



CAERPHELLY HOMES TASK GROUP (WELSH QUALITY HOUSING STANDARD)

**MINUTES OF THE MEETING HELD AT PENALLTA HOUSE, YSTRAD MYNACH
(SIRHOWY ROOM)
ON THURSDAY 9TH JANUARY 2014 AT 5:00PM**

PRESENT:

Ms. A. Lewis - Chairman
Mrs D. Price - Vice Chairman

TASK GROUP MEMBERS:

Ms. L. Ackerman, C. Davies, R.T. Davies, G. Henderson, K. James, G. Jones, Mrs S. Jones, Ms. A. Lewis, Mrs A. McConnell, J. Moore and K.V. Reynolds.

Officers: N. Scammell (Acting Director of Corporate Services and Section 151), P. Davy (Head of Programmes), S. Couzens (Chief Housing Officer) and E. Sullivan (Democratic Services Officer).

1. APOLOGIES

Apologies for absence were received from C. Mann.

2. DECLARATIONS OF INTEREST

Ms. A. Lewis, Mr C. Davies, Ms. G. Henderson, Mrs S. Jones, Mrs A. McConnell and Mr J. Moore as Council Tenants declared a personal but not prejudicial interest in the agenda item.

3. IMPLICATIONS OF MEDIUM TERM FINANCIAL PLAN FOR THE HOUSING REVENUE ACCOUNT

The report outlined potential savings/efficiencies on the Housing Revenue Account (HRA) and sought Members comments on the proposals.

N. Scammell Acting Director of Corporate Services and Section 151 introduced the report and referred Members to Appendix B of the report, previously circulated to the Task Group on the 5th December 2013, which listed the potential savings against the Housing Revenue Account only. The Task Group were advised that there was little flexibility given the severity of the savings to be made. They were reminded that no decisions had been made at this stage and their comments and observations would be taken into account along with the other consultation responses across all service areas when Cabinet deliberated the budget recommendations to be made to Council.

S. Jones on behalf of tenants read the following statement:

“First of all we would like to thank the Policy and Resources Scrutiny Committee for asking us for our observations, we would also like to thank Nicole Scammell for doing the seminar, it has helped us understand the difficult decisions Councillors have to make.

These are the observations of the Tenant members of the Task Group.

The environmental spend of £10.5m would not be a lot on its own but could be match funded to create bigger budgets to expand, promoting healthy lifestyles and well-being. If the Council chooses to go down the road of delaying the environmental spend it will lose the window of opportunity to improve these communities and the residents who live in them. It is not all about kitchens and bathrooms it is about giving residents what some people would call a life line, we have seen how the WHQS program has inspired tenants pride in their homes, we think it is important for this inspiration to come into our communities so that tenants and residents can come together to improve their lives and communities. Caerphilly County Borough has some of the poorest and most deprived communities in Wales and they need to be supported, especially as the Welfare Reform changes have had their affect and all the cut backs that local authorities have to make. How will the council engage with tenants and residents and address the social and economic challenges within communities?

In October 2011 the addendum document was agreed stating the Council’s promise to deliver WHQS by 2019/20. The result of the ballot process in February 2012 showed that the tenants decided to put their trust in the Council and voted to keep the Council as their landlord. If CCBC go ahead with the proposals you would break that promise you made in the addendum, and therefore lose the trust of the tenants and residents.”

The Chair thanked the Tenant members for their statement and observations and comments on the statement and the list of savings proposals were welcomed.

The Head of Programmes appreciated the impact that the proposal to defer the environment works would have but confirmed that it was the phasing of the work alongside the property improvements that would be affected and a sequential approach would be adopted. Officers acknowledged the Task Groups concerns that by doing so newly formed community links might be lost as the environmental programme was an integral part of those links. The Officer confirmed that the deferral of the programme would take the completion deadline beyond the target 2019/20. However the Council now faced a dramatically different financial position and must look at all possible options in order to achieve the savings required. The original proposals as detailed in the Offer Document and Addendum had been dependent upon input from the ‘General Fund’ and the position of the General Fund had been dramatically changed by the impact of the savings requirements. The commitments had been made based on assumptions that were correct at the time the business plan had been approved prior to the ballot, however that position was now very different.

A Member expressed the concern that the program could be subject to further deferrals should the financial position of the Council change again and this would result in a loss of trust between the tenants and the Council.

A Member sought clarification as to Welsh Governments position in relation to the failure to meet the specified deadline. The Officer confirmed that Welsh Government were aware of the position facing all local authorities. The backstop date of 2020 to achieve WHQS had been set by the Minister, the Council had entered into the commitment to deliver the improvements based on the position at the time of the ballot and the assumptions going forward had not anticipated the severity of the cuts now being sought.

The Member was of the opinion that the WHQS budget should have been ring-fenced and should not have been considered at part of the savings requirements and felt that a window of opportunity to engage with tenants / residents to benefit the community would be missed if the works were to be deferred.

A Members sought clarification with regard to the Offer Document and made specific reference to Pages 4 and 5 of the document which referenced it as a 'legally binding' document and referenced Page 6 of the document which listed £13m as the budget for environmental works and queried the disparity with the £10.5m now allocated.

The Officer confirmed that of the £13m referenced, £2m had been secured for other assets including the rationalisation and improvement of the garage stock and advised that this commitment had been secured and approved. £50,000pa each had been allocated for the Community Improvement Fund and Community Safety initiatives leaving £10.5m for the remaining environment programme. The environment programme focused on external works on the housing estates such as footpath schemes , landscaping improvements, street lighting, play areas, etc.

The Officer confirmed that the reference to a legally binding document referred to the difference between the Registered Social Landlord (RSL) and the Council. Had the stock been transferred then the Offer Document would have become the legally binding contract between the newly formed RSL and the Council, in the case of the retention of the housing stock, the Addendum being the statement of the commitment of the Council. The Officer advised that the vast majority of the commitments made within the Addendum would continue, the only change being proposed was the deferment of the environmental programme.

The Acting Director for Corporate Services advised that the Task Group could consider the option to opt out of the 'general fund' funding element, then the delivery of the environmental works could remain intact by funding through the Housing Revenue Account (HRA). However in doing so additional savings would need to be secured from the HRA, which would mean a reduction in service delivery. The Task Group would need to consider their priorities and if the environmental works were considered to be the main priority then this would be an option. Unfortunately this would mean that the rest of the housing services would need to be drastically cut in order to replace the £10m. A list of service cuts would need to be drawn up for the Task Group to consider and prioritise and they would also need to be mindful of the affects that Direct Benefit Payments and under-occupancy could have on the HRA. It was noted that the whole authority had worked hard in order to mitigate the impact of Welfare Reform. Further savings could be brought back to the Task Group which would allow the HRA to borrow more, however they would be at a cost to other parts of the Housing service.

A Member queried if this would mean that internal works would cease in order to keep the environment works going. The Officer confirmed that if environmental works were considered to be the priority then that was an option for consideration.

Clarification was sought as to whether the MRA allowance would be affected by the failure to meet the completion deadline of 2019/20.

Officers confirmed that Welsh Government had been advised and a response was awaited. It was noted that other authorities had already stated that they would be unable to meet their completion targets and were still in receipt of the MRA allowance. Officers advised that they would work to secure the same treatment for this authority. Welsh Government had been asked for their view about deferring the environmental programme and they were aware that the 'general fund' was subsidising the HRA. It was noted that other bids, such as the 21st Century Schools program, were also in a similar position and now subject to review.

Officers confirmed that negotiations between Welsh Government and the Treasury were ongoing in respect of the HRAS systems and Caerphilly would consider its position along with that of the other authorities as all would have to sign up to the buy out. This would depend on

the detail of the final proposal and whether this would equate to actual savings could not be determined at this point.

A Member acknowledged the representations of tenants and thanked them for their observations. The Member expressed his concern at the current position facing the whole of the public sector in terms of the level of cuts required of them by Government. Unfortunately the severity of the cuts had left this authority with very little choice or flexibility going forward. The Task Group was advised that this authority was endeavouring to secure savings that had the lowest possible impact on the delivery of services and had made a commitment to its staff that compulsory redundancies would only be considered as a last resort. This unprecedented situation could not have been foreseen when the business plan for the WHQS programme was established and the proposal to defer the environment works was a option with the lowest impact on service delivery, however if there were any other areas of the HRA that could be explored in order to secure the proposed savings they would be considered.

A Member asked that consideration be given to reducing Councillor expenses or reducing casual mileage allowances as options going forward and was advised that they had already been put forward for consideration. It was noted that many elected Members were opting not to take the 1% pay rise awarded to them by the Independent Remuneration Panel.

The Task Group were advised of the more drastic savings being made by other authorities and noted that through its sound financial planning going forward Caerphilly was not yet in this position. However £14.5m of savings still had to be achieved in 2014/15 and it was essential that every avenue be explored. Every proposal put forward was under consideration and every single saving would be looked at, nothing would be left off the table. It was noted that all comments made during the consultation period would be included in a report to Cabinet who would make its recommendations to Council who would set the final budget. The Task Group were advised that all elected Members had taken up office with a view to improve and expand communities and were now faced with making some difficult decisions which would impact on the communities they serve.

Clarification was sought as to what alternative savings could be proposed. Officers confirmed that this would require further investigation as it would affect other aspects of the housing service which had already made significant savings. It would be extremely difficult to make further savings without having a direct impact on service delivery.

Members agreed that no one could have anticipated the level of savings to be made and acknowledged that the cuts required would be widespread and far-reaching. Officers reminded Members that the proposal was for a deferment not the cancellation of the environmental works.

A Member requested that consideration be given to bringing more works in house rather than subcontracting.

The Head of Programmes confirmed that the original programme had planned that half of the work would be carried out in-house and half through contractors. A procurement process had commenced and the tenders evaluated before Christmas. The resulting evaluations had raised some issues in terms of value for money and affordability and were such that Officers felt unable to proceed with the contract award until a due diligence was undertaken. One potential option would be to bring more of the works in-house, however this could not happen over night and would need to be properly investigated and managed. Before bringing further works in-house careful consideration would need to be given on ensuring that there is the capacity to do so and that it would be as cost competitive. Unfortunately this review would mean some slippage in the works programme. A further report would need to be brought to the Task Group for consideration but this would take time to prepare.

Clarification was sought as to the timescales involved and the Officer confirmed that this would require approximately 6-8 weeks in order to allow for further investigation, the preparation of the report and consultation process. However this would be done as soon as possible in order to minimise slippage.

A Member expressed the concern that the programme had already experienced some slippage and had it not done so the funding for the environmental works would have already been borrowed and the works commenced.

The Acting Director of Corporate Services confirmed that as no borrowing had taken place this was not the case and even if the works had commenced this did not mean that they could not be suspended.

Tenant Members agreed that task facing the elected Members was a difficult one and they appreciated the difficult times ahead. However they needed to represent the views of tenants and the importance they attached to the environmental works programme and how vital they considered meeting the WHQS requirements by 2019/20. The benefits to communities were already being seen and the communities would be hard hit by the proposed savings for which they were unprepared. The importance to the tenants that the commitments made within the Addendum be realised was emphasised and that the WHQS would be achieved on time.

The Chair directed Members back to Appendix B of the Officer's report and requested their comments and observations on the savings listed.

Members raised concerns in relation to HRA4 - re-phasing of telecare upgrading in sheltered schemes and assurances were sought as to any impact on the service provided. Officers confirmed that the upgrade related to the replacement of the pull-cord system with a pendant system and the renewal of cabling. The re-phasing would have no detriment to the service provided and related to sheltered housing schemes only.

The Chair thanked the Acting Director of Corporate Services for her attendance and contributions at this evenings meeting and for the budget seminar, which provided the Task Group with a greater understanding of the issues involved. The Chair confirmed that the comments and observations of the Task Group would be included in further reports to Cabinet and Council as part of the consultation process.

Approved as a correct record subject to any amendments or corrections agreed and recorded in the minutes of the meeting held on 23rd January 2014.

The meeting closed at 18:03pm.

CHAIRMAN