

Housing and Community Safety Scrutiny Commission

MINUTES of the OPEN section of the Housing and Community Safety Scrutiny Commission held on Monday 3 October 2022 at 7.00 pm at Ground Floor Meeting Room G02A - 160 Tooley Street, London SE1 2QH

PRESENT: Councillor Ellie Cumbo (Chair)
Councillor Jane Salmon
Councillor Sam Foster
Councillor Barrie Hargrove
Councillor Esme Hicks
Councillor Portia Mwangangye
Councillor Emily Tester
Cris Claridge
Ina Negoita

OTHER MEMBERS PRESENT: Councillor Darren Merrill

OFFICER SUPPORT: Amit Alva, Scrutiny Officer

1. APOLOGIES

Apologies for absence were received from Bassey Bassey (Co-opted member).

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

There were no items of business which the Chair deemed urgent.

3. DISCLOSURE OF INTERESTS AND DISPENSATIONS.

Councillor Esme Hicks disclosed that she was a leaseholder and gave evidence as the Chair of the Brenchley Gardens Tenants Management Organisations.

Councillor Jane Salmon disclosed that she was a council leaseholder.

Ina Negoita (Co-opted member) disclosed that she is the Chair of the Homeowners Northwest Area Forum and also a council leaseholder.

4. MINUTES

Minutes of the meeting held on 12 July 2022 were approved as a correct record.

5. ISSUES WITH LEASEHOLDER CHARGES AND THE IMPACT OF THE COST-OF-LIVING CRISIS ON LEASEHOLDERS.

The commission heard from David Eyles, Chief Executive of Leaseholders Association of Southwark on the effects of the cost-of-living crisis on leaseholders. The commission learnt about the detrimental financial impact that inflation, mortgage debt and interest rates would have on homeowners. Homeowners can be classified into two groups' resident homeowners and investors that buy to let, resident homeowners are the larger group consisting of ordinary working people such as NHS workers, Doctors, teachers and cleaners and it's this group that are struggling to pay the bills. The commission learned that elderly pensioners who need social care from the council are struggling to pay for their meals.

The commission then heard from David on the following points:

- Invoices to leaseholders based on varying estimates over 4-5 year periods
- Increase in service charges and electricity bills going up from £100 to £400
- Lack of pro-active maintenance leading to increased repair works
- Lack of scheduling repairs and improper works carried out at the first attempt
- Lack of assessment of the competency of building contractors and issues with the tendering process
- Lack of access for Leaseholders Association of Southwark (LAS 2000) to audit major works.
- Key workers looking to sell their property and moving out of borough

The commission then heard from Ina Negoita (co-opted member) leaseholder representative that the works carried out by the council need to be in accordance with the Housing Act and within government regulations and the justification for the works need to be disclosed to leaseholders.

Ina then addressed the commission around the following themes:

- Issues with the quality of works carried out by contractors, lack of penalties for contractors
- Value for Money (VFM) of works carried out
- Unlawful charges for e.g. 35% increase in roofing charges
- Inflationary costs of the work due to hierarchy of contractors and sub-contractors and their respective percentage charges at every level.
- Lack of overall operational and financial control of contractors
- Clarification between the freeholder and leaseholders responsibilities with regards to major works

The commission then discussed the following topics:

- Communication from the council and information disclosed to leaseholders with regards to works
- Processes, if any for leaseholders to challenge estimations and requirement of major works
- Cases of Southwark Council not following regulations with regards to works
- Consultation structure for leaseholders associations

The commission then heard from David that the new consultation structure is not effective and needs to be changed to include all residents from all age groups. The commission learnt that service charge statements do not disclose the actual costs of works to the leaseholders which has made it difficult to challenge the estimates.

The commission then received a presentation from Louise Turff, Head of Homeownership Services on Leaseholder Service Charges around the following main points:

- Construction of a service charge
- Service charges paid by homeowners mainly on district heating and estate costs
- Some leaseholders are billed by their respective Tenancy Management Organisations (TMOs) are self-financed.
- Large proportions 37%-50% of non-resident leaseholders mainly professional landlords or companies

- Case by case adjudication of payment for works and payment options
- Housing Revenue Account Income and Expenditure 2022-2023
- Ground floor leaseholder charges and lift costs
- Clarification between the freeholder and leaseholders responsibilities with regards to major works according to Housing Act 1985
- Leaseholder rights contained within the lease
- Borrowing costs on the Housing Revenue Account (HRA)
- District heating costs

The commission learned that during procurement the contractor tender prices includes the cost of sub-contractors so there aren't any different charges added on for sub-contractors, stopping the use of sub-contractors could result in the increase of overall prices as contractors would have to source their own labour. There are also professional consultancy services and investment deliveries charges which have been averaging about 6%-7%, in addition there is a 10% administration fee which are the costs of managing service charge accounts that are statutory consultations for homeowners as it's a bespoke service offered only to them. Majority of leaseholder complaints have to do with affordability of paying service charges.

Louis also informed the commission that leaseholder associations can be formed according section 30/29 of the 1985 Leaseholders Act indirectly via the council writing to leaseholders on the behalf of the leaseholder wanting form an association. Section 22 allows the leaseholders to inspect the records held by the council on service charges and can be sent electronically or in person, itemised breakdowns are also provided on request. Leaflets are provided for leaseholders with every service charge with regards to challenging a service charge and are directed to independent advisors if needed.

The commission then asked questions on the following topics:

- Fixed rate of heating and fuel costs till April 2023 and increased costs thereafter
- Value for Money and assessment of works to be carried out
- Inaccuracy of gas readings

The commission learned that the current purchase of bulk fuel should last till April 2023 and would go up considerably thereafter but not as much for individuals in terms of costs and would be lower than the costs in the domestic market.

The commission also learned that statutory consultations are carried out by the homeownership services team and based on their own findings and leaseholder responses, if required challenges are then made to colleagues in Asset Management for Investment Delivery for proper justification of the need for works

which can last for years in some contentious cases. Non-resident leaseholders are often unaware of the investigations being carried out before major works are proposed.

The commission also learned that the professional contract management consultancies are responsible for monitoring contractor works and a failure in either or both would mean the council recovering some of the costs incurred without any increase in costs to leaseholders this has acted as a control and delivery mechanism for the works carried out.

The commission heard from Louise that inaccurate gas meter readings have decreased and bills aren't paid unless the issue with boilers being old and out of date are rectified to proper standards with help of heat meters monitoring, measures have already been put in place at homeownership services to identify and fix such issues at an early stage.

The commission then heard from Pam Murphy of the Leaseholders Association of Southwark that on average major works estimates received by leaseholders is £1000-£1100 higher when compared to actual costs and these monies are only paid back to leaseholders over a 3 year period.

The commission then heard from Louise that the monies paid by the leaseholders are paid in full for the contract and does not stay with the council as income and expenditure figures have to match on the HRA and real time recalculations of monthly payments in payment plans for leaseholders would require more staffing resources.

6. PROGRESS ON EMPTY HOMES

The commission received a report from Perry Singh, Strategy and Business Support Manager, Housing and Modernisation and Councillor Darren Merrill, Cabinet member for Council Homes and Homelessness on progress on Empty Homes around the following topics:

- Empty Homes action plan based on data from council records of empty homes that have been identified
- Survey of empty homes and to bring properties back in use by providing homeowners grants and loans
- Lobbying government to strengthen currently weak enforcement powers to bring empty homes back in use
- Privately owned empty homes are down by over a 1000 by publicising owners' responsibilities to inform the council of its status.
- Council empty homes have gone up as a result of regeneration and refurbishment projects such as Aylesbury where homes have to be

demolished and Marie Curie homes have to be decanted.

- Targets of 28 day for minor voids and 100 days for major voids but progress has been slow.
- Plans to reducing minor voids and bring within target by the end of the financial year
- Impact of the Covid pandemic, issues with hiring trade workers and building material deliveries

The commission then asked questions on the following points

- Incentivising or rewarding residents for leaving the property in a good state
- Southwark's financial commitment to empty dwelling management orders of £2m compared to £6m of Haringey council.
- Strategy for dealing with voids in housing associations and social landlords
- Survey data collection methods for tenants and letting

The commission learned that the £2m funding is for Compulsory Purchase Orders (CPOs). Empty dwelling management orders are being done by very few councils. On strategy with regards to voids in housing associations and social landlords, meetings have been setup and this will be raised as a concern. Survey data collection has been carried out through council tax records. It was agreed that officers would report back to commission on tracking of actual no. of reports since enhancing the reporting service and suggestions for an app to report empty homes.

The commission then discussed the following points

- Empty homes and public anxiety of anti-social behaviour
- Steps taken by the private sector to bring over 1000 privately owned empty homes back in use
- Review of empty homes action plan in October 2022
- Allocation of empty homes to residents on housing needs register

7. CABINET RESPONSE TO THE SOUTHWARK HOUSING AND COMMUNITY ENGAGEMENT SCRUTINY COMMISSION (2021-2022) - SOUTHWARK CONSTRUCTION CONSULTATION STRATEGY RESPONSE

The commission agreed to raise housing consultation lapses due to Covid restrictions at the Cabinet Member interview with Councillor Darren Merrill.

The Cabinet response was noted by the commission.

8. CABINET RESPONSE TO THE HOUSING AND COMMUNITY ENGAGEMENT SCRUTINY COMMISSION: LICENSING IN THE PRIVATE RENTED SECTOR IN THE BOROUGH OF SOUTHWARK

The Cabinet response was noted by the commission.

9. PROPOSED WORK PROGRAMME 2022-2023

The commission agreed to remove Temporary Accommodation as a substantive item to be scheduled and to instead include it as a part of the Cabinet Member Interview with Councillor Darren Merrill.

The Work Programme for the year 2022-2023 was noted by the commission with the above mentioned removal of Temporary Accommodation.

Meeting ended at 9:10 pm

CHAIR:

DATED: