

COMMUNITY SCRUTINY COMMITTEE

Friday, 24 November 2017

PRESENT: Councillor S.L. Davies (Chair)

Councillors:

D.M. Cundy, C.A. Davies, W.R.A. Davies, H.L. Davies, J.K. Howell, B.W. Jones, H.I. Jones, S. Matthews, H.B. Shepardson, G.B. Thomas and A.Vaughan Owen

Also in attendance:

Councillor C.A. Campbell, Executive Board Member for Communities and Rural Affairs
L.D. Evans, Executive Board Member for Housing

The following Officers were in attendance:

R. Staines, Head of Housing and Public Protection
I. Jones, Head of Leisure
H. Morgan, Economic Development Manager
J. Morgan, Housing Services Manager - Investment and Support
J. Willis, Housing Services Manager (Advice & Options)
A. Thomas, Group Accountant
G. Williams, Team Leader
K. Thomas, Democratic Services Officer

Chamber, County Hall, Carmarthen - 10.00 am - 12.30 pm

1. APOLOGIES AND OTHER MATTERS

An apology for absence was received from Councillor B.A.L. Roberts

The Chair referred to the recent actions of 10 year old Tia Hughes from Llanelli for her quick response in raising the alarm after witnessing smoke emanating from the Granby Flats in Llanelli. She advised that the Housing Department was now liaising with any affected tenants.

2. DECLARATIONS OF PERSONAL INTERESTS

Councillor	Minute Number	Nature of Interest
S. Matthews	7 – National Licensing of Landlords and Agents	Landlord
H. Shepardson	7 – National Licensing of Landlords and Agents	Secretary of Social Club in Burry Port that rents out properties
A Davies	7 – National Licensing of Landlords and Agents	Landlord
S.L. Davies	7 – National Licensing of Landlords and Agents	Mother is a landlord

3. DECLARATION OF PROHIBITED PARTY WHIPS

There were no declarations of prohibited party whips.

4. PUBLIC QUESTIONS (NONE RECEIVED)

No public questions had been received.

5. THE ESTABLISHMENT OF A COUNCIL OWNED HOUSING COMPANY

The Committee considered a report on proposals by the Council for the establishment of a Council Owned Local Housing Company (The Company) as a development vehicle to accelerate house building within Carmarthenshire and increase the supply of much needed additional homes, whilst also creating jobs, training and apprenticeship opportunities, supporting the supply chain and delivering the Council's regeneration ambitions. The Company, if established, would complement the continuing use of the Housing Revenue Account's resources to commission new homes (where it was appropriate to do so) and would also support the Council's Affordable Housing Commitment of March 2016 for alternative housing delivery options to increase the number of homes within the County.

The Committee was advised that The Company would be wholly owned by the Council, would not involve the transfer of any of the Council's existing housing stock (which would continue to be managed and maintained by the Council) or the TUPE (Transfer of Undertakings Protection of Employees) of existing staff.

The Committee noted that the report detailed the arrangements for establishing the Company and contained seven recommendations for its consideration and endorsement, if appropriate, to the Executive Board. Those arrangements would include the appointment of five company directors, the preparation of a business plan for approval by the Council together with initial set up costs.

The following questions/issues were raised on the report:-

- In response to a question on the development role of the proposed company, the Head of Housing and Public Protection advised it would act as a development vehicle to facilitate the construction of good quality housing within Carmarthenshire via a variety of means/tenure to enable local people to access the housing ladder and could, for example, include homes for sale, rent, sharehold, leasehold and rent to buy. The Company itself would be separate from the Council, operated by five directors, and would not involve the transfer of any council staff.

The Company prior to becoming operational would initially be required to produce a development procedure detailing a range of procedures to ensure the delivery of quality homes through contracting arrangements with local builders and adopting its own 'Quality Assurance'. Secondly, it would need to develop a formal Business Plan, for Council's approval, detailing the initial start-up arrangements in relation to any land/ loans/staff it may receive from the council and payback arrangements.

- Reference was made to page 7 of the report and point 5 thereof relating to the wage to house price ratio of 5:1 in some parts of the county, with the Council's Housing Choice Register recording a significant amount of unmet

housing need, especially so in the rural areas where property values were high with limited supply. Clarification was sought on how the new company could address that inequality.

The Head of Housing and Public Protection confirmed that housing shortages in the rural sector were particularly acute, the reasons for which were varied and could include the past sale of council properties, the lack of affordable homes or the wrong types of tenure. As part of discussions on how that shortfall could be addressed, work had been undertaken in conjunction with five rural communities to assess local need in their areas, how that could be quantified and peoples aspirations for different types of tenure.

Having regard to those assessments, he reminded the Committee of the Council's limitations in addressing housing difficulties throughout the County, not just in the rural areas, but that it had, in an attempt to alleviate those difficulties, suspended the right to buy legislation. The new company, by operating outside of the limitations placed upon local authorities, would be able to provide low cost housing solely for local people.

- In response to a question on whether any new homes would be of innovative low carbon design and build, the Head of Housing and Public Protection advised that the new company would have the opportunity to both look at alternative types of provision and have the freedom to work with local companies/builders to offer a range of different products based on local requirements, planning considerations and market values. It would also be able to work with local builders to create apprenticeships, thereby extending the local skill base.
- Reference was made to the Council's endeavours to participate in, and encourage private property owners to return some of the estimated 2,000 empty residential properties in the County to habitable use, and whether the new company would undertake a similar role.

The Head of Housing and Public Protection advised that, typically, the new company would not be venturing into that field as that was, primarily, a housing function. He re-affirmed that the purpose of the new company would be to act as a development vehicle to facilitate the provision of new low cost homes, as detailed within its business plan

- Section 106 Agreements were used throughout the County as a means of raising additional finance towards the provision of affordable homes. Would the new company have access to those funds to assist in kick starting housing development?

The Head of Housing and Public Protection advised that any decision on the allocation of Section 106 funding to the company would be a matter for the Council to determine. Currently, funding derived from those agreements in most wards was generally small and had been utilised to buy back properties for social rent. To date, those funds had assisted in the purchase of 60 properties, 13 of which had been in the rural areas.

- Whilst an expression of support was received for the principle of the company's establishment, clarification was sought on whether the company would also be building for social housing. If so, how would that operate and would those properties be maintained by the Housing Revenue Account?

The Head of Housing and Public Protection advised that the intent of the company would be to provide a balanced portfolio of properties, as detailed within its business plan, and should any rented properties be provided they could be managed and allocated by the Housing Department under agency arrangements. Those properties could also be sold to the HRA, but with the proviso any sale would be dependent upon grant funding, and the properties complying with the CHS standards. As the company's intent was to build homes for sale to supplement social housing provision, the council would need to determine whether any profit made by the company should be re-invested in building more homes or, returned to the Council.

- The Committee's attention was drawn to a recent advertisement for the sale of council owned land for development purposes and whether that could be considered short sighted having regard to the current proposal.

The Head of Housing and Public Protection reminded the committee of his earlier comment on the development of a business plan for the company, and reported that a member of the Council's Property Division would be involved in its development when consideration would be given to identifying land in the Council's ownership which could be made available to the company to develop.

- References were made to the importance of the company being profitable and to whether the Council or the Executive Board would make the final decision on its establishment.

The Head of Housing and Public Protection reported that he understood establishment of the Company was an Executive Decision and fell within the remit of the Executive Board. However, acceptance of the Business Plan was a Council Function.

- Reference was made to the proposal for the company's Board of Directors to have 5 directors, comprising one member, two officers and two independents and to whether consideration should be given to increasing the level of member representation.

The Head of Housing and Public Protection reported that legal advice obtained on the Board's composition stated the more elected members appointed, the less independent it would become, have less freedom and the appearance of being a council body. As such, the more direct control the council exercised over the company, the more it would have to abide by its rules and the regulations and legislation governing public bodies including adherence to procurement policies thereby, affecting its ability to operate locally and employ local builders.

The appointment of the proposed 5 directors mirrored the establishment of similar local authority owned companies. Those appointed would need to have the appropriate knowledge and skills to be directors and also have construction skills. There would be limitations on the type of director appointed for example, the staff representative could not be the Section 151 Officer due to a conflict of interest. If the Committee felt a different board make up was appropriate, that would need to be referred to the Executive Board for determination.

Arising from the above, a view was expressed supporting the appointment of 5 directors on the basis increasing that number could make the Board

unwieldy and potentially impact on its ability to meet its core objectives and remain viable.

- As the company would be independent of the Council, clarification was sought on what level of control could be exercised over it if it was considered to be operating not in accordance with its principles/not delivering its established aims.

The Head of Housing and Public Protection reminded the Committee that Council, as the sole shareholder, had responsibility for appointing the company Directors who, in turn, had a legal responsibility to the company. The Council had the power to appoint and change those Directors if that was considered to be appropriate for example if the company was not achieving its delivery targets, as identified within the performance reports submitted to the shareholder. The key underpinning document in that regard was the Shareholders Agreement reflecting the relationship between the company and the Council. The company would only be allowed to operate in a certain way and would require the shareholders consent to operate outside of its stated parameters for example, it would not be allowed to borrow large sums of money or purchase land outside of the County without the shareholders consent.

- Reference was made to the use of the Council's staff in the company's initial establishment and to whether that would be ongoing or, if their participation could be considered to be a conflict of interest.

The Head of Housing and Public Protection advised that it was imperative the establishment of the company was financially viable/operationally sustainable and in that regard, use would be made of existing council staff with the relevant skills and expertise during the initial set-up period. Where those skills were not available in-house, external services would be commissioned. If, however, after the initial operating period, it became evident the company would need to employ staff that would need to be referred to the Council for consideration. He re-affirmed the position that the establishment of the company would not involve the transfer of any of the council's employees' and they would remain in the Council's employ.

- In response to a question relating to secure tenancies, the Head of Housing and Public Protection advised that the council's tenants had secure tenancies detailing their rights and responsibilities which were greater than that provided by the private sector. As the proposed company was not a public body, it would not be able to provide secure tenancies. However, if it were to develop properties for rent that were subsequently sold back to the Council, the tenancy agreement would convert to a secure tenancy.
- Arising from the above, a question was asked on whether the company could establish its own lettings company and introduce control measures to protect tenants from eviction and their subsequent presentation to the Council as homeless

The Head of Housing and Public Protection reminded the Committee that the Council currently operated a lettings agency which it was trying to further develop. There had been no discussion on the company being involved in lettings, with its primary function being to develop sites for the provision of affordable housing. If at some time properties were developed for let it was anticipated they would be channelled through the council's lettings agency.

Arising from the above, clarification was sought on whether the Business Plan would be sufficiently robust to ensure the company's primary role was to develop properties and not compete with the Council's lettings role.

The Head of Housing and Public Protection in response referred the Committee to point 17 on Page 67 of the report in relation to the production of an annual business plan that prohibited any amendment thereto without the Council's prior consent.

- Reference was made to the assumption the Council would make some of its landholdings available to the company to develop. Clarification was sought on whether the company would have to purchase land privately if council land was not made available.

The Head of Housing and Public Protection confirmed that initially the company would not be seeking to follow that route, with the emphasis being on developing council land. However, that would not preclude liaison/partnerships with the private sector in the long term.

- In response to a question as to where the final decision would be made on which sites would be developed and any priority listing accorded thereto the Committee was advised those would be made by the Directors, according to the development potential and viability of each site.
- Reference was made to the submission of the Business Plan to the Council, as part of the budget proposals and a view expressed the Council should receive a presentation on that plan.
- Reference was made to the proposals for the company to invest approximately £50m in developing homes within the County and clarification sought on how it would raise that level of funding.

The Head of Housing and Public Protection advised that whilst the money would be expended over a period of time an assumption had been made it would be raised by the County Council via the Public Works Loan Board under a formal loan agreement with the Company.

- In response to a question on the remuneration of the 5 Directors, the Head of Housing and Public Protection believed the elected member and staff directors would not receive any remuneration, but that the two external directors may.
- In response to a question, the Head of Housing and Public Protection confirmed that as the company would not be bound by the Council's procurement rules, it would be able to appoint local builders to undertake developments on a site specific basis, subject to compliance with its procurement strategy

UNANIMOUSLY RESOLVED THAT IT BE RECOMMENDED TO THE EXECUTIVE BOARD THAT:-

- 5.1 The report on the proposed establishment of a Council Owned Housing Company and the seven recommendations incorporated therein be adopted**
- 5.2 It be requested to give consideration to a presentation being made to the Council on the Company's Business Plan**

6. INTRODUCTION OF A 'CHOICE BASED LETTINGS' PROCESS FOR COUNCIL HOUSING IN CARMARTHENSHIRE

The Committee received for consideration a report on proposals for the introduction of a 'Choice Based Lettings' process for Council Housing in Carmarthenshire whereby the Council would openly advertise vacant properties and invite people on the Housing Choice Register to bid for the tenancy of those properties, as opposed to the current policy of offering properties to prospective tenants. The new process, if adopted, was considered to be beneficial to both tenants and the Council in that it:

- Was open and transparent in relation to vacancies;
- Ensured applicants who expressed an interest in a particular property wanted the home rather than accepted it on the basis there was a penalty if they refused,
- Was more likely the successful applicant would accept the property and stay longer (making for more sustainable tenancies and communities)
- Provided the authority with real time planning data regarding the popularity/desirability of its homes, which should influence the asset management strategy and affordable homes commitment,
- Reduced staff time spent identifying applicants,
- Reduced property refusals
- Complemented the Council's 'do it on-line' programme.

The report also identified how the new service would be delivered, primarily on a digital basis via the Council's on-line services whilst also making provision for the most vulnerable and others without digital services to access the system and submit bids for a property.

The Following questions/issues were raised on the report:-

- It was confirmed that local members would receive a weekly list of available properties on a similar basis to the weekly planning lists they currently received.
- In response to a question on how a property was to be allocated in light of multiple bids being received, the Housing Services Manager (Advice and Options), confirmed all allocations would be made in accordance with the Council's Allocations Policy.
- Reference was made to the statement in the report that 83% of households in Carmarthenshire had internet access. Clarification was sought on how the Council intended making the weekly vacancy lists available to the remaining 17%.

The Housing Services Manager referred the Committee to the written report which detailed a range of options being pursued including, advertising the list in the Councils libraries, customer service centres and other public buildings. The Council would also work with third sector organisations and local business to gauge their interest in helping to promote the available homes e.g. local shops and post offices. Homeless persons would have assistance via the Council's Housing Advice Service. Additionally, the system would enable vulnerable persons, or those without internet access, to nominate someone to submit a bid on their behalf.

- Whilst the proposals to be put in place to assist non internet users to bid for properties were welcomed, an assurance was sought on whether the Council would be able to continue to provide support to those people.

The Committee was assured that support was provided to prospective tenants seeking inclusion on the Housing Choice Register whereby a significant amount of pre-tenancy information was obtained on their ability to meet their obligations as council tenants.

- Reference was made to the suggested 3-5 day time period for applicants to bid for a property and to whether that was too restrictive, given the fact people did not always access the internet daily.

The Head of Housing and Public Protection advised that a longer time period would result in a longer void period. One of the advantages of the proposed new system was that it was considered tenants who applied for a property did so on the basis they liked the house and its locality thereby potentially living in the property longer and achieving a long term reduction in the number of void properties.

- The Head of Housing and Public Protection referred to comments expressed on the need to ensure the weekly availability lists were advertised as widely as possible. He advised that should the Council endorse the proposal to move to a Choice Based Lettings Process, the next step in that process required the development of a communication plan detailing how those lists could be communicated/made available to prospective tenants.
- Reference was made to one of the stated advantages of the proposed new system being that the Council would have real time planning data available on the popularity/desirability of its homes to influence its asset management strategy and affordable homes commitment. In circumstances whereby properties had been identified as being hard to let, a question was asked on the courses of action available for their future.

The Head of Housing and Public Protection advised if a property remained un-let for a period of six months an assessment would be made on its future which could include sale and the resultant income being utilised to invest in or build properties elsewhere.

- It was confirmed that if the Council were to approve the new lettings process, it was projected to be introduced in April 2018, subject to the appropriate I.T. systems being fully tested and operational.

UNANIMOUSLY RESOLVED THAT IT BE RECOMMENDED TO THE EXECUTIVE BOARD THAT the Council's process for lettings homes be changed in favour of a 'Choice Based Lettings' approach.

7. NATIONAL LICENSING OF LANDLORDS AND AGENTS

(NOTE: Councillors A. Davies, S.L. Davies, S. Matthews and H.B. Shepardson had earlier declared an interest in this item but remained in the meeting during its consideration)

The Committee, further to its meeting held in September 2016, received a progress report on the national licensing of landlords and agents under the Provisions of the Housing (Wales) Act 2014 that made it a legal requirement for all

landlords and agents who managed or let private sector homes in Wales to obtain a licence.

The Committee noted that with regard to Carmarthenshire the progress was:

1. 5,043 landlords had registered 9,261 properties representing 82% of the private rented stock,
2. 1,280 landlords had obtained a licence with a further 922 currently being processed by Rent Smart Wales.
3. 189 agents had obtained a licence
4. 43 warning letters had been issued and one fixed penalty notice issued.

The following questions/issues were raised on the report:-

- It was confirmed that owners of second homes in Wales did not fall within the requirements of the Legislation and were not required to register their properties with Rent Smart Wales.
- Reference was made to the aims and aspirations of the legislation to improve the quality of landlords and to whether those were being met.

It was confirmed that the scheme was aimed at improving or eradicating bad landlords with a view to having well managed properties within the rented housing sector. However, with that aim in mind, it had to be accepted a majority of those landlords were accidental landlords who may not be aware of their responsibilities. The new legislation was also aimed at raising their awareness and understanding of those responsibilities.

UNANIMOUSLY RESOLVED that the report be received.

8. REVENUE & CAPITAL BUDGET MONITORING REPORT 2017/18

The Committee considered the 2017/18 Revenue and Capital Budget Monitoring reports for the Housing, Regeneration, Planning and Leisure and Recreation Services for the period up to the 31st August, 2017. It was noted that the revenue budget was forecasting a £389k overspend, the capital budget a £1,407k underspend, whilst the Housing Revenue Account was forecasting a £21k underspend.

The following issues were raised during consideration of the report:-

- Reference was made to the projected £482k overspend within the Planning Division representing a £40k increase on that previously reported to the Committee at its October Meeting. Clarification was sought on the reason for that increase.

The Committee was advised that as the Head of Planning was not in attendance at the meeting, arrangements would be made to e-mail the information direct to the Committee Members.

- In response to a question on the projected £19k underspend on homelessness, the Housing Services Manager (advice and options) advised that was attributable to a number of factors. Firstly, the Department's pro-active prevention arrangements on homelessness had resulted in a 50% reduction over the previous five years. Secondly, the Authority received additional Welsh Government funding to support the provision of housing for the homeless.

- In response to concerns expressed on the introduction of Universal Credit and the potential that had for tenants unable to pay their rent being evicted, the Housing Services Manager advised that a report was currently being prepared on Universal Credit for submission to a future meeting of the Committee.
- In response to a question on the £56k overspend in Rent Payments, it was reported that related to an overcharge of water charges for some people living in sheltered housing as a consequence of their water meters having been connected by Welsh Water to the incorrect properties.
- In response to a question on the £45k overspend on UN Sir Gar, the Committee was advised it related to unrealised rental income from vacant accommodation and that efforts were being made to let the vacant space.
- In response to a question relating to the £393k overspend on Adaptations and DDA works, the committee was advised it had resulted from an increased demand for services, some of which involved the provision of extensions to properties. As a result of that increase, an assessment was being made on whether additional provision for such works should be made in the HRA Business Account.

UNANIMOUSLY RESOLVED that the Revenue and Capital Budget Monitoring Report 2017/18 be received.

9. FORTHCOMING ITEMS

The Committee received a list of forthcoming items to be considered at its meeting to be held on the 14th December, 2017, and its attention drawn to the high number of agenda items to be presented to that meeting. As a result, it was requested to approve the following suggested amendments to that schedule:

- The Reports on both the Local Resilience Forum – Business Plan and the Counter Terrorism Update being re-scheduled for consideration at the February 2018 meeting;
- The withdrawal of the report on the Commons Act 2006, which would now be considered as part of the budget setting process for the setting of fees and charges.

In addition to the above report, the Committee noted that appended thereto for its information was a copy of both its, and the Executive Board's, Forward Work Programmes

UNANIMOUSLY RESOLVED that subject to the above amendments the list of forthcoming items for the meeting of the Committee to be held on the 14th December, 2017 be received.

10. EXPLANATION FOR NON-SUBMISSION OF SCRUTINY REPORT

The Committee considered the explanation provided for the non-submission of a report.

UNANIMOUSLY RESOLVED that the non-submission report be noted.

11. SCRUTINY ACTION UPDATE

The Committee received a report detailing the progress achieved in relation to actions, requests or referrals emerging from previous meetings.

It was noted that subsequent to the despatch of the Agenda for the meeting the information requested in Action CS006-17/18 on energy consumption data had been conveyed to members of the Committee and that action was now completed

UNANIMOUSLY RESOLVED that the report be received.

12. TO SIGN AS A CORRECT RECORD THE MINUTES OF THE MEETING HELD ON THE 5TH OCTOBER 2017

The Committee received for adoption as a correct record the minutes of its meeting held on the 5th October, 2017 and its attention drawn to the erroneous inclusion of Councillor Betsan Jones in the list of apologies.

UNANIMOUSLY RESOLVED that, subject to the above, the minutes of the meeting of the Committee held on the 5th October, 2017 be signed as a correct record.

CHAIR

DATE