 29 from the minutes of the previous meeting, Cllr Gordon noted that the Planning review of the S106 agreement relating to Wards Corner was described as "close to being finished" and asked for a further update on this. Dan Hawthorn, Director of Housing, Regeneration & Planning, said that the review was not yet completed and that he could not give a precise date on when publication is likely to occur. Panel Members suggested that further details on expected timescales should be obtained from the Assistant Director for Planning. **(ACTION)**

Referring to Item 31 from the minutes of the previous meeting, Cllr Gordon noted that the work on the Red House site in Tottenham had been described as being on target and ready to go by the end of this year and asked for a further update on this. Dan Hawthorn said that the sale of the site from the Council to the developer Magic Homes had recently been completed, which means that the formal start has been registered with the GLA. However, the developer now needs to discharge a number of planning conditions before the actual construction work can begin.

Referring to Item 32 from the minutes of the previous meeting, Cllr Gordon noted that the Members' steering group on the new Housing Strategy had met three times and asked whether a report on the Housing Strategy could be brought to a future meeting of the Panel and how the Panel could contribute towards that discussion. Cllr Emine Ibrahim, Cabinet Member for Housing & Estate Renewal, said that an update briefing could be provided to the Panel if required in future which could start a conversation about how the Panel could contribute. **(ACTION - Panel to consider this as part of future work programme)**

AGREED: That the minutes of the meeting held on 4th November 2019 be approved as an accurate record.

41. SCRUTINY OF THE 2020/21 DRAFT BUDGET / 5 YEAR MEDIUM TERM FINANCIAL STRATEGY (2020/21-2024/25)

Cllr Khaled Moyeed explained that the draft recommendations from this item would be sent to the Overview & Scrutiny Committee. The Overview & Scrutiny Committee then considers and sends finalised recommendations to Cabinet before then going to the full Council meeting on 24th February 2020.

Dan Hawthorn, Director of Housing, Regeneration & Planning, introduced the report starting with the headline position across the Housing and Economy priorities which have a total controllable general revenue budget of around £24m per year. Within the Housing priority a large amount of the work is funded by the Housing Revenue Account (HRA) which is not included in that figure. The large majority of the £24m revenue budget goes towards two specific areas which are homelessness/temporary accommodation and housing support. Homelessness/temporary accommodation is demand-led so it difficult to make further savings in this area. Housing support is largely preventative work, aiming to prevent homelessness or poor health and social care outcomes, which save costs for the Council and prevent worse outcomes for individuals. Because of these factors it has been necessary to try and find savings in other areas of the budget.

In response to a question from the Panel about the breakdown of the £24m budget, Kaycee Ikegwu, Head of Finance & Business said that the Housing priority accounts

for £19.9m with the remaining amount in the Economy priority. The main areas of the Housing priority net budget (after income has been taken into account) are:

- Temporary Accommodation: £9.8m
- Housing-related support: £3.7m
- Housing commissioning: £4.9m

The MTFs budget reduction proposals were then presented to the Panel of which there were two for the Housing priority and ten for the Economy priority.

HOUSING (HO-01) – Transferring PSLs to the CBS

Dan Hawthorn explained that a Community Benefit Society (CBS) had been set up to enable the Council to buy homes to use for temporary accommodation or to rent directly to help families at risk of homelessness. However, the CBS also provides an opportunity to reduce the losses that the Council makes on Private Sector Leasing (PSL) properties that the Council uses for temporary accommodation. PSL properties are rented by the Council from a private landlord and then let to households requiring temporary accommodation. When the Council does this it is limited to charging 90% of the 2011 Local Housing Allowance (LHA) which is significantly lower than the market rent being paid to the landlord. Under this proposal the CBS can charge the current 2019 LHA thereby reducing the loss that the Council makes on each property. This arrangement would only be used when the household is claiming LHA rather than paying their rent from their own private income so that this change does not impact directly on the households so a lease by lease assessment of households is required.

Asked why there was a confidence level of 3 (out of 5 with a level of 1 being the least confident and 5 being the most confident) provided on the report for this proposal, Dan Hawthorn said that, at the time of submitting these papers, confirmation of the CBS licence had not yet been received from the Financial Conduct Authority. This had since been confirmed so the confidence level would now be 4 or 5.

