

Extract of the minutes of the Overview and Scrutiny Committee – 2 February 2017

Item 5 – Report of the Overview and Reporting Monitoring Working Group - General Fund MTFP 2017/2018 – 2021/2022, DRAFT Council wide draft budget 2017-2018, Housing Revenue Account (HRA), Rent Setting 2017/2018 and Budget Projections 2017/2018 to 2021/22

Mr Norman Adams, individual, addressed the Overview and Scrutiny Committee. He commented that since April 2012 there had been a loss of 470 Council properties, equating to 974 bedrooms. In his opinion, one bedroom properties does not replace what has been lost. Mr Adams went on to query how many Council properties are currently being used as temporary accommodation. Mr Adams closed his address by commenting that Council housing stock should only be used as permanent housing.

Mr Adams was thanked for his address.

Glenn Hammons, Chief Finance Officer, presented the report of the Reporting and Monitoring Working Group to the Overview and Scrutiny Committee. He highlighted that the Working Group had agreed that two issues would be subject to budget Scrutiny:

- How NPH are delivering within the total fee for Housing Services that NBC provides to them, details around how they are delivering the efficiency savings required with a reducing financial envelope. Outlining the proposed new housing stock development proposals with specific reference to garage sites plans. HRA Budget Risk
- Budget pressures on temporary and bed and breakfast accommodation caused by rising instances of Homelessness and the plans in place to mitigate this

Temporary Accommodation

Councillor Stephen Hibbert, Cabinet Member for Housing and Wellbeing, and Phil Harris, Head of Housing and Wellbeing, provided information regarding the budget pressures on temporary and bed and breakfast accommodation. A spreadsheet was circulated, showing the sharp rise in the number of homelessness applications, homelessness acceptances and homeless households in temporary accommodation between November 2015 and October 2016. It was explained that homelessness is increasing across the country. At the end of October 2016 there had been 140 people in temporary accommodation (a mix of Council stock, self-contained accommodation and Bed and Breakfast) but this has since increased to 169. Although it was acknowledged that the housing stock should not be overused as temporary accommodation, it was noted that the number of

people in bed and breakfast accommodation has increased and more hotels are now being used.

Homelessness applications have doubled in the past six months, but Officers have been working very hard to continue making good quality decisions as quickly as possible to prevent a serious backlog of decisions.

The loss of private rented accommodation remains the main cause of homelessness and has increased sharply over the past year. It now accounts for approximately 60% of homelessness acceptances. Other reasons include relationship breakdown and family exclusions.

The Overview and Scrutiny Committee was advised that, in order to prevent them from becoming homeless, people are seen as soon as possible. Of the 774 households that were prevented from becoming homeless between November 2015 and October 2016, 101 were helped to secure suitable accommodation in the private rented sector.

The Committee asked questions, made comment and heard:

- In answer to a query regarding the prevention of homelessness, Phil Harris advised that Officers will liaise with landlords (to persuade them to renew a tenancy or offer their tenants alternative accommodation), speak with families or help people to apply for rehousing through the Housing Register before they become homeless.
- In response to a question about the possibility of finding more accommodation like County Chambers, Phil Harris advised that in January 2017, Cabinet had given its approval to establish a Social Lettings Agency and that, as part of this initiative, the Council is planning to lease 40 properties for use as self-contained temporary accommodation.

Councillor Hibbert and Phil Harris were thanked for their informative address.

HRA

Councillor Brandon Eldred, Cabinet Member for Finance, and Phil Morrison, Strategic Finance Manager, LGSS, gave the Committee a short presentation on the Housing Revenue Account (HRA). The presentation detailed:

- Summary of the HRA
- Assumptions
- Risk – including Higher Value Void Levy

Phil Morrison highlighted:

- Currently there was a balanced 2017/18 budget with a working balance of £5 million, which had been risk assessed
- A proposed capital investment of £35 million

- The Authority for 2017/18 will be the second year of the four year 1% rent reduction as laid down in the Welfare Reform and Works Act 2016.
- Currently Voids and bad debts are relatively stable
- The Asset Management Plan had been and will continue to be reviewed
- The detail of the Higher Value Voids Levy had been delayed and would now not be implemented before 2018/2019. A Housing White Paper is pending. One estimate indicates that it could cost the Authority in the region of £10 million a year.
- Finance will work on a number of issues in 2017/2018, reworking the HRA 30 Year Business Plan to try and ensure a sustainable HRA in the future

The Committee asked questions made comment and heard:

- Concerns were raised regarding the loss of Council stock. The Committee was referred to the Development Plan.

Mike Kay, Chief Executive, Northampton Partnership Homes, addressed the Committee. Mike Kay advised that from January 2015 when NPH had been contracted to deliver the service, the financial plan had always detailed that NPH would provide efficiencies.

Subsequently, the Government had decided that all rents would be reduced by 1% annually for four years. This would be at a cost of £20 million over the four year period. Pension pressures had also impacted upon NPH, with a forecasted £300,000 to £600,000 deficit in the Pension Fund.

Strategic alternatives to the voluntary right to buy scheme had been investigated for discussion with the Council; however, NPH is reliant upon the detail in the awaited White Paper. Pay to Stay is now a voluntary initiative.

NPH engaged consultants to carry out “sustainability modelling” on the Council stock regarding how economic it is to maintain each property; this data will inform the 30 year Business Plan. Most of the contracts that NPH inherited have, or are due to expire and NPH has developed a number of new value for money contracts which will deliver efficiency savings.

Mike Kay went on to speak about NPH’s Board which is the accountable body and its Finance Committee that regularly reviews NPH’s targets; noting that the Board has a Statutory responsibility. Mike Kay referred the Committee to reductions in costs. In year one this had been £1.3 million, in year two £2.95 million, plus the Pension deficit. Year one had been achieved and year two was currently being reviewed. It was highlighted that Years 3 and 4 would be more challenging. The Committee heard that NPH had implemented new infrastructure systems such as total mobile working, whereas staff who are required to be on site go straight to site rather than coming into the office first. The system is more efficient. A new Sustainable Strategy will be delivered. NPH is working with the Board regarding new delivery models, tough decisions will be taken.

The Committee heard that PV systems had been delivered to 1,200 Council properties; giving tenants a significant saving on their electricity bills.

Regarding the loss of 90-100 properties per year through right to buy, NPH was looking at a new Council house building programme on how these units could be replaced. Mike Kay highlighted the support and advice received from Finance Offices, LGSS, and thanked them for this.

The proposal to build new Council homes is a 10-year strategy which was submitted to the Council in September 2015 and is currently awaiting the council to undertake its due diligence process with a view to approving the strategy. A number of properties have been boarded up for a number of years which have been a priority to redevelopment of new homes and which have contributed to 99 properties either having been purchased, constructed or pending development, they are a mix of one bed, two bed, three bed and four bedded properties. There is a waiting list of people wanting to downgrade to one bedded properties, as well as a demand for larger family homes. NPH will look to match supply to demand area by area.

A Garage Strategy has been developed and this is currently with the Council awaiting approval. There are in excess of 3,300 garages of which over 50% are currently empty. Some were built 40-50 years ago and are not big enough to house a modern car.

The Committee made comment, asked questions and heard:

- Comment was made regarding anti-social behaviour that takes place on garage sites. Garages are often isolated from the properties; people like their cars to be parked outside their houses. It was queried whether front lawns could be turned into driveways for tenants. Support was voiced for the Garage Strategy.
- The Committee heard that the number of new properties that could be developed needs to stand up to challenge and be credible. A larger number could be developed subject to land availability and finance. Mike Kay added that people do not now want 1960's garage site and these provide an ideal opportunity to build housing. There needs to be a balance and issues such as where parking is put needs to be looked at. It is not proposed that all garage sites will be developed on; an option could be the building of housing, flats with a garage over or to replace current garages with larger garages or the provision of parking. A lot of tenants currently complain about the lack of parking spaces.
- Issues such as window cleaning were referred to.

The Committee congratulated NPH on the work that it had done.

The Cabinet Members and officers were thanked for attending the meeting and providing comprehensive details to the Committee enabling it to undertake budget Scrutiny on the two issues referred from the Reporting and Monitoring Working Group.