

BRIGHTON & HOVE CITY COUNCIL
HOUSING & NEW HOMES COMMITTEE

4.00pm 13 JANUARY 2016

FRIENDS MEETING HOUSE, SHIP STREET, BRIGHTON

MINUTES

Present: Councillor Meadows (Chair) Councillors Hill (Deputy Chair), Mears (Opposition Spokesperson), Gibson (Group Spokesperson), Atkinson, Deane, Miller, Penn, Simson and Wealls

PART ONE

48 PROCEDURAL BUSINESS

48a) Declarations of Substitutes

48.1 Councillor Penn declared that she was substituting for Councillor Moonan. Councillor Simson declared that she was substituting for Councillor Barnett. Councillor Wealls declared that he was substituting for Councillor Lewry and Councillor Deane declared that she was substituting for Councillor Phillips.

48b) Declarations of Interests

48.2 There were none.

48c) Exclusion of the Press and Public

48.3 In accordance with section 100A(4) of the Local Government Act 1972, it was considered whether the press and public should be excluded from the meeting during the consideration of any items contained in the agenda, having regard to the nature of the business to be transacted and the nature of the proceedings and the likelihood as to whether, if members of the press and public were present, there would be disclosure to them of confidential or exempt information as defined in section 100I (1) of the said Act.

48.4 **RESOLVED** - That the press and public not be excluded from the meeting.

49 CHAIRS COMMUNICATIONS

49.1 Councillor Mears referred to paragraph 35.3 in relation to gas canisters in vehicles on the road. She had not had a reply to date about this specific issue. Councillor Mears referred to paragraph 40.7 in relation to her comment that she supported the Tenant & Resident Scrutiny Panel's view that the Mears Group should not be carrying out their own surveys. Councillor Mears stated that she would like that issue addressed.

Councillor Mears referred to paragraph 43.3 (Oxford Street Housing Office) in which she had asked to see an investment plan for the last 8 years and steps being taken to protect the property. Councillor Mears was waiting for this information which she wished to be sent to all councillors on the Committee.

- 49.2 Councillor Atkinson referred to paragraph 41.9 (DCLG funding to buy and build homes off plan for key workers). Councillor Atkinson stressed the importance of providing homes for key workers and asked for more information about this issue. The Head of Housing reported that there would be a report back to the committee in due course.
- 49.3 Councillor Hill referred to paragraph 41.12 (research being carried out which would lead to a student housing strategy). Councillor Hill asked if there was a timeframe for this matter being brought to Committee. The Interim Head of Property/Head of Housing Strategy replied that this matter would be brought back through consideration of the Housing plan and City Plan. He was expecting the research information to be made available this month.
- 49.4 **RESOLVED** - That the minutes of the Housing and New Homes Committee held on 11 November 2015 be agreed and signed as a correct record.

50 CHAIRS COMMUNICATIONS

- 50.1 There were none.

51 CALL OVER

- 51.1 It was agreed that all items be reserved for discussion.

52 PUBLIC INVOLVEMENT

- 52.1 The following petition signed by 232 people was presented by Chief John Blackbear.

Ingram Estate Parking Petition

“This petition is being created under ‘The Right to Challenge Parking Policies’ On 17th September 2015 BHCC Car Parks & Garages Team sent a letter to all of the Ingram Estate residents, notifying them of parking enforcement which was due to start in phases throughout all of the Ingram Estate from 5th October 2015.

This petition is to oppose some aspects of the parking enforcement policy being brought into effect, and also to suggest alternative parking enforcement measures.

JUSTIFICATION FOR THIS PETITION

- 1 – There was no consultation made with residents.
- 2 – There was only 19 days notice prior to the enforcement commencing.
- 3 – There should be no price difference between all types of residents.
- 4 – Not being allowed to apply for a commercial vehicle or more than 1 vehicle per household.

5 – Not allowing residents to vote on a type of parking scheme, e.g.

A – Residents have allocated spaces, with allocated visitor spaces

B – Allow residents & visitors to park in any space provided a permit is visible.

The residents below, agree that further discussions should take place between residents and the BHCC Car Parks & Garages Team.”

(list of signatories on paper petition)

52.2 The Chair replied as follows:

” Thank you for bringing your concerns to Housing & New Homes Committee. The Right to Challenge Parking Policies refers to parking on the public highway, rather than private land, such as the Housing land at Ingram Crescent. I am, however, keen that the issues you have raised about parking enforcement on your estate are answered and I will respond to the specific points, you have raised, individually.

In the autumn of 2014 the Car Park & Garages team was advised there were problems with parking on the Ingram Crescent estate. On street parking enforcement had been introduced to the surrounding area and this had increased the number of non-residents parking on the estate, which in turn led to some residents complaining that they could no longer park there. This mirrored problems over parking in other non-controlled Housing car parks. To be able to respond consistently to these problems, and to address the issue that some residents in the city were paying for their parking while others were not, a report was taken to Area Panels and Housing Committee in January 2015 on the gradual introduction of parking enforcement on all housing land. Housing Committee agreed to extend parking enforcement to cover all car park and garage sites on Housing land. Ingram Crescent was listed in the report as one of the areas where there is no enforcement and that would benefit from its introduction.

