

**HOUSING SCRUTINY COMMITTEE**

18 January 2017

5.30 - 8.15 pm

**Present:**

**Scrutiny Committee Members:** Councillors Todd-Jones (Chair), Bird (Vice-Chair), Avery, Gawthrope, Holland, R. Moore, Page-Croft, Smart, Price (Executive Councillor), Agate, Best, Harris, Marais, Minns and Powell-Hardy

**Executive Councillor for Housing:** Councillor Price

**Tenant/Leaseholder Representatives:** Lulu Agate, Diane Best, Kay Harris, John Marais, Diana Minns and Mandy Powell-Hardy

**Officers:**

Strategic Director: Suzanne McBride

Strategic Advisor - Housing and Welfare Reform: Liz Bisset

Head of Housing Services: Tom Bremner

Head of Estates & Facilities: Trevor Burdon:

Business Manager & Principal Accountant (Shared Housing Finance Team):

Julia Hovells

Manager Temp Housing & Housing Support: Frances Swann

Committee Manager: Toni Birkin

**FOR THE INFORMATION OF THE COUNCIL****17/1/HSC Apologies**

No apologies were received.

**17/2/HSC Declarations of Interest**

<b>Councillor, leaseholder or tenants representative</b>	<b>Item</b>	<b>Interest</b>
Cllr Bird	16/50/HSC	Personal: Has used the service in the past.
Cllr Avery	16/52/HSC	Personal: Rents a Cambridge City Council garage.
Tenant	16/50/HSC	Personal: Has used the service in the past.

Representative	
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## **17/3/HSC Minutes**

The minutes of the last meeting were agreed and signed as a correct record.

## **17/4/HSC Public Questions**

There were no public questions.

## **17/5/HSC Procurement of a new Housing Management Information System**

This Item was chaired by Diana Minns (Vice Chair / Tenant Representative)

### **Matter for Decision**

The report proposed a joint procurement exercise with South Cambridgeshire District Council, to provide a Housing Management Information System for both authorities. The Housing Services would remain distinct, with two instances of the new system provided, but recognised that moving to the use of a single provider would make it easier for the two Councils to share some or all of their housing services in the future.

### **Decision of Executive Councillor for Housing**

- i. Approved a capital budget of £500,000 for Cambridge City Council's share of the up-front costs of jointly procuring a new Housing Management Information System with South Cambridgeshire District Council. The cost is to be fully met from existing repairs and renewals funds.
- ii. Noted the current annual support and maintenance revenue budget of £75,000.
- iii. Recognised the procurement benefits of undertaking this project now, in partnership with South Cambridgeshire District Council.
- iv. Approved that the authority proceeds with this joint procurement exercise, and that following a compliant competitive process, the Strategic Director is given delegated authority to tender and award a contract on behalf of Cambridge City Council.

### **Reason for the Decision**

To procure a modern, fit for purpose housing and property management system for the HRA, the wholly owned housing company and any other assets

held by the Council which require management activity to be undertaken as set out in the Officer's report.

### **Any Alternative Options Considered and Rejected**

Not applicable.

### **Scrutiny Considerations**

The Committee received a report from the Business Manager/Principal Accountant.

The Committee made the following comments in response to the report:

- i. Welcomed the information regarding home ownership.
- ii. Suggested that tenant and leaseholder representative could be used as part of the consultation process.

The Business Manager/Principal Accountant stated the following in response to Members' questions:

- i. The joint project board would develop a communications strategy.
- ii. The full tender would include a requirement for other providers to share the service in future.
- iii. No additional maintenance budget would be agreed until the system was in place. Cost would vary depending on what host system was selected.
- iv. Cost would be shared across the authorities proportionally, based on the number of properties under management and the number of users of the system.
- v. The system would be flexible enough to cope with any impact of devolution.

The Committee resolved unanimously to endorse the recommendation.

The Executive Councillor approved the recommendation.

### **Conflicts of Interest Declared by the Executive Councillor (and any Dispensations Granted)**

No conflicts of interest were declared by the Executive Councillor.

### **17/6/HSC Adaptations Policy for HRA Property**

This Item was chaired by Diana Minns (Vice Chair / Tenant Representative)

**Matter for Decision**

A comprehensive review of the Disabled Adaptations Service had been completed and the Policy would replace the previous version dated 2008. In order to continue to provide a high quality adaptations service to its tenants and to balance the best use of its resources, the City Council aims to bring greater parity between the way housing adaptations are managed through the housing revenue account and the Disabled Facilities Grant (DFG) regime applied to other social housing and the private sector.

**Decision of Executive Councillor for Housing**

- i. Approved the Disabled Adaptations Policy 2017.

**Reason for the Decision**

As a result of government changes announced in 2015, the Housing Revenue Account (HRA) is facing significant financial pressures requiring fundamental reviews of all HRA funded housing services. These reviews are described in the Housing Transformation reports submitted to Housing Scrutiny Committee throughout 2015 and 2016 and are further reported to this meeting in January 2017. Proposals previously approved by the Scrutiny Committee specifically included for a review of the adaptation service for disabled tenants which has not been examined since 2008.

**Any Alternative Options Considered and Rejected**

Not applicable.

**Scrutiny Considerations**

The Committee received a report from the Head of Estates & Facilities.

The Committee made the following comments in response to the report:

- i. Expressed concerns regarding the move towards parity with Registered Social Landlords and the potential for this to be a 'race to the bottom' with further cuts to follow.
- ii. Expressed concern that means testing would hit those on low incomes but with savings, harder than those with a higher income but little or no savings.
- iii. Discussed the suggestion around moving tenants to a more suitable property rather than carrying out extensive alterations and concluded this was sensible.
- iv. Were satisfied that tenants would be assisted with relocation costs that were appropriate (in line with the under occupancy policy).

- i. Praised officers as there had been good consultation.

The Temporary Housing and Housing Support Manager and the Head of Estates & Facilities responded to Members' questions as follows:

- ii. The policy needed to be fit for purpose.
- iii. Current policy had no upper limit for adaptations to an individual property.
- iv. Clarified how fencing could be classed as adaptions where a tenant or leaseholders needs meant that they needed more than the standard chain link fencing.
- v. The first £1,000 of any adaptation would be free of charge.
- vi. A leaflet would be produced clarifying applicants rights and responsibility.
- vii. Based on the pattern of past applications, it was expected that less than 30% of applicants would be required to contribute financially towards adaptations. However, past patterns cannot predict future need and the policy was seen as the best way to achieve the maximum for the limited budget.

The Strategic Director confirmed that the policy was needed as the current position was unclear and confusing. She confirmed that a clear policy setting out the options was needed to allow tenants and leaseholders to make informed choices.

The Executive Councillor stated that he understood the concerns over means testing. However, the policy had had a long drafting process, extensive consultation and had been well received.

The Committee resolved by 9 votes to 2 to endorse the recommendation.

The Executive Councillor approved the recommendation.

**Conflicts of Interest Declared by the Executive Councillor (and any Dispensations Granted)**

No conflicts of interest were declared by the Executive Councillor.

**17/7/HSC Housing Transformation Programme 2017/18**

This Item was chaired by Diana Minns (Vice Chair / Tenant Representative)

**Matter for Decision**

The Housing Transformation programme was effectively the second year of a fundamental review of housing services. A programme of service changes and savings for 2016/17 was agreed in October 2015. The report fulfilled the requirement for further service transformation and savings proposals to be identified to meet a number of objectives, including the need to achieve a balanced budget in the longer term.

### **Decision of Executive Councillor for Housing**

- i. Agreed the changes to achieve savings as set out in section 4 of the Officer's report.
- ii. Support the future workstreams described in section 7 of the Officer's report.

### **Reason for the Decision**

As set out in the Officer's report.

### **Any Alternative Options Considered and Rejected**

Not applicable.

### **Scrutiny Considerations**

The Committee received a report from the Strategic Advisor – Housing and Welfare Reforms.

The Committee made the following comments in response to the report:

- i. Were satisfied that the report contained no surprises.
- ii. Suggested that staff training would be key to the success of the project.
- iii. Questioned how tenants would be informed of the changes.
- iv. Stated that vulnerable tenants should be protected and that this should include tenants who might become vulnerable at a future date.

The Strategic Advisor – Housing and Welfare Reforms stated the following in response to Members' questions:

- i. Confirmed that the transformation budget could be used for resident involvement purposes linked to the transformation agenda.
- ii. This was an initial headlines report and that more detailed reports would follow.

The Committee resolved by 12 votes to 0 to endorse the recommendation.

The Executive Councillor approved the recommendation.

**Conflicts of Interest Declared by the Executive Councillor (and any Dispensations Granted)**

No conflicts of interest were declared by the Executive Councillor.

**17/8/HSC Housing Revenue Account Budget Setting Report**

This Item was chaired by Diana Minns (Vice Chair / Tenant Representative)

**Matter for Decision**

- i. The HRA Budget-Setting Report provided an overview of the review of the key assumptions. It set out the key parameters for the detailed recommendations and final budget proposals, and is the basis for the finalisation of the 2017/18 budgets.

**Decision of Executive Councillor for Housing**

Under Part 1 of the agenda, the Executive Councillor **resolved to:**

**Review of Rents and Charges**

- a) Approve that council dwellings rents for all social housing properties be reduced by 1%, in line with legislative requirements, introduced as part of the Welfare Reform and Work Act, with effect from 3<sup>rd</sup> April 2017. This equates to an average rent reduction at the time of writing this report of £1.00 per week on a 52 week basis.
- b) Approve that affordable rents are reviewed in line with rent legislation, to ensure that the rents charged are no more than 80% of market rent, with this figure then reduced by 1%, as with social housing. Local policy is to cap affordable rents at the Local Housing Allowance level, which will result in a rent freeze from 3<sup>rd</sup> April 2017.
- c) Approve inflationary increases of 2.4% in garage and parking space rents for 2017/18, in line with the base rate of inflation for the year assumed in the HRA Budget Setting Report.
- d) Approve the proposed service charges for Housing Revenue Account services and facilities, as shown in Appendix B of the HRA Budget Setting Report.

- e) Approve the proposed leasehold administration charges for 2017, as detailed in Appendix B of the HRA Budget Setting Report.
- f) Approve that caretaking, building cleaning, estate services, grounds maintenance, temporary housing premises and utilities, sheltered scheme premises and utilities, digital television aerial, flat cleaning and catering charges continue to be recovered at full cost, as detailed in Appendix B of the HRA Budget Setting Report, recognising that local authorities should endeavour to limit increases to inflation as measured by CPI at September 2016 (1%) plus 1%, wherever possible.
- g) Approve that service charges for gas maintenance, door entry systems, lifts and electrical and mechanical maintenance are increased in an attempt recover full estimated costs, as detailed in Appendix B of the HRA Budget Setting Report, recognising that local authorities should endeavour to limit increases to inflation as measured by CPI at September 2016 (1%) plus 1%, equivalent to an increase of 2% in total, wherever possible.
- h) Approve the transfer of budgets for smoke detectors, fencing and third party professional fees to revenue, from capital, recognising the work being carried out in these areas in the future.

## **Revenue – HRA**

Revised Budget 2016/17:

- i) Approve with any amendments, the Revised Budget identified in Section 4 of the HRA Budget Setting Report, which reflects a net reduction in the use of HRA reserves for 2016/17 of £229,650.

Budget 2017/18:

- j) Approve with any amendments, the Non-Cash Limit items shown in Appendix D (1) of the HRA Budget Setting Report.
- k) Approve with any amendments, the Savings, Increased Income, Unavoidable Revenue Pressures and Reduced Income proposals, shown in Appendix D (1) of the HRA Budget Setting Report.

- I) Approve the resulting Housing Revenue Account revenue budget as summarised in the Housing Revenue Account Summary Forecast 2016/17 to 2021/22 shown in Appendix J of the HRA Budget Setting Report.

Under Part 2 of the agenda, the Executive Councillor for Housing, **resolved to** recommend to Council (following scrutiny and debate at Housing Scrutiny Committee):

### Treasury Management

- m) Request that, in 2017/18, officers conclude a review of the existing approach to treasury management, which requires 25% of the value of the housing debt to be set-aside by the point at which the loan portfolio matures. The review will consider the risks associated with a recommendation to fully re-finance the loan portfolio, against the potential financial benefit to the business plan in the shorter term of investing the resource in income generating assets. A separate report will be brought back to Housing Scrutiny Committee in 2017/18 following this review.

### Housing Capital

- n) Approval of capital bids, shown in Appendix D (2) of the HRA Budget Setting Report, to include balcony works at Kings Hedges and Arbury, additional investment in Disabled Facilities Grants, and replacement of the existing housing management information system, where the cost of the latter will be met from an existing repair and renewals fund for IT services.
- o) Approval of the transfer of budgets for smoke detectors, fencing and third party professional fees from capital to revenue, recognising the work being carried out in these areas in the future.
- p) Approval of the latest Decent Homes Programme, to include updated allocation of decent homes expenditure for new build dwellings, as detailed in Appendix E of the HRA Budget Setting Report.
- q) Approval of re-profiling of budget totalling £954,000 for the new build schemes at Water Lane, Hawkins Road and Fulbourn Road, where completion of dwellings is now anticipated in 2017/18, as detailed in

Appendices E and H, and summarised in Appendix K, of the HRA Budget Setting Report

- r) Incorporation into the Housing Capital Investment Plan, of anticipated grant of £14,000,000 per annum for 5 years, in respect of devolution funding to assist in the delivery of 500 new affordable homes in the city.
- s) Approval of a £20,000,000 per annum, new build programme, for 5 years beginning in April 2017, recognising that devolution has been approved, that the authority will receive a grant of £14,000,000 per annum towards the delivery of new affordable homes and will utilise retained right to buy receipts and HRA resources to meet the balance of funding required. This programme will replace the previous RTB New Build Programme and the assumption that the authority may need to provide grants to registered providers when sufficient resource were no longer available to top up retained right to buy receipts.
- t) Approval to earmark additional resource of £1,740,000 towards the cost of the re-provision of the existing 23 socially rented homes at Anstey Way, allowing a revised scheme to be brought forward, with any additionality on the site being funded from the devolution programme, using devolution grant and retained right to buy receipts.
- u) Approval of the revised Housing Capital Investment Plan as shown in Appendix K of the HRA Budget Setting Report.

#### General

- v) Approval of delegation to the Head of Finance, as Section 151 Officer, to make the necessary detailed budgetary adjustments in the HRA, in respect of savings approved as part of the HRA Budget Setting Report, following the outcome of consultation with both tenants and staff about proposed service changes and resulting final savings.
- w) Approval of delegation to the Head of Finance, as Section 151 Officer, to approve an in year increase in the budget for disabled facilities grants, in direct relation to any increase in the capital grant funding for this purpose, as received from the County Council through the Better Care Fund.
- x) Approval of delegation to the Head of Finance, as Section 151 Officer, to make the necessary detailed budgetary adjustments in the HRA, to

reflect the impact of the triennial valuation of the Cambridgeshire Local Government Pension Scheme.

- y) Approval of delegation to the Strategic Director, in consultation with the Head of Finance, as Section 151 Officer, to draw down resource from the ear-marked reserve for potential debt redemption or re-investment, for the purpose of open market property acquisition or new build housing development, should the need arise, in order to meet quarterly deadlines for the use of retained right to buy receipts.

### **Post Meeting Addendum**

**Subsequent to the committee meeting, a typing error was identified in one of the recommendations in the HRA Budget Setting Report for 2017/18.**

**The HRA BSR was constructed on the basis that garage rents will go up from April 2017 by 1.9%, which is the base rate of inflation used for the HRA for 2017/18. This base rate of inflation increases to 2.4% from April 2018.**

**The table in Section 3 of the report on page 25, details the new charges, with the 1.9% applied to them from April 2017, and letters have been prepared on this basis.**

**The wording in the recommendation incorrectly stated that garage rents would increase by 2.4% and should have read 1.9% as below:**

***Approve inflationary increases of 1.9% in garage and parking space rents for 2017/18, in line with the base rate of inflation for the year assumed in the HRA Budget Setting Report***

### **Reason for the Decision**

As set out in the Officer's report.

### **Any Alternative Options Considered and Rejected**

Not applicable.

### **Scrutiny Considerations**

The Committee received a report from the Business Manager/Principal Accountant (Shared Housing Finance Team).

Councillor Avery presented Liberal Democrat amendment to the budget. The committee discussed the proposals within the amendment regarding a 2% reduction in the annual set-aside debt repayment fund.

The Committee made the following comments in response to the report and the proposed amendment:

- i. Sought clarification regarding fixed term tenancies.
- ii. Suggested that the position regarding Pay-to-Stay was unclear.
- iii. Welcomed the potential additional housing that devolution would bring.
- iv. Suggested that the Liberal Democrat amendment was an interesting idea but that it was premature as the set-aside budget would be fully reviewed in the near future.
- v. Suggested that identifying a potential additional funding source and then looking for something to spend it on was not the best approach.
- vi. Stated that the Housing Transformation Programme would result in a restructure of staff and that added posts at this stage would be unhelpful.
- vii. Supported Councillor Avery's view that the inherited debt was unfair.

The Business Manager/Principal Accountant (Shared Housing Finance Team) stated the following in response to Members' questions:

- i. Pay-to-Stay would be difficult to implement as the council does not hold the required information. Fixed term tenancies where an alternative option.
- ii. Confirmed that although 'Pay to Stay' was no longer a requirement, an option to apply it locally for incomes levels above £60,000 was available.
- iii. Confirmed that the original budget for debt repayment had been based on repaying 100% of the debt. Based on peer authority review, this had been reduced to the current position of a set-aside that would repay 25% of the debt. This was due for review and a decision based on an examination of the risks would come to this committee at a later date.

Councillor Executive Councillor stated that there was no intention to instigate the voluntary scheme Pay-to-Stay.

*The following vote was chaired by Diana Minns (Vice Chair /Tenant Representative)*

The Liberal Democrats Group alternative budget: **8 votes in favour to 4 against.** The amendment was lost.

Resolved (**by 12 vote to 0**) to endorse the original recommendations A to Y.

*The following votes were chaired by Councillor Todd-Jones*

Resolved (**6 votes to 0**) to endorse the original report recommendations M to Y of the budget proposals

The Executive Councillor approved the recommendation.

**Conflicts of Interest Declared by the Executive Councillor (and any Dispensations Granted)**

No conflicts of interest were declared by the Executive Councillor.

**17/9/HSC Housing General Fund Revenue and Capital Budget Proposals for 2017/18 to 2021/22**

This Item was chaired by Councillor Todd-Jones

**Matter for Decision**

The following report detailed the budget proposals relating to this portfolio that were included in the Budget-Setting Report (BSR) 2017/18 which would be considered at the following meetings:

Date	Committee	Comments
23 January 2017	Strategy Resources	& Consider proposals / recommendations from all Scrutiny Committees in relation to their portfolios
26 January 2017	The Executive	Budget amendment may be presented
13 February 2017	Strategy Resources	& Consider any further amendments including opposition proposals
23 February 2017	Council	Approves General Fund Budget and sets Council Tax

The report also included a recommendation concerning the review of charges for this portfolio.

**Decision of Executive Councillor for Housing****Review of Charges:**

- i. Approved the proposed charges for this portfolio's services and facilities, as shown in Appendix A to the Officer's report.

**Revenue:**

- ii. Noted the revenue budget proposals as shown in Appendix B to the Officer's report.

**Capital:**

- iii. Noted that there are no capital bids or savings presented for this portfolio.

**Reason for the Decision**

As set out in the Officer's report.

**Any Alternative Options Considered and Rejected**

Not applicable.

**Scrutiny Considerations**

The Committee received a report from the Business Manager/Principal Accountant (Shared Housing Finance Team).

The Committee noted the proposals.

The Committee resolved by 6 votes to 0 to endorse the recommendation.

The Executive Councillor approved the recommendation.

**Conflicts of Interest Declared by the Executive Councillor (and any Dispensations Granted)**

No conflicts of interest were declared by the Executive Councillor.

**17/10/HSC Cambridgeshire Home Improvement Agency - Service Changes**

This Item was chaired by Councillor Todd-Jones

**Matter for Decision**

Approval was requested for an increase in the level of fees charged by Cambs Home Improvement Agency (CHIA) from 12% to 15%. The additional fee income was required to replace annual revenue support which was being progressively reduced by Cambridgeshire County Council (CCC) and Clinical Commissioning Group (CCG) with effect from April 2017 as part of wider plans for the funding and delivery of Disabled Facilities Grants across all Cambridgeshire Councils.

### **Decision of Executive Councillor for Housing**

- i. Approved an increase in the level of fees charged by Cambs Home Improvement Agency (CHIA), from 12% to 15%, for managing Disabled Facilities Grant (DFG) and Repairs Assistance (RA) funded adaptations and repairs work with effect from 1 April 2017.

### **Reason for the Decision**

As set out in the officer's report, CCC and CCG have both confirmed that revenue support for all of the County's HIA's will cease altogether with effect from 1 April 2018 so the CHIA is committed to significant change during 2017 in order to remain viable entirely from the fee income generated. A fee basis of 15% would be required for this to be possible and is consistent with charges levied elsewhere by other HIA's.

### **Any Alternative Options Considered and Rejected**

Without the a 15% fee it is unlikely that the CHIA would be able to generate sufficient income in the short term (12 months) at least in order to recover the income lost following changes to CCC and CCG revenue funding support in 2017/18.

The alternative to an increase in fee levels from 12% to 15% would be a reduction in CHIA operating costs which would mean a reduction capacity and consequent reduction in service outputs at a time when expectations are for greater activity from the increasing DFG funding available.

### **Scrutiny Considerations**

The Committee received a report from the Head of Estates & Facilities

The Committee made the following comments in response to the report:

- i. Sought clarification regarding the potential for efficiency saving.
- ii. Stated that this was an undervalued service that performed a very important function.

The Business Manager/Principal Accountant (Shared Housing Finance Team) said the following in response to Members' questions:

- i. The agency needed to be viable financially and was already very efficient.
- ii. Stated that the increase in charges would bring the service in line with a similar agency in Peterborough which was considered exemplar.

The Committee resolved unanimously to endorse the recommendation.

The Executive Councillor approved the recommendation.

**Conflicts of Interest Declared by the Executive Councillor (and any Dispensations Granted)**

No conflicts of interest were declared by the Executive Councillor.

The meeting ended at 8.15 pm

**CHAIR**