

Cabinet – 18 February 2016

Responses to Councillor Questions not Reached at Cabinet

7.

Questioner: Councillor Barry Macleod-Cullinane

Asked of: Councillor Varsha Parmar, Portfolio Holder for Public Health, Equality and Wellbeing]

Question: “Are you concerned about the knock-on impact of several of the service-specific Public Health proposed cuts, including but not limited to that of the Alcohol and Drug Misuse Service?”

Written Response: I am enormously concerned about the impact of the Government’s cuts to Public Health services across the Country and in Harrow.

Public Health is a preventative measure and the Government’s cuts are extremely short sighted.

8.

Questioner: Councillor Barry Macleod-Cullinane

Asked of: Councillor Glen Hearnden, Portfolio Holder for Housing

Question: “Why do you think reducing rents is not in the interests of all tenants?”

Written Response: Since the introduction of Housing Revenue Account self-financing the HRA has been in a far stronger position than it had been under the old subsidy system.

As you know the settlement was partly based on an assumption that we would be able to continue to increase rents in line with national rent policy, and on the back of this assumption we have been steadily improving housing management and repairs services to our tenants since 2012, and in addition have developed an enhanced standard of investment in our housing stock. This was possible because of the financial strength of the HRA and the relative stability of the income streams despite the effects of the enhanced RTB discounts on stock numbers. These additional resources were also sufficient to enable us to develop proposals for the first new HRA properties to be built for a generation, the first of which are due to start on site imminently, and to develop proposals for the complete regeneration of one of our worst-condition estates.

The proposal in the Welfare Reform & Work Bill to reduce rents by 1% each year for four years rips the heart out of what was a very sound business plan, and will result in £10m less income over the period of the MTFs, rising to a £140m reduction in balances by the end of the 30 year business plan, compared to what we had previously assumed would be the position, based on national rent policy. This significant reduction in resources means that not only will we have to cease all programmes of new build after the end of the current phases, but that the existing regeneration proposals are more difficult to deliver, and in future regeneration of any estates will no longer be possible. In addition, we will need to make savings in revenue budgets such as management and repairs services to ensure we can maintain a balanced HRA, and reduce investment in the existing stock as we will not be able to afford to continue to deliver the enhanced standards we have developed in consultation with residents.

70% of the Council's tenants are in receipt of full or partial benefits to help them pay their rent. These tenants will not have any more money in their pockets as a result of the rent reduction as their benefits will simply be cut by a corresponding amount – let us not forget the government's intention in introducing this measure is to reduce the benefit bill. Only the 30% of tenants that pay their own rent completely will benefit from the rent cut, but the cuts to services required because of the Council's reduced income will affect all tenants of our stock, regardless of whether they are in receipt of benefit or not.

That is why it is not in the interests of all tenants – only 30% will benefit, but 100% will suffer the necessary cuts to services.

9.

Questioner: Councillor Susan Hall

Asked of: Councillor Keith Ferry, Deputy Leader and Portfolio Holder for Business, Planning and Regeneration

Question: “Can you confirm that the demolition of the Peel House car park is dependent on the Civic Centre moving to Wealdstone as part of the regeneration programme, and that if the Civic Centre plans change the car park will be left untouched?”

Written Response: It is the Council's firm intention to relocate the Civic Centre to Wealdstone, so this question is hypothetical.

10.

Questioner: Councillor Susan Hall

Asked of: Councillor David Perry, Leader of the Council and Portfolio Holder for Strategy, Partnerships and Corporate Leadership

Question: “You previously promised us the business/financial case of the senior management restructure once it was completed. With the exception of a final Divisional Director position, which is currently being recruited to, it has now been finalised. Could you therefore provide us with the promised information?”

Written Response: The business case is that the senior management re-structure has contributed revenue savings in the region of £1m and this has been expressed in a range of public reports.

11.

Questioner: Councillor Barry Macleod-Cullinane

Asked of: Councillor Keith Ferry, Deputy Leader and Portfolio Holder for Business, Planning and Regeneration

Question: “Beyond a pledge to use local suppliers for 15% of the Council’s spend, why is your Corporate Plan effectively silent about how you plan to reverse the long-term decline in larger businesses in the borough, as exemplified by your recent downwards correction in the amount of Business Rates collected?”

Written Response: The recent loss of businesses in Harrow is largely due to the current Government’s policy to facilitate conversion of office premises to residential use. Under these new rules, no full planning application is required to make the change and there is no obligation to provide affordable housing or to meet the usual planning obligations in the new development. There is therefore a huge financial incentive for owners of commercial space to vacate their business premises and sell their sites for residential development. The Council cannot require any replacement of the business space that is lost.

When this policy was first introduced, Harrow Council sought exemption from the provisions within the Heart of Harrow area on the basis that they would cause economic harm. Government declined this request.

As a direct result of this Government policy, Harrow has lost an estimated 2,465 jobs to date, representing a loss of £67m from the local economy. Overall, including vacant space, the office floorspace lost represents around 4,280 potential jobs across the borough.

In October 2015, the current Government announced that these changes would be made permanent, so extending and exacerbating the risk to Harrow's local economy.

Our regeneration programme makes provision for some 3,000 jobs in new workspace within major developments. This includes significant commercial space at Harrow View East, as well as recently completed workspace at Artisan Place, Wealdstone and at Stanmore Place. There will also be commercial and employment floorspace in developments on the existing Civic Centre site on Station Road and in the Greenhill Way redevelopment. This is all in addition to the wide range of business support programmes that the Council offers, which are referred to in response to a separate question by Councillor Hall.

12.

Questioner: Councillor Barry Macleod-Cullinane

Asked of: Councillor Keith Ferry, Deputy Leader and Portfolio Holder for Business, Planning and Regeneration

Question: "The draft Corporate talks repeatedly of "We have over £1.75bn of public and private investment lined up to deliver thousands of affordable homes, new schools and an improved entertainment, cultural and leisure offer to bring a new buzz to our high streets." Can you provide a full itemisation of this £1.75bn of public and private investment that has been "lined-up" in terms of which organisations and companies and how much from each?"

Written Response: The figure of £1.75Bn is a robust estimate of the development value of the current regeneration programme, including the provision of an additional 5,500 homes over the period to 2026. It is not possible to itemise this in detail, as it is an aggregate estimate based on the number of homes to be provided, and the likely level of new commercial floor space, schools and other community infrastructure. A large proportion of the investment will come from development partners including Hyde Housing, Barratt, Redrow, Fairview New Homes Ltd, Persimmon and Land Securities.

13.

Questioner: Councillor Susan Hall

Asked of: Councillor Anne Whitehead, Portfolio Holder for Adults and Older People

Question: "Can you confirm how much it cost, and from what budget, to refit the kitchen at The Bridge – as was pointed out at the

consultation event last week?”

Written Response: The cost of the refit of the kitchen was £34,000 and was paid for by the Capital Budget.

14.

Questioner: Councillor Susan Hall

Asked of: Councillor Kiran Ramchandani, Portfolio Holder for Performance, Corporate Resources and Policy Development

Question: “Can you provide a departmental breakdown of the number of staff employed by the Council, and what are the projections for these numbers at the end of the 2016/17 financial year?”

Written Response:

Resources & Commercial	People Services	Community	Regeneration & Planning	Council excl. Schools	FTE
483.0	581.0	648.1	89.9	1,802.0	
544	668	720	103	2035	Headcount

The projected FTE reductions* during 2016/17 are as follows

Resources & Commercial	People Services	Community	Regeneration & Planning	Council excl. Schools	FTE
12.6	52.1	4	0	68.7	

* The projected reductions take into account projected increases arising from the development of shared services.

15.

Questioner: Councillor Susan Hall

Asked of: Councillor Keith Ferry, Deputy Leader of the Council and Portfolio Holder for Business, Planning and Regeneration

Question: “What is the Council doing to stimulate and support businesses in Harrow?”

Written Response: The Council has recently been recognised for its excellent work to make a difference for business. In November 2015 we were chosen by the Federation of Small Businesses and London

Councils as the “Best All round Business Friendly Borough”. The award was provided because of how we respond to the needs of business, through consultation, procurement, mentoring, networking, and the provision of specialist information, advice and guidance.

The Council’s business support includes:

1. Assistance to help businesses grow and network
2. Assistance to help find premises for businesses
3. Assistance to help businesses join local supply chains and compete for council contracts
4. Assistance to recruit staff, find apprentices and improve employee skills
5. Assistance to provide local market information.

We are continuously improving our support to businesses, through initiatives such as the recently announced £1.5m award from the London Regeneration Fund to support local business growth in Wealdstone and through our involvement in the Stanmore Business Innovation Centre. These are just two examples of our proactive work to stimulate and support local businesses.

Harrow Council secured £1.5m funding under the London Regeneration Fund through the GLA. The funding is from April 2016 – March 2018 and along with match-funding, will deliver three projects in Wealdstone. The first will provide affordable workspace for the creative sector at Artisan Studios (total workspace of 18,000 sq ft). The second will provide an improved larger square besides Trinity Church, it will be used for events to increase footfall and dwelling time which will also benefit businesses. The third project will support and strengthen a Traders Association for Wealdstone and will assist them to deliver projects to create an improved town centre, this includes; workshops for businesses, events, a brand, marketing activities and events.

We have worked closely with St Edwards to provide the Stanmore Business Innovation Centre and the adjacent Move-On Space within their Stanmore Place development. The Move-On Space (16,979 sq ft) is for business established over 5-years that require larger areas and longer leases whereas the Incubation Space (17,760 sq ft) is for new businesses (less than 5-years old).

There are many other potential examples which I could refer to,

such as the Council's work with the town centre Business Improvement District or our Meanwhile Space programme, but time is limited.

16.

Questioner: Councillor Susan Hall

Asked of: Councillor Keith Ferry, Deputy Leader of the Council and Portfolio Holder for Business, Planning and Regeneration

Question: "Can you confirm the cost and from which budget the outfitting of all the committee rooms with projection and computer systems was met?"

Written Response: The cost of fitting-out these rooms with IT equipment and audio visual equipment was £19,737. This included £3,737 for IT equipment and £15,999 for Audio Visual equipment. This was paid for from our ICT Infrastructure and Refresh budgets.

17.

Questioner: Councillor Susan Hall

Asked of: Councillor Keith Ferry, Deputy Leader of the Council and Portfolio Holder for Business, Planning and Regeneration

Question: "Are any refurbishment works planned for the Civic Centre in 2016/17 and, if so, in which departments/areas and at what cost?"

Written Response: There are no refurbishment works planned at the Civic Centre in 2016/17. Only regular repairs and maintenance will be carried out.

18.

Questioner: Councillor Susan Hall

Asked of: Councillor Keith Ferry, Deputy Leader of the Council and Portfolio Holder for Business, Planning and Regeneration

Question: "Can you provide the capital financing costs/revenue implications of the Wealdstone/Gayton Road developments for the next 3 years?"

Written Response: The details for the Gayton Road site cannot be shared at this stage, as they are subject to a confidentiality clause. The contract with Fairview Homes remains conditional until such time

as an acceptable planning consent has been achieved.

The Wealdstone site for the new Civic Centre is still subject to land assembly negotiations, so financial details for this site cannot be shared at this stage either.

19.

Questioner: Councillor Barry Macleod-Cullinane

Asked of: Councillor Glen Hearnden, Portfolio Holder for Housing

Question: “Given that a Scrutiny Review highlighted the risks of the Government changing the financial and legal regime governing the Housing Revenue Account, how sound do you think the 30-year housing business plan and its assumptions are? Will the Plan be reviewed and when?”

Written Response: Following the introduction of the self-financing regime in April 2012, the Housing Department took on an additional resource specifically to develop the HRA business plan. The reason for this was to ensure that there was a long-term robust business plan demonstrating that the financing cost of the additional debt taken on as part of the self-financing settlement was affordable over the life of the plan. In addition, the business plan has been (and continues to be) used for determining the long-term resource position for the purposes of planning investment in both services and in new housing and to test the impact of proposed changes in service levels and/or new development proposals on the financial health of the Housing business.

The first full business plan was formally approved by Cabinet in the summer of 2013, and since then updates to the financial modelling have been approved by Cabinet annually, with the most recent update being in July 2015. To date these business plans have demonstrated that the Council has a very strong housing business post-self-financing, which was projected to generate significant levels of resources over the 30-year life of the business plan. These resources have been used in the short term to improve services to tenants and to commence a programme of new build housing – the first new HRA housing in Harrow for a generation. Longer-term plans included further new build housing as resources were generated, regeneration of some of the Council’s poorer-quality estates, and a consideration as to whether paying off some of the housing debt might be of benefit.

The underlying strength of the HRA business plan is not in doubt; successive plans have been based on sensible decision-making and prudent sets of assumptions, meaning that there has

hitherto been the capacity to cope with unexpected changes in government policy such as the previous changes to national rent policy in 2014.

The latest proposal for a 1% rent reduction contained within the Welfare Reform & Work Bill blows a large hole in the current business plan as it strips out £140m worth of balances over 30 years, and will mean that there can be no new investment in new housing after the end of the current programme, no more regeneration of poor quality estates, and further it means that improvements in both services and standards of investment made possible by the additional resources delivered by self-financing will now need to be reversed in order to ensure a balanced HRA.

The budget and MTFS being approved by Cabinet has been developed as a holding position, as whilst cutting inflation allowances and growth enables us to agree a “balanced budget” for the HRA, it requires the depletion of balances by around £4m (80%) over the MTFS period, and is therefore unsustainable. Savings proposals are currently being developed for consultation with residents, and these will be tested individually and in combination in the HRA business plan model to determine the long-term benefits of any particular course of action. The next version of the HRA business plan is expected to be taken to Cabinet in the summer of 2016, and by that time we anticipate having developed a set of assumptions that will enable the HRA business plan to be placed once more on a sound footing, albeit that the plan will exhibit considerably less ambition than has become the norm over recent years due to reduced financial capacity.

20.

Questioner: Councillor Barry Macleod-Cullinane

Asked of: Councillor Graham Henson, Portfolio Holder for Environment, Crime and Community Safety

Question: “What is the current percentage take-up of the Council's Garden Waste charging scheme, both the full and part-year option?”

Written Response: As of 15th Feb, the overall take up is 17% of the expected number of households. Over half of those who have signed up have selected the full year option.

21.

Questioner: Councillor Barry Macleod-Cullinane

Asked of: Councillor Graham Henson, Portfolio Holder for Environment, Crime and Community Safety

Question: “What is the (latest) percentage take-up rate assumed in the (current/latest) business case for the Garden Waste charging scheme?”

Written Response: The latest financial model assumes the overall take-up rate for the garden waste charging scheme to be 35% (28% for the summer collection service and 7% for the annual service respectively).

22.

Questioner: Councillor Barry Macleod-Cullinane

Asked of: Councillor Graham Henson, Portfolio Holder for Environment, Crime and Community Safety

Question: “What is minimum take-up percentage rate at which the new garden waste collection scheme breaks even?”

Written Response: Resources will be allocated as appropriate to match the take-up.

23.

Questioner: Councillor Susan Hall

Asked of: Councillor Graham Henson, Portfolio Holder for Environment, Crime and Community Safety

Question: “How confident are you that Project Phoenix will deliver on its commercial objectives?”

Written Response: We are confident that these objectives will be met.

24.

Questioner: Councillor Susan Hall

Asked of: Councillor Graham Henson, Portfolio Holder for Environment, Crime and Community Safety

Question: “From emails I’ve received from residents, as well as letters and articles in the local press, there still appears to be confusion around the new food waste bins and the disposal of fallen fruit.

Can you clarify this position once and for all?”

Written Response: Fruit fall is disposed into the 23ltr food waste caddy.