The model of parking enforcement that was planned for Ingram Crescent was the same as the one used in other Housing car parks across the city with individually allocated bays and using the same charges, allocations criteria and lease agreement. There is a reduced charge for Housing parking bays when rented by blue badge holders and a higher charge for private, ie non tenant or leasehold residents. The light touch scheme that will now be introduced has no variation in charges, other than for blue badge holders.

Officers met with members of the Ingram Crescent residents’ association on 19 October 2015. Residents said that they were interested in introducing a permit scheme similar to the council’s on-street model, to the estate, with a similar pricing structure. Officers agreed to explore how this type of parking scheme could work on Housing land, putting the proposals to introduce enforcement at Ingram Crescent on hold until this work was done.

A questionnaire was sent to all residents on Ingram Crescent estate on 23 November asking them to complete and return it by 7 December selecting one of three options for parking enforcement – an individual bay scheme, a permit scheme similar to the on street model and a light touch permit scheme. Drop in sessions were also arranged at Portslade Town Hall for residents to find out more about the three options and to have an opportunity to ask questions before making a choice.

The light touch scheme was the preferred choice of 51% of the residents and officers are currently working out the details of how this will be implemented at Ingram Crescent. There were a significant number of individual responses from disabled residents who wanted the security of renting an individual bay and we are looking at reserving a small number of bays for these residents to ensure the preferred model doesn't disproportionately impact on groups of residents that are protected by the Equality Act. These bays will be charged at the normal blue badge rates that apply on Housing land.

Officers plan to meet with the residents association later this month to discuss the implementation of the light touch scheme. All residents will then be written to with information about the scheme and when it will be introduced. This may be from the beginning of April."

52.3 **RESOLVED-** That the petition be noted.

53 ISSUES RAISED BY COUNCILLORS

53.1 There were no Petitions, Written Questions, Letters or Notices of Motion from Councillors.

54 HOUSING REVENUE ACCOUNT BUDGET AND INVESTMENT PROGRAMME 2016/17 AND MEDIUM TERM FINANCIAL STRATEGY

54.1 The Committee considered the report of the Acting Executive Director of Finance & Resources and the Acting Executive Director Environment, Development and Housing which presented the proposed Housing Revenue Account (HRA) revenue and capital budget for 2016/17 as required by the Local Government and Housing Act 1989. Members were required to consider the revenue budget proposals including savings and service pressures as well as changes to rents, fees and charges and also the capital programme. The report also set out the Medium Term Strategy and 30 year forecast.

54.2 The report was presented by the Head of Financial Services (EDH) and the Interim Head of Property & Investment and Head of Housing Strategy, Development & Private Sector Housing.

54.3 Councillor Mears referred to page 20, priority 3, bullet point 3 in relation to continued investment in specialist tenancy management & support services. She stressed that housing was dealing with the most vulnerable people, and expressed concern that there was a proposal to reduce housing related support staff. Councillor Mears referred to page 24, paragraph 5.2. This stated that all area panel representatives and chairs had been sent a letter explaining the budget proposals. Councillor Mears stated that she had never received this letter.

54.4 Councillor Mears had the following queries/comments in relation to the HRA Forecast Outcome 2015/16 & Revenue Budget 2016/17 in appendix 1.

- Employee figures - How many staff were employed by housing?
- A breakdown of support services charges budget for 2016/17.

- Page 28 of the agenda in relation to a review of the funding of the capital programme - An explanation of the increased contribution of £1.100m from revenue surpluses to fund the capital programme was requested.
- The reduction in agency costs from the end of the back scanning project - How many agency staff were working in housing services?
- Responsive repairs savings - Clarity was required with regard to the figure of £300,000.
- Page 29, (5) - Clarity was required with regard to the Mears Accounting Adjustment.
- Page 30 - More details were required with regard to the number of tenants affected by service charges and where they lived in the city.
- Page 31 - Communal heating costs at Elwyn Jones Court and Broadfields. Why had Elwyn Jones Court seen an increase of 31% over 2 years?
- Major structural works, page 32 – More details are required.
- Future capital project budget of £50k. Was there extra funding as this has been funded in the past?
- Page 33 - Councillor Mears did not support the reduction in the estate and environmental improvement budget.
- Page 35. A breakdown of management and service costs was requested. Councillor Mears said she would like to see the contribution from Seaside Homes.

- 54.5 The Interim Executive Director stated that he had made a note of all Councillor Mears comments. Some of her queries would need written responses.
- 54.6 The Head of Tenancy Services explained that Priority 3, bullet point 3 in relating to continued investment in specialist tenancy management & support services, related to the housing revenue account. There were no plans to reduce the service.
- 54.7 The Interim Executive Director explained that information on whether there were packages of care support for vulnerable tenants in housing stock was not available at the meeting. Officers would look at the data base to obtain this information.
- 54.8 The Head of Housing informed Members that she had been assured that a letter on the budget proposals had been sent out. She would ensure Councillor Mears received the letter.
- 54.9 The Head of Financial Services reported that just under 300 people were employed by Housing Services. She would supply a written reply with regard to the breakdown of support services budgets.
- 54.10 Councillor Mears asked why staff in housing management were being increased. The Interim Executive Director said he would need to produce a comparison. The Chair requested that this be sent to all committee members as soon as possible and that all responses should be sent out as soon as possible to everyone.
- 54.11 The Head of Financial Services explained that the increased contribution of £1.100m from the revenue surpluses was simply making use of the significant underspend in the HRA, by using this cash to fund the capital programme rather than the borrowing

originally planned. This would actually save money in the long term due to lower interest repayments.

- 54.12 The Head of Financial Services explained that the £300,000 responsive repairs saving on page 28 is from a lower level of repairs due to less stock than previous years and from the impact of increased capital investment over the past few years.
- 54.13 The Head of Financial Services stated that a written response would be supplied on the numbers of agency staff. With regard to page 29, accounting adjustments, it was explained that officers looked at the numbers of central establishment staff in the Mears establishment and looked at time spent by those staff on capital and revenue and then allocated the Mears staffing costs accordingly. For this year there were less responsive repairs so this meant that £300,000 of staff costs were being transferred from revenue to capital. It was explained that this has happened before and merely an accounting adjustment between accounts. Councillor Mears asked for an explanation to be sent to all members.
- 54.14 The Head of Financial Services reported that with regard to page 30 – numbers of tenants affected – Some service charges would affect some people but not all. The Interim Executive Director said that a written response would be supplied to members on the cumulative effect of service charges.
- 54.15 The Head of Financial Services reported that in respect of Page 31 Communal heating costs at Elwyn Jones Court and Broadfields, a written response would be supplied. The Chair stated that the written response would need to address why the charges were so much higher this year.
- 54.16 The Interim Head of Property & Investment and Head of Housing Strategy, Development & Private Sector Housing referred to the query about major structural works, on page 32. He would provide a further breakdown to councillors.
- 54.17 The Interim Head of Property & Investment and Head of Housing Strategy, Development & Private Sector Housing referred to Page 33 relating to the estate and environmental improvement budget. He pointed out that on page 29 the report showed that there was significant unspent budget held in reserves. A breakdown would be supplied to councillors. The Chair stated that she understood that there had previously been an underspend on the estate development budget. Councillors needed to understand how much was underspent.
- 54.18 Councillor Simson stated that tenants would be horrified if there was an underspend on the estate development budget. There should not be an underspend.
- 54.19 The Head of Financial Services referred to Page 35 relating to a request for a breakdown of management and service costs. A written response would be provided to councillors. The contribution from Seaside Homes was a capital receipt. A full breakdown would be supplied to councillors.
- 54.20 Councillor Gibson stated that Seaside Homes would be providing a capital receipt and this did not appear in the budget figures.

- 54.21 Councillor Atkinson referred to the last bullet point of paragraph 3.1, Priority 1 – (Early intervention for families struggling with accommodation including money advice and tenancy support). He asked how this would work. The Head of Income, Involvement & Improvement explained that there were various methods of support and intervention such as family intervention projects. Officers tried to intervene as soon as possible. Some joint working was funded by the DWP on budgeting support, increasing digital skills and employment support. Officers were trying to identify families who needed help before their problems became a crisis. Family coaches worked with each household's specific needs.
- 54.22 Councillor Deane referred to paragraph 5.2 on page 24 relating to community engagement and consultation. She felt that the consultation had been spartan. She asked how all tenants got to hear about the budget. The Head of Income, involvement & Improvement stated that the consultation was limited by the timing of the committee and area panel meetings coupled with some sensitive staffing implications on which staff had not been consulted. Various tenant groups and meetings had discussed aspects that fed into the budget, for example the asset management strategy. However, focus groups had discussed broad budget headlines rather than the detail.
- 54.23 Councillor Gibson raised the following questions/comments:
- What consultation had been carried out with tenants to cut the estate development budget?
 - Would it be possible in future years reports to include the previous years capital budget for each item? There had been a massive cut in insulation improvements. What was the justification for such a large cut? How was this rationalised in the light of the comment in paragraph 5.4 – (community engagement and consultation) which stated ..."all housing should be of a good standard, and well insulated, to help with fuel costs."
 - Seaside Homes – would it contribute to the 2016/17 budget and would it appear on a revised programme?
 - Concern was expressed about the £1m drop in the lift replacement programme. Councillor Gibson had understood it would be a priority for tenants.
 - What consultation has been undertaken with children on the play bus saving which is funded via HRA.
 - Although he could see the contribution to the General Fund was reducing he suggested that the council should hold a review of support services to ensure we are accounting correctly for only items appropriate to the HRA.
- 54.24 The Chair stated that very few council tenants' children were reached by the play bus. This money came out of the HRA budget. The Chair of Children, Young People & Skills Committee was working on a scheme which would ensure all children benefited from it.
- 54.25 The Acting Executive Director stated that a breakdown of service charges could be supplied to committee members.
- 54.26 The Interim Head of Property & Investment/Head of Housing Strategy, Development & Private Sector Housing referred to the comment on insulation. He reported that officers consulted on major works. An enormous amount was invested in energy reduction. Councillor Gibson replied that the insulation budget was down by more than major works had increased. He would like more information.

