

At a meeting of the ECONOMIC PROSPERITY SCRUTINY COMMITTEE held in COMMITTEE ROOM 1, CITY HALL on TUESDAY 7TH FEBRUARY 2023 at 4.30 p.m.

Present: -

Councillor H. Trueman in the Chair

Councillors Dixon, Fagan, Foster, Mordey, Reed, Scanlan and Warne.

Also in attendance: -

Mr James Diamond, Scrutiny Officer, Sunderland City Council

Mr Matthew Jackson, Principal Governance Services Officer, Sunderland City Council

Councillor Logan Guy

Chris Smith, Thirteen Group

Michael Farr, Bernicia

Members of the Press

The Chairman welcomed everyone to the meeting.

Apologies for Absence

Apologies for absence were submitted to the meeting on behalf of Councillors Ali, Edgeworth, Laws and D. Snowdon

Minutes of the Last Ordinary Meeting of the Scrutiny Committee held on 10th January 2023

A copy of the minutes of the last ordinary meeting of the Scrutiny Committee held on 10th January 2023 was submitted.

(For copy report – see original minutes).

1. RESOLVED that the minutes of the last ordinary meeting of the Scrutiny Committee held on 10th January 2023 (copy circulated), be confirmed and signed as a correct record.

Declarations of Interest (including Whipping Declarations)

There were no declarations of interest.

Change in the Order of Business

At this point Mr Diamond advised that there had originally been representatives from four housing providers attending the meeting however the representatives from Home Group and Karbon Homes were now unable to attend. The representatives of Thirteen Group and Bernicia were to attend.

The Chairman moved that the order of business be changed so that the other items on the agenda be considered ahead of the Housing Providers Consultation. All Members present agreed to this change.

Annual Work Programme 2022-23

The Scrutiny and Members Support Co-ordinator submitted a report (copy circulated), to provide options, provide support and advise Members on the development of the scrutiny work programmes for 2022/2023

(For copy report – see original minutes).

Mr James Diamond, Scrutiny Officer presented the report for Member's information and advised that an additional meeting had been arranged for 27th February to receive the report from Gentoo as part of the Housing Providers Consultation.

4. RESOLVED that the information contained in the work programme for 2022-2023 be noted.

Notice of Key Decisions

The Scrutiny and Members Support Co-ordinator submitted a report providing Members with an opportunity to consider the items on the Executive's Notice of Key Decisions for the 28-day period from 4th January, 2023 (copies circulated).

(For copy report and notice – see original minutes).

Mr Diamond reminded Members to get in touch if they required further information on any of the items included in the notice.

5. RESOLVED that the Notice of Key Decisions be received and noted.

At this point the meeting was adjourned for 25 minutes to allow time for the first of the housing provider representatives to arrive. The meeting reconvened at 5:00pm.

Housing Providers Consultation

The Scrutiny and Members Services Co-ordinator submitted a report (copy circulated) which welcomed discussions with a number of housing providers on the housing issues facing the city.

(For copy report – see original minutes)

Ms Chris Smith, Executive Director of Business Growth, was in attendance to represent Thirteen Group and she advised that Thirteen Group owned around 400 properties in the city which had been acquired as part of the merger with Banks of

the Wear housing. The majority of these properties were older houses in the Hendon and East End areas; there were also properties in Grindon for older residents which had recently been built and young people's provision in the City Centre. The company operated mostly on Teesside where they owned 35,000 properties.

Thirteen Group was to be responsible for the redevelopment of the land at Amberley and Harrogate Streets in Hendon and a tender for a development contractor had been issued.

Thirteen Group had a small but important footprint in the City providing good resident satisfaction and working with the Council to meet the housing needs of residents including providing specialist accommodation.

Residents had concerns over the cost of living increases and there had been an increase in requests for repairs following the press coverage around issues caused by damp and mould.

Antisocial behaviour was not such a problem for Thirteen Group in Sunderland however where there were issues work was done with partners to address the issues.