HOUSING (HO-02) – HfH and Council Housing Programme – funding for Carbon management team time

Dan Hawthorn explained that the Carbon Management team carries out a significant amount of work for Homes for Haringey (HfH) but that the staff are funded through the general fund revenue budget. This proposal recharges HfH for this work through the HRA thereby making a saving to the general fund revenue budget of £40,000 per year.

ECONOMY (EC-01) – Head Lease Acquisition Programme

Dan Hawthorn said that this proposal related to a number of properties where the Council owns the freehold and has let a long lease to third party landlords who have then sub-let the properties to commercial tenants. On average, the Council only receives about a quarter of the rent that is paid by the tenants so the Council proposes to buy out those leases to enable the Council to receive the full benefit. However this can only work if:

- a) there is a business case to support it on a site by site basis (i.e. the cost of borrowing the capital to buy out each lease is offset by the increase in rental income),
- b) the owner of each the lease is willing to sell, and
- c) the capital allocation required for this is agreed as part of the budget.

The savings estimated in the report are scaled back based on a realistic estimate of the amount of the leases that their owners are likely to be willing to sell. Asked how many units/habitable rooms there are across the 21 leases described in the report, Dan Hawthorn said that he could find out and provide further information in writing **(ACTION)**. Asked why the owners of the leases would sell if they receive rental income, Dan Hawthorn said that some will want to sell to generate money but this will obviously only work if a mutually satisfactory price could be agreed as part of commercial negotiation. Some will not want to sell which is why the estimated additional income for the Council has been scaled back.

ECONOMY (EC-02) – Reduction of North Tottenham Regeneration revenue budgets

Dan Hawthorn told the Panel that this proposal involved reducing general revenue funds costs in the North Tottenham regeneration budgets for the Northumberland Park estate and the High Road West scheme. Much of this work is funded through the HRA but some work, such as community engagement activities and events, is currently funded through the general revenue fund which is where savings would be made through this proposal. He said that this should not be regarded as a worrying reduction in activity for two reasons, firstly because the nature and pace of regeneration work for these projects has changed in recent years and, secondly, because the team has a good record of finding other sources of income from elsewhere.

Asked whether this funding is different from the £10m of funding provided by Lendlease, Dan Hawthorn confirmed that the £10m was not the same as it would be to support a socio-economic investment programme as opposed to community engagement. Asked about the potential increased recharge from the HRA as detailed in the report (proposal EC-011), he said that although alternative sources of funds may be found to support these services, the proposal nonetheless has to be presented as a saving now as this could not be guaranteed. Dan Hawthorn confirmed that he was confident that the savings could be achieved and that if alternative

sources of funding cannot be secured this would still be an acceptable scenario given the current scale and nature of the work in this area.

Asked about the link to the capital bid for Northumberland Park, Dan Hawthorn said that although the thinking about what this may involve is still emerging, there are several strands of it that could require a level of engagement with residents.

Cllr Gordon expressed concern that the residents of Northumberland Park have been in a state of uncertainty for some time and said that it was important to ensure that engagement work is ongoing. Cllr Ibrahim emphasised that the funding reduction proposal did not eliminate the whole budget for this and that engagement work would still be continuing but on a scale more in line with current plans for the area. With the current circumstances on Broadwater Farm, for example, it would be necessary to spend money on consultation and engagement.

Cllr Moyeed concluded that the Panel's view was that it did not want to see the level or quality of engagement drop. The Panel therefore agreed to submit the following recommendation to the Overview & Scrutiny Committee:

The Panel was concerned that levels of engagement with the local community could fall as a consequence of the budget reductions. The Panel recommends that the Cabinet give consideration to what measures would be necessary to mitigate this.

ECONOMY (EC-03) – Alternative funding model for sites delivery work

Dan Hawthorn informed the Panel that budget reduction proposals EC-03, EC04, EC-05 and EC-06 could all be taken together as they are all similar and relate to the work of the Regeneration team. These proposals involve using other sources of funding than the general revenue fund budget in order to maintain the same level of service/activity while reducing the burden on the general revenue fund budget. Alternative sources of funding include legitimate and appropriate charges to the HRA and charging to capital fund budgets or S106 funding in line with the requirements for the use of those funds.

Asked about the risk ratings for these proposals, some of which were quite high, Dan Hawthorn said that this is because of significant changes to the HRA business plan following the recent lifting of the HRA borrowing cap. The work on the HRA business plan was running slightly behind the work on the general fund plan and so, until this work is completed it is necessary to have a degree of caution about being able to say that the HRA can definitely replace this funding. However, it is expected that by the time that the proposals are presented to Cabinet alongside the HRA business plan the additional work will have been done to ensure that the two plans fit together.

ECONOMY (EC-04) – Use of Strategic Acquisitions budget for sites delivery work

See EC-03 above.

ECONOMY (EC-05) – Increased capitalisation of staff time and project costs

See EC-03 above.

ECONOMY (EC-06) – Increased recharge to HRA

See EC-03 above.

ECONOMY (EC-07) – HRP Senior Restructure

Dan Hawthorn said that this proposal originated from a restructure of the senior management level below the Director level, which had generated a saving of £30,000 per year while retaining the level of staffing necessary to do the work required. Asked why this saving was not larger given that there had been a significant restructure, he said that the judgment he had made at the time was that this restructure represented an appropriate balance and that to make any further cuts to senior management would be to put at risk the things that the Department was trying to do. Dan Hawthorn explained that the old structure had a Director of the Department and below that were two posts called Directors (but that were intermediate posts) and then a layer of Assistant Directors below that, some of which reported to the 'intermediate' Directors and some to the main Director. His decision when he had first taken up his the post was that this structure was too confusing and to therefore remove the intermediate layer of Directors to create a new structure comprising of just the main Director and four Assistant Directors. It had been necessary to strengthen the Head of Service posts in the tier below the Assistant Directors which was why there were only modest savings overall. Savings were not the principle driver for the change but rather getting the right management structure in place.

Asked whether there had been an overall increase in staffing, and how this was being funded, Dan Hawthorn said that there had been some new posts created which were funded through the HRA. These costs had not been taken from the general fund as these posts didn't exist previously. Senior management costs are split between the general fund and the HRA. Further documentation on the restructure could be provide to the Panel if required. **(ACTION)**

ECONOMY (EC-08) – Strategic Property Unit – New Income Outdoor Media

Dan Hawthorn said that this was a proposal from the property unit to generate new income through outdoor media companies for advertising on Council buildings. This could involve billboards and an advertising wrap on one of the buildings. This would

be subject to the planning process and the Council's advertising policy. The proposal is complementary to a similar income proposal under the Your Council priority which relates to street furniture.

Panel Members expressed some concerns about the potential over-commercialisation of Council properties and on the need to prevent inappropriate types of advertising such as for gambling or fast food companies. Dan Hawthorn said that the Council has a clear policy about who it will take advertising from and that this would be applied to this proposal. It was agreed that this advertising policy should be provided to the Panel. **(ACTION)** Asked about the number and type of Council properties that would be used for this purpose he said that this information could be provided in writing to the Panel. **(ACTION)** He added that the proposal was provided as an option to Members but that if it was not pursued that the £100k per year in additional income (or savings) would need to be found from elsewhere and so the concerns would need to be weighed against this reality. The £100k per year estimate was informed by what the Council knows about its assets and advertising policy but if the proposal went well in the first year then a higher income could potentially be generated in future years.

The Panel expressed the view that it was too difficult to make a definitive recommendation on the proposal without having access to further details about the type of advertising and about the buildings and locations that would be used. The Panel therefore agreed to submit the following recommendation to the Overview & Scrutiny Committee:

The Panel recommended that further information on the sites/buildings to be used and the Council's advertising policy be considered alongside the Panel's concerns about potential over-commercialisation and about ethical standards and that the OSC should consider whether or not recommendations on any restrictions to the advertising under this proposal would be appropriate on this basis.

ECONOMY (EC-09) – Strategic Property Unit – New Income Rent Reviews

Dan Hawthorn informed the Panel that this proposal was based on a previous income target arising from Council properties that had not had a rent review for quite some time. This saving target, which had been seen by the Panel the previous year, had been achieved with further savings now identified as part of this proposals from 2020/21 onwards.

