

MINUTES OF MEETING Housing, Planning and Development Scrutiny Panel HELD ON Monday, 18th December, 2023, 6.30 pm

PRESENT:

Councillors: Holly Harrison-Mullane, Tammy Hymas, John Bevan and Alexandra Worrell (Chair)

146. 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'.

147. APOLOGIES FOR ABSENCE

Apologies for absence were received from Cllr Barnes and Cllr Moyeed. Apologies were also received from Cllr Gordon

148. URGENT BUSINESS

None

149. DECLARATIONS OF INTEREST

None

150. DEPUTATIONS/PETITIONS/PRESENTATIONS/QUESTIONS

None

151. MINUTES

In relation to the previous minutes, Cllr Bevan asked to be notified when 105 Waverley Road was let. **(Action)**.

Cllr Bevan also requested that the location of the stopcock be provided to new tenants as part of the tenant checklist. **(Action)**.

RESOLVED

That the minutes of the meeting of 14th November were agreed as a correct record.

152. BED AND BREAKFAST ELIMINATION PLAN

The Panel received an update on the Bed & Breakfast (B&B) Elimination Plan. The plan is a requirement of the Homelessness Prevention Grant funding from DLUUHC and details plans to reduce and then end our use of B&B accommodation for residents who are homeless. The report was introduced by Denise Gandy, Assistant Director of Housing Demand, as set out in the agenda pack at pages 11-36. Cllr Sarah Williams, Cabinet Member for Housing Services, Planning and Private Renters was also present for this item. The following arose during the discussion of this item:

- a. The Panel sought assurances around the accountability mechanism with DLUHC. In response, Members were advised that there was a specialist advisor who worked with the team on developing their B&B Elimination plan and that they met monthly. Officers compiled a detailed return to the government around the numbers of B&B placements. Officers advised that the funding for 2024/25 had already been allocated so that was secure, funding for 2025 onwards was unsure.
- b. The Panel sought assurances around domestic violence victims and how the Council protected them from having to be moved out of their accommodation. In response, officers advised that the main pressure related to the Domestic Abuse Act 2021, which broadened the Council's responsibility around homelessness and domestic abuse, so that the Council had to treat all people as an emergency case where they were made homeless through domestic abuse. Officers advised that there were blockages in the market in terms of moving people out of refuges and into the private sector. The Council did not place domestic abuse victims in accommodation with shared facilities.
- c. The Panel sought clarification about whether the voids figures in the report reflected HCBS properties. In response, the Cabinet Member advised that the report set out that there were 272 general void properties, 77 HCBS voids and 74 sheltered accommodation void properties.
- d. In response to a question, officers advised that 1% inspection figure in the report referred to the estimated number of illegally occupied properties, rather than the percentage of properties that received an inspection.
- e. A panel member raised concerns about the demolition of Love Lane and the impact this would have on available housing units. In response, it was acknowledged that there could be pinch points in the system but that there were new properties coming into the system to replace those being demolished and that the goal was to get flow into the system to free up units.
- f. In relation to a question around whether the new build properties should be put into the HCBS in order to achieve higher rental income, the Cabinet Member advised that this wasn't possible as the grant funding for the new build properties was allocated on the basis that they would be secure lets.
- g. In response to a question, the officers advised that the Homelessness Reduction Act placed three duties on local authorities. The authority had 56 days to prevent homelessness, then 56 days to relieve homelessness and after that threshold was passed, then the main housing duty kicked in.
- h. The Panel sought clarification about what the other barriers were to being moved on. In response, officers set out that typically it was ordinary practical issues such as moving costs, the logistics of moving home and things like rent arrears.

- i. In reference to the reasons people have exited B&B accommodation in paragraph 6.4.6 of the report, officers agreed to provide a more detailed breakdown in writing about the 21 cases where the housing duty was ended for another reason. **(Action: Denise).**
- j. Officers provide assurances that at each stage of the process an applicant would have an opportunity to make a representation on a proposed course of action, including where a negative decision was being proposed.
- k. The Panel sought assurances that the government targets were not having a negative effect on vulnerable people. In response, the members were advised that the key driver for getting people out of B&Bs is that it was the least suitable type of accommodation for families, rather than the government putting pressure on councils to do so. Officers were working to increase supply in order to reduce the need for B&B placements.
- l. The Panel sought clarification around the Multi Agency Reduction Board. In response the Cabinet Member advised that it had its first meeting last week and that it would meet every three weeks. The membership was made up from key internal and external partners and reflected the fact that it was much broader than just a council wide issue.
- m. Officers agreed to come back with a response on what was meant in the action plan by reducing prohibition notices. **(Action: Denise).**
- n. A Panel Member queried whether, in light of the reduction in the capital programme, that the framework procurement agreement should be reduced from four companies to three. In response, officers advised that they were still receiving a positive response from the market to this and were hopeful of getting this in place. Officers also set out that part of the reason for having the four companies was that they would be based in a particular geographic area.
- o. In response to a question, the Cabinet Member acknowledged that the industrial action being taken by repairs staff was having a negative impact on voids work.

RESOLVED

Noted

153. SCRUTINY OF THE 2024/25 DRAFT BUDGET AND 5 YEAR MEDIUM TERM FINANCIAL STRATEGY 2024/2029

The Panel received the Council's Draft Budget and 5 Year Medium Term Financial strategy (MTFS) 2024-2029 proposals, relating to the Panel's remit. The Panel was asked to consider the proposals and to provide recommendations to Overview & Scrutiny Committee on these proposals. The report was introduced by John O'Keefe, Head of Finance (Capital, Place & Property) and Kaycee Ikegwu, Head of Finance (Housing & Chief Accountant) as set out in the agenda pack at pages 37-123. The Cabinet Member for Housing Services, Private Renters and Planning was present for this item. Sheela Thakrar, Finance Business Partner, was present for this item. The Director of Housing and Placemaking was also present for this item, along with a number of other officers from the Housing and Placemaking directorate.

By way of introduction, the Panel was advised that the December Cabinet report set out that there was an overall budget gap of around £16.4m. This budget gap was largely due to demand pressures, particularly in Adult Social Services. Finance would be working with the Directorates between now and February to close this budget gap and to present a balanced budget to Cabinet in February. It was noted that within Housing and Placemaking there was a balanced budget being presented. There were pressures within the budget such as business rates, repairs, hard FM and planning fee income, but that they were being contained by the wider Housing and Placemaking budget. Finance advised that the report differentiated management actions from policy changes and that management actions referred to actions taken by the Director to reduce budget pressures that were carried out in the normal day-to-day management of the service, such as a restructure. Table 7.2C highlighted that there were around £1m of management actions in the area of Housing and Placemaking.

Officers set out that there had been a £396m reduction in the capital programme from March 2023 to November 2023. This was due to rising costs associated with construction, and the increased scrutiny of debt levels within local authorities. By way of context, officers were advised that every additional £1m spend in the capital programme generated a debt cost to the revenue account of circa £72k. The Housing Revenue Account at period 6 reported a forecast adverse variance of £1.686M. The forecast year-end HRA surplus was £6.554m compared to a HRA budgeted surplus of £8.238 M. This position had improved from the Quarter 1 position, this was largely due to a drawdown of reserves. In relation to the HRA, officers highlighted two key actions. The first was a proposal to charge formula rent plus 5% on new builds. The second was to charge the full September CPI inflation rate increase to service charges (last year these had been capped at 10%).

The following arose as part of the discussion of this report:

- a. The Panel sought assurances around legal disrepair claims being a budget pressure within the HRA and questioned what actions were being taken to minimise their impact. In response, the Cabinet Member advised that there was a new process in place to try and prevent these cases from escalating to external lawyers. The Director emphasised the use of the pre-action protocol to try and resolve claims before they escalated to legal action. There had also been additional management resources put in place to tackle the underlying disrepair issues. The Director advised that this was a national and London-wide trend and that the service was working hard to get on top of it. The Cabinet Member set out that a lot of tenants were being targeted with leaflets and that some of these leaflets were quite misleading and basically encouraged tenants not to report disrepair issues in the usual way. In relation to a follow-up question around the improvements seen as a result of additional management resources, officers advised that this was an issue that was being monitored by the Housing Improvement Board and that future updates could be provided to the Panel if the Panel wanted them.
- b. A member of the Panel advised that they were fully supportive of the proposals to charge an additional 5% to formula rents on new build properties as well as the proposal to increase service charges in line with inflation.
- c. The Panel questioned why the Council was setting up a £20m hardship fund for tenants, when those tenants would be on housing benefit and any increase in rent costs should be met by central government through increased housing

- benefit payments. In response, it was clarified that the fund was not £20m, the exact figure was still to be agreed, but that it would be around £300k. The report identified that the fund would be paid for through the £20m HRA working balance. Officers advised that the fund was to offer targeted support to those who may find themselves in rent arrears. It was expected that there were two groups of people who would not have the additional costs covered through housing benefits. The first was those who had reached the benefit cap and the second was those who paid their own rent in full. Many of these people may be on low incomes and it was expected that the fund would help ease some of the pressure on these people from increased housing costs.
- d. The Panel noted with a degree of concern that the reliance on external lawyers for legal disrepair claims actually seemed to be going up. In response, officers emphasised that the intention was to stop cases escalating to the point in which they became legal cases through the pre-action protocol. It was acknowledged that due to the demand on solicitors in this area, it had been difficult to recruit internally as people with this skillset were in high demand.
 - e. The Panel queried whether additional savings were expected in the area of Housing and Placemaking to plug the overall budget gap. In response, finance officers advised that all services would be asked to contribute to closing the budget gap in the final MTFS proposals in February.
 - f. The Panel sought clarification that the pressures in the HRA were separate and that these did not have any impact on the £16.4M budget gap. Officers acknowledged that the two areas were separate and that it was not expected that the HRA position would change significantly in February.
 - g. The Panel sought clarification around why the existing £100k saving on head leases was no longer considered deliverable. In response, officers advised that the Council was seen as a very low risk source of income to landlords and that many were simply unwilling to sell their lease. Those that did offer to sell asked for a high selling price. In essence the landlords did not believe it was in their interests to sell and the saving had been written out as unachievable.
 - h. The Panel sought further information about the High Road West scheme and how much risk this exposed the Council to. In response, officers advised that the scheme was governed by a Development Agreement which was agreed in 2017. The expenditure captured in the capital programme relating to the scheme, was where the Council had used its compulsory purchase powers to acquire properties for Lendlease. When a development phase progressed the Council would be fully reimbursed for these costs and this would pay down the Council's debt obligations. In relation to the level of risk exposure, officers advised that no scheme was risk free, but that the Council had secured a number safeguards such as a parent company guarantee and step-in rights to acquire the properties themselves if Lendlease was unable to fulfil its obligations. The Panel was also provided assurances that each phase of the development was subject to a viability assessment being undertaken. The Director of Housing and Placemaking emphasised the fact that it was a phased development and that Phase 1 was a relatively small scheme relating to 61 homes. The Council's risk exposure was limited to these 61 homes in Phase 1.
 - i. The Panel sought clarification about the restructure in regeneration referred to in the report. In response, the Panel was advised that this was one of the few areas that was not externally funded and so restructuring offered savings to the Council. Officers advised that the main area of saving related to a reduction in

- management costs and also from moving to more of an enabling model for economic development.
- j. The Panel sought assurances around the 6% uplift announced by government for the coming financial year and what impact that would have. In response, officers set out that it was not expected to make a material difference as it was broadly in line with what was forecast. The methodology of how these payments were made, could conceivably have an impact on the Council.
 - k. In relation to a questions about why Council Tax was only due to increase by 1.99% in Years Two onwards, officers agreed to come back with a written response on this. **(Action: John O’Keefe).**
 - l. The Panel sought clarification around capital financing costs and why these were so high. In response, officers advised that these costs related to the cost of financing our borrowing. The HRA included £1.4B of borrowing over the MTFS, which largely related to the housebuilding programme. The assumption was that interest rates would be 5.1% in the first year and rising to 5.5% in the second year. These assumptions would be revised on a quarterly basis in conjunction with the Council’s external Treasury Management advisor. Officers added that from Year 6 onwards the Housing Delivery Programme would start to generate significant income from new housing units, which would offset some of the borrowing costs. By Year 10 it was anticipated that the HRA would generate a £20m surplus.
 - m. The Chair sought clarification around whether it was fair to say that borrowing costs were the primary driver for the 5% increase in formula rents and the other actions outlined in the report. In response, officers advised that it was a driver but that it was not the main driver. The below inflation rent increase last year was a major factor as was the fact that the revenue cost base had increased dramatically over the last year. Officers emphasised the importance of generating additional income through the Housing Delivery Programme in order to be able invest in the Council’s existing housing stock.
 - n. The Panel sought assurances around the major repairs reserve and whether enough funding had been allocated to this to ensure existing stock was adequately looked after. In response, the Cabinet Member advised that there had been a massive investment in the major works programme, totalling around £500M. The ten-year plan better reflected this investment, rather than the five-year MTFS being considered by Members. The Panel noted that new build properties were self-financing.
 - o. The Panel sought clarification about the ongoing existence of Homes for Haringey as an entity, given that the service had been insourced. In response, officers advise that it had been retained as a legal entity for the purposes of keeping the leases, and so that the full LHA rent cap rates could be charged. The Panel was advised that HfH did not have any staff but had a Board of Directors appointed by the Council.
 - p. The Chair queried the fact that a number of the new savings proposals seemed to be repeat savings from last year. The Cabinet Member advised that these were additional savings from what had been agreed previously and likely reflected where it was thought that further savings could be derived from doing more of the same. Officers agreed to clarify the new revenue savings numbers ACH24_SAV_003,006 & 007 in terms of how they related to similar savings

- that had been agreed previously and whether the similar savings from last year had been delivered. **(Action: David Joyce/Denise Gandy).**
- q. Officers agreed to provide clarity in relation to the new revenue saving of £13k deriving from additional enforcement income. The Chair commented that this did not seem like much money, given that CPN's could generate fines of up to £30k. Officers would provide a written response on how the £13k saving was calculated. **(Action: John O'Keefe).**
 - r. The Panel sought clarification as to whether there was scope to raise additional revenue from undertaking more planning enforcement. Officers advised that this was something that was being looked at as part of the final MTFs report and that they were also examining whether the service could be more commercially focused and charge to guide people through the planning process.
 - s. The Panel sought clarification on the new modular lodge proposed for TA, and the extent to which this would be a permanent structure. In response, the Panel was advised that its life would be assured for 60 years but that crucially, it would be moveable and able to be relocated if needed, for a fraction of the original cost. A site had been chosen and this would be announced in the coming months.
 - t. In relation to the new revenue growth proposal for Temporary Accommodation, officers clarified that this investment took into account the raft of other actions being undertaken by the Council to build additional capacity. The need for this growth proposals was largely driven by the market cost of acquiring new properties.
 - u. A Panel Member commented that it seemed as though the Council was shouldering most of the risk in relation to High Road West, whilst Lendlease would get the profits. In response, officers advised that what the Capital Programme didn't show was that the scheme was subject to £70m grant funding from the GLA. The Council's expenditure level on the scheme was capped at £36m, and expenditure above this level would require Lendlease to pay the Council back to a level below the cap.
 - v. In relation to the Wood Green regeneration project in the capital programme, officers advised that this comprised of a number of interventions in Wood Green, including provision of workspace, public realm works and the master plan for Station Road and the library site. Some of these schemes would be match funded.
 - w. In response to a question, officers acknowledged that the Civic Centre Works was a significant investment but highlighted the fact that there would also be a significant cost arising from accommodation needs for staff if the Council did nothing. Finance commented that around half of the budgeted cost reflected the fact that the scheme involved the restoration of a listed building.
 - x. The Panel raised concerns about the upkeep of the landscaping works that had been done to the new build properties. The current budget allowed for the Parks department to undertake some landscaping works twice a year. The Panel were concerned that this was not sufficient and that the appearance would quickly become overgrown. The Panel sought further information from

Cabinet around whether there was scope for additional investment into maintaining the green areas around out new build estates, including the possibility of using a private landscaping contractor. The Panel would also like some clarity as to whether this can be paid from service charges out of the HRA, rather than the revenue budget. **(Action: Finance/Philip).**

RESOLVED

That the Panel considered the Draft Budget 2024/25 and the Five Year MTFS proposals relevant to its remit, and considered recommendations to put forward to Overview & Scrutiny Committee.

154. WORK PROGRAMME UPDATE

RESOLVED

Noted

155. NEW ITEMS OF URGENT BUSINESS

N/A

156. DATES OF FUTURE MEETINGS

26 February

CHAIR: Councillor Alexandra Worrell

Signed by Chair

Date