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A meeting of **Overview & Scrutiny Committee** will be held in Committee Room 1, East Pallant House on **Tuesday 15 September 2015 at 10.00 am**

MEMBERS: Mrs C Apel (Chairman), Mrs N Graves (Vice-Chairman), Mr P Budge, Mr M Cullen, Mrs P Dignum, Mr N Galloway, Mrs E Hamilton, Mr G Hicks, Mr S Lloyd-Williams, Caroline Neville, Mrs P Plant, Mr H Potter, Mr J Ransley, Mr A Shaxson and Mrs J Tassell

BACKGROUND PAPERS

- 1 Notes from the Hyde Task and Finish Group held on 24 June 2015
- 2 Notes from the Hyde Task and Finish Group held on 22 July 2015

Hyde Review Task and Finish Group
24 June 2015, 2.00pm
Training Room 1

Members present: Mrs A Shaxson (Chairman), Mr N Galloway, Mrs P Plant, Mrs C Apel (as Chairman of Overview and Scrutiny Committee), Mrs C Neville (as an observer) and Mrs S Taylor (as Cabinet Member for Housing)

Officers: Mr R Dunmall, Mr S Hansford, Miss L Higenbottam, Mrs B Jones and Mrs L Rudziak

1. Chairman's Introduction

- Apologies had been received from Mr Potter and Mr Ransley

2. Terms of Reference

- Terms of Reference were noted
- Overview and Scrutiny Committee (OSC) to endorse on 2 July 2015

3. Increase in housing service charges

1. Examples of service charge increases received by Hyde tenants

- 5772 out of 7890 social/affordable homes in Chichester district are Hyde properties with approximately 831 Affinity Sutton
- There is an inconsistency in rent and service charges of identical properties
- Some inconsistencies in pricing would be attributed to personal support
- The management charge for Hyde residents in 2012 was 8% and has almost doubled in three years
- The distortion in prices has resulted in some social rents working out higher than affordable rents
- Mrs Plant suggested analysing the housing status of those listed in the evidence to see how many actual tenants there are
- Mr Shaxson had spoken with a tenant who had informed all those standing for parliamentary election in his area about the increase to his service charges and has since received a reduction in charge
- Mrs Apel showed the group a poster displayed in all Hyde flats informing residents of the cleaning and maintenance they are required to carry out (which is subsequently included in their service charge)
- Many other tenants also received minimal maintenance for the service charges imposed
- The group agreed it would be worthwhile contacting the Local Government Association (LGA) to check if any other local authorities are undertaking similar work
- Members requested to see itemised service charge bills from residents

2. Analysis of Hyde rents and service charges

- Updates on appendix 3.1 were distributed showing Hyde had reduced service charges in three cases
- Hyde have started sending the Chichester District Council (CDC) Housing Benefits team weekly updates on service charge changes

- Mr Dunmall had carried out a comparison of service charges and rents since properties had last been advertised and identified increases and anomalies which had been created that needed clarification
- Mr Dunmall had also reviewed very recent corrections sent to Revenues and Benefits by Hyde and discovered a few minor reductions
- Mrs Rudziak explained that Hyde are in the process of creating a multi-tasking workforce to cut down on the number of contractors used and have a new management team
- Members agreed problems would continue if Hyde staff are not properly trained
- Mrs Rudziak offered to provide the group with the quarterly subsidy report which has a section for service charges but suggested this should wait until the full amendments to service charges sent to Housing Benefit are in place

3. Hyde FAQs on service charge increases

- Members agreed it crucial that Hyde explain the rationale behind the increases and how they are reasonable
- A download available on the Hyde website attributes the increase in charges to certain inspection tasks and administration costs
- Hyde did not discuss the sudden changes in charges with CDC and so it is unclear whether any consultation with tenants took place
- Hyde have an online document 'Your Service Charges Explained' which includes the process for appeals but do not say whether this is routinely issued to residents
- Hyde 'Frequently Asked Questions' state the service charge depends on what is reflected in the tenancy agreement
- Mr Shaxson asked if any other local authorities or organisations were discussing Hyde issues – no West Sussex authority is reviewing this
- Mrs Rudziak suggested enquiring with the Residents Assurance Committee
- Mrs Jones had seen no evidence through the Centre of Public Scrutiny

4. Citizens Advice Bureau examples of requests for help and advice due to financial hardship as a result of the increase in charges

- Mr Hansford explained that the Citizens Advice Bureau (CAB) had received two enquiries from Hyde residents regarding service charge issues which were included in the papers
- CAB had stated they had more general repair issues reported
- CAB staff will inform Mr Hansford if any Hyde residents present any further service charge queries

5. Legal review of housing statute re service charge increase

- The Landlord Tenant Act 1985 allows rent increases in line with tenancy agreements
- Tenants service charges should not be inclusive of charges to maintain the fabric of the property they rent
- Most housing associations impose service charges
- Mrs Plant asked what the overall role of the group was
- Mrs Rudziak explained that the Centre for Public Scrutiny Tenant Scrutiny guidelines which suggest two areas for the group to consider:

1. Referral of social housing providers to the regulator on the grounds of causing detriment to tenants
 2. Councillors/Scrutiny helping to support tenants to submit evidence to the Ombudsman
- Councillors can act as a representative for tenants at a tribunal but CDC cannot
 - Residents are likely to be charged approximately £500 to pursue a tribunal case however those on benefits could have court fees paid for them

6. Analysis of housing benefit increase

- Mrs Rudziak had hoped to provide the group with the quarterly Housing Benefit subsidy report which has a section for service charges but suggested this should wait until the full amendments to service charges sent to Housing Benefit are in place

4. Next meeting

Structure and format of meeting:

- A meeting will be held on Wednesday 22 July starting at 9.30am
- It will be held in private but with selected residents invited to give evidence to the group for the first half hour
- This will be followed by feedback and questions to Ms C Brown and any other representatives from Hyde
- The group requested further evidence on Chichester North & South local tenant's panels, an example of a tenancy agreement, and schedules giving a breakdown of service charges for a variety of properties. Some of this will be requested from Hyde
- Following the next meeting the group will report to the OSC on 15 September 2015 in open session
- The group agreed today's agenda papers could be released to Hyde subject to the removal of 3.1 and 4 which have personal information
- The group refined the questions which will be sent to Hyde in advance of the meeting with a request to provide a response

The meeting ended at 3.50pm

Hyde Review Task and Finish Group
22 July 2015, 9.30am
Training Room 2

Members present: Mr A Shaxson (Chairman), Mr N Galloway, C Neville, Mrs P Plant and Mrs C Apel (as Chairman of Overview and Scrutiny Committee)

Officers: Mr R Dunmall, Mr S Hansford, Miss L Higenbottam, Mrs B Jones and Mrs L Rudziak

By invitation: Tenant A and Tenant B (two Hyde tenants), Ms C Brown (Director of Residents Services (Regions)) and Mr D Morrissey (Director of Core Operations) The Hyde Group

1. Chairman's Introduction

- There were no apologies

2. Notes of the previous meeting

- The minutes of the previous meeting held on 24 June 2015 were agreed
- Additional evidence from a Hyde tenant was circulated to the group

3. Evidence from tenants

- The two Hyde tenants introduced themselves to the group
- Tenant A explained that their block of 11 flats had a maintenance charge of £9,500 for grass cutting compared to tenants of 19 bungalows located in the same estate who only had a £1,069 charge. Tenant A had actively sought a cheaper quote from a local contractor to address the grass cutting issue and had submitted this to Hyde with no response;
- The grass is cut every three to four weeks
- Tenants experienced an increased charge for staffing costs (despite only receiving services from one cleaner three hours a day, five day a week and there is no longer a warden) – these charges totalled £1,436 in 2012 with a warden, £2,373 in 2013, £5,233 in 2014 and £16,489 in 2015
- The same 11 flats cover the telephone exchange costs used by the 11 flats and the 19 bungalows
- Tenants wish to receive an explanation of the rationale behind service charge calculation
- The only difference tenants could see between blocks of flats in same estate is a single light bulb but charges can be varied
- Tenants have experienced loss of work time and loss of money chasing up enquiries
- Tenants of one estate in Chichester with multiple blocks of the same style flats have been charged £280, £164 and £160 respectively for the same services
- One block of flats was charged £1,200 for a communal telephone and £766 for a lift when neither exist
- Some single parent tenants face hardship having to find extra money to cover the charges

- Tenants received no consultation prior to receipt of their statements
- One tenant refused to pay the increase and although they received letters from Hyde demanding payment no action has been taken to date
- Recent changes have been made to tenancy agreements (which can be provided by one of the tenants on request)

4. **Hyde Group representatives**

- Ms C Brown and Mr D Morrissey from the Hyde Group introduced themselves
- Ms Brown and Mr Morrissey had been sent the questions attached to the agenda prior to the meeting
- Ms Brown explained that Hyde as an organisation takes the welfare of its residents seriously and had thoroughly considered the increase in service charges before implementation
- Hyde had started an exercise to develop a better understanding of the services it provides to tenants
- Charges have been adjusted based on initial findings
- The Income team and Hyde Plus team handle customers problems as they arise
- Mrs Apel asked why tenants displaying signs of hardship who had contacted Hyde still have no response
- Mr Morrissey explained that every enquiry will receive a response and members should contact Ms Brown or Mr Morrissey with details of any tenant awaiting a response and they will investigate
- Hyde use a computerised logging system to note all calls received
- Mr Morrissey clarified that the Hyde telephone line is freephone or minimal mobile charge and is answered by the nearest available operator either in Chichester or Lewisham in south London
- Mr Morrissey explained that Hyde have no legal requirement to carry out consultation with tenants prior to issuing service charge statements
- Hyde ask tenants to contact the Income team if they are unable to pay their charges
- Mr Shaxson asked if morally Mr Morrissey felt he should have consulted tenants
- Mr Morrissey replied that possibly Hyde should have consulted with tenants
- Changes to service charges have been applied by Hyde to its properties across the country
- Hyde will formally respond to all enquiries where tenants suggest they are paying for services they do not receive
- Mr Dunmall had been made aware of a situation where Hyde had not responded to a tenant over the course of a year
- He also stated that in some cases when combined with service charges Hyde social rents were higher than affordable rents in the same areas
- Ms Brown asked for the number of complaints received by the council
- Mr Hansford clarified that members had received multiple enquiries relating to a number of estates and blocks
- Mr Morrissey explained that Hyde issue a budget statement to tenants detailing the estimated costs spread across the year and then up to 18 months later tenants receive the actual statement with applied variation, at

which point there can be either a balance to pay or credit due back to the tenant

- The two statements can differ due to variation in contractor invoices
- Hyde have an internal challenge process for any contractor invoice deemed incorrect
- Ms Brown noted her disappointment at hearing bad customer experiences
- Mr Morrissey added that every housing organisation faces challenges on charges and Hyde have a good record of few tribunals and winning those that do go ahead
- Mr Shaxson noted the unreasonable 1900% service charge increases some tenants faced
- Mr Hansford explained one of the biggest issues for tenants is the anomalies between service charges in similar accommodation
- Mr Hansford cited the example given by the tenant above of costs Of £1436 in 2012 with a warden, £2373 in 2013, £5233 in 2014 and £16489 in 2015
- Ms Brown explained that a new mapping system provides greater detail for more accurate assessment of what should be included in service charges
- The new system will allow Hyde to provide more detailed data for future customers enquiries
- Hyde were unable to visit every building or road affected by the increase in service charges to assess reasonableness
- Ms Brown was concerned at the fear tenants have to approach Hyde directly
- Mr Shaxson explained it was also frustration that stopped tenants contacting Hyde directly
- Hyde cannot make money out of service charges as social housing providers
- Ms Brown reiterated that she would happily deal directly with members queries
- Hyde had recently begun a three year project to audit all its buildings and complete a full estates review including asking contractors to submit tenders covering a minimum standard and providing value for money
- Hyde have a Residents Assurance Panel in the south with members given site visibility, access to the tender process, estate days with contractors and estate inspections
- Hyde also have a Procurement Panel
- Hyde issue communications to provide relevant updates to residents
- Hyde provide tenants with advice that antisocial behaviour can lead to clusters of disproportionality in charges
- Mr Hansford asked for clarification of the reconciliation process
- Mr Morrissey explained that charges are calculated from a standard list based on historical information and the Hyde team evaluate the reasonableness
- Hyde have a dedicated process for dealing with members and Members of Parliament enquiries
- Mr Morrissey clarified that Hyde hold six years of historical data to handle service charge discrepancy enquiries
- Hyde aim to deal with service charge enquiries within 10 days however tenants will be informed if there is likely to be a delay of up to 28 days

5. Next steps

- Hyde to receive summarised feedback from the meeting with the names of a selection of blocks/estates that need immediate investigation (Pilgrim Court, Bishop Luffa Close, Butts Meadow, Townfield, Kirdford and Culvers, South Harting)
- Mr Hansford to seek legal advice from Mrs Golding in advance of the Task and Finish Group report to 15 September 2015 Overview and Scrutiny Committee (OSC) with regard to dealing with the report in public session
- The Task and Finish group to recommend to OSC that Hyde report back to the January 2016 meeting with a report on progress made with resolving complaints from the blocks/estates specified
- A letter of censure to be composed to Hyde referring to lack of tenant consultation, impact assessment and inconsistent processes

The meeting ended at 12.15pm