

# MINUTES OF THE HOUSING SELECT COMMITTEE

Tuesday, 11 November 2014 at 7.30 pm

PRESENT: Councillors Carl Handley (Chair), Peter Bernards (Vice-Chair), Paul Bell, Amanda De Ryk, Maja Hilton, Olurotimi Ogunbadewa, Jonathan Slater and Susan Wise

APOLOGIES: Councillors John Coughlin and Simon Hooks

ALSO PRESENT: Timothy Andrew (Scrutiny Manager), Steve Bonvini (Operations Director) (Regenter B3), Scott Cook (Partnerships and Service Improvement Manager), Charlotte Dale (Scrutiny Manager), Jeff Endean (Housing Programmes and Strategy Team Manager), Robin Feeley (Director, L&Q Energy) (L&Q Housing Association), Rachel George (Housing Regeneration & Projects Manager), Jonathan Graham (Policy Manager) (Combined Heat and Power Association), Heather Hughes (Joint Commissioner, Learning Disabilities), Tracy Jones (Operations Manager) (Regenter B3), Maxeene MacFarlane (Contract Manager) (Pinnacle PSG), Genevieve Macklin (Head of Strategic Housing), Petra Der Man (Principal Lawyer), Peter North (Senior Manager, Programme Delivery - Sustainable Energy) (Greater London Authority), Martin O'Brien (Sustainable Resources Group Manager), Andrew Potter (Chief Executive) (Lewisham Homes), Brian Regan (Planning Policy Manager) and Laurence Rudman (Partnerships Performance Director) (Rydon)

## 1. Minutes of the meeting held on 1 October 2014

Resolved: to agree the minute of the meeting held on 1 October 2014 as an accurate record.

## 2. Declarations of interest

Councillor Wise declared a non-prejudicial interest as a member of the board of Lewisham Homes.

Councillor Bell declared a non-prejudicial interest as a member of the board of Lewisham Homes.

## 3. Brockley PFI mid-year review

3.1 Steve Bonvini (Operations Director, Regenter B3) introduced the report. The following key points were noted:

- The Brockley Private Finance Initiative (PFI) project started in 2007; it entailed the refurbishment of 1,839 properties in Brockley, of which 1,315 were currently tenanted and 524, which were leaseholder dwellings.
- There had been a reduction in complaints so far this year compared to previous years.
- The PFI was on course to achieve its key performance indicators for the end of the year.
- All leaseholders had been credited with the agreed 2% settlement from the high court.
- Income collection was on target for the year.

- The PFI continued to offer support to residents affected by welfare reforms. This included face to face support and advice, as well as involvement in Council led events and information sessions.
- Management action was being taken to ensure that that all calls were answered promptly.

3.2 In response to questions from the Committee, the following information was noted:

- Further information would be provided about the number of leaseholders who still owed money.
- There were 6 active tenant and resident associations.
- There had been three evictions in the current financial year.
- Consultation was being carried out with residents on the implementation of controlled parking schemes.
- In controlled parking zones, each household was eligible to receive one free parking permit.
- The PFI had a process for managing asbestos, which had been included in the appendix to the Committee report.
- All of the asbestos that had been identified to date had been removed.
- It was permissible to leave asbestos in place, but at present, this was not the case in any of the properties managed by the PFI.
- Information about asbestos was provided to all households as part of the sign up process.
- Where asbestos was identified, and left in place, it would be labelled with a hazard warning.
- Under tenancy agreements, residents were required to inform the PFI if they intended to carry out any extensive re-decorative works.
- Protocols were in place to protect trades people from exposure to asbestos.
- At present, there was no evidence that there was any risk to residents of exposure to asbestos.
- Resident satisfaction was monitored in a number of different ways. Monthly surveys were carried out by phone, which supported the annual residents survey commissioned by the Council.

Resolved: to note the report and to request additional information about – the number of leaseholders with outstanding debts.

#### **4. Lewisham Homes mid-year review**

4.1 Andrew Potter (Chief Executive, Lewisham Homes) introduced the report. The following key points were noted:

- Lewisham Homes (LH) continued to focus on three priority areas, repairs, resident satisfaction, the new build programme.
- Work was taking place to reduce void periods
- Work to improve resident satisfaction was concentrated on tackling anti-social behaviour.
- It had also been identified that, whilst satisfaction with the decent homes programme was good once work had been completed, satisfaction with decent homes work, whilst it was in progress, was low.
- Some of the upcoming challenges for the organisation would be: the transfer of grounds maintenance contract in-house; the delivery of the new customer service centre and the next phase of the new homes programme.

Andrew Potter (Chief Executive, Lewisham Homes) responded to questions from the Committee, the following key points were noted:

- 69% of staff felt that LH was a good place to work, 8% disagreed.
- When figures for people who were forced to leave LH and apprentices who didn't secure permanent employment were removed, the figure for staff turnover was less than 10%.
- Levels of sickness were particularly high in caretaking and average across the rest of the organisation.
- LH supported the Lewisham Plus Credit Union with a part time desk in Deptford, as well as promoting the credit union to new tenants. The credit collection team also made residents aware of credit union services.
- The Call Credit contract had only been in place for two months, so no comparison could yet be made with previous years. However, early indications were that recovery of fraudulently let homes was slight up on the previous year.
- Information had been provided in the report about the management of asbestos.
- Lewisham Homes had procedures in place to deal with asbestos but he was unable to provide detailed information at the meeting.
- Further information would be provided about the organisation's approach to informing residents about the presence of asbestos.
- Lewisham had a multi-agency hoarding protocol and officers worked with partners to ensure support was in place for vulnerable residents.
- Lewisham had been commended for its work with the London Fire Brigade to deal with problematic hoarding.
- There was no evidence that hoarding was more prevalent in social housing than in other tenures.
- The management agreement for Lewisham Homes was due for renewal in 2017. This still represented a risk to the future of the organisation.
- The build programme was a risk for the organisation because it was something new for the organisation.
- Further information would be provided about the five year rental income projections.
- Further information would be provided about the re-let times for void properties, including long-term voids.

4.2 Genevieve Macklin (Head of Strategic Housing) provided the following information about the Lewisham Homes management agreement:

- It was recognised good practice to begin negotiation on the agreement a year and half before it was due to end.
- Officers would be working on the new agreement in mid-2015.
- The aim would be to ensure that there was adaptability going forward.
- Officers would return to the committee with further information about the management agreement at the appropriate time.

Resolved: to note the report and to request additional information about - the number of residents in Lewisham Homes properties still affected by the bedroom tax; further information about projected rent levels; re-letting times for voids; and a detailed response about managing asbestos.

## 5. Communal heating review

5.1 Peter North (Programme Manager, Sustainable Energy, Greater London Authority) introduced a presentation; the following key points were noted:

- A third of London's CO<sub>2</sub> emissions were generated by heating.
- More energy was used to heat buildings in the UK than was used for transport or electricity generation. So in order to deliver reductions in CO<sub>2</sub>, in buildings it would be necessary to increase the energy efficiency of buildings and how the energy is supplied.
- London had a target of 60% reduction in 1990 levels of CO<sub>2</sub> by 2025 alongside a target to supply 25% of its energy from local decentralised sources.
- The carbon content of electricity generation would be an important part of future work in this area.
- A public role was required in order to enable district energy.
- There were three main categories of decentralised energy projects: single sites utilising small/medium CHP systems; multi-site mixed use schemes; area wide transmission networks with extensive heat pipe systems.
- In 2011 the GLA carried out a decentralised energy capacity study. It was found that London had more capacity potential than the 25% target for decentralised energy set by the Mayor.
- The London Plan contains a range of specific policies to promote the development of decentralised in new developments.
- Insulation was the first and most important part of ensuring the efficient use of energy.
- Generating energy from renewables had proved difficult in the urban environment.
- Densely developed areas were the most suitable for decentralised energy schemes.
- Area planning was an important part of enabling the future connection of new developments to existing networks.
- London boroughs could be involved in the delivery of decentralised energy projects in a number of different ways. They might choose to deliver their own schemes, or they might only act as a planning authority, facilitating delivery by others.
- Development of energy master plans was a long process taking around six months from start to finish, but work had taken place in 10 boroughs to achieve a coordinated policy.
- The GLA's EU funded technical, commercial and financial advisory services had helped develop a £300m pipeline of projects. The advisory support was running down and the GLA are proposing a successor arrangement that will operate until 2020.
- Two major projects were- Gospel Oak Hospital, and Islington Heat and Power scheme, the later connecting 850 dwellings providing 10% lower energy bills.
- Phase two of the Islington scheme sought to use waste heat from the underground and other sources.
- There were four energy from waste plants in and around the city, that could provide heat for tens of thousands of homes.
- SELCHP was finally providing heating to estates in Southwark after 15 years of operation as a power-only energy from waste facility..
- The future of heat networks would be to utilise heat lost from other processes - each would require technical availability and economic case.

- In order to meet the government's carbon targets, decentralised energy and communal heating would need to be part of the solution.

5.2 Peter North (Programme Manager, Sustainability, GLA) responded to questions from the committee, the following key points were noted:

- It was recognised that residential units had periods of peak demand; schemes which incorporated commercial units were able to sustain more consistent demand.
- In order to demonstrate commercial viability and bring in private sector money, work had to be done to develop the economic case for decentralised energy schemes.
- Projects had to be configured to attract lending and sustainable rates of return for investors.
- Councils could use funds from public loans board, green investment bank, London green fund to get projects started.
- There had been anecdotal information of discontent about some schemes. The detail of which was not available.
- Further analysis of concerns and the associated costs would be required in order to understand how these problems arose and how they might be avoided in future.
- There had been some work carried out to investigate problems with insulation levels of pipework. The lack of effective insulation could lead to overheating and excessive heat losses.
- There might be different reasons for problems on different schemes – requiring further work in different cases to understand the source of the specific problem or range of problems.
- It was recognised that the levels of fixed charges for some systems, which remained in the summer months, despite reductions in usage, were of concern on some schemes.
- The Housing Association, A2 dominion had a good record of delivering communal heating systems.

5.3 Robin Feeley answered questions from the Committee; the following key points were noted:

- L&Q had 2500 homes in Lewisham, including the new development at Loampit Vale.
- The problems identified were not with communal heating systems, but rather with the ability of developers and housing associations to deliver high quality.
- Developers were in a position where they could walk away once the project had been delivered.
- It was important that housing associations demanded high quality from their construction contracts; commissioning agents should be required to demonstrate the effectiveness of the schemes being delivered.
- There had been two years of 'blind push' to install heating systems, the details of the maintenance and operation of these systems was now being unravelled.
- 9 Combined heat and power systems (CHPs) were not working due to low demand.
- 3 year project to look at demand and specification of existing systems.
- Average bills for properties with communal heating systems indicated that they were not always more affordable than traditional schemes.

- At Loampit Vale, for example, there was a £365 standing charge for heating.
- There was also the concern that communal heating systems did not offer any choice for tenants.
- The key to ensuring the effective deployment of these systems was to agree a proper technical specification, using a robust tendering process.
- The cost of the assessment and monitoring work should be built into the tendering process.
- L&Q made no profit on schemes.

5.4 Brian Regan (Planning Policy Manager) advised the committee that:

- Lewisham's policy was to ask for major schemes (with 10 units or above) to consider the installation of a communal heating system.

5.5 Members also discussed the issues raised; the following key points were noted:

- Concerns about the speed with which communal heating systems were being deployed, despite signs that there were problems.
- The potential lessons to be learnt from the issues at Heathside and Lethbridge, including – the importance of good planning; technical expertise; project and contract management.

5.6 Jonathan Graham (Combined Heat and Power Association (CHPA)) introduced a presentation. The following key points were noted:

- Transparency and fairness should be the driving principles of decentralised energy provision.
- District heat was technology neutral; CHP was one means for providing heat to a shared heating system, amongst others.
- Registered social landlords and local authorities were leading the way in implementing new heating systems.
- CHP provided 2% of UK heat – and was not a new technology.
- However, CHP was being deployed in new places.
- Communal heating systems were popular across Europe.
- Communal heating systems had been delivered in a number of places, and had a number of benefits (such as reducing costs and tackling fuel poverty) when they were done right.
- Reductions could be shown in practice.
- UK was lucky to have cheap natural gas – but this would not last – so alternative sources of heating need to be found.
- There were problems for all modern buildings, which were often the unintended consequence of too much air tightness.
- Common challenges included – network losses and overheating; poor value from electricity generation, low build quality through value engineering, poor communication between partners, and lack of transparency for end users.
- The CHPA would work to offer solutions where problems had been identified. A code of practice was being developed between the Chartered Institution of Building Services Engineers (CIBSE) and CHPA.
- There should be obligations on all parts of the supply chain to improve performance.
- Heat customer protection scheme, required heat to be sold directly to customers – but the industry would build on the foundation to help people supplied by an energy supply company.

- It was intended that there would be transparency for customers on costs & customer protection.
- Gas costs are not the same as heat costs, boiler maintenance and replacement needed to be taken into account.
- Information and clarity are needed around costs and expenditure on the different systems available.
- There was a working communal heating system in Lewisham at The South East London Combined Heat and Power plant (SELCHP), which provided an example of the viability of decentralised energy schemes.
- The Heat Network Code of Practice would soon be in effect, as well as a protection scheme for users.
- In order to maximise the benefits of communal heating and avoid future problems, all parts of the system had to ensure that they were committed to building and operating systems to a high standard.

Standing orders were suspended until the completion of business.

5.7 Jonathan Graham (Combined Heat and Power Association) responded to questions from the Committee, the following key points were noted:

- The Combined Heat and Power Association had over 90 members, ranging from industrial and heat supply companies to local authorities, including Birmingham, Nottingham and Southampton. The list was available on the CHPA website.
- There was an impetus to decarbonise heating.
- Communal heating could be efficiently delivered, but this had not been consistent in every case.
- The CHPA was developing tools to ensure that there were not problems in the future.
- New build developments were different from the communal heating systems that had been in development previously, new rules for insulation in residential buildings and energy efficiency meant that there was an inconsistent level of demand.
- About 5000 units were required to make a system viable. But this was dependent on whether or not a commercial approach to development was being taken.

5.8 Members also discussed the issues raised and noted that: it appeared as though there were sectional interests at every part of the communal heating supply chain, including glaziers, boiler engineers, plumber, developers and supply companies; meaning that the end users were frequently an afterthought, when they should be of primary importance.

Resolved: to note the contributions to the review.

## **6. Church Grove self-build**

6.1 Jeff Endean (Housing Strategy and Programmes Manager) introduced the report. The following key points were noted:

- The development of the self-build project at Church Grove continued to progress.
- Officers had been working with residents to bring forward an assisted self-build scheme for the site.

- There were different options for the self-build, but the Council had committed to a community led approach.
- Further site investigation work was taking place to determine the constraints of the site. It was known that the site was contaminated.
- Officers were working to determine the full constraints of the site – and the best way in which to enable a consortium to come forward to progress self-building.

6.2 In response to questions from the Committee, the following points were noted:

- The OJEU limit for contracts was £4.3m. It was anticipated that, with an estimated unit cost of £150k, the contract for the development of the site would have to follow the European procurement rules.
- It was not anticipated that extensive flood alleviation works would need to take place, but it was likely that there would be a margin around the edge of the site which it would not be possible to build on.
- There had not been a great deal of cost associated with the project thus far. The work that was taking place was to assess further options for the development of the land.
- No decision had yet been taken about the development of the site. Any future reports about the scheme would be brought before committee.
- The Council would work to maximise the potential affordable housing on the site. All options being considered would allow the Council to nominate affordable homes to people on the housing waiting list.
- Work that had already been carried out identified that there were two or three hundred people on the housing waiting list who were willing to be involved in a self-build scheme.

6.3 The Committee also discussed the issues raised and noted: the possibility of developing the site through the sale or release of the land. Some Members of the Committee were highly opposed to any model of development in which the Council sold land for a reduced cost or gave it away.

6.4 In response to the Committee's concerns, Genevieve Macklin (Head of Strategic Housing) made the following key point:

- Officers were bringing forward the self-building option for Church Grove at the request of Housing Select Committee and Mayor and Cabinet. Further work was being carried out to determine the most effective means of developing the site, but no decisions had yet been taken.

Resolved: to note the report- and to receive further reports about options for Church Grove site for pre-decision scrutiny.

## **7. Kenton Court and Somerville Extra Care schemes**

7.1 Jeff Endean (Housing Strategy and Programmes Manager) and Heather Hughes (Joint Commissioner) introduced the report. The following key points were noted:

- The Committee had considered two previous reports about the Kenton Court and Somerville Extra Care schemes.
- 200 Extra Care places were being created in the borough.
- The existing Extra Care schemes at Kenton Court and Somerville were not up to standard and appropriate care could not be provided to vulnerable residents.
- Formal consultation had been carried out with residents at both schemes.

- At the beginning of the consultation there were 31 residents living across both schemes.
- A number had moved to alternative facilities, 18 remained on site. Eight had chosen not to engage in the consultation and were waiting for a decision to be taken. Four were simply waiting for a decision and four residents in Somerville were unhappy about the proposed closure.
- It was recognised that the length of the consultation might have been unsettling for some residents, but it was felt that it was important to ensure the consultation was thorough.
- An independent advocate had been appointed to work with residents. A report into their findings had been produced.
- As numbers of people living in the two schemes had reduced, the less viable they became.
- Social workers did not refer people to live in Kenton Court and Somerville, because it was recognised that they were not fit for purpose.

7.2 In response to questions from the Committee, Genevieve Macklin (Head of Strategic Housing) Jeff Endean (Housing Strategy and Programmes Manager) and Heather Hughes (Adult Social Care Manager) made the following key points:

- A great deal of effort had gone into engaging with residents and their relatives sensitively. Despite this some of the residents, or their relatives, had chosen not to engage in the consultation process.
- As the numbers of residents reduced the schemes became less viable, and the costs of keeping them open increased.
- There was a risk to the Council of allowing people to remain in these two schemes because the buildings were not fit for purpose.
- It was hoped that once a decision had been taken, residents and their relatives would be open to working with the Council.
- At the Conrad Court Extra Care scheme, there were a minimum of four staff members at any one time for the 54 residents.
- The level of staffing was not fixed – it was dependent on the assessed care needs of each resident.
- The Kenton Court and Somerville Extra Care schemes had been overstaffed because there were few residents living in those properties. The cost of this provision was unsustainable.
- Conrad Court had a 'stay put' fire policy in place, which had been agreed with the London Fire Brigade.
- In the event of a fire, evacuation would not necessarily be required because the building had fire containment systems in place.
- There was concern about the security at Kenton Court. Overnight staffing would be maintained on site.
- It was recognised that the consultation was complex and sensitive – nonetheless, officers had attempted to work with the input of relatives to ensure the best outcome for residents.
- Once a decision had been taken about the site, officers would work with residents and their relatives, efforts would be made to avoid issuing eviction notices.

7.3 The Committee also discussed the Healthwatch report and made the following key points:

- Concern about the amount of time it had taken to bring the proposals forward.

- The troubling language in the Healthwatch report, which noted that the consultation process had been unsettling for residents and their carers.
- That in making its decision, Mayor and Cabinet should give particular attention to the recommendations in the Healthwatch report.
- That officers should commit to learning from this consultation, in order to improve consultations with vulnerable residents in future.

Resolved: to refer the Committee's views to Mayor and Cabinet as follows- The Committee recommends that Mayor and Cabinet give particular consideration to the recommendations made in the Healthwatch consultation report.

## **8. Select Committee work programme**

8.1 Timothy Andrew (Scrutiny Manager) introduced the report. The Committee then discussed the work programme and made the following key points:

- The item on private sector licensing should include information about the approach being taken by Islington Council; it should also include information about the ability of the Council to prohibit rogue landlords from operating.
- The item on communal heating should include representations from Bill Watts; a resident representative from Heathside and Lethbridge and a representative of a housing association which had a functioning communal heating system.

Resolved: to agree the items for the meeting on 17 December – and to include an additional item on the New Homes Better Places programme: phase three.

## **9. Referrals to Mayor and Cabinet**

The meeting ended at 10.30 pm

Chair:

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Date:

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