

# SCRUTINY PANEL

## 11 October 2022

*Present: -* Councillor Laws, Councillor Lilley, Councillor Lissimore, Councillor McCarthy, Councillor Scordis, Councillor Smith, Councillor Willetts

*Substitutions: -*

*Also present: -* Councillor Fox, Councillor Sunnucks, Councillor J. Young

### **364. Minutes of previous meeting**

*RESOLVED* that the minutes of the meeting held on 5 July 2022 be approved as a correct record.

### **365. Have Your Say**

Mr David Smith addressed the Panel pursuant to the provisions of Meetings General Procedure Rule 5(1) to draw its attention to the handling of a situation relating to water damage done to his property by a faulty drain between his property and a Council-owned residential property next door. On 10 May 2022 this had damaged an internal wall between the properties. A Council officer had checked the situation and Mr Smith had raised this with Colchester Borough Homes [CBH] to request that they rectify the situation. On 30 May CBH had offered a decorating voucher to Mr Smith by way of recompense. Mr Smith had then sought an independent quotation for the cost of repairs, which he had provided to the Council. The Council then informed Mr Smith that their insurer [Zurich Insurance Group] to discuss the situation. Mr Smith informed the Panel that he had received no response within 21 days and had initiated legal proceedings, seeking a county court judgement [CCJ]. He then received a response from Zurich Insurance Group on the following day. Mr Smith complained that the response from Zurich had been unsatisfactory and that the Council and CBH needed to do more to get a better service from their insurers.

The Chairman thanked Mr Smith for addressing the Panel, explained that the Scrutiny Panel did not have powers under its standing orders to do anything to address the individual matter itself, but asked Councillor Julie Young, Portfolio Holder for Housing and Communities, who was in attendance whether she wished to address the issue raised by Mr Smith.

The Portfolio Holder acknowledged that Mr Smith had experienced a long process to seek a resolution to the issue and expressed her regrets that it had taken so long to move towards a resolution. Matters of insurance sat within the remit of Councillor Mark Cory, Portfolio Holder for Resources, so the Portfolio Holder for Housing and

Communities gave assurance that she would raise this with Councillor Cory, giving further assurance that she knew that this situation was being taken seriously.

Mr Smith pressed the Panel and Portfolio Holder to urge that the Council learned lessons from how the situation affecting his property had been handled, especially as there may be other residents facing similar problems but without the same means to pursue a resolution than Mr Smith himself had been able to employ. Mr Smith gave the observation that annual inspections no longer seemed to be carried out on CBH-managed properties which, in his opinion, led to problems worsening and costing more to mend in the long term.

The Chairman gave assurance that Mr Smith's comments and the response given would be captured within the minutes of this meeting and sent to the Portfolio Holder for Resources for his attention.

A Panel member asked whether other claims made on insurance policies held with Zurich Insurance Group could be examined to see which had been settled and which had been challenged or investigated. At the suggestion that the member might wish to write to the Portfolio Holder for Resources to request he order a review, the Panel member informed the Panel that he had already raised the issue and received no response from the Portfolio Holder.

*RESOLVED* that the minutes covering this part of the meeting be drafted and a copy sent to Councillor Mark Cory, Portfolio Holder for Resources, for his attention.

### **366. Items requested by members of the Panel and other Members**

Councillor Mike Lilley requested that the Panel conduct an investigation into the handling, by Zurich Insurance Group, of insurance claims made on Council policies, specifically to include information on the number of claims settled and the number investigated, challenged or refused.

The Chairman suggested that a briefing report be produced by officers to cover information and data relating to claims made to Zurich Insurance, to be circulated to Scrutiny Panel members so that the Panel could decide whether to add this to its work programme.

*RESOLVED* that officers produce a briefing report to cover information and data relating to claims made to Zurich Insurance, including data on the proportions of claims paid out/settled, challenged, investigated and/or refused, to be circulated to Scrutiny Panel members at the earliest opportunity so that the Panel could decide whether to add an item on this subject to its work programme.

### **367. Review of Colchester Borough Homes Performance 2021/22**

**Councillor Smith (by reason of connections with St Anne's Hall Community Association and Youth Club, both being recipients donations from the Community Fund) declared a non-pecuniary interest in the following item pursuant to the provisions of Meetings General Procedure Rule 7(5).**

The Chairman welcomed the Panel's guests from Colchester Borough Homes [CBH], and Councillor Julie Young, Portfolio Holder for Housing and Communities.

The Portfolio Holder introduced the item, noting that 2023 would see the 20<sup>th</sup> anniversary of the creation of CBH and that she had sat on the Shadow Board which oversaw the company's founding, and then sat as a member of its first board of directors. The Portfolio Holder praised the work of CBH and its strong partnership with the Council.

Philip Sullivan, Chief Executive of CBH, presented the highlights and key points of the annual report being presented to the Panel. This covered subjects such as the demographic and diversity data relating to the Council's tenants, with an assurance that CBH used data effectively to inform and direct its work. The Panel were informed of the 35 homes which had had to be sold, under 'Right to Buy' provisions, as well as the 100 homes added to the Council's stock through a variety of means. This project aimed to bring good-quality homes into use, with all homes brought into use via the scheme having an EPC [Energy Performance Certificate] rated C or better.

Overall, performance in the key areas monitored was rated as either 'good' or 'very good'. High satisfaction rates had been recorded, which compared well to the rates recorded by CBH's peers.

Problems had been experienced with average letting times, but the average time to re-let a property had reduced from the 30.96 days recorded in the report, and now stood at 23 days.

The Chief Executive provided an update on any eviction proceedings, explaining that Covid-19 had meant a protracted period when no court dates had been available, leading to a backlog. Whilst eviction proceedings remained the option of last resort for CBH, where this had proven necessary, the lengthened waiting time for court action had resulted in the accruing of rent arrears in those cases awaiting court proceedings.

The Panel were informed of the ongoing work to maintain the Council's housing stock and to ensure its quality, even in the face of challenges presented by a tough labour market, which also affected CBH's contractors. 99% of homes had now obtained an electrical safety certificate in the past five years. Building safety remained a priority, and would continue to do so, with CBH mindful of the Social Housing Regulation Bill currently before Parliament. This was expected to lead to more proactive regulation, inspections and additional requirements relating to the Company's key performance indicators [KPIs].

Examples were given of CBH's work in the Borough's communities, including engagement work with residents. More work was now able to take place in person, following the pandemic and end of lockdowns. CBH continued to listen to its tenants and engage with their views, widening the ways in which it did so, and having communication options open to all residents in Council homes.

The work of CBH in addressing, preventing and reducing homelessness was outlined. The Company's priority was to prevent homelessness. During 2020-21, 1,157 homelessness applications had been received by the Housing Solutions Team. 298 instances had been recorded where homelessness was prevented or relieved. 38 people had been helped through initiatives for reducing rough sleeping.

Dirk Paterson, Chairman of the CBH Board, emphasised the importance of using data effectively, benchmarking performance against that of peers across the East of England. Many KPIs were shown to have been rated as good performance at low cost. Neighbourhood Management was rated as high cost due to the proactive work done by CBH to further improve the quality of its services. Indicators were moving in a positive direction, with CBH doing well but still finding ways to improve further. The cost per property of works done on void [untenanted] properties was discussed, with CBH comparing favourably to its peers and providing a low average cost for its work. The Board of directors had been taken to see the void property process in action, to see of what this consisted. Work on empty properties was done to a high standard, but still at a relatively quick speed compared to the Company's peer group.

Compared to the median cost of managing properties, CBH carried out its duties at a cost effective level within the East of England peer group. Overall, compared to the median per annum cost of managing properties, CBH managed the Council's properties at £3m per annum less than the median per annum cost for managing properties across the East of England peer group.

The Company's risk management approach was discussed, with risk management being a priority of the Board. Two days per year were scheduled for the Board to hold away days to conduct deep dives into the Risk Management Strategy and registers.

The CBH Strategic Plan was outlined, based around the three priorities of 'Customers', 'Colleagues', and 'Communities' and examples were given of the Company's outreach work to take this Plan forward to engage with communities. This included 'Warm and Toasty' clubs, work with charities and local groups, planting projects and initiatives such as 'Box Smart', a club for children to learn to box.

The Company's involvement with the production of high-quality new stock, such as on the former garage sites, was highlighted. The renovation of Elfreda House had proved challenging but was on track.

Action to reduce carbon footprints included use of photovoltaic panels on over 2,500 properties, heat pumps and other technical solutions, alongside insulation. Out of a stock of roughly 6,000, only around 900 properties had an EPC rating of D or lower. Whole-house refits would be needed in order to achieve carbon neutrality. Ways to achieve this goal were being investigated. 5,679 loft insulations had been completed, as had 5,485 cavity wall insulations.

Governance arrangements at CBH were outlined, led by the Board. Half of the Board were women, with three of four Board committees being chaired by women. The Board was actively engaged in work, guided by the values of CBH. The Board remained focused on addressing the rapidly-evolving requirements for regulation and

compliance, and on hearing from residents on such matters as the effects of the 'cost of living crisis.' Challenges included staff retention difficulties caused by other employers being able to offer more-generous pay.

The Management Agreement between CBC and CBH had previously been extended and was in place until August 2028, but CBH was planning further into the future. The provision of the next generation of housing was a key consideration. CBH would continue to work with Council colleagues and the Portfolio Holder to ensure that all housing KPIs continued to improve, as a key part of succeeding in providing a low-cost, high-quality service to the Council.

Councillor Sunnucks attended and, with the consent of the Chairman addressed the Panel to praise the performance of CBH, but also to urge closer scrutiny of the financing and accounts of the company. Councillor Sunnucks stated that the management fee was over £14m, which equated to over £2,000 per house per residential property per year, noting that this was greater than the per property cost given in the report provided [£1,019.60]. Councillor Sunnucks asked whether the management fee was set as a fixed-price or cost-plus contract and urged that CBH should be kept concentrating on minimising costs.

Councillor Sunnucks voiced disquiet that, once pension liabilities are considered, it appeared that CBH's financial position seemed unviable, and stated concern that expected changes would necessitate careful planning.

Councillor Sunnucks asked whether the Capital Programme included the purchasing of properties.

Regarding the questions relating to CBH's pension liabilities, the Chairman directed that it would be unfair to insist on answers to be given at this meeting, given that this did not form part of the report before the Panel. Philip Sullivan, CBH Chief Executive addressed Councillor Sunnucks' concerns explaining the different deficits relating to the pension scheme, such as any deficits shown in the triennial valuation, which are often dealt with via an individual annual deficit payment, or a change in employer contribution, such as the last time this arose where the employer contribution was increased from 16% to 20%. The debt shown in the accounts was explained as an actuarial debt which would only materialise in the event of a 'cessation event', which would be a circumstance when every employee left the scheme.

Councillor Sunnucks labelled the pensions liabilities as an existential risk for CBH and raised concern that this was not included in the company's strategic risk matrix, requesting that his concerns and advice that the situation be addressed be put on record. The Chairman covered the status of CBH as an ALMO [Arm's-Length Management Organisation] and suggested that more information could be sought from finance officers, following the meeting, to seek assurance regarding the pensions situation. The Chairman of the CBH Board gave an overview of the Board's scrutiny of the pensions situation, gave assurance that the company's auditors were satisfied and offered to share details with Scrutiny Panel.

The Panel discussed the performance benchmarking and asked if any views could be given as to how benchmarking measures might change across the length of the

Medium Term Delivery Plan and where burdens might fall most heavily on CBH. The Chief Executive expressed the view that there would be additional pressure on rent collection, with arrears expected to rise as a result of increased cost of living. Tenants were being affected by inflation, and ability to pay rent was decreasing. The company did however expect to maintain its performance level in comparison with peers. Increased costs might be experienced, including from dealing with increases in mental health problems and from rising costs of repair works.

Addressing questions regarding the total cost per property figures for CBH, The Chief Executive explained that the discrepancy between the amount quoted in the report, and the higher figure quoted by Councillor Sunnucks, based on the overall management fee total. The difference was due to paying for improvement works and delegated budgets for other services provided by CBH for the Council.

The Panel queried the 2022-27 Delivery Plan and asked what assumptions had been made on the housing market and customers' ability to pay, and whether performance targets would need to be adjusted to take account of ongoing economic changes. The Panel were informed that CBH was being ambitious and had extended financial inclusion training to officers of the housing team. Challenges were being considered and plans drawn up to address them, including difficulties in contractor work, as a result of the economic climate. KPI targets were being based on benchmarking data and more information regarding assumptions made (relating to the Delivery Plan) could be circulated to members following the meeting, if they wished to see it. The Chairman requested that this be done.

The renovation of Elfreda House was discussed, and the Chairman of the Board gave assurance that work had progressed, even in the face of problems caused by Brexit and Covid.

Praise was given to the Councillor enquiry service at CBH, and Panel members asked for more information on how the company would help residents maintain warmth and cope with energy costs. The Chief Executive explained the company's work with the Council on the 'help to heat' scheme, targeting properties with an EPC rated D or worse, of which the Council owned around 900. Ways to monitor energy usage and its effect on tenants were being set up and signposting to help for residents had been put in place. £2.5m had been earmarked for work to improve all properties with an EPC rated D to bring them up to C rating along with the preparation of a bid for funding to the Social Housing Decarbonisation Fund. The Panel discussed potential acceleration of this scheme and the Chairman of the Board promised that the company would work to assess whether this would be possible.

The Panel questioned a range of aspects of the work of CBH, asking about the company's relationships with further education colleges, provision of apprenticeships and prioritising of people with local links for housing. The Chief Executive confirmed that the company offered apprenticeships, albeit wanting to do more, as well as being involved with training initiatives expected through the Garden Community project. Regarding prioritisations for housing, the company adhered to the legislation guiding assessments of need and homelessness duty. The Council and CBH worked well together to deal with rough sleeping locally and was one of 20 local authorities

in the UK consistently recording that there were fewer than 10 rough sleepers in its area.

The Panel were told that the national policy pushing the sale of council housing was a problem and continued to hurt social housing. Added to this, the increase in mortgage costs would increase the problems caused by private landlords being less able to ease pressure on housing provision. Current national policies weren't working, and the Chairman of the Board argued that the situation was putting lives at risk. The Portfolio Holder explained that the social value of housing is quantified in the procurement hub and that the Panel would receive a report in November on local links and how these related to lettings.

The Panel asked for information as to how housing officers and other staff were coping with stress, how many properties each officer covered and whether any areas had experienced recruitment problems. The Chief Executive agreed that a number of colleagues had been through difficult times, and the caseloads of housing officers had become more and more complex, with increasing challenges faced by residents. Each officer covered around 700 properties. Recruitment was difficult, and especially so in certain areas such as IT, asset management and specialist roles relating to electrical and mechanical work. The labour market was currently challenging. A member of the Panel raised concern that housing officers had workloads that were too heavy, which had increased whilst officer numbers had decreased. It was queried whether more officers could be recruited.

The Panel examined the relationship between Council and CBH and how much of this involved autonomous working, and how much was directed by the Council. The Chairman of the Board explained that shared services are being considered and confirmed that the Council set the pay scales for CBH too. The company wanted to deliver on the Council's priorities and work collaboratively, but problems with recruitment and retention were experienced due to the restraints on pay. The Portfolio affirmed Cabinet's commitment to working with CBH, with ways to get leaner service provision through collaborative working.

The Panel thanked the representatives of CBH and the Portfolio Holder for their work.

### **368. Briefing from Councillor Julie Young, Portfolio Holder for Housing and Communities**

Councillor Julie Young, Portfolio Holder for Housing and Communities, presented the highlights and areas of work within her remit. Housing remained the major part of her work.

The Portfolio Holder noted that Colchester had a reputation for being welcoming and having a commitment to help provide housing. Owing to the level of support provided by the Council, the Home Officer sent a number of refugees to the Borough, including around 70 housed at the Marks Tey Hotel, which was set to rise to 220. Private landlords were making properties available for Home Office use. The Portfolio Holder flagged up that there was evidence that some landlords had evicted sitting tenants in order to do this. The system for offering housing to refugees was outlined, with around 300 in the Borough set to rise to around 500. A £900k

Homeless Prevention Grant was received each year from central Government; the Portfolio Holder argued that more lobbying would be necessary, seeking an increase in this grant to cater for the planned increase in numbers. The Council continued to work with the County Council to facilitate the accommodation of Ukrainian refugees with local families. Supporting refugees was a huge task, especially for those with major support needs. The work of 'Refugee Action' was praised.

The finding of homes for those on the Housing Register remained a major challenge. The Capital Programme had delivered 170 new affordable homes, with 39 from section 106 agreements between April 2022 and September 2022. 71 had been added from the '100 Hundred Homes' project. Seven new builds had also been added to stock. New build properties built on former garage sites were detailed as high-quality accommodation with good EPC ratings.

The Council had received praise from its partner organisations, including in its work to improve community safety and to support policing. Colchester had an outstanding CCTV network of clear and effective cameras, linked to control room monitoring.

The cost of living crisis was a major priority with which the Council was assisting residents. Much work was ongoing, and the Council had increased its funding of the local food bank. The food bank was under pressures from decreasing supply and increasing demand. The Council worked with partners such as Community 360 and others to locate warm spaces and make them available for use by residents over the Winter. The Council was working with Tendring District Council in a unified scheme to provide stairlifts, benefiting from economies of scale to source units more easily. This was one part of the Council's work to assist in speeding up the ability for people to move home from hospital, in cases where home care was the option best suiting the individuals.

Elsewhere, the Council worked with the Winsley Alms Houses charity to convert ten current units into twenty new ones.

The Council continued to work to help provide options for improving fitness and physical health for residents in the more deprived areas of the Borough.

The Portfolio Holder was asked to detail the initiatives and changes which she had initiated in the months since she took up her position. The Portfolio Holder explained the drive for social justice being carried out within her remit, and her effort to influence and shape focus on this and priorities such as dealing with the cost of living crisis. The difficulties in recruitment were a problem, but the Council still retained excellent officers. Whilst efforts to reduce costs would continue, but demand for support would continue to rise and resources would be needed in order for the Council to provide help.

A Panel member praised Colchester's record in assisting refugees but noted that this had consequences to the Council's finances, stating that it might be thought that the Government grant was insufficient. The Portfolio Holder was asked how the work with refugees affected the Council's finances and its services to local residents. The Portfolio Holder explained that the Council didn't control where the Home Office placed refugees. This put pressure on local accommodation, including in the private

rental sector. Increases had been seen in rental rates and in the number of evictions. This, in turn, led to an increase in pressure on the Council's housing duties and this necessitated the lobbying of Government for an increase in grants paid.

A request was made for more information on the processing times for refugees and whether any success stories could be given. The Portfolio Holder informed the Panel that some refugees may be in placements for up to two years. Some successes had been seen, such as refugees housed in Colchester opening up a successful falafel business in Queen Street, and businesses being opened by refugees in Wivenhoe. Problems had been experienced by Afghans being billeted at the Rose and Crown Hotel, where some had reported feeling isolated and unsupported. Council officers were working to help support these individuals.

A Panel member enquired as to what support the Council might be receiving from local members of Parliament. The Portfolio Holder laid out the lobbying work being carried out to raise concerns at a national level, with the help of the Local Government Association. The importance of keeping local MPs informed of the situation was stressed, and the Panel member emphasised the benefits of local MPs being seen to be supportive of the Council's work.

The Panel discussed one Panel member's reports of complaints of antisocial behaviour and crime carried out in the vicinity of establishments used to house refugees, and questions as to how law breaking was addressed. The Portfolio Holder gave assurance that she was happy to look into any specific cases raised with her. A new supported living centre was being developed as supported living tailored to helping challenging individuals, and more police were being recruited. Brook Street and Saw Mill Road had been problem areas and the Police were focussing on these and other hotspots. A new Public Spaces Protection Order had been initiated and would last for three years. The first fine had already been issued. The Portfolio Holder advised that this subject could be discussed more fully at the Crime and Disorder Committee meeting scheduled for 7 November 2022.

