

Committee:	Date:
Property Investment Board	12 September 2018
Subject:	Public
Review of Housing Governance	
Report of:	For Decision
Town Clerk	

Summary

The question of the City Corporation's housing governance has been raised on several occasions over the recent period. This has necessarily included discussion as to the arrangements associated with the Barbican Residential Committee, following an expression of concern by the Standards Committee in relation to the potential perception of conflicts of interest associated with resident Members serving on the Committee.

The Policy & Resources Committee considered an initial report at its July 2018 meeting (appended for information) intended to open discussion, which set out the current structures in place around housing governance, the various issues which Members and Committees had raised concerning the existing arrangements, and presented an initial outline of some potential options which could be taken in respect of a future direction. The Policy & Resources Committee expressed a desire to consult with and receive the views of those Committees which would be affected by any change to the existing structures, so as to ensure that any decision to be made in due course is taken on an informed basis.

As one of those potentially affected Committees, the views of the Property Investment Board are now sought as to the various options outlined in the report.

Recommendation

The view of the Property Investment Board is sought as to the future of the City Corporation's housing governance and any potential amendments that might be made.

Background

1. The City Corporation's housing governance arrangements were last reviewed in 2011, as part of the comprehensive Governance Review process which took place at that time. As part of that Review, it was specifically asked that consideration be given to the question of whether oversight of the entirety of the City Corporation's housing activities, including the Barbican Estate, should be undertaken by a single Committee.
2. Ultimately, the decision was made to create a standalone Housing Sub-Committee, dedicated to the management of the City's eleven (non-

Barbican) housing estates, designed give focused attention to engagement with residents. The City of London Almshouse Trust was also subsumed and merged with this new Housing Sub-Committee (to create the Housing Management and Almshouses Sub-Committee).

3. The Barbican Residential Committee was retained as a discrete grand committee, with responsibility for oversight of the management of the Barbican Estate, including the management of all completed residential premises and ancillary accommodation on the Barbican Estate, as well as the disposal of interests in the Barbican Estate.
4. It is a non-ward committee appointed by the Court of Common Council which acts on behalf of the City Corporation as landlord of the Barbican Estate and is not to be confused with the Barbican Estate Residents' Consultation Committee, which is an independent body which exists to represent the views of the Barbican Estate residents. In carrying out its management functions, the Barbican Residential Committee must have regard to any representations made to it by the Barbican Estate Residents' Consultation Committee.
5. The City Corporation's Standards Committee, at its 26 January 2018 meeting, resolved its belief that the present operation of the Barbican Residential Committee - and particularly the association of the two distinct roles of managing agent and landlord - gives rise to a perception of a conflict of interest.
6. There is no doubt that the current arrangements are lawful. The Barbican Residential Committee is covered by the rules on disclosable pecuniary interests in the Localism Act 2011 in the same way as any other Committee. Members of the Barbican Residential Committee can deal with any disclosable pecuniary interests that arise by not participating in the discussion and vote on that item, or by seeking an appropriate dispensation from the Standards Committee.
7. However, some concerns have been expressed about the number of dispensations that have been applied for by the resident Members of the Barbican Residential Committee, and resident Members have also highlighted the implications which they feel the dispensations regime has on their ability to fully represent residents' interests.

Current Composition

8. The composition of the Barbican Residential Committee has, for many years, been such that there are nine resident Members: three from Aldersgate Ward and six from Cripplegate Ward (three from each side of that Ward).
9. When the Committee first included resident Members (initially, resident Members were excluded), Aldersgate as a Ward was represented by six elected Members, with Cripplegate represented by twelve Members. The representation on the Committee from those Wards was therefore half the

elected Members. The Aldermen for the two Wards traditionally are not appointed to serve.

10. Following the reduction in the number of Common Councilmen from 130 to 100 during the latter part of the twentieth century, as well as the 2013 Ward Boundary Review, Aldersgate representation has changed to six Members and Cripplegate to eight Members. The composition of the Barbican Residential Committee did not alter with either change in the number of Ward Members.
11. Although the non-resident members (when all vacancies are filled) form a majority of the Committee, resident Members arguably have a greater interest in the Committee's business and have tended to be more regular attenders. As a consequence, they are sometimes a majority of the Members present at a meeting. This adds to the sentiment (whether right or wrong) expressed by the Standards Committee that resident Members might be perceived to have an undue influence or dominate the Committee.