- 54.27 The Chair stressed that cladding would have made homes more energy efficient but this work had not be agreed by the Planning Committee.
- 54.28 The Interim Head of Property & Investment/Head of Housing Strategy, Development & Private Sector Housing referred to the comment on the lift replacement programme. Those in more urgent need of repair were being replaced. Lifts were a significant priority. Councillor Mears stated that it would be helpful to have a report back on the lift replacement programme. The Chair endorsed this request.
- 54.29 The Head of Financial Services reported that in relation to Seaside Homes, capital receipts from batches 9 and 10 had been included in the 2015/16 capital programme. A written response would be sent to councillors showing where funding was approved and tracking finances.
- 54.30 The Head of Income, Involvement & Improvement commented that officers had not consulted specifically on the estate development budget.
- 54.31 Councillor Penn referred to page 23. She was concerned that the impact of the Welfare Reform & Work Bill 2015. She asked if there would be a report on the impact on residents. The Interim Head of Property & Investment and Head of Housing Strategy, Development & Private Sector Housing replied that there was ongoing consultation and a workshop would be arranged. The Chair confirmed that she would want a report back to committee.
- 54.32 Councillor Miller echoed Councillor Mears' concerns about the cost of management and service costs. He hoped this could be scrutinised as much as possible. The Interim Executive Director replied that management costs included the cost of support staff in other services.
- 54.33 Councillor Miller asked questions relating to the premises, premises – other, transport, supplies and services, support services from other departments budgets. He also asked why the electricity costs were increasing when generally they were reducing and also why Service Charges on page 27 were £6.886m and only £3.441m on page 35.
- 54.34 The Head of Financial Services replied that she could provide a breakdown on transport, supplies and services and support services from other departments which included services such as finance, IT, Democratic Services and HR. Electricity prices were going up by an average of 22% because the contract has been in place for three years and this reflects the end of that contract where prices have remained static. Service charges on page 27 include Leaseholder service charges whereas those on page 35 referred to only tenants.
- 54.35 Councillor Simson asked whether the payment of Business Rates for Car parks was a new initiative. The Head of Tenancy Services replied that the Revenue & Benefits Team had not sought to recover Business Rates from Housing Services before for car parking from non-council tenants and leaseholders. They would be charging from the next financial year so this was a new service charge.
- 54.36 Councillor Wealls considered the report complicated and inadequate for members to scrutinise and was missing a great deal of detail. He felt that the detail could have been

placed in the appendices. The Chair replied that there were a number of new councillors on the committee and it would have been difficult to have a more detailed report. There had never been detail on the previous year's budget. She felt that there was everything the Committee needed to know in the condensed report. The Chair thanked officers for the hard work carried out on the budget report.

54.37 At this point in the proceedings the Committee had a fifteen minute break to discuss amendments to the recommendations submitted by the Green Group.

54.38 Following the break Councillor Gibson explained that the reason he was putting the amendments was that he considered the budget consultation inadequate. There had been limited consultation and no Area Panel had had a meeting to discuss the budget.

54.39 Councillor Gibson proposed the following amendments to the committee. The amendments were seconded by Councillor Mears.

2.2 – That the Housing & New Homes Committee agree that an urgent meeting of all area panel reps, housing officers and interested elected members be held to obtain feedback on capital programme priorities and revenue savings on the 2016/17 budget, and this feedback be passed onto Policy and Resources Committee on 11 February 2016 for consideration.

2.3 – That a full consultation and engagement exercise be undertaken with residents which is based on a programme agreed at an initial meeting with tenant only chairs, panel chairs and officers be held in September 2016.

2.4 – That the results and recommendations from the consultation exercise in 2.3 be reported to the Committee with recommendations for the 2017/18 HRA revenue and capital budgets.

54.40 The Chair drew attention to page 24, paragraph 5.2, 5.3 and 5.4. She stressed that there had clearly been resident consultation. There had been a city wide conference about spending priorities and residents had been free to ask questions. There was already a tenant participation structure and she was keen not to involve more expenditure in order to have another structure.

54.41 Councillor Gibson felt that the amendments would give tenants the opportunity to be more deeply involved in the budget process.

54.42 Councillor Mears stated that the amendments would ensure that there was a proper consultation with tenants. They currently felt disengaged with the budget process.

54.43 Councillor Hill expressed concern about the new paragraph 2.2. This would be agreeing an urgent meeting which would report back to Policy & Resources Committee rather than this committee.

54.44 Members voted on whether it was accepted that amendments 2.2, 2.3 and 2.4 be added to the recommendations. Following a vote it was agreed by 6 votes to 4 that 2.2, 2.3 and 2.4 should be added to the recommendations.