A member of the Panel described the Hargood Close supported housing scheme for homeless people needing emergency accommodation. The Panel member had visited at the invitation of one of the scheme's residents in order to view how it operated. The build quality was stated as being excellent, but concerns were raised as to how it was run by Peabody. Complaints made by residents included a bare, locked play area with no toys allowed outside, and an indoor communal area which had been locked permanently since the onset of Covid-19. The Portfolio Holder was invited to visit and to talk and listen to the residents. An allegation was made that some residents had been threatened with a downgrading of their housing list banding if they were to refuse to comply with directions from Peabody staff. The Portfolio Holder gave assurance that she would be happy to visit and meet residents at the scheme.

The Portfolio Holder was asked if she was able to intervene where local providers of housing for those in need were found to not be meeting a high standard. The Portfolio Holder confirmed that action had been taken already, such as when Estuary Housing was found to have been giving a poor service. This had resulted in improvements in service quality and the Council had striven to build good

relationships with providers. The Portfolio Holder expressed her disappointment to hear of issues which had been raised concerning services provided by Peabody.

### **369. Work Programme 2022-23**

The Chairman noted the difficulty in scheduling all of the items for scrutiny within the meetings programmed for the remaining part of 2022-23. Owen Howell, Democratic Services Officer, confirmed that the delayed reports on Budget Strategy 2022-23 and on the Town Deal projects were now scheduled for consideration by the Panel at its meeting on 8 November 2022.

It was confirmed that the 2022-23 meeting of the Crime and Disorder Committee was now scheduled for 7 November 2022, having had to be rescheduled from its original date which fell within the national period of mourning for the death of Her Late Majesty.

Portfolio Holders' availabilities were still being pursued for briefings to be given to the Panel. Councillor David King, Leader of the Council had offered to give his briefing at the meeting on 14 February 2022, however this would also be the meeting including presentations from Councillor Pam Cox, Portfolio Holder for Culture and Heritage, and from local arts organisations receiving Council funding. Concern was expressed that this would result in a very long meeting. The Panel discussed this and agreed to cancel the scrutiny of the arts organisations. Richard Block, Acting Chief Operating Officer, suggested that an all-member briefing on the arts organisations could be organised instead. The Democratic Services Officer confirmed that work on arranging this briefing was already underway. The Panel welcomed this and expressed a preference for inviting the arts organisations back to present to the Panel in the last year of their current four-year funding agreements, so that performance could be compared to the funding agreements signed with the Council.

The Chairman informed the Panel that the Chief Executive had suggested that the Scrutiny Panel might want to scrutinise the Council's plans for celebrating and building on city status, and the strategy for this, prior to Cabinet deciding on the projects that would fall under this strategy.

A further suggested addition to the Work Programme was a review of the findings of the recent Peer Challenge undertaken by the Council. A report from the Challenge was to be produced and the Panel might wish to scrutinise Cabinet's response to this.

Thirdly, the Chairman raised the possibility for the Panel to scrutinise enforcement and enforcement policies at the Council, across subjects such as Planning, Licensing and Environmental Protection. This had been raised by the Chief Executive, speaking with the Chairman, as a way to amalgamate some of the ways in which the Council operated.

The Panel discussed the potential that more meetings would be needed, in order to allot sufficient time for each item and avoid hurried considerations. A member expressed support for adding items to scrutinise the Peer Challenge and draft strategy on city status, but expressed some doubt that the Panel could add value in

considering a wide-ranging item covering all Council enforcement and associated policies. It was suggested that some potential dates for extra meetings could be sought, in the event that these were required.

The Chairman informed the Panel that a requested item to scrutinise Cabinet dealings with Alumno could not yet be added to the Work Programme, and that the Chief Executive had advised that it was unlikely to be possible for the Panel to receive an item on this subject during 2022-23, given the Panel's wish for the scrutiny of this item to be done in public session if possible. This owed to ongoing legal processes.

*RESOLVED* that the Work Programme item relating to the arts organisations receiving Council funding be cancelled for 2022-23 and the next review of their work to be scheduled to fall in the final year of their current four-year funding agreement with the Council.