

# Housing and Community Engagement Scrutiny Commission

Thursday 28 January 2021

6.30 pm

Online/Virtual. Members of the public are welcome to attend the meeting. Please contact [FitzroyAntonio.williams@southwark.gov.uk](mailto:FitzroyAntonio.williams@southwark.gov.uk) for a link to the meeting.

## Membership

Councillor Gavin Edwards (Chair)  
Councillor Hamish McCallum (Vice-Chair)  
Councillor Radha Burgess  
Councillor Dora Dixon-Fyle MBE  
Councillor Paul Fleming  
Councillor Jon Hartley  
Councillor Damian O'Brien

## Reserves

Councillor Anood Al-Samerai  
Councillor Sarah King  
Councillor Sunny Lambe  
Councillor Victoria Olisa  
Councillor Jane Salmon  
Councillor Andy Simmons  
Councillor Bill Williams

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### Contact

Everton Roberts on 020 7525 7221 or email: [everton.roberts@southwark.gov.uk](mailto:everton.roberts@southwark.gov.uk)

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Members of the committee are summoned to attend this meeting

**Eleanor Kelly**

Chief Executive

Date: 20 January 2021



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Thursday 28 January 2021

6.30 pm

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## Order of Business

Item No.	Title	Page No.
	<b>PART A - OPEN BUSINESS</b>	
1.	<b>APOLOGIES</b>	
	To receive any apologies for absence.	
	<b>MEMBERSHIP</b>	
	To note that Councillor Damian O'Brien has replaced Councillor Humaira Ali on the commission and to also note the intention for Councillor Damian O'Brien to replace Councillor Hamish McCallum as vice-chair. This will be put to the February meeting of overview and scrutiny committee for ratification.	
2.	<b>NOTIFICATION OF ANY ITEMS OF BUSINESS WHICH THE CHAIR DEEMS URGENT</b>	
	In special circumstances, an item of business may be added to an agenda within five clear working days of the meeting.	
3.	<b>DISCLOSURE OF INTERESTS AND DISPENSATIONS</b>	
	Members to declare any interests and dispensations in respect of any item of business to be considered at this meeting.	
4.	<b>MINUTES</b>	To follow
	To approve as a correct record the Minutes of the meeting held on 1 December 2020.	

Item No.	Title	Page No.
5.	<b>COMMUNITY ENGAGEMENT STRUCTURES - SOUTHWARK RESIDENT PARTICIPATION FRAMEWORK</b>	
	To hear from officers and residents in respect of the implementation of the Southwark Resident Participation Framework agreed by cabinet in February 2020.	
6.	<b>EMPTY HOMES ACTION PLAN [CABINET REPORT]</b>	
	To receive the Empty Homes Action Plan report due to be considered by Cabinet on 2 February 2021.	
	<b>Note:</b> The report will be circulated with the agenda following the cabinet agenda despatch scheduled for Monday 25 January 2021.	
	Also attached to this agenda is the interim scrutiny report of the Housing and Environment Scrutiny Commission noted by the commission in April 2019 with an intended further report later that year which did not happen. This item has been added to the agenda to enable the commission to revisit where the housing and environment scrutiny had reached with the scrutiny review into Empty Homes.	1 - 3
7.	<b>REPORT: RESPONSE TO SCRUTINY COMMISSION REPORT ON HOUSING REPAIRS [CABINET REPORT]</b>	4 - 8
	To note the cabinet response to the housing scrutiny commission report on housing repairs, considered by cabinet on 8 December 2020.	
	<b>Note:</b> This item has been added to the agenda for information only.	
8.	<b>RESPONSE TO HOUSING SCRUTINY COMMISSION REPORT INTO DISTRICT HEATING [CABINET REPORT]</b>	9 - 21
	To note the cabinet response to the housing scrutiny report on district heating, considered by cabinet on 19 January 2021.	
	<b>Note:</b> This item has been added to the agenda for information only.	
9.	<b>WORK PROGRAMME 2020-2021</b>	22 - 26
	To note the work programme as at 28 January 2021.	
	<b>DISCUSSION OF ANY OTHER OPEN ITEMS AS NOTIFIED AT THE START OF THE MEETING</b>	

Date: 20 January 2021

**Item No.**

**Title**

**Page No.**

## Housing & Environment Commission

### Empty Homes – Interim Report

The Housing & Environment Commission chose 'Empty Homes' as its first topic for investigation in 2018-19. The inquiry scope included both public and private stock and the Commission took a report from Officers at its meeting on October 17<sup>th</sup> 2018.

There were a number of drivers for this inquiry:

- Recognition of recent challenges relating the turn-around of voids;
- The need to maximise our use of existing stock to meet the needs of Southwark residents on our council housing waiting list (approximately 10,500);
- Anecdotal evidence of new build properties, especially in the north of the borough, being left vacant (so-called 'buy to leave').

Council Officers present at that meeting to give evidence included:

*Paul Langford, Director of Resident Services, Housing and Modernisation*

*Cheryl Russell, Area Manager, Housing Modernisation*

*Keith Kiernan, Specialist Services Contract Manager*

*Michelle Williams, Project Officer*

At that meeting, the Commission requested further information from Council Officers on a range of topics. This information, where available, is presented below. Officers have advised however that at this stage, they are unable to fully answer the Commission's questions on empty homes in the private sector. A working group has been established to look at the available data, ways of measuring empty homes and responding to the challenge. The Commission hopes that this group will be able to report back to Scrutiny in due course.

#### 1) Overall Figures on Empty Homes

- There is some confusion about the overall number of empty homes in Southwark. Various figures and estimates have been made but nothing which is authoritative, especially on empty homes in the private sector. *The Council should establish a methodology for the estimation of empty homes and should release this figure annually as a matter of course.*
- At the Housing & Environment Commission's meeting on 17<sup>th</sup> October 2018, the number of empty council homes was provided as follows:
  - 307 properties due to refurbishment decisions awaiting
  - 846 properties on the Aylesbury Estate awaiting demolition
  - 27 properties awaiting decisions regarding disposal
  - 144 active voids being turned around.
- The figures presented in the written report from Officers presented the information in a slightly different way. That document gave a headline figure of 664 empty council properties

of which 499 are 'non-active' - including 140 awaiting demolition - and 165 are 'active'. The discrepancy in the 'non-active' figures (between the report and the Commission meeting) appears to result from the next phase of the Aylesbury Estate regeneration moving forward.

- The Commission recognises that time has been needed to ensure the right decisions are made regarding the Ledbury and Maydew House on the Abbeyfield Estate. Both of these projects are now moving forward and the proposed works on Maydew House went out to procurement before Christmas. *The Commission recommends that the use of vacated properties on the Aylesbury Estate continues to be maximised by the Council for temporary accommodation.*

## 2) Council Stock – Voids

- The Council Plan now includes a target to turn around voids within 28 days which the Commission welcomes. The Commission recognises that a considerable amount of work has been done by the recently established 'Voids Project Group' and that the current turnaround time is now averaging 33 days. This compares with an average time of 107 days in 2017/18.
- The Commission notes that a review of the Council's work on voids has been commissioned from Housemark in order to further improve performance. We also note that the Council's in-house provider, Southwark Building Services (SBS) have taken on all voids work across the borough from October 2018. We therefore expect to see further improvements and *the Commission recommends that a further follow-up report be brought to Scrutiny in due course to track progress against these changes.*
- The Commission remains concerned about major voids and some of the historic long-term voids which remain in the system. *Further figures have been requested which break down the council voids into those that have been empty for less than 12 months, 12-24 months, and any over 24 months. It would also be helpful to have the average turnaround time for those classified as 'major voids'.*
- *The Commission also requests that any follow-up reports includes information about adaptations to voids, and the average time taken to prepare a property for new residents requiring adaptations.*

## 3) Council Stock – Disposal Policy

- The Commission asked for clarification on the Council's current 'disposal policy'. *We remain concerned by the lack of available family homes in the borough and urge the Council to retain larger properties within its stock wherever possible.*
- Council Officers have explained that when properties require significant investment, they are referred to a specialist team. Previously, a requirement for investment for around £50,000 or more would have automatically led to a disposal. Property decisions are now more contextualised and there are examples of greater sums being invested in order to

retain properties. *The Commission would like further clarification on the current policy and process, and recommends that the disposal policy be reviewed going forward in light of housing need.*

#### **4) Empty Homes in the Private Sector**

- The Commission sought clarification on the number of estimated private sector empty homes in the borough. No figures for this were provided in the Officers' report although discussion referred back to council tax data from the Department for Communities and Local Government (DCLG). The 2017 CLG data refers to an estimated 5,944 empty properties in Southwark (public and private sector). *The Commission requests further work be done by Officers to fully understand these figures. We would like a report to come back to the Commission later in 2019 providing an updated headline figure and further detail on how this breaks down, including housing association properties and so-called 'buy to leave' properties.*
- The Commission would like to better understand the range of policy options available to the Council to dis-incentivise so-called 'buy to leave'. *The Commission has urged the Council to levy the maximum amount of council tax premium on empty homes.*
- The Commission heard about the Council's work to bring empty homes back into use through the use of grants and loans, and repair and lease agreements. Properties can also be rented through housing solutions, including as temporary accommodation, as an option for owners who feel unable to manage their properties directly. In 2017-18, 30 properties were brought back into use as a result of this work. Whilst the examples provided are welcome, the team appears small given the caseload. We were told that there are 1000s of properties on the team's database, with around 600 open cases.
- The Commission discussed possible enforcement action including the use of Compulsory Purchase Orders (CPOs) and Empty Management Dwelling Orders (EMDOs), the second of which enable the Council to take up temporary management of an empty property for up to seven years. It was reported that the Council was currently exploring five CPOs but does not favour the use of EMDOs due to the administrative costs involved. *The Commission would like to understand whether there would be a long term 'return on investment' the council by expanding the empty homes team further.*
- Finally, the Commission also discussed the issue of furnished properties which are infrequently let (not counted as 'empty' in CLG statistics). *In the first instance, the Commission would like to understand what the Council is doing to understand the extent of this practice across the borough, and what data sources might be drawn upon.*

#### **Conclusion**

Given the significant pressures on housing in the borough, the issue of empty homes and how existing housing stock – both public and private – is used, must be front of mind. The Commission looks forward to a further meeting on this issue, later in 2019, to fully explore the outstanding issues raised in this report.

<b>Item No.</b> 20.	<b>Classification:</b> Open	<b>Date:</b> 8 December 2020	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Response to the Housing Scrutiny report on Housing Repairs	
<b>Ward(s) or groups affected:</b>		All	
<b>Cabinet Member:</b>		Councillor Leo Pollak, Housing	

## **FOREWORD - COUNCILLOR LEO POLLAK, CABINET MEMBER FOR HOUSING**

The housing scrutiny commission’s report highlights many of the front and back end issues that effect the critical issue of satisfactorily delivering repairs to Southwark’s 55,000 homes.

Recommendations range from unifying the different client delivery and reporting functions of the repairs resolution system, to implementing a new works management system with specialist call centre staff, to residents signing off repairs, to ensuring the right mix of skills and tools arrives at people’s homes on a repairs call. I’m pleased that we are able to accept all of the recommendations of the commission, with the report offering accompanying narrative showing the latest progress and initiatives as part of the council’s three year Repairs improvement plan.

## **RECOMMENDATION**

1. That the cabinet notes the response to recommendations within the housing scrutiny commission’s report into the housing repairs service.

## **BACKGROUND INFORMATION**

2. The Southwark housing scrutiny commission reported its findings and made its recommendations to the cabinet on 7 April 2020. Immediately prior to this, on 1 April 2020, Southwark building services (SBS) moved from environment and leisure directorate to housing and modernisation directorate. At the same meeting, the cabinet considered the repairs service improvement plan that aims to transform the repairs service over three years into a modern service with residents at its heart. The recommendations from the Southwark housing scrutiny commission were addressed within the repairs improvement plan.



3. The key to a modern repairs service is a works management system that helps to drive the back office processes, which support front-line delivery of services. As part of the improvement plan a new system has been procured and is in the process of being set up. Initially the system will focus on scheduling, job costing and managing imprest stock. As the system is rolled out and processes are embedded the system has considerable functionality to engage with residents with satisfaction survey as well as allowing them to upload photographs and videos pre and post repair and receive updates on progress of their individual jobs direct to their phones.
4. The table below addresses each of the recommendations in turn:

### KEY ISSUES FOR CONSIDERATION

<p><b>Recommendation 1:</b> The commission recommends that, following appropriate consultation with staff and stakeholders, the light client model is dismantled so that Southwark takes direct management control over the repairs service.</p>	<p>Agreed. SBS was transferred to the repairs and maintenance team within housing and modernisation with effect from 1 April. Managers within the service are working effectively as one team and any restructure will ensure that the service act as Southwark Repairs in the best interests of residents.</p>
<p><b>Recommendation 2:</b> Taking advantage of new systems being introduced, Southwark should introduce a system which requires a resident to confirm if a repair is complete, and the repair should not be marked as complete until the resident has done this.</p>	<p>Agreed. This recommendation will require a new modern works management system. The system has been procured and work is ongoing to configure the system, which will be piloted within the leaks from above service before rolling out.</p>
<p><b>Recommendation 3:</b> A new Key Performance Indicator should be introduced defining the number of unresolved, incomplete repairs which are beyond their target completion time. Driving down this number should become a key priority of the service</p>	<p>Agreed. Internally the number of unresolved incomplete repairs is already monitored. We will be looking to review all key performance indicators as part of the improvement plan.</p>
<p><b>Recommendation 4:</b> The council should halve the number of surveys done to 400 and then use the newly freed up resource to focus on resolving problem repairs which have been identified via other means (such as complaints or Councillor casework).</p>	<p>Agreed. Once the new system is implemented we will be able to get immediate feedback on jobs and will look at a number of different feedback mechanisms.</p>

<p><b>Recommendation 5:</b> Changes should be made to staff pay incentives in the repairs service, via negotiation with recognised trade unions, which ensure speedy, high quality repairs and remove perverse incentives to prioritise inappropriately.</p>	<p>Agreed. The Strategic Director of Environment and Leisure is leading on new terms and conditions for SBS, AMS and Pest Control based on a salary scheme rather than the current bonus schemes. An in principle agreement has been reached with trades unions and a formal offer will be made shortly.</p>
<p><b>Recommendation 6:</b> “What happens next cards” should be re-introduced and properly implemented by managers so that they are used in all cases of incomplete repairs.</p>	<p>Agreed. As part of normal working post covid-19 managers will be clearly tasked with ensuring that this longstanding process is followed. Putting residents at the heart of the service means ensuring that every resident knows what will happen throughout all stages of their repairs journey. We will also explore technological solutions as part of the new system.</p>
<p><b>Recommendation 7:</b> Consideration should be given to separating a specialist repairs call centre from the wider call centre operation and basing this team with a newly integrated repairs service. In addition, a review of training requirements for these roles should be carried out, to ensure staff responding to repairs requests have the skills and knowledge they need.</p>	<p>Agreed. This is included in the repairs improvement plan and proposals for consultation with residents and staff will be developed in the coming months as integration continues.</p>
<p><b>Recommendation 8:</b> Working in partnership with staff trade unions and taking advice from councils such as Islington, Southwark should introduce a comprehensive multi-skilling training programme for repairs operatives</p>	<p>Agreed. Visits have already been made to Islington and Southwark repairs is in regular contact with a number of London councils with direct labour organisations to share good practice and explore different operating models. Work has started on identifying skills gaps.</p>
<p><b>Recommendation 9:</b> Any future changes to the repairs service should pay particular attention to unifying the service and making its different elements operate in a more joined up fashion.</p>	<p>Agreed. The merging of the repairs client teams and SBS is the first step in this and the repairs improvement plan will ensure that a unified service is one of the outcomes the changes required will produce.</p>

**Policy implications**

5. There are no direct policy implications

**Community impact statement**

6. The repairs service affects all council tenants and supports the council's commitment to providing affordable quality housing and deliver on its Fairer Future objectives. Putting residents at the heart of the service will have a positive effect on service users

**Resource implications**

7. There are no specific resource implications arising from this report. Issues are being addressed within the repairs improvement plan.

**Legal implications**

8. There are no specific legal implications arising from this report.

**Financial implications**

9. There are no direct financial implications arising from this report

**REASON FOR URGENCY**

10. This is an outstanding scrutiny response to cabinet from a scrutiny report originally submitted in cabinet in April 2020. In view of the importance of housing repairs for the community it is imperative that cabinet consider this response without delay and as a matter of urgency. As outlined in the report the repairs service affects all council tenants and supports the council's commitment to providing affordable quality housing and deliver on its Fairer Future objectives.

**REASON FOR LATENESS**

11. It has not been possible to circulate this report five clear days in advance of the meeting in order to finalise the responses and undertake the necessary liaison with officers.

**BACKGROUND DOCUMENTS.**

<b>Background Papers</b>	<b>Held At</b>	<b>Contact</b>
Housing Scrutiny Commission report submitted to cabinet April 2020.	160 Tooley Street London SE1 2QH	Paula Thornton 020 7525 4395
<b>Web link:</b> <a href="http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&amp;MId=6420&amp;Ver=4">http://moderngov.southwark.gov.uk/ieListDocuments.aspx?CId=302&amp;MId=6420&amp;Ver=4</a> (Item 11)		

**APPENDICES**

<b>No.</b>	<b>Title</b>
None	

**AUDIT TRAIL**

<b>Cabinet Member</b>	Councillor Leo Pollak, Housing	
<b>Lead Officer</b>	Michael Scorer, Strategic Director of Housing and Modernisation	
<b>Report Author</b>	Christine Bramman, Head of Repairs and Maintenance	
<b>Version</b>	Final	
<b>Dated</b>	1 December 2020	
<b>Key Decision?</b>	No	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments Included</b>
Director of Law and Democracy	Yes	Yes
Strategic Director of Finance and Governance	Yes	Yes
<b>Cabinet Member</b>	Yes	Yes
<b>Date final report sent to Constitutional Team</b>		1 December 2020

<b>Item No.</b> 21.	<b>Classification:</b> Open	<b>Date:</b> 19 January 2021	<b>Meeting Name:</b> Cabinet
<b>Report title:</b>		Response to Housing Scrutiny Commission report into District Heating	
<b>Ward(s) or groups affected:</b>		All	
<b>Cabinet Member:</b>		Councillor Leo Pollak, Housing	

## **FOREWORD – COUNCILLOR LEO POLLAK, CABINET MEMBER FOR HOUSING**

We want everyone in Southwark to have a warm home, with heating and hot water that is effective, reliable and affordable. To meet our council commitment to make Southwark Carbon neutral by 2030 we also need to ensure the heat sources that supply homes in our borough are increasingly low and zero carbon.

This report setting our response to the Housing Scrutiny Commission’s report on District heating networks offers a chance to provide a wider update on our efforts to deliver a warm homes for all our residents with heating and hot water that is effective reliable and affordable.

We recognise the significant inconvenience and discomfort caused by heat and hot water outages and the importance of a concerted focus on how we respond to these situations as well as developing the wider heat investment and decarbonisation plan for the 17,000 homes (nearly a third) that are currently connected to heat networks.

While a full heat investment plan will be coming to cabinet in March this year, including full details on our approach to individual heat metering as the new regulations are finalised, in this report we are able to update on continued feasibility work to extend the South-East London Heat and Power (SELCHP) network to many more estates across Bermondsey and further south towards Peckham.

We also update on the council’s preferred approach to in-house provision over ESCOs, as well as a number of improved coordination and communications procedures for when heating systems fail, including making out-bound calls to vulnerable residents and making data on vulnerable residents available to call centre staff and repairs engineers, who can provide additional support including provision of emergency fan heaters.

We are also able to describe progress in developing a new and greatly simplified compensation policy for residents experiencing outages, with a more

direct automated and live system based on a flat rate £3/day being piloted ahead of a full roll out in April.

I'm grateful for the work of the Housing scrutiny commission and officers in developing the borough's heat investment plan. Many of our older networks have seen substantial problems in recent months and years causing significant discomfort to many of our residents, and now is the time to lay the foundations for a concerted period of investment in our heat networks, to achieve the reliable affordable and sustainable heat our residents deserve.

## RECOMMENDATIONS

### That the Cabinet:

1. Notes the responses provided within the report to each of the Housing Scrutiny Commissions recommendations.

## BACKGROUND INFORMATION

2. The Housing Scrutiny Commission (HSC) presented a report in October 2020 that investigated the state of the Council's district heating systems and service. The report, available [here](#), made 13 recommendations within three broad areas:

- Strategic expansion of and investment in the heat network (#1 - #4)
- Repairs and response to outages (#5 - #9)
- Metering and heat market regulation (#10 - #13)

## KEY ISSUES FOR CONSIDERATION

3. This section of the report runs through each HSC recommendation in turn and provides a response. The text describing the HSC recommendations is largely quoted from the HSC report but some contextualisation and simplification is undertaken. A summary of the HSC recommendation and the Council's response is provided in the table below, with fuller responses outlined in the paragraphs following.

HSC recommendation number	Summary of recommendation	Summary of response
1	Encourage the use of SELCHP (a low carbon option) through the planning process for example by investigating the use of "Local Development Orders"	Agreed, though investigation into LDOs is ongoing amid changing heat market regulation. The Council is actively encouraging expansion and connection to the SELCHP heat network and an LDO may be a way of speeding up delivery of

HSC recommendation number	Summary of recommendation	Summary of response
		works.
2	Ensure internal investment options are exhausted before partnering with the private sector	Agreed. The Council is focussing efforts on maximising in-house resources and existing partner relationships while not excluding the possibility of new private sector delivery
3	Investigate the feasibility of developing a 'sinking fund' to avoid large leaseholder charges	Agreed, investigation ongoing. An initial review of the potential has taken place and identified a number of possible difficulties. Other models that could achieve the same overall objective are now being looked at.
4	Spread best practice from research project across to other heat networks	Agreed. A draft report from the consultant has now been received and is being reviewed but HSC is right that lessons from this project should be applied as widely as possible.
5a-c	Improve communication... by employing the text message notification service more widely	Agreed. The Council continues to work hard encouraging residents to sign up for text message notification but has not run a stand-alone campaign.
5d	Improve communication... by investigating the use of social media to report outages	Several methods of outage reporting are already used including online though not currently social media. Some estates have their own social media networks for this. The Council has no current plans to use social media in this way but it is an ongoing discussion, especially in relation to the MySouthwark platform.
5e	Improve communication... by providing pro-active support to the vulnerable	Vulnerable resident data has improved through the Covid-19 pandemic and the most up to date information is

HSC recommendation number	Summary of recommendation	Summary of response
		always used to provide proactive support including out-bound calls.
5f	Consider the risk of vulnerable residents carrying hot water around their homes during an outage	The Council seeks to minimise this risk through timing and advance warning for any planned shut downs. For unplanned outages, we seek to keep residents updated as frequently as possible. Resident Services Officers contact vulnerable residents during outages and are best placed to assess risk and determine whether additional support is likely to be needed.
6	Simplify the heating outage compensation process	Agreed. A draft policy is now in place and is being tested. Full roll-out is expected from April 2021.
7	Promptly complete the compensation policy review	Agreed. A draft policy is now in place and the processes behind the policy are being tested. Full application of the policy expected from April 2021.
8	Ensure residents can use other local facilities during outages e.g. leisure centre showers	Agreed. This arrangement is in place already but will be refreshed with Council colleagues and our leisure contractor to ensure it is fully applied.
9	Investigate and resolve reports of noise caused by certain district heating systems	Agreed. Isolated incidents have been thoroughly investigated and some issues resolved. Sadly some issues are proving difficult to resolve fully and are ongoing.
10-13	With regard to individual heat metering: <ul style="list-style-type: none"> <li>• Pursue a tariff with balances energy efficiency and fuel poverty</li> </ul>	Where heat meters are installed, balancing energy efficiency with fuel poverty would indeed important, as would suitable education and training to ease the



HSC recommendation number	Summary of recommendation	Summary of response
	<ul style="list-style-type: none"> <li>• Develop a discretionary aid scheme</li> <li>• Provide suitable education and training</li> <li>• Report back to HSC with further detailed proposals as they are developed</li> </ul>	<p>transition to a new billing system. The concept of a discretionary aid scheme may be appropriate but would need careful consideration at the appropriate time.</p> <p>The heat metering regulations have recently been updated and these are being assessed currently. It is difficult to provide complete clarity at this time, though work on this front is progressing quickly.</p>

**HSC Recommendation #1 – Encourage the use of SELCHP (a low carbon option) through the planning process for example by investigating the use of “Local Development Orders”**

4. The Council agrees with this recommendation and has worked constructively with planning colleagues, consultants and Veolia to develop plans for widening its use of low carbon heat from SELCHP. SELCHP has significant additional capacity to provide low carbon heat to both council buildings and private developments. The primary means of encouraging private developers to connect to an extended low carbon heat network served by SELCHP is via planning policy including the London Plan, the New Southwark Plan, Section 106 agreements and also the energy and carbon requirements of the Building Regulations. Local Development Orders are a further planning tool which have been used in some areas to mandate connection of new buildings to a district heat network by default, unless it can be proved unviable. Details of how Local Development Orders have been implemented in other Local Authority areas have been examined by planning colleagues and consideration given to whether it is deemed necessary / advantageous in Southwark.
5. For securing connections onto privately owned land we don't think an LDO is necessary because we are securing connections through S106 agreements on individual planning applications. S106 agreements are legally binding and fully enforceable meaning that an LDO for this purpose would be surplus to requirement. Most of the largest sites are already secured through the “conventional” planning process, so an LDO doesn't add value, such as speeding up process or adding certainty. The larger developers already know what the Council wants and the revised AAP name checks the S106 process in AAP 3.

6. However, one benefit of an LDO may be where the network extension route is not precisely known, or is subject to change. Since we hope to connect a large number of council housing estates and private developments, some of which will come forward over a period of years, the final route may be subject to regular minor changes. Rather than preparing and submitting a planning application each time there is a change, we could use an LDO to give Veoila similar rights to a statutory undertaker, albeit conditional upon submission of construction management plans, contamination remediation strategies, arboricultural assessments etc. This could speed up the roll-out of any expansion works. A further consideration to this is that the upcoming Heat Market Regulations are set to change the way heat network operators are treated, permitting them similar rights for laying pipes as other utilities have currently. This may mean that the use of an LDO for this purpose loses its relevance. The consideration of LDOs is ongoing.

**HSC Recommendation #2 – Investigate whether some aspects of the district heating service could delivered through the expanded in-house resource, and ensure internal investment options are exhausted before partnering with the private sector.**

7. The HSC is right to say that internal delivery options should be examined carefully before deciding to pursue a private option. There are a number of ways in which the Council contracts with private companies in the delivery of the district heating service – energy supply, internet connections, control systems software, planned and reactive maintenance, compliance, and installation of capital works. All of these contracts have been procured with the relevant level of competition. Many involve further layers of sub-contracting for specialist elements.
8. Our heating works in the main require specialist skills and technology knowledge which in turn require intensive recruitment and ongoing training. Utilising private sector resources in this field allows us access to specialist skills with a much lower overhead cost base. Our ongoing costs have been kept down by competitive procurement.
9. Regarding the utilisation of some now in-house SBS resource to replace some of the private sector capacity to carry out district heating repairs, this will not be a consideration until we have concluded the Repairs Improvement Plan but HSC should be assured that we are focussed on internal delivery wherever possible.
10. One of the main ways that partnership with the private sector has been investigated is the joining together of capital works, operational and maintenance services, and overarching responsibility for heat supply into a so-called ESCo (Energy Services Contract). The Council agrees with the sentiments of the HSC recommendation that in the past, strategic partnerships with the private sector have been costly to set up and run. It

is right to explore all options, include with the private sector, but with a sense of caution that sometimes set up costs are higher than expected, and of course private sector entities only want to run contracts if they can do so profitably. There would, therefore, need to be significant scope for efficiency savings in a private sector delivery model if it were to outweigh an in-house model.

**HSC Recommendation #3 – Investigate the feasibility of developing a ‘sinking fund’ from tenants and leaseholders for maintenance, repair and replacement of district heating systems to avoid large leaseholder charges.**

11. In line with this HSC recommendation, officers have begun investigating the feasibility of developing a “sinking fund” for district heating. Initial conversations with internal parties uncovered a number of difficulties with the traditional sinking fund approach such as:
  - Most leases don’t mention sinking funds and therefore payment into a sinking fund wouldn’t be enforceable without a change in the lease agreements. This would make it a voluntary scheme which some would take up and others wouldn’t, and this in turn would make it very complex to manage.
  - If tenanted properties also contributed to the sinking fund, this would have to come from the HRA which would mean HRA funds couldn’t be used for capital projects in the short term.
  - If capital works needed delivering out of the sinking fund in the near term not enough money would have accumulated and leaseholders would need to pay a further bill.
  
12. In light of these initial difficulties, alternative ways of achieving the same broad goal (avoiding excessive bills to leaseholders) were discussed. One idea that is being explored further currently is the possibilities of ring-fencing certain capital investments within a wholly owned company which could take a loan to pay for the works. The company would then charge the council annually for the use of the capital project assets and the cost of these payments by the Council to its subsidiary would be recouped through charges to leaseholders. This approach would effectively spread the cost to the Council and its leaseholders over a period of time e.g. 10 years and avoid large one off bills. Another advantage of this approach is that the contribution by leaseholders would more closely mirror the period of time that they own the property. However, this idea would need very careful legal and financial consideration to see if it is viable. The Council is currently seeking external legal opinion.

**HSC Recommendation #4 – Spread best practice from DBEIS funded investigation into ways of improving heat networks.**

13. HSC is quite right to recommend the spreading of best practice from the research project funded by the Department for Business Energy and Industrial Strategy. Unfortunately, the project has been slightly reduced in

scope by DBEIS so it now only covers three of the five projects previously identified – Brandon, Newington and Sylvan Grove. A draft report has recently been received from the consultants on this project which is being reviewed by officers at both the Council and DBEIS. It is hoped that once finalised the recommendations can be implemented at the three named sites to prove the concepts, but then rolled out more widely.

### **HSC Recommendation #5 – Improve communications during outages**

14. The Council agrees with the HSC that good communication during heating outages is vitally important. A lot of work has already gone into developing communication plans including a robust text message service as well as newsletters and pro-active communication with vulnerable residents, but we agree that more must be done.
15. HSC recommendation #5 included a number of elements. Points a) to c) were about sourcing more resident mobile phone numbers so that the text message notification service can be employed more widely. District heating newsletters sent out last winter and those sent out this winter, all include a section explaining the text message service and how residents can sign up for it. Calls via the contact centre are the main way that the text message service is enrolled and details kept up to date - as part of the data protection checks, call centre ask callers to confirm their contact number and then ask callers if they would like to receive text message updates. A wider and bespoke campaign to increase the reach of text message notifications, including using other groups and channels to promote it, has not been developed as yet.
16. There are a number of different ways that residents can report outages including via the call centre, via email or via their MySouthwark account. They can receive updates on current outages via the text message service, the live repairs webpage (updated every two hours) and recorded message played when phoning the call centre (also updated every two hours).
17. Point d) in the HSC recommendation #5 was regarding the investigation of whether social media tools could be used to report outages. The Council's is constantly looking at ways to develop its digital communication channels, including MySouthwark as this is a key opportunity to shape specific information that is available to residents relevant to their particular property and estate. These discussions are ongoing internally. Wider social media tools have not been investigated, but it is worth noting that many groups of residents at the estates already use social media for quick communication, include on matters such as heating outages.
18. Point e) in HSC recommendation #5 advises using improved vulnerability data gathered through the Covid-19 response to offer pro-active support during outages. This is already happening as standard. Resident data is

stored centrally on the Council's housing management database which gives Resident Services colleagues appropriate access to information as they provide ongoing and pro-active support to all residents, including those who are vulnerable. The Council's heating contractors are also notified of resident vulnerability. Throughout the Covid-19 pandemic, Resident Services Officers have made out-bound phone calls to thousands of vulnerable residents on weekly, fortnightly and monthly basis, depending on the residents' situation. RSOs also make pro-active phone calls to vulnerable residents when there are heating outages, especially where these prove to be more significant in duration.

19. Point f) in HSC recommendation #5 asks the Council to consider the risk to vulnerable residents of needing to move hot or boiling water around their homes due to heating outages. The HSC report is right to raise this as an issue. A loss of hot water service to properties could well lead to residents, including those with vulnerability, boiling a kettle or pan of water and carry it to a bathroom. The Council seeks to minimise this risk, and the overall impact of loss of hot water, by always commencing planned outages after 9am whenever possible and giving residents two weeks of prior warning. This allows most residents time to wash before the hot water service goes off, or to make other arrangements. The Council also seeks to keep residents aware of how long outages are likely to last. If residents know that heating and/or hot water is likely to come back on in a couple of hours, they can plan accordingly. Residents without hot water service are permitted to use alternative facilities such as leisure centre showers (see further discussion below). And finally, as above, Resident Services Officers (RSOs) do their best to contact vulnerable residents during an outage to offer support.
20. The revised procedure requires RSOs to make out-bound calls to vulnerable residents during an outage, and for engineers to offer fan heaters in cold weather if requested. RSOs are well placed to determine whether vulnerable residents might need extra support and will make referrals to Adult Social Care where appropriate so that a fuller assessment can be made of their support needs.

**HSC Recommendation #6 – Simplify the heating outage compensation process.**

21. The Council agreed some time ago that the compensation process needed to be improved, especially in relation to compensating leaseholders for outages to their homes. A draft policy is now in place and the Council is running a pilot scheme this financial year to test both the costing and feasibility of introducing the process on a large scale to all of our residents. We are anticipating this being in place for the new financial year and are currently in discussions with the cabinet members involved; testing the draft process we have and taking on board their comments on the process.

**HSC Recommendation #7 – Promptly complete the compensation policy review.**

22. The Council has been working with colleagues in customer experience to finalise the policy. We now have a draft policy in place and all that remains is to test that the processes behind the policy are robust and to finalise costing before we go live. We anticipate this all being in place for the new financial year by or before April 2021.
23. The main elements of the new compensation process is to make it as direct, automated and live as is possible, including a flat rate payment of £3 for every day that the outage goes on for.

