

MINUTES OF THE MEETING OF THE LEADER DECISIONS HELD ON 15 MAY 2024 3PM – 3.30PM. MEETINGACTUALTIMERANGE

PRESENT:

Councillor: Peray Ahmet – Leader of the Council

ALSO ATTENDING: Councillor Williams, Cabinet Member for Housing, Private Renters and Planning, Touissante Reba, Denise Gandy, Mark Blowers, Kisi Smith-Charlemagne, Ayshe Simsek, Benita Edwards online

1. FILMING AT MEETINGS

The Chair referred to the notice of filming at meetings and this information was noted.

2. APOLOGIES FOR ABSENCE

There were none.

3. URGENT BUSINESS

There were none.

4. DECLARATIONS OF INTEREST

There were none.

5. DEPUTATIONS/PETITIONS/QUESTIONS

There were none.

6. KEY DECISION - APPROVAL OF A REVENUE BUDGET VIREMENT FROM THE HOUSING REVENUE ACCOUNT (HRA) RESERVES FOR THE PROVISION OF SERVICES TO MANAGE HOUSING DISREPAIR CASES, AND FUNDING FOR THE DELIVERY OF ELECTRICAL INSPECTION & CONDITION REPORTS (EICR)

The report updated the Leader of the Council on the need for an additional £6.851m to fund the increasing cost of managing legal disrepair cases and housing disrepair work, and to meet the revenue cost of the EICR inspection programme.

It was noted that the number of disrepair cases continued to rise and on 9th November 2023, the Leader had approved a variation to the contracts for all three law firms to a

value not to exceed a cumulative total of £2.3M, accordingly, the maximum contract values were subsequently increased.

On approval of the virement the maximum cumulative contract value for the Council's external law firms for the period 2023/25 would be £4.7m (£2.3m + £2.4m). In addition, the responsive repairs service did not have sufficient capacity to undertake the work required, £2m was required to appoint 4 contractors to work on historic disrepair cases. This would address the following: to complete housing disrepair cases in a timely manner, to mitigate against further legal costs.

The Leader asked how the service intended to address the issue of increasing cost of managing legal disrepair going forward and what the plan of action was. The Operational Director for Housing & Building Safety advised the Leader that new processes and procedures would be in place. This included a new team based in housing to take forward initial contact on new housing disrepair cases and a new legal team focusing on housing disrepair cases. The Deputy Monitoring Officer advised that the new temporary team in Legal Service would have 8 senior legal assistant posts which were being recruited to and a locum senior lawyer appointed to manage them. This team would have the capacity to deal with up to 500 cases. However, there were an estimated 900 outsourced legal cases concerning disrepair and the virement would support the funding and spend of external lawyers on the outsourced cases. It was hoped that with the new Housing and Legal teams, that the full amount of projected spend for the law firms working on housing disrepair would not be needed over the coming financial year.

The Operational Director for Housing & Building Safety advised the Leader that the total additional spend requirement for Housing disrepair cases and EICRs was £6.9m, which was made up of:

• Contractors to complete legal disrepair work	£2m
• Tenant / lessee legal costs	£1.1m
• Compensation payment for tenants	£700k
• Cost of external law firms	£2.4m
• Contractor to complete programme of EICRs	£651k
• Total	£6.9m

The Cabinet Member for Housing, Private Renters and Planning commented that she was assured that there was a robust plan in place to tackle the increasing disrepair cases, but this would take time to have an impact.

Further to considering the exempt information at item 12,

The Leader of the Council RESOLVED:

- a. To note that of the £6.9m required, £3.4m will be funded from sources highlighted in the report 4.2.1.

- b. To approve a virement of £2.8m from the Housing Revenue Account (HRA) reserves for the provision of legal services for housing disrepair cases and the appointment of four contractors to complete repair work.
- c. To approve the virement of £0.7m from the HRA reserves to cover the cost of Electrical Inspection Condition Reports (EICRs) for 2024/25 for the Council housing portfolio for which Haringey Council holds responsibility for electrical safety.

Reasons for decision

This report seeks approval from the Leader a virement from the HRA reserve, so as to cover part of the projected costs of the law firms in 2024/25 (which is estimated to be £2.4M) as the agreed 2023/24 budget for the legal firms who are acting for the Council on legal disrepair cases is exhausted, resulting in outstanding invoices that need payment to ensure they are paid for their services and can continue to work for the Council. A virement is also required to have sufficient budget in place for the work that we need four external contractors to undertake repair work on legal disrepair cases and for provision of funding to complete EICRs.

