



HOUSING SCRUTINY SUB-COMMITTEE MINUTES

Tuesday 16 November 2021 at 7.00 pm

Room THB-06, Town Hall, Lambeth Town Hall, Brixton Hill, London SW2 1RW

Members Present: Councillor Mary Atkins (Chair), Councillor Rezina Chowdhury, Councillor Pete Elliott, Councillor Paul Gadsby and Councillor Clair Wilcox

Apologies: Councillor Emma Nye

1 Declarations of Pecuniary Interest

There were none.

2 Minutes of the Previous Meeting

The minutes of the meeting of 6 July 2021 were approved as a correct record of proceedings, following the below change:

- Agenda pack, page 2, to change from “The majority of customers were not homeless and outsourcing services was designed to increase capacity and provide a seamless service...” to “The majority of customers were not homeless and working with partners was designed to increase capacity and provide a seamless service...”

The Clerk confirmed they would chase the response from the Overview and Scrutiny Committee on the written submission from Gerlinde Gniewosz.

3 Empty Homes in the Private Sector

The Cabinet Member for Housing and Homelessness, Councillor Maria Kay; Sandra Roebuck, Director of Infrastructure and Capital Delivery; Gaynor Brown, Private Sector Enforcement & Regulation Manager; and Danielle Barham, Senior Revenues & Contracts Officer, introduced the report and noted:

- The climate emergency and COP26 goals, local ambitions and the Government’s Housing white paper would require significant expenditure to meet; however, central Government was not providing necessary funds and extra costs could not be absorbed by the Housing Revenue Account (HRA).

The Sub-Committee heard from Sue Edmonds, Capital Letters, who stated:

- Capital Letters had been established in 2019 with London Councils and had 21 London boroughs as members, covering £38m flexible support grants. Its aim was to increase the number of private rented sector properties, reducing costs, and providing sustainable

tenancies; through brokering relationships between landlords, local authorities, and tenants.

- Local authorities worked in parallel with Capital Letters to procure homes pan-London to agreed property standards to provide secured tenancies for residents.
- Sustainable landlords and tenancies were targeted to ensure tenants could pay rents and lower costs for local authorities.

The Sub-Committee next heard from Adam Cliff, Empty Homes Network, as follows:

- The Empty Homes Network was established in 2001 and Lambeth was an engaged and cooperative member. Its primary goal was to return empty homes back into use and with 250 practitioners, it could campaign nationally, offer robust and comprehensive support service, provide service reviews, and shared best practice with the support of its considerable library.
- Best practice was identified as having and following the same procedures to deal with empty homes methodically and strategically, whether longer- or shorter- term voids, noting that longer-term voids would eventually face enforcement proceedings.

In response to Members' questions, the Cabinet Member and officers stated the following:

- A monthly review of empty homes was undertaken to ascertain which required lettered notification and to identify properties and owners to bring homes back into use.
- Lambeth had focused on its private sector empty homes over the last two years and identified its success as down to the dedicated officer who worked with the council tax team.
- There were a range of interventions to bring empty properties back into use, including working with landlords, but Compulsory Purchase Orders (CPOs) could only be enacted by the Secretary of State and led to an inquiry before action could be taken. The series of enforcement actions prior to CPOs could take 18 months to complete, but a series of letters and notices in a three-year long process was needed beforehand, which was costly and it was not guaranteed to recoup costs.
- Lambeth prioritised properties likely to become available before the two-year period to bring homes back into use earlier, but this required significant resource.
- Lambeth engaged heavily with the Fire Brigade, as they excelled at identifying and securing empty properties, identifying ownership, and engaging with neighbours.
- The Empty Homes Property Officer had to undertake a series of measures including informal communications and linking in with other agencies, prior to serving notices.
- The council tax premium on long-term empty properties was staggered to charge an extra 100% after two years to 300% after 10 years, on top of the annual charge.
- Current legislation did not allow an increase to 400% as stated in the agenda pack, page 12.
- Lambeth negotiated with landlords to avoid CPOs.
- Empty private homes came under the Void Strategy and other statutory legislation, with regular discussions with Capita to bring homes back into use.
- Lambeth had invested £2m in 83 properties and did not have difficulties bringing homes back into use, but the Council was short of properties.

RESOLVED:

1. To provide written response by March 2022 on what grants may be available for all types of properties, particularly those above shops or with planning-related difficulties, and measures taken, such as pressuring the GLA and Government, to ensure that grants are available.

2. To provide an update report to the November 2022 Sub-Committee meeting with a cost benefit analysis of options outlined in the paper for further action.
3. To provide written briefing by 02 May 2022 detailing a geographical breakdown of empty home statistics.

4 Empty Homes in the Public Sector

The Cabinet Member for Housing and Homelessness, Councillor Maria Kay; Neil Euesden, Director for Housing Services; Tim Fairhurst, Assistant Director for Neighbourhood Housing; and Valdrin Rexha, Head of Income Maximisation, introduced the report and stated:

- Lambeth was prioritising in-contract voids but would still clear pre-contract voids, however this was difficult to do as there was no contractual clout or penalties that could be imposed.
- There were major issues obtaining resources due to the current building industry.
- Contractors were committed to deliver all pre-contract voids by the end of November.
- In-contract voids had heavy financial penalties for delays to mitigate rent loss and ensure delivery within performance targets (10 days for short-cycles and 20 days for long-cycle).
- Financial penalties were not put into historic contractor contracts but were in the current contracts.

The Sub-Committee next heard from Councillor Pete Elliott on behalf of Andy Plant, resident:

- Estate regeneration had significantly impacted the HRA and needed reconsideration.
- There had been significant contract failings with Mears.
- It was queried whether officers had learnt lessons from voids being left on regeneration estates.
- The agenda pack, page 28, stated that void properties were often in appalling conditions and queried whether this was from residents or long-term repair issues.

In response to Members' questions, the Cabinet Member and officers stated the following:

- The Price Per Void (PPV) financial model meant that contractors were paid a set price for delivering voids below a £6,000 threshold, with voids above this threshold paid at a cost price.
- Voids were inspected on Day 1, with an order raised on Day 3; and was a good indicator of total expected costs for a set year.
- The high turnover of surveyors was a reflection of current building industry opportunities.
- The delivery of pre-contract voids was expected by December 2021.
- Resident Services had a four-week job freeze in September to enable an internal Council review and to match-up Oracle systems with Lambeth's Finance and HR systems.
- The north-south price difference was due to procurement rules and letting contracts separately.
- The original void contracts did not have enough penalties in place, but since 2019's Transformation Project, a strong team had been formed and penalties had been built into all contracts.
- All properties were inspected before engaging contractors.
- Void prices correlated to their condition, generally due to how the previous occupier left them or if needed repairs were not reported. One of the key costs for voids was the clearing of personal possessions; with pre-termination visits to ascertain recharging costs.
- Property inspections were carried out on request or when repairs were reported, however regular checking for vulnerable residents was under review.

- Lessons learnt from the historic contracts had been incorporated into the new contracts and property management. Late voids incurred a £200 a day contractor penalty, to encourage on-time work at required quality levels.
- Once voids were relet as temporary accommodation it was not possible to subsequently relet to assured tenancies (and only as short lets) on regeneration estates.

RESOLVED:

1. To provide written briefing by March 2022 on how vulnerable tenants are managed by the Income Maximisation team and what training has been provided to officers to manage tenants in a positive way.
2. To provide written briefing by March 2022 on where and from whom damage to properties had arisen and how Lambeth was to avoid damage, especially by vulnerable tenants.
3. To provide written briefing by March 2022 on how the Council plans to bring the number of voids back within targets, noting the unacceptable breach of the 22-day target for voids.

5 Street Properties and Section 20

During the discussion of this item the guillotine fell at 9.00 pm.

RESOLVED: That the meeting continue for a further period of up to 30 minutes.

The Cabinet Member for Housing and Homelessness, Councillor Maria Kay; Neil Euesden, Director for Housing Services; Andrew Marshall, Assistant Director for Housing Capital and Asset Management; and Chris Flynn, Assistant Director for Home Ownership and Rents, introduced the report.

The Sub-Committee heard from Dan Calladine, Vice-Chair of the LHA and leaseholder, who stated:

- He had been a leaseholder since 1997 and enjoyed living in Lambeth.
- Tenants were paying excessive costs of over £700 a month, based on estimates, 18 months after works had finished.
- It was not possible to appeal until final bills were received and these were likely to be inaccurate.
- Residents' requests for final bills were being ignored and these were long overdue.
- Lambeth had erroneously contacted Mr Calladine and his bank stating that he had missed payments, noting that the automated process and property pilots were not working.
- There needed to be a formal engagement process between residents and Lambeth.
- The Council needed to be more transparent, more responsive, and to do better.

The Sub-Committee next heard from Bruce McGregor, resident, who stated:

- The LHA had surveyed members in 2019 and compiled a substantial dossier of service charges and leaseholder complaints but had not heard back from the Council.
- In one case, a 2019 Ombudsman ruling to undertake repairs from 2016 had not led to action, although Lambeth had informed of compliance. The leaseholder was subsequently chased for payment and arrears which had led to stress and illness, requiring therapy.
- Major work invoices and the scope of works had to be reasonable, but they were not.
- The terms of all leases had to be fair and reasonable, which they were not, and the

Council was unnecessarily issuing threatening invoices and undertaking recovery action.

- The LHA was willing to sit down with the Council to end the harassment and bullying of residents.

The Sub-Committee next heard from Dan Craig, resident, as follows:

- He requested that the report be rejected and returned to officers to detail a comprehensive report detailing how improvements were to be made.
- There had been no works on Knatchbull Road properties since 2005 with many homes in disrepair and decay, with residents now facing the winter months.
- Section 20 notices had been served, but no works had occurred; and there was meant to be a full procurement pilot for Knatchbull Road properties, but this had been cancelled.
- The cost of basic repairs was astronomical and residents could not afford these.
- Fundamental errors in bills had been discovered from the current system, with one family leaving their home and accepting a £30,000 loss on their flat.

The Sub-Committee next heard from Tracey Gregory, leaseholder and Chair of the local Tenant and Resident Association (TRA), who noted:

- Residents and properties had been subjected to major works by two different sets of contractors.
- Poor experiences included inadequate contract management, inferior quality work and lack of scrutiny leading to unnecessary costs; and more effective engagement was needed.
- The TRA were engaged with senior staff and home ownership throughout major works but had not been party to the information needed to monitor works, costs or to influence the quality of works.
- Residents had no confidence in the current system or the report, noting that the simplified account since 2017 did not reflect residents' experience.
- Residents had seen costs increase from £15,000 estimates to £60,000 final bills, the latter provided two years after works had completed.
- Breakdowns of costs were rarely made available to individual leaseholders.
- The TRA had appointed its own independent surveyor and identified numerous accounting errors, double-charging or charging for work not carried out, unjustified scaffolding, and overcharging both residents and the Council – the latter allegedly paying Breyer £720,000 over the original contract.

The Sub-Committee next heard from Laura McCormack, resident of Leigham Court, who stated:

- The impact of works on Leigham Court residents was very negative and it was felt the Council were indifferent to residents' predicaments.
- There was nothing in place to help residents receive excessive final bills, and those expressing concern were told to sell up, which was a typical Lambeth Council response.
- Residents continually asked for but had to wait months for breakdowns, though they were still expected to pay bills based on estimates in the meantime.
- In many cases residents were allegedly paying for works that had not been carried out.
- The Housing team's attitude and culture towards leaseholders and tenants needed addressing, noting that this was not the first examination of the Major Works programme.
- A written submission and set of recommendations had been provided to Members to agree.

In response to Members' questions, the Cabinet Member and officers stated the following:

- The Council had embarked on the 2019 Transformation Programme due to the historical

failings on repairs and major works, and recognised the problems raised by witnesses. This programme also saw a series of procurement changes after weekly meetings between tenants, leaseholders, and the Council which deduced what new contracts should contain and how they should operate.

- The Council listened to residents on how it could change the system and had put these in place from July 2021 and was now 70% through this programme.
- Many representations related to those contracts let under the original ALMO – established 10 years ago – and were coming to the end of their contracts.
- It was important to differentiate what had happened in the past and what was to happen in future, referencing the new procurement system and Lambeth's power over contractors.
- Housing-related procurement in local authorities was a long process and detailed statutory requirements, and although officers were trying to address this, it would remain stressful and leaseholder bills, especially for street properties, would likely remain expensive.
- Leaseholders could recommend/nominate contractors to bid against the Council's, but these had to comply with wider statutory procurement regulations.
- The 2020 pilot of Knatchbull Road had engaged with leaseholders and picked up many issues causing dissatisfaction through surveys undertaken during lockdown.
- Lambeth had historically not always been as transparent nor freely share information as needed, but this was no longer the case.
- The Council understood leaseholders' points and was acutely aware of their anxiety and pressures, with the Cabinet Member herself a leaseholder.
- Non-Disclosure Agreements (NDAs) arose from settlement agreements that Legal Services carried out with leaseholders. Since October 2017's creation of the internal litigation team in homeowner services, 125 settlement agreements had been issued.
- NDAs resolved disputes and avoided costly legal fees in moving to the first-tier tribunal stage. At this stage, the first point raised was on the existence of previous settlement agreements.
- Court proceedings were only resorted to as a final measure.
- The only legal way to decide if service charges were reasonable was at a first-tier tribunal.
- Confidentiality clauses protected both parties, noting that litigation could occur if not used.
- The arrears process necessitated the Council notify mortgage companies or individuals registered on the Land Registry after 2-3 months of notifying residents. This process could eventually lead to assets being at risk or the repossession of property.
- Lambeth had relied on external cost consultants instead of having technical project officers on site, but Strategic Asset Partners would train staff over 2-3 years to build internal expertise.
- Lambeth had listened to residents in designing its new procurement process and guaranteed value for money against market rates at any given time via the new tendering process. The downside was that this process was linked to the private market, where any increase – such as that from lack of material supply – would then increase costs.
- The new system did not mean that residents could go to their builders of choice, as contractors needed to meet public procurement regulations.

In discussion, Sub-Committee members noted:

- Section 20s were often extremely distressing and were a challenge across all local authorities, but it was necessary to ensure that Lambeth did all it could to help residents.
- The report did not appear to reflect residents' or witnesses' views of service improvements detailed by officers, with Members stating that witnesses were representative of many of their constituents.
- Leaseholders often took cases to court due to failure to provide repairs or poor contract

management, and this paper did not address the root causes of issues.

- Homes should not be visited multiple times to undertake multiple pieces of work, which added extra costs to leaseholders, and needed better planning and collaboration with residents.

RESOLVED:

1. To provide written briefing by March 2022 on how Lambeth's culture and attitude to residents would be improved, such as:
 - a. training of customer service skills and of assisting vulnerable groups;
 - b. incorporating satisfaction survey questionnaires from residents;
 - c. ensuring technical project officers could have a regular presence on site and sign-off on the quality of completed works;
 - d. that general communications and their tone were improved, including timely responses to requests for information and on issuing final billing; and,
 - e. improvements to collaborative working between the Council and residents.
2. To provide written briefing by March 2022 on the number of NDAs agreed annually.
3. To provide written briefing by March 2022 on lessons learnt from before and since the 2019 Transformation Plan.
4. To bring the Transformation Plan back to the Sub-Committee in November 2022 for review.
5. To provide written briefing by March 2022 on the use of Strategic Asset Partners to replace the historic use of external cost consultants.
6. To provide written briefing by March 2022 on the improvements to the openness and transparency of billing, accuracy and evidence of estimated billing, and how value for money of works is ascertained.

6 Housing Disrepair Project

The Cabinet Member for Housing and Homelessness, Councillor Maria Kay; Neil Euesden, Director for Housing Services; Andrew Jacques, Assistant Director for Repairs and Maintenance; and Andrew Marshall, Assistant Director for Housing Capital and Asset Management, introduced the report.

The Sub-Committee heard from Nisha Wilkinson, leaseholder, as follows:

- The issue of disrepair was not just due to Covid-19 and law firms, but was a long-standing issue where requests were ignored and substandard works carried out. These had been repeatedly raised with the Council and councillors but remained unresolved.
- In one instance, it had taken months to inspect a leaking water tank on a roof, with repairs taking a year to resolve, even with consistent contacting of the Housing Office.
- Residents should not be informed how to deal with damp when there was no basic roof in place, and when they did not receive responses when issues were raised.
- Residents relied on the Council to fix issues, having no oversight nor control themselves, and it often required formal complaints to progress works.
- A plan of action was needed that stressed the importance of surveying which would help prevent repairs and arbitration.
- A focus was needed on buildings and not residents, and to further improve contract management.
- It was queried how the Council and councillors could be more responsive.

In response to Member's questions, the Cabinet Member and officers stated the following:

- Covid-19 and law firms had driven an increase of disrepair cases.
- The Housing Disrepair Project was an integral part of the wider Transformation Project.
- The in-house Repairs Team supported disrepair remedial work alongside 10 new contracts, with 102 disrepair cases concluded in the last four months.
- The dynamic purchasing system allowed the procurement of additional and localised resource.
- The 16-point action plan was based on prevention and intervention, as an alternative to arbitration.
- Arbitration arrangements would ensure lower fees and that residents kept more compensation.
- The Strategic Asset Partners' first task would be to undertake a stock condition survey and there would be further surveys in future.

In discussion, Sub-Committees members noted:

- Repairs needed to be done to a high quality at the first time of undertaking.
- Complaints on damp and mould were both historical and an ongoing issue, even with new contractors, but this was not detailed in the report and was not tolerable.
- The report seemed to suggest that residents were being blamed for damp.
- The complaints process was not working properly and subsequently repairs were not being carried out in good order.

RESOLVED:

1. To provide written briefing by 02 May 2022 on the recruitment of surveyors and on their role and remit in understanding and actioning repair issues in a timely manner, noting that key technical posts should not be frozen.
2. To provide written briefing by 02 May 2022 on how the combination and cascade of interventions would work in practice, and how this addressed the root causes identified by witness statements given to the Sub-Committee.
3. To provide written briefing by 02 May 2022 of the implementation and results of the Disrepair Action Plan; and to reconsider the drafting of point n (14), noting that damp was often a case of repairs needed and overcrowding and not a result of resident lifestyles.
4. To consider alternatives to the Arbitration Panel's membership, such as Southwark's inclusion of a qualified housing law expert instead of Lambeth's proposed independent barrister.
5. To provide written briefing by 02 May 2022 on improvements to the telephony service so that the correct information was provided to contractors to fix issues in a timely manner and minimised the use of disrepair and legal compensation.

7 Work Programme

The Chair noted the Sub-Committee's Work Programme detailing provisional items and themes for the rest of the municipal year.

RESOLVED:

1. To consider and approve the work programme as currently drafted (Appendix 1) and identify and prioritise matters for future scrutiny of Housing.

The meeting ended at 9.28 pm

CHAIR
HOUSING SCRUTINY SUB-COMMITTEE
Tuesday 1 March 2022

Date of Despatch: Monday 06 December 2021

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