**HSC Recommendation #8 – Ensure residents can use other local facilities during outages e.g. leisure centre showers.**

24. As the HSC report points out, it is already Council practice that residents affected by heating outages should be able to use other local facilities for washing, such as leisure centre showers. There is an agreement in place between Leisure and Housing that if ever resources are needed the Leisure Team are contacted on an incident by incident basis and this message is passed along to Everyone Active (EA), the Council's leisure contractor. EA are always accommodating but the HSC report identified that some residents have been turned away because leisure centre staff were not aware of the policy. Leisure centres report that there is generally a low take up of the offer and Council officers have begun to liaise with colleagues to identify how procedures can be put in place to ensure all appropriate leisure centre staff are suitable informed and if there are other ways in which the offer to residents could be improved.

**HSC Recommendation #9 – Investigate and resolve reports of noise pollution caused by the district heating systems at the Aylesbury and Brandon estates.**

25. The HSC report is quite right to point out that nuisance noise has been an issue in a couple of locations, though these are very isolated cases. In these instances, the Council has taken steps to investigate the reports of noise as thoroughly as possible. Some issues have been resolved but there are also investigations ongoing. This involves a process of elimination in plant rooms, blocks and in dwellings.

**HSC Recommendation #10 – If individual metering is introduced, a balance of energy efficiency and protecting vulnerable residents should be pursued through a blended tariff.**

**HSC Recommendation #11 – If individual metering is introduced, a discretionary aid scheme for those with special heating requirements should be implemented.**

**HSC Recommendation #12 – If individual metering is introduced, this should be accompanied by a programme of education and training so**

**that residents understand how to use meters and any new payment systems.**

**HSC Recommendation #13 – Further detail and proposals on metering and other changes relating to heat market regulation should be returned to HSC in the future.**

26. Taking HSC recommendations 10-13 all together as they all relate to heat metering, it is worth stating that the Heat (Networks) Metering and Billing Regulations have just been updated in November 2020. Buildings are put within three broad classes – “viable” (those which must install heat meters without any form of cost-effectiveness test), “open” (those which need to carry out a cost-effectiveness test) and “exempt” (those which don’t need to install a meter to comply with the legislation). A new cost-effectiveness appraisal tool was released which is used with all buildings in the “open” class. The impact of the updated regulations is still being worked through by officers.
27. The HSC report identifies that while the primary driver behind the heat metering regulations is a desire to reduce wastage and improve efficiency but that this needs to be balanced with a need to provide sufficient heat to residents at an affordable rate, especially to those who are vulnerable or who may need more heat or hot water for medical reasons. While the actual heat metering approach and tariff setting are still under consideration, the principles outlined here will indeed guide their development.
28. Regarding the establishment of a discretionary aid scheme, this has not as yet been considered in any detail, but as above, the heat metering and tariff approach is yet to be defined. It is possible that some kind of cost capping process for high users may be appropriate, to prevent excessively high bills while also encouraging efficient use. The basis for where and when this could be applied would need to be considered.
29. Regarding the provision of adequate information and training to residents on how to use heat meters and any associated billing systems is absolutely critical. For residents that do end up moving onto a metered system this will be a big change from having heating charges collected through the rent accounts, or through leaseholder service charges. One notable change within the updated regulations is that sheltered and supported housing is deemed to fall within the “exempt” class. This means that many of the Council’s most vulnerable residents will not in most cases need to adjust to the way that they pay for heating.
30. More fulsome proposals on the roll out of individual heat meters, and the type of tariff to be applied (ref Recommendation #13) will be presented within the upcoming Heat Networks Strategy paper.

**Policy implications**

31. There are no direct policy implications.

**Community impact statement**

32. The district heating service affects all tenants and leaseholders connected to one of the Councils heat networks, which comprises of some 17,000 properties. Our commitment to providing affordable, reliable and low carbon heating is one of the Councils key priorities and also works towards our commitment to make Southwark Carbon neutral by 2030. Vulnerable residents could be more adversely affected by heating outages, though all residents have a right to expect a warm home.

**Resource implications**

33. There are no specific resource implications arising from this report. Issues are being addressed within the heat networks strategy.

**Legal implications**

34. There are no specific legal implications arising from this report.

**Financial implications**

35. There are no direct financial implications arising from this report.



**BACKGROUND DOCUMENTS**

Background Papers	Held At	Contact
<b>Link: (please copy and paste into browser)</b> <a href="#">District Heating and Heat Networks Report from Southwark Housing Scrutiny Commission September 2020</a>	Southwark Council Housing and Modernisation Hub 3, 3rd Floor PO Box 64529 London SE1P 5LX	<a href="#">Housing and Community Engagement Scrutiny Commission</a>

**APPENDICES**

No.	Title
None	

**AUDIT TRAIL**

<b>Cabinet Member</b>	Councillor Pollak, Housing	
<b>Lead Officer</b>	Michael Scorer, Strategic Director Housing & Modernisation	
<b>Report Author</b>	Tom Vosper, Strategic Project Manager – Heat Networks	
<b>Version</b>	Final	
<b>Dated</b>	7 January 2021	
<b>Key Decision?</b>	No	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments Included</b>
Director of Law and Governance	No	No
Strategic Director of Finance and Governance	No	No
<b>Cabinet Member</b>	Yes	Yes
<b>Date final report sent to Constitutional Team</b>	7 January 2021	

<b>Item No.</b> 9.	<b>Classification:</b> Open	<b>Date:</b> 28 January 2021	<b>Meeting Name:</b> Housing and Community Engagement Scrutiny Commission
<b>Report title:</b>		Housing and Community Engagement Scrutiny Commission Work Programme 2020-2021	
<b>Ward(s) or groups affected:</b>		N/a	
<b>From:</b>		Head of Overview and Scrutiny (Acting)	

## RECOMMENDATIONS

1. That the housing and community engagement scrutiny commission note the work programme as at 28 January 2021 attached as Appendix 1.
2. That the housing and community engagement scrutiny commission consider the addition of new items or allocation of previously identified items to specific meeting dates of the commission.

## BACKGROUND INFORMATION

3. The general terms of reference of the scrutiny commissions are set out in the council's constitution (overview and scrutiny procedure rules - paragraph 5). The constitution states that:

Within their terms of reference, all scrutiny committees/commissions will:

- a) review and scrutinise decisions made or actions taken in connection with the discharge of any of the council's functions
- b) review and scrutinise the decisions made by and performance of the cabinet and council officers both in relation to individual decisions and over time in areas covered by its terms of reference
- c) review and scrutinise the performance of the council in relation to its policy objectives, performance targets and/or particular service areas
- d) question members of the cabinet and officers about their decisions and performance, whether generally in comparison with service plans and targets over a period of time, or in relation to particular decisions, initiatives or projects and about their views on issues and proposals affecting the area
- e) assist council assembly and the cabinet in the development of its budget and policy framework by in-depth analysis of policy issues
- f) make reports and recommendations to the cabinet and or council assembly arising from the outcome of the scrutiny process
- g) consider any matter affecting the area or its inhabitants

- h) liaise with other external organisations operating in the area, whether national, regional or local, to ensure that the interests of local people are enhanced by collaborative working
  - i) review and scrutinise the performance of other public bodies in the area and invite reports from them by requesting them to address the scrutiny committee and local people about their activities and performance
  - j) conduct research and consultation on the analysis of policy issues and possible options
  - k) question and gather evidence from any other person (with their consent)
  - l) consider and implement mechanisms to encourage and enhance community participation in the scrutiny process and in the development of policy options
  - m) conclude inquiries promptly and normally within six months
4. The work programme document lists those items which have been or are to be considered in line with the committee's terms of reference.

#### **KEY ISSUES FOR CONSIDERATION**

5. The Housing service areas that fall within the scope of the Housing and Community Engagement Scrutiny Commission are:
- Resident Services (which includes area management, strategy and business support, strategic business and support housing services).
  - Customer Experience Division (which includes the Contact Centre; Customer Resolution and Specialist Services, My Southwark Home Owners and the Housing Solutions Services).
  - Asset Management Division (which includes New Homes; Investment, Repairs & Maintenance and Engineering).
6. The cabinet portfolio elements relating to this commission are listed below:

#### Housing (Councillor Leo Pollok)

- Housing Strategy
- New council homes
- Housing allocations and lettings
- Council housing asset management strategy and investment programmes
- Housing repairs and major works
- Homeowners services
- Private rented housing
- Empty homes and under occupation
- Short term-lets
- Relationship with housing associations

Leisure, Environment and Roads - Councillor Catherine Rose (Housing related portfolio areas)

- Estate cleaning

Communities and Equalities – Councillor Alice Macdonald (Community related portfolio areas)

- Community engagement, participation and development
- Community and tenants and residents halls and centres
- Faith communities

Social Support and Homelessness – Councillor Helen Dennis

- Establishing a Southwark Community Support Alliance (building on the success of the community hub)
- Homelessness services

7. Set out in Appendix 1 (Work Programme) are the issues the housing and community engagement scrutiny commission is due to consider in the 2020-21 municipal year.
8. The work programme is a standing item on the housing scrutiny commission agenda and enables the commission to consider, monitor and plan issues for consideration at each meeting.

## BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Housing and Community Engagement Scrutiny Commission agenda and minutes	Southwark Council Website	Everton Roberts 020 7525 7221
Link: <a href="http://modern.gov.southwark.gov.uk/ieListMeetings.aspx?Committeeld=551">http://modern.gov.southwark.gov.uk/ieListMeetings.aspx?Committeeld=551</a>		

## APPENDICES

No.	Title
Appendix 1	Work Programme 2020-2021

## AUDIT TRAIL

<b>Lead Officer</b>	Everton Roberts, Head of Overview and Scrutiny (Acting)	
<b>Report Author</b>	Everton Roberts, Head of Overview and Scrutiny (Acting)	
<b>Version</b>	Final	
<b>Dated</b>	20 January 2021	
<b>Key Decision?</b>	No	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments Included</b>
Director of Law and Governance	No	No
Strategic Director of Finance and Governance	No	No
<b>Cabinet Member</b>	No	No
<b>Date final report sent to Scrutiny Team</b>	20 January 2021	

## Housing and Community Engagement Scrutiny Commission Work Programme 2020-21

Item	Meeting date					Commentary
	14 Oct 2020	1 Dec 2020	28 Jan 2021	10 Feb 2021	29 Mar 2021	
<b>Items for future consideration – either allocated (✓) or to be allocated.</b>						
Scrutiny Review of Community Hubs	✓	-	-	✓	-	
Estate communal areas (cleaning service, noise response and ASB)	✓	✓	-	-	✓	
Affordable Housing Delivery	-	✓	-	-	-	
Empty Homes	-	-	✓	-	-	On agenda
Building Safety and Cladding	-	-	-	✓		
Tenant Engagement Structures	-	-	✓		✓ (If required)	On agenda
Cabinet Member Interviews	-	-	-	-	-	Meeting date to be identified



## Housing and Community Engagement Scrutiny Commission

**MUNICIPAL YEAR 2020-21**

### **AGENDA DISTRIBUTION LIST (OPEN)**

**NOTE:** Original held by Scrutiny Team; all amendments/queries to Fitzroy Williams Tel: 020 7525 7102

Name	No of copies	Name	No of copies
<b>Electronic Copy</b>		Aine Gallagher – Cabinet and Public Affairs Manager	
<b>Members</b>		<b>External</b>	
Councillor Gavin Edwards Councillor Damian O'Brien Councillor Hamish McCallum Councillor Radha Burgess Councillor Dora Dixon-Fyle MBE Councillor Paul Fleming Councillor Jon Hartley		Caroline Vicent	
<b>Reserves Members</b>		<b>Total: 14</b>	
Councillor Anood Al-Samerai Councillor Sarah King Councillor Sunny Lambe Councillor Victoria Olisa Councillor Jane Salmon Councillor Andy Simmons Councillor Bill Williams		<b>Dated: January 2021</b>	
<b>Co-Opted Members</b>			
Tbc			