The Chairman asked about mould in properties and Ms Smith advised that there had always been mould however people were now more willing to report it rather than just putting up with it as they knew that the issue would be taken seriously now. There was a need to look at whether any mould was treatable mould or whether it was the result of structural issues with the property.

The Chairman then commented that residents said that the mould issues were as a result of properties now being too sealed. Councillor Foster added that cavity wall insulation could stop buildings from breathing. Ms Smith advised that houses would still leak energy although heating and ventilation could be an issue, especially currently with the increase in energy prices. When cavity wall insulation was fitted air bricks should not be blocked so the structure would still be able to breathe. The main preventions for damp and mould were adequate heating, ventilation and maintenance.

Councillor Dixon queried whether Thirteen Group still owned the terraced houses in Hendon which had previously been owned by Banks of the Wear. He also questioned whether there was a local office. Ms Smith advised that they did still own those properties and that there was not a local office but there was a Neighbourhood Co-ordinator who worked in the area; residents could call the contact centre or use the online contact system if they needed to contact anyone from Thirteen Group.

Councillor Dixon then queried what was happening with the redevelopment of the Amberley and Harrogate Streets site. Ms Smith advised that this land had been in various ownerships between Sunderland City Council, Home Group, Back on the Map and Thirteen Group. The land was now owned by Sunderland City Council and Thirteen Group and there was an agreement to purchase the land off the Council. Councillor Mordey added that it was his understanding that there would be 20 bungalows and 100 houses built on the site. Ms Smith added that they would be for affordable rent and in the current environment this was challenging as the properties needed to be done to a certain standard but rent would be low.

Councillor Mordey stated that this was a long running saga, the first plans had been submitted in 2008 and had been stopped by the financial crash, there had then been plans mooted in 2019. He thanked everyone involved for their hard work in continuing to progress this redevelopment; there were residents who wanted to live at the location. He then referred to issues around delays to repairs in the St Vincent Street and Primary Gardens areas which were felt to be as a result of the lack of permanent staff presence in the area. Ms Smith advised that there were ways for issues to be reported and that the absence of a permanent presence should not be an issue in itself. She agreed to feed back these concerns. There was a need to put things right if it was difficult for residents to raise issues and she would look at the feasibility of having drop in sessions at the specialist accommodation sites.

Councillor Warne queried what percentage of properties had cavity wall insulation installed. He also stated that he lived in an older property which had cavity wall insulation installed and he had needed to get the property repointed and painted to prevent water ingress following the installation. Ms Smith advised that she would need to check the figures for cavity wall insulation; the installation would have been done a number of years ago. There had been 7 reports of damp and mould and three were awaiting inspection; they were from different parts of the city but were all older houses.

Councillor Dixon then questioned whether there were sub-contractors to undertake works or in house teams. Ms Smith advised that there were in house repairs teams who were based at the depot in Hartlepool; if there were not in house trades available then sub-contractors from an approved list were used.

The Chair then asked whether there was right to buy available to tenants. Ms Smith advised that legacy tenants from before Thirteen Group acquired the property were eligible for right to buy while newer tenants were able to use the right to acquire scheme.

Councillor Dixon then asked about partnership working with other housing associations and Ms Smith advised that there were various forums where the housing associations met and the local authority housing team was now holding formal group meetings for the housing associations.

The Chairman thanked Ms Smith for her attendance. She then withdrew from the meeting and Mr Michael Farr joined the meeting.

Mr Farr, Managing Director, addressed the Committee on behalf of Bernicia. He advised that Bernicia owned 14,000 properties across an area from Berwick through Northumberland down to Tyne and Wear and into Teesside. Within Sunderland they owned 700 properties. There were three separate companies that made up Bernicia group. Bernicia was the asset holding company; Bernicia Foundation provided charitable support; and Kingston Property Services was a provider of block and facilities management.

Bernicia had just been assessed by the regulator and it was expected that top marks would be received. The company was in a strong financial position and there were discussions on how best to spend the available funds. There were the same challenges faced as with any business in this sector; the cost of living increases and

increased in building costs had an impact; it was now 20 percent more expensive to build houses. It was also difficult to attract and retain skilled workers with surveyors being especially hard to retain currently.

Investment was being made in the sustainability agenda with there being a drive for energy efficiency; net zero carbon was a challenge and it was not known how this would be paid for. The future homes standard, which banned the use of fossil fuel heating, was being looked at and alternatives such as heat pumps were being considered.

Gaining planning permission for developments could be challenging; it was a complex system and nationally there had been a reduction in the number of local authority planning officers. Sunderland was an area where Bernicia had good experiences. It was his impression that Sunderland had more staff than other authorities and Bernicia had good experiences with named officers here which helped to progress applications.

Councillor Mordey commented that Sunderland had good ambitions and the planning department was key to supporting this. When he had been the portfolio holder he had resisted any cuts to the planning department.

The regeneration market pathfinders had been abolished by the government in 2010 and this was the last time there had been a national regeneration strategy. 25 percent of the housing stock in England was over 100 years old and this had an impact on energy efficiency and maintenance costs.

Current challenges had been the repairs to storm damage and the reaction to concerns over damp and mould.

The Chairman asked what Mr Farr what his thoughts were on the causes of mould and damp. Mr Farr advised that air tight houses needed more heating and ventilation and that with the current energy costs people had turned off extractors and heating as well as keeping windows closed which lead to a cold, damp environment which was the ideal conditions for damp and mould to form. Tenants were given education on what to do to prevent the formation of damp and mould. Cycling heating on and off rather than keeping it at a constant temperature could lead to problems. There had been three tenants had been moved to different properties due to issues.

Councillor Mordey questioned Kingston Property Services; there had been complaints from residents about issues at their properties including lifts not being repaired. Mr Farr advised that it was a subsidiary of Bernicia and that there were members of the main board sat on the board of Kingston. He would report back the concerns.

Councillor Mordey stated that it was interesting to hear the thoughts on net zero carbon and asked about the biodiversity net gain which was now a priority. Mr Farr stated that diversity was a challenge; there had been issues in Teesside with planning applications being delayed due to nitrate neutrality issues. How the use of non-fossil fuels in existing properties would work was being examined. There had been work on Teesside to retrofit homes with hydrogen boilers. Cost was a concern as the electric heat pumps were more expensive to run than gas boilers.

Councillor Dixon stated that Kingston were managing a lot more properties than previously having taken on some gentoo properties. He was concerned that standards were slipping as a result and asked whether there was a policy to expand this business in Sunderland. Mr Farr advised that following discussions between Kingston and Gentoo it had been agreed that Kingston were better placed to manage the challenges of running large blocks; it was an expanding business. There could sometimes be challenges around the relationships with management companies and he would speak to the Managing Director of Kingston about the concerns raised.

Councillor Warne asked if there was information about arrears. Mr Farr advised that a slight upward trend had been seen and that there were hardship funds and signposting to benefits support to assist tenants. The cost of living increases would have an impact on tenants ability to pay the rent and this needed to be balanced with the rent increases; there was a 7 percent cap on the increase which was less than inflation but could still be difficult for tenants.

Councillor Fagan queried whether there were a lot of properties sold through right to buy. Mr Farr advised that of the 14,000 properties owned there would be between 40 and 80 sold through right to buy each year; this had now slowed down however which was possibly due to interest rate rises.

Councillor Reed asked what the average energy efficiency ratings of the properties were. Mr Farr advised that 25 percent of the properties were below a C rating with a small number being D to F rated. The rest of the properties were above a C rating. There was funding available to ensure that all properties were brought up to at least a C rating. The aim was for 90 percent of the properties to be up to C rating by 2026 which was ahead of the government target. It was beneficial to residents if their properties were more energy efficient.

Councillor Dixon asked about relationships with other housing associations and Mr Farr advised that there was communication with the other housing associations in the area; it was known that there was a need for more collaborative working and there had been a joint bid made for energy efficiency works.

6. RESOLVED that the information from the housing associations be received and noted.

The Chairman thanked Members and Officers for their attendance and closed the meeting

(Signed) H. TRUEMAN,
Chairman.