

## **Scrutiny Streets, Environment & Homes Sub-Committee**

Meeting of Scrutiny Streets, Environment & Homes Sub-Committee held on Tuesday, 15 March 2022 at 6.30 pm via Microsoft Teams

### **MINUTES**

**Present:** Councillors: Leila Ben-Hassel (Chair), Kola Agboola, and Jade Appleton  
Reserve Members: Councillors Clive Fraser and Michael Neal (substitutes)

**Also Present:** Councillor Patricia Hay-Justice

**Apologies:** Councillors Jeet Bains (Vice-Chair) and Louis Carserides, Luke Clancy and Caragh Skipper

### **PART A**

#### **7/22 Minutes of the Previous Meeting**

The minutes of the meetings held on Tuesday 30 November 2020 and Tuesday 1 February 2022 were agreed as an accurate record.

#### **8/22 Disclosure of Interests**

Councillor Jade Appleton informed members of her work with colleagues connected to the Housing Revenue Account (HRA) at the Local Government Association (LGA).

#### **9/22 Urgent Business (if any)**

There were no items of urgent business.

#### **10/22 Update on the Housing Improvement Board, and the development of the Croydon Housing Improvement Plan**

The Sub-Committee considered a report set out on pages 5 to 34 of the agenda which provided an early draft version of a report due to be considered by the Cabinet on 21 March 2022, on the Housing Improvement Board, and the development of the Croydon Housing Improvement Plan. The Sub-Committee was asked to review the information provided in the draft report and consider whether it wished to make any comments or recommendations

for submission to the Cabinet. The conclusions agreed by the Sub-Committee would be reported to the Cabinet at its meeting scheduled for 21 March 2022.

The Cabinet Member for Homes introduced the item and summarised the key points, highlighting the work done since March 2021 and identifying the fact that there is still more to do around repairs and governance. The Interim Corporate Director of Housing reminded colleagues of the previous draft report which had been provided immediately after the publicity around Regina Road. Members noted the work done following comments made by the Scrutiny Panel and the reaction of the Regulator of Social Housing who had been unimpressed with the plan at that point. In addition, the draft Plan had been reviewed by the Housing Improvement Board who had been of the view that it needed to be more accessible and more focussed. The Plan had since been re-drafted to define a number of key outcomes and milestones with metrics in place for monitoring progress. The Plan would focus on five key areas and would be a live document which would have increased input from the Housing Improvement Board.

The Chair referred to previous feedback and asked colleagues whether past recommendations had been taken into consideration. The Interim Corporate Director of Housing responded that the Plan had captured the recommendations and officers were intending to revisit the Plan to monitor work as it progressed and that this would be included in service planning for 2022/23. The Sub-Committee were informed that evidence of resident engagement and mapping would be included under one document at a future date and feedback from the Housing Improvement Board had also included a requirement for resident engagement to be captured into the Plan.

In response to questions about what plans were in place to engage with residents so that they would feel that the Plan was fit for purpose, the Cabinet Member for Homes informed the Committee that a series of task and finish groups and engagement groups were coming together to report to the Housing Improvement Board. Tenants were now able to have more say and were better empowered with feedback being reviewed to ensure that it informed future action.

The Sub-Committee raised concerns about trust levels and mechanisms that would allow the Council to foresee future issues; it was noted that the introduction of an IT system which could provide a better understanding of trust issues was being considered but was still at an early stage. The Sub-Committee heard that individuals not only needed to be heard but also assured that their decisions were delivered and that budgets needed to be devolved further to benefit tenants, with mechanisms bolstered to ensure delivery was as promised. Survey work was being done around repairs and sampling of a larger group of residents was underway to inform the council and improve feedback and communication. The Sub-Committee was reassured by this approach but felt that culturally there was still a way to go and were of the view that resources and information were key to improvement and needed to be a priority. Members stated that stock surveys had been

promised around Regina Road and were delayed and went on to query who was responsible for dealing with issues around stock condition data.

The Sub-Committee discussed the importance of resident engagement and Members raised concerns about lack of capacity and the chances of this leading to the council being unable to respond to requests. Members heard that capacity was the biggest challenge and were informed of work being done around recruitment. Members noted that the new Corporate Director of Housing would begin employment with the council in May 2022.

Officers informed the Sub-Committee that progress had been made with more resources in place and the Interim Corporate Director of Housing referred to the stock condition data survey which would be a costly piece of work done through external consultants. The Sub-Committee heard that costs would amount to the lower end of hundreds of thousands of pounds, with the Director of Housing - Estates & Improvement as the lead; Members were informed that this data would provide a degree of certainty around the council's future investments.

The Chair asked about information retention and the importance of the council having policies to adhere to in terms of documentation management. The Interim Corporate Director of Housing referred to the process being implemented to develop a newer and much more effective system to record stock data condition and it was stated that this should address some of the issues raised.

Members acknowledged issues and referred to the original draft of the Housing Improvement Plan which had specific start and end dates which linked into the ARK Consultancy report and noted that these were not included in the current version. The Sub-Committee asked if the Tenants and Leaseholders' Panel performance indicators needed to be brought forward to allow them to be included in the Housing Improvement Plan. The Interim Corporate Director of Housing addressed Members' comments and updated them on recruitment. It was acknowledged that there were crucial vacancies within the service and the Sub-Committee were assured that capacity to audit building data would be in place with June 2022 as a realistic timeline.

The Chair referred to the format of the Plan and raised concerns that there appeared to be a lack of accountability and asked for more clarity about who to go to for updates if needed; they felt that key priorities were unclear within the Plan and that anticipated end dates should be incorporated. The Interim Corporate Director of Housing took the opportunity to share internal governance information with Members and noted the Quality Assurance Framework project which highlighted milestones and actions with detail of who was responsible for governance. He agreed that a similar visual governance map with each action would be presented at the next meeting of the Sub-Committee to help clarify mapping of governance under the plan.

The Sub-Committee continued discussion on key priorities and important deadlines and the Chair invited further comments. Members were of the view

that officer visibility was important and that resident contact was a key issue; it was agreed that this is one of the milestones and it was noted that face-to-face contact and the structure of frontline managing systems were being looked at. Members praised the risk star register document as very clear and helpful and asked for a demonstration of priorities and risk levels. In response to questions about key risks, officers agreed that more risk work is required and outlined some of the work currently being done alongside a workshop in March 2022 to address this. Members stated that complaints and compliance procedures needed to be easier for tenants to access as previously recommended.

Members asked how Housing Improvement Plan could guarantee that issues raised around Regina Road would not happen again and how escalations could be captured and issues around complaints made clearer for residents. Officers outlined ways in which the council is responding by providing solutions via improved management of repairs, provision of contracts and dealing with complaints.

The Sub-Committee heard that work was being done with resident representatives to agree standards of complaints and staff were being trained to achieve clear expectations. The Interim Corporate Director of Housing agreed that the service was not responding to complaints within the timeframe in the Plan and stated that this was being looked into. In response to a question about how associated metrics and main compliance indicators would be used to monitor the effectiveness of the Plan, the Sub-Committee were informed of processes currently underway for collecting data and agreed that progress would be judged with other performance data.

In reaching its recommendations, the Sub-Committee came to the following:

**Key conclusions:**

1. The Sub-Committee recognised that a lot of work had gone into delivering the improvement plan and improving housing conditions, though this had not happened as quickly as desired. This meant that a number of key milestones in the plan were scheduled for later than the Sub-Committee would have liked to have seen. The Sub-Committee recognised that this was at least in part due to the need to create capacity within the service and Members were reassured that the corporate Programme Office was now playing a full role in helping to manage delivery of the plan.
2. The Sub-Committee were reassured that the plan was underpinned by a professional and robust programme management approach and was of the view that they would be further reassured if the detailed programme could be shared with them for review at a future meeting.
3. Given the urgency around Housing and Tenants improvement, the Sub-Committee felt that it should continue to scrutinise progress of the delivery of the Improvement Plan on a six-monthly basis
4. The Sub-Committee recognised that delivery of the Improvement Plan was entirely dependent upon staffing capacity within the organisation, and felt that it would be beneficial for the incoming permanent

Corporate Director of Housing to provide an update on staffing capacity to deliver the plan to a future meeting in approximately 3 months' time.

**Recommendations:**

1. The Sub-Committee to receive the detailed programme documentation followed by an officer briefing on it.
2. While recognising that they are separate assurance processes, it is recommended that, in order to avoid duplication of monitoring of the delivery of the improvement plan, the Sub-Committee should meet with the Independent Housing Improvement Board to discuss the roles that both forums play in monitoring and scrutinising the delivery of the plan with recommendations noted and agreed before any amendments of the plan are finalised; and how the two forums can work as value adding partners in this important role.
3. The Sub-Committee further agreed with the Housing Improvement Board's feedback that any changes to the plan should be agreed by the Board (not just delegated as per the Cabinet recommendation).
4. Considering key risks inherent to staffing capacity within the organisation, the Sub-Committee would welcome an update on staffing capacity to deliver the plan by the incoming permanent Corporate Director of Housing at a future meeting in no later than 3 months' time.
5. That although a streamlined version of the plan for ease of access is welcome, the plan available publicly should be amended to include greater detail on when specific actions would be delivered by; who would be responsible for delivering them; the processes that would be used for managing their delivery; and a clear sense of how improvement actions would be delivered. This should include the order in which actions are being prioritised. Any prioritised amendments should be approved by the Housing Improvement Board so there is a clear line of understanding and justification. The committee feels that would help address the Ark's report point on the importance of improving clear lines of accountability.
6. That Cabinet assures itself that risks relating to document management (incl. version control) are being properly mitigated by having good practice documentation management and retention systems in place. This would enable the plan being treated as a live / rolling document without risks while enhancing transparency of how the plan evolves over the improvement journey.
7. On engagement, the Sub-Committee is reiterating a previous recommendation to produce an engagement and communications plan to be appended to the Improvement Plan and reviewed by the sub-committee and the Housing Improvement Board before approval. This should be done no later than the next 3 months as this was raised at the Sub-Committee July's meeting.
8. That Cabinet assures itself that risks relating to the delivery of the new Housing Service IT system, would impede many actions of the plan and should therefore be prioritised as this new system would enable a significant improvement in enabling data collection on contacts made to

the Housing teams – the analysis of which could be passed onto residents, members and others in a timely manner.

9. The Sub-Committee reiterated a previous recommendation from its July Committee that data from the responsive repairs contractor must be shared with the appropriate Management team in order to form a dedicated plan to deal with historic repetitive calls and have a more responsive and effective prioritisation of repairs calls as well as flagging any repetitive calls that would require management to intervene to speed up resolution thus improving tenant's experience.
10. That Cabinet also considers the comments and recommendations made on the Improvement Plan by the Independent Housing Improvement Board for inclusion in future iterations of the Plan which are then brought back to the Sub Committee and Housing Improvement Board for consideration.

## **11/22 Housing Revenue Account Business Plan**

The Sub-Committee considered a report set out on pages 35 to 58 of the agenda which provided an early draft version of a report due to be considered by the Cabinet on 21 March 2022, on the 30 Year Business Plan for the Housing Revenue Account (HRA). The Sub-Committee was asked to review the information provided in the draft report and consider whether it wished to make any comments or recommendations for submission to the Cabinet. The conclusions agreed by the Sub-Committee would be reported to the Cabinet at its meeting scheduled for 21 March 2022.

The Interim Corporate Director of Housing provided an overview on the Housing Revenue Account (HRA) which it was noted had been self-financing since 2012. As a result of the government redistributing all council housing debt from across the country according to a complex formula, Croydon Council received £200 million in debt from their housing stock. The HRA was ring-fenced for landlord activities and could not be used to subsidise general funds although the Sub-Committee heard that there was a continuous transfer of funds. Members were reminded that Croydon had a large amount of housing stock which needed to be maintained. The recommendation from central government was to develop a HRA Business Plan that detailed how this would happen and the period of time over which it would take place, with a recommendation of 30 years.

The Sub-Committee were shown a spreadsheet with assumptions around financial implications and the Interim Corporate Director of Housing outlined a summary of the HRA Business Plan detailing spend and income. The Sub-Committee noted that the policy would stay in place until 2024 and that Croydon would be incorporating the 30 year recommendation. Members also noted that the proposed HRA Business Plan focussed on the affordability of maintaining the council's stock. The Business Plan set out the council's finances over the next 30 years based upon assumptions such as rent levels, and Members were of the view that data held on stock condition showed a substantive backlog of work was required and capital spending could only be

increased over a number of years to bring stock up to standard. The report further highlighted in detail the HRA Revenue balance, the Capital expenditure and risk and Members heard that this would inform the capital programme for the next year and enable decision making around building reserves, etc.; the Asset Management Strategy would address how the money would be spent.

Members thanked officers for the information on stock status but raised concerns around increased management costs and were informed that the operating service per unit was higher in Croydon than the national average, but that debt per unit was higher. The Sub-Committee requested detail of how these metrics worked and were of the view that it would be interesting to see how this compared to other outer London authorities. It was noted that loan to value is higher in Croydon and Members requested clarification on this. The Interim Corporate Director of Housing responded that he felt that the margin of gross management and repairs was not staggeringly different from other boroughs but agreed that more work was needed to look at these figures in detail.

The Chair stated that further commentary on how the benchmarking data was captured was very helpful. The Sub-Committee noted that HRA debt had increased since 2013 and were informed that this was mostly due to acquisitions rather than investment in the existing stock. Members asked if Croydon had the structure and staff in place to ensure that the information was correct and heard that the review of the HRA budget was done without the Business Plan, which would now address the Asset Strategy. Officers informed the Sub-Committee that information on capital spending would be going to Full Council in January 2023, with submission before then. Members were of the view that capacity remained an issue and that there was a reluctance to use consultants to undertake the work to alleviate the pressure on staff. Officers agreed that capacity had been raised formally and was an operational issue which was being looked into and put forward for expertise to help with the workload. The Interim Corporate Director of Housing spoke about proposals to look at how consultants could add value, but stated that there were certain areas where ownership from within the organisation was vital. Savills had been used previously for the Business Plan and consultants may be used for work around the asset management strategy for some aspects.

The Sub-Committee discussed issues around delivery of carbon neutrality and costs related to debt and the availability of extra capital funding. Members were of the view that the council's approach to debt was not clear and needed to be included in the report; Members stated that it was important to review the strategic choices that the council had taken and whether poverty, state of repairs and improvement of system stock was considered. The Interim Corporate Director of Housing stated that transparency of costs was a priority. Members felt that the stock condition was poor and agreed that more spending would likely be needed in the future.

The Sub-Committee queried whether the council had a choice about state regeneration and developing a better mix on estates and asked what access the council had to external funding and Section 106 money. Members asked if the council was able to negotiate for affordable housing with developers as opposed to housing associations and how strategic shortages could be built up. The Cabinet Member for Homes reminded Members of the two priorities; these were to maintain existing stock and to bring stock up to a decent standard. The Sub-Committee were informed that the housing strategy would advise on what was required at the appropriate time.

The Chair discussed principles around good practice as set out by the LGA and asked about reserve levels and how these compared with other authorities. Members heard about how wider governance would be put in place within Housing to reconcile with the Business Plan as part of the 3-year annual internal review. The Sub-Committee discussed risk-management and Members asked for clarity on how risks would be reported and managed. The Interim Corporate Director of Housing agreed to look into how this was done and ways of building this into future work.

The Chair asked how the impact of benefit changes, cost of living issues and rent arrears were referred to within the Business Plan and was informed that this was assumed under the title of 'bad debt.' A broad assumption had been incorporated into the Plan but was not specific to this.

In reaching its recommendations, the Sub-Committee came to the following:

### **Key Conclusions:**

1. The Sub-Committee was positive that there was a clear financial model in place and felt that this was a positive outcome of the different services related to housing being brought back together under one directorate.
2. The Sub-Committee was not confident that the service had the required staffing capacity to deliver the works detailed in the plan and was concerned that lack of capacity and necessary skills would impede its delivery. The Sub-Committee highlighted the example that while the Council had capacity challenges in ensuring that it maintained an effective stock register, it would be unlikely that there would be capacity to deliver the actions related to achieving carbon neutrality within eight years.
3. The Sub-Committee questioned the basis on which the £27m budget for cyclical repairs had been set. Members were concerned that as greater levels of staffing capacity became available, the service would identify greater levels of need for repair and improvement works and that funds may be taken from the HRA reserves in the case of an over spend on the budgets allocated.
4. The Sub-Committee noted that the HRA reserve levels were being reduced to a minimum level of just over £8m in the short term and expressed its concern at this approach.

5. The Sub-Committee noted that the Plan does not include any future projects and that this would remain the case until the Asset Management Strategy was developed.
6. That future iterations of the business plan need to be informed by a thorough understanding of what aspects of demand the council's housing stock will lead on meeting when considered in the broader context of all Croydon's social housing providers. As such, the Sub-Committee would welcome the development of a clearer housing supply strategy that involved tenants in choosing which capital investments should be prioritised.

**Recommendations:**

1. The Sub-Committee noted that the housing department still had work to do in meeting some good practice principles, such as having an Asset Management Strategy, Treasury Management and that some elements of governance were being established and recommends that Cabinet acknowledges these shortcomings to the plan and asks the Housing Improvement Board to help it set an appropriate timetable for delivering these outstanding actions.
2. That, given the current healthy level of reserves available to the HRA, Cabinet gives consideration to seeking external capacity and resources in order to expedite the stock condition work and to accelerate the development of the asset management strategy.
3. That given the significant rise in energy costs, consideration be given to prioritising insulation works in the cyclical repair programme in advance of future Homes Improvement Grant funding becoming available through the Social Housing Decarbonisation Fund, priority for this must be met through having sufficient staff allocation and resources.
4. That Cabinet states more clearly in the HRA business plan the costs, budget and overall relationship with the delivery of the Housing Improvement Plan in cooperation with the members of the Housing Improvement Board.

**12/22 Exclusion of the Press and Public**

This motion was not required.

The meeting ended at 10.04 pm

**Signed:**

**Date:**

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