54.45 The Committee then voted on the amended recommendations. Members voted by 4 votes to 6 for recommendation 2.1 (a) The recommendation was therefore not agreed. Members unanimously agreed recommendation 2.1 (b). Members voted by 4 votes to 6 for recommendation 2.1 (c). The recommendation was therefore not agreed. Members voted by 4 votes to 6 for recommendation 2.1 (d). The recommendation was therefore not agreed. Members unanimously agreed recommendation 2.1(e). Members voted by 6 votes to 4 in favour of recommendations 2.2, 2.3 and 2.4.

54.46 **RESOLVED:-**

- (1) That Housing & New Homes Committee recommend that Policy & Resources Committee:
 - (a) **Does not** approve and recommend to Council the HRA revenue budget for 2016/17 as shown in Appendix 1.
 - (b) approves a rent reduction of 1% in line with draft government legislation as detailed in paragraph 3.7.
 - (c) **Does not** approve service charges and fees as detailed in Appendix 2 or delegates authority to the Acting Executive Director of Environment, Development & Housing to make further amendments to communal service charges and laundry charges (to ensure cost recovery) once notification of new contract prices (from April 2016) has been received.
 - (d) **Does not** approve the capital programme expenditure and financing budget of £43.047 million for 2016/17 or note the 4 year programme as set out in Appendix 3.
 - (e) notes the Medium Term Financial Strategy and 30 year financial projections shown in Appendix 4.
- (2) That an urgent meeting of all area panel representatives, housing officers and interested elected members be held to obtain feedback on capital programme priorities and revenue savings on the 2016/17 budget, and this feedback be passed onto Policy and Resources Committee on 11 February 2016 for consideration.
- (3) That a full consultation and engagement exercise be undertaken with residents which is based on a programme agreed at an initial meeting with tenant only chairs, panel chairs and officers to be held in September 2016.
- (4) That the results and recommendations from the consultation exercise in (3) above be reported to the Committee with recommendations for the 2017/18 HRA revenue and capital budgets.

55 MUTUAL EXCHANGE INCENTIVES

55.1 The Committee considered the report of the Acting Executive Director Environment, Development and Housing which explained that Housing has been looking to introduce a Mutual Exchange Incentive Scheme, to encourage more downsizing among under occupiers affected by the reduction in Housing Benefit (HB) for having a spare bedroom.

Currently, tenants wanting to downsize are paid up to £2,500 if they transfer to a smaller property through Homemove. This proposal would extend these payments to tenants downsizing through mutual exchanges as well, using the existing criteria and procedures. The report was presented by the Project Officer, Welfare Reform.

55.2 Members welcomed the report which they considered very positive but concerns were raised with regard to people wanting a mutual exchange when they were in arrears. The Project Worker, Welfare Reform explained that officers would consider whether consent should be given to the mutual exchange, and whether any conditions should be imposed. The Re-housing team would deal with the process of mutual exchange.

55.3 RESOLVED:-

(1) That it is agreed to extend financial incentives to downsizing tenants completing a mutual exchange.

56 WELFARE REFORM CHANGES

56.1 The Committee considered a report of the Acting Executive Director, Environment, Development & Housing which summarised the upcoming national changes to welfare benefits and other government austerity measures that directly affected Housing. It had a particular focus on Universal Credit, which was introduced to the Brighton & Hove area from December 2015. The changes laid out in the report would not affect pensioners. The report was presented by the Head of Income, Involvement & Improvement.

56.2 Councillor Deane commented that one area that worried tenants was that rent would be paid to them rather than landlords. This could lead to them having to make difficult choices and getting into arrears and possibly losing their tenancy. It could also lead to landlords in the private sector only renting to tenants who were in work rather than on benefits.

56.3 Councillor Atkinson was concerned that people were being encouraged to buy their own properties at a time when interest rates were going up. A whole section of social housing would be lost.

56.4 Councillor Mears noted that a great deal of work had been carried out on this issue since 2013 and the Brighton & Hove Food Partnership had been ongoing for 8 years. She would however, like to see more joined up working with the NHS, GPs and schools. She considered that welfare reform was having a positive impact. Brighton & Hove unemployment levels were the lowest for many years and there was positive growth in the city. There were many projects that would create more jobs. Councillor Mears stressed the need to think of ways of helping people and the importance of partnership working.

56.5 Councillor Gibson felt that welfare reforms were about passing the cost of the financial crisis onto people who could least afford it. He was worried that the pilot of Universal Credit showed that people were getting into arrears. Councillor Gibson referred to paragraph 4.2 and stressed that it was crucial that direct debit payments were

increased. Meanwhile there was a need to think about how the council could supply lower cost affordable housing.

