



CITY OF WESTMINSTER

MINUTES

Housing, Finance and Corporate Services Policy and Scrutiny Committee

MINUTES OF PROCEEDINGS

Minutes of a meeting of the **Housing, Finance and Corporate Services Policy and Scrutiny Committee** held on **Wednesday 9th March, 2016**, Rooms 5, 6 & 7 - 17th Floor, Westminster City Hall, 64 Victoria Street, London, SW1E 6 QP.

Members Present: Councillors Brian Connell (Chairman), Barbara Arzymanow, Peter Freeman, Richard Holloway, Adam Hug and Vincenzo Rampulla

Also Present: Councillor Tim Mitchell, Cabinet Member for Finance and Corporate Services, Steve Mair, City Treasurer, Greg Ward, Director of Economy and Infrastructure, Barbara Holm, Head of Services, WAES, Tom Harding, Manager of Employment and Skills, Tamara Williams, Waste Service User, Greg Roberts, Head of Supporting People and Temporary Accommodation, Anne Pollock, Scrutiny Officer and Reuben Segal, Senior Committee and Governance Officer

Apologies for Absence: Councillor Antonia Cox and Councillor Gotz Mohindra

1 MEMBERSHIP

1.1 It was noted that Councillor Barbara Arzymanow had replaced Councillor Jacqui Wilkinson.

2 DECLARATIONS OF INTEREST

2.1 The known standing declarations as tabled at the meeting were as follows:

Member	Organisation	Nature of Interest
Richard Holloway	CityWest Homes	Board Member
Vincenzo Rampulla	CityWest Homes	Board Member

- 2.2 Councillor Arzymanow declared that she is a governor of the Westminster Adult Education Service.
- 2.3 Councillor Richard Holloway declared in relation to the renewal and implementation of a new network and telephone solution for the City Council that the company that he works for is heavily involved in this sector. However, he did not believe that it had any projects involved with the re-let of the City Council contract.

3 MINUTES

- 3.1 **RESOLVED:** That the minutes of the meeting held on 6th January 2016 be signed by the Chairman as a correct record of proceedings.

4 WORK PROGRAMME

4.1 RESOLVED:

1. That the agenda items for the next meeting on the 13th April be agreed
2. That the responses to actions and recommendations as set out in the tracker be noted.

5 UPDATE FROM CABINET MEMBERS

- 5.1 The Committee received written updates from the Cabinet Member for Finance and Corporate Services and the Cabinet Member for Housing, Regeneration, Business and Economic Development on the key aspects of their portfolios.
- 5.2 The Cabinet Member for Finance and Corporate Services provided the following verbal update:
- That it was expected that a the 2015/16 budget would be underspent once period 10 monitoring was complete.
 - In respect of the revenue budget, in order to take advantage of the four-year finance settlement offer the Council will need to prepare a forward-looking Efficiency Plan. The papers for this will need to be submitted by 14 October. This will be progressed once the Council's accounts have been audited. No guidance had been provided on what such a plan should consist of. The earlier that the Council submits its plan the more likely it will be able to influence what it should contain.
 - In light of the Efficiency Plan, the Council may change the way in which it approves the annual budget and Council tax. Rather than agreeing both annually in March the Council may separate taxation and spending into two separate processes similarly to the Government's Budget and Autumn Statements.

- With regard to business rates “localisation”, he reported that he had appeared on behalf of the City Council as a witness in front of the Communities & Local Government Select Committee at the start of the week along with, among others, the leader of the London Borough of Haringey who spoke on behalf of the Local Government Association. He highlighted to the Select Committee the problems with the current system whereby Westminster continues to be negatively impacted by business rates appeals where its effect will be to reduce the Council’s funding by £6 million per annum below governments assumed funding allocations. He had argued that a new system would need to include some kind of formula for business rates distribution. At present the Council only retains 4% of the business rates that it collects while it would like to retain a sum based on growth in the areas economic value and is also seeking other changes to the system.

5.3 The Cabinet Member then responded to questions from the committee on the following matters.

Finance

- 5.3.1 The Cabinet Member was asked about the current level of general reserves and what it was expected to increase to. He advised that the Council had an ambition to build up its reserves following the need to draw heavily on them following the fall in revenue arising from the recession in 2008. General reserves were currently at £36 million and the expectation was that this would rise to circa £40 million before the end of the financial year.
- 5.3.2 The Cabinet Member was asked whether there had been any notable response to the Council’s decision to increase Council Tax by 2% for Adult Social Care along with a 1.99% general increase. He stated that there had not. The only press coverage he was aware of had been in the West End Extra. He pointed to the fact that most local authorities had increased council tax this year. He considered that it would have more likely have been reported upon if the council had done the opposite and continued to freeze Council Tax.
- 5.3.3 The Committee asked whether there was a clear expectation from government of what it would require of the Council in return for a four-year finance settlement. He stated that no information had been provided but that it was likely that the Council would have to offer something in return. He explained that the settlement would not provide total financial certainty for the Council as it also receives funding from other government departments. Steve Mair, City Treasurer, commented that while the settlement would provide certainty to a degree this would be affected in the event of changing circumstances such as another recession.

Revenue and Benefits

- 5.3.4 In relation to business rates reform, concern was expressed that the current system was a tax on commercial property. Members asked whether the reforms would be broader than simply looking at the distribution of rates so that it is a much fairer and relevant system. The Cabinet Member

acknowledged that it was challenging that other types of businesses such as online enterprises do not have to pay equivalent sums. He advised that the Council had lobbied government with a request that any additional requirements placed upon it to retain a greater proportion of the rates it collects relate to services that it already provides such as employment projects.

ICT

- 5.3.5 The Cabinet Member was asked why the council was assessing options around the renewal and implementation of a new network and telephone solution. He explained that this was because of current contract was coming up for renewal. The Council would draw upon a framework contract that had been established for this service.

Corporate Property

- 5.3.6 The Cabinet Member was asked about the parameters of the review of the Corporate Property portfolio, whether it would include properties in the CityWest Homes portfolio and whether it was for a set period. He explained that the purpose of the review was to analyse the occupancy and use of each property that the Council occupies to deliver its services to ensure that it was using buildings efficiently and at reasonable cost. The target is to reduce the Council's property footprint to reduce running costs. He advised that the contract with property consultants BNP Paribas Real Estate was for a fixed term. It was possible that the commercial properties in Church Street managed by Corporate Property that are held in the Housing Revenue Account could be included. He undertook to ask the Director of Property, Investment and Estates to confirm.

Human Resources

- 5.3.7 With regard to Westminster's Apprenticeship Scheme, disappointment was expressed that only 12 apprenticeships had been created with contractors since April 2015 given the number of contractors that the Council has. Greg Ward, Director of Economy and Infrastructure, stated that the Council was aware that it could do better in this respect. A new strategy had been developed in relation to contractors which had been agreed by the Cabinet Member for Housing, Regeneration, Business & Economic Development. One of the requests of businesses is to commit to provide more apprenticeship opportunities.

- 5.4 **RESOLVED:** That the written updates from Cabinet Members be noted.

5.5 **ACTION:**

1. Clarify whether the review of the Corporate Property portfolio includes any CityWest Homes properties that fall within the HRA. (**Action for: Guy Slocombe, Director of Property, Investment and Estates**)
2. Clarify how many of the 103 apprenticeship opportunities which have been created since April 2015 have gone to Westminster residents. (**Action for: Greg Ward, Director of Economy and Infrastructure**)

6 WESTMINSTER ADULT EDUCATION SERVICE - STRATEGIC REVIEW FINDINGS AND PROPOSED WAY FORWARD

- 6.1 Greg Ward, Director of Economy and Infrastructure, introduced a report that provided an overview of the Westminster Adult Education Service (WAES). It also set out the findings of an internal review of the service and as well as details of a National Area Review of post-16 education and skills that is currently underway.
- 6.2 The committee was asked for a view on:
- The Westminster Adult Education Services' local contribution and offer to residents and employers.
 - The recommendation, following an internal review, of strengthening responsibility for an Adult Education Service. This is to support Council priorities and the "City for All" ambition of reducing long term unemployment.
 - Local issues to feed into the National Area Review, which commences in Central London region this month.
- 6.3 To assist it in its consideration of the issues the committee heard from Tamara Williams, a current service user, and Barbara Holm, Service Head and Principal of WAES.
- 6.4 The Committee explored WAES's local contribution and offer to residents and employers. Miss Williams addressed the committee on what influenced her to become a user of the adult education service and her experiences of it. She stated that she began using the service at 17 taking a Business and Administration Level 2 programme while on an apprenticeship at the London School of Economics (LSE). She chose to use the service to develop her skills due to the positive feedback from family members that had previously used it. Up to this period she had been home-schooled so the service presented a significant change in learning for her. She stated that using WAES provided her with the confidence to develop her skills as the centre felt welcoming, like a family. She felt comfortable in the learning environment and was able to speak to her tutor about any issues. The support enabled her to improve her maths which encouraged her to apply to undertake a Level 3 programme. Mrs Holm informed the committee that Miss Williams had progressed from an apprenticeship to being employed by the LSE.
- 6.5 Miss Williams was asked whether she accessed the service to help build her confidence or to learn a skill. She stated that both were an objective. As her skills improved she was able to try other courses and develop other interests. Miss Holm explained that some women will initially access the service to help their children with their learning at school but will later return to embark on a vocational programme.

- 6.6 Officers were asked about the variance of non-Westminster to Westminster learners. The Committee noted that approximately 60% of learners using the service were non-Westminster residents. Mrs Holm explained that the service was funded by the Skills Funding Agency on the basis of strict criteria about the use of the funds and the way in which providers such as WAES operates. It means that the service cannot turn away non-Westminster residents. However, WAES does wish to work more closely with the Council and embed links to better support the “City for All” programme and in particular the Council’s ambition to reduce long-term unemployment. Through closer collaboration more Westminster residents can be referred to the service to develop skills for the London labour market.
- 6.7 The Committee also enquired about the breakdown of service user by course type. It noticed that there had been a reduction in the number of learners accessing vocational courses in the previous year and enquired about the cause of this. Mrs Holm explained that there were a number of reasons for this. One explanation was that the syllabus for vocational courses had been developed and now involved more substantial hours with English and maths being much more embedded. As a consequence of courses being much larger and longer in length WAES was not unable to offer as many places. There had also been a significant reduction for adult learning nationally and to the service, and the reduction in learner numbers reflects that. Jewellery making had been dropped from the curriculum in response to a reduced interest that reflected market trends.
- 6.8 The Committee then explored the strategic review findings and proposed way forward. This included an objective of strengthening responsibility for an Adult Education Service to support Council priorities and the “City for All” ambition of reducing long term unemployment.
- 6.9 Officers were asked whether the target to reduce by a third, within 3 years, the 10,000 residents who are long-term unemployed as realistic given the significant challenges people in this group face. Members also asked how the number of long-term unemployed residents in Westminster compared to other London boroughs and England as a whole. Tom Harding, Manager of Employment and Skills, referred the committee to Annex 1 of the report which set out the challenges of this group. He explained that only 1 in 10 residents on an Employment Support Allowance go into long-term employment through the Government’s Work Programme. Westminster has a higher percentage of long-term unemployed residents than the London average. They are also older than the London and English average. Few are under 35 years. The challenges were compounded by the fact that there is greater competition for jobs in Westminster than in other parts of London. He stated that the Council can improve outcomes and reduce overall costs to the state by developing sustainable models to support the borough’s most vulnerable residents in tackling complex, deep-seated barriers to employment. This will require working in much closer alignment with partners including WAES. He stated that the targets were ambitious and challenging. Members suggested that the Council should seek to influence partners such as Work Programme providers to develop skills.

- 6.10 The committee asked whether the age profile of WAES learners matched the cohort that is long-term unemployed. Miss Holm advised that much of the work that the majority of users of the service matched the age range of this group.
- 6.11 Officers were asked for an explanation of what closer collaboration between WAES and the Council would look like and what specific activities would be undertaken which are not presently. The Director of Economy and Infrastructure suggested that partners could tailor programmes for long-term unemployed residents so that they are more intensive and specific to address their needs. He considered that a qualitative approach may be more productive than simply focusing on meeting a high target number.
- 6.12 Members commented that some local businesses have reported that people applying for jobs often don't have the necessary skills required for the workplace. The Committee asked Miss Holm what links WAES has with local businesses to understand the skills employers require and are not being met. She stated that this is an area that WAES is improving upon. It was discussing with the Council opportunities to link into existing networks as it was not an area that it had been strong in pursuing. WAES wanted to assist learners taking English and maths with links into employment. Members asserted that there was an advantage for Westminster businesses such as offices and shops in employing local people.
- 6.13 The Committee then considered and asked questions about the future operating model of the service and its relationship with the City Council. It also considered issues for WAES arising from the London wide review of adult and community learning to be run in parallel with the London area review of post-16 education and training.
- 6.14 Mr Harding stated that WAES is more than double the size of any other local authority adult education service in London and that whilst learners from outside Westminster benefit, the scale of the Service enhances its local offer and future financial viability.
- 6.15 Members asked officers whether they had any concerns with the option of WAES developing a shared service model with other adult education services at a central London or Tri-Borough level. Members questioned whether it would be harder for the Council to properly scrutinise a service that was not specifically a Westminster service. Mr Ward considered that this could be the case given that there would also need to be input from other local authorities.
- 6.16 The Committee noted that a further operating model would be for WAES to collaborate or merge with a further education college. Officers considered that while the preferred option is for WAES to remain within the local authority structure there was merit in looking at opportunities to merge back office functions and sharing tutors with other education providers to streamline resources and reduce operating costs. Officers confirmed that the City Council would be liable for the redundancy costs of deleting posts within WAES.

6.17 **RESOLVED:**

1. The Committee was pleased to hear the positive testimony that WAES is a much appreciated and valued provider of adult education. It provides a positive contribution to Westminster's community with over 5000 Westminster learners per year.
2. The Committee welcomed the internal review of the service considering it appropriate that the Council challenges WAES's existing structure, offer and how it contributes to wider Council objectives. The committee welcomed the focus of looking at how the service can better support Council priorities and the "City for All" ambition of reducing long-term unemployment. The review is beneficial in helping to inform the future positioning of the service ahead of the London Area Review of post-16 education and training. However, while the review and its findings provide a high level assessment of WAES's future challenges and aims Members considered that there is insufficient detail at present to explain how the objective of assisting the long-term unemployed will be achieved. It is recommended to the Cabinet Member for Housing, Regeneration, Business & Economic Development that further work in this area is carried out as part of the commitment to establish a new Westminster Employment Service.
3. The Service's future financial viability including any liabilities arising from potential redundancies is a possible local issue for consideration in relation to the London Area Review. However, the committee did not consider that it had sufficient information at this time to take a view on this matter and has requested a written report on this to be submitted to a future meeting.

6.17 **ACTION:**

1. Include in the next year's work programme a report on the Council's plans for tackling long term unemployment and the revised draft strategy for WAES.

(Action for: Anne Pollock, Scrutiny Officer & Greg Ward, Director of Economy and Infrastructure).

7 **SUPPLY AND ALLOCATION OF SOCIAL HOUSING 2016/17**

- 7.1 The Committee received a report on the issues that will influence the allocation of social housing in 2016/17.
- 7.2 Greg Roberts, Head of Supporting People and Temporary Accommodation, informed the Committee that the social housing allocations for the first 9 months of 2015/16 show high levels of homeless re-housings reflecting the a demand from this group. Total social housing lettings are projected to increase in 2016/17 to 840 from 805, reflective of increased supply from registered providers and fewer regeneration area decant transfers. The committee asked for a breakdown of when affordable housing developments that are currently under construction or are due to commence building works

will be delivered in 2016/17 and 2017/18. Mr Roberts advised that the Council expected the supply of affordable rented accommodation in 2016/17 to meet the 66 RP first let nominations for affordable rent and 30 RP first let nominations for social rent. He undertook to provide the committee with a breakdown in which schemes these would be provided.

- 7.3 Mr Roberts was asked whether social housing tenants purchasing their properties under the Right to Buy provisions would impact on the supply projections. He considered that this would not have an affect this year and he was confident that the supply projections for the year would be delivered. However, he commented that there would be a range of factors that might affect supply in 2017/18.
- 7.4 Mr Roberts explained that the principal factor that is driving the high levels of homelessness continues to be the availability of private sector housing for households on benefits. Homeless acceptances during 2016/17 are forecast to continue at the same level of approximately 550 and the total requirement for TA will remain between 2300-2500 during the year. The committee asked whether there was any influence that the Council could bring to tackle the reluctance within the private rental sector (PRS) to let properties to people on benefits or to encourage further those landlords which the Council already had an existing relationship with. Mr Roberts explained that the difficulty of securing such accommodation was less around discrimination by landlords than the impact of the housing benefit caps. He explained that when the housing benefit regime was more generous and landlords could be paid high rents there was less difficulty in securing accommodation.
- 7.5 Mr Roberts was asked whether the Council had factored in or had detected any increase in rents being asked by landlords due to changes introduced to landlord's tax arrangements. He stated that it was currently too early to say what impact the changes would have. However, it was clear that there was a very wide gap between overall existing rent levels and the Local Housing Allowance. The changes to tax arrangements could provide a further dimension to affordability.
- 7.6 The implementation of the TA commissioning strategy had succeeded in ending the use of Bed and Breakfast accommodation for families over 6 weeks, reduced unit costs and increased supply and made best use of Council resources. However, the challenges of sourcing sufficient private sector accommodation suitable and affordable for households in housing need continue. Members asked for details of the cost of the nightly booked sector. Mr Roberts advised that the gross cost of leasing TA properties in the last year was £42 million. Most of the cost related to private rented properties. While the majority of this cost was reimbursed to the Council there was a net cost to the Council of £4 million. The cost of the nightly booked accommodation was £10 million for approximately 430 properties.
- 7.7 Members asked whether the Council still retained a responsibility for families in temporary accommodation that it had housed outside of the borough. Mr Roberts explained that the Council retained its housing obligation for such

residents. This would continue until it had discharged its duty and this could be on-going for 10 years and above in some cases.

7.8 Mr Roberts outlined the new policy initiatives and amendments to the housing allocations scheme. This included the recommendation to build on the success of a scheme to offer additional points to working households living in temporary accommodation. The new proposal involved introducing a target quota of 10 lettings for working households with total gross income of £20,000 or less who would not otherwise have priority for social housing under the Housing Allocation Scheme. The committee asked for details of the criteria that will be used to determine which households will benefit from the quota of 10 lettings. Mr Roberts explained that eligibility and priority would be based on the length of time the individual or household had resided in Westminster and the amount of time they had been in work. The allocations would be managed through Home Ownership Westminster. Members also asked whether the change in policy would disadvantage anyone who is on the social housing waiting list. He advised that the allocations would be to studio and one bed properties, reflecting the high level of supply of these size units. Therefore, the impact would be minimal.

7.9 The committee was also informed of the steps taken to procure the necessary amount of housing to meet its statutory duty to support vulnerable households in housing need.

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

7.11 **ACTION:**

1. Provide the committee with a breakdown of which affordable housing developments will be delivered in 2016/17 and 2017/18 and in which schemes supply projections would be provided.

(Action for: Greg Roberts, Head of Supporting People and Temporary Accommodation)

The Meeting ended at 9.17 pm

CHAIRMAN: _____

DATE _____