The decision was not taken to February cabinet as the position was not clear on the total budget virement required. The funding gap has increased over a period of months as it became apparent the quantum of the budget shortfalls, this did not allow for sufficient time to draft and submit a report for the February cabinet meeting.

The Council is aware that it has significant problems with its housing stock. In cases where the Council has failed to satisfactorily address disrepair that has been reported, tenants and leaseholders are entitled to escalate their concerns through legal channels. If the Council does not respond to the pre-action letter within 20 working days and/or has not rectified the disrepair within an agreed timescale then the tenant/lessee may issue legal proceedings seeking an order requiring that: the repair works are carried out, and that the Council pays damages as well as legal costs, court fees and interest.

The Council needs to ensure it has sufficient resources in place to repair the 1000+ housing disrepair claims where legal action has commenced. At the present time there is not sufficient capacity within the responsive repairs service to provide the required repairs, we therefore need to procure contractors to ensure that we can complete the repairs in a timely manner.

Legal and the Housing Repairs Service are building capacity to deal with the increased demand from housing disrepair inhouse, but in the meantime there is still a

need to instruct external solicitors to enable them to continue to work on existing and new housing disrepair cases.

The Council has a regulatory responsibility to undertake Electrical Inspection & Condition Reports (EICRs) within its managed housing properties at least once every 5 years, and when a property is re-let. This provision is for the 5-year testing and remediation programme only. The costs associated with remediation of electrical faults, repairs and re-lets are included within the responsive repairs and voids budgets respectively.

To comply with the requirements of the Regulator for Social Housing, The Health and Safety Act 1974 and the requirements and the Council's capitalisation policy, this programme requires a new annual revenue funding stream. This will be managed through the budget setting process from 2025/26 onwards and for 2024/25 requires an initial virement from the Council's reserves due to the completion of capital works identified through previous inspection programmes to date.

Alternative options considered.

Do Nothing

Doing nothing it is not an option for the following reasons:

It is necessary that the law firms continue to work on the cases referred to them and for the Council to continue to pay their fees. If the law firms were to cease work, those cases will not be addressed on behalf of the Council, which would most likely result in the tenants/ lessee's obtaining judgment against the Council.

Furthermore, in cases where the court has issued an Order against the Council and the Council fails to comply with its terms, there is a risk that a penal notice could be added to the Order, which could lead to senior officers being required to attend court and (in the worst-case scenario) being sentenced to a term of imprisonment.

In addition, where the Council fails to comply with Orders and pay compensation or costs in time, solicitors acting for the claimants may seek to enforce the Orders and may instruct bailiffs to attend the Council offices. For these reasons, it is essential that the law firms continue to act for the Council to protect its interests.

If contractors are not appointed to complete disrepair works, they will not be completed in a timely manner, causing further delay in resolution, further legal costs, and customer dissatisfaction. There are insufficient resources within the direct labour organisation in HRS to undertake the repairs required and, in the timescale, they need to be completed.

The Council has a regulatory duty to complete an EICR inspections in every property at least once every 5 years.

Identify savings and/or stop other Housing related works to fund disrepair works / legal costs.

To fund the required £6.9m costs, £3.5m one-off draw down from reserves has been requested to fund the exceptional costs for disrepair and the EICR inspection programme. The remaining £3.4m will be funded through savings from the Housing Operations & Building Safety revenue budget. This saving will be delivered by a review and reconfiguration of HRS services, a potential increase from refunds/claims and the reallocation of £0.5m of the Housing Improvement Plan (HIP) Budget. All Housing related works required will continue to be reviewed, prioritised and funding agreed as part of the MTFS process.

There is an expectation to replenish the HRA reserve to maintain adequate reserves balance, ensuring the viability of the HRA.

Further information about the refunds/claims mentioned above is contained in the Exempt Report.

Insourcing

Insourcing has been considered as an option and capacity is currently being developed by both the Legal and Housing Teams, so that more of the new disrepair cases can be dealt with inhouse. However, there is a need to extend the contracts of the three firms in the meantime.

There is not sufficient resources withing HRS DLO to complete the required level of work in the timescale required for the outstanding disrepair caseload.

This is not an option for EICRs and has been considered in detail in the contract award report previously referred to.

7. NON KEY-DECISION - THE SEVEN SISTERS MARKET PARTNERSHIP ADVISORY GROUP (SSMPAG) CABINET MEMBER APPOINTMENT

The report informed the Leader of the Council that the Chair of SSMPAG has requested that council nominates a representative to SSMPAG to act in an “observer” capacity – “The role is an observer role and has no voting rights. The role of the observer member is to act as a conduit of information flow between the group and the council. The observer member may also be called upon to provide points of information or opinion when the group make recommendations”.

The Leader sought confirmation on the voting rights of the council's representative. The Head of Area Regeneration confirmed that the council's representative would have no voting rights and would act as an observer only.

The Leader of the Council RESOLVED:

1. To agree that in line with the council's constitution, to nominate the Lead Member for Placemaking and Local Economy to represent the council as an observer on SSMPAG as described in the TOR for SSMPAG attached at Appendix 1.
2. To agree that in line with the council's constitution, the nomination is noted at the next Full Council Meeting which is to be held on 20th May 2024.

Reasons for decision

The council has a longstanding interest in the return of SSM, a sustainable home for the trader community to resume their livelihoods would also have wider benefits for the local economy. A SSM with the Latin Village at its heart has the potential to be a catalyst for the local economy and would attract footfall in Seven Sisters/West Green Road District Centre at this time. The long closure of the market and building works has contributed the decline of the district centre surroundings and poor visitor experience at Seven Sisters Station entrance.

That, in line with the council's constitution, the Leader nominates the Lead Member for Placemaking and Local Economy to represent the council as an observer on SSMPAG as described in the TOR for SSMPAG attached at Appendix 1.

That, in line with the council's constitution, the nomination is noted at the next Full Council Meeting which is expected to be held on 20th May 2024

8. NON-KEY DECISION - APPOINTMENT OF EXTERNAL AUDITORS - HOMES FOR HARINGEY

The report informed the Leader of the Council that in accordance with the requirements of the Members Agreement, the report sought consent from the Council (as owner of the company) for Homes for Haringey to appoint new auditors.

The Leader sought further information on the Council's internal arrangements for having oversight of the company. The Interim Programme and Client Manager advised the Leader that the company provided quarterly reporting, and there were independent checks on their accounts by the Council to ensure that the financial regulations were met. Consideration of the accounts by the council was part of the broader financial/ audit responsibilities of the council.

Further to considering exempt information at item 11,

The Leader of the Council RESOLVED:

In her capacity acting for the Council in its role as owner of Homes for Haringey, to give consent to HfH to appoint the Chartered Accountants identified in the exempt part of this report as external auditors to Homes for Haringey, as set out in appendix B of this report; and authorised the Director of Placemaking and Housing to write to HfH confirming that the Council has given its consent.

Reasons for decision

1. Homes for Haringey (HfH) is a wholly owned subsidiary company of the Council. As such it is a separate legal entity.
2. The Council is the owner of the company. The Leader and/or Cabinet are the decision makers in relation to Owner Consent matters. These are matters set out in Schedule 1 of the Members Agreement. Clause 1.1 and item number 23 of Schedule 1 of the Members Agreement specifies that, prior to appointing or changing the company's auditors, HfH must obtain prior written consent from the Council as owner of the company.
3. HfH requires an independent statutory audit on its financial statements for 2023/24. It is not possible to be included in the Councils audit process.

9. NEW ITEMS OF URGENT BUSINESS

There were none.

10. EXCLUSION OF THE PRESS AND PUBLIC

Items 11 and 12 was subject to a motion to exclude the press and public from the meeting as they contain exempt information as defined in Section 100a of the Local Government Act 1972 and paras 3 and 5 of Schedule 12A to that Act, namely information relating to the financial or business affairs of any particular person (including the authority holding that information) and information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.

11. EXEMPT - NON-KEY DECISION - APPOINTMENT OF EXTERNAL AUDITORS - HOMES FOR HARINGEY

The Leader of the Council considered the exempt information and agreed the recommendations in the public report.

12. EXEMPT - KEY DECISION - APPROVAL OF A REVENUE BUDGET VIREMENT FROM THE HOUSING REVENUE ACCOUNT (HRA) RESERVES FOR THE PROVISION OF SERVICES TO MANAGE HOUSING DISREPAIR CASES, AND

FUNDING FOR THE DELIVERY OF ELECTRICAL INSPECTION & CONDITION REPORTS (EICR)

The Leader of the Council considered the exempt information and agreed the recommendations in the public report.

13. NEW ITEMS OF EXEMPT URGENT BUSINESS

There were none.

CABINET MEMBER:

Signed by

Date