- 56.6 Councillor Penn stressed that in 2010 there had been only 2 foodbanks in the city. There was now 12 foodbanks. Councillor Penn stated that she knew of a number of tenants with poor mental health who were worried about Universal Credit. Councillor Penn was concerned about the increased level of arrears. She felt that people who were not coping should be exempted from Universal Credit.
- 56.7 The Head of Income, Involvement & Improvement informed members that alternative payment arrangements were available for a limited period to ensure that people were supported. Support was being put in place. There might be some individual circumstances where alternative payment arrangements could be kept in force for a longer period. For example where there had been evidence of domestic violence or abuse. Meanwhile officers wanted people to have a bank account and have direct debit payments and were giving people support in this respect.
- 56.8 Councillor Miller welcomed the changes. He stated that 85% of people wanted to buy their own homes.
- 56.9 The Chair stressed that two parents working would not be better off under universal credit. She felt that there was not an incentive to get a better job. She was concerned at the reduction in benefit levels and freezing working age benefits for four years. Under 21s would get no payments which was discriminatory. Officers would need to do a lot more work to help council tenants and those in private housing. The Chair referred to paragraph 3.4.4 and stated that she was concerned about the cumulative effect of Universal Credit on residents in the city.
- 56.10 **RESOLVED:-**
- (1) That the contents of the report and comments made by the Committee be noted.

57 WELFARE REFORM: RESPONSES TO RECOMMENDATIONS MADE BY THE CENTRE FOR ECONOMIC AND SOCIAL INCLUSION

- 57.1 The Committee considered an extract of the proceedings of the Neighbourhoods, Communities & Equalities Committee and a report of the Director of Public Health and the Executive Director of Finance & Resources which was referred for information. The report set out the council's response to the recommendations contained in the Centre for Economic and Social Inclusion's (CESI) independent report into the impacts of the welfare reform measures which were due to take effect. This work had been undertaken in order to inform commissioning decisions and development of strategies to support those citizens who would face the most significant impacts as a result of the changes, also, to provide context and information to inform policy development and budget decisions generally. The extract and report was presented by the Head of Income, Inclusion & Improvement.
- 57.2 Councillor Gibson referred to paragraph 36.3 of the extract of the minutes of the Neighbourhoods, Communities & Equalities Committee. He thought that the statement that households claiming benefits would be on average £2,300 per year worse off was

chilling. He was disappointed that the government could not come up with a system for protecting vulnerable people. Councillor Gibson stated that conversations would need to be held on whether people could afford to live in the city. This could lead to a form of social cleansing.

57.3 The Head of Income, Involvement & Improvement reported that there would be delay in payment of about six weeks for anyone claiming Universal Credit. For the first week no payment was made. After six weeks they would be paid five weeks in arrears. The Head of Income, Involvement & Improvement reported on an error in paragraph 3.16 of the report. This should read that private sector rents had been increasing by approximately 5% a year in the city over the last four years.

57.4 Councillor Mears referred to the council tax reduction scheme. In 2012 there were 27809 people claiming. In 2015 there were 23804. This showed that there were more people in work. The city was out performing the country.

57.5 **RESOLVED:-**

(1) That the extract and report be noted along with the committee's comments.

58 PROCUREMENT OF TEMPORARY ACCOMMODATION - DYNAMIC PURCHASING SYSTEM

58.1 The Committee considered a report of the Acting Executive Director of Environment Development & Housing which set out arrangements now in place with providers of temporary accommodation. The report recommended that the Council set up a dynamic purchasing system ("DPS") for long term leased accommodation where the management is undertaken by the provider, and allow providers to source the accommodation outside of the Brighton & Hove Local Authority Local Housing Allowance Area. The report was presented by the Head of Temporary Accommodation & Allocations.

58.2 The Head of Temporary Accommodation & Allocations confirmed that the DPS would provide more flexibility by allowing new providers to join at any point throughout the four year term of the DPS. The term of the DPS would be for 4 years, although contracts awarded under it could be for a longer period i.e. in the last year of the DPS a contract for temporary accommodation could be granted for 5 years, and so not all contracts would then end at the end of the 4 year period, which enabled a staged approach to re-tendering contracts. All contracts would be governed by the 4 year contract. Providers would manage repairs and maintenance.

58.3 **RESOLVED:-**

(1) That Policy & Resources Committee be recommended to agree that delegated authority be granted to the Executive Director of Environment Development and Housing in consultation with the Director of Finance to set up a DPS with a duration of up to four (4) years and run call-off tenders for the provision of long term managed leased accommodation which may be situated outside of the Brighton & Hove Local Authority Local Housing Allowance Area provided we seek to procure within an hour's travelling time of the city by public transport.

- (2) That Policy and Resources be recommended to agree that delegated authority is granted to the Executive Director of Environment Development and Housing to award contracts under the DPS as required following the recommendations of the evaluation panel with respect to individual call-off tenders run under the DPS.

59 PRIVATE SECTOR HOUSING (PSH) DISCRETIONARY LICENSING UPDATE

- 59.1 The Committee considered a report of the Acting Executive Director of Environment Development & Housing which sought approval to explore the necessity or otherwise of the introduction of further discretionary licensing in all or part of the local authority area. It would be necessary to demonstrate that the council have done everything it could in any proposed discretionary licensing scheme area to tackle issues of concern and that there is no other practical alternative before considering licensing. The report was presented by the Interim Head of Property & Investment/Head of Housing Strategy, Development & Private Sector Housing.
- 59.2 Councillor Gibson welcomed the report and stressed the need to improve standards in HMOs. He asked when the committee were likely to receive a report on the findings and recommendations. He also asked if there would be a progress report on actual improvements in the five wards. The Interim Head of Property & Investment/Head of Housing Strategy, Development & Private Sector Housing replied that an update could be provided but stressed that officers needed to commission research. A detailed report had been submitted to committee 18 months ago on the Lewes Road scheme. Officers could report back on progress.
- 59.3 The Chair stressed that it was important to wait for the evidence from the research which would be commissioned. She would expect a report when the results of the research was received and not before.
- 59.4 Councillor Hill referred to paragraph 3.5 in relation to mandatory licensing (all wards) at 16/12/15. She was pleased to see a number of HMOs where conditions had been met. She stressed that paragraph 3.12 was a key section of the report. This set out the expanded government criteria for local authorities seeking to adopt a selective licensing scheme. She stressed that if the evidence was clear, then the council should proceed with extending the licensing scheme.
- 59.5 **RESOLVED:-**
- (1) That authority be delegated to the Acting Executive Director for Environment, Development & Housing to explore the necessity or otherwise of the introduction of further discretionary licensing in all or part of the local authority area.
- (2) That there is a report back to this Committee outlining the findings and any resulting recommendations.

60 HOUSING MANAGEMENT PERFORMANCE REPORT QUARTER 2 2015/16

- 60.1 The Committee considered a report of the Acting Executive Director of Environment Development & Housing which covered the second quarter of the financial year 2015/16. The report was presented by the The Head of Income, Involvement & Improvement.
- 60.2 Councillor Atkinson congratulated the housing team on the good set of results. He thought it was an excellent report.
- 60.3 Councillor Mears agreed the report was an improvement but noted that the target for rent collection was now lower than in 2012. Councillor Mears referred to paragraph 3.3 which listed local authorities Brighton & Hove were benchmarked against. She asked how often this list was reviewed. The Head of Income, Involvement & Improvement explained that the rent collection target needed to be achievable. Benchmarking was reviewed periodically.
- 60.4 Councillor Deane commented that it was a good report which reflected the hard work of officers. She noted that one of the few areas where the figure was lower than the last period was customer satisfaction. She hoped that would be put right quickly.
- 60.5 Councillor Gibson noted the improved performance. He referred to paragraph 3.3 and noted that 10 of the local authorities listed were London boroughs. He felt that London was a special case and questioned why they were included in the benchmarking list. He thought that councils should be compared by stock size. The Head of Income, Involvement & Improvement explained that Brighton & Hove took advice from Cipfa regarding the criteria. However it would be possible to look at stock size.
- 60.6 The Chair thanked officers for the report and was pleased to see the report back from the Area Panels in paragraph 5 – Community Engagement and Consultation.
- 60.7 **RESOLVED:-**
- (1) That the report which was submitted to the Area Panels in November & December be noted, along with the comments of the Committee.

61 OVERPAYMENTS ON THE HOUSING REPAIRS AND IMPROVEMENT CONTRACT

- 61.1 The Committee considered a report of the Acting Director of Finance & Resources which was referred for information from the Audit & Standards Committee. The report was also referred for information to the Members Procurement Advisory Board on 18 January 2016. The report summarised the results of an internal audit review of overpayments identified by the council in respect of contracted housing repairs. It summarised the audit findings; the actions taken by the council to recover amounts owing and to prevent any further overpayments; and actions being taken by the contractor (Mears Ltd) who were working with the council to prevent further occurrences. David Miles (Mears CEO) and Lucas Critchley (Mears MD) attended the Committee to answer questions. The report was presented by the Head of Internal Audit.

- 61.2 The Head of Internal Audit informed members that the report referred to work carried out by a sub-contractor working on housing responsive repairs. Mears Ltd were responsible for overseeing the work. Following an audit of housing repairs in 2013/14, the Housing Contract Compliance Team enhanced its assurance processes by increasing the number of physical post-inspections and the way they were selected and carried out (with effect from February 2015). In May 2015 these inspections identified a potential over-charging issue by a responsive repairs sub-contractor. After initial investigation, the Housing Contract Compliance Team contacted Internal Audit with their concerns. Internal Audit, working jointly with quantity surveyors from the council's Housing Team, inspected 46 repairs completed by a single sub-contractor to identify the extent of any potential overcharging and to identify shortfalls in internal controls. Further inspections were made by Mears Ltd and council surveyors. Internal Audit estimate the potential overcharging was in the region of £300,000.
- 61.3 Internal Audit made a number of high priority recommendations as set out in paragraph 4.3 of the report. The sub-contractor had been dismissed from the contract and the council and Mears Ltd were working together to estimate and refund to the council the amounts overcharged for the work carried out by the subcontractor. The money had not yet been repaid.
- 61.4 Councillor Mears stated that when the Mears Ltd contract was let some years ago all checks and balances were in place. However, the GMB union had expressed concerns a while ago and had been reassured by the former Chief Executive that there were no problems with the contract. Tenants had also raised issues for some considerable time. Councillor Mears stated that there was a need for everything to be transparent and clear and stressed that gossip reflected badly on the council. It was important to consider that tenants were paying for the overpayments. Councillor Mears noted that the contractors had not been named and was concerned that £300,000 was not an amount which would trigger a police investigation. Councillor Mears considered that there had been no assurances about effective arrangements for sub-contractors and she was not reassured by the report. Councillor Mears stated that she would like to see an external audit of housing management so tenants could be confident that their money was being used correctly.
- 61.5 The Head of Internal Audit explained that although there had been strong evidence to show consistent overcharging had taken place, there had not been enough evidence to ensure that the police could secure a prosecution in court. Meanwhile, officers had taken legal advice not to name the contractor in order to protect the funds which belonged to residents. Naming the contractor could prejudice the outcome.
- 61.6 Councillor Atkinson stressed that the matter had been discovered by diligent council officers and he understood that Mears Ltd had been pro-active in checking other sub-contractors. Councillor Atkinson was uncomfortable with even 20% of work being sub-contracted. He supported the recommendations in the report and stressed that this situation should never be allowed to happen again.
- 61.7 The Internal Head of Audit noted members' comments and stated that he was keen to have a high standard of governance. When that did not happen it needed to be addressed.

- 61.8 David Miles, CEO Mears Ltd stated that all responsive repairs sub-contractors working on housing repairs would be audited for works over the 17 month period to which the internal audit mainly applied. The issue arose around application of 5 schedule of rates codes by the repairs sub-contractor in question. Around 20% of the annual Mears contract was responsive repairs of which only a proportion is carried out by sub-contractors. Each job was worth about £2000. The 5 schedule of rates codes charged for materials bought by the sub-contractor and not for what was fitted, as stated in the contract.
- 61.9 Councillor Wealls asked if Mears Ltd were paying the council compensation for the overpayments. This matter had taken up a great deal of officers' time. The Head of Property & Investment/Head of Housing Strategy explained that Mears Ltd was paying the council for an additional quantity surveying resource.
- 61.10 The Acting Executive Director, Environment, Development & Housing informed members that full costs would be recovered. This was confirmed by David Miles, Mears Ltd/CEO.
- 61.11 Councillor Miller expressed concern that the contractor had not been named. He felt that the case should be referred to the Crown Prosecution Service. Councillor Miller requested a workshop to look at the Mears contract. The Acting Executive Director, Environment, Development & Housing replied that he was happy to arrange a workshop for Housing & New Homes Committee members to look at this important issue.
- 61.12 Councillor Miller asked how officers knew whether the overpayments were not happening before the 17 month period examined. The Head of Internal Audit replied that officers needed to investigate the earlier period and that this was set out in the report. Meanwhile, the evidence the police required to take on the case was higher. There was a gap between the conclusion that overcharging was taking place and evidence to secure prosecution.
- 61.13 David Miles confirmed that although Mears were allowed to sub-contract works, the sub-contractors could not sub-contract work.
Lucas Critchley (Mears MD) informed the Committee that Mears had carried out additional post inspection work and had appointed a Quality Assurance Manager. The Mears Ltd business model was focused on direct delivery and moving forwards Mears aimed to deliver more of the repairs service in-house.
- 61.14 Councillor Gibson welcomed the suggestion to have a workshop for councillors. He stressed that it was vital that the matter was dealt with openly. He agreed with Councillor Mears' suggestion that the matter should be looked at by external audit. Councillor Gibson welcomed the fact that the overpayments would be reimbursed but stressed that the council had lost the interest they would have made on the money. He was concerned at a system whereby Mears checked their own sub-contractors. He felt this should be reviewed.
- 61.15 Councillor Mears asked if leaseholders had been overcharged. The Head of Property & Investment/Head of Housing Strategy explained that a very small element of the overpayment related to leaseholders and repairs to communal areas and that there would be a reimbursement to leaseholders for any overcharge.

61.16 The Chair stated that she was concerned to hear about the overpayments which had been happening throughout successive administrations. It was necessary to learn lessons and put in place new controls on the contract. She would ask for a report back to the Committee every six months to reassure members that robust processes were working. The Procurement Advisory Board would look at this matter in more detail. In the meanwhile, the Chair appreciated the work carried out to quickly deal with the issue.

61.17 RESOLVED:-

- (2) That the report and the committee's comments be noted.
- (3) That it is agreed that a report be presented to the Committee on a biannual basis, demonstrating that the council and Mears Ltd have robust processes are in place to avoid any further overpayments.

62 ITEMS REFERRED FOR FULL COUNCIL

62.1 RESOLVED:-

- (1) That the following item be referred to the next Council meeting on 28 January 2016.

Item 61 – Overpayments on the Housing Repairs and Improvement Contract (referred by Councillor Mears).

The meeting concluded at 8.50pm

Signed

Chair

Dated this

day of