

MINUTES OF THE HOUSING SELECT COMMITTEE

Thursday, 5 January 2023 at 7.00 pm

IN ATTENDANCE: Councillors Stephen Penfold (Chair), Will Cooper (Vice-Chair), Billy Harding and Rosie Parry

ALSO JOINING THE MEETING VIRTUALLY: Councillor Mark Ingleby (Chair of Overview & Scrutiny)

APOLOGIES: Councillors Sakina Sheikh, Natasha Burgess and Suzannah Clarke.

ALSO PRESENT: Fenella Beckman (Director of Housing Services), Tony Riordan (Principal Housing Accountant), Jennifer Daothong (Executive Director for Housing, Regeneration and Public Realm), Councillor Sophie Davis (Cabinet Member for Housing Management and Homelessness), Councillor Brenda Dacres (Cabinet Member for Housing Development & Planning), Councillor Louise Krupski (Cabinet Member for Environment and Climate), John Pedretti (General Manager, Regenter B3), Lesley Johnson (Director of Property & New Business, Phoenix Housing), Adam Pope (Sustainability Manager, Phoenix Housing), Sean Longley (Licensing & Housing Enforcement manager), Mathew Browne (Licensing & Housing Enforcement manager), and Nidhi Patil (Scrutiny Manager),

ALSO PRESENT VIRTUALLY: Patrick Dubeck (Director of Inclusive Regeneration), Martin O'Brien (Climate Resilience Manager), Jon Kanareck (Lewisham Homes), Kenneth Gill (RB3), Mick Lear (Head of Revenues and Benefits), Iain McDiarmid (Assistant Director Integrated Commissioning), Emma Talbot (Director of Planning), Margaret Dodwell (Chief Executive, Lewisham Homes).

NB: Those Councillors listed as joining virtually were not in attendance for the purposes of the meeting being quorate, any decisions taken or to satisfy the requirements of s85 Local Government Act 1972

1 Minutes of the meeting held on 17 November 2022

1.1. RESOLVED: that the minutes of the last meeting be agreed as a true record.

2 Declarations of interest

- 2.1. Councillor Cooper declared an interest as a service manager for Community Advice Works- which provides advice and advocacy for people regarding housing matters in Lewisham.
- 2.2. Councillor Penfold declared an interest as an employee of the Lewisham Refugee and Migrant Network- which provides advice to refugees and migrants in Lewisham.
- 2.3. Councillor Harding declared an interest as an employee of Centre Point- a youth homelessness charity- which manages property in Lewisham.

3 Responses from Mayor and Cabinet

3.1. There were none.

4 Rent and Service Charge increases 2023-24

Fenella Beckman (Director of Housing Services) introduced the report. The following key points were noted:

- 4.1. The rent and service charge increases were as follows: a 7% rent increase for both Regenter B3 and Lewisham Homes; a 7% increase in service, heating & hot water charges for Lewisham Homes and a 13.6% increase for Regenter B3; a 10% increase to garage rents. There were no proposals to vary the current levy for the Tenants' Fund contribution so those remained the same.
- 4.2. Engagement meeting with residents & leaseholders from Lewisham Homes and RB3 took place during December 2022. These meetings provided residents a chance to engage directly with the service managers to raise their concerns and give feedback on the services they receive.
- 4.3. Detailed feedback was received from residents at these engagement meetings. Response to their comments would be drafted by officers and sent to the residents, circulated to the members of this Committee as well as shared with the Mayor & Cabinet when they consider this report.

The Committee decided to ask questions to Lewisham Homes first, followed by Regenter B3. In their discussion with Lewisham Homes, the following key points were noted:

- 4.4. The proportion of tenants claiming housing benefits was around 53% but it was discussed that with Universal Credit being directly paid to residents, it was difficult to gauge the actual number of residents receiving full benefits.
- 4.5. There was an increase in rent arrears during Covid as there was a lack of legal action.
- 4.6. Since last April, the welfare benefit team at Lewisham Homes had helped over 1600 residents successfully claim £830,000 of additional Universal Credit and Housing Benefit.
- 4.7. Lewisham Homes did a lot of work with the Trussell Trust and provided around 20 residents with £49 vouchers. These were mostly people who had pre-paid meters as it was especially difficult to provide them with any other support around fuel prices.
- 4.8. Even though the percentage point increase in service charge for Lewisham Homes (7%) was lower than that of Regenter B3 (13.6%), in terms of actual price increase, Lewisham Homes costs were still higher. This was due to the fact that Regenter B3 followed a different service model- they employed people directly but did not have to pay similar on-costs as Lewisham Homes (for example, pension costs and pay award were significantly higher for Lewisham Homes). Lewisham Homes also ran a 7-day service which incurred a higher cost.
- 4.9. Lewisham Homes would have a discussion with Council officers about including the support offer for tenants and leaseholders on the back of the rent letters.

In the Committee's discussion with Regenter B3, the following key points were noted:

- 4.10. Regenter B3 (RB3) had an in-house welfare adviser to provide tenants with an intensive housing support and advice service. The in-house adviser was also conducting energy workshops to provide advice on energy bills, discounts and saving tips. They were also signposting residents to online resources such as StepChange, Debt advice, National Debtline and making sure that residents were aware of local schemes and initiatives. RB3 were also looking to commence monthly rent and welfare surgeries.
- 4.11. The Council's contract with RB3 was based on RPIX. The RPIX data was not released at the time that these service charge increases needed to be decided, therefore these rates needed to be estimated. These estimates were fairly accurate and had been the method of choice for deciding these increases over last

few years. The high estimates avoid massive changes to the bill when adjustments need to be made post-audit.

- 4.12. Tenants and leaseholders were never charged more than the actual cost of service provided. These service charges were reviewed annual by independent external auditors. If the actual costs for the service turned out to be lower than the estimates then the residents would see that come through as an adjustment to their account.
- 4.13. The contract with RB3 stated that they needed to maintain full-cost recovery. After that it was up to the Council whether they decided to accept the recommendations made by RB3. However, the Council had to consider the consequences of setting a lower rate as that would put the HRA in deficit and the Council was legally required to set a balanced budget.
- 4.14. According to legislation, residents have a right to be informed of any fundamental changes in housing management including increases in rent and other charges. The engagement sessions with tenants and leaseholders were called consultations but the Committee thought that it was misleading to call them consultations when residents had minimal or no power to influence the decisions.
- 4.15. A member of the public was invited to address the Committee who queried if any changes had been made to the rent & service charge increase proposals after resident engagement. They stated that tenants and leaseholders didn't understand the basis of the RPIX formula and why it was baked into the contract.
- 4.16. Officers confirmed that proposals weren't changed following engagement with residents since charging at a lower rate would put the HRA in deficit and the Council was legally required to set a balanced budget. They also added that in the future they would be asking RB3 to provide more information in the proposal reports about how the costs were broken down.
- 4.17. Regenter B3's annual report would also be added as a substantive item to the committee's work programme.

RESOLVED: that the Committee would refer its views to the Mayor & Cabinet as follows –

- The Committee believed that it was inequitable to charge one group of social tenants an increase below inflation (Lewisham Homes) and the other not (Regenter B3).
- The Committee recommends to Mayor & Cabinet that they look again at the proposal to pass on in full the service charge increase in line with RPIX + 1% for Regenter B3 tenants. This recommendation is made in the full knowledge that there are financial limitations and that the Council needs to ensure the HRA is not in deficit, but the Committee asks Mayor & Cabinet to look at this again and see if some dispensation can be made to assist RB3 tenants given the Cost-of-Living crisis.

5 Climate Emergency Action Plan update- Housing retrofit

Patrick Dubeck (Director of Inclusive Regeneration) and Martin O'Brien (Climate Resilience Manager) introduced the report. The following key points were noted:

- 5.1. Lewisham's Climate Emergency Action Plan had 143 actions and 5 key themes. Sustainable housing was one of the 5 themes and had 43 actions assigned to it. 12 of these actions had already been completed, 29 were ongoing and work had not begun on 2 of the actions.

- 5.2. Department for Business, Energy and Industrial Strategy had released data on the carbon emissions of local authorities in the UK. As of 2020, Lewisham had the 4th lowest carbon emissions in England.
- 5.3. 47% of Lewisham's carbon emissions were related to Housing.

Lesley Johnson (Director of Property & New Business) and Adam Pope (Sustainability Manager) from Phoenix Community Housing gave a presentation on their work on Homes Energy Improvement. In the discussion that followed, the following key points were noted:

- 5.4. Phoenix's approach to retrofitting was to first understand how their homes perform now. They would be taking a fabric first approach to get their homes to the energy performance certificate C. Phoenix had around 1500 homes that were below SAP Band C. Their roadmap to be net-zero carbon by 2050 included- fabric first energy efficiency measures to lower energy demand, moving to decarbonised fuel sources and microgeneration.
- 5.5. Phoenix had applied for SHDF funding (Social Housing Decarbonization Fund). Their SHDF bid focused on getting the funding to retrofit 160 homes at an estimated cost of £2.8 million. All of these homes were street properties.
- 5.6. Currently, Phoenix had to buy-in the contractors for any retrofitting work as the contractors needed to be trust-mark certified.
- 5.7. For this first phase of works, Phoenix had not taken void properties into account but agreed that it would be useful to look at them going forward.