Options

12. The report to the Policy & Resources Committee outlined five potential options in relation to future arrangements, in summary:
 - (i) Maintain the status quo.
 - (ii) Disband the Barbican Residential Committee and transfer its responsibilities to the Community & Children's Services Committee.
 - (iii) Disband the committee and transfer its responsibilities to the Property Investment Board.
 - (iv) Reconfigure the Barbican Residential Committee.
 - (v) Establish a new, non-Ward based Housing Committee.
13. Within each of these options, there are of course a range of issues which would need to be considered. For instance, there would need to remain a clear delineation and separation between the management of the Barbican Estate and the City Corporation's Social Housing Estates, given the requirements around the management of Housing Revenue Accounts monies.
14. This report does not advance arguments for any of these options, each of which (to a greater or lesser degree) could be argued to have advantages and disadvantages. These issues will be captured together with the comments of relevant Committees following consultation.

Option (iii): Transfer of Responsibilities to the Property Investment Board

15. One of the potential options suggested was that responsibility for managing the Barbican Estate transfer to the Property Investment Board.

16. This is on the basis that the Property Investment Board manages the City Corporation's property portfolio, including the day-to-day management of a large number of commercial properties, each with varying arrangements with leaseholders. The argument could therefore be made that this function is broadly analogous to the management of the Barbican Estate, which could transfer to PIB's control.
17. It has also been suggested that management by a Committee comprising of non-residents (such as the Property Investment Board), with appropriate consultation mechanisms with residents in place, might enable the Estate to be managed more efficiently, for instance, through the appointment of suitable individuals with expertise and experience of managing large Estates, as well as providing an outside perspective.
18. It has been suggested that it is suggested that it is unusual to have a separate grand committee (or equivalent) specifically dedicated to the management of a single private housing estate such as the Barbican. However, there are particular special circumstances in relation to the Barbican Estate. Its size is such that it houses a very significant proportion of the City's resident population, far in excess (in terms of proportion of residents) than would normally be seen with lone estates in other areas. Decisions relating to that Estate therefore have a particularly significant impact on a large proportion of the City's population, which should be borne in mind.
19. It is questionable whether it would be productive to divert the focus of the Property Investment Board away from its current role, given the importance to the City Corporation of income generation through property. Management of the Barbican Estate would represent the addition of a large and distinct area of responsibility to the Property Investment Board's work and careful thought would need to be given as to how this would be handled, as it would likely require either the length or frequency of meetings to be increased. Consideration would need to be given to the composition of the Board and the way in which it operates, how it would liaise with residents appropriately, and whether provision should be made for residential Members to have representation or not.
20. Whilst there are a very small number of directly-managed buildings comprising of flats within PIB's investment portfolio, there is nothing on the scale of the Barbican Estate and therefore the current reporting arrangements are likely to be insufficient. It is also questionable as to whether the Property Investment Board's current composition and focus on commercial property development, purchase, lettings and sale would leave it best positioned to make relevant decisions.
21. The City Surveyor has advised that he would not be in favour of such a transfer of responsibilities, noting that the management of the Barbican Estate would be highly resource intensive. The focus and skill-base for fund managers within his department is geared to deliver strong performance to maximise commercial income to the City Corporation.

Detracting from this and the focus of the Property Investment Board would not be in the interest of the City Corporation. It was also suggested that the Corporate Asset Sub-Committee, with its focus on operational property, might be a more appropriate forum than PIB for such a transfer of responsibilities, although that body's status as a sub-committee could present additional complications.

22. A number of Barbican residents, including the Chairman of the Barbican Association, have also written to express their firm view that they would consider the Property Investment Board to be an inappropriate overseer of a residential area, given the differing characteristics of commercial and residential property and the focus of the Board.

Conclusion

23. The Property Investment Board's views are sought as to the various options set out in paragraph 12 and the appended report, specifically, Option (iii) and the potential transfer of responsibilities to the Property Investment Board.

Appendices

- Appendix A – Report to Policy & Resources, July 2018