



CITY OF WESTMINSTER

MINUTES

Housing, Finance and Customer Services Policy & Scrutiny Committee

MINUTES OF PROCEEDINGS

Minutes of a meeting of the **Housing, Finance and Customer Services Policy & Scrutiny Committee** held on **Monday 9th March, 2015**, Rooms 5, 6 & 7 - 17th Floor, City Hall.

Members Present: Councillors Tim Mitchell (Chairman), Antonia Cox, Peter Freeman, Richard Holloway, Gotz Mohindra, Guthrie McKie and Vincenzo Rampulla

Also Present: Councillor Melvyn Caplan, Cabinet Member for Finance, Corporate & Customer Services and Councillor Daniel Astaire, Cabinet Member for Housing, Regeneration, Business and Economic Development

1 MEMBERSHIP

- 1.1 It was noted that Councillor Vincenzo Rampulla had replaced Councillor Paul Dimoldenberg.

2 DECLARATIONS OF INTEREST

- 2.1 Councillor Holloway declared that he is a board member of CityWest Homes.

3 MINUTES

- 3.1 **RESOLVED:** That the minutes of the meeting held on 26th January 2015 be signed by the Chairman as a correct record of proceedings.

4 WORK PROGRAMME

4.1 **RESOLVED:**

1. That the agenda items for the next meeting on the 27th April be agreed
2. That the responses to actions and recommendations as set out in the tracker be noted.

- 4.2 **ACTIONS:** Include an update on progress in signing up to a Municipal Bonds Agency in the Treasury Outturn report for 2014/15 (**Action for Jonathan Hunt, Director of Corporate Finance and Investment.**)

5 UPDATE FROM CABINET MEMBERS

- 5.1 The Committee also received a verbal update from the Cabinet Member for Finance, Corporate and Customer Services on the following aspects of the portfolio:
- That the council's budget for 2014-15 was on track and expected to balance by the end of the financial year.
 - That the council had begun work on medium term financial planning. It was expected that whichever government is elected in May some indication of the grant settlement for 2016-17 and 2017-18 is likely to be given in June with full details announced in December. It was fairly clear, he suggested, given the announcements made by the various political parties to date, that over the next few years there will be continued pressure on local government finances.
- 5.2 The Cabinet Member was referred to the Budget and Performance Task Group Report on the 2015-16 budget scrutiny. He was asked whether the council's financial systems would be able to cope should certain funding be ring fenced late in the financial year. He was also asked whether the council's budget had sufficient flexibility should the new government introduce further caps to housing benefit.
- 5.3 The Cabinet Member stated that the council's financial systems are able to accommodate ring fenced funding. The challenge is ensuring that everyone in the organisation understands the implications which might mean other services receiving less. He commented that he was not generally in favour of ring fencing as the more conditions that are applied to funding the less flexibility it gives the Council for manoeuvre. He also did not favour a one size fits all approach as what might be appropriate to spend money on in one council may not be in another.
- 5.4 With regards to changes to housing benefit payments he stated that the council had worked through a period of change in this area quite recently. It is always easier to bring in changes where there is a fair degree of notice and that when this is not the case it will have implications. The Cabinet Member for Housing, Regeneration, Business & Economic Development advised that the consequences for Westminster of further caps to housing benefit payments would be that more people would be unable to afford to pay for private sector rented accommodation and would present themselves as homeless. The council has a statutory duty to provide housing under homelessness legislation. Given the cost of private sector housing in the city and in neighbouring boroughs this would place further pressures on the Temporary Accommodation budget (which is driven by a central government set formula based on Local Housing Allowance).

- 5.5 The Cabinet Member was asked whether the £660,000 saving in the 2015-16 budget from running the Council's CCTV would involve the loss of any CCTV cameras or any existing coverage. The Cabinet Member explained that the saving has arisen from the existing contract coming to an end and the procurement of a new contract. He further explained that the council was in the process of commissioning a new CCTV system and officers were attempting to secure external funding from other relevant public sector bodies and stakeholders who it was considered should be contributing to the upkeep and operation of the system.
- 5.6 Members referred to the fact that the detection of housing benefit fraud was moving from a localised service to the Department of Work and Pensions. The Cabinet Member was asked whether he had any concerns about the effectiveness of a move to a centralised system. In response he stated that a number of the council's services are provided through a centralised process. While centralisation can have some consequences the council will do all that it can to help the process. This will include ensuring that all the experience built up will not be lost. Equally centralisation has some positive factors such as being able to draw upon a larger workforce to undertake the work involved.
- 5.7 The Cabinet Member was asked about the introduction of a more rigorous process for assessing applications from members of the public for Freedom passes. He advised that this issue could be much better responded to by Councillor Robathan, Cabinet Member for Adults and Public Health, in whose portfolio it fell. It was clear that some features of the administration of the scheme merited closer investigation including increasing the flexibility to remove people who do not use passes from the database more speedily.
- 5.8 With respect to redundancy payments, the Cabinet Member was asked whether the estimated figure of £700,000 for 2015-16 had changed. He advised that the anticipated expenditure would be within the available budget. The sum had not been finalised as some employees have still not left the council. The numbers of people affected were under 100.
- 5.9 The Committee noted the written update from the Cabinet Member for Housing, Regeneration, Business and Economic Development on key areas within the portfolio. Further to this note the Cabinet Member provided a verbal update about two strategies being developed – i) the Economic Development Strategy, which would incorporate bringing disparate groups working within the council on this subject together for the first time, and ii) the new Housing strategy where key developments would include developing a new and novel intermediate housing product.
- 5.10 He also informed the committee that City West Homes are recruiting a new chief executive responding to recommendations to the report on CityWest Homes and establishing a three-year schedule of major works to provide advance information to residents on expected costs.
- 5.11 The Cabinet Member also informed the committee about the vision for the West End Partnership which would shortly be launched. This would include aims and objectives on public realm and employment opportunities. The

vision would not be simply limited to the West End but would feed into other parts of the borough.

- 5.12 Members asked the Cabinet Member for details about the new intermediate housing product that was being developed. In response he advised that Westminster was attempting to be the first local authority in the country to develop a product with its partners whereby rent paid could be used as a quasi investment similar to a deposit which would enable residents to purchase their property.
- 5.13 The Cabinet Member was asked whether the Housing strategy aimed to increase the total social housing stock in Westminster. He advised that the focus would be on increasing intermediate housing as the numbers delivered to date were lower than the council would like. Through its regeneration programme the council is building new social and intermediate housing on a number of its estates. He informed the committee that 26% of all the housing stock in Westminster is social housing. In response to further questions he advised that the intermediate rental housing being developed would be at the affordable rent scale of up to 80% of the market rate.
- 5.14 Members asked whether the council had had any discussions with the g15 group of London's largest housing associations which has announced plans to build 93,000 new homes in London and the South by 2025. The Cabinet Member advised that while he had not had any discussions personally on building opportunities with g15 the Council had submitted a bid for new housing in Church Street but had been unsuccessful in the first round. He advised that the Council had exceeded the building levels set by the Greater London Authority. However, he recognised that London and the economy as a whole will lose young people to other towns and cities if they are unable to afford housing costs.
- 5.15 The Cabinet Member was asked how the council might mitigate the effects of high costs in the private sector housing market on the housing portfolio. The Cabinet Member stated that he did not believe that it was the council's role to intervene in the private sector housing market such as considering the issue of rent caps. The council provides a Residential Environmental Health Service (REHS) which responds to requests from residents, predominantly in the private sector, asking for an investigation into their housing conditions. REHS uses various statutes to ensure dwellings are free from significant hazards, pests and public health nuisance.
- 5.16 With regard to major works, the Cabinet Member was asked for details of why works on the Hallfield Estate were still ongoing after 6 years. He was also asked whether leaseholders could take on responsibility for major works themselves. He explained in relation to work on the Hallfield Estate that there had been a number of issues which had delayed the works including the contractor going into administration and the requirement to obtain planning consent. There were lots of discussions with residents on the types of replacement windows that were preferred and this was still on going. He undertook to provide details of the final schedule after the meeting. With regard to leaseholders taking responsibility for major works, he advised that