Margaret Dodwell (Chief Executive, Lewisham Homes) gave a presentation on Lewisham Homes' retrofitting work. In the discussion that followed, the following key points were noted:

- 5.8. Lewisham Homes' Asset Management strategy, developed with the Council, was approved by Lewisham Homes Board in September 2021 along with their Sustainability strategy. These strategies would be shared with members of the Committee.
- 5.9. Lewisham Homes had around 3000 properties that were in EPC band D, E, F and G. Only 407 properties out of these were in the lower bands of E, F and G. Only 2 properties were in the lowest G band.
- 5.10. The bid for SHDF by Lewisham Homes focused on utilising the funding to focus on the properties in these lower EPC bands. The grant funding would be used to add insulation, improve ventilation, provide thermal comfort and to do fabric improvement work. The funding received from SHDF would need to be spent by 2025.
- 5.11. Lewisham Homes' application for SHDF was for £2.9 million. This funding would be used for carrying out improvement works on 159 properties. However, the total cost of the work would be £9 million so even after funding is secured, there would be a large gap in costs that would have to be bridged. The current plan was to meet this gap by programming the improvement work around other works planned for those buildings thereby making the most of planned activities.

John Pedretti (General Manager) gave a presentation on Regenter B3's home improvement works. The following key points were noted:

- 5.12. The Council entered into a 20-year PFI contract with Regenter B3 in 2007. Since 2007, RB3 had carried out a lot of refurbishment and maintenance work that had a positive impact on the carbon emissions of the properties such as- installing double glazed windows, boiler replacement and upgrading communal lighting to LED.

- 5.13. Regenter B3 had not applied for SHDF but even if they had applied and received the funding it wouldn't cover all the costs and there would still be a funding gap that couldn't be bridged.
- 5.14. Furthermore, in the case of Lewisham Homes, delivery of the work funded by SHDF would be through their major works contractor but using these contractors for delivering RB3's work would have given rise to a lot of legal and commercial complexities as they would be external contractors that were not managed by RB3.
- 5.15. Sustained and significant additional funding from government or elsewhere would be needed to achieve the Council's ambition to be net-zero carbon by 2030.

RESOLVED: That

- the Committee encouraged collaboration between the three main social housing providers in the borough namely Lewisham Homes, Phoenix Social Housing and Regenter B3 regarding working towards achieving the Council's aim to be carbon neutral by 2030;
- the Committee would refer its views to the Mayor & Cabinet as follows:
 - The Committee noted with concern that Regenter B3 are taking no steps to retrofit any of the housing stock they currently manage as it is not a part of their contract with Lewisham Council.
 - The Committee recommends that there are meetings between the relevant Cabinet lead, Lewisham Council officers and Regenter B3 as soon as possible to find ways of assisting Regenter B3 in commencing a retrofitting programme to include, if necessary, amending, varying or adding to the existing contract between Lewisham Council and Regenter B3.

The Committee voted to suspend standing orders.

6 Update on Supported Exempt Accommodation

Fenella Beckman (Director for Housing Services) introduced the report. In the discussion that followed, the following key points were noted:

- 6.1. There were 2,042 active claims for exempt accommodation last year out of which 525 related to placements in supported accommodation funded by the Council.
- 6.2. The Council submitted a bid for the £20 million Supported Housing Improvement Programme aimed at targeting local quality issues in Supported Exempt Accommodation in September 2022. However, Lewisham alongside the rest of London was not awarded the funding.
- 6.3. Officers were closely monitoring the Supported Housing (Regulatory Oversight) Bill 2022-23 which would require local authorities to develop a local strategy to combat unscrupulous providers and would provide the Secretary of State powers to require supported accommodation to be licensed.
- 6.4. To qualify for exempt status providers needed to show that they have a not-for-profit status. The process of accreditation also involved checking the credibility of the organisation and checking if they were suitably funded to provide this kind of accommodation.
- 6.5. When a provider was registered, the Council got a 100% rebate from Department of Work and Pensions for the housing benefit claim. But when it wasn't a registered provider, the Council only got a 60% rebate. This constituted an annual cost for the Council which was around £150,000 when last checked. However, officers have worked closely with big providers and got them to engage and partner with registered housing associations which made them exempt from that rent referral, so that the Council didn't have to pay a huge cost.

6.6. The Council had an appeals process in place for the providers but so far none of the cases had gone to the court. However, there was one case at a tribunal.

RESOLVED:

- That the report be noted.

7 **Select Committee work programme**

The Committee considered the work programme. The following was noted:

7.1. It was discussed that Optivo should also be invited to provide a repairs update in the next Committee meeting along with the other housing providers.

RESOLVED: That

- the following housing providers be invited for the Repairs update agenda item- L&Q, Clarion, Peabody, Hyde and Optivo (now known as Southern Housing);
- the agenda for the next meeting on the 9th of March 2023 be agreed after making the suggested changes.

The meeting ended at 10.10pm.

Chair:

Date:
