

Housing Scrutiny Committee - 8 October 2015

Minutes of the meeting of the Housing Scrutiny Committee held at Committee Room 5, Town Hall, Upper Street, N1 2UD on 8 October 2015 at 7.30 pm.

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

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

Councillor Michael O'Sullivan in the Chair

114 APOLOGIES FOR ABSENCE (Item A1)

None.

115 DECLARATION OF SUBSTITUTE MEMBERS (Item A2)

None.

116 DECLARATIONS OF INTERESTS (Item A3)

None.

117 MINUTES OF PREVIOUS MEETING (Item A4)

RESOLVED:

That the minutes of the meeting held on 7 September 2015 be confirmed as a correct record and the Chair be authorised to sign them.

118 CHAIR'S REPORT (Item A5)

The Chair provided an update on changes to national housing policy announced at the Conservative Party Conference. It was also noted that the majority of housing associations had voted to voluntarily accept the Government's Right to Buy proposals.

The Chair commented that the annual 1% reduction in social housing rents over the next four years would have a significant impact on Council resources. In this context, the Chair emphasised the importance of the Housing Scrutiny Committee in finding efficiencies and proposing savings.

119 ORDER OF BUSINESS (Item A6)

No changes were proposed to the order of business.

120 PUBLIC QUESTIONS (Item A7)

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

A resident from the Islington Park Street community addressed the Committee, voicing his concerns with the actions of One Housing Group. It was advised that One Housing Group would be invited to attend a future meeting; however it was suggested that the legal dispute with the Islington Park Street community would be concluded by the time the organisation addressed the Committee. The Committee sympathised with the resident and expressed their support for the community.

121 **CAPITAL PROGRAMMING: WITNESS EVIDENCE (Item B1)**

Aiden Stapleton, Consultation and Asset Manager, Andrew Hunter, Programme Manager, and Damian Dempsey, Group Leader – Quantity Surveyors, presented the following witness evidence to the Committee:

122 **ASSET MANAGEMENT, PLANNING AND PRIORITISATION (Item B1A)**

The following main points were noted during the discussion:

- The Council's limited financial resources required the careful management, planning and prioritisation of capital works. Proposed investments in housing stock had to be balanced against the need to achieve value for money.
- Officers explained the Council's capital works planning and prioritisation processes. A stock condition survey was undertaken in 2010 which informed the Housing Revenue Account 30 Year Business Plan. This in turn informed the Housing Asset Management Strategy, from which the seven-year cyclical investment programmes and annual programmes were then derived.
- All properties were included in the seven year cyclical investment programme; however works were only carried out when necessary. Maintenance works would be deferred or substituted by a repair if possible. In response to a query, it was advised that when works were deferred they were typically carried out no later than at ten or eleven year intervals.
- The seven year cycle began from the date of completion of the previous project. It was explained that mechanical and electrical components had a longer lifespan and therefore were not included in the cyclical programme. Mechanical and electrical works were carried out as and when required, subject to technical officer recommendations.
- A member of the Committee queried why some homes had not received upgrades to kitchens and bathrooms at dates previously advised by Homes for Islington. In response, it was advised that kitchen and bathroom criteria changed when the management of housing stock was brought back in-house and these works would be carried out on an estate-by-estate basis.
- It was advised that the cyclical programme was planned over seven years to match the Council's stock size and funding. It was noted that other housing providers operated to differing timescales. The Committee suggested that to achieve savings the cycle could be extended, although a detailed evaluation of the impacts of this would be required.
- It was queried if the quality and quantity of works was tailored to the available budget, or if the annual budget was tailored to the required works. In response it was explained that works were planned up to three years in advance and as a result officers could both contribute to the annual budget setting process whilst also having regard to savings requirements. The Committee noted that due to increased financial pressures the service was prioritising maintenance over improvement works, with the Council seeking to maintain properties to the 'Decent Homes' standard.
- It was advised that vulnerable disabled and elderly people did not receive priority for capital works as these were carried out on an estate-by-estate basis; however officers did carry out home visits to assess if accessibility adaptations were required, such as walk-in showers and lower level cupboards.
- The Committee noted that emergency repairs were not carried out as part of the capital works programme and these were managed by the High Value Repairs Team. However, officers liaised with the High Value Repairs Team if emergency works were required to a property which would otherwise receive capital works in the near future.

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- Officers commented that the life span for domestic and communal boilers was greater than 20 years and each boiler was serviced annually. There was no cyclical improvement programme for boilers, with each repaired or replaced as and when required, however the Council did assess all boilers in a block when carrying out replacement works.
- The Committee queried if some capital works were able to be carried out in-house. It was noted that the in-house repairs team was capable of carrying out certain works, however at present all works were carried out through the capital works contracts. It was suggested that the possibility of in-house capital works could be considered further when the contracts were re-tendered in future.
- Dr Brian Potter, Chairman of the Islington Leaseholders Association, reported problems with communal heating and queried if the Council would permit leaseholders to supply and maintain their own boilers. It was advised that the Council had a Communal Heating Policy and the Executive Member was best placed to answer any questions on policy.

123

EVIDENCE FROM RESIDENTS (Item B1B)

The following main points were noted during the discussion:

- Officers presented the Residents' Improvement Taskforce report on Major Works Consultation. This was a significant piece of work carried out in 2013/14 which reviewed the communication between the Council and its contractors and residents. It was explained that an action plan was formulated in response to the report and this had been reviewed twice each year.
- The Committee noted the major works consultation process and other methods of communication, including the monthly update on capital works sent to all members of the Council.
- Officers presented the results of the Major Works Telephone Survey carried out in September 2015. Such surveys were previously carried out by an external provider, however were now carried out in house and surveyed residents at the start of works, during works, and after works were completed. The Committee noted the levels of satisfaction and consultation engagement set out in the report.
- The Committee suggested that areas with no active TRO were more difficult to engage with and queried what more could be done to encourage attendance at consultation meetings. Officers advised that all residents received a postal invitation to consultation meetings and these were generally held at venues close to estates for resident convenience, however recognised the difficulties in encouraging engagement.
- Dr Brian Potter, Chairman of the Islington Leaseholders Association, commented that the indicative cost letters sent to leaseholders were too broad, and without the schedule of rates leaseholders could not calculate if the capital works to their properties achieved value for money. Dr Potter considered that the Council should publish the schedules of rates on its website; however officers advised that the Council was restricted from doing so due to confidentiality clauses in its major works contracts. The Committee noted that this was the subject of an ongoing dispute.
- Officers advised that the schedules of rates were commercially sensitive to contractors as the firms tendered for works across London on a regular basis and disclosing their rates would prohibit competitive tender exercises. It was noted that all tenderers submitted their bids against a National Schedule of Rates, indicating which items would cost more or less than the national rate. It was advised that leaseholders were able to view the schedule of rates in relation to the capital works which affected them if they visited the council offices. Surveyors appointed by leaseholders were also entitled to view the schedules of rates.

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- The Committee considered the difficulties posed by confidentiality clauses and queried if these could be dispensed with for future contracts. It was noted that representatives of the capital works contractors would attend a future meeting and their views on this could be sought.

124 **EVIDENCE FROM WARD COUNCILLORS (Item B1C)**

Damian Dempsey responded to the evidence submitted by Councillor Klute:

- The Committee noted that a competitive tender exercise was carried out in 2010 when the current capital works contracts were procured. This was advertised openly through the OJEU in accordance with legislation and residents were involved in the tender evaluation process.
- The costs of works were set out in the contract and could not be altered aside from an annual inflationary increase.
- The leaseholder consultation process was explained. The Council was required to consult with leaseholders under Section 20 of the Leaseholder and Tenant Act 1985. After notice of works was served, leaseholders had 30 days to make representations to the Council. It was advised that the Council responded to all comments received.
- Officers advised that any members wishing to submit further witness evidence should liaise with Democratic Services in advance of the next meeting.

125 **KEY PERFORMANCE INDICATOR DATA (Item B1D)**

The Committee considered the information relating to resident feedback and the use of local labour and businesses. It was noted that representatives of the capital works contractors would be attending the next meeting and a detailed discussion could be had at this time.

It was commented that it would be useful to benchmark performance data against previous performance. It was also queried if the data could be compared against data from a range of organisations, such as other local authorities, housing associations, and private providers.

126 **BUILDING INFLATION DATA (Item B1E)**

The following main points were noted during the discussion:

- The inflationary increases built into the capital works contracts were significantly lower than market inflation.
- The Committee queried why building inflation had increased so significantly. It was advised that a detailed analysis would be reported to the next meeting.
- Following a query, officers advised that they did not expect building inflation to significantly decrease in the near future. Although reductions in public sector spending could result in a decrease in demand, the inflation rate was subject to wider economic factors.
- The Committee commented on the difference between the costs specified in the Council's contracts and the current market rate. Members expressed some concern that the cost to the Council of carrying out capital works would significantly increase when the current contractual arrangements ended.
- The Committee queried if the Council's capital works contractors were still able to make a profit on the contractual arrangements agreed in 2010. Although officers did not have a detailed knowledge of the contractors' finances, it was suggested that the profit margins of the contractors would have been eroded.

127 **WITNESS EVIDENCE PLAN AND SID (Item B1F)**

It was requested that a representative of the UCATT trade union be invited to attend the next meeting of the Committee to comment on the use of local labour.

The Committee thanked officers for their attendance.

RESOLVED:

That the witness evidence be noted.

The meeting ended at 8.50 pm

CHAIR