

Housing Scrutiny Committee - 16 November 2015

Minutes of the meeting of the Housing Scrutiny Committee held at Committee Room 4, Town Hall, Upper Street, N1 2UD on 16 November 2015 at 7.30 pm.

Present: **Councillors:** O'Sullivan (Chair), Poyser (Vice-Chair), Andrews, O'Halloran, and Williamson.

Co-opted members: Rose-Marie McDonald and Jim Rooke.

Councillor Michael O'Sullivan in the Chair

128 **APOLOGIES FOR ABSENCE (Item A1)**

Apologies for absence were received from Councillors Alex Diner, Aysegul Erdogan and Mouna Hamitouche MBE.

129 **DECLARATION OF SUBSTITUTE MEMBERS (Item A2)**

None.

130 **DECLARATIONS OF INTERESTS (Item A3)**

None.

131 **MINUTES OF PREVIOUS MEETING (Item A4)**

RESOLVED:

That the minutes of the meeting held on 8 October 2015 be confirmed as a correct record and the Chair be authorised to sign them.

132 **CHAIR'S REPORT (Item A5)**

The Chair advised that representatives of the council's capital works contractors had been due to provide witness evidence at the meeting; however this had been deferred to the January 2016 meeting. It was noted that the January meeting would be the last opportunity to consider capital programming witness evidence before the Committee considered its recommendations.

It was advised that a meeting for Circle 33 tenants would be held in the Town Hall on 25 November 2015. The Chair explained the ongoing problems with the housing association's repairs service, and all members of the Committee and Circle 33 tenants and leaseholders were invited to attend the meeting.

The Chair advised of the annual Homes exhibition and seminar at Olympia on 16 and 17 November 2015.

133 **ORDER OF BUSINESS (Item A6)**

The Chair outlined the procedure for public questions and the filming and recording of meetings.

It was agreed that public questions would be invited following the Committee's consideration of each item, and any further public questions would then be invited before the conclusion of the meeting.

134 **SERVICE REVIEW GROUP: LEARNING FROM AND RESPONDING TO COMPLAINTS (Item B1)**

Jim Rooke presented the report which set out the recommendations of the Service Review Group on how the housing service should learn from and respond to complaints.

The Committee noted the findings and methodology of the review. A discussion was had during which the following main points were made:

- The review found the quality of response to be inconsistent, with some responses lacking empathy, and some written responses not adhering to a consistent format.
- The review found that in most cases learning from complaints had been applied, however further work was required to improve the consistency of response.
- The Committee was encouraged by the reduction in the number of complaints and the number of upheld complaints.
- The Committee noted the findings of the Service Review Group's mystery shopping exercise, which found the majority of responses to be courteous, however some responses did not provide all of the required information. Members commented that this reflected their own experiences of the council's housing service.
- The Committee acknowledged the hard work of officers in responding to resident enquiries.
- The Committee queried if the Service Review Group considered the level of compensation payable by the housing service to be appropriate. It was advised that compensation levels varied from £20 to £70 depending on the circumstances of the complaint, however the Service Review Group had not formed an opinion on the appropriateness of the sums payable. It was requested that further details of compensation arrangements, including the average amount paid, be circulated to the Committee. Dr Brian Potter, Chair of the Islington Leaseholder's Association, also requested a copy of the compensation data.
- A member of the public noted that the council's target response time for responding to complaints was 21 days, commenting that other local authorities had a more challenging target. It was advised that the Service Review Group had recommended that complainants should be provided with an update if their complaint was not resolved within 10 days.

The Committee thanked Jim Rooke and the Service Review Group for carrying out the comprehensive review.

RESOLVED:

That the recommendations of the Service Review Group be received.

135 **UPDATE ON PFI PERFORMANCE: REPORT AND PRESENTATION FROM PARTNERS FOR IMPROVEMENT IN ISLINGTON (Item B2)**

Sharon Pearce, Managing Director of Partners for Improvement in Islington, introduced the report and made a presentation, copy interleaved, which provided an update on the organisation's performance. A number of other Partners representatives were also present.

A discussion was had during which the following main points were made:

- Partners managed around 6,500 street properties on behalf of the council through two long-term contracts. The organisation had completed major refurbishment works to ensure that the properties met the Decent Homes standard and was now responsible for the ongoing management and maintenance of the properties.
- It was explained that a number of the organisation's services were delivered through sub-contractors. Rydon was responsible for maintenance, major repairs and cyclical

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work; Hyde was responsible for tenancy and leasehold management; and United Living was responsible for capital works and gas and heating maintenance.

- The Committee noted the latest key performance indicator data, which indicated that the percentage of repairs completed within timescales, and tenant satisfaction with repairs, was better than the contractual target. All indicators suggested a high level of performance.
- It was advised that the organisation previously had a backlog of major repairs; however this had been cleared following a revision of processes and the introduction of new staff.
- Independent inspections of responsive and major repair works had found that 94% of repairs met the required quality standard.
- It was advised that the organisation's cyclical works programme operated on a geographic basis. Following the 2014 cycle the organisation had improved its processes to make the programme more effective.
- The organisation had maintained rent collection rates at between 99-100% and the average re-let time was between 12 and 16 days, below the target of 27 days.
- Partners was concerned by the results of a recent leaseholder satisfaction survey which identified dissatisfaction with major repairs and billing processes. The organisation was making changes as a result of the findings and hoped for improved leaseholder satisfaction as a result.
- Partners had created a new central complaints team. It was reported that since the introduction of the team, Partners had experienced a reduction in complaints and upheld complaints, and an increase in consistency of response. In particular, it was noted that fewer complaints relating to roofing and major works were being received.
- The Committee expressed surprise at the reported levels of performance, commenting that the performance indicators did not match the information provided to councillors by local residents.
- In response to a query on methods of data collection, it was advised that repairs performance was assessed monthly by ORS, an independent research organisation that contacted a sample of residents by telephone. To compile repairs satisfaction data, ORS was provided with a list of residents whose homes recently required repair and surveyed a minimum of 10% of these residents. The Committee commented that it would be helpful to compare performance levels against historic data.
- It was noted that Partners' performance indicators were audited both independently and by the council.
- The Committee queried if a comparison between Partners' key performance indicators and the council's own performance could be provided.
- It was commented that the response times to member enquiries had significantly improved in recent years.
- The Committee queried how Partners was working with leaseholders to improve billing arrangements. It was advised that, following feedback from leaseholders, Partners had sought the expertise of Hyde's home ownership team in January 2015 to improve its service. Partners was committed to improving the quality and accuracy of its service charge bills, however explained that improvements to this service would take some time to come to fruition. It was requested that figures relating to the number of leaseholder complaints and how many bills had been contested be reported to the Committee.
- It was queried how the Government's proposed Housing Bill would impact on Partners, and in particular how the requirement for the council to sell its most expensive properties would impact on Partners' business plan. In response, it was advised that there was a contractual mechanism which required the council to compensate Partners for the lost income arising from taking properties out of the contract.

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- Partners had its own roofing team which was supplemented by sub-contractors when required. The roofing team was achieving the performance targets set out in the contracts.
- A Partners leaseholder advised of a particular service charge billing issue where the scope of works had changed and cost of the works had almost doubled from the estimate issued in the Section 20 notice. The leaseholder suggested that it would be helpful for repairs to be photographed before and after works to demonstrate the necessity and quality of the works. In response it was advised that Rydon staff scrutinised the value and extent of all bills before they were issued and, although some variation was to be expected, some further work with staff may be required in this area.
- A member of the public queried Partners' repair satisfaction levels, advising of instances where an independent surveyor found Partners' maintenance and repair work to be deficient. In response it was commented that cyclical works, such as painting, did not fall within the scope of the repairs satisfaction performance indicator, which measured responsive repairs.
- A member of the public queried Partners' performance indicator methodology. It was advised that their roof had required repair ten times within six years and, although each individual repair had been carried out within agreed timescales, the fact that repeated repairs were required suggested that the repairs were not carried out successfully. It was suggested that there was no way of recognising such issues within the agreed performance indicator framework. Partners noted that they were making service improvements and considering component lifecycles and repair histories when assessing the need for works. It was recognised that in some instances replacements were more appropriate than repairs.
- Following a question from Dr Brian Potter of the Islington Leaseholders Association, it was advised that Partners employed four surveyors for cyclical works, three for major repairs, a dedicated roof supervisor and team, and two surveyors to investigate leaseholder challenges. It was noted that all were technically trained, although Partners did not insist on a RICS qualification. Dr Potter invited representatives of Partners to attend the next meeting of the Islington Leaseholders Association.
- It was commented that the Partners tenant and leaseholder forum used to consider regular performance reports, however this had been disbanded. It was advised that, although Partners' resident scrutiny arrangements had been revised, an open forum was held which could consider performance matters.
- Members of the public raised several issues specific to their homes and experiences of Partners, which included roofing, scaffolding, complaints handling, compensation arrangements, guarantees, billing leaseholders before works had been completed, and the use of sub-contractors.
- Partners clarified that the multiple sub-letting of repairs contracts did not occur and all Partners contractors were vetted and required to demonstrate technical competency.
- Following a question, it was advised that Partners had considered minimising the use of scaffolding and making use of alternative work platforms and technologies, however scaffolding was almost always required to access the rear of street properties.

The Committee thanked Sharon Pearce and her colleagues for attending the meeting.

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CAPITAL PROGRAMMING: WITNESS EVIDENCE (Item B3)

Damian Dempsey, Group Leader – Quantity Surveyors, presented evidence on building inflation data, which provided further explanation of the evidence considered at the previous meetings.

The following main points were noted during the discussion:

- Following a query on wage increases contributing to significant building inflation in 2014, it was advised that this included wage increases at all levels in the building trade, not only at operative level. The Committee noted that many operatives had only received a modest wage increase, if at all, in recent years.
- The Committee noted that inflationary increases in the building market were significantly higher than those set out in the council's capital works contracts, and expressed concern that the cost of capital works would significantly increase when the council's current contracts were due for renewal.
- Dr Brian Potter of the Islington Leaseholders Association queried to what extent the capital programme schedules of rates were affected by inflationary increases, and in particular the suggestion by the Royal Institution of Chartered Surveyors that tender prices were expected to increase by 28% over the next five years. In response, it was clarified that the schedules of rates were fixed for the duration of the contracts, aside from the contractual RPI inflationary increases, however inflation would have an impact when the capital works contracts were re-tendered in future.
- Contractors were required to submit tender bids against a national schedule of rates. Due to competitive tendering practices it was not expected that contractors would apply a blanket percentage increase to their schedules of rates when the capital works contracts were re-tendered.
- Officers confirmed that leaseholders were able to visit the council's offices to view the schedule of rates related to the capital works carried out to their own property.*

The Committee thanked Damian Dempsey for his attendance.

It was noted that John Sweeney of the UCATT trade union had been invited to give evidence however was unable to attend the meeting.

The Committee noted that the Islington Leaseholders Association had circulated a report on capital programming and it was commented that this would be considered as witness evidence at the next meeting.

RESOLVED:

That the witness evidence be noted.

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UPDATE ON THE HOUSING BILL (Item B4)

Maxine Holdsworth, Service Director for Housing Needs and Strategy, made a presentation, copy interleaved, on changes to housing legislation proposed through the Housing and Planning Bill and the Welfare and Work Bill, and the possible implications for Islington.

The following main points were noted during the discussion:

- The extension of Right to Buy to housing association tenants was to be financed by the sale of high value council-owned properties. Whilst Right to Buy was popular with tenants, the council was opposed to the financing mechanism which disadvantaged local authorities.
- London boroughs were lobbying the government to earmark Right to Buy sales receipts for housing investment in the borough or region they originated from. This would ensure that housing associations reinvested capital receipts into meeting London's housing need.
- Councils were to be required to sell high value properties when they became vacant and return the proceeds to central government. Due to the very high property prices

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in the borough, it was thought that transferring the council's housing stock to private ownership could alter the social mix of the borough.

- It was estimated that the council would be required to sell 300 properties per year; the London boroughs of Islington and Camden were expected to be the two areas most affected by the scheme due to the high numbers of valuable council-owned homes. Islington had previously agreed to retain the ownership of its high-value street properties, whereas other boroughs had transferred the ownership of their most valuable properties to other organisations.
- There were 26,000 council owned properties in Islington, with 40% of the population living in social housing. The council had a considerable housing waiting list and 900 people living in temporary accommodation. Officers were concerned that the sale of high-value properties would increase the difficulty of housing families with several children requiring multiple bedrooms. It was suggested that the mandatory sale of properties could decrease council lettings by up to a third.
- The Committee considered the impact of starter homes being offered to first time buyers at a 20% discount. Although it was acknowledged that this would help first time buyers, it was expected that developers would be able to provide starter homes in lieu of social housing, without any corresponding Section 106 contribution. As the council required developers to provide 50% social housing or shared ownership in new developments, it was thought that the scheme could reduce the number of new affordable homes developed in the borough.
- 'Pay to Stay' would require households earning over £40,000 to pay market rent on their council or housing association property. It was thought that 9% of households in Islington would be affected by the legislation and, whilst housing associations would be permitted to retain the additional income, all additional income received by local authorities would be returned to the Treasury. London boroughs were lobbying the Government to raise the income threshold to £71,000 in London, the same as the Local Housing Allowance level. It was also noted that housing providers did not routinely collect data on household incomes and there would be an administrative cost to collect the data.
- The Committee noted the implications of the 1% annual reduction in social rents over the next four years as set out in the Welfare and Work Bill. Officers explained that the council did not yet charge target rent on all properties and the council's 30 year housing business plan was predicated on gradual rent increases and re-letting at target rent. As a result the 1% annual decrease was expected to have significant financial implications, with the council losing £15 million income over the next four years, or one fifth of the Housing service's controllable budget. It was noted that a large proportion of the Housing service's budget was on costs the service could not control, such as repaying debt on council developments.
- The Committee commented on the reduction in the benefit cap for non-working families from £26,000 to £23,000. This was expected to have a significant impact on some council tenants and it was thought that this would increase the demand for discretionary housing payments and reduce levels of rent recovery.
- The Committee expressed concern at the proposed Pay to Stay legislation, and cited examples of tenants with a household income of over £40,000 who earned considerably less when they moved into their properties many years ago. It was commented that market rent in Islington was excessively high. It was thought that £40,000 was not a high family income inside London and it was reported that some tenants had considered giving up employment to ensure they could afford to remain in their family home. It was suggested that the Government would not intend for the policy to act as a disincentive to employment, and such issues required further consideration by the Government.
- As the council's most valuable properties were street properties managed by Partners for Improvement in Islington, the Committee highlighted the additional issue

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of the council being required to compensate Partners for any properties sold, while also forfeiting the capital receipts from the sales to central government and losing an asset which would otherwise be used to alleviate housing need in the borough. It was hoped that the Government would grant local authorities flexibility in regards to their property sales.

- The Committee noted the new local authority duties and powers proposed to be introduced as part of the Pay to Stay legislation; the duty to require income details as a condition of tenancy, the power to charge market rent if no income details were provided, and the power to check employment information with HMRC.
- It was noted that London boroughs of all political-makeups had expressed concern at the proposed legislation. It was advised that the Government was currently consulting on the plans.
- Officers advised of the proposed £450,000 cap on the price of starter homes and speculated that there would be relatively few starter homes built within Islington due to land values. It was suggested that greater numbers of starter homes would be developed in outer London boroughs.
- It was confirmed that the proposed 'Pay to Stay' £40,000 household income threshold did not take into account household expenditure, such as student debt.
- It was commented that housing associations often had mortgage debt on their properties and any Right to Buy receipts would first need to be spent paying back lenders, as opposed to investing all capital receipts in new development.
- The Committee considered the possible demographic changes arising from the legislation, and how this could potentially affect employment to lower paid jobs inside London.
- A member of the public queried if leaseholders would receive priority for buying the freehold of adjoining properties if the council was required to sell them. It was advised that the council was awaiting the finer details of the scheme.

The Committee thanked Maxine Holdsworth for her attendance.

138 **PUBLIC QUESTIONS (Item A7)**

A member of the public advised of noise nuisance and anti-social behaviour affecting her local area and queried why the council would not enforce conditions of tenancy and lease covenants on problematic neighbours.

In response, Maxine Holdsworth, Service Director for Housing Needs and Strategy, advised that while she could not comment on specific issues, counter-complaints were often submitted in such instances and the council had a responsibility to consider both sides of neighbour disputes. It was confirmed that the council did enforce conditions of tenancy and lease covenants if there was a breach, however these situations were often complicated and substantial evidence was required before action was taken.

The Chair advised that it may be appropriate to discuss specific issues with the relevant Executive Member. It was suggested that the Committee could consider scrutinising how the council handles housing-related noise nuisance and anti-social behaviour complaints in 2016/17.

The meeting ended at 10.15 pm

CHAIR

****Note further to minute 136***

At the meeting officers advised that leaseholders were able to visit the council's offices to view the schedule of rates related to the capital works carried out to their own property.

However, since the meeting, officers have advised this statement was made in error. The schedule of rates is a commercially sensitive document and the council is contractually obliged not to divulge its details. Officers are developing proposals to assist leaseholders with their understanding of their bills without the need to directly disclose the schedule of rates.

As a result, the offer to leaseholders to visit the offices to inspect the rates used in the calculation of their Section 22 bill is no longer available. Officers have offered a full apology for this oversight.