this could be possible where leaseholders formed all or the vast majority of residents in a block. However, it would also depend on the council's statutory and contractual obligations and also the types of works involved. He stated that it would not be appropriate where major works involved altering piping or communal heating. He was keen to see lessees putting money aside to pay for works in a similar way to private sector leaseholders paying into a sinking fund.

- 5.17 The Cabinet Member was asked for his view of why the Bayswater BID had been unsuccessful. He stated that there were a number of reasons. These included a mismatch on some of the expectations between the elected members and the different types of businesses to a change in one of the major landlords in the area. He was of the view that perhaps the BID wasn't ready given the significant changes occurring in the area and that a different economic grouping such as a Property Owner BID might work better. He advised that the council had over the last few months included a number of changes to the way that it deals with BIDs ranging from holding quarterly meetings with BID leaders and feeding objectives on BIDs into the Leader's speech to discussing details of the council's business planning cycle so that the BIDs understand the Council's key priorities over the course of the year.
- 5.18 The Cabinet Member was referred to the fact that in the larger BIDs there didn't appear to be much scope for smaller businesses to develop. He advised that many of the larger BIDs such as Victoria and Paddington included objectives within their business plans to encourage small businesses. The Cabinet Member was asked about the role that the council as a landlord was taking to assist start-ups and micro businesses with rents and rates. He advised that there was lots of subsidised space available that was provided by both the council and other landlords but that this needed to be better signposted. The council is also talking to developers about the possibility of providing space for start-ups in schemes where space of limited size and commercial potential has a limited rateable value. In addition he also wanted to look at opportunities within the council's properties such as in Church Street.
- 5.19 In response to queries regarding the sectorial focus within the Economic Development Strategy the Cabinet Member stated that this would include a focus on areas such as the medical and associated industries which produce a significant income and benefits to the city and the creative industries to promoting the furniture and design sector in Church Street.
- 5.20 **ACTION:** Provide Councillor McKie with a final schedule for major works on the Hallfield Estate (Action for: Councillor Daniel Astaire, Cabinet Member for Housing, Regeneration, Business and Economic Development).

6 THE ANNUAL SUPPLY AND ALLOCATION OF SOCIAL HOUSING 2015-16

- 6.1 The Annual Supply and Allocation of Social Housing and Low Cost Home Ownership report is agreed by the relevant Cabinet Member in March each

year and reviews the demand for and supply of social rented housing and low-cost home ownership in Westminster and considers future supply and demand projections.

- 6.2 The Committee considered a report which described how the supply of social housing in 2015/16 will be allocated to meet the Council's statutory obligations, meet the varying demands for social housing and to reduce the numbers of people living in temporary accommodation who are waiting for social housing.
- 6.3 Greg Roberts, Supporting People and Homelessness Strategy Manager, was asked about the processes and measures available to support households moving into the private sector. In response he advised that the council operates a rent deposit scheme for landlords providing a property to a nominated household or provide a set amount to people who find their own private sector properties to help towards a deposit. The council will always check that the property in question is suitable for the size of the family. He further advised, reflected in the report table, that the council has a small quota of three or four bedroom social housing properties which can be provided to private sector households which are overcrowded.
- 6.4 The committee noted that the council has succeeded in ending the use of bed and breakfast accommodation for families over six weeks. Mr Roberts was asked how the council intends to ensure that it does not breach the use of bed-and-breakfast accommodation over the statutory limit for families in future. He advised that this was the main priority of the Temporary Accommodation Commissioning Strategy. Every family in B&B accommodation is monitored on a weekly basis whilst the service aims to increase the supply of self-contained properties. This includes using the council's own properties that are temporarily vacant through the regeneration programme as well as purchasing properties.
- 6.5 The committee noted that as most applicants currently wait 7-10 years for a social housing tenancy the council now intends to start identifying more households for whom the private rented sector would be suitable and start making offers to them to bring the council's duty to an end. Mr Roberts was asked what kind of criteria the council uses to identify which applicants are likely to be suitable to a move to private rented accommodation. He advised that the council will assess all applicants and will look at their history including whether they have a track record of living in private sector accommodation who are comprising a high percentage of households presenting as homeless. The council would not put forward any applicant who has a severe disability or complex mental health problems or those that would likely result in their not being able to hold down a private sector rented tenancy. It was recognised that it was important for this to be managed carefully to avoid people simply bouncing back onto the list. He further advised that within 2 years of coming off the list where a tenancy breaks down through no fault of the tenant the council will accept a duty to house the individuals provide suitable accommodation.

6.6 In response to questions about the nightly booked sector, Mr Roberts explained that this was different to bed and breakfast accommodation and related to the use of self-contained properties which were booked on a nightly basis. In the past private sector landlords would have let their properties for 3-5 years to different local authorities. However, landlords are taking advantage of the limited supply in the marketplace and are renting properties on a nightly basis above the Local Housing allowance (LHA). The nightly rate varies depending on where the property is located and its size. As an average, in common with the great majority of authorities, the council is paying £40-£50 per week over the LHA for such accommodation. Mr Roberts advised that standards for temporary accommodation are set and suppliers are expected to abide by these and properties are inspected to monitor compliance. The council also responds promptly where tenants submit complaints about the standard of their accommodation.

6.7 **RESOLVED:** That the report be noted.

7 BUDGET AND PERFORMANCE TASK GROUP - REPORT ON 2015-16 BUDGET SCRUTINY

7.1 The Committee received a report on the work of the Budget and Performance Task Group and in particular its consideration of the budget proposals for 2015-16.

7.2 Steve Mair, City Treasurer, informed the committee that the draft budget proposals for 2015-16 had been considered by Cabinet the previous week prior to the budget being agreed at the full council meeting on 4 March. He drew attention to the challenging financial environment and in particular to the reduction in government grant funding of £25m compared to the previous financial year and the requirement to make savings of £36 million. He commented that such reductions and savings were likely to continue for several years to come irrespective of the outcome at the next general election.

7.3 Mr Mair was referred to the risks highlighted in the housing portfolio due to the levels of private sector rents remaining the same and the ongoing impact of benefit caps on private sector tenants claiming the Local Housing Allowance. He was asked about the challenging financial environment and in particular at what point further cuts in funding would lead to a tipping point and efficiency savings become ineffective. Mr Mair advised that studies and analysis on the former had been undertaken by among others the National Audit Office and by some of the large accounting firms. He considered that the financial position for 2015-16 is manageable but that the position moving forward was volatile due to a reduction in income particularly from grant funding and business rate redistribution versus the demands of an ageing population. He was of the view that Westminster would be better placed to cope with such demands than most other local authorities. It was possible that the continued reduction in funding would move authorities towards a self financing position. He suggested that after the general election the new government may announce a 1 year grant settlement and there was the possibility that this

would be followed by a 4 year settlement which would be unprecedented but would provide some certainty for local authorities to plan and deliver services.

7.4 The City Treasurer was also asked about the importance of the council's reserves and whether he was confident with its level. In response he advised that it was entirely appropriate to have a certain level of reserves as given the volatility and reduction in income it was important to have money to draw on if required. He stated that the finance portfolio had seen a 25% reduction in its budget, however, the financial management transformation programme will underpin improvements in financial management which will also support the whole of the organisation. In response to further questions he advised that to mitigate the financial challenges the Council will need to undergo a radical transformation where it will not be able to do all the things it does now in the same way.

7.5 **RESOLVED:** The Committee noted the discussion, conclusions and recommendations of the task group as submitted to Cabinet on the 2nd March.

The Meeting ended at 8.46 pm

CHAIRMAN: _____

DATE _____