Asked whether capital expenditure would improve the Council's property portfolio given that higher income streams from rent were now being sought, Dan Hawthorn confirmed that there is already money in the existing capital programme for property improvements and that there is also further work planned on specific sites in the portfolio within the capital proposals in the agenda papers.

Asked whether this work could have been carried out through in-house staff rather than agency employees, Dan Hawthorn said that it had been judged not to be appropriate to make permanent appointments due to the time-limited nature of the work. It is also difficult to recruit permanent staff to some posts so there are a number of agency staff in the property team due to the nature of the labour market.

ECONOMY (EC-10) – Strategic Property Unit – New Income 5G

Dan Hawthorn said that this proposal was a modest one involving new rental income from the installation of new mobile phone masts on Council-owned property. The Council already makes a small income from 4G phone masts but this income is expected to increase slightly due to the rollout of new 5G technology.

The Panel expressed some concerns about potential damage to property and about possible public concerns on potential health risks. Dan Hawthorn said that the property team would take seriously any threats to the integrity of buildings. The Council also has a regulatory role as the planning authority to ensure that the installations are carried out in a responsible way. Mobile phone providers have a statutory right to install the masts and so if the Council does not receive the income from their installation then others would do so instead.

The Panel agreed to submit the following recommendation to the Overview & Scrutiny Committee:

The Panel noted that mobile phone masts can potentially cause damage to buildings when attached to them and that some residents in the immediate vicinity may be concerned about potential health risks caused by mobile phone signals. The Panel recommended that caution be exercised about the type and location of Council-owned buildings used for this purpose.

MTFS Capital Schedule – Economy (4001 – 4011)

In introducing this item, Dan Hawthorn said that the proposals in the capital schedule are only proposed additions and do not set out the whole capital budget. It also differs from the revenue budget in that, in agreeing any items the Cabinet is not fully committing to the spending but only to setting an 'envelope' in the budget which is subject to a further decision on a future business case. The proposals are all under the Economy priority heading as the Housing capital programme is all under the HRA. He then briefly described the specific proposals as follows:

4001 – Maintenance of Tottenham Green Workshops

This proposal is a specific investment within the commercial property portfolio. The proposal is necessary to bring the property up to basic levels of compliance in line with the Council's obligations as a landlord. Without this investment, the only other option would be to sell the property.

4002 – Northumberland Park estate area public realm

This proposal is to make improvements to the public realm in and around the Northumberland Park estate. Improvements to the estate itself is to be funded through HRA investment but there are wider areas, including public highway, so there is therefore also a general fund component to this improvement work.

4003 – Tottenham Hale DCF schemes

The Tottenham Hale District Centre Framework (DCF) is the overall strategy for the future of Tottenham Hale. There is already an item in the existing capital programme allocated for this, but this proposal is for additional funding in recognition of the fact that, since the original strategy was formulated, the costs have gone up due to construction inflation.

4004 – Borough wide Strategic Acquisitions

A site acquisitions budget already exists as a capital item to allow for investments to acquire sites within the Tottenham and Wood Green regeneration areas when properties come onto the market, thereby better enabling those regeneration schemes to make progress. This proposal would add additional funds and widen the scope of this budget to the whole Borough.

4005 – SME Workspace Intensification

This proposal is to improve the quality of workspaces owned by the Council and support economic development by enabling expansion of available employment space, improving the offer to prospective tenants and increasing income from rent and business rates.

4006 – Acquisition of head leases

This proposal is to provide capital funds to acquire the head leases that relate to revenue savings proposal EC-01 that was discussed earlier in the meeting.

4007 – Tottenham Hale Decentralised Energy Network (DEN) & 4008 – Wood Green Decentralised Energy Network (DEN)

These two proposals are for the construction of Decentralised Energy Networks as

part of the Council's overall policy of pursuing decentralised energy to reduce carbon emissions and as part of the aim of setting up a municipal energy company.

4009 – Additional Carbon Reduction Project

This proposal is to allocate capital funds to allow for any future schemes, as yet unspecified, to enable the Council to achieve its carbon reduction targets.

4010 – Selby Urban Village Project

This proposal allows for investment in the Selby Centre and Bull Lane Playing Fields which provides a new base for the Selby Trust and also provides Council homes.

4011 – Commercial Property Remediation

This proposal is for a generic set of commercial investments in the property portfolio.

In response to questions from the Panel, Dan Hawthorn, Director of Housing, Regeneration & Planning, John O'Keefe, Capital Accountant and Cllr Ibrahim, Cabinet Member for Housing & Estate Renewal, said:

- That proposal 4009 relates to a range of possible projects relating to carbon reduction, some of which will occur quickly and others of which will take a longer period of time. The Climate Action Plan is due to be considered at the Cabinet meeting in January and this will provide more detail.
- On whether the substantial increase in capital spending would be affected by the recent increase in the interest rate from the Public Works Loan Board, John O'Keefe said that each capital proposal would later need to have a business case and so the higher interest rate would need to be factored into this. The investments would therefore have a higher hurdle to clear in order to be viable.
- Asked whether the £750k allocated for proposal 4001 would be sufficient to improve the Tottenham Green Workshops to a sufficiently high standard, the assessment made following some careful work by surveyors was that this funding would be enough.
- Asked why the developers are not paying for the work required under proposal 4003 (Tottenham Hale DCF), Dan Hawthorn said that items in the capital programme are paid for in a number of ways including sources of funding such as the Community Infrastructure Levy (CIL). He acknowledged that the rate of CIL is low in the east of the Borough, but that there are plans to increase the rate. In addition, CIL does not have to be spent in the area where it is raised so a low CIL rate in the east of the borough does not necessarily mean a low rate of investment in the east of the borough. Asked for more details on what the

£5m under this proposal would be spent on, Dan Hawthorn said that further details could be provided in writing. **(ACTION)**

- Asked whether the strategic acquisition fund under proposal 4004 would be used to fund Compulsory Purchase Orders (CPOs), Dan Hawthorne said that this would not be the case as CPOs are only usually made as a last resort to enable a scheme to go ahead which would have its own budget.

Cllr John Bevan raised concerns about the additional charges being shifted to the HRA to reduce costs on the revenue budget. He said that the HRA is already under severe pressure, having taken on additional costs for safety measures following the Grenfell fire, carbon reduction costs and the Broadwater Farm project. He referred to Council housing blocks in his ward that have suffered from insufficient maintenance work over the last 30 years and was concerned that by adding further costs to the HRA, the required maintenance work would not be possible.

In response, Cllr Ibrahim said that she took on board these concerns and agreed that investment in communal areas had not been enough of a priority in recent years. However, that is now being budgeted for by the investment in Decent Homes Plus which does include communal areas. There are additional costs incurred through necessary fire safety work and there will be reports on this going to Cabinet in February. Further costs were being incurred through the evacuation of blocks on Broadwater Farm, but this is necessary work to ensure that residents are safe. While not easy, she was confident that it would be possible to withstand these costs.

Dan Hawthorn added that it is right to ensure that costs that should be on the general fund are not being inappropriately loaded onto the HRA but it is also important to ensure that the reverse is not happening. His view was that the proposals that had been put forward were costs that should appropriately be paid for by the HRA. The HRA Business Plan covers all of the costs mentioned earlier in the discussion plus the considerable costs associated with the Council Homes delivery programme as part of a sustainable business plan.

Panel members expressed further concerns about the poor maintenance of some Council estates in the borough and therefore agreed to submit the following recommendation to the Overview & Scrutiny Committee:

The Panel expressed concerns about additional charges being added to the Housing Revenue Account (HRA) which is under pressure and that movements of cost from the General Fund to the HRA risks delaying repairs and improvements to the communal areas of housing estates.

42. HIGH ROAD WEST SCRUTINY REVIEW - SCOPING DOCUMENT

Cllr Moyeed noted that evidence sessions for the Panel's Scrutiny Review on High Road West would be taking place in the New Year. An invitation would be extended to the Ward Councillors for the Northumberland Park ward, and to any other Councillors with an interest in the issue, to give evidence to the Panel. **(ACTION)**

43. DATES OF FUTURE MEETINGS

- 3rd March 2020

CHAIR: Councillor Khaled Moyeed

Signed by Chair

Date