



OVERVIEW & SCRUTINY COMMITTEE

MINUTES of the Overview & Scrutiny Committee held on Monday 10 March 2014 at 7.00 pm at 160 Tooley Street, London SE1 2QH

PRESENT: Councillor Catherine Bowman (Chair)
Councillor Neil Coyle
Councillor Dan Garfield
Councillor David Hubber
Councillor Nick Dolezal (Reserve)
Councillor Lorraine Lauder MBE
Councillor Rebecca Lury
Councillor Michael Situ (Reserve)
Councillor Geoffrey Thornton

OTHER MEMBERS PRESENT: Councillor Victoria Mills, Cabinet Member, Communities & Economic Wellbeing

ALSO PRESENT: Ms G Mutch, Aylesbury leaseholder
Mr Michael Orey, Homeowners' Council
Mr Terry Redpath, former Heygate leaseholder
Ms Beverley Robinson, Aylesbury leaseholder

OFFICER SUPPORT: Shelley Burke, Head of Overview & Scrutiny
Norman Coombe, Legal Services
Graeme Gordon, Director of Corporate Strategy
Patrick McGreal, Principal Surveyor
Peter Roberts, Scrutiny Project Manager

1. APOLOGIES

- 1.1 Apologies for absence were received from Councillors Gavin Edwards, Toby Eckersley, Paul Noblet and the Right Reverend Emmanuel Oyewole. Councillors Nick Dolezal and Michael Situ attended as reserves in the place of Councillors Edwards and the Right Reverend Oyewole.

2. NOTIFICATION OF ANY ITEMS OF BUSINESS WHICH THE CHAIR DEEMS URGENT

2.1 There were no additional items.

3. DISCLOSURE OF INTERESTS AND DISPENSATIONS

3.1 There were no disclosures of interests or dispensations.

4. MINUTES

RESOLVED:

That the minutes of the meetings of the committee held on 20 January and 3 February 2014 be agreed as a correct record.

5. IMPACT OF REGENERATION ON LEASEHOLDERS

5.1 Ms G Mutch, an Aylesbury leaseholder, addressed the meeting. She suggested that the process as it affected leaseholders needed to be made more user friendly. In her view, fee-capping in relation to surveyors' fees should be brought to an end, particularly as it made the process slower. Generally, the slow speed of the process caused problems for everyone.

5.2 Ms Beverley Robinson, another leaseholder on the Aylesbury estate, agreed that fee-capping should cease and believed that legally no hourly rate could be imposed. Ms Robinson stressed that leaseholders wanted to receive market value for their properties and that council valuations were very low and that often leaseholders were offered different values for similar properties. She asked for more transparency in the process. Ms Robinson stated that leaseholders could not buy an alternative property with what they were being offered and that the assisted schemes currently in place were not clear. In respect of the shared equity option, she was not clear what would happen if a leaseholder subsequently wanted to sell the property and whether any increase in value could be retained. Patrick McGreal, Principal Surveyor, confirmed that if a leaseholder owned 50% of a property then they would receive 50% of the value on its sale. Ms Robinson stressed that guidelines needed to be shared with leaseholders. She also stressed that there was now the possibility that leaseholders who had no mortgage had to take on a mortgage in order to take advantage of shared equity or ownership.

5.3 The Principal Surveyor clarified that the council had no general policy in respect of shared equity but that London & Quadrant Housing Association had make this available for leaseholders on the Aylesbury. The following week the Cabinet would be considering a report on the introduction of an equity share scheme for regeneration areas. Mr Michael Orey, representing the Homeowners' Council, expressed concern that leaseholders be offered the full open market value of their property and that the council should be prepared to offer alternative accommodation. In the view of the Homeowners' Council, some of the current

valuations were ludicrous. Mr Orey also highlighted the possibility of increased service charges in new properties and of major works bills yet to come in.

- 5.4 The Principal Surveyor explained that valuation was calculated on the basis that no regeneration was taking place. It took account of the construction of the property. Sometimes the properties in question would not attract mortgages at a reasonable loan to value terms and therefore there were a limited number of buyers in the market. Leaseholders on the Aylesbury had usually acquired mortgages on the basis of their right-to-buy discount or if they had borrowed only a small percentage of the value of the property. In addition, the current criteria for mortgages had become more stringent. The Principal Surveyor added that if the property was not being sold it might attract big service charges, for instance arising out of the council's warm, dry, safe programme. New properties attracted a premium in terms of value and were also mortgageable. The council's ownership schemes were in recognition of the fact that the price offered might not enable a leaseholder to buy another property. In terms of different valuations for similar properties, this might reflect variance of value over time. There should be a level of consistency if valuations were all done at the same time. The Principal Surveyor offered to investigate where this was not the case.
- 5.5 Members asked for details of the procedure if valuations were not agreed between the leaseholder and the council. The Principal Surveyor explained that there was the right for appeals to be determined by the Upper Tribunal (Lands Chamber). This necessitated a fee which, depending on the outcome, might be awarded to whoever had referred the valuation. The Principal Surveyor reported that out of 179 properties on the Heygate, 176 had been purchased without the valuation going to tribunal. On the Aylesbury, 150 properties had been purchased so far with only two tribunal cases pending. The Principal Surveyor advised the committee that the council was unlikely to seek costs in respect of the two appeals pending as the result would provide a legal view on the rationale for future valuations and acquisitions. Mr Orey commented that a lot of leaseholders could not afford the fee needed to refer matters to the tribunal and to hire a lawyer. He also suggested that amenity land value was not taken into account by the council in reaching its valuations.
- 5.6 In response to further questions, the Principal Surveyor reported that approximately a third of leaseholders instructed independent surveyors and that there was not always a big variance between the valuations. He commented that some surveyors were working outside their usual geographic area and some outside their usual range of work. A member highlighted the different valuations of the 3-bed maisonette referred to on page 14 of the agenda. Mr Terry Redpath, a former leaseholder on the Heygate, explained that this reference was to the valuation of his property. It had been difficult to find a local surveyor prepared to do the valuation. Mr Redpath had felt bullied into accepting the council's valuation and felt that there was a huge disparity in valuations across the estate, even between his own property and the property next door. The Principal Surveyor clarified that a £20,000 difference in valuation was usually possible to resolve but that a £70,000 difference was a difficult gap to bridge. A member of the committee suggested that it would be useful if there was an independent body which could provide advice to leaseholders and provide a list of surveyors.

- 5.7 A leaseholder attending the meeting stated that, when the process of regeneration had begun, leaseholders had been promised that if they found themselves unable to get back on the property ladder then the council would re-house them. Assessment for re-housing was very intrusive and some applications had been closed because leaseholders had been unable to provide the necessary information. The leaseholder felt that the council was not trying hard enough to work with its leaseholders. Ms Robinson added that leaseholders had not signed up for an assisted housing scheme but to be given the current market valuation of their property so that they could buy on the open market.
- 5.8 Some members took the view that former council properties would always have a lower market value, especially in relation to new-build properties. The chair of the committee stressed that it would be reasonable for leaseholders to expect that they would not be made worse off as a result of a regeneration scheme. Time lags in schemes were a particular problem which also affected tenants, for instance on the Heygate where tenants had a right to return but where this was effectively lost because the regeneration process took so long. A member of the committee hoped that because there was just one development partner on the Aylesbury phasing would be better. It was important for leaseholders to be clear about timescales and clear about what was on offer, including the options of shared equity, shared ownership and return to council tenancy.
- 5.9 The leaseholders attending the meeting emphasised again that the process needed to be more user friendly and that valuation negotiations needed to be transparent. Professional support should be available. The option of a return to a council property was sometimes necessary. One leaseholder explained that she had recently been made redundant and that the council had required a lot of details from her, including a statement as to why she wanted to continue living with her mother. She also commented that, for many different reasons including age, banks might not be prepared to offer a mortgage on shared ownership. The leaseholders stated again that in their view the means-testing of leaseholders was very intrusive and that the criteria was not clear. Some residents could not afford rent or a mortgage.
- 5.10 The chair thanked the leaseholders for attending the meeting and sharing their experience with the committee. The committee considered this in conjunction with the officer briefings it had received.

RECOMMENDATIONS:

1. Overview & Scrutiny Committee welcomes the news that the Cabinet is about to consider the report, Shared Equity - An Additional Rehousing Assistance Route for Homeowners Affected by Regeneration. The committee is conscious of the fact that regeneration causes enormous stress and potential upset for many leaseholders and asks Cabinet to look at ways of making sure that options such as shared ownership and shared equity are presented to leaseholders in as accessible and easy to understand a way as possible, so that information is clear and is delivered in an open fashion from first negotiation to moving day.

2. Overview & Scrutiny Committee welcomes the news that two valuation cases are being considered by Upper Tribunal (Lands Chamber) and looks forward to the outcome of this. The committee asks to receive the findings and arguments of the Upper Tribunal and that these are also distributed to the widest appropriate audience.
3. Provided that there is no evidence that any party in the appeals has acted unreasonably, the committee recommends that in these two cases the council not seek for costs to be awarded against the relevant leaseholders.
4. That Cabinet work with the Creation Trust to provide leaseholders with an independent list of surveyors, and review the level of fee cap for surveyors so that the ability of leaseholders to access surveyor advice is not restricted.
5. That Cabinet look at better advertising of the work of Homeowners Council and LAS2000 and of the support for leaseholders administered by the CAB.

6. CABINET MEMBER INTERVIEW: COUNCILLOR VICTORIA MILLS, COMMUNITIES & ECONOMIC WELLBEING

- 6.1 Councillor Victoria Mills, Cabinet Member, Communities & Economic Wellbeing, reminded the committee of the four ambitions of the Economic Wellbeing Strategy to make Southwark a place where:
- residents are equipped with the skills to make the most of employment opportunities that result from regeneration and our central London location
 - businesses grow and prosper
 - town centres and high streets thrive
 - residents are financially independent
- 6.2 Councillor Mills gave a summary of achievements within each of these ambitions, including an ongoing review of employment support, the Community Restoration Fund and the council's response to welfare reform. On the communities side of her portfolio, Councillor Mills highlighted the approach to community engagement agreed by Cabinet. One of the key aspects of this was improving the co-ordination and consistency of engagement across the council and setting a common standard. Councillor Mills also highlighted the protection of funding for advice services and for the Community Capacity Grants Programme.
- 6.3 The chair of the committee asked Councillor Mills whether she had any views on economic wellbeing issues for older home owners. Councillor Mills referred to the report due to be considered by Cabinet. She hoped that it would result in a really good offer.
- 6.4 A member asked for any details in respect of the town centre growth fund. Councillor Mills reported that around thirty applications had been received. The member also asked about business rate incentives and the Mayor of London's

reference to Canada Water as an opportunity area. While commenting that business rates fell within the portfolio of the Cabinet Member for Finance, Resources & Community Safety, Councillor Mills stressed that the council was committed to reviewing this area. The council was now able to retain 30% of business rates but this was only a small amount of income. In relation to Canada Water, Councillor Mills offered to look into the Mayor's statement and report back to the member.

- 6.5 A member noted that a study was being commissioned to test the vitality, viability and vulnerability of Walworth Road in order to identify opportunities and challenges brought by the regeneration of the Aylesbury and Elephant & Castle and to make recommendations for supporting the high street economy. He hoped that this would take into account the committee's review of the Walworth Road. Another member asked whether the Walworth Society and Youth Council would be involved in the study. Graeme Gordon, Director of Corporate Strategy, clarified that the study had been commissioned and would begin with an academic phase to be followed by consultation.
- 6.6 In respect of the High Street Challenge, a member asked whether any commitment could be given that this would not be directed only towards business support type organisations but also towards community organisations and innovative thinking. Councillor Mills emphasised that business organisations could not be ruled out but commented that the prospectus tried to encourage non-traditional schemes. The council would support promising applicants who were not initially successful to submit more robust bids in the future. In response to further questions about the High Street Challenge, Councillor Mills stated that there was no commitment to spreading this investment throughout the borough. Some of Southwark's high streets, such as Rye Lane, had already received huge investment so there was not necessarily a case for additional funding via the High Street Challenge. Each application would be looked at on its own merits. Councillor Mills also confirmed that the council had tried to make the application process as accessible as possible and would be learning from the current round.
- 6.7 The chair of the committee wondered how much support the council could offer to small businesses trading out of the Elephant & Castle shopping centre. Councillor Mills understood that the council had commissioned independent business advice for businesses and shop owners impacted by the Peckham Rye Station development. She felt that there could be a case for something similar at the Elephant & Castle. The Director of Corporate Strategy added that it was still early days at the Elephant & Castle and that the council hoped that dialogue around the Business Plan would be a good way into addressing this question.
- 6.8 A member asked how apprentices were monitored in terms of whether or not they were Southwark residents. Councillor Mills explained that if the apprentices were funded via a Section 106 agreement or Community Infrastructure Levy (CIL) then reporting requirements would confirm residency. The requirement was for existing residency rather than prior residency over a specific time period. In response to further questions about securing jobs, training and employment support through section 106 and CIL agreements with developers, Councillor Mills clarified that the requirement was for individuals to be Southwark residents, often unemployed and that generally these were the furthest from the labour market. In respect of Section

106 agreements there was a tendency to take construction jobs during the development of a scheme but sometimes money was accepted in place of end-use jobs as it could be a long time for these to be realised. The money was reinvested into employment support.

- 6.9 A member stated that some shopkeepers were of the view that the council was relaxing its policy about allowing shops to open up near to similar businesses. The Director of Corporate Strategy indicated that there was no change of council policy. Each individual case should be raised with property officers. The chair asked whether there was any update available on the Walworth Road box park. Councillor Mills explained that this was outside her portfolio but that she understood that the initial site chosen had not been appropriate. A new site had now been agreed.

7. FINAL SCRUTINY REPORT: ACCESS TO HEALTHCARE SERVICES (HEALTH, ADULT SOCIAL CARE, COMMUNITIES & CITIZENSHIP)

- 7.1 Councillor Rebecca Lury, chair of the Health, Adult Social Care, Communities & Citizenship Scrutiny Sub-Committee, introduced the sub-committee's final report on access to healthcare services. In response to members' questions she agreed that appointments systems had been highlighted as a problem by the sub-committee's own survey and NHS England's survey. NHS England was looking at ways to standardise appointments systems.
- 7.2 A member suggested that recommendation 14 should make reference to the Joint Strategic Needs Assessment.

RESOLVED:

That, with the amendment to recommendation 14 suggested above, the scrutiny report be submitted to appropriate bodies for consideration.

8. FINAL SCRUTINY REPORT: COMMUNITY WARDENS (HOUSING, ENVIRONMENT, TRANSPORT & COMMUNITY SAFETY)

- 8.1 Councillor Dan Garfield introduced the final report of the Housing, Environment, Transport & Community Safety Scrutiny Sub-Committee.

RESOLVED:

That the report be submitted to the cabinet for consideration.

9. CLOSED MINUTES

RESOLVED:

That the minutes of closed section of the meeting of the committee held on 3 February 2014 be agreed as a correct record.

The meeting ended at 9.45 pm