

MINUTES OF THE HOUSING SELECT COMMITTEE
Wednesday, 16 September 2015 at 7.30pm

Present: Councillors Carl Handley (Chair), Peter Bernards (Vice-Chair), Amanda De Ryk, Maja Hilton, Simon Hooks, Liz Johnston-Franklin, and Jonathan Slater.

Apologies: Councillors Olurotimi Ogunbadewa and Susan Wise.

Also present: Cllr. Alan Hall (Chair of Overview and Scrutiny), Kevin Sheehan (Executive Director, Customer Services), Jeff Endean (Housing Programmes and Strategy Team Manager), Mark Humphreys (Group Finance Manager, Customer Services), Michael Westbrook (Housing Policy & Partnerships Manager), Adam Barrett (Director of Resources, Lewisham Homes) and Roger Raymond (Scrutiny Manager).

1. Minutes of the meeting held on 8 July 2015

1.1 RESOLVED: That the minutes of the meeting held on 8 July 2015 be signed as an accurate record of the meeting.

2. Declarations of Interest

2.1 There were no declarations of interest.

3. Lewisham Future Programme - Savings Report

3.1 Mark Humphreys (Group Finance Manager, Customer Services) and Jeff Endean (Housing Programmes and Strategy Team Manager) presented the report to the meeting. The key points to note were:

- In July 2015 Lewisham's Medium Term Financial Strategy (MTFS) to 2019/20 was presented to Mayor & Cabinet. Uncertainties in the strategy were recognised in the range of the possible outcomes considered – best, base and worst case scenarios. After allowing for the £11m of savings previously agreed for 2016/17 and 2017/18, the MTFS savings estimates to 2019/20 ranges from £57m to £105m.
- Given the headline of austerity in non-protected areas of public spending is to continue and the uncertainty in potential impacts for local government to 2019/20, the report presented to the Committee updates on the savings proposals prepared against the current target of £45m for 2016/17 and 2017/18.
- The first set of budget savings proposals, after scrutiny by the various Select Committees, will be presented to Mayor and Cabinet on 30 September 2015. The final set of proposals will go to Mayor and Cabinet in 10 February 2016.

3.2 In response to questions from the Committee, the following was noted:

M2a and M2b: Review of funding streams across housing strategy, development and partnership functions; and reduction in premises costs

- This proposal envisages about £140,000 of savings. There should be no staffing reduction, the saving would be achieved by initiatives such as the relocation of the reorganised Single Homeless Intervention and Prevention Team (SHIP) team to a new building.
- Some of Housing staff funding can come from the General Fund, or other avenues such as the Capital Programme.
- Officers have to look at the structure of the Housing Team to best manage the temporary accommodation/homelessness in the borough and deliver the New Build Programme.
- Officers will monitor the implications of legislative changes and housing trends when devising the new structure, but allowing flexibility to deal with unexpected changes that may come out of court judgements etc.
- Officers will write to the Committee on the issue of how many of the 29 families affected by the Benefits Cap started in temporary accommodation.

B2: Supporting People – Reduction in budget across all client groups

- This proposal has been brought about by the budgetary pressures the Council is facing.
- The Council has a number of contracts with providers, and will look to reduce costs in this area.
- Officers will monitor the changes, if implemented, to see if there is a knock-on effect on housing and other services.

N3: Review of Lewisham’s Waste Services (Doorstep collection & disposal) Transfer of estates Bulky Waste disposal costs to Lewisham Homes

- The Council will look to re-charge bulky waste disposal costs to Lewisham Homes. Although the majority of collection costs are re-charged to Lewisham Homes, disposal costs are currently paid for by the Council. This arrangement does not incentivise housing managers to reduce the amount of waste being generated.
- Officers will inform the Committee about how many ‘flats above shops’ are Council properties.
- With the private sector licensing scheme, there will be conditions for the management of waste in the new conditions, to improve landlord behaviour in this area.

3.3 **RESOLVED:** That the Committee refer the following to Public Accounts Select Committee:

B2: Supporting People – Reduction in budget across all client groups

The Committee notes with great concern the potential impact of removing services for some of the most vulnerable residents in the borough, as these services often function as a last resort. The Committee is also concerned about the risk of this proposal leading to cost shunts to other services. The Committee also noted its concern that a reduction in individual available places may result in lack of places for clients, and it also could lead to more work for partners such as the police, probation, mental health SLAM and the hospital if incidents escalate.

It could also lead to people becoming homeless, have an impact on statutory services/temporary accommodation/residential care, increased use of existing hostels by high needs out of borough clients and a rise in rough sleeping. The Committee rejects the proposal to reduce the provision of the accommodation and floating support services for these vulnerable residents, in line with the Healthier Communities Select Committee's comments.

M2a and M2b: Review of funding streams across housing strategy, development and partnership functions; and reduction in premises costs

The Committee referred no comment on these saving proposals.

Therefore, the Select Committee recommends that Public Accounts advise the Mayor of its view that:

- He should accept saving proposals: M2a and M2b
- He should reject the savings proposal B2

4. Lewisham Homes Management Agreement

4.1 Jeff Endean (Housing Programmes and Strategy Team Manager) presented the report to the meeting. The key points to note were:

- A new Management Agreement is an opportunity for the Council to shape the future of Lewisham Homes, empower it to deliver more services on behalf of the Council, and to assume a more prominent role in the Council's delivery of new affordable homes.
- It is common for the negotiation of contracts of this type to commence up to 18 months in advance of the expiration of the contract, to allow for full consideration of the options available and to ensure that decisions fit in with wider strategies.
- Lewisham Homes is a strongly performing Arm's-length management organisation (ALMO) which as well as delivering on Decent Homes works and providing high quality housing management services to residents, is also now delivering the Council's house-building programme and its temporary accommodation acquisition programme. Furthermore, processes are already underway for the potential transfer of both the estate-based grounds maintenance service, and for an enhanced housing management service in Sheltered Housing, to Lewisham Homes.
- As part of the management agreement negotiation process, it will also be possible to explore the potential that Lewisham Homes might further evolve the role it plays on behalf of the Council and its tenants, by registering with the Homes and Communities Agency (HCA) as a Registered Provider of affordable housing in its own right.
- Initial legal advice received by the Council and Lewisham Homes as part of the management agreement review process has also indicated that Lewisham Homes could establish a subsidiary as a non-registered charity. This could perform a similar role to the Registered Provider model described above, but may provide a key risk management benefit in separating the day to day

activities for existing tenants from the new activities and risks associated with the new build developments.

4.2 In response to questions from the Committee, the following was noted:

- The Council's objectives in the negotiation process for the new agreement is to ensure that Lewisham Homes can better assist in delivering the Housing Programme.
- The Council is still looking at options to lead the Self-Build project.
- The implications of the proposed Government Housing Bill that will include an extension of the Right-To-Buy to Housing Associations properties, and the Budget announcement of a 1% year-on-year reduction in social rent will have an impact on housing providers. In these circumstances, it could be sensible to have some flexibility in the new contract.
- The Council will be looking at the legal implications of creating an 'arms-length' organisation in the new Lewisham Homes contract.
- The Committee would like an update on the impact of the Government Housing Bill on Registered Housing Providers and Lewisham Homes at the October meeting.

4.3 **RESOLVED:** That the Committee agree all the recommendations in the report; and also added an additional recommendation:

- "With the level of uncertainty and associated risks at the present time, a 'break clause' should be considered so both parties can review the agreement at a later date."

5. New Homes Programmes

5.1 Jeff Endean (Housing Programmes and Strategy Team Manager) presented the report to the meeting.

- In total the programme currently contains 763 homes, of which 621 are Council homes with a tenure split of precisely 80/20. Officers will continue to progress the scheme as quickly as reasonably possible to meet the Council's objectives for new house building.
- A report is scheduled to go to Mayor and Cabinet in October 2015. That report will set out the same programme as presented to this Committee, and will also present for final approval individual schemes within the programme where possible, subject to those schemes being sufficiently developed in conjunction with residents, ward councillors and the Council's Planning Service in the intervening period.

5.2 In response to questions from the Committee, the following was noted:

- The Mercator Road and Rawlinson House developments are in the Lewisham Central ward, not the Ladywell ward.
- The report to Mayor and Cabinet will now note that the re-deployable housing development being constructed on the site of the former Ladywell Leisure Centre are designated as 'temporary homes'.

- The modelling on pricing for new builds that are scheduled to be sold is on constant review.
- Work will be carried out to modernise existing estates so new properties will blend into the current infrastructure.
- The additional income (if the sale price of homes is higher than initially proposed) would be used to build more homes, but that would depend on additional labour costs.
- The Embleton Road site, in the Ladywell Ward, is for 12 homes, some of which are currently proposed for sale in order to cross-subsidise the affordable housing programme. The scheme is in the early stages of development.
- There are a number of factors that come into play when choosing which properties to sell. For example whether they are flats or housing, or whether the Council will be creating freeholders or leaseholders with the sales, as well as location of new builds.

5.3 **RESOLVED:** That the Committee note the report.

6. Key Housing Issues

6.1 Jeff Endean (Housing Programmes and Strategy Team Manager) presented the report to the meeting. The key points to note were:

- The budget of 8 July 2015 introduced a number of changes to housing, specifically around rents in social housing and welfare reform.
- Officers are currently reviewing the full financial and policy impacts of the Budget changes and proposals, and further updates will follow in due course, including – where relevant – the specific implications for Lewisham.

6.2 In response to questions from the Committee, the following was noted:

- Officers will supply Committee members with the information on what other benefits under 21 year olds are now no longer entitled to, in light of the Budget proposal to remove their eligibility for Housing Benefit.
- The Government's proposal to reduce social rents by 1% year-on-year from April 2016 could be problematic for housing associations and could have a significant impact on the capacity of all housing associations and developing local authorities to build new social housing.
- The year-on-year 1% reduction in social rents has the potential to reduce the income of the Council by £300m over 30 years.
- Lewisham does receive some of the proceeds from its 'Right-To-Buy' properties. However, some goes to central government and the rest in the discount to the resident. All the proposed changes in relation to 'Right-To-Buy' will have an impact on the financing of the Council's housing programme.
- The Council will need to monitor the changes on mortgage interest tax relief for landlords to see if will have an impact on the amount of private rented properties in the borough.

6.3 **RESOLVED:** That the Committee note the report.

7. **Affordability Across All Housing Tenures Review: Scoping Paper**

7.1 Roger Raymond (Scrutiny Manager) presented the report to the Committee. The key points to note were:

- The Committee looked at this at the last meeting, but decided to refer any decisions to this meeting.
- The Committee had to decide whether it wanted the review to look at all four categories of housing tenure, or focus the review to 1-2 areas of housing tenure (if more than 2 then it will require more than 2 sessions); and
- The Committee had to decide if they are happy with the key lines of enquiry/terms of reference or would like to amend them.

7.2 In response to questions from the Committee, the following was noted:

- The Committee would like to concentrate on the social housing and private rented sectors as they are areas the committee could have most influence on with its recommendations.

7.3 **RESOLVED:** That the Committee agreed the following:

a) To concentrate the review in the following areas:

- Social Housing
- Private Rented Sector

b) Have the first evidence session at its October meeting.

8. **Select Committee work programme**

8.1 Roger Raymond (Scrutiny Manager) introduced the report. The key points to note were:

- The items scheduled for the October meeting are as follows:
 - Communal Heating Systems Review - Report and Recommendations; Response from Mayor and Cabinet
 - Monitoring Homeless Discharge - Update
 - Community Centres on Estates
 - Locational Priority Policy - temporary accommodation
 - Housing-Led Regeneration Opportunities
 - Affordability Across All Housing Tenures – Review – Evidence Session 1

8.2 In response to questions from the Committee, the following was noted:

- That an invitation would be sent to a representative of Red Door Ventures (London Borough of Newham) to talk about their initiative to deliver a large programme of private rented homes for residents (as part of the 'Housing-Led Regeneration Opportunities' item).
- An item would be added to the agenda for a short report on the implications of Lewisham Homes in light of the upcoming Government Housing Bill.

- The Chair would discuss with Committee members about whether the 'Community Centres on Estates' item should remain on the agenda for the October meeting. If so, it would be an Information Item.

8.3 **RESOLVED:** That the Committee agree the work programme for 2015-16.

9. Items to be referred to Mayor and Cabinet

9.1 There were no items to refer to Mayor and Cabinet; however the Committee referred items to Public Accounts Select Committee at 3.3.

The meeting ended at 9.15pm

Chair:

Date:
