

| | | |
|--|--|-----------------|
| 31 October 2018 | | ITEM: 10 |
| Council | | |
| Report of the Cabinet Member for Housing | | |
| Wards and communities affected: All | Key Decision: Non-applicable | |
| Report of: Councillor Barry Johnson, Cabinet Member for Housing | | |
| The Report is Public | | |

1. Introduction

- 1.1.** This report outlines the achievements of the Housing service and provides an overview of key challenges and opportunities facing the Council, not only in its role as a social landlord, but also as a provider of a range of other statutory services relating to homelessness prevention and relief, housing advice and private sector enforcement.
- 1.2.** This document also identifies a range of key external factors which have affected and shaped service delivery throughout the 2017/18 financial year and sets out the financial position for the Housing Revenue Account and General Fund budgets within Housing.

2. Service Overview

- 2.1.** The Housing service provides a range of statutory and landlord functions, utilising rental income through the Housing Revenue Account as well as smaller General Fund budgets. The Housing service interacts with around 10,000 households in the Borough directly through the provision of tenancy and leasehold management services, and additional households through the housing advice and options, homelessness and private sector housing functions.
- 2.2.** The key functions which the Housing service are responsible for delivering include:
- Tenancy management activities, including tenancy audits, sign-ups and exit inspections, and other day-to-day interactions with the Council's tenants for both general needs and sheltered housing properties.
 - Caretaking and estate services for many of the blocks and communal spaces across the borough.
 - Rent collection, financial inclusion and welfare advice.

- Ongoing repairs and maintenance of Housing stock and assets.
- Monitoring and maintaining over 300 CCTV cameras across the borough.
- Tackling domestic abuse, hate crime and other safeguarding issues.
- The investigation, management and implementation of enforcement action for anti-social behaviour issues.
- Capital investment programmes delivering improvements to Housing stock and assets, such as the Transforming Homes programme.
- Homeownership services, including the administration of Right to Buy applications and leasehold management.
- Tenant and leaseholder engagement through forums, community activities and other events.
- The administration of the Council's Housing Register and the allocation of properties in line with the Allocations Policy.
- The prevention and relief of homelessness in line with the Homelessness Reduction Act 2017, as well as the provision of temporary accommodation for households, for example those which are homeless or have been displaced through emergency or disrepair.
- Management of three council run Travellers' sites, including rent collection.
- Mediation, enforcement and licensing activity for private sector landlords and tenants.

2.3. The majority of Housing services have now moved onto the Northgate Housing Management System as the central system for administering, managing and monitoring the range of Housing functions.

3. Performance in 2017/18

3.1. The performance dashboard for Housing has been designed to ensure that key objectives are identified for reporting and that every team has a role in delivering at least one of the high profile indicators. Performance is reported at various levels on a monthly basis including locally within the Housing department as well as at directorate and board levels.

The dashboard is divided into four sections:

- Corporate Performance Indicators – Captures Housings individual contribution to the corporate suite of performance indicators.
- Key Performance Indicators – A suite of service critical performance indicators designed to measure key outputs of the Housing service.

- Local Performance Indicators – An extensive suite of service level indicators which measure key outputs of each team.
- Trackers – Trackers are not targeted and are used to measure demand, i.e. Housing register.

3.2. In 2017/18 there were six key performance indicators (KPIs) which relate directly to Housing performance including the important housing management measures of voids, rents and repairs. Two additional indicators have been added to this suite for 2018/19.

Of the six Housing KPIs, four indicators met or exceeded their targets, with void re-let time narrowly missing its aim of 30 days.

- 3.3.** Performance in rent collection again exceeded its target with a collection rate of 98.5% against a target of 98%, although was slightly below the 99% collection rate in the previous reporting year. Part of this can be attributed to the roll-out of the Universal Credit full service, however in the 2017/18 reporting year 645 tenants were provided with support and assistance to retain their homes.
- 3.4.** Beyond the work carried out which supports tenants living the Council's stock, the Housing service works with tenants in the private rental sector in the borough and intervenes to improve the quality of homes. In 2017/18, 843 homes were improved as a direct result of intervention from the Housing service, 33% above the performance of the previous year and 59% above target.
- 3.5.** The number of Housing related complaints received was 27% lower in comparison to the previous reporting year, with 894 complaints received in 2016/17 compared to 656 received in 2017/18.
- 3.6.** Work began part-way through the previous reporting year to establish tenant and resident associations (TRAs) to better engage with those who live within the Council's estates. At the end of the reporting year, 30% of tenants who live in the Council's estates were represented by TRAs, with a target of 75% representation by the end of the 2018/19 reporting year.
- 3.7.** A key challenge faced by the Council is sourcing suitable properties in the private rental sector for preventing homelessness or discharging homeless duties which is due to a number of