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Minutes of the meeting of the **Overview & Scrutiny Committee** held in Committee Room 2, East Pallant House on Tuesday 15 September 2015 at 10.00 am

Members Present: 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

Members not present:

Officers present: Miss L Higenbottam (Member Services Assistant), Mrs B Jones (Principal Scrutiny Officer), Mr R Dunmall (Housing Operations Manager) and Mr P E Over (Executive Director)

15 **Chairman's announcements**

Mrs Apel welcomed members of the public, and Ms Brown and Mr Morrissey from Hyde.

16 **Minutes**

Mr Budge asked that page four of the minutes be amended to show Mr Budge and Mr Hicks left after the first vote had taken place.

Mrs Keegan had requested by email that page four of the minutes be amended from:

'Mrs Keegan assured Mrs Hamilton all options had been investigated' to 'Mrs Keegan replied that a joint venture option between Chichester District Council (CDC) and partner was requested at tender stage but no bids were received.'

Mrs Hamilton suggested the minutes provided a fair representation of what Mrs Keegan had said. The committee voted not to make Mrs Keegan's amendment.

Mr Ransley commented on his concern that when the minutes of this committee address Council issues they lack any robustness in their recording. Mr Ransley looked forward to the Council adopting a process of audio or visual recording in the near future.

Mrs Jones provided the committee with the following update on the recommendations made at the last meeting:

- The Overview and Scrutiny Committee (OSC) work programme was noted at Council on 14 July 2015
- The first recommendation regarding Church Road was rescinded at Cabinet on 8 September 2015 with Cabinet agreed to proceed with the freehold disposal of the site to another party and once the sale was completed to consider using part of the receipt for affordable housing
- The Homefinder Scheme was agreed at Cabinet on 7 July 2015
- The Homelessness Strategy was agreed at Cabinet on 7 July 2015

RESOLVED

That the minutes of the OSC held on Thursday 2 July 2015 are approved as a correct record.

Accordingly, Mrs Apel signed and dated the official version of the minutes.

17 Urgent Items

There were no urgent items.

18 Declarations of Interests

Mr Ransley declared a personal interest as part owner of a Hyde property. Mr Ransley clarified that his involvement in the discussion to follow would have no financial implication on this property.

19 Public Question Time

A public question had been received from Mr A Chaplin. The Chairman decided to take this question under the next item.

20 Hyde Review Task and Finish Group Final Report

Mrs Apel introduced the item explaining that the Hyde Review Task and Finish Group (TFG) had been set up following several complaints which had been received by Councillors about the increase in Hyde service charges.

Mrs Apel had received a copy of a letter from Carol Carter, Group Director of Housing at The Hyde Group (copy attached to the minutes) which she read out in full as requested.

Mrs Apel informed the committee that a newspaper article recently had included several statements allegedly made by a Councillor about Hyde. Mrs Apel confirmed that the statement alleged to have been made was not a reflection of any Council policy.

Mr Chaplin read his questions (referenced above).

A widely held view by Hyde tenants is that the increased service charges have been excessive and unreasonable.

What practical steps can be taken by Council to influence Hyde to review the excessive increases in service charges for hundreds of its tenants?

On the evidence given in the Task and Finish Group report, tenant scrutiny within Hyde appears to be 'not fit for purpose'. Can the Council include this aspect in its further discussions with Hyde representatives?

Mrs Apel informed Mr Chaplin that this was the purpose of the TFG investigation and a response would be formulated as part of the committee's deliberations.

Mr Shaxson as Chairman of the TFG then introduced his report and findings. He thanked the TFG members, officers, residents and Hyde representatives for their input to this review. He clarified that the 'unsubstantiated' comments (referenced in the second paragraph of Hyde's letter above) were substantiated by the evidence received by the TFG.

Mr Shaxson drew attention to section 3.3 of the report. OSC became aware of the increased service charges in March/April 2015 and set up the TFG as soon as practically possible after the May 2015 elections.

Mr Shaxson emphasised the TFG terms of reference in section 4.3 of the report and how evidence had been gathered in section 5 of the report explaining that the TFG had examined discrepancies as well as increases both comparing from property to property as well as building to building.

Mr Shaxson listed the findings of the TFG as stated in section 10.1 of the report including the lack of a consultation process by Hyde prior to sending out invoice statements to residents effectively giving residents no prior warning.

Mr Ransley supported the recommendations of the report and requested that the scope of the review be extended to include further evidence if identified by the committee. Mr Ransley commented on the fact that some social rents were higher than affordable rents. Research carried out by Mr Dunmall had shown an example of a social rent of £93 per week plus £80 per week service charge for a one bed flat at Pilgrim Court compared to a one bed flat at Grainger House with an affordable rent of £133 per week including service charges. Mr Ransley asked if service charges were being used to artificially create higher rentals.

Mrs Dignum posed the following questions:

1. Although consultation is not legally required is it not a moral obligation?
2. Why was a desktop exercise carried out if Hyde cares for people and local expertise is available?
3. Why was it not foreseen that some residents would face difficulties?
4. Why are there such large inconsistencies within the same blocks?

Mr Dunmall clarified that Hyde were legally allowed to charge the reasonable cost of services.

Mrs Apel invited Mr Slattery, a resident whose wife had contributed to the review, to speak. Mrs Apel explained that Mr Slattery had received a letter in March 2015 with a service charge increase from £3.80 per week to £23 per week. Mr Slattery had also been charged for a key coded door that did not work. Mrs Slattery had contacted Hyde in both Chichester and London and had struggled to receive consistent advice and had many unreturned calls. Mr and Mrs Slattery eventually discovered they had been overcharged £800 but had been informed that they would not receive return of the monies but would get a credit on their invoice.

Mrs Apel invited The Hyde Group representatives Ms Brown and Mr Morrisey to answer members questions.

Mr Ransley asked for clarification on items 6.3 and 6.4 of the report and Mrs Apel asked for clarification of the enquiries regarding service charges (referenced in the attached letter).

Ms Brown explained that Hyde's overall approach to the service charge issue was open and that they were willing to speak to residents. Ms Brown informed the committee that Hyde wanted to work with the Council on the service charge issues but considered that the committee did not understand how service charges were calculated. Mr Morrisey explained that some costings required desktop analysis.

Mr Morrisey asked for further information in order to investigate fully. Ms Brown added that invoices and receipts were used to provide costs for statements and where there were anomalies or queries and it was appropriate to do so Hyde would visit the relevant scheme. Ms Brown explained that Hyde did not make money from service charges. Ms Brown apologised for the cases where residents had been overcharged but emphasised that if a resident correctly identified an error an adjustment was made to the account.

Mrs Plant asked whether the increases were justified by the apportionment of charges and whether Hyde could legitimately pass on health and safety compliance which had been absorbed for the last five years. Ms Brown explained that the apportionment of the charge passed onto residents was from invoices paid by Hyde. Mr Morrisey confirmed that health and safety costs previously absorbed by Hyde should have been consistently charged in the past.

Mr Cullen commented on the lack of communication across Hyde as an organisation and asked for clarification at section 6.1 of the report referring to the staffing cost increases of 215%. Ms Brown explained that service charges as a whole we are made up of many components and further evidence would need to be provided before a fuller answer could be given.

Mr Budge asked for an explanation with regard to the charges for communal telephones and lifts which did not exist. Ms Brown asked to be provided with further evidence.

Mr Budge asked whether Hyde carries out visits to properties with discrepancies. Ms Brown explained that Hyde had carried out visits where there was a need for further investigation.

Mr Shaxson reiterated that Hyde had been informed of the scale of increases faced by residents at the TFG on 22 July 2015 with only three adjustments confirmed at that time.

Mr Hicks referred to the increase of management charges from 8% to 15%. Mr Morrissey clarified that charges had been applied to all relevant customers. Mr Dunmall explained that in 2012 Hyde's management charge was lower than similar organisations and that 15% was in accordance with the national benchmark levels in the sector.

Ms Brown told the committee she was sorry to hear the conclusions as customers and customer service were very important to Hyde. Hyde was open to resolve incorrect service charges and Ms Brown asked to work with members.

Mrs Dignum referred to the tone of the letters received by residents from the Hyde Group and whether they are personalised with clear reasons for changes stated in clear language. Mr Morrissey replied that there was a possibility the tone would not be suitable for all residents but letters were shared with the Hyde Residents Panel for their comment.

Mrs Plant explained that the evidence in the report had been provided spontaneously from residents in confidence to CDC and was genuine.

Mrs Tassell asked whether members could have more involvement through appointments to Hyde boards or panels. Ms Brown explained that she attended meetings with Council officers. Mrs Apel had been attending Hyde quarterly meetings with Mrs Graves and Mr Hayes with mixed results prior to the TFG.

Mr Budge asked for clarification of the charges to residents. Mr Morrissey explained there was a rent charge, a service charge (where appropriate) and within the service charge a management charge of 15% (of the total service charge). Mr Budge asked whether residents could request an itemised breakdown of their costs. Mr Morrissey agreed this was possible.

Mr Potter asked if court order costs to access properties were included in the service charges. Ms Brown clarified that service charges do not include court order costs.

Mrs Apel thanked Ms Brown and Mr Morrissey for answering questions and invited Miss Moss to speak.

Miss Moss introduced herself saying that she had been Hyde resident for a year. Miss Moss asked for residents to receive cost breakdowns and better communication. Following meetings Miss Moss had attended with residents there was a feeling of 'them and us' with Hyde management. Miss Moss had offered to provide free advice to residents where possible.

Mr Shaxson summarised that the process was far from over with the main issues being the inconsistencies from dwelling to dwelling within the same block and

charging for services not provided. Mr Shaxson suggested that Hyde were becoming too large to manage the number of properties they owned effectively.

Mrs Apel added that Ms Brown and Mr Morrissey had attended the 22 July 2015 TFG meeting and when presented with the findings had agreed to look at the anomalies but there had been no update from Hyde as yet on this.

RESOLVED

That the committee requests the Hyde Group to respond to the Council with the following evidence:

- a) To provide information on its corporate management structure and governance arrangements.
- b) To provide information on tenant scrutiny arrangements and how they plan to involve local councillors on scrutiny groups.
- c) To provide the latest performance information in relation to enquiries and complaints received in respect of service charge increases since April 2015.
- d) To provide a copy of the process and standard response times for residents' enquiries.
- e) To provide a copy of the complaints procedure including relevant contacts and details of the monitoring body for the Hyde Group.

The committee discussed the recommendations before them, suggesting that a third recommendation be added in relation to a review of the current rental differentials between social and affordable rents in Chichester.

The committee voted unanimously in favour of the following recommendations:

RECOMMENDED TO CABINET

To instruct the Head of Housing and Environment Services to write a letter to the Hyde Group Chichester setting out the Council's concerns and recommending the following:

- 1) A full and urgent review is carried out of blocks/estates where tenants have complained that incorrect service charges have been applied, in particular those considered as part of this review namely Pilgrim Court (Chichester), Butts Meadow (Wisborough Green), Bishop Luffa Close (Chichester), Warrenside (South Harting) and Townfield (Kirdford). However these properties are illustrations of something that the group has reason to believe is widespread and we would wish all serviced properties in the Chichester district to be re-examined by January 2016.
- 2) A full report is made to the January 2016 meeting of the Overview and Scrutiny Committee covering:

- a) the methods used to calculate the service charge increases in these properties and the justification for the changes that have been implemented
 - b) the progress made in resolving complaints and improving communication
 - c) current performance against the organisation's key performance indicators
- 3) That the Hyde Group jointly reviews with the Council the current rental differentials between social and affordable rents including service charges to ensure that it is appropriate and suitable for purpose.

21 **Corporate Plan Task and Finish Group Terms of Reference**

Mr Ransley and Mr Cullen asked for clarification of the corporate priorities review process. Mr Over explained that the Council's programme boards oversaw the large Corporate Plan projects and that creating new corporate priorities mid-year would require an increase in resources or a reduction of other priorities.

Mrs Jones explained that the TFG would assess progress against the Corporate Plan projects and indicators for the first six months of the current year and would ask relevant lead officers to attend to explain the risks of non-delivery where appropriate.

Mr Ransley asked if IT expenditure would be included following the end of the IT Advisory Group (ITAG). Mr Over explained that this was the role of the Business Improvement Project Board, however the TFG would review IT projects and make any relevant recommendations.

RESOLVED

That Mrs Dignum, Mr Galloway, Mrs Knightley and Mrs Plant are confirmed as members of this Task and Finish Group with Mrs Dignum as Chairman.

That the proposed scope and outline plan be approved.

Following the meeting Mr Morley also offered to serve on this group.

22 **Late Items**

Mr Over informed the committee that the Novium review, scheduled for 15 March 2016, may be brought forward to 17 November 2015 following a discussion scheduled to take place with Cabinet on 30 October 2015.

The meeting ended at 11.55 am

CHAIRMAN

Date:

