



Borough of Telford and Wrekin

Business and Finance Scrutiny Committee

Monday 9 January 2023

6.00 pm

The Telford Room, Addenbrooke House, Ironmasters Way,
Telford, TF3 4NT

Democratic Services: Kieran Robinson 01952 382061

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Committee Members: Councillors S J Reynolds (Chair), E J Carter,
N A M England, J E Lavery, A Lawrence, I Preece,
G C W Latham-Reynolds, Lord Sahota and R Williams

Co-optee R Williams

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4.0	Medium Term Financial Strategy 2023/24 - 2026/27	To Follow
	To consider the draft budget proposals agreed by Cabinet on 5 January 2023, to consider any alternative budget proposals put forward and to agree items for further scrutiny.	
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BUSINESS AND FINANCE SCRUTINY COMMITTEE

Minutes of a meeting of the Business and Finance Scrutiny Committee held on Wednesday 20 July 2022 at 6.00 pm in The Telford Room, Addenbrooke House, Ironmasters Way, Telford, TF3 4NT

Present: Councillors G C W Latham-Reynolds, J E Lavery, A Lawrence, I Preece, S J Reynolds (Chair) and Lord Sahota.

Co-optees: R Williams

In Attendance: K Callis (Service Delivery Manager: Housing Investment Programme), N Fisher (Democracy and Scrutiny Assistant), R Phillips (Service Delivery Manager: Legal and Democracy), and S Yarnall (Democracy Officer (Scrutiny)).

Apologies: Councillor E J Carter

BFSC55 Declarations of Interest

None.

BFSC56 Minutes of the Previous Meeting

RESOLVED - that the minutes of the meeting held on 10 May 2022 be confirmed and signed by the chair.

BFSC57 Terms of Reference 2022/2023

The Service Delivery Manager: Legal & Democracy presented the Terms of Reference for the municipal year 2022/2023 to the committee, noting that Full Council had delegated responsibility or the final confirmation of Terms of Reference to each Committee.

RESOLVED - that the amended Terms of Reference set out in Appendix A be approved.

BFSC58 Work Programme 2022/2023

The Service Delivery Manager: Legal & Democracy, presented the Business and Finance Scrutiny Committee Work Programme 2022/2023.

The Committee heard that the work programme had been presented at Scrutiny Management Board and Scrutiny Assembly. The items had been suggested by a number of stakeholders, from Councillors, to Cabinet members and Senior Management. The Service Delivery Manager: Legal &

Democracy mentioned that discussions over the work programme would continue through keeping in touch meetings with the Chair. Members were informed that the document presented was a working document and any alterations would be communicated to Members by Democratic Services.

RESOLVED – that the work programme for the 2022/2023 municipal year be approved.

BFSC59 Housing Investment Programme Annual Update

The Service Delivery Manager: Housing Investment Programme gave the committee an annual update on the Housing Investment Programme (HIP) with Nuplace.

The Committee received an update from the Service Delivery Manager: Housing Investment Programme regarding the programme's objectives. It was explained that the programme started 7 years ago and was a response to the Borough's housing need for quality rental homes and places to live. It was heard that the programme is to support the Council's ambitious growth agenda as well as investment into the Borough. The Service Delivery Manager: Housing Investment Programme explained that another objective of the programme was to raise the standard of rental provision in the Borough in terms of the quality of the rental homes and the quality of the landlord service in areas such as responding to repairs in a timely manner.

In addition, members heard that HIP had an objective to enhance the Council's knowledge and expertise of housing delivery and management. It was explained that this was being carried out through the use of in-house resources to undertake the development, management and maintenance of the portfolio of rental properties.

Further to this, the committee was told that HIP and Nuplace had an objective to generate a long term income stream for that council that would contribute to the protection of frontline services that would otherwise be affected by budgetary constraints. It was further heard that this would help to stimulate local economic growth through job creation during both the construction and operational phases of the programme.

The last two objectives that the Service Delivery Manager: Housing Investment Programme discussed was to regenerate brownfield and stalled sites and to breathe new life into existing housing stock.

Following this, members heard about the achievements so far with HIP and Nuplace. At the time of the meeting Nuplace's housing portfolio comprised of 442 homes with a further 442 planned or in delivery. It was explained that the growing portfolio provided a range of homes across the Borough with houses available in the north and south of Telford and also included properties in Newport. In a December 2021 satisfaction survey, 96% of NuPlace tenants said that they would recommend NuPlace to friends and family. At the time of the meeting, circa 1,200 people lived in NuPlace properties across ten sites.

Further to this the Service Delivery Manager: Housing Investment Programme said that voids for the financial year 2021/22 were approximately 1.35%, below the Budget assumption of 3.1%. The programme has regenerated 23 acres of brownfield land, with a further 38 acres being regenerated at Wild Walk, Muxton.

Members heard how the programme had delivered added value to the Borough in terms of local employment, apprenticeships, supply chain development and the delivery of a range of community projects. An example was the partnership working with Lovell over the last 5 years to provide jobs to local people during the construction and development stages.

The HIP has generated a cumulative net incremental income of £7.8m to the Council since 2015/16 along with an additional £3m through Council Tax and New Homes Bonus since 2016/17. Following from this, members heard that there was a delivered capital growth on the £62.2m invested of 26%, to £79.6m in March 2022.

The Service Delivery Manager: Housing Investment Programme discussed Nuplace and the programme's growing portfolio. The committee were shown a chart that detailed properties that had been completed, in delivery or in the planning stages. The majority of the properties being focused on were two and three bedroom houses, with some apartments.

Following on from the discussion on the programme's growing portfolio, members were shown examples of the properties that were either completed, in development or planned. One of the examples presented to the committee was of properties in Southwater Way. These properties met the authority's low carbon agenda with solar panel energy and electric vehicle charging points. Members also heard about the properties in Maple Fields, Wellington, these properties were accessible and adaptable to meet the needs of those that have issues with accessibility. These properties had bespoke adaptations undertaken during the build period to suit the needs of residents.

Members heard about Telford & Wrekin Homes which is the council's project acquiring already built properties. It was explained that a proportion of these properties are for lower income individuals and those on an internal waiting list for temporary accommodation, with rents set at Local Housing Allowance Rents. The committee was also given an example of how the HIP was actively breathing new life into older buildings and properties in the Borough; The Gower in St. Georges and Ketley Bank was an example of this.

The Service Delivery Manager: Housing Investment Programme discussed how the portfolio of properties were managed. The portfolio generated a monthly gross income of approximately £300K. Voids held at 1.36% for the year 2020/21 and 1.35% for the year 2021/22, this was below the business care assumption of 3.1%. During the Covid-19 Pandemic, rent increases were held off and payment plans were put into place to look at reducing levels of debt and to help the residents. On 1 April 2022, Nuplace implemented a rent

increase for existing tenants of 1.7%, this rent increase remained below that occurring regionally and nationally. It was further said that expenditure on maintenance of properties was 7.2% of turnover for the year ended 31 March 2022. It was highlighted that this was within budgeted levels of expenditure.

The committee was presented figures regarding tenant satisfaction, the feedback was from a survey issued in November 2021. 156 tenants completed the survey creating a 36% response rate from residents of Nuplace. From this, 96% of people had said that they would recommend Nuplace to their friends and family. 75% of tenants said that Nuplace was their "forever home". Members were presented with quotes and positive feedback and heard that any negative feedback was actioned.

Members were presented with how the HIP brings social & added value. Working in partnership with contractor Lovell, the Council delivered added value in a number of ways, one of which was £45K of social value budgets pooled at Donnington Wood Way to deliver educational and community based benefits to local residents. It was said the supply chain engagement leads to 70% of all work being delivered within a 25 mile radius of Donnington Wood Way. Donating show home furniture for care leavers that are living independently. In Coppice Court, Snedshill they provided a new community bench and that in Southwater Way a community litter pick was organised.

Finally, it was acknowledged that over the next year there would be challenges, especially regarding potential rises in interest rates. The Council can continue to borrow money and on lend this to Nuplace to fund the development and this was reflected in the business case going forward but increasing interest rates will be reflected in this on lending late and must be accounted for in future business cases. As Nuplace reaches 7 years old it was explained that being mindful of debt management was important. Members were assured that these would be continually monitored and any changes examined to see the impact that they have.

After the presentation concluded, members posed a few questions.

Are the waiting lists long?

The Service Delivery Manager: Housing Investment Programme explained that for Nuplace the waiting list is approximately 100 people and for Telford & Wrekin Homes the waiting list was approximately 500 people. It was explained that due to buoyancy in the housing market it was a challenge for Nuplace to acquire houses for Telford & Wrekin Homes at prices which achieve business case thresholds. The majority of properties are being sourced from Wrekin Housing Group's (WHG) disposal programme. Processes are now in place to streamline this programme as much as possible with WHG undertaking refurbishment works before transfer to Nuplace.

Are there large levels of turnover of residents?

The programme currently does not have a high turnover of occupants in the properties and some of the residents have been in the Nuplace properties since the beginning. However, the programme does experience movement within the portfolio with people moving from existing to newly completed estates resulting in a peak in turnover at certain times.

Is there any ambition to look at properties and land outside of the Borough?

The Service Delivery Manager: Housing Investment Programme said that this had been considered but the focus was on land and properties within the borough. Looking outside of the Borough could dilute the added value in Telford and Wrekin.

Could acquisition of land and property be acquired through auctions?

Acquiring properties through auction was a possibility but current buoyancy in the housing market means that properties are currently being sold at auction as values well above those which would normally be expected making acquisitions for Nuplace unviable.

Government policies regarding converting industrial units and vacant office building into residences have been introduced, could this be something to consider as part of the programme?

This could be something to consider in the future.

In terms of climate change and changes to legislation to account for this, what is being currently done to account for climate change?

HIP works towards the Council's low carbon agenda and the new building regs target of reducing carbon emissions by 27% was being met with future developments planned to be carbon friendly. Examples on site include Southwater Way where properties benefit from solar panels and EV charging and Donnington Wood Way. At Donnington, 18 Nuplace homes are being delivered to Future Homes Standards delivering an 80% betterment in terms of carbon emissions. These properties will help support Nuplace to test how best to deliver low carbon homes in the most viable way moving forward. The intention is to share this learning with housebuilding partners..The Station Quarter development is intended to be fully electric with low carbon objectives being met through thermal upgrades to the fabric of the building, PVs, air source heat pumps etc.

How were rising electricity costs being offset for residents?

It was explained that developments into offsetting the costs were being explored and actively acted upon. Actions to reduce carbon emissions also help to reduce running costs by reducing the need to heat buildings (e.g. through improved insulation) or by contributing towards energy generation (e.g. PVs). Operational costs are being reviewed on all future developments to understand likely impact on tenants.

When working with developers from outside the Borough, how do you work with them to ensure compliance with legislation especially when legislation changes?

The Service Delivery Manager: Housing Investment Programme explained that contractors all work differently but the use of regulation helps to monitor progress. The Council worked with consultants to provide training to contractors on the changes in legislation.

Are we working with respected contractors such as our working relationship with Lovell?

Members heard that the working relationship with contractors like Lovell have been beneficial. It was heard that this particular contractor understands the objectives and the need for added value for the projects in the Borough. These particular contractors are actively working with the programme team on sites that other contractors are not willing to work on or are interested in.

How well were we working with Wrekin Housing Group?

The working relationship with Wrekin Housing Group has continued to strengthen in recent years. The Council was in regular contact with the Group and regularly review current projects together or looked at future opportunities that could be delivered in partnership. The Housing Group had now agreed to offer properties that it was disposing to the Council for first refusal with these being considered for acquisition by the Council and Nuplace via Telford & Wrekin Homes.

Are there dedicated officers that examine the social value and added value of the programme?

It was explained they are a small team and when it comes to social value and added value of the programme it is reviewed amongst the whole team.

Would the programme consider collaborative working with Parish and Town Councils?

The team actively encouraged Town and Parish Councils to work with them.

BFSC60 Chair's Update

The Chair informed the committee that the next meeting would be on the 13 December 2022.

The meeting ended at 6.45 pm

Chairman:

Date: Monday 9 January 2023