

Thurrock: A place of opportunity, enterprise and excellence, where individuals, communities and businesses flourish

Housing Overview and Scrutiny Committee

The meeting will be held at **7.00 pm** on **13 December 2016**

Committee Room 1, Civic Offices, New Road, Grays, Essex RM17 6SL

Membership:

Councillors Gerard Rice (Chair), Chris Baker (Vice-Chair), Jan Baker, Tunde Ojetola, Jane Potheary and Joycelyn Redsell

Lynn Mansfield, Housing Tenant Representative

Substitutes:

Councillors John Allen, Tony Fish, Ben Maney, Terry Piccolo and Kevin Wheeler

Agenda

Open to Public and Press

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Queries regarding this Agenda or notification of apologies:

Please contact Kenna-Victoria Martin, Senior Democratic Services Officer by sending an email to Direct.Democracy@thurrock.gov.uk

Agenda published on: **5 December 2016**

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DECLARING INTERESTS FLOWCHART – QUESTIONS TO ASK YOURSELF

Breaching those parts identified as a pecuniary interest is potentially a criminal offence

Helpful Reminders for Members

- *Is your register of interests up to date?*
- *In particular have you declared to the Monitoring Officer all disclosable pecuniary interests?*
- *Have you checked the register to ensure that they have been recorded correctly?*

When should you declare an interest *at a meeting*?

- **What matters are being discussed at the meeting?** (including Council, Cabinet, Committees, Subs, Joint Committees and Joint Subs); or
- If you are a Cabinet Member making decisions other than in Cabinet **what matter is before you for single member decision?**



Does the business to be transacted at the meeting

- relate to; or
- likely to affect

any of your registered interests and in particular any of your Disclosable Pecuniary Interests?

Disclosable Pecuniary Interests shall include your interests or those of:

- your spouse or civil partner's
- a person you are living with as husband/ wife
- a person you are living with as if you were civil partners

where you are aware that this other person has the interest.

A detailed description of a disclosable pecuniary interest is included in the Members Code of Conduct at Chapter 7 of the Constitution. **Please seek advice from the Monitoring Officer about disclosable pecuniary interests.**

What is a Non-Pecuniary interest? – this is an interest which is not pecuniary (as defined) but is nonetheless so significant that a member of the public with knowledge of the relevant facts, would reasonably regard to be so significant that it would materially impact upon your judgement of the public interest.

Pecuniary

If the interest is not already in the register you must (unless the interest has been agreed by the Monitoring Officer to be sensitive) disclose the existence and nature of the interest to the meeting

If the Interest is not entered in the register and is not the subject of a pending notification you must within 28 days notify the Monitoring Officer of the interest for inclusion in the register

Unless you have received dispensation upon previous application from the Monitoring Officer, you must:

- Not participate or participate further in any discussion of the matter at a meeting;
- Not participate in any vote or further vote taken at the meeting; and
- leave the room while the item is being considered/voted upon

If you are a Cabinet Member you may make arrangements for the matter to be dealt with by a third person but take no further steps

Non- pecuniary

Declare the nature and extent of your interest including enough detail to allow a member of the public to understand its nature



You may participate and vote in the usual way but you should seek advice on Predetermination and Bias from the Monitoring Officer.

Vision: Thurrock: A place of **opportunity**, **enterprise** and **excellence**, where **individuals**, **communities** and **businesses** flourish.

To achieve our vision, we have identified five strategic priorities:

1. Create a great place for learning and opportunity

- Ensure that every place of learning is rated “Good” or better
- Raise levels of aspiration and attainment so that residents can take advantage of local job opportunities
- Support families to give children the best possible start in life

2. Encourage and promote job creation and economic prosperity

- Promote Thurrock and encourage inward investment to enable and sustain growth
- Support business and develop the local skilled workforce they require
- Work with partners to secure improved infrastructure and built environment

3. Build pride, responsibility and respect

- Create welcoming, safe, and resilient communities which value fairness
- Work in partnership with communities to help them take responsibility for shaping their quality of life
- Empower residents through choice and independence to improve their health and well-being

4. Improve health and well-being

- Ensure people stay healthy longer, adding years to life and life to years
- Reduce inequalities in health and well-being and safeguard the most vulnerable people with timely intervention and care accessed closer to home
- Enhance quality of life through improved housing, employment and opportunity

5. Promote and protect our clean and green environment

- Enhance access to Thurrock's river frontage, cultural assets and leisure opportunities
- Promote Thurrock's natural environment and biodiversity
- Inspire high quality design and standards in our buildings and public space

Minutes of the Meeting of the Housing Overview and Scrutiny Committee held on 6 October 2016 at 7.00 pm

Present: Councillors Gerard Rice (Chair), Chris Baker (Vice-Chair), Jan Baker, Jane Potheary and Joycelyn Redsell

Lynn Mansfield, Housing Tenant Representative

In attendance: Roger Harris, Corporate Director of Adults, Housing and Health
Richard Birchett, Interim Head of Housing
Susan Cardozo, Housing Asset Investment & Delivery Manager
Dawn Shepherd, Housing Strategy and Quality Manager
Charlotte Raper, Senior Democratic Services Officer

Before the start of the Meeting, all present were advised that the meeting may be filmed and was being recorded, with the audio recording to be made available on the Council's website.

The Chair informed Members that, since publication of the Agenda, Councillor MacPherson had been appointed as a Cabinet Member and so was no longer permitted to sit on an Overview and Scrutiny Committee.

8. Minutes

The minutes of the Housing Overview and Scrutiny Committee meeting held on 21 July 2016 were approved as a correct record.

9. Urgent Items

There were no items of urgent business.

10. Declaration of Interests

There were no declarations of interest.

11. Update on the Homelessness Prevention Strategy 2015-2016

The Housing Strategy & Quality Manager presented the report which gave the Committee an update one year into the five year Homelessness Prevention Strategy adopted in October 2015. The report outlined plans to prevent homelessness and to secure accommodation for residents in need within 28 days as well as the action plan which had been devised. Members also heard that a Homelessness Forum had been established to drive this action plan forward. The Housing Strategy & Quality Manager highlighted that there had been an increase in homelessness both within the Borough and on a National scale, but there had been a shift in the major cause of homelessness within Thurrock due to the ending of assured short hold tenancies within privately

rented properties. Many residents also faced difficulty as private rents had increased greatly whilst the Local Housing Allowance had remained at the same level, which presented monthly shortfalls for many tenants.

The Chair asked, to offer some context, how many were currently on the Council's waiting list for housing. The Committee was advised that, including transfers, there were currently around 7000 people on the waiting list. The Chair proceeded to seek clarification whether individuals in need were predominantly placed into properties within the Private Sector and Members heard that the majority of tenants were placed within social housing rather than privately rented accommodation.

Councillor Potheary asked the Officers for a response to reports within the Thurrock Gazette which accused Thurrock Council of "Gatekeeping" and reports of a leaflet having been distributed which advised people how to survive on the streets. The Corporate Director of Adults, Housing & Health assured Members that these reports had been thoroughly investigated and there had been no leaflet published or distributed by Thurrock Council and the advice mentioned within the Gazette was not given by Council Staff. Councillor Potheary continued to question whether the internal investigation was ongoing. The Corporate Director of Adults, Housing & Health insisted that he would use the word "review" rather than "investigation", but there was a review underway which hoped to improve front door services. Councillor Potheary asked whether it would be possible for a report to come to the Committee and it was agreed that a report would be brought back, however possibly not in time for the next meeting.

The Housing Tenant Representative asked whether, in special circumstances, the Council would advance "key money" for tenants being housed within privately rented properties. The Housing Strategy & Quality Manager confirmed that in some cases the Council would pay these advanced sums to private landlords and explained that it was part of the landlord incentive. The Housing Tenant Representative continued to highlight that people were generally unaware that this was an option. She admitted it may have been included on the Council's website but the website itself was difficult to navigate and as such it might be helpful to make people aware. The Housing Strategy & Quality Manager reminded the Committee that this option was not offered in every case. Anyone who registered with the Housing Department as homeless would be assessed and it was only offered in certain cases as a result.

Councillor Redsell referred to comments within the report around London Borough's using properties within Thurrock and asked whether the Housing Strategy & Quality Manager could elaborate. The Committee heard that there had been instances of London Borough's having contacted private landlords within Thurrock and to offer huge incentives of £3-4,000 if they were to house residents. The Housing Strategy & Quality Manager admitted that it was understood that London Boroughs were facing huge problems, but there were already problems within Thurrock and their actions merely pushed rent in Thurrock up. Thurrock Council had contacted these Boroughs to remind them

that they had a legal duty to inform Thurrock Council of any individuals to be housed within Thurrock to highlight the issues. There was evidence that the numbers being placed within Thurrock from other Boroughs had begun to fall but the likelihood was it was as a result of rising rental rates within Thurrock, which meant there was no longer any saving to those Boroughs.

Councillor Potheary asked Officers to clarify that, whilst these Boroughs had a legal duty to inform the Council of anyone being housed within Thurrock, there was no mechanism which would allow Thurrock to say they could not do so. Members were advised that this was correct.

RESOLVED:

1) The Committee notes the updates in the Homelessness Prevention Strategy Action Plan

12. Transforming Homes Update

The Housing Asset Investment & Delivery Manager presented the report which gave an update on the programme which was now in year 4 of 8. The Committee heard that the aim of the programme was to bring Council properties up to Decent Homes standard and that the report gave updates on the key elements of the programme such as increased governance and challenge towards contractors, increased customer satisfaction and a decrease in complaints and the added social value which provided benefits to the local community and economy. Members were advised that Officers were awaiting news of the Government's new scheme regarding energy efficiency funding which would be due to be implemented in April. Damp and mould had been a key issue throughout the programme and the works carried out under this programme sought to tackle the root cause such as structure and ventilation as well as increasing resident education.

The Spending Review 2015 had reduced Council rents by 1% a year for the next four years; this meant that there would be a financial deficit by the end of year 8, which would be tackled in the HRA business plan, which would be presented to the Committee in December. The plan moving forward would be to maintain the resident focused position of the programme, continued engagement with both tenants and lease holders, strict governance of contractors and maintained improved performance. The next year would also see the commencement of procurement for arrangements to deliver years 5-8 of the programme.

Councillor Potheary noted that the presentation as a whole had been very positive but raised concerns that whilst officers reported positive feedback this was not being reflected in the emails Councillors received from residents within their wards. There were often complaints of customer service issues, lack of response, work not having been done, tradesmen not having arrived or having arrived at unscheduled times and tradesmen not having ID cards on them. She asked how officers hoped to ensure good practice on every

occasion since there were still a large number of complaints being made to Councillors about fairly simple issues. Councillor Potheary then raised the issue of the security entrance to blocks in Seabrook Rise. Installation should have taken place in June and had still not been completed, with the doors forced to be permanently open since.

The Housing Asset Investment & Delivery Manager assured Members that there had been significant investment in resident liaison and whilst there had been a decrease in complaints officers would urge residents to contact the Council immediately if and when there were issues. The department was getting better at addressing issues and turning situations around so that even if there were a problem, by the end of the process residents would have a positive opinion of their experience. In order to address the issue of workmen without ID cards the department had undertaken random audits and many contractors had introduced systems to ensure that their staff were always carrying identification.

The installation of the new door entry system at Seabrook Rise was a part of the planned programme of works and did not come under the Transforming Homes programme and as such the Housing Asset Investment & Delivery Manager, though she was aware of the situation, did not have all of the information to hand and assured Councillor Potheary she would liaise with her outside of the meeting.

Councillor Redsell echoed Councillor Potheary's concerns that the report did not match feedback Councillors were receiving directly from residents. Referring to damp and mould, Councillor Redsell deemed that though it was right to educate residents the issues were not necessarily their fault, as many of the properties were simply no longer fit for purpose. She was concerned that the Council continued to spend good money after bad as there had been cases where cladding had been fitted over mould, rather than eradicating the issue beforehand. Councillor Redsell suggested there had been issues with MEARS having employed a contractor who in turn employed a further sub-contractor and she believed this was worsening situations; she quoted a situation whereby tradesmen had informed residents that they could repair a door if they were to light matches and put them in the holes, which was obviously very poor practice.

The Chair reminded the Committee that it could not discuss specific cases in detail per se, however if Councillors were concerned they could approach officers outside of the meeting and the matter could be discussed more clearly. He agreed that certain contractors seemed to have strange ideas and that quite possibly a lot of the concerns did not reach the ears of Directors or Heads of Service as residents felt exasperated and so gave up and contacted Councillors instead. The Chair continued to raise concern that some of the housing stock was simply in such a poor condition, such as Ruskin Road in Chadwell-St-Mary, that it would need a great deal of work. He had heard that there had been an incident whereby MEARS had come to apply emulsion on the walls but had only applied it to patches, at which point the tenant lost their calm and cases like this created friction because, after all, these properties

are the tenants' homes. He agreed that all Councillors seemed to have stories from residents.

Councillor Jan Baker interjected that she recalled problems being raised two years before and now other Councillors were seemingly reporting similar issues, which was a concern.

Councillor Redsell stated she had only received such complaints within the past two years, and Councillors were being contacted as a last resort as residents felt there was no one else to turn to. She admitted that it was very difficult to contact the Housing Department through the Council's telephone system and this was probably part of the reason residents were turning away and contacting their Councillors instead.

The Chair asked officers how they planned to tackle these issues. The Corporate Director of Adults, Housing & Health assured Councillor Redsell that he was aware of the three blocks within her ward that required attention. The Committee heard that officers would need to think of a longer-term plan as there were clearly some fundamental issues that would not be easy or quick to resolve. There would be a review of the HRA Business Plan but the options of new builds, estate regeneration and maintenance and repairs would need to be weighed up and the HRA was having to be completely recast due to rent reductions. He continued that these facts did not excuse poor performance, which evidently had not been simply about money but the poor quality of work, and he assured Members that the feedback had reached officers too. There had been regular meetings with all major contractors and the Chief Executive and Leader of the Council had both taken a personal interest in improving the service, though changes could not be made overnight. Although the service was still not where it should be there had been some improvements particularly given the new manager of MEARS and the improved relationship between the Council and MEARS. There were a whole series of issues which would need to be assessed with certain estates needing long-term work, a need to review customer care and to hold contractors more tightly to account. The Committee heard that Officers were aware and that there would need to be a fundamental review of the service.

Councillor Redsell insisted that on a positive note MEARS had been very good recently and that the issues seemed to arise when contractors and sub-contractors were brought in, so MEARS could not watch everything. She recalled that inspectors used to go out to properties and assess the work carried out, but that seemingly was no longer the case, and many of the tradesmen did not carry ID or could not speak English well. MEARS themselves seemed to be doing well, but were falling foul of subcontractors.

The Vice-Chair reiterated the concerns regarding the work carried out by some of the tradesmen and that many residents had been unhappy with tradesmen with whom they were unable to communicate due to a lack of English. He was particularly concerned that these issues might cause elderly residents stress and anxiety. The Corporate Director of Adults, Housing and

Health agreed that he would take the feedback on board and discuss it with MEARS.

The Housing Tenant Representative informed the Committee that she had just gone through the Transforming Home process and had had a very positive experience with no problems. She did raise concerns that the door closers which had been put on fire doors in their complex were too strong and too quick; particularly for the elderly residents, she had attempted to go through the kitchen door to test it and had been hit as it shut on her. As a member of the Excellence Panel she felt the Panel was not being used to its full potential as they had previously been consulted prior to work taking place and now they were not brought in until the work had been carried out. With regards to damp and mould she asked whether there might be a clause put into the tenancy agreement which could prevent residents covering their airbricks, as many residents did so but this increased the problem.

The Housing Asset Investment & Delivery Manager thanked the Housing Tenant Representative for her feedback and added that it was interesting, particularly regarding the fire door safety closers which, though necessary to comply with regulations, were available in different types and some were slower than others so officers would look into what types had been used and how these could be improved or adjusted, particularly within sheltered accommodation. She continued that the matter of residents blocking air bricks was a very good point. Members heard that there was to be a specialist damp and mould team set up within the housing department who would work to improve education as this was a continuing problem, and similarly some residents were insistent that they did not want fans installed in their kitchens though these were necessary to increase air circulation and prevent damp and mould.

The Corporate Director of Adults, Housing and Health agreed that at present the Council was not making the most of an asset such as the Excellence Panel but that the Leader of the Council had shown a keen interest in attending meetings himself and hoped to bring reports to the Panel so as to utilise them to their true potential.

The Chair returned to the Thermal Efficiency programme and asked whether elderly residents, either in sheltered or general needs accommodation, would have to wait for the programme or whether the Council would be targeting elderly residents to improve their homes. The Corporate Director of Adults, Housing and Health advised the Committee that the department could not continue to divert from the scheduled sequence of events and as such elderly residents would have to wait for the programme to reach them, they would not be targeted specifically. The Chair clarified his question, asking whether those residents whose repairs had already been completed, with new boilers and such, would be contacted. He asked whether it would be possible, even if the Council could not afford the insulation, to direct elderly tenants to other options such as SAGA, or the energy companies as it seemed silly to improve the boiler and heating without improving the insulation on their homes. He insisted that elderly residents should at least be given some direction as to

where they can go to improve the insulation within their homes if the Council could not do so. The Corporate Director of Adults, Housing and Health assured Members that this would at least be on the department's radar moving forward.

The Chair referred to the recommendations and outlined that the Committee did take the comments that there had been improvements however the issue of the language barrier many residents had faced would need to be addressed, it was unacceptable for groups of tradesmen to go into a residents home without at least one of them being able to speak English to communicate with the Resident. Councillor Redsell agreed and added that it seemed to affect elderly residents more as there was simply no one to ask what was being done. The Housing Tenant Representative added that in her experience, although the tradesmen had not been particularly fluent in English their manager was and had been easily contactable. The Chair continued that though the experience of the Housing Tenant Representative had been good, there were some instances where this had not been the case and it was very important.

RESOLVED:

- 1) The Committee noted the progress with the Transforming Homes programme and the key benefits that will be delivered through year for of the programme for 2016/17**

13. Sheltered Housing Decommissioning - Update

The Housing Strategy & Quality Manager presented the report which outlined the progress so far with the Sheltered Housing Decommissioning programme and plans for the remainder of the programme. Members heard that there were three options for empty properties as they arose: allocation to general needs tenants, for empty properties to remain empty until the end of the decommissioning process, and allocation to general needs tenants in a sensitive manner such as only to tenants aged 50 and above.

Councillor Redsell thanked the Housing Strategy & Quality Manager for her report and added that she could understand letting empty properties to over 50s. She added that young people with drug issues and similar caused immense stress to elderly residents and mixing tenants did not always work. She reiterated she could see it working with general needs tenants over the age of 50, or perhaps with younger, single tenants who were working might prove to be better. She was concerned at the risk of hurting residents who opted to stay in their property with introducing tenants with issues such as drug abuse, which was a big problem within the Borough.

The Housing Tenant Representative referred to comments surrounding the decommissioning of the scheme in Alexandra Road, Tilbury and asked when the process would begin. She also asked whether residents had been notified. Members were informed that the process had not yet begun, and the

reality was the programme was only just moving into phase two so residents had not yet been advised of the date.

The Housing Tenant Representative agreed with the proposal to allocate properties as they emptied to over 50s, but questioned if the process would take a period of time whether it would mean that over 50s might jump the queue on the waiting list for accommodation. She also asked whether the properties would always be for residents over 50 or if younger residents would follow. The Housing Strategy & Quality Manager reminded the Committee that once the Sheltered Housing Decommissioning programme was complete the properties were always intended for general use tenants, and added that people could be anti-social at any age. Members were assured that officers' priority was to be very sensitive to elderly residents during the process rather than blindly allocating the properties to anyone so long as they were aged 50 or above.

Councillor Potheary highlighted that it was very difficult as there were some younger individuals that would relish that kind of property and would not bring the kinds of issues mentioned but understood the need to balance their need with the needs of the elderly residents. She asked whether option 3 could be coordinated into part of a downsizing campaign as she was conscious that there was a chance that some properties might remain empty. Councillor Potheary sought clarity as to whether this would just be during the decommissioning phase or permanently as it would be a real concern to have empty properties while people within the borough were still homeless and awaiting accommodation. She also asked whether there was any resident feedback surrounding the mobile sheltered housing service.

The Housing Strategy & Quality Manager apologised that she could not provide feedback presently regarding the mobile service but could find out and respond outside of the meeting. Members were assured that it was not intended that properties would remain empty any longer than necessary, the options only referred to the decommissioning period when residents would be making their decisions and might be waiting for the completion of the new development in Calcutta Road.

Councillor Potheary asked Officers to confirm that for any residents who opted to stay past the decommissioning period it would be made very clear that there could be younger tenants living alongside them in the future. The Housing Strategy & Quality Manager reassured the Committee that it would have to be made abundantly clear to residents making their decisions.

The Chair asked for confirmation that the units in question were not part of a traditional sheltered living complex. Members heard that they did not open onto a shared courtyard like traditional complexes but had always been used, to her knowledge, for sheltered accommodation.

The Chair agreed that he would be quite happy for the option to be general needs tenants from the age of 50 as it seemed sensitive to the existing tenants but was cautious that the department should not let that criteria slide

and create friction. The Corporate Director of Adults, Housing and Health stressed their plan was “careful management” as there were some incredible instances of anti-social behaviour within sheltered accommodation while other younger individuals caused no concerns whatsoever so it would be essential to be sensitive in the selection process. He suggested the Committee include the over 50s clause in their recommendation to Cabinet.

RESOLVED:

- 1) The Committee noted the report and endorse the approach to further decommissioning of the remaining units/schemes identified in the February 2015 review.**
- 2) Members considered the options for using void properties during the decommissioning period and agreed the sensitive allocation approach.**

14. Fixed Term Secure Tenancies

The Chair introduced the Agenda Item and proposed giving the Cabinet a steer towards a ten year tenancy and that the Committee might amend the recommendations to reflect this.

The Corporate Director of Adults, Housing and Health advised Members that a version of the report would be presented to Cabinet in November and that the report had been prompted by a change in legislation, with much of the guidance to follow hence a level of uncertainty surrounding some issues. The Housing Strategy & Quality Manager presented the report which outlined that lifetime tenancies could no longer be issued under the new Act. This change would not be enforced retrospectively but all new tenants would be issued with tenancies for a fixed period of time.

The Chair asked Officers to clarify whether if someone were to transfer it would result in a new tenancy being created. It was confirmed that this would be the case. The Housing Strategy & Quality Manager continued to inform the Committee that Councils would have some discretion as to the duration of this fixed term, though it must be no less than two and no more than ten years with the exception of households with children under the age of 19. Criteria used to determine the initial length and outcomes of a fixed term tenancy would need to be included within the Council’s Policy, and so it would need to be rewritten.

The Chair asked whether Travellers’ sites would be included. Members heard that such sites did not have a tenancy but a licence and as such would not be affected.

Councillor Potheary asked for clarity surrounding tenancies running until a child reached 19 when the tenancy would be reassessed and what impact children at university would have, as she did not want families to feel their children could not attend university for fear of losing their tenancy. The

Housing Strategy & Quality Manager assured Members that children at university would be counted as part of the household.

The Housing Tenant Representative asked whether those elderly tenants being moved as part of the decommissioning programme would be affected and if there was a risk they might lose their lifetime tenancy. The Committee was reminded that this change would not apply retrospectively. If individuals chose to move they would receive a new tenancy however at the point of review, it would be unlikely that there would be changes to an elderly tenant within sheltered accommodation's circumstances so it would be quite possible that a further ten year tenancy would be issued. The Corporate Director of Adults, Housing and Health felt it was important to reiterate that it would not be the case that the end of a tenancy period was final, circumstances would be reassessed and then a further tenancy may be issued. The Housing Tenant Representative highlighted the difficulty faced by elderly residents given the decommissioning programme, that they would lose lifetime tenancies if they changed property. It would bring a lot of uncertainty, which was very unfair. The Committee was reminded that there had been a change in legislation, not Council Policy, with a maximum term to be given of ten years and Officers reiterated that it would be unlikely for circumstances to change and thus repeat tenancies would be issued. The Chair asked whether, as the Council would be decanting tenants, it would be possible to re-issue their lifetime tenancy. Members heard that the outcome would depend upon the regulations which had not yet been issued by the Government. If the Council were given the discretion to do so that would definitely be considered, however the discretionary powers were as yet unclear.

Councillor Redsell insisted there had to be something in place for the elderly, but agreed it should be the case that rather than worrying tenants at this point in time it should be reviewed once all the information had been made available. She echoed the Chair that it should be a ten year tenancy, as this was the only hope Thurrock had of reducing the housing waiting list, it would be the only way to move people on who no longer required their property while another family was desperate, but at the same time it would be long enough to give people a chance to save and feel secure. There was a need to free up properties with only one tenant to prevent the overcrowded situations that were arising.

The Chair agreed that the Committee would recommend a tenancy period of ten years to Cabinet and stated that the Council would have to make more of Gloriana so that there would be more projects as a way to be a responsible Council and move people along. He added that it would need to be looked at when the remaining details were issued in November, as the 7000 waiting list was not isolated to Thurrock but was replicated nationwide.

Councillor Potheary asked Officers to confirm that the Council had to provide a figure for fixed term tenancies. It was confirmed that this was the case and if the Overview and Scrutiny Committee did not make suggestions it would fall to the Officers to make recommendations to Cabinet. Councillor Potheary

gave her support for the recommendation of a figure of ten years, to offer residents some form of stability as one of the biggest problems faced by individuals renting within the private sector, as previously mentioned, was the complete lack of stability.

The Corporate Director of Adults, Housing and Health emphasised the point that this would require a change to the Council's existing Policy with clear criteria and justification to prevent challenges to decisions. Councillor Potheary confirmed that her recommendation would be a fixed term tenancy of ten years for all cases within the matrix at 3.3.2 bar those with special circumstances. The Chair clarified that in all other cases the Committee's recommendation for a fixed term tenancy was ten years.

RESOLVED:

- 1) The Committee provided recommendations to Cabinet on the issue of fixed term tenancies for the groups outlined within the matrix at 3.3.4 and supported a ten year tenancy option.**

15. Work Programme

The Chair asked for an update on the Sheltered Accommodation Wardens to be brought to the Committee in December. The Corporate Director of Adults, Housing and Health advised that the Allocations Policy Review would be deferred until February 2017 and a review of the HRA Business Plan would be brought to the Committee at the December meeting. Councillor Potheary reiterated her earlier request for a review of the Gazette allegations regarding homelessness be added to the work programme. There would also be an update of the Housing review once the regulations had all been made available.

RESOLVED:

Members noted the Work Programme including the amendments.

The Housing Tenant Representative requested to ask a question that did not relate to the Agenda, which a member of the public had put to her before the meeting following an article in the newspaper. She asked why Thurrock Council had paid £50,000 or something similar to Swindon Council. The Vice-Chair interjected that it was linked to Solar Power. Officers advised that it was another directorate and as such an answer would have to follow outside of the meeting.

The meeting finished at 8.46 pm

Approved as a true and correct record

CHAIR

DATE

**Any queries regarding these Minutes, please contact
Democratic Services at Direct.Democracy@thurrock.gov.uk**

13 December 2016	ITEM: 5
Housing Overview and Scrutiny Committee	
Sheltered Housing Changes to Service – Update	
Wards and communities affected: All Wards & Sheltered Housing Community	Key Decision: Yes
Report of: Sue Kane, Sheltered Housing Manager	
Accountable Head of Service: Les Billingham, Head of Service for Adults, Housing and Health	
Accountable Director: Roger Harris ,Corporate Director of Adults, Housing and Health	
This report is an update on the Sheltered Housing service following changes agreed to the support provided in February 2015.	

Executive Summary

In February 2015 Housing Overview & Scrutiny Committee noted a programme of change in service model to the sheltered housing service across the borough.

The decision followed a detailed review and analysis of sheltered accommodation and a full consultation with residents during 2013 -14.

Subsequently, it was agreed to change the service model and introduce a service charge to new tenants, entering the service.

This report provides an update on the current service and reactions to the changes.

1. Recommendation(s)

1.1 That the Housing Overview and Scrutiny Committee Note this update report concerning the Sheltered Housing service.

2. Introduction and Background

2.1 Thurrock Sheltered Housing currently provides 1283 units of sheltered accommodation at 30 sites across the borough. As at 28th November 2016 there were 1261 active tenancies producing a void level of 1.7% (22 tenancies). None of the current voids are long term.

- 2.2 Current satisfaction levels with the Estate Officers service is good with over 80% of tenants judging the service as good or above. Of the 489 tenants who responded to the latest survey 35% scored the service as excellent, this was an improvement from the previous year where the percentage was 26%; this is an encouraging outcome as the previous year was the one in which the changes to the service were made. Other results were as follows:

Result	%	Year	%	Year
Good	48%	2016	58%	2015
Fair	10%	2016	7%	2015
Poor	3%	2016	6%	2015
Very Poor	3%	2016	2%	2015

Managing the estate office was the major change to the service in 2015; therefore these results are directly with regard to service improvement.

The satisfaction rates recorded concerning the whole service in 2016 are also reassuring with a rate of 87% of good or above being achieved.

- 2.3 Anti-social behaviour (ASB) remains a concern given the vulnerability of the tenants in Sheltered Housing. However, the service is successfully managing ASB, with only 3 recorded open cases as at 28th November 2016. Clearly the service needs to remain vigilant and there have been a number of successful initiatives undertaken with colleagues in the Safer Communities team, including stay safe events and raising awareness of alcoholism.
- 2.4 Currently 54% of tenants living in sheltered accommodation are eligible for a disability related benefit with 5% requiring a high level of support due to the extent of their vulnerability. On average there are around 430 daily contacts (34% of total tenancies) or approximately 14.5 per complex. This level of activity is indicative of the growing complexity of need found within sheltered housing. In spite of this increased vulnerability the recent survey showed that 4 out of 5 tenants of sheltered housing were aware of the repairs contact number. This is encouraging evidence of the success of the “independent living” approach adopted last year.

3. Issues, Options and Analysis of Options

- 3.1 In spite of this reassuring set of survey results it is clear that not everything implemented as part of the service improvement has been a success. The additional responsibilities of estate management have proved difficult to absorb within the sheltered housing team and therefore we have recently added 3 extra members of staff. Independent living (IL) is the right model for the future of the service however in order to deliver this successfully it is vital that IL plans are agreed with the tenants and reviewed regularly. Staffing levels agreed as part of the original service improvement did not facilitate the completion and review of individual plans, hence the need to review staffing resources.

- 3.2 During the initial changes tenants expressed concerns regarding the impact, they felt the service changes had e.g. reduction in amount of time spent at each site. Tenants were used to seeing officers on site 37 hours per week and therefore the new service was a big change. Team leaders and manager visited the sites and attended residents meeting and were able to reassure them that the new service model actually assists them to be more independent and encourages them to plan and action their own activities. However, it was also agreed to increase the team to 18 officers and 3 team leaders.
- 3.3 The service is now divided into 3 teams of 6 officers, 5 officers cover two sites each, with one officer covering absences such as annual leave and sickness. There are 3 team leaders who manage one team of 6 officers. These changes to are providing a more effective service across the borough.

4. Reasons for Recommendation

- 4.1 The results presented in this report from the tenant's survey indicate a high level of satisfaction amongst sheltered housing tenants. However, a management review of the service changes during this year identified challenges that would have threatened the ongoing performance of the service. This review highlighted the need to increase staff numbers and deploy them differently in order to ensure the Independent Living model is continued to be rolled out.
- 4.2 Housing Overview and Scrutiny Committee requested an update of the sheltered housing service as part of the service improvement implemented to deliver Independent Living. Therefore the recommendation is for the committee to note the outcome of the service changes, and note the recent further improvements made.

5. Consultation (including Overview and Scrutiny, if applicable)

- 5.1 Consultation regarding the changes introduces in 2015 was undertaken. The recommendations in this report are management actions which will increase the resource to support tenants; therefore there is no need for a further period of consultation.

6. Impact on corporate policies, priorities, performance and community impact

- 6.1 The changes recommended in this report will improve the performance of the sheltered housing and tenancy management to our tenants.

7. Implications

7.1 Financial

Implications verified by: **Julie Curtis**
HRA and Development Accountant

No financial implications, this report is for information only.

7.2 Legal

Implications verified by: **Martin Hall**
Housing Solicitor/Team Leader

There are no legal implications arising from this report, which provides an update for information purposes only.

7.3 Diversity and Equality

Implications verified by: **Natalie Warren**
Community Development Manager

Whilst the impact of these changes will directly affect tenants of sheltered housing who are primarily older people and therefore a protected group under legislation, the changes have improved the quality of the service they will receive. Therefore the changes will have a positive impact.

7.4 Other implications (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder)

- No implications.

8. Background papers used in preparing the report (including their location on the Council's website or identification whether any are exempt or protected by copyright):

- Housing Overview and Scrutiny report 16 July 2014
- Housing Overview and Scrutiny report 6 October 2016

9. Appendices to the report

- None

Report Author:

Sue Kane
Sheltered Housing Manager

13 December 2016	ITEM: 6
Housing Overview and Scrutiny Committee	
Update on HMO Licence Fee Consultation and the Proposal of Additional Licensing	
Wards and communities affected: All	Key Decision: Key
Report of: Dulal Ahmed, Housing Enforcement Manager	
Accountable Head of Service: John Knight , Head of Housing	
Accountable Director: Roger Harris, Corporate Director of Adults, Housing and Health	
This report is Public	

Executive Summary

On 21st July 2016 the Housing Overview and Scrutiny Panel agreed to review the HMO licence fee changes proposed by the Private Sector Housing Service for Houses in Multiple Occupation (HMOs). The fee changes are based on the extension of HMO licencing as a statutory requirement. This relates to the Council's five year licence fee charges in 2017/18.

This report outlines the consultation feedback and recommendations of residents, private landlords and stakeholders affected by the proposed changes and how the Council can support them through a formal landlord accreditation scheme and sets out a proposed level of licence fee.

In addition, it sets out the proposal of carrying out an assessment of Additional HMO Licensing under the Housing Act 2004, to improve housing standards on other HMO categories types, outside of the mandatory definition within Thurrock.

Section 58(6) and 82(6) of the Housing Act 2004 gives Local Authorities in England general approval to declare an additional licensing scheme within their area provided the local authority consult with persons who are likely to be affected by the schemes for not less than 10 weeks.

1. Recommendation(s)

It is recommended that Members:

1.1 Note the Central Government changes to mandatory HMO licensing scheme;

- 1.2 **Note the feedback to Thurrock Council's public consultation on this extension to HMO licencing and on the revision of HMO licence fees to carry out this duty;**
- 1.3 **Note the proposed HMO licence fee charges for 2017/18 to Cabinet in January 2017.**
- 1.4 **Note the proposal to explore the option of Additional HMO licensing to properties below the Government's mandatory definition. This assessment will test it's appropriateness for additional licensing powers in Thurrock.**

2. Introduction and Background

- 2.1 At the end of December 2015, the Government consulted on the proposals to extend the scope of mandatory licensing of HMOs from three storey buildings occupied by five persons or more and two or more households to two storey buildings occupied by at least 4 persons. The council consulted landlords and members of the public on the Government's proposals and the Council's response in the summer. These results are summarised in section 3.
- 2.2 The Government has announced its decision to extend mandatory HMO licensing. This includes removing the storey rule so all houses (regardless of how many floors) with 5 or more people from 2 or more households are in scope. Also, it will extend mandatory licensing to flats above and below business premises (regardless of the number of storeys).
- 2.3 The Private Sector Housing Service has 5 licensed HMO on its public register.
- 2.4 We are aware of over 300 HMOs that meet the new definition criteria and will therefore need to be licenced. We estimate a further 100 properties based on Council Tax and Electoral Roll intelligence data. This is a significant licensing increase for the Private Sector Housing Service to administer.
- 2.5 Currently, there is a flat HMO fee structure for small and large HMOs. Our proposal of a variable fee structure reflects the administration cost on carrying out this inspection duty.
- 2.6 The Local Housing Authority (LHA) can determine its own fees for HMO licence applications. In setting its fees a LHA may take into account all costs it has incurred in carrying out its licensing function and the Private Sector Housing Team has drafted a suite of variable licence fees to reflect our duties.
- 2.7 The Housing Act 2004 allows LHA to impose a licence on other categories of HMOs in its area which are not subject to mandatory licensing. This is known as Additional Licencing. The LHA can do this if it considers that a significant proportion of these HMOs are managed sufficiently ineffectively so as to give rise to one or more complaints either for those occupying the HMOs or for members of the public. This list is not limited to unaddressed anti-social

behaviour, neighbour nuisance, fly tipping, noise, poor management, maintenance problems to name a few.

2.8 The Private Sector Housing Service will carry out this assessment and report its findings.

3. Consultation

3.1 The Private Sector Housing Service carried out a variety of engagement methods to capture public feedback on the extension of HMO licensing and the new HMO licence fee structure.

3.2 This included an independent telephone survey, broad public consultation via an on-line questionnaire, a Private Landlord Forum and stakeholder meetings with the Police and Fire Service.

3.3 The telephone survey results undertaken by KWest in July 2016 showed 67% out of 166 residents are supportive of extending HMO licencing. They agreed that the Council should be doing more to tackle poorly managed HMOs.

3.4 The on-line public consultation survey on the Council website was completed by a total of 108 people. The key results showed that:

- 81% of private landlords and 9% of residents completed the survey;
- 74% rented of their homes on the open market including to family and friends;
- 34% of landlords wanted help to find a good tenant;
- 76% felt HMO licensing improved their property management standards;
- 74% had not heard about the pending government HMO consultation changes;
- 57% were unaware that all licensable HMOs will have to pay a licence fee;

3.5 Essex Police and Fire Brigade are in strong support of mandatory and extending HMO licensing in Thurrock. This increases the safety of residents and would assist their ability to deal with anti-social behaviour and fire safety associated with HMOs.

3.6 The Private Sector Housing Team hosted a Landlord Forum in August which identified that a number of local landlords will require HMO education and guidance to comply with the law. This is consistent with the on-line survey results which showed 74% had not heard about the pending changes.

3.7 Landlords with more than one HMO welcomed the capped discount to support them.

3.8 An *'early bird'* discount scheme was regarded as another positive measure to reward private landlords registering early.

4 The Landlord Accreditation Scheme

- 4.1 Thurrock's private rented sector is dominated by small landlords and although much of the sector functions well the problem of poor management, neighbour nuisance and maintenance problems persist and have increased as the sector has expanded.
- 4.2 One method of tackling poorly performing private landlords is to engage constructively with them and encourage them to join an accreditation scheme. Operating an accreditation scheme demonstrates to both landlords and existing and prospective tenants that the council actively supports the provision of safe and suitable private rented accommodation and gives landlords an incentive to operate within the law. In addition an accreditation scheme helps landlords meet the required standards of management and maintenance and the benefits to the landlord include:
- Enhance knowledge and skills to run a more successful business;
 - A market advantage appealing to tenants that they are accredited and trust worthy;
 - Having access to up to date information such as legislative changes, advice and support;
 - Access to discounted and free training events;
 - Working in partnership with the council's Private Housing and Housing Solutions Service, to improve their regulatory compliance and provide accredited landlords a tenant introduction service.

5 Proposed Licencing and Licence Fees

- 5.1 Appendix 1 shows the proposed fees for licencing the HMO housing market. This includes incentives to encourage early compliance and discounted fees for landlords with more than one property.
- 5.2 A five year licence will be granted to our private landlords who pass their HMO management conditions and maintenance inspection.
- 5.3 The 2017/18 new licence fees are comparable to other local authorities providing the same service.
- 5.4 The proposed fee structure plan encourages Private Sector Landlords operating in Thurrock to pay and become an accredited landlord scheme member. This entitles them to receive a 15% discount on their HMO licence fees.
- 5.5 Private landlords with more than one HMO (Landlord accredited) will also benefit from a discounted fee, capped at 20% per property.

- 5.5 A temporary 12 month license fee will be granted in the circumstances when a landlord fails to pass their housing management and maintenance inspection. Other reasons include unaddressed anti-social behaviour concerns associated with their property and/or the landlord neglecting his management duties in any of their properties. This will support them to trade lawfully whilst evidencing they can achieve full compliance.
- 5.6 The council will, however, prosecute landlords who fail to improve when advised to do so and after our support to them has not resulted in a satisfactory improvement.
- 5.7 The new fees do not apply to a private landlord leasing a whole house/flat to a single household unless the principal tenant sublets rooms to two or more unrelated sub tenants.
- 5.8 The extension of HMO licencing will necessitate a greater level of work for the Private Sector Housing team and the costs incurred are legally recoverable by the Council through a licence fee mechanism. This represents the administrative and officer costs in preparing a 5 year HMO licence.

6. Consultation (including Overview and Scrutiny, if applicable)

- 6.1 A full consultation on the new fees has been carried out – see section 3 above. No further consultation will take place. The new fees if approved will be published on the website.
- 6.2 The assessment of additional HMO Licensing under Part 2 of the Housing Act 2004 will commence prior to 2017/18. This opportunity will test the reasons for the proposal in Thurrock, covering HMOs below the mandatory definition.

7. Impact on corporate policies, priorities, performance and community impact

- 7.1 Extending HMO licensing should improve the health and wellbeing of private tenants through the reduction of poor and unsafe housing conditions. This aim contributes twofold to the Council's strategic objective of '*Improve health and well-being*' and '*Build pride, responsibility and respect*'.

8. Implications

8.1 Financial

Implications verified by: **Julie Curtis**
HRA and Development Accountant

This report recommends a new HMO fee structure. The fees for this type of licensing are reviewed every year thereafter to be open and transparent.

Implementing the extension of HMO licensing in 2017/18 will have future staffing implications for the Private Sector Housing Team who will be administering the scheme. These costs will be recovered from the HMO income fee.

The expected licence fee income of over 300 homes will capture nearly all of the smaller HMOs within the new HMO licence definition for the General Fund. This represents a significant licensing increase because under the existing HMO licence definition, the Council has 5 licensed HMOs on its public register.

8.2 Legal

Implications verified by: **Chima Obichukwu**
Housing Litigation Solicitor

When the Local Authority has a statutory duty to provide a service, any charge to be imposed must be within any statutory fee range outlines in related legislation.

Section 63(3) of the Housing Act 2004 provides the Council the right to determine a fee for a HMO licence application and recover all reasonable costs incurred in the processing of licences. This fee structure complies with the Housing Act 2004.

Section 56(3) of the Housing Act 2004 states that the Local Authority must take reasonable steps to consult persons who are likely to be affected by the additional licence designation and consider any representations made in accordance with the consultation.

8.3 Diversity and Equality

Implications verified by: **Natalie Warren**
Community Development Manager

The objective of the proposals is to improve the private rented sector in terms of meeting minimum legal safety standards to protect lives and the wellbeing

of residents. A draft equality impact assessment will be completed alongside the consultation. No negative equality implications are foreseen but there are expected to be positive measures by ensuring a minimum standard for all residents.

8.4 Other implications (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder)

A new staffing structure has been proposed to manage this new demand. As there is a large increase in the duties to be undertaken by officers to implement the HMO licensing. This will necessitate an increase in the workforce in 2017/18.

9. Background papers used in preparing the report (including their location on the Council's website or identification whether any are exempt or protected by copyright):

- Update on the Housing and Planning Act 2016, 21st July 2016 Housing Overview Scrutiny Panel Report
- Extending mandatory licensing of Houses in Multiple Occupation (HMOs) and related reforms November 2015, Department for Communities and Local Government
- Homes in Multiple occupation and residential property licensing reforms October 2016, Department for Communities and Local Government

10. Appendices to the report

Appendix 1 - HMO fee Schedule 2017/18

Report Author:

Dulal Ahmed

Housing Enforcement Manager

Appendix 1- HMO fee Schedule 2017/18

	Number of People	Landlord Accredited	Non-Accredited	Accreditation discount
New HMOs 5 year License (Fees for single tenancies and shared houses)	4-5	£949.70	£1,092.16	£142.46
	6 to 10	£999.40	£1,149.31	£149.91
	11 to 15	£1,099.10	£1,263.97	£164.87
	16 to 20	£1,198.80	£1,378.62	£179.82
	21 to 29	£1,378.26	£1,585.00	£206.74
	30 or more	£1,597.60	£1,837.24	£239.64
* extra fee may be applicable for larger premises inspection				
New HMOs 12 month temporary License (Fees for single tenancies and shared houses)	4-5	£474.85	£546.08	£71.23
	6 to 10	£499.70	£574.66	£74.96
	11 to 15	£549.55	£631.99	£82.44
	16 to 20	£599.40	£689.31	£89.91
	21 to 29	£689.13	£792.50	£103.37
	30 or more	£798.80	£918.62	£119.82
Renewable HMOs License (5 Year- no changes or management regulation breaches)	4-5	£474.85	£546.08	£71.23
	6 to 10	£499.70	£574.66	£74.96
	11 to 15	£549.55	£631.98	£82.43
	16 to 20	£599.40	£689.31	£89.91
	21 to 29	£689.13	£792.50	£103.37
	30 or more	£798.80	£918.62	£119.82
Other Misc. income				
License Variation		£150.00	£172.50	£22.50
Change of Manager or ownership		£150.00	£172.50	£22.50
Permitted number changes		£150.00	£172.50	£22.50
License Holder Change Fee reduced by 50% if application for new license within 12 month of issue and subject to property condition/inspection)	4-5	£474.85	£546.08	£71.23
	6 to 10	£499.70	£574.66	£74.96
	11 to 15	£549.55	£631.98	£82.43
	16 to 20	£599.40	£689.31	£89.91
	21 to 29	£689.13	£792.50	£103.37
	30 or more	£798.80	£918.62	£119.82
Failure to notify changes in ownership or management (non-license holder)		£250.00	£250.00	£0.00
HMO Public license register fee		£59.20	£59.20	£59.20
Assisting with Licensing application (First 30 minutes free for accredited landlords, thereafter £50.00 per hour pro rata)		£50.00	£50.00	£0.00
DBS Landlord Check		£25.00	£25.00	£0.00

13 December 2016	ITEM: 7
Housing Overview and Scrutiny Committee	
HRA Business Plan and Budgets 2017/18 Onwards	
Wards and communities affected: All	Key Decision: Key
Report of: Roger Harris, Corporate Director of Adults, Housing and Health	
Accountable Head of Service: John Knight, Head of Housing	
Accountable Director: Roger Harris, Corporate Director of Adults, Housing and Health	

Executive Summary

This report sets out the current position and progress that has been made in developing a new HRA Business Plan for 2017/18 onwards and in turn the Draft HRA Budgets for 2017/18 onwards. The HRA needs to be financially viable whilst being able to continue to deliver the Council's housing priorities. There is still uncertainty around previously announced government proposals and the Housing White paper due in December should give greater clarity that will allow the HRA Business Plan and budgets to be further developed.

The continuation of the government rent reduction policy reduces the resources available in the HRA and as a result other ways of generating additional resources are being explored. The introduction of service charges for tenants would ensure tenants are contributing correctly for the services they directly receive.

A review of the housing service, including all activities funded by the HRA, is currently underway. It is anticipated that the review will identify areas where efficiencies and improvements can be made in HRA activities thereby freeing resources for reinvestment in the service.

- 1. Recommendation(s) for noting and commenting upon:**
 - 1.1 That the assumptions included in the Draft HRA Business Plan be noted.**
 - 1.2 That the Council is waiting for the Housing White paper to be published.**
 - 1.3 That the HRA New Build programme maximises the use of Right to Buy (RTB) Receipts in place of Homes and Communities Agency funding.**
 - 1.4 That growth for revenue repairs is noted.**

- 1.5 That the New Capital Investment is noted.**
- 1.6 That tenants be charged service charges which are currently only levied on leaseholders.**
- 1.7 That an inclusive Sheltered Support Charge is noted.**
- 1.8 The service review is noted.**

2. Introduction and Background

2.1 The Business Plan sets out how the Council could manage all aspects of its HRA services using the income raised locally through council rents and other sources of HRA income for revenue and capital purposes. The business plan:

- Sets out how the Council will deliver its housing commitments financially via a Self-Financing HRA
- Lists the main financial assumptions in the plan
- Sets out the main risks and how they will be managed

2.2 Base Model – Assumptions and Factors

The HRA Business Plan current Base Model reconciles to the 2016/17 HRA budget. The following assumptions are included in the Base Model in order to ensure the Business Plan is relevant and fit for purpose.

2.3 Revenue Budgets and Base Position

The current 2016/17 budgets are included as the base year in the plan. These reconcile to the Budget outlined in the Cabinet Report of February 2016.

2.4 Inflation

Inflation has been included at 1% for salaries, 1.5% for repairs linked to contractual uplifts and 0% for all other costs across the life of the Business Plan.

2.5 Rents

In line with the governments rent policy a 1% reduction has been applied to all rents for 2017/18 and the following two years (2018/19 and 2019/20) with a 1% increase thereafter. Affordable rents inclusive of service charges being applied to all New Build properties are capped at 70% of market value which was agreed by Cabinet in December 2015 with new lettings post April 2016 limited to Local Housing Allowance levels.

2.6 Tenants Service Charges

In addition to the general services provided to all tenants and leaseholders councils provide a range of specific services for specific groups of dwellings – high, medium and low rise flats and other dwellings with communal facilities. These services include communal lighting (and in some cases communal heating), door entry systems, lift maintenance and maintenance for the grounds within the curtilage of the block or group of dwellings. Councils are expected to recover the costs of these services from all users but at present we only recover the charges for these services from leaseholders and not from tenants. The wider tenant body therefore subsidises these costs. The costs of providing these services is considerable, over £2m in the current financial year, and the pressures on the HRA, has brought the question of charging tenants into focus. The council should also consider the equity of charging leaseholders to reflect the costs of the service provided but not charging tenants living in the same group of dwellings and getting the same services.

Other Councils charge tenants for the costs of a range of services depending on locally delivered services via the HRA. Basildon, Havering, Barking and Dagenham and Medway all charge their tenants and leaseholders for a range of services in order to recover costs.

Service	Basildon	Havering	B&D	Medway
Existing Service Charges				
Caretaking	Yes	Yes	Yes	Yes
Concierge	No	Yes	Yes	No
Proposed Service Charges				
Lift Maintenance	No	No	No	No
Door Entry	No	Yes	No	No
Communal Electricity	Yes	No	Yes	Yes
Grounds Maintenance	No	Yes	Yes	Yes

The council has two main options; i) continue with the current arrangements and only charge leaseholders the actual costs of the services provided, and ii) introduce service charges for tenants as well. If introducing charges for tenants the council can do so immediately or on a phased cost or time basis.

Option 1 – continue with the current arrangements

This option perpetuates the differential between leaseholders and tenants and accepts that the wider tenant body subsidises those living in homes with communal facilities. It also removes from the HRA the opportunity to bring in significant additional revenue at a time when the overall level of resources is reducing with the commensurate effect on service delivery.

Option 2 – introduce service charges for tenants in one go

This option is the most fair and transparent in that all service users will pay the same charge for the same service. Service charges are eligible for the housing element of Universal Credit and those households with limited

income and in receipt of benefit will be helped with the additional cost. Applying the services charges to all services users will bring in an £1.9m into the Housing Revenue Account annually to cover cost currently borne by all HRA rents.

Option 3 – introduce service charges on a phased basis

This option partially addresses the inequity of leaseholders paying for services that tenants do not and depending on the phasing – service to be charged for, amount to be charged, timing or a combination of all three - may be more acceptable to members. It does not, however, address the issue of fairness and there will be justifiable criticism of perpetuating the current unfair system. In addition it will not cover the total costs of the service or help with the reduction in resources to the HRA. Option 3 is the recommended option.

Service Charges for 2017/18

The table below shows the total cost of providing lift maintenance, door entry, communal electricity and grounds maintenance services to tenants and leaseholders in 2016/17. Of the total of just over £2.025m costs this year £60k is recovered from Leaseholders but the remaining £1.9m is not. As outlined above the costs for providing Grounds Maintenance need to be reviewed to establish we're getting value for money but the other costs are an accurate reflection of the expenditure on the service.

Service	2015/16 Actuals	Leaseholder Charges	Residual (Potential Income)
	£	£	£
Lift Maintenance	118,453	4,149	114,304
Door Entry	483,625	5,967	477,658
Communal Electricity	366,796	31,038	335,758
Sub- total	968,874	41,154	927,490
Grounds Maintenance	1,056,811	19,321	1,037,720
Grand Total	2,025,685	60,475	1,965,210

The service charges described above are all currently eligible for the Housing Element of Universal Credit. At the beginning of this financial year 48% of tenants were in receipt of full or partial housing benefit. There are currently 9,800 tenancies.

Charging Proposals for Service Charges

It is suggested that service charges are phased in from 2017/18 and that a reduced service charge of £5.00 be levied on leaseholders and tenants from 2017/18 for grounds maintenance pending the establishment of actual costs. The current recharge from Environmental Services for grounds maintenance, however, is under review to establish accuracy and value for money. It is

anticipated that this review will not be complete by the time the council sets its budget for 2017/18 and therefore it is prudent to introduce this charge at a later date.

In Year 1 by introducing actual costs for three of the proposed service charges will deliver additional income of approximately £600k into the HRA and in Year 2 approximately £1.2m. Based on current costs introducing service charging fully for all the services shown above in Year 3 would bring in additional income to the HRA of circa £1.9m per annum.

Proposed Charges 2017/18 Year 1

Service	Phased Charge – Year 1
	£
Lift Maintenance	0.97
Door Entry System	1.11
Communal Electricity	0.71
Sub Total	2.79
Grounds Maintenance	5.00
Total	7.79

In total 3,210 tenants will be affected by the introduction of the first three new service charges shown above in Year 1 with the majority paying for two of the three service charges proposed. Approximately 58% of the 3,210 tenants are on full or partial Housing Benefit. The maximum weekly increase for a tenant not in receipt of Housing Benefit or the Housing element of Universal Credit would be £13.36. An analysis of services (Lift Maintenance, Door Entry System, Communal Electricity) provided by location indicates that there are 634 properties where one charge will apply, 1,816 where two will apply. Work is still ongoing with regard to establishing who should be paying Grounds Maintenance and how much income the interim charge in 2017/18 would generate. Whilst tenants will see an increase in their weekly service charges this will be offset by the 1% rent reduction reducing the overall impact. The average rent for tenants in 2016/17 is £86.48 and the 1% reduction will result in an average reduction in rent of 86p in 2017/18 that will partially offset any additional service charges.

Although S103 of the Housing Act allows the council to vary the rent and any service charges it may apply without formal consultation with service users, the authority, as a responsible landlord, will advise tenants of the proposed changes. It is proposed to write to every tenant in advance of the Cabinet meeting in February to outline the reasons why the council needs to pass on the costs of the services in question to the service user, the fact that these charges are covered by Housing Benefit and the Housing element of Universal Credit and the authority's aim of getting more residents actively involved in the management of their neighbourhoods.

Sheltered Service Charges

The Sheltered Housing Service is focused on the provision of enhanced housing management. We have reconsidered the current charging arrangements that were introduced in 2014. Under the current arrangements a weekly “Sheltered Charge” of £8 is applied only to new sheltered housing tenants.

The current cost of the sheltered housing service is approximately £1.3m per annum. It is proposed to increase the HRA contribution by charging all Sheltered Housing tenants a weekly Support Charge towards the cost of the service. The support charge will fund the Enhanced Housing Management element of the service provision as Housing Management is covered by rent. A charge in the region of approximately £15 per week would cover costs related to delivering the service in the HRA of £900k per annum and allow the HRA to break even. 71% of Sheltered Tenants are on full or partial Housing Benefit.

Other local authorities and Housing Providers charge between £15 and £25 per week for an enhanced Housing Management Service to Sheltered tenants. Basildon Council charge £17.77 per week to all Sheltered Tenants.

It is proposed to introduce a charge to all Sheltered tenants over a phased period of between 3 and 5 years.

2.7 Transforming Homes

In 2015/16 the Transforming Homes outturn was £19.59m against the overall budget of £58.4m spread across the remaining 6 years of the programme. A mid-term financial review of the programme has highlighted that additional funding will be required in the region of £10.4m in order to achieve the full internal programme by 2019 and the external programme by 2021. This has been reflected in the Business Plan. There are a number of reasons for this which include:

- A number of high cost properties that have required extensive structural works such as underpinning. An example of this is a terrace of 9 properties carried out in year 1 of the programme at a cost in excess of over £500k. The unit rate for remedial works is varied because they differ significantly in scope. In the current financial year the programme will complete 15 such properties at an average unit cost of circa £21k, Based on this year's trend, we estimate that approximately 53 such properties are likely to require works over the remainder of the programme.
- High level of spend on voids requiring major works to bring them up to a lettable standard. The original budget did not consider the additional cost of voids over a standard transforming homes internal refurbishment. Over the last 3 years of the contract the cost of a void refurbishment over a standard property equates to approximately £7,800 extra for each property completed. Whilst the total spend on voids has been reducing both in terms of the number required and the unit costs, we still envisage a minimum requirement

for these will be required, this has been established as a required additional budget of £4,042,000 over the remainder of the programme to year 8.

- Higher than anticipated spend on combatting damp and mould. A £2m allowance was included for these works over the life of the programme. Following detailed surveys of the properties, the programme has exceeded this allowance by £522k. We are projecting a further £1.3m over the remaining properties, which represents a budget pressure of £1.8m on the whole programme.
- Funding required for the energy efficiency programme. This expenditure was not originally anticipated in the Transforming homes budget. The programme has so far invested £1.6m alongside the energy company contribution which has seen 342 properties benefit from external wall insulation. Moving forward the programme makes allowance for further investment of £2m across the life of the programme for this type of energy efficiency work.
- Fire Safety Works. Under the Regulatory Reform (Fire Safety) order 2005, fire risk assessments are undertaken of the communal areas of buildings. Improvements arising as a result of these assessments have been undertaken within the Transforming homes programme alongside works for economies of scale. These work were not part of the original programme budget.
- Improvements have been made to the original specification. A number of improvements to the original specification have been made in order to comply with recent changes in electrical regulations, as well as in response to customer feedback and to reduce ongoing maintenance costs.

2.8 Future Capital Investment

There a number of Capital requirements outside of the Transforming Homes programme and these have not been considered as part of the £10.4m funding gap detailed above totalling £8.3m.

- Refurbishment of the non-traditional constructed properties on the Flowers Estate. An estimated cost of £4.1m is required in 2019/20) to upgrade these properties that have not previously been included in the programme.
- In addition to the above the council has a further 138 non-traditionally constructed properties which require significant refurbishment to ensure they provide fit for purpose living accommodation for a further 30 years. The estimated total cost for these works is £2.9m which would be spread across 3 years from 2017/18 to 2019/20.
- Extending the scope of works in the Transforming Homes programme to include provision/upgrade of loft insulation for the remaining street properties. Estimated cost £1.3m across the next two financial years 2017/18 and 2018/19. The Housing Investment team is also pursuing options for external funding which if secured would be targeted to retrospectively tackle properties that have not benefitted from this extended scope.

2.9 **New Build**

There are six HRA funded, affordable Housing schemes within the HRA. Of these three are now complete, Seabrooke Rise, Bruyns Court and Bracelet Close. Three other schemes Calcutta Road, Claudian Way and Tops Club are well advanced with planning applications already submitted for Claudian Way and Tops Club. The original budgets for these have been revised during October 2016 and are included in the HRA Business Plan across three financial years 2016/17 to 2018/19 at a total cost of £27.6m against a budget of £26.8m. It is proposed that in order to reduce costs to the HRA for the remaining three HRA schemes the funding route is changed to use RTB receipts rather than HCA grant. Under this scenario the amount of HRA funding required on each scheme reduces to 60% of the total scheme cost rather than 89% as at present. It also has the benefit of making use of the RTB receipts which if not fully used within three years of receipt under the government's one-for-one replacement arrangements must be paid to the government together with interest at 4% above base rate. Sufficient unallocated RTB receipts are available.

2.10 **Estate Regeneration**

The July 2016 Housing Development Update report to the Housing Overview and Scrutiny Committee set out progress in bringing forward regeneration of housing estates. This would be where the costs of meeting the Transforming Homes standard is very high and where there is potential to bring forward better quality housing alongside enhanced public realm and local services. Work has continued to progress in developing outline proposals and a business case utilising funding and support from the HCA, with the aim of bring forward proposals in 2017. The impact of these proposals on the HRA Business Plan will be incorporated into future reports.

2.11 **Stock**

Assumptions around the movement in HRA stock numbers are included in the Base Model. The number of RTB sales in 2015/16 was 102. A view has been taken on the level of RTB sales based on recent activity and the trend of high sales is forecast to continue over the next few years. On this basis we have assumed 100 sales from 2016/17 to 2018/19 and then 40 each year thereafter. The stock has also been adjusted to include the new build properties when they are due to be let along with a reduction linked to the sale of high value properties.

2.12 **Headlines post 2015/16 year end**

The HRA general reserves stand at £1.7m as at 1st April 2016. The minimum balance included within the Business Plan is £1.7m. There is an earmarked reserve of £634k to be used to fund the New Build capital programme. It is prudent to hold a general HRA balance of between 5% and 10% of HRA Turnover. Based on this the current minimum balance is below this threshold and would need to be £2.7m to £5.4m.

The attributable debt from RTB Sales for the first two quarters of 2016/17 is £838k, in 2015/16 this was £2.6m for the year and was used to fund the overspend on the Transforming Homes Programme. Some of this will be used to fund the completion of a Stock Condition Survey across the HRA Stock.

2.13 In year pressures 2016/17

The Housing Monthly Finance Monitor is forecasting a number of revenue pressures, whilst the service continues to try and manage these by way of savings across other service areas there may be an impact on the HRA Business Plan. There is also a potential pressure on Transforming Homes due to the number of Capital Voids.

2.14 Issues arising from government proposals

The Base Model has been updated to reflect the continuing impact of the government's rent policy and the potential impact of the proposals of the Sale of High Value voids. This will allow us to shape the HRA Business Plan, Budget and Rent Proposals for 2017/18.

Void and Bad Debt Rates

The void rate used in the Business Plan is 1.5% and Bad Debt Rate is 1.6%. The impact of the benefit changes announced as part of the Welfare Reform and Work Bill, and specifically Universal Credit, will have an impact on the level of debt. Although it is difficult to model the predicted impact absolutely it is anticipated that there will be an increase in tenancy turnover with commensurate void expenditure and higher levels of bad debt as tenants' arrears increase. The HRA does not have any provision set aside to mitigate against loss of income from write-off of bad debt. It is proposed that in 2018/19 that we set aside £230k to mitigate against the fall in collection rates following the introduction of Universal Credit.

Pay to Stay

On 21st November 2016 the Minister of State for Housing announced that the government would not be proceeding with a compulsory approach. Local authorities will have local discretion. Guidance on a local approach is not yet available.

The impact of the forced sale of high value properties

The Housing Minister wrote to all Councils on Thursday 24th November 2016 advising them that the government would not be requesting any high value sales payments in 2017/18. The Council is still waiting for the Consultation Paper on the forced sale of high value voids from the DCLG to be published so we can accurately model the likely impact on Thurrock. Initial modelling

has been carried out based on the draft valuation thresholds and this indicates that Thurrock will have approximately 55 properties that fall into the category of high value and will have to pay a levy on these properties when they fall void. The council will be required to pay an annual levy to the Government regardless of whether it chooses to sell these properties or not. There is no policy in place regarding High Value Void sales and this needs to be considered and reflected in the Business Plan. At present we have assumed an additional levy will be paid from existing HRA Resources.

2.15 Growth and Savings

Revenue Repairs

The financial forecast of the Revenue Repairs Team is to require growth in 2017/18 from the current level of expenditure of £950,000 to meet contractual uplift. This expenditure relates to the delivery of the responsive repairs contract with our delivery partner Mears and also the delivery of 65 other smaller contracts ensuring the housing department continues to deliver an efficient service to its residents whilst also complying with the legislative requirements on elements such as asbestos management and legionella monitoring. This base growth is forecast for the next three years to ensure the required level of investment is delivered into the asset in a planned way, this will reduce the reactive works under the responsive repairs contract and deliver value for money as well as an effective service. Inflationary uplift is already included within the HRA Business Plan and some work areas will see budgets reprofiled to meet the needs of service delivery. The table below summarises the areas where additional resources are required over and above existing budget reprofiling and inflationary uplift.

Area	£
External Maintenance	350,000
Exclusions	450,000
Boiler replacements	150,000
Total Growth	950,000

External Maintenance

One of the major programmes proposed for 2017/18 and the following two years is the delivery a new external maintenance package. Since the development of the Transforming Homes programme in 2013 external works stopped under the planned preventative maintenance delivery work streams. The original scope of the Transforming Homes programme was to include external works year on year across the borough, however with the significant

reduction in resources, whilst some external works have been delivered, this has not been to the level first planned with a majority of external works pushed back to years 7 & 8 of the programme (2020/2022). This has meant elements such as timber soffits and fascia boards with associated rain water goods and front and rear entrance doors have not had basic painting and maintenance for a minimum of 4 years. These elements are now failing and are having to be dealt with under the response repairs contract, by which time they can no longer be repaired and require wholesale replacement at a greater unit cost than if they were programmed., Ensuring our residential dwellings are maintained externally is essential when addressing one of the key drivers in the authority around damp and mould.

Exclusions

Delays and deferrals in the Transforming Homes external programme have had a direct impact on the responsive repairs contract where planned works have now become reactive and as this type of work was not included in the Mears' TPC contract are delivered through the exclusions arrangements. While the overall number of exclusion repairs has reduced year on year the nature of these works has meant the level of expenditure has actually increased, primarily as a result of works requiring scaffolding and high-level access, such as roofing, pointing and flashing and rain-water goods. The planned works that will be delivered in 2017/18 and the following two years will also aid the delivery of the Transforming Homes Capital investment works when the external programme is finally delivered.

Boilers

The absence of accurate stock condition data has meant that the number of gas boiler replacements was underestimated. The authority must replace defective boilers when identified and the additional cost must be met. The proposed stock condition survey will provide accurate data for future forecasting from next September.

3.0 Overall Outlook and Position

3.1 Based on the current assumptions included in the Plan with further items to be considered and modelled over the next few weeks:

- HRA Balances increase minimally each year (mainly due to no inflation being assumed on general budgets)
- The HRA Borrowing Capacity in reached in 2018/19
- The HRA New Build programme ceases in 2018/19
- Transforming Homes completes in 2020/21

4. Reasons for Recommendations

- 4.1 The report sets out the implications for the HRA for 2017/18 onwards. The proposals put forward have been calculated and assessed in line with affordability consideration and regard for reserve levels. It is essential that a balanced budget is set for the HRA. This is a legal and operational requirement.

5. Implications

5.1 Financial

Implications verified by: **Julie Curtis**
HRA and Development Accountant

Financial implications throughout the report.

5.2 Legal

Implications verified by: **Martin Hall**
Housing Solicitor/Team Leader

The Council has a legal requirement to review the Housing Revenue Account and ensure that it does not go into deficit. In addition, determinations made under the Local government and Housing Act 1989 prescribed what can be charged to the HRA and the calculation of those charges.

5.3 Diversity and Equality

Implications verified by: **Rebecca Price**
Community Development Officer

The HRA Business Plan and budgets for 2017/18 onwards reflect the Council's policy in relation to the provision of social housing with particular regard to the use of its own stock. In addition to the provision of general housing, it incorporates a number of budgetary provisions aimed at providing assistance to disadvantaged groups. This included adaptations to the stock for residents with disabilities.

6. Appendices to the report

- Draft HRA Business Plan Dashboard 2017/18 Onwards

Report Author: Julie Curtis,
HRA and Development Accountant
Corporate Finance

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DRAFT HRA Budget 2017/18 to 2026/27										
	£m's	£m's	£m's	£m's	£m's	£m's	£m's	£m's	£m's	£m's
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
	1	2	3	4	5	6	7	8	9	10
Income										
Dwelling Rents	(44.75)	(44.28)	(44.12)	(44.36)	(44.61)	(44.86)	(45.10)	(45.35)	(45.60)	(45.85)
Voids	0.68	0.67	0.67	0.68	0.68	0.68	0.69	0.69	0.69	0.70
Net Rents	(44.07)	(43.60)	(43.45)	(43.69)	(43.93)	(44.17)	(44.42)	(44.66)	(44.91)	(45.15)
Non Dwelling Rents	(0.93)	(0.93)	(0.93)	(0.93)	(0.93)	(0.93)	(0.93)	(0.93)	(0.93)	(0.93)
Charges for services and facilities (net of voids)	(5.72)	(5.72)	(5.72)	(5.72)	(5.72)	(5.72)	(5.72)	(5.72)	(5.72)	(5.72)
Contribution towards expenditure	(2.78)	(2.82)	(2.87)	(2.91)	(2.95)	(3.00)	(3.04)	(3.09)	(3.13)	(3.18)
HRA investment income	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
Total Income	(53.51)	(53.08)	(52.97)	(53.25)	(53.54)	(53.83)	(54.12)	(54.41)	(54.70)	(54.99)
Expenditure										
Salaries	7.85	7.93	8.01	8.09	8.17	8.25	8.34	8.42	8.50	8.59
Supervision and Management	14.14	14.14	14.14	14.14	14.14	14.14	14.14	14.14	14.14	14.14
Repairs and Maintenance	11.40	11.57	11.74	11.92	12.10	12.28	12.46	12.65	12.84	13.03
Rents, rates, taxes and other charges	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19	0.19
(Increase)/decrease in provision for bad or doubtful debt	0.01	0.23	(0.01)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Expenditure	33.58	34.05	34.07	34.34	34.60	34.86	35.13	35.40	35.67	35.95
Net rental surplus	(19.93)	(19.03)	(18.90)	(18.92)	(18.95)	(18.97)	(18.99)	(19.01)	(19.03)	(19.04)
Interest payable on HRA Debt	6.81	6.81	6.81	6.81	6.81	6.81	6.81	6.81	6.81	6.81
DME	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11	0.11
Available HRA revenue funds (A)	13.00	12.10	11.97	11.99	12.02	12.04	12.07	12.08	12.10	12.12
New Borrowing	11.95	5.39	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Development Reserve Fund	3.38	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Receipts (inc non-restricted RTB)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
RTB New Build Re-provision (1-4-1)	1.83	0.65	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
HCA Grant	0.46	0.46	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Grant and new borrowing (B)	17.63	6.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total HRA funding (A+B)	30.63	18.60	11.97	11.99	12.02	12.04	12.07	12.08	12.10	12.12
Investment in own stock (a)	11.80	10.04	8.20	9.20	10.00	10.00	10.00	10.00	10.00	10.00
New Build (b)	17.63	6.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Estate Regeneration (c)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Contribution to Development Reserve	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
High Vale Sales Levy	0.87	0.87	0.87	0.87	0.87	0.87	0.87	0.87	0.87	0.87
Total Applied spend (a+b+c)	30.30	17.41	9.07	10.07	10.87	10.87	10.87	10.87	10.87	10.87
Year End Position	0.33	1.19	2.90	1.92	1.15	1.18	1.20	1.22	1.23	1.25
HRA Cash balances b/f	1.70	2.03	3.22	6.13	8.05	9.20	10.38	11.58	12.79	14.03
in year change	0.33	1.19	2.90	1.92	1.15	1.18	1.20	1.22	1.23	1.25
HRA Cash balances c/f	2.03	3.22	6.13	8.05	9.20	10.38	11.58	12.79	14.03	15.27

Items Not included in BP (Subject to Consideration)

2017/18 Growth and Savings

Repairs	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95	0.95
Sheltered Support Charges	(0.30)	(0.60)	(0.90)	(0.90)	(0.90)	(0.90)	(0.90)	(0.90)	(0.90)	(0.90)
Service Charges	(0.63)	(1.26)	(1.90)	(1.90)	(1.90)	(1.90)	(1.90)	(1.90)	(1.90)	(1.90)
	0.02	(0.91)	(1.85)	(1.85)	(1.85)	(1.85)	(1.85)	(1.85)	(1.85)	(1.85)

New Capital Investment

Flowers Estate	0.00	0.00	4.10	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Non Traditional Properties	0.75	0.75	0.75	0.65	0.00	0.00	0.00	0.00	0.00	0.00
Loft Insulation	0.15	0.25	0.35	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0.90	1.00	5.20	0.65	0.00	0.00	0.00	0.00	0.00	0.00

Likely to be regenerated in 2018

Potential Year End Position

HRA Cash balances b/f	1.70	1.11	2.21	1.77	4.89	7.89	10.92	13.97	17.03	20.12
in year change	(0.59)	1.10	(0.45)	3.12	3.00	3.03	3.05	3.07	3.08	3.10
HRA Cash balances c/f	1.11	2.21	1.77	4.89	7.89	10.92	13.97	17.03	20.12	23.21

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13 December 2016	ITEM: 8
Housing Overview and Scrutiny Committee	
Council Spending Review Update	
Wards and communities affected: All	Key Decision: Key
Report of: Roger Harris, Corporate Director of Adults, Housing and Health	
Accountable Head of Service: Roger Harris, Corporate Director of Adults, Housing and Health	
Accountable Directors: Sean Clark, Director of Finance and IT Roger Harris, Corporate Director of Adults, Housing and Health	
This report is public	

Executive Summary

This report summarises the main changes to the MTFs for the period 2017/18 through to 2019/20 and the governance structure for the Council Spending Review and Transformation Programme, including the budget planning table enabling agreement of the budget in February 2017.

At this stage there are no specific housing general fund savings proposals to update the committee, rather an overall budgetary update. There is a separate report on the Committee agenda tonight relating to the Housing Revenue Account.

1 Recommendations

1.1 That the Housing Overview and Scrutiny Committee note the revised MTFs position, and the Council Spending Review approach and timetable.

2 Medium Term Financial Strategy (MTFS)

2.1 The MTFs presented to Council in February 2016 shows the budget gap over the 3 years 2017/18 to 2019/20 as £18.443m. This already assumes delivery of £2.484m savings previously agreed for 2017/18 (see Appendix 1) and assumes a Council Tax increase of 3.99% in each year.

2.2 As part of the ongoing budget planning process, the MTFs has been updated to reflect latest assumptions. The table below sets out the movements from the previous position and revised budget gap.

	2017/18	2018/19	2019/20	Total
February 2016	7.378	6.098	4.967	18.443
Business Rates	0.399	0.663	(0.463)	0.599
Inflation	(0.285)	(0.071)	(0.071)	(0.427)
Capital Financing	-	(0.042)	0.591	0.549
Government Grant	-	-	1.785	1.785
Revised Budget Gap	7.492	6.648	6.809	20.949

2.3 The key movements include:

- The position for 2017/18 and 2018/19 reflects a reduction in the provision for inflation but, adversely, also the possible impact of a significant category of business rate appeals that have been lodged;
- The majority of the increase is expected in 2019/20 and is largely as a result of further analysis on the four year funding settlement. It is prudent, at this stage, to reduce down the level of grant and business rate support in light of discussions on the removal or reduction of New Homes Bonus and further comments on grant levels; and
- The increase in Capital Financing reflects the likely interest rate increases towards the end of the MTFs period. This increased cost has been offset with significant savings in 2016/17 and smaller reductions over the following two years as a result of pushing back the impact in light of current economic forecasts.

2.4 One off funding has been identified to meet the costs of a Clean It, Cut It, Fill It pilot. The results of this pilot will be used to determine whether growth is required in the budget for a permanent increase to the Environment and Place budgets and this will be reported once known.

2.5 The position above includes the assumption of a 3.99% increase in council tax each year – 1.99% general increase and 2% adult social care precept. The table below sets out how any reductions to this assumption will increase the deficits set out in paragraph 2.2:

An increase of:	Increases the budget gap by (£m)			
	2017/18	2018/19	2019/20	Total
3.99%	0.000	0.000	0.000	0.000
3.00%	0.570	0.585	0.605	1.760
2.00%	1.140	1.170	1.210	3.520
1.00%	1.710	1.755	1.815	5.280
0.00%	2.280	2.340	2.420	7.040

3 Council Spending Review Process and Timetable

- 3.1 Given the level of saving previously delivered across the council, the pressures identified in 2016/17 and that there are minimal reserves to call upon, it is essential that there is a clear strategy to close the budget gap set out in the MTFs. As a result, the focus will be on 3 key areas:
- Income generation – including increasing the Council’s commercial trading base. Council Tax increases also fall under this category;
 - Achieving more / same for less – including further transformational projects, contract reviews, spend to save initiatives and alternative delivery models; and
 - Demand management / early intervention. Examples include the Local Area Co-ordinators and Community Hubs.
- 3.2 However, in reality, where the budget gap cannot be fully closed through the above, the likely solution will be reductions to, or full cessation of, service provision.
- 3.3 Crossing through all of these areas is the need to adapt our workforce and change our culture to be an organisation which is more entrepreneurial, digitally-minded and commercially-aware.
- 3.4 The Council Spending Review will be underpinned by the following principles.
- Becoming financially self-sustainable;
 - A target of 15-20% efficiencies in each service;
 - A review of all services by March 2019 using common design principles (customer / demand management, commercial, ICT / digital, people, procurement, property and process);
 - Non-statutory income generating services should be cost neutral; and
 - Outcome focused including consideration of prevention and early intervention.
- 3.5 There has been some discussion that the Service Review is a top slice approach. It is important to note that the intention of these reviews is to ensure a stable provider of services within a reduced financial setting.
- 3.6 The transformation framework for achieving this is set out in the governance structure in Appendix 2. The officer Transformation Board will oversee a number of Strategic Boards each with a specific focus and cross cutting membership. Each Strategic Board will be sponsored by a member of Directors Board and guided by the principles outlined above and strategic policy direction set by Members. The governance structure also includes the cross-party Council Spending Review Panel.
- 3.7 The timing of these reviews is set out at Appendix 3.

STRATEGIC BOARDS	
Growth	Performance
Customer & Demand Management	Commercial
ICT / Digital	People
Procurement	Property
Service Review	

3.8 The Council Spending Review timetable has been prepared to achieve agreement of the budget by Cabinet and Council in February 2017. The main milestones are summarised below:

- July/August 2016 – Officer boards identify proposals and estimated savings for consultation with Cabinet Members;
- 7th September 2016 – Cabinet consider Q1 budget update including budget planning timetable and governance;
- September 2016 – Council Spending Review Panel (cross-party with Group Leaders and Deputies) consider savings options ahead of consultation;
- October/November 2016 – O&Ss consider proposals and public consultation where required;
- January 2017 – Cabinet agree proposals for implementation informed by O&S recommendations and draft budget referred to Corporate O&S; and
- February 2017 – Cabinet and Council budget setting.

3.9 At this stage, the £7.492m budget gap for 2017/18, set out in paragraph 2.2, has been reduced to circa £0.9m though this rises to £1.3m when the contribution to increase the general fund balance is added. This assumes:

3.9.1 A 3.99% council tax increase; and

3.9.2 No further investment in other services, including investment in Environmental Services, at this time.

3.10 Officers continue to work towards closing the remaining balance and identifying additional funds for further investment in services.

4 Housing Savings Proposals

4.1 At this stage there are no specific savings proposals which come under the remit of this committee. As these are identified they will be presented in the course of the year. However, there are a number of cross cutting savings targeted, which will impact on every service area of the council, including the reduction of the council wide spend on agency staff, consultants and overtime. The impact of these targeted reductions on services is currently being evaluated but is in addition to any other service-specific proposals.

4.2 Other considerations

4.2.1 The council's Medium Term Financial Strategy (MTFS) considers the council's general fund position and the general fund budget for Housing is £615k in 2016/17. This budget covers the Housing Service's responsibilities for homelessness, private sector housing and travellers sites.

4.2.2 Housing services to the council's tenants are provided via the Housing Revenue Account (HRA). The proposals for these budgets are considered separately and are set out in the report to Housing Overview and Scrutiny Committee titled *HRA Business Plan and Budgets 2017/18 onwards*.

5. Reasons for Recommendation

5.1 The Council has a statutory requirement to set a balanced budget annually and to review its adequacy of reserves. The report outlines the budget gap over the next three years as per the MTFS and the approach and timetable to manage the position.

6. Consultation (including Overview and Scrutiny, if applicable)

6.1 The budget planning governance structure includes involvement and consultation with Officers, Portfolio Holders and Members. The timetable allocates October - December for Overview and Scrutiny committees to consider proposals and public consultation where required. The process also includes the Council Spending Review Panel, made up of cross-party Group Leaders and Deputies who will meet regularly during the budget planning period and ahead of key decision points.

7. Impact on corporate policies, priorities, performance and community impact

7.1 The implementation of previous savings proposals has already reduced service delivery levels and our ability to meet statutory requirements, impacting on the community and staff. There is a risk that some agreed savings may result in increased demand for more costly interventions if needs escalate particularly in social care.

7.2 The scale of future budget reductions as set out in this report are such that work is underway to follow a transformational approach to tackle the challenge.

8. Implications

8.1 Financial

Implications verified by: **Carl Tomlinson**
Finance Manager

The financial implications are set out in the body of this report.

Council officers have a legal responsibility to ensure that the Council can contain spend within its available resources. Regular budget monitoring reports will continue to come to Cabinet and be considered by the Directors Board and management teams in order to maintain effective controls on expenditure during this period of enhanced risk. Austerity measures in place are continually reinforced across the Council in order to reduce ancillary spend and to ensure that everyone is aware of the importance and value of every pound of the taxpayers money that is spent by the Council.

8.2 Legal

Implications verified by: **David Lawson**
Deputy Head of Law & Governance

There are no direct legal implications arising from this report.

There are statutory requirements of the Council's Section 151 Officer in relation to setting a balanced budget. The Local Government Finance Act 1988 (Section 114) prescribes that the responsible financial officer "must make a report if he considers that a decision has been made or is about to be made involving expenditure which is unlawful or which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency to the authority". This includes an unbalanced budget.

8.3 Diversity and Equality

Implications verified by: **Natalie Warren**
**Community Development and Equalities
Manager**

There are no specific diversity or equalities implications as part of this report.

A comprehensive Community and Equality Impact Assessment (CEIA) will be completed for any specific savings proposals developed to address future savings requirements and informed by consultation outcomes to feed into final decision making. The cumulative impact will also be monitored.

8.4 Other implications (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder)

Any other significant implications will be identified in any individual savings proposal business case to inform the consultation process where applicable and final decision making.

9. Background papers used in preparing the report (including their location on the Council's website or identification whether any are exempt or protected by copyright):

- None

10. Appendices to the report

- Appendix 1 – 2017/18 Previously Agreed Savings Tracker
- Appendix 2 – Council Spending Review Governance Structure
- Appendix 3 – Service Review Timetable

Report Author:

Sean Clark, Director of Finance and IT

Roger Harris, Corporate Director of Adults, Housing and Health

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Appendix 1

Previously Agreed Savings 2017/18

Adults, Housing and Health

Responsible Officer	Description	Target
Roger Harris	External Placements	500
Roger Harris	Public health – review of contracts	250
Roger Harris	Reduction in Voluntary Sector Core Grants	25
Total		775

Children's Services

Responsible Officer	Description	Target
Rory Patterson	Reduce and realign youth provision across Thurrock and related service through internal reorganisation and developing the services as a mutual/ outsourced service	232
Total		232

Environment & Place

Responsible Officer	Description	Target
Steve Cox	Transportation restructure and highways efficiencies	250
Steve Cox	Invest in modern highway maintenance	260
Steve Cox	Planning - increased income and/or efficiencies	35
Steve Cox	CEDU Restructure - Regeneration	300
Total		845

Legal Services

Responsible Officer	Description	Target
Fiona Taylor	Legal traded service income	50
Total		50

Finance & IT

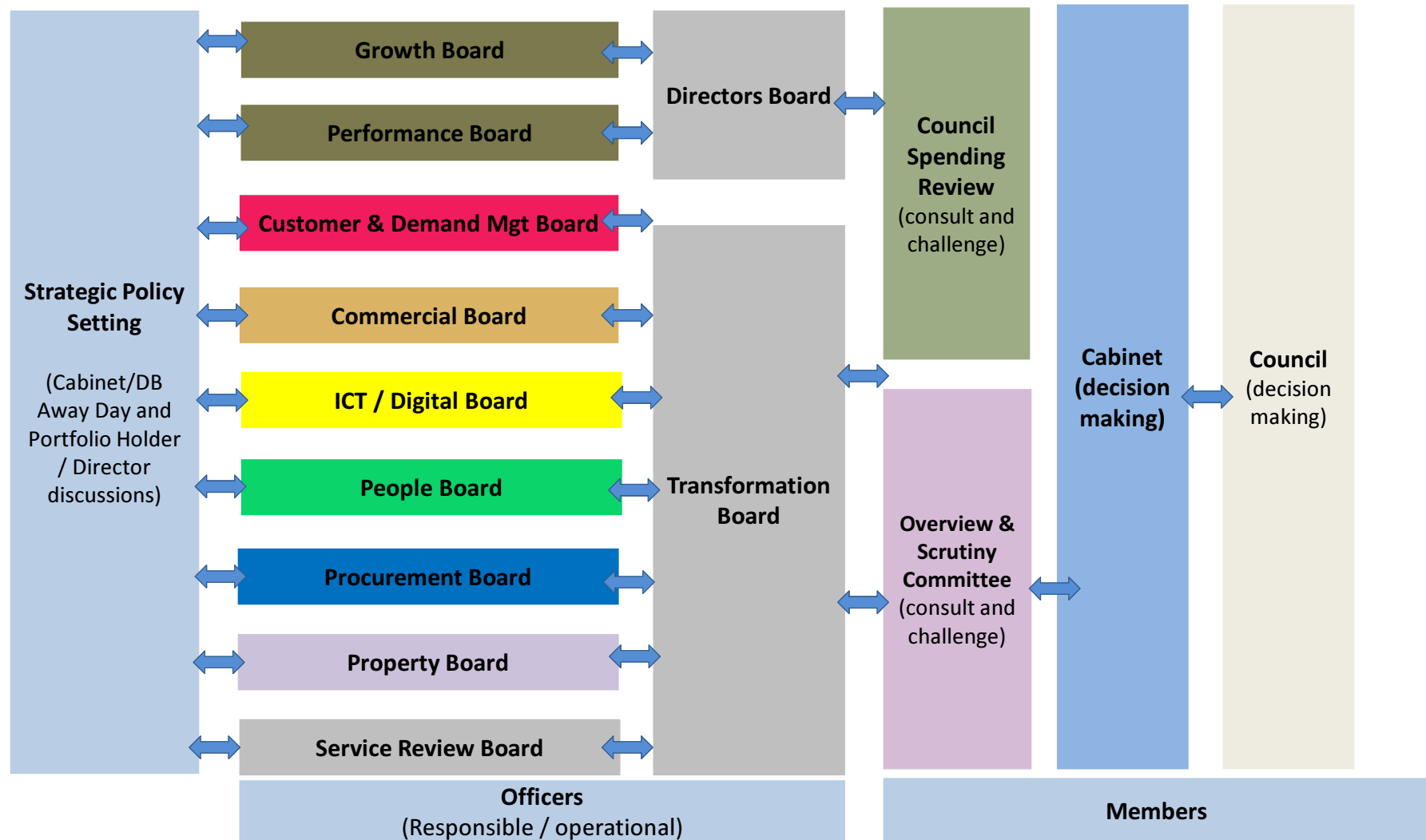
Responsible Officer	Description	Target
Sean Clark	Further changes to staffing levels and revisions of prudential charges	582
Total		582

Total		2,484
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Governance Structure for Council Spending Review and Transformation Programme

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Appendix 3

Service Review Board: Proposed Projects

The following is an indicative timetable for the Service Review Board:

Directorate	2017/18	2018/19	2019/20
Environment & Place	Waste Street & grounds Specialist grounds Highway reactive maintenance Development management Building control Strategy & growth Highways infrastructure Special projects Heritage, arts & culture Libraries	Land charges Business improvement Highways & transport Transport development Economic development Regeneration Housing development/ Gloriana Registrars Sport & leisure	Corporate property Public protection
Children's Services	Grants programme review Care & targeted outcomes (iMPOWER) Commissioning Business administration Children's Centres		
Adults, Housing & Health	Domiciliary care Collins House Fieldwork services In-house provider services Careline Single point of access Public health Commissioning Integration with ASC & peer review	Welfare reform Investment in HRA stock Homelessness Private rented sector Anti-social behaviour & enforcement	Tenancy & neighbourhoods
Finance & IT	Fraud Debt collection Revenues	ICT Benefits	Corporate Finance Risk & insurance Internal Audit
HR, OD & Transformation	Executive support hub HR & Payroll People & OD Corporate Programme Team Customer Services	Recruitment Improvement GIS Information Management Strategy & Communications Performance, Quality, Business Support	
Legal	Democratic Services Member's Services Electoral Services	Legal Services	
Commercial Services	Procurement Commercial		

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Work Programme

Committee: Housing Overview & Scrutiny

Year: 2016/2017

Dates of Meeting: 21 July 2016, 06 October 2016, 13 December 2016 & 02 February 2017

Topic	Lead Officer	Requested by Officer/Member
21 July 2016		
Update report – The Housing and Planning Act	Dawn Shepherd	Officer
Repairs Working Group Report Include: update on repairs & current contracts	Richard Parkin	Officer
Housing Development Update	Steve Cox/Matthew Essex	Member
06 October 2016		
Homelessness Strategy	Dawn Shepherd	Member
<i>Update Report: Transforming Homes</i>	Richard Parkin	Officer
Quarterly Performance Report	Roger Harris/ Richard Parkin	Member
An update on sheltered housing decommissioning	Dawn Shepherd	Officer

Work Programme

13 December 2016		
HRA Business Plan Review	Richard Birchett/ Julie Curtis	Officer
Sheltered Accommodation Wardens update	Dawn Shepherd	Member
Council Spending Review Update	Sean Clark	Officer
02 February 2017		
Homelessness Service Review	Dawn Shepherd	Member
Allocations Policy Review	Susan Cardozo / Dawn Shepherd	Member/Officer
Pay to Stay Update	Susan Cardozo / Dawn Shepherd	Officer
Disposal of high value asset report	Susan Cardozo / Dawn Shepherd	Officer
Fees and Charges	Laura Last	Officer
Procurement Arrangements for Housing Capital Programme'	Susan Cardozo / Richard Birchett	Officer
HRA Business Plan, Budget and Rent Setting 2017/18	Julie Curtis / Roger Harris	Officer
Date To Be Confirmed		
Improving Energy Efficiency	Richard Birchett	Member

Work Programme

** Shaping the Council Budget Update on themed items as and when required*

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