

## **PRESENT**

### **Members of the Committee**

Councillor Sam Mackover (Chairman)  
Councillor Eve Allison  
Councillor Judith Blakeman  
Councillor David Campion  
Councillor Condon-Simmonds  
Councillor Matthew Palmer  
Councillor Will Pascall  
Councillor Monica Press

### **Others in Attendance**

Councillor Rock Feilding-Mellen (Deputy Leader and Cabinet Member for Housing,  
Property and Regeneration)  
Mr. Rod Cahill (Chief Executive, Catalyst Housing)  
Mr. Grahame Hindes (Chief Executive, Octavia Housing)  
Mr. Jonathan Whall (Sharpe Pritchard)  
Ms Yvonne Birch (TMO)  
Mr. Richard Egan (Director for Corporate Property)  
Mrs. Jacqui Hird (Scrutiny Manager)  
Ms Laura Johnson (Director of Housing)  
Ms Barbara Matthews (Executive Director of Financial Services and ICT, TMO)  
Mr. Steve Mellor (Group Finance Manager)  
Mr. Nick Rendell (TMO)  
Mr. Robert Shaw (Special Projects Lead - Housing)  
Mr. Adam Srodzinski (Head of Capital Projects)  
Ms. Janice Wray (TMO)  
Ms Asha Gupta (Governance Services)

### **A1. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors David Nicholls (Vice-Chairman), Andrew Lomas and Kim Taylor-Smith.

### **A2. MEMBERS' DECLARATIONS OF INTEREST**

Cllr Blakeman declared that she was a Member of the TMO Board. Cllr Press declared she was a TMO leaseholder. Cllr Allison declared she was a Housing Association Tenant.

### **A3. MINUTES OF THE MEETING HELD ON 15 MARCH 2017**

The Minutes of the meeting held on 15 March 2017 were confirmed as a correct record and were signed by the Chairman.

## **HOUSING**

### **A4. PRESENTATIONS BY GRAHAME HINDES, CHIEF EXECUTIVE OF OCTAVIA HOUSING AND ROD CAHILL, CHIEF EXECUTIVE OF CATALYST HOUSING**

The Chairman welcomed Mr. Grahame Hindes (GH), Chief Executive of Octavia Housing and Mr. Rod Cahill (RC), Chief Executive of Catalyst Housing to the meeting.

The Committee then received separate presentations from the two Housing Associations, covering their history, portfolio of properties in the Borough, and the range of community work undertaken by them. A copy of the two presentation slides has been placed in the Minute Book.

The Chairman then invited questions.

In response to a question on what does best practice look like in terms of working with Councils and councillors, RC said Catalyst use the Wornington Green Redevelopment as an example of good Local Authority partnership working and its partnership with RBKC as a model of good practice. GH added that best practice comes from a shared interest, providing good services locally and having regular dialogue with the Council and councillors.

RC confirmed that Catalyst Housing was formed jointly by Kensington Housing Trust and Ealing Family Housing Association when they came together in 2002.

In response to a question to Octavia Housing that if they ploughed back surplus money then why was there not enough social housing? GH said that the rents they could charge was not enough to build new homes. Therefore, they had to find ways to bridge the financial gap. RC gave the example of Wornington Green where each new re-provided rented home costs c£350k per unit but the average rent is only £125 per week, which is capable of servicing a loan of c£100k. Therefore, each rented home generates a loss of c£250k over its life. There is a little bit of public subsidy to meet this gap but it is mainly financed by cross-subsidy from market sales.

In response to a question on whether there will ever be a day when social housing will no longer be provided in the Borough, RC said he did not envisage this as RBKC needs a range of housing for a mixed community

and a well-functioning local economy. He added, the trend in home ownership was going down and moving towards rented housing.

GH clarified that supported housing delivered a range of needs from accommodating young people coming out of care, to people with learning difficulties and mental health issues.

In response to a question on the problems and issues with major largescale redevelopments, RC said that working with existing residents and bringing them through the process and decanting were by far the biggest challenges which drove the timetable.

In response to a further question on challenges with the contracting side of largescale redevelopments, RC said with Wornington Green, the first phase was completed and the contractor performed reasonably well – getting the best out of contractors depended upon good contract management. He added the construction market was currently facing challenges with a shortage of skilled workers and was therefore the biggest risk area. He had spoken to the Minister about this issue.

In response to questions on how they protect tenants from loan sharks when it came to Right to Buy, GH said Octavia's Board was not in favour of Right to Buy and that their aim was to build their property portfolio and therefore not sell, unless absolutely necessary.

There was a question on why the Marketing Suite at Wornington Green was turning away local buyers in favour of foreign buyers? RC said this was news to him and the priority was to sell first to Londoners. He invited the Councillor to provide him with information so that he could follow this up outside the meeting.

In response to a question on the financial management approach for delivering the Wornington Green scheme, RC said this was a 15-year phased project and putting in a park helped with the regeneration. Moving people elsewhere while redeveloping and repeating this process throughout the phasing was the model used to stagger the funding to complete the project.

In response to a question on what controls Housing Associations have in place regarding buy to leave, RC said Catalyst did not have any empty properties and in his experience, during a trip to Hong Kong to meet prospective buyers, all wanted to rent the properties out rather than leave them empty. He believed that buy to leave empty was more of an issue with much higher value properties.

In response to a question on the type of tenures, GH said Octavia had life time tenancies and where there are new developments they offered shared

ownership. RC said for new lettings, Catalyst were offering six-year short term tenancies. Catalyst's presumption was that it would continue to house someone at the end of the fixed term tenancy but wanted the opportunity to discuss needs and size of unit - for example, whether a couple whose children had left should continue to occupy a 3 bed property or be offered something smaller.

On a further question on experiences of shared ownership, RC said Catalyst's standard model was that a person buys a 40% share and pays 2.75% rent on the remaining value. The challenge was that this model was difficult to deliver in high value areas like RBKC. Catalyst was then looking at a model of 25% shared ownership and a reduced rent to keep in the spirit of a charitable organisation. Leaseholders could transfer ownership to children and staircase their equity. He added that Kingsgate House was of mixed tenure and a good example of shared ownership in the Borough. GH said that on s106 developments there was a requirement to hit tenure groups, and the model for shared ownership is dictated by the income group of people.

In response to a question on what controls the Housing Associations have in place for tenants living abroad and renting their properties out, RC said that Catalyst would investigate these and he invited the Committee to write to him with cases. Laura Johnson added that the Council's Fraud Team did work on this and worked closely with Housing Associations.

There was a question on how Housing Associations respond to accusations of social cleansing in the Borough. RC said that Catalyst were against social cleansing and at Wornington Green, have reprovided all of the rented units at the same rent, therefore maintaining the social housing element.

The Chairman thanked Messrs Hindes and Cahill for attending the meeting and answering questions. The Committee felt it had been a good discussion and expressed its thanks with a round of applause for the presenters.

#### **A5. PUBLIC CONSULTATION ON LEASEHOLDER AND FREEHOLDER OPTIONS POLICY**

The Committee was invited to comment on the report providing the rationale for the implementation of a Leaseholder and Freeholder Options Policy and summarising its main principles and commitments. The draft Policy was currently out for consultation with a closing date of 7 June 2017.

Rob Shaw, in introducing the item, apologised that Appendix C was omitted from the papers. Hardcopies were tabled at the meeting and has been placed in the Minute Book.

The Committee generally felt that the policy was difficult to understand and needed to be accompanied by a definition of terms and worked examples. Mr. Shaw welcomed comments on any inconsistencies in the policy outside of the meeting.

Cllr Blakeman said she had a list of questions and points of clarification which she would like a written response to and would submit them to Ms Johnson after the meeting. Ms Johnson welcomed this and agreed to share the questions and her responses with the rest of the Committee.

The Committee was asked if they had any questions or objections on any of the principles stated in the draft policy? In response to a question on the inheritance rights for leaseholders, Laura Johnson clarified that under shared ownership leaseholders had the right of inheritance but not under shared equity. Cllr Feilding-Mellen said this was a controversial issue and asked the Committee if it felt inheritance should be for one generation only or indefinitely? Some Members of the Committee felt there should be a right of succession for shared equity ownership.

In response to a question relating to 'The process of acquiring properties', it was clarified that the Council's valuation will be valid for three months after which a new valuation will be required only until the terms of the sale have been agreed.

A comment was made in respect of Appendix B, 'Resident leaseholder and freeholders wishing to remain: minimum equity stakes for shared equity and shared ownership options' that many leaseholders would have existing mortgages and this should be clarified in the report with worked examples provided.

In response to a question on the consultation process, that many resident's associations outside a designated area for regeneration have been sent the consultation document and now believe they are designated for regeneration, Mr. Shaw said that a cover letter was sent to them explaining their estate was not designated for regeneration.

Cllr Feilding-Mellen mentioned that one of the other issues he has picked up was the infringement of leaseholder's rights to let out their property under the terms of shared ownership and shared equity. The Committee suggested outlining the exceptional circumstances under which sub-letting could be allowed, such as accepting a fixed-term contract to work abroad.

The Committee was invited to submit further questions in writing. Mr. Shaw added that as the department receives comments and feedback it will be producing a Frequently Asked Questions document to help with the process. Cllr Feilding-Mellen advised that the final policy would be adopted by Cabinet at its 29 June meeting.

**Action:** Ms Johnson/Mr. Shaw

## **A6. WORKING GROUP ON HOUSING REVENUE ACCOUNT PARKING FACILITIES – NEXT STEPS**

The Committee was invited to comment on an exempt officer's report, which was presented to the Working Group set up to look at uses of and charges for parking facilities within the Housing Revenue Account.

Since the exempt report was produced, new information has been submitted by the TMO which was tabled at the meeting and has been placed in the Minute Book.

In response to questions, Ms Johnson confirmed that the marketing cost will be recouped from the lettings; that the TMO were best placed to market the vacant spaces and it will be a source of income for the HRA; and that undercroft parking could be used for storage space as evidence shows residents do not like to use underground car parks.

Ms Johnson noted the request to ensure that less secure areas are reflected in the rental charge, as many residents prefer to park on street rather than use TMO garages.

In response to a question on whether the vacant space at Acklam Road has been looked at for market storage needs, Nick Rendell confirmed that a range of options was looked at and a lease arrangement had been developed with the Chair of the Market Traders' Association which was with the Council's Legal Team. There have been delays and he would check that the circumstances have not changed.

The Committee thanked the Working Group and:

- 1) Noted the contents of the report;
- 2) Endorsed Option 2 - Fund KCTMO to market the vacant spaces to Borough residents; and
- 3) Endorsed ongoing above-inflation increases in charges to tenants and leaseholders, as set out in Option 1(B) of the report. Noting that this may require revision to the Council's transport policies.

**Action:** Mr. Rendell/Mr. Mellor

## **A7. PROVISION OF A LOAN TO KENSINGTON AND CHELSEA ESTATES LIMITED**

The Committee was presented a report recommending to Cabinet to provide a loan to Kensington and Chelsea Estates Limited (KCEL) of £250,000 for the provision of working capital to participate in the Edenham Way Project.

Laura Johnson advised that Cabinet had taken the decision to approve the loan last week and that the item was on the agenda to advise the Committee on the work of the Council Owned Company (KCEL). She welcomed comments outside of the meeting.

The Committee noted the report.

#### **A8. UPDATE ON FIRE AND TRELICK TOWER**

The Committee received a report with an overview of the fire that took place at Trellick Tower on 19 April 2017 on the 27<sup>th</sup> Floor.

Barbara Matthews confirmed that the person who's flat was affected was a Council tenant and that no forensic evidence could be found as to the actual cause of the fire.

A fire insurance claim was being made for the damages through the Council's insurance policy. Ms Johnson agreed to ask the Council's Insurance Department for the definition of a 'major' fire.

The Committee queried progress on the programme to install fire doors between flats and corridors and asked if all leaseholder doors have now been changed? In response, Ms Wray said that all 1200 tenanted properties have had fire doors installed, but some leaseholders were refusing to engage. She went on to state that the Fire Bridge were hoping for Case Law to make leaseholders install fire doors.

The Committee request a paper providing an update on the Fire Door Installation Programme on the Council's housing estates and sent a strong message that as landlords we need to make every reasonable effort possible to have all leaseholder doors replaced.

Cllr Condon-Simmons praised the TMO for their efforts to install fire doors at Thomas Moore Estate and said that only four doors were outstanding.

Cllr Blakeman pointed out that the report did not mention that the ward councillors were present on the day of the fire to provide reassurance to the community. She also pointed out that not every floor had fire safety instructions. Ms Johnson said she would ask to TMO to check that every floor had fire instructions.

The Chairman thanked the TMO for attending.

**Action:** Ms Johnson

#### **CORPORATE PROPERTY**

#### **A9. PRESENTATION ON RISK MITIGATION**



Messrs Adam Srodzinski and Jonathan Whall (Sharpe Pritchard) gave a presentation on risk management.

Owing to time, the Committee asked that the presentation be circulated by email and also asked that presentations of the nature be accompanied by a background paper so that Members can come warmed up to the subject matter and be prepared with questions.

The Chairman suggested setting up a one-off Working Group to look at the concerns of the Committee for managing the risks of major Corporate Property Projects, which was supported by the Committee. The following Members volunteered to be on the Working Group – Cllrs Allison, Mackover, Palmer and Press.

**Action:** Ms Gupta/Mrs. Hird/Mr. Srodzinski

#### **A10. PRESENTATION ON AVONDALE SCHOOL PROJECT REVIEW**

Adam Srodzinski briefing introduced his presentation but owing to time the Committee asked that it be circulated electronically.

The Committee asked that project reviews with lessons learnt are regularly brought to the Committee for discussion. Mr. Srodzinski undertook to bring the Project Review for Fox Primary School to a future meeting.

**Action:** Ms Srodzinski

#### **A11. SCRUTINY COMMITTEE WORK PROGRAMME**

The Committee noted the report.

##### **Rota Visits**

Cllr Blakeman said she had carried out a visit to a purchased temporary accommodation project and would submit a written report.

**Action:** Cllr Blakeman

#### **A12. ANY OTHER URGENT ORAL OR WRITTEN ITEMS WHICH THE CHAIRMAN CONSIDERS URGENT**

There were none.

#### **A13. EXCLUSION OF THE PRESS AND PUBLIC**

The Committee resolved that the press and public be excluded from the remainder of the meeting for the following specific items of business on the grounds that they may involve the likely disclosure of exempt information as defined in Part I of Schedule 12A to the Local Government Act 1972 as amended.



**B1. EXEMPT MINUTES FROM MEETING HELD ON 15 MARCH 2017**

**Public summary of the decision**

The exempt minutes of the meeting held on 15 March 2017 were confirmed as a correct record and were signed by the Chairman.

**B2. APPENDIX RELATING TO ITEM A6 – MAXIMISING VALUE FROM HRA PARKING ASSERS – REPORT TO THE GARAGES WORKING GROUP**

**Public summary of the decision**

See minute A6 above.

The meeting ended at 9.05pm

Chairman