MINUTES OF THE MEETING Housing, Planning and Development Scrutiny Panel HELD ON Monday, 16th December, 2024, 6.30 pm

PRESENT:

Councillors: Alexandra Worrell (Chair), Tammy Hymas, Dawn Barnes, Khaled Moyeed, John Bevan and Isodoris Diakides

ALSO ATTENDING:

213. FILMING AT MEETINGS

The Chair referred Members present to agenda Item 1 as shown on the agenda in respect of filming at this meeting, and Members noted the information contained therein'.

214. APOLOGIES FOR ABSENCE

There were no apologies for absence

215. URGENT BUSINESS

There were no items of urgent business

216. DECLARATIONS OF INTEREST

There were no Declarations of Interest.

217. DEPUTATIONS/PETITIONS/PRESENTATIONS/QUESTIONS

The Panel received a public question from Mr John Poulter, relating to housing disrepair claims. A summary of the key points of his question are set out below:

- What is the Council doing to ensure Council Taxpayer's money was being spent wisely and that value for money was being achieved when an increasing number of Housing disrepair claims were being taken out against the Council by leaseholders and tenants.
- The Council was failing to carry out repairs and major works and these properties were then deteriorating, to the point of significant legal action being taken by the tenants and leaseholders.

- The situation was being exacerbated by poor communication from the repairs team and a more general failure of different Council departments not talking to each other.
- The issue was disproportionately affecting elderly, frail and otherwise vulnerable tenants.
- There was a failure of contract management in order to get the repairs done.
- The questioner received an FOI response that identified that there were 4753 outstanding legal disrepair claims against Haringey Council.
- The questioner suggested that the Council should set up a dedicated panel to review these cases and get the repairs issues resolved before the situation was escalated to the point of legal action being taken.

In response, the Cabinet Member for Housing and Planning, Cllr Sarah Williams, thanked Mr Poulter for coming along to the meeting and putting his points across. The Cabinet Member set out that the Council would encourage residents not to go through the legal process, as this often made the repairs process lengthier and more difficult to resolve. Instead, the Council would prefer residents to report repair issues to us directly. It was suggested that ultimately, the only winners of legal disrepair claims were solicitors. The Cabinet Member noted that this was not such a significant industry for disrepair lawyers, there would be much more money for repairs and improvement programmes. In addition, it was commonly known that these solicitors work under a success fee arrangement, where they will take a portion of tenant compensation, in addition to serving a large bill on the Council. The Cabinet Member commented that this represented a poor use of public money and ultimately deprives Council tenants of their own resources for almost no additional benefit.

The Cabinet Member advised that the Council was obliged to follow a particular process once a legal claim has been received. This involved disclosing records to the solicitor, arranging for an initial inspection and agreeing upon the scope of works based on that report. It would then be necessary to code and issue that work to a contractor and complete the job. Unfortunately, the legal process, particularly when litigated can significantly slow down the process of completing repairs, causing greater frustration. The Cabinet Member set out that, in response to increased levels of disrepair claims, significant progress has been made to adequately resource disrepair works. The Council has a robust process in place for the completion of works and the Cabinet Member commented that she not have any concerns regarding contractor management following the work done over the last year to transform the service.

The Cabinet Member advised that the Council often faced logistical challenges in arranging access with tenants, the requirement to arrange decanting tenants to alternative accommodation where major works are required, and the storage of personal items. Co-operation between the Council, tenants and their representatives remained essential to successfully conclude works. The Council often found there was a breakdown in communication between tenants and their solicitors regarding access and other logistical issues, which caused works arrangements to fail. The Cabinet Member stated that the organisation ultimately regarded the solicitor’s involvement as an impediment in most cases and this was further compounded by the lack of incentive for works to be completed from the commercial perspective of lawyers, as

they could charge more legal costs the longer a case continued without resolution. The Cabinet Member advised that, the Council has a dedicated Disrepair Team, which liaises as necessary with Tenancy Management, tenant's solicitors, and any other specialist teams within the Council, to ensure that residents were kept informed throughout the process and that any specific needs are met.

Cllr Williams gave assurances that the Council remained committed to completing all works as per legal agreements reached in disrepair cases, taking into account all circumstances in line with our obligations.

The Director of Housing, Jahedur Rahman, advised that he appreciated that from Mr Poulter's perspective that it may look like the Council was failing to close down disrepair cases, However the cases were being actioned and closed down. It was noted that, since November 2023, the Council closed down 460 live disrepair cases. 350 live cases had been closed down since in the current financial year. The Director of Housing advised that closing cases down quickly could be very difficult as they had to agree the scope of works with tenants solicitors. There were a number of legal steps that had to be followed before a case could be closed down, and this tended to take time.

218. MINUTES

Cllr Bevan advised that he had arranged to meet with Metropolitan Thames Valley Housing before Christmas, but that Clarion had failed to respond to his requests for a meeting.

Cllr Bevan also requested that the Member contact sheet around housing association contacts should be formatted in such a way as to allow the contact details to be cut and pasted from the document.

The Panel requested clarification about the frequency that the £20 meal allowance was paid to tenants who were residing in hotels. **(Action: Jahedur Rahman).**

RESOLVED

That the minutes of the meeting on 5th November were agreed as a correct record of the meeting.

219. HOUSING REVENUE ACCOUNT BUSINESS PLAN AND BUDGET 2025/26 PROPOSALS

The Panel received a report which set out the Housing Revenue Account Business Plan and Budget 2025/26 proposals relating to the HRA. The report was considered by Cabinet at its meeting on 10th December. It was noted that Every year, the Council set a business plan for its Housing Revenue Account. This business plan considered projected income and expenditure over a 10-year and 30-year period. The Housing Revenue Account (HRA) is the Council's record of the income and revenue expenditure relating to Council housing and related services. Under the Local Government and Housing Act 1989, the HRA is ring-fenced and cannot be subsidised by the General Fund. Since April 2012, the HRA has been self-financing. Under self-

financing, Councils retain all the money they receive from rent and use it to manage and maintain their homes. Setting a medium-term and long-term business plan for the HRA allows the Council to plan for investment in its housing stock, investment in building new council housing for the borough and to ensure that services for tenants and leaseholders continue to be delivered.

The report was introduced by Kaycee Ikegwu, Head of Finance and Chief Accountant, as set out in the agenda pack at pages 19-40. Cllr Carlin, Cabinet Member for Finance and Corporate Services was present for this item, along with Cllr Sarah Williams, Cabinet Member for Housing and Planning. Jahedur Rahman, Director of Housing was present along with Hannah Adler, Head of Housing Policy & Strategy, and Robbie Erbmann, AD for Housing. The following arose during the discussion of this agenda item:

a. The Panel sought clarification about the key drivers of the in-year budget position as at Quarter 2, which was projected to achieve a surplus of £4.365m against a budgeted surplus of £8.603m (an underachievement of £4.238m). In response officers advised that the three key drivers were: A rise in disrepair cases, which included settlement costs and also the costs of undertaking repairs; an increase in damp and mould referrals – a dedicated team for damp and mould along with a dedicated hotline had been established to tackle the increased number of cases; and additional costs arising from having to place families in hotels. The service was working to try and reduce this cost through use of temporary decants, were possible.
b. The Panel sought clarification about the figures in the report for a reduction in the discount caps for Right to Buy. Officers confirmed that the discount caps would no longer be indexed in line with inflation and would revert to 2003 figures, which was £16k, rather than the recent maximum sum of £136,400. In relation to a follow-up about the financial impact of this reduction, officers advised that they expected that the number of RTB applications would fall and the Council would keep more of its tenanted stock. However, there would be less money generated from Right to Buy receipts and this tended to be used for acquisitions. Officers advised that there had been a large increase in the number of applications received before the 21st November cut-off point to receive the old discount, with around 700 applications received.
c. The Panel queried how many of those applications would likely progress through to the property being purchased under Right to Buy. In response, officers advised that there were a series of checks undertaken for each application to ensure that person was eligible to receive the discount, as well as anti-fraud checks. Once these were complete a Section 125 Notice was drawn up, the final calculations were done and then the applicant had to get a mortgage approved. It was suggested that the vast majority of applications fell through as a result of the checks and difficulties in a getting a mortgage approved. Officers advised that based on previous experience, of the 700 applications received, the number of properties sold under Right to Buy would be significantly less. It was suggested that the average was around 50 successful purchases from around 250 applications a year.
d. The Panel queried the fact that the report projected Right to Buy capital receipts based on projections that were done before the 700 additional applications were received and whether this would have an impact on borrowing costs. In response, officers advised that the updated modelling

would be included in the final MTFS report coming to February Cabinet. Officers also commented that they would expect that any reductions in income would be made up for through additional grant funding for acquisitions from the GLA and central government.

e. The Chair queried the in-year position around under achievement of income due to voids, and the extent to which the off-setting of this was being done through a reduction in staffing costs. The Chair commented that as much resource as possible should be going into clearing the voids. In response, officers advised that the service undertook a capitalisation exercise to see if some of the one-off costs should come from the capital budget, this would reduce pressure on the revenue budget. The Director of Housing agreed with the point around needing resources to tackle voids, but advised that there were other areas, such as damp and mould that had seen a reduction in demand. The Service was undertaking an exercise to see how services could be delivered in a different way.
f. The Chair requested a breakdown of the actions being taken to mitigate costs within voids. In response, officers advised that they would be happy to share them at a future date but there were staffing implications and the proposals were still being finalised.
g. A member of the Panel raised concerns with the figure of 4972 legal disrepair claims and questioned how any Council could possibly manage that. In response officers advised that the Council did not have 4972 outstanding disrepair claims and that the figure of 4972 was erroneous. The Panel asked for a written update on the current number of legal disrepair cases that the Council was facing. **(Action: Jahed).**
h. A member of the panel advised that the Council's current position of having 433 voids, meant that there was a shortfall, in rental income and from having to pay Council Tax on empty properties, of around £4m. This was roughly equivalent to the projected in-year shortfall in the HRA surplus. It was suggested getting the voids issue sorted seemed to be crucially important. In response, officers advised that as a landlord there would always be a level of void properties to turnaround and the position in Haringey was improving. It was suggested that the historical back-log of voids had been cleared, but that there had been 350 new voids coming into the system in the current year. Of those 350, around 100 were from the Neighbourhood Moves scheme. The voids work was being undertaken through the DLO and external contractors.
i. The Panel asked whether the 433 voids included those that had been boarded up like on the Love Lane Estate. In response, officers advised that there was a number of voids that required major works and that there were managed separately, through the Asset Management team, due to significant costs involved in repairing them. It was estimated that the figure was around 20 voids.
j. The Chair sought clarification about the increase in voids arising from the success of the Neighbourhood Moves scheme and why this was not anticipated. In response, the Cabinet Member acknowledged that more work needed to be done to look at the impact of like for like replacement and whether this was creating pressures elsewhere. It was emphasised that the scheme had a lot of benefits such as rightsizing, downsizing, and providing bespoke homes. It was suggested that building the number of homes the Council was, was inevitably going to cause a lag with other services.

k. The Panel raised further concerns about the number of voids and the impact that this had on the overall revenue budget. In response, officers acknowledged that the current position on voids was higher than the organisation would like. It was emphasised that although it may look like the 400+ number of voids had not changed very much, the Council had cleared the historical backlog, but 350 new voids had been created this year, partly due to the success of the House Building programme and the Neighbourhood Moves scheme. It was set out the long term goal in the HRA business plan was for voids to be at 1%, which was around 150 properties. The Director of Housing advised that by the end of the financial year, the service was looking to get the number of voids down to 200.
l. The Panel contended that the delays in turning around voids seemed excessive and that once the Council was notified of a person moving out, works should be scheduled and carried out like in any other situation. The Panel commented that in the past, the Council had incentivised residents to give two months' notice by giving them their last month's rent back. This, it was suggested, would give the Council enough notice to carry out the works before the next person was due to move in. In response, the Cabinet Member for Finance and Corporate Resources advised that in the past the Council had moved people in and tried to undertake the repairs whilst they lived there. However, this has not worked as the repairs did not get done, and some of the properties were in such a poor state that nobody wanted to live there. The Council had changed the policy in recognition that the easiest time to fix the property was before someone had moved in. It was suggested that if the properties were not in such a state of disrepair, including damp and mould, then fixing them up after people moved in might be a possibility.
m. A Member of the Panel suggested that the Council should be focused on building new homes, rather than turning around voids and that Members were losing perspective about the number of new homes that were being built. It was suggested that people moving homes were probably still paying rent, and that rent was probably a slightly higher due to moving to a bigger home.
n. The Panel requested a written response about what the average time to turn around a void property was, and also what the longest and shortest turnaround time for a void property was. **(Action: Jahed).**
o. The Panel queried the proposed average weekly rent for 2025/26 and the fact that the rate of increase for six and seven-bed properties didn't follow the same trajectory as other properties. In response, officers advised that six and seven-bed properties were a very small sample size, the increase was based on property value, and some of them may have been re-let recently (at an increased rate).
p. The Panel queried the 31% reduction in service charges for heating and asked how robust those assumptions were. In response, the Panel were advised that service charges were recovered at cost and the costs had to be demonstrable. The service charges for those on the DEN would be significantly lower than corresponding central heating costs. These were not metered and the 31% reduction in heating costs would be what was passed on to residents.
q. The Panel also sought assurances about some of the higher rates of increase in service charges, such as 21% in caretaking costs, 10% increase in cleaning services within sheltered housing and 29% increase in converted properties cleaning. The caretaking service charge increases reflected the fact a deep cleaning programme had been undertaken and that the rate of increase

reflected the costs. Officers advised that most tenants were on housing benefit and that the increase would be covered by Local Housing Allowance.

r. The Panel sought assurances around what the total percentage change was for service charges and how that compared with the previous year. In response, officers advised that different people received different service charges, so it was difficult to compare in a meaningful way. The Panel sought assurances about whether the total increase in service charges was over the level of LAR rent increase of CPI inflation plus 1% (2.7%). Officers agreed to come back with a written response about what the percentage change was for total amount of service charges across the board and whether it was more than 2.7%. **(Action: Kaycee).**
s. The Panel queried the discretionary 5% increase of rents and whether this was reflected in the table showing proposed average weekly rent for 2025/26. In response, officers advised that the 5% increase only applied to new properties or re-lets. The impact on affordability for people on benefits would be negligible as it would still be well below the LHA cap. The people who it would affect were the one-third of tenants who paid their own rent, either in part or in full. The Cabinet Member emphasised that to date this had only affected those who had received a new or re-let property since the policy change was made last year. Of the 15000 tenancies, it was estimated that so far this would apply to around 300.
t. The Panel enquired about street sweeping service charges, and why this wouldn't be covered by Council Tax. In response, officers advised that this was specific to blocks and estates within the HRA, which was separate to the General Fund.
u. The Panel also queried the service charge for converted property cleaning. Panel Member suggested that these were likely to be small, converted properties with a very small communal hallway. It was commented that it was very difficult to envisage somebody coming out to clean such spaces. Instead, tenants would invariably do it themselves. In response, the Cabinet Member advised that it was important to say that not everyone in a converted property would be charged this service charge, however if you were charged it, you would be receiving the service. Officers advised that if there were any specific examples of people being charged and not receiving the service, then they would encourage Members to email them outside of the meeting.
v. In response to a question, officers advised that there were very few properties in the borough that would hit the formula rent caps. Formula rent was a complicated formula, based on a sample size of properties and average incomes. Officers also set out that a lot of new builds and those properties coming online in the near future, would be based on London Affordable Rent, which was specifically derived from the rent cap figure. Officers clarified that London Affordable Rent was a fixed rate across London, whereas formula rents involved a calculation. The Panel requested a breakdown of average rental charges across the different bedroom categories for new-lets/re-lets in 2025/26 on formula rent properties. **(Action: Hannah/Robbie).**
w. In response to a question about the Haringey Community Benefits Society (HCBS), Officers advised that the properties were leased to the HCBS for a maximum of seven years and the properties would then revert to being socially rented properties within the HRA. The seven year timescale was because this was the maximum possible without approval from the Secretary of State.

Haringey was speaking to the government to see if the length of leases could be extended.

x. The Panel sought assurances about how confident the organisation could be with the proposed service charge changes set out in the report. In response, officers advised that the process involved looking at the in-year costs to forecast what next year's costs would be and then an uplift was applied. The draft budget was set using in-year costs up to November, it was noted that these would be more robust by the time the February final budget was set. Finance gave assurances that they did not expect these number to change much.
y. In response to a question about rent flexibility, officers provided assurances that nobody who was on a formula rent, would be paying LHR rates unless they moved into an LAR property.
z. The Panel reiterated their concerns about the impact of voids on the revenue budget of the Council and the need to tackle this a priority. In response, officers advised that a significant amount of resource had been allocated to deal with voids, both internally and externally, in order to get it down to 200 by the end of the financial year.
aa. The Cabinet Member advised that there was a Hardship Fund within the HRA of £300k, which was initially set up following the increase in energy costs. This fund was administered by the Financial Inclusion team and its purpose was to support tenants to keep them in a sustainable tenancy.
bb. The Panel enquired about bad debt provision and why the current figure seemed higher than it had in the past. In response, officers advised that the figure was based on current performance and the 2% figure represented what it was anticipated next year's figure would be, based on current levels. It was anticipated that in subsequent years this would come down to 1%.
cc. The Panel enquired about rent collection levels. In response, officers advised that current collection levels were between 97.5% and 98%, which compared favourably across different London boroughs. Haringey had seen year-on-year improvements in rent collection levels in recent years.
dd. In relation to table 6.1, the Panel queried why the Housing Demand line of expenditure remained the same across the business plan. In response, officers advised that this was a historic staffing contribution cost for Housing Demand from the HRA for things like allocations and lettings. Officers advised that they were going to look at the figure as part of future business planning in order to ensure that it was current and accurate.
ee. In response to a request for clarification, the Panel was advised that the capital financing costs were the borrowing costs needed to service the debt in support of capital scheme. The contributions to major repairs was ring-fenced depreciation, and the revenue costs to capital was effectively the surplus, that was used to fund capital projects.
ff. The Panel queried why there had been a substantial increase in expenditure on major works compared to last year. In response, officers advised that the budget had been re-profiled to bring the spend forwards, but the overall amount was the same. It was noted that the Major Works budget and the Carbon Reduction budget had been combined into one spending line. The projections for this budget were based on recent stock inventory data.
gg. In response to a question, officers advised that the partnering contract had gone out to tender and submissions were due on 10th January. It was

anticipated that mobilisation and work starting onsite would happen in September 2020.

hh. The Panel sought assurances about how the service had managed to reduce costs by 14% but still deliver the same amount of new homes. In response, officers advised that the main drivers were; a reduction in construction costs, looking at designs and value engineering, a flexible procurement approach, and a move to use steel frames rather than concrete due to their respective costs. The Panel received assurances that there was no reduction in the quality or design of the buildings and that most of the changes made wouldn't be noticed. It was suggested that this was more of a standardised approach rather than a reduction in quality, and that the service was still targeting net zero carbon and Passive House on every scheme. It was also suggested that as more houses were being built the team were getting a lot better at doing it.

ii. The Panel sought assurances around whether the budgeted C. £8m a year in fire safety works was enough. It was noted that this was a projection based on all of the available survey information that was available. Officers advised that this figure was as robust as it could be. It was also commented that Phase 2 of the Grenfell recommendations may impact the cost, notably, if the definition of a high-rise building was altered. The Panel was advised that the budget was the amount needed in order for the Council to be compliant with regulations. As more intrusive surveys were undertaken, the costs could increase. It was emphasised that the most important priority for everyone was the safety of buildings and residents.

jj. The Panel sought assurances around what was happening with Cornwall Road and the Red House. In response, officers advised that unfortunately the contractor had gone bust for Cornwall Road. It was suggested that overall the Council had been quite fortunate with its contractors, given current market conditions. In relation to Red House, officers advised that this was an acquisition rather than direct delivery and that delays had been due to contractual wrangling with the contractor. It was anticipated that this would be completed by April 2025.

kk. The Panel asked about the downward trajectory on spend on new homes acquisitions in the plan. In response, officers advised that this was a reflection that the plan was oriented to delivery of 3000 new homes and that as the organisation got closer to that number, there were less acquisitions programmed in. The Cabinet Member advised that further details about delivery of new homes above and beyond 3000 would be announced in the future.

ll. The Panel requested an update around Lendlease and the High Road West scheme, in response officers advised that the plan reflected the fact that some expenditure had been moved due to issues with the contractor. Officers advised that they were in discussion with Lendlease about the future of the scheme, but that they could not say anything more in a public forum at this stage.

mm. The Panel sought assurances around the fact that only 74% of properties had been surveyed as part of the stock condition work and questioned whether the remaining properties would be surveyed as well. In response, officers confirmed that was the case, and that the Regulator expected that 100% of the stock would be surveyed every five years.

nn. The Panel queried whether there was a relationship between the reduction in spend on external providers of supported housing and providing more

supported housing in-house. In response, officers acknowledged that there was a relationship and advised that they were doing some work to ensure that the client group for whom they were developing supported housing took an approach that delivered cost savings or cost avoidance in the General Fund.

oo. The Panel commented that they would like to see more comms done about the Council's bespoke homes programme and individual cases studies of people who have received a new home and the difference it has made to their lives. The Cabinet Member acknowledged this request and advised that it could be difficult to get residents to talk to the Council and be part of comms campaign.

pp. In response to a question, officers advised that the money put into Housing Demand from the General Fund, was an additional top-up in addition to the acquisitions programme and that the figures for this were baked into the wider acquisition programme, rather than be represented by a separate line in the budget.

qq. The Panel questioned whether the Decent Homes standard included decorating, painting rusty railings, and smartening up communal areas. In response, officers advised that it did not, but that a separate programme was being developed to tackle this and Parklands had been identified as the first estate that would be used as a pilot. Officers advised that it was a joint programme with Estates and Asset Management and that it would be partly funded through the HRA and partly funded through the General Fund.

rr. The Panel congratulated the Planning Service on having won Local Authority of the Year at the Planning Awards.

RESOLVED

I. That the Panel noted the HRA's current financial position as set out in the report which sets the foundations for the full draft budget for 2025/26 and 2025/26-2029/30 Business Plan.

II. That the Panel noted that the final HRA 2025/26 Budget and 2025/26-2029/30 Business Plan would be presented to Cabinet on 11th February 2025 and for final approval at Full Council on 3rd March.

220. NEW ITEMS OF URGENT BUSINESS

N/A

221. DATES OF FUTURE MEETINGS

6th March

CHAIR: Councillor Alexandra Worrell

Signed by Chair ……..

Date ……