



Housing, Environment, Transport and Community Safety Scrutiny Sub-Committee

MINUTES of the OPEN section of the Housing, Environment, Transport and Community Safety Scrutiny Sub-Committee held on Monday 25 February 2013 at 7.00 pm at 160 Tooley Street, London SE1 2QH

PRESENT: Councillor Gavin Edwards (Chair)
Councillor Graham Neale
Councillor Michael Bukola
Councillor Lorraine Lauder MBE
Councillor Tim McNally
Councillor Martin Seaton
Cris Claridge

OTHER MEMBERS PRESENT: Councillor Catherine Bowman

OFFICER SUPPORT: Norman Coombe, Legal Services
Paul Langford, Head of Operations, Housing & Community Services
David Markham, Head of Major Works
Gerri Scott, Strategic Director of Housing and Community Services
Peter Roberts, Scrutiny Project Manager

1. APOLOGIES

1.1 Apologies for absence were received from Councillor Chris Brown.

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

2.1 There were no late items.

3. DISCLOSURE OF INTERESTS AND DISPENSATIONS

- 3.1 Councillor Graham Neale, vice-chair, made a disclosure of interest as a council tenant and a resident of Draper House. Councillors Michael Bukola, Lorraine Lauder and Martin Seaton made disclosures of interests as council tenants.

4. MINUTES

RESOLVED:

That the minutes of the meetings of the sub-committee held on 17 December 2012 and 21 January 2013 be agreed as a true and accurate record.

5. DRAPER HOUSE

- 5.1 Gerri Scott, strategic director of housing and community services, and Dave Markham, head of major works, introduced the report. The strategic director acknowledged that residents had been waiting a long time for the major works. She outlined the time line for the contract and the reasons why it had not started promptly, including access issues but also a failure of officers to take a grip of the contract. When Dave Markham took up his post in September 2012 one of his key tasks had been to sort out the issues around the work.
- 5.2 The head of major works explained that Draper House had fallen between the Decent Homes and Warm, Safe, Dry programmes and during a restructuring of the housing department. The current project team had taken over management of the contract in September when it was recognised that a number of pre contract issues had not been resolved. Subsequently, the council had to negotiate with the owners of the Strata building for use of land during the works and with the freeholders of the commercial units on the ground floor. A meaningful start on site did not take place until six months later.
- 5.3 Members of the sub-committee took the view that the contractor Breyer had not worked in partnership with the council and had failed to pay sub-contractors and asked whether there were any early warning signs of these problems. The strategic director stressed that five contractors had been appointed following the normal procurement process, which included assessments of financial viability and the capacity to deliver works and taking up references. She was unable to comment on reasons for Breyer's failure to pay sub-contractors. The head of major works expanded on Breyer's failure to work in partnership in comparison to other contractors. The strategic director stressed that any blame could not be laid entirely at the contractor's door and that the council had not got to grips with some of the issues quickly enough.
- 5.4 Members were concerned that the project management team should have been aware of problems and bringing them to the attention of the contractor before they became the subject of complaints from residents and ward councillors. The

strategic director stated that meetings had already been held with the contractor and problems drawn to their attention, including issues with sub-contractors. She could evidence that these meetings had been held. The head of major works confirmed that issues were picked up with the contractor but that perhaps they could have been escalated faster. It was important that project management teams fully understood their roles and responsibilities.

- 5.5 Members cited other major works programmes in the past which had fallen into difficulty and asked whether guidance and improvement programmes had been initiated to raise the level of officer skills. The strategic director stated that some of the workforce had left over time and that some had been given opportunities for improvement. At the same time, she emphasised that although some major works contracts had started off badly they had often been completely turned around. Management arrangements for major works were much improved. The strategic director also highlighted the success of the Putting Residents First consultation programme.
- 5.6 Members of the sub-committee asked whether Breyer was working for the council in any other part of the borough. The head of major works replied that a contract with Breyer on the Rockingham Estate was being run much more smoothly. This could partly reflect that the contract related to a different type of work and was on a four/five storey block of different construction. In his view there was also more willingness to make the scheme work. In response to further questions, the head of major works confirmed that the same council team was managing the Rockingham contract. Members were interested to know whether Breyer accepted that its team working on Draper House was not up to the same standard as its team on the Rockingham.
- 5.7 The chair referred to a meeting attended by Councillor Cathy Bowman, ward councillor, on 9 October 2012. He understood that Councillor Bowman had concerns about the attitude of council staff towards herself and the residents and he questioned whether this indicated a general culture of disrespect amongst some staff. The strategic director reported that Councillor Bowman had raised concerns with her and that she had taken immediate and appropriate action. The strategic director was clear that there was no such culture at senior management level and that there were excellent front line staff. Any negative feedback about individual members of staff was dealt with very thoroughly. The chair asked if management had the opportunity to address all the department's staff on single occasions. The strategic director confirmed that whole staff events took place once a year and whole managers' events once a quarter.
- 5.8 The chair asked whether anything in particular had stopped the council from reacting quickly to the poor performance of the contractor, for instance in respect of the removal of asbestos from flats in the block. The head of major works indicated that he would look into this and stressed again that it often depended on where the design liability lay.
- 5.9 A member concentrated on the lessons learnt from Draper House, as set out at paragraph 19 of the officer report. He asked why the first bullet point, about project team members and lead designers understanding their respective roles, was not

already in place. The head of major works stated that there was a new lead designer in place on the Draper House scheme but that prior to this there had been some misunderstanding over roles and responsibilities. He went on to explain that there were now five lead designers in-house, running a number of different projects.

- 5.10 Members felt that, in order to complete the scrutiny review, it would be important for them to have sight of the original contract with Breyer and to fully understand the nature of the conclusion of the contract. They also felt that it would be important to receive details of the recent health and safety incident, including the actions taken in response by the council and by Breyer. The legal services representative indicated that these issues would need to be considered in closed session.
- 5.11 Councillor Cathy Bowman, Newington ward councillor, addressed the sub-committee. She welcomed the lessons learnt, as outlined at paragraph 19 of the officer report, and the council's recognition of its responsibility in terms of managing the contract. Councillor Bowman stressed her concern in respect of how the council managed large contracts and whether officers had the necessary capacity for this. She also stressed her concern as to the quality of communication between some staff and residents, describing a meeting at Draper House as the most shambolic that she had ever attended. Councillor Bowman acknowledged that the strategic director of housing and community services had reacted very promptly in response to her raising concerns about the contract and about staff. However she remained unclear as to why officers had not responded quickly when residents themselves raised their concerns.
- 5.12 The chair asked Councillor Bowman for her view as to how officers thought they could get away with poor behaviour towards residents and ward councillors. Councillor Bowman did not know but at the same time emphasised that one officer at the meeting she attended had been doing his job in a professional manner. The strategic director of housing and community services commented that any negative feedback was dealt with promptly.
- 5.13 A member asked Councillor Bowman whether any leaseholders had raised concerns about the level of charges. Councillor Bowman pointed out that there were leaseholder representatives present who might like to comment on this themselves. The leasehold charge was enormous, in the region of £35k, but that she had been given assurances that this would not increase as a result of the delays in the contract. The strategic director confirmed this. However, Councillor Bowman was concerned about the issue of compensation.
- 5.14 Luisa Pretolani, a resident of Draper House since September 2011, addressed the sub-committee. She was concerned about the quality of work and contract management. She stated that she had been told that when work started there would be two or three managers on site from the council. It was essential that, whatever the number, officers were informed and respectful and listened to residents who had a wealth of knowledge. Ms Pretolani explained that Breyer had broken some of the lifts because they had not listened to residents. In her view Breyer should be held to account and in future council officer should be able to

oversee work properly. Ms Pretolani also reported problems with re-wiring in some of the flats. She felt that residents had been bullied into accepting an unsatisfactory solution and that the council had not provided help when, for instance, telephone wires had been cut by the contractor.

- 5.15 David Holden, a Draper House resident for twenty years and now a leaseholder, expressed his view that the building had never been appropriately maintained. As a result, costs of current work had been pushed up. Mr Holden stated that residents had immediately reported use of mono-flex on the scaffolding, rather than netting, but that it had taken three months to correct. He also took the view that as the council knew that Draper House was on the list to be refurbished it should have put the appropriate consents into its planning consent for the Strata Tower. Service charges had increased year on year but residents had been living on a building site and with no compensation from the council. Mr Holden felt that a member of the council's staff should have been present on-site full-time from the beginning of work.
- 5.16 Julian Adamoli had been living in Draper House for twenty-four years and had attended the meeting that Councillor Bowman had referred to. He agreed with Ms Pretolani on the issue of re-wiring. Breyer had insisted that this could only be done in one way and that no other way was possible. Council officers had not challenged this. Mr Adamoli believed that council officers should be able to oversee the contract works effectively and should act as champions for the residents.
- 5.17 Susan Vericat, a leaseholder for seven and a half years and an architect, reiterated the comments of the other residents. She was thankful that Councillor Bowman had attended the meeting in October but stressed that residents had been meeting with the project managers and the strategic director of housing and community services for some months. Ms Vericat questioned whether the officers meeting with the contractor had sufficient construction knowledge and believed that the council's lead designer had not met with Breyer's lead designer. She stated that it should not be up to residents to question design issues such as the scaffolding protection. She also asked what percentage of the contract had been completed so far. Ms Pretolani added that she had been asking for a long time for a calendar of events and for residents to be kept fully up to date. The strategic director of housing and community services indicated that she could provide information about the percentage of the contract that had been completed. In response to a question from a member, Ms Vericat agreed that the timing of meetings could be a problem for residents with child-care responsibilities.
- 5.18 Residents were concerned about any compensation that might be available, giving the removal of asbestos as an example where they understood that compensation would not cover the full cost of making good. The strategic director of housing and community services explained that each claim for compensation would be looked at on its own merit. Members of the sub-committee asked for information as to when compensation would be determined and asked who would be responsible for payment, the council or Breyer.

- 5.19 The strategic director of housing and community services acknowledged the importance of the project team acting as residents' champions and of residents being fully involved in the sign off of work. She also explained that the head of major works and herself had been aware of the issues arising and had initiated meetings with Breyer to address them. In response to concerns about officer knowledge, the strategic manager commented that additional construction knowledge was bought in to supplement the council's own resources.
- 5.20 Members of the sub-committee were concerned as to whether any records had been kept of meetings with residents, including formal minutes. The head of major works responded that the project manager had taken notes. The strategic director of housing and community services added that action points arose from the meetings and were followed up by letters to residents.
- 5.21 Members were also concerned about a family which had been hospitalised following a health and safety incident, asking when the council had been aware of the problem and whether it had been the council or Breyer which had been responsible for taking action. The head of major works reported that Breyer had put the family in question into a hotel and that the council had not been advised of the incident until the family had contacted the council.
- 5.22 Members asked for further details about the way forward, in terms of appointing a back-up contractor or retendering the contract, and how residents would be enabled to make an informed decision. The head of major works explained that another meeting was being held with residents the following evening. Some residents had viewed another scheme that the possible back-up contractor was involved in and this contractor had passed the relevant quality and price hurdles.
- 5.23 The chair thanked Councillor Bowman and residents for attending the meeting and stated that he would welcome any written submissions. He intended that the sub-committee consider the matter at one further meeting before compiling a report. The chair outlined the following areas for consideration at the next meeting, some of which would have to be taken in closed session:
- evidence of meetings between Strategic Director of Housing and Community Services/Head of Major Works and Breyer (held in response to initial concerns about contract)
 - a copy of contract, and details of the how contract had been concluded (both to be considered in closed)
 - the process for compensation, including who will be paying (closed session)
 - the percentage of the contract completed to date - and the cost to complete the contract (closed session)
 - details of the accident that occurred, including actions taken by council and by Breyer (closed session)
 - a representative of Breyer to be invited to attend and to give comments

6. SUB-LETTING OF COUNCIL PROPERTIES

- 6.1 Paul Langford, head of operations, housing and community services, introduced the report.
- 6.2 The strategic director of housing and community services explained that the council was trying to get to grips with illegal occupancy and was one of the leading players nationally. This year the council had a target of recovering three hundred properties and next year this would increase to five hundred. The council was trialling new techniques and technology, working with the corporate anti-fraud team and with the police and the UK Border Agency. Southwark had also recently applied for government funding to help in this area. The strategic director stated that there was a strong commercial and criminal aspect to social housing fraud. Some tenants attempted to rent out property via websites such as Rightmove. There were increasing examples of properties converted into multiple occupancy, which in itself caused additional risk to health and safety. Because properties were often sub-let to vulnerable adults and households with children who existed under the radar, the problem was increasingly seen as needing a whole-council response.
- 6.3 The chair described his experience of visiting constituents and receiving reports of possible illegal occupancies. He wondered what else could be done to open up opportunities for tenants to report directly to the council, for instance whether a question could be asked whenever tenants contacted the council on any matter. The strategic director felt that this was a suggestion worth looking into. She also reported recent coverage of the issue in Southwark Housing News and that the council had written to all repairs and gas contractors as they would often come across suspicious circumstances. The council was also piloting a joint annual gas servicing, repairs check and tenancy check which would also include social services. In addition, tenants' and residents' associations were quick to provide information and this had led to early morning swoops on properties. The head of operations added that initiatives had been very successful and that almost as many properties again had been got back through regular contact with residents as those properties identified and tackled by the special investigations team.
- 6.4 The chair asked whether other boroughs were taking any action that Southwark was not. The head of operations stated that Southwark was not resting on its laurels and, although it remained the best performing London borough in terms of percentage and number of properties, the council was keen to improve its learning and was sharing experiences and best practice with Lewisham and Greenwich. He commented that repeat offenders existed, moving from borough to borough, and that the more data shared the better able the council was to intervene.
- 6.5 A member questioned the effectiveness of three distinct fraud teams. He also wondered whether properties existed which never for example reported repairs problems and asked if a lack of interaction with the council might suggest illegal occupancy. The head of operations stressed that the work of the fraud teams was very joined up at strategic and operational levels. He commented that the issue of non-reporting was an area which was being pursued and that he welcomed any

suggestions.

- 6.6 A member highlighted that while possible illegal occupancies might be identified, it was unclear how these should be reported and often there was no feedback in response. The strategic director offered to circulate to all members of the council an email she had recently sent out to senior managers about illegal sub-letting. This set out how to report suspicions and the details of the first point of officer contact who would also ensure feedback to ward councillors.
- 6.7 A member of the sub-committee asked whether there were any hot-spots geographically and asked about joint working with registered providers of social housing (RPs). The head of operations stated that the issue was borough-wide and driven by opportunistic behaviour. He explained that the funding the council had applied for related to work with RPs and pointed out that illegal occupancy had a knock-on effect in terms of the council's nomination rights. The strategic director added that the hope was that the new legislation, which made illegal occupancy a criminal offence, would act as a deterrent. The council already took out prosecutions as fraud was a criminal offence. The new legislation was an additional tool.
- 6.8 The vice-chair asked about any options for legal sub-letting. The head of operations explained that sub-letting was not permitted but that tenants could allow someone to stay in the property if they were away for a certain period of time. The tenant would have to demonstrate that they were the main resident. In effect, the tenant would need to demonstrate that they were permanently resident. The strategic director added that a room could be let to a lodger but that the property could not be sub-let as a whole and that the council needed to be kept informed. The head of operations emphasised that leaseholders were able to sub-let their property but that converting a property into multiple occupation without complying with fire and other regulations was illegal. Leaseholders could be prosecuted through the London Fire Brigade.
- 6.9 The chair acknowledged the good work that was already taking place within the council in respect of illegal sub-letting. He indicated that he would come back to the next meeting with a number of possible recommendations for the sub-committee's consideration.

7. SCRUTINY OF TENANTS HALL - DRAFT REPORT

- 7.1 The chair reported that he had presented the draft report to the Tenants' Halls Working Party. Ian Richie, chair of the working party, presented the comments of the working party. He outlined the priorities of the working party which included identifying capital spend, a rent structure and a suitable licence to occupy, creating a third party licensing agreement and establishing appropriate training. Mr Richie reported a concern of the working party that reports made via the whistle blowing process needed to be dealt with promptly.

- 7.2 The sub-committee agreed that, with an appropriate amendment to streamline the whistle blowing process, the report be submitted to Overview & Scrutiny Committee for consideration.

The meeting ended at 9.20pm.