



CITY OF WESTMINSTER

MINUTES

Housing, Finance and Customer Services Policy and Scrutiny Committee

MINUTES OF PROCEEDINGS

Minutes of a meeting of the **Housing, Finance and Customer Services Policy and Scrutiny Committee** held on **Wednesday 28th November, 2018**, Room 3.1, 3rd Floor, 5 Strand, London, WC2 5HR.

Members Present: Councillors Melvyn Caplan (Chairman), Antonia Cox, Richard Elcho, Adam Hug, Pancho Lewis, Matt Noble, Mark Shearer and James Spencer.

Also Present: Councillor Rachael Robathan (Cabinet Member for Finance, Property and Regeneration), Councillor Andrew Smith (Cabinet Member for Housing and Customer Services), James Green (Director of Development), Aaron Hardy (Policy and Scrutiny Manager), Tom McGregor (Director of Housing and Regeneration), Stephen Muldoon (Assistant City Treasurer – Commercial and Financial Management), Natalie Roberts (Strategic Finance Manager – Commercial Lead) and Toby Howes (Senior Committee and Governance Officer).

1 MEMBERSHIP

1.1 There were no changes to the membership.

2 DECLARATIONS OF INTEREST

2.1 There were no declarations of interest.

3 MINUTES

3.1 RESOLVED:

That the minutes of the meeting held on Thursday, 27 September 2018 be signed by the Chairman as a correct record of proceedings.

4 CABINET MEMBER FOR FINANCE, PROPERTY AND REGENERATION UPDATE

4.1 Councillor Rachael Robathan (Cabinet Member for Finance, Property and Regeneration) presented the report and confirmed that the budget for 2019-20 had been approved by Council. The implementation of IBC Solution from

Hampshire County Council was due to go live on 1 December. There had been thorough preparations for payroll services, including staff testing, and feedback had been positive. Councillor Robathan advised that the Tenant Decant Policy for Renewal Areas had gone to consultation, whilst the Leaseholder Policy had been well received. She also asked whether the Committee would like to receive a more detailed note on Universal Credit in future.

- 4.2 The Chairman welcomed the Committee receiving a more detailed note on Universal Credit, however it was acknowledged that it was unlikely that this Committee would take the lead in scrutinising this topic as this was an area that the Family and People Services Policy and Scrutiny Committee would look at. Members queried whether there would be a net profit of £90 million in respect of the Ebury Bridge regeneration scheme. With regard to medium term financial plans, he asked whether there was any information on the funding formula and any changes in revenue forecast for this year or next. Information was also sought on progress in delivering affordable homes. Members asked whether the target of 100 affordable homes for Ebury Bridge would be met. It was also asked what percentage of new homes would be created through the Infill Scheme.
- 4.3 In reply to the issues raised, Councillor Robathan advised that the Council was well on track to deliver the target of 1,850 affordable homes, whilst there was a risk across all areas of revenue in future, and this needed to be taken into account. The implementation of the Wholly Owned Company (WOC) would give the Council more flexibility in delivering new homes and Westminster's unique location meant it benefitted from revenue streams. Councillor Robathan advised that the Council was on track to deliver 100 affordable homes for the first phase of the Ebury Bridge regeneration scheme. In respect of the Infill Scheme, approximately 10% would be allocated for new homes which equated to around 200 homes, although it was possible that this target could be exceeded.
- 4.4 In respect of the Ebury Bridge regeneration scheme, Stephen Muldoon (Assistant City Treasurer – Commercial and Financial Management) advised that it would not generate a £90 million profit as the figures in the report did not include historical spend. He agreed to provide the accurate figures for the Ebury Bridge business plan and to provide modelling on the effects of underspend on the Capital Programme.
- 4.5 **ACTION:**
1. To provide an update on Universal Credit in the Cabinet Member report.
(Action for: Councillor Robathan, Cabinet Member for Finance, Property and Regeneration.)
 2. Accurate figures for the Ebury Bridge business plan to be provided.
(Action for: Stephen Muldoon, Assistant City Treasurer – Commercial and Financial Management.)

5 CABINET MEMBER FOR HOUSING AND CUSTOMER SERVICES UPDATE

- 5.1 Councillor Andrew Smith (Cabinet Member for Housing and Customer Services) presented the report and confirmed that the CityWest Homes (CWH) Board had agreed the termination of the Management Agreement with the Council for 31 March 2019, following the Council's decision to bring the housing management function back in-house. Agilysis had taken over responsibility for all new repairs requests from 1 November until March 2019, and overall the repairs performance had improved. Councillor Smith advised that developing the Local Officer, CWH's commitment to work with residents to identify and resolve local priorities, continued and efforts were being made to ensure that staff were visible on estates. Members heard that the implementation of Traffic Management Orders (TMOs) on Housing Revenue Account (HRA) land was ongoing.
- 5.2 Turning to resident engagement, Councillor Smith advised that five resident engagement events were due to take place over the period from November 2018 to February 2019 and additional events were also planned. In respect of the Government's announcement that the use of combustible materials, including cladding, would be banned on any residential building over 18 metres high, the Council is not considering alternative insulation solutions and a final decision was due in December 2018. Councillor Smith advised that a meeting was due to take place on 3 December in respect of 'Survivors UK', a Council initiative that was the first local authority to commission a specialist service to support rough sleepers who are survivors of sexual abuse. Trailblazer, a scheme involving prevention activities on homelessness, had undertaken action with 145 households between the period March to October 2018, whilst the Housing Options Service continued to transform delivery of its service. Efforts were also being made to improving dialogue with landlords in order to address homelessness.
- 5.3 Turning to the digital transformation, Councillor Smith advised that there had been improvements to the 'Report It' function and there were also a number of initiatives underway for children's IT programmes, such as Familystory. A major programme to upgrade over 3,000 officer laptops and desktops to Windows 10 was underway, including replacing existing hardware. Councillor Smith informed the Committee that a review of the Council's website continued to be in progress, with an external agency, Rainmaker, commissioned to undertake this.
- 5.4 During discussions, the Chairman noted the comparatively poor performance for the Contact Centre in September regarding percentage of calls answered within 30 seconds and asked if there was any more recent data. In respect of the CWH task group's recommendations, he asked whether these were on track for implementation in January 2019. Another Member commented that he hoped the Contact Centre's performance for December was around the levels achieved during July. He expressed some disappointment that the timescales for implementing the TMOs had slipped and asked when it was anticipated that these would be completed. In respect of the lack of enforcement, he asked if there would be any compensation in view of the fact

that residents were charged for parking permits. Another Member enquired why Agilysis were not included as part of the tender to operate the Contact Centre. In respect of the improvements to the 'Report It' function, a Member asked what steps were being taken to promote this service and would social media be used to undertake this. He welcomed the initiatives to tackle homelessness and asked to what extent they were preventing it. Another Member commented that local authorities could not tackle homelessness alone and he asked what dialogue was taking place with Central Government on this matter. It was remarked that the Family Centre in Bruckner Street was quite difficult to locate and could benefit from better signage. Comments were sought as to whether a satisfaction rate of 53% for dealing with housing complaints was normal and what steps were being taken to address the length of time to address these. Clarification was also sought as to whether the Government had scrapped plans to phase out local authority housing tenancies for life.

- 5.5 In reply to the issues raised, Tom McGregor (Director of Housing and Regeneration) advised that calls answered by the Contact Centre within 30 seconds had improved to 50% and calls abandoned down to 10% for November. Joint action was being taken by CWH and the Council to implement all recommendations of the CWH's task group and an update would be provided at the January 2019 meeting. Tom McGregor acknowledged there had been some slippage in respect of implementation of TMOs and an update on timescales would be provided to Members in December.
- 5.6 Councillor Smith acknowledged the concerns raised by Members in respect of slippage of implementing the TMOs but added that they were complex and required the appropriate consultation with residents. He informed the Committee that he was working closely with Councillor Tim Mitchell (Cabinet Member for Environment and City Management) on this matter and efforts were being made to ensure that the Traffic Management Team had the appropriate support, although certain matters were beyond the Council's control. In respect of Agilysis, Councillor Smith advised that they were not included as part of the tender to operate the CHW Contact Centre as it was to be brought in to come under the Council's Contact Centre.
- 5.7 Councillor Smith stated that action would be taken to ensure that there was clear information regarding the Family Centre in Bruckner Street and most people visiting would have booked an appointment. He acknowledged that the time taken to resolve housing complaints was too long and this issue was being addressed. Councillor Smith informed Members that there was positive engagement with both the central Government and the Greater London Authority to tackle homelessness and rough sleeping and there was also a focus on looking at healthcare for rough sleepers, especially in light of the rise in use of the drug 'spice' and the Council was lobbying the NHS to ensure easy access to healthcare support for rough sleepers. Councillor Smith advised that Government policy had changed in respect of housing tenancies and he emphasised the importance of ensuring that residents had homes appropriate for their needs.

5.8 The Chairman requested that the health of rough sleepers be added to the Work Programme.

5.9 **ACTION:**

The health of rough sleepers to be added to the Work Programme. **(Action for: Aaron Hardy, Policy and Scrutiny Manager.)**

6 CAPITAL PROGRAMME DELIVERY

6.1 The Chairman introduced the item and welcomed the Committee's input into providing ideas how to deliver the Capital Programme and to gain a greater degree of certainty into the process and prevent 'optimism bias'.

6.2 Stephen Muldoon (Assistant City Treasurer – Commercial and Financial Management) then presented the report and stated that the Capital Programme continued to grow, which brought along with it challenges. A number of development schemes were now coming forward which placed pressure on the programme and impacted upon treasury management. Large cash reserves were available to use in the short term, however borrowing would need to be considered in the mid to long term in order to deliver schemes within the programme. There was now a greater focus on how to manage the budget process and directorates were required to provide greater details of their schemes. Stephen Muldoon also advised that the Capital Programme was reviewed by the Capital Review Group.

6.3 James Green (Director of Development) advised that a new Development Team had been created to provide a single service for schemes funded through either the General Fund or the Housing Revenue Account (HRA) and there was a rigorous reporting structure. A Project Management Office had been set up and the overall structure for development was now much more organised and aligned. Project management procedures were also in place to address project slippages and delays.

6.4 Councillor Robathan stated that the Capital Programme was an ambitious one and she acknowledged that there was a need to deliver more projects. Every effort also needed to be undertaken to ensure that both the budget and the targets were realistic. There was a number of actions being undertaken to ensure there were sufficient resources in place, including staff.

6.5 During Members' discussions, the Chairman recognised the significant improvement in spending from the General Fund which was now at 80%, however he noted that the HRA spend still lagged behind on 66%. He asked what resources were currently in place and what assessments would take place to ensure that there were sufficient resources to deliver the programme. In noting the diverse range of projects, the Chairman commented whether consideration should be given to appointing a project manager with the appropriate skills and experience for a specific project. In respect of 'optimism bias', he enquired what steps were in place to recognise when a project could not be delivered within the proposed timeframe. In noting the top 15 spending projects, the Chairman asked if there were sufficient resources to deliver all of

them. He also noted that a number of projects were due to start in 2020 and asked if there were sufficient financial resources in place to undertake this.

- 6.6 Members asked whether delivery of the WOC would be managed by the Development Team and what efforts were being made to increase delivery from projects that would be funded through the HRA Capital Programme. It was remarked that residents had expressed concerns about the viability of the Huguenot House scheme. A Member asked what steps were in place to vet the performance delivery of contractors. Another Member acknowledged the ambitious nature of the Capital Programme and its history of under delivering. She expressed concern that capital may be being raised too early before projects could go forward. Members sought more information on staff training to ensure officers could work on a variety of projects with the sufficient skills and knowledge.
- 6.7 In reply to the issues raised by Members, James Green advised that the Project Management Office within the Development Team would assess each project and look at issues like capacity. Should additional resources be required for a specific skill set, then external sources would be sought to help deliver a project. James Green advised that staff underwent a talent assessment process and where there were gaps in skills, appropriate training would be provided. It was recognised that there had been optimism bias in some cases and a consistent programme approach to all projects would address this. James Green confirmed that the Development Team would support the delivery of the WOC and advised that contractors were subject to a rigorous vetting procedure.
- 6.8 Natalie Roberts (Strategic Finance Manager – Commercial Lead) advised that there were contingencies in place in respect of funding of projects due to start in 2020.
- 6.9 Councillor Robathan advised that there was a lot of work being undertaken to increase delivery within the HRA Capital Programme, although there was not as much financial headroom compared to the General Fund Capital Programme. She emphasised that there was a huge focus in ensuring that raising of any capital was undertaken as prudently as possible. In respect of the top 15 spending projects, the need for sufficient physical capacity was acknowledged and Councillor Robathan advised that the detail of the schemes were in the process of being worked up. Members noted that there were two experts on the Property Investment Panel. Councillor Robathan advised that there would also be a degree of borrowing to ensure that there were sufficient financial resources to deliver schemes. Borrowing would be staggered and every effort would be made to obtain lower interest rates.
- 6.10 Stephen Muldoon advised that slippage was usually due to issues in respect of planning and the design stages and re-negotiations did not entail projects having to start again from scratch.
- 6.11 The Chairman welcomed the new processes in place that provided more rigour. He asked that future reports provide more details on borrowing. The Chairman expressed concern on relying solely on the Project Management

Office to ensure the right people were recruited on specific projects. Further consideration needed to be given as to what happens when a project is unable to commence within the specified timeframe and it was important to have a process in place to prioritise projects, as well as ensuring there were sufficient resources in place. The Chairman commented that it also needed to be recognised that there will be some situations where contractors may not wish to go ahead with a project at a particular time. He requested an update on Capital Programme Delivery in 6 to 12 months' time.

ACTION:

Analysis of the effects of underspend on the Capital Programme and borrowing decisions to be provided. **(Action for: Stephen Muldoon, Assistant City Treasurer – Commercial and Financial Management.)**

7 TREASURY MANAGEMENT STRATEGY MID-YEAR REVIEW 2018-19

7.1 Stephen Muldoon presented the report and advised that it covered the following:

- A 6 monthly review of the Council's investment portfolio, including the treasury position as at 30 September
- A review of the Council's borrowing strategy
- A review of compliance with Treasury and Prudential limits for the first 6 months of 2018/19
- An economic update for the first part of the 2018/19 financial year.

7.2 Stephen Muldoon advised that the Council had complied with all elements of the Treasury Management Strategy Statement, apart from two instances where large National Non-Domestic Rates receipts were received too late in the day to be moved from the main current account into a deposit or investment account until the next business banking day.

7.3 Members noted that the Council had given loans to other local authorities and asked whether this was still seen as a safe activity to undertake. Members also requested the most up to date figures in respect of capital expenditure for this year be provided

7.4 In reply to issues raised by Members, Stephen Muldoon advised that each local authority was assessed individually and the media reviewed daily to identify authorities under financial stress updates to ensure the Council did not provide loans that could be at risk.

7.5 **ACTION:**

Most up to date figures in respect of capital expenditure for the year be provided. **(Action for: Stephen Muldoon, Assistant City Treasurer – Commercial and Financial Management.)**

8 WORK PROGRAMME AND ACTION TRACKER

8.1 The Committee noted the Work Programme and Action Tracker. The Chairman added that any requests for additional items be sent to Aaron Hardy (Policy and Scrutiny Manager) for consideration at the January 2019 meeting.

9 ANY OTHER BUSINESS THE CHAIRMAN CONSIDERS URGENT

9.1 There was no other business.

The Meeting ended at 9.18 pm.

CHAIRMAN: _____

DATE _____