

CABINET MEMBER FOR HOUSING AND PREVENTING HOMELESSNESS

RECORD OF DECISIONS of the meeting of the Cabinet Member for Housing and Preventing Homelessness held on Thursday, 27 October 2022 at 10.00 am at the Guildhall, Portsmouth

Present

Councillor Darren Sanders (in the Chair)

Councillors Cal Corkery
George Madgwick
Daniel Wemyss

Residents' Consortium representatives

- Maria Cole
- Sue Gordon

24. Apologies for absence

There were no apologies for absence.

25. Declarations of interest

Councillor Corkery declared an interest as he is a Portsmouth City Council tenant.

26. Interim Report on Progress of Council Housing Maintenance and Improvements Programme 2022/2023

Meredydd Hughes, Assistant Director (Buildings), introduced the report and highlighted the following points:

- Some projects which have been approved for spend this year may span two to three years due to their scale and complexity.
- HNB Building Services will prepare the capital programme for March 2023 which is flexible to allow for in-year pressures. The fire damage at Grafton Street and Chedworth Crescent are examples of in-year pressures.
- There are two in-house asbestos surveyors but Building Services are looking to expand this resource to enable faster turnaround for surveys.
- HNB Building Services are currently doing a significant amount of work on voids and looking at additional resources to speed up the turnover of empty properties.
- As well as cost increases due to inflation, Building Services have to consider the effects of Brexit, demand arising from the pandemic, war in Ukraine, the cost of living crisis and fuel prices at record levels when estimating costs for the next capital programme in March 2023. Fuel costs affect the price of materials like steel and ceramics which need heat for their manufacture. There is increased demand for these materials, many of which come from Spain and Italy, and there are delays in delivery.

- Covid is still affecting the workforce, leading to delays in availability of labour.
- Contractors are very risk averse so HNB Building services may have to work more closely with them at early stages of design and have longer tender lead-in periods. There may be fluctuation clauses to mitigate against inflationary costs in the building process.
- Although the council's core group contractors have improved their pay and conditions including paying the Real Living Wage, other organisations pay more for short-term work. However, it seems home DIY projects that increased during the pandemic have started to slow so it is hoped smaller contractors will return to the marketplace.
- Quarterly meetings with housing associations show they have exactly the same problems. As a collective officers keep a close eye on the situation and see how they can share and resource materials.

In response to questions from the Residents' Consortium representatives, Mr Hughes agreed it was important to keep residents informed of how work was progressing and to advise them of any delays, as if expected work is not done they will be dissatisfied. Regular communication helps and Mr Hughes had recently advised Councillor Corkery about some projects in his ward. Some projects do take a long time to get on site due to size and complexity but residents' comments have been taken on board.

Regarding concerns as to how rising prices might affect big projects, Mr Hughes explained that project costs were "baked in" which means that part of the capital programme funding is earmarked and allocated; it is committed against a particular project.

In response to questions from members about developers using inflation as an excuse to raise costs, Mr Hughes explained that all contracts in the capital programme are fixed price so contractors tender for the work and say they will do it for a particular sum. To ensure value for money there are a minimum of three tenders for each project and if work needs to be added or removed it will be valued and approved by one of the council's chartered surveyors. Officers will only sign off contracts if they are happy with costs. Additional costs have to be substantiated and signed off. The council strictly ensures value for money.

With regard to retaining staff, Housing have set up a number of frameworks with contractors and are transparent about the work available so they can see they have a fair chance of keeping work. There are cost reimbursable contracts with Comserv, Liberty and Mountjoy for our response repairs service so the council pays the costs they incur while still ensuring value for money. Officers have done considerable work on pay and conditions, holiday and sick pay. However, the council still experiences issues with staff moving to other organisations though attrition rates are reducing. Some organisations use initiatives such as "golden handcuffs." The council has good training schemes and currently has about 18 to 19 apprentices who learn on the job as well as studying at university. The first architectural apprentice passed her final exams recently. Apprenticeships are open to career changers as well school and university leavers. The council offers a pension scheme and flexible

working as well as the opportunity to work on a wide range of projects: homes, schools, historic monuments, buildings such as the Spinnaker Tower. The council "grows its own" and is keen for more female applicants to work in the built environment. It is a condition of contract that staff have to stay with the council for a certain period of time after they qualify.

Mr Hughes explained that this year's budget covers work that has been allowed for and he is working with the Finance Manager to ensure Housing can deliver the work that needs doing. At the moment officers are formulating the work plan for next year and are modelling income. The capital work programme will have to reflect the funds available and work needed.

The projects up to and including Maralyn Avenue have all been tendered and contracts signed so the budget is committed against them. Funding has been set aside for the Quad but as it is a big project officers may need to reconsider other projects. The Quad was included in the March 2022 capital programme and a bank of money has already been set aside as a contingency for it; it is an example of a project that spans more than one year.

As to whether a cap on rent increases would have an impact on the maintenance programme, Councillor Sanders said the preferred option is likely to be a 5% increase in rents but it is very uncertain at the moment as variable such as the costs of borrowing change daily. He could raise rents by as much as 11% but this is not morally correct in view of the cost of living. He was conscious that the government's rent cut of 2015 removed about £8m from repair bills.

Councillor Corkery noted that if the previous inflation formula was used there could be massive rent increases. He supported a rent cap at a lower level with additional government funding to fill the gap. Councillors Sanders said local government was the whipping boy for funding cuts. The council should have freedom with regard to setting rents but he intends to adopt the same principles as last year. He has to be realistic and balance the budget.

With regard to paying for the fire damage at Chedworth Crescent, Mr Hughes explained the cost came from council rents in the form of the Housing Revenue Account, not council taxpayers. As the council has so many properties insurance premiums would cost tens of millions although there is insurance across properties for particular reasons. Councillor Sanders explained that unexpected overheads usually do not go to Full Council as most housing matters come to the portfolio. He and the opposition spokespersons will examine the matter nearer the time. Like other landlords, the council has to allow for unexpected events but cannot keep calling on its reserve.

Councillor Sanders mentioned prudent budgeting by the administration meant there is a contingency reserve fund that can be used for unforeseen events, which also included Covid

Mr Hughes said that in March 2022 members approved a £35m budget for the capital programme. The works listed in Appendices A and B total £38m.

Housing has a significant reserve where some projects have taken longer than expected to come to fruition. Some projects have been re-evaluated so some are under or over-budget. Housing allow for contingency in the £35m as with 15,000 properties they know there will be unexpected events.

Asked if there was any positive news, Mr Hughes said he had been advised that the wholesale price of gas had started to drop this week. If it continues to fall it could have a knock-on effect on the costs of electricity and building materials. However, the problem is that there is a massive worldwide demand for construction. The current situation is likely to continue for a while yet. The capital programme presented in March 2023 will include an update on projects completed and money spent; hopefully the situation will be more positive by then.

Summing up, Councillor Sanders said the report had come to the portfolio meeting as the opposition spokespersons wanted to know the current situation. In the political climate it is useful to be open and straight with tenants and leaseholders. It was incredibly helpful to discuss the issues faced, such as staff retention difficulties, which are also seen in health and social care. The same issues are faced by local authorities across the country. Creative solutions need to be found to help with retention. It is good if Housing can work more constructively with housing associations. He agreed with the comments on keeping residents informed of progress on work. He is delighted prudent budgeting has enabled the completion of many projects. However, the rent cap and the impact of the autumn statement are unknown. The report contains very good work that ensures tenants are safe, such as installing sprinklers. Voids have reduced by a quarter. In the face of financial chaos the council needs to ensure it gets as much as funding as possible from the government.

He thanked Mr Hughes for his report and all those involved for their comments.

The Cabinet Member noted the report.

The meeting concluded at 10.49 am.

Councillor Darren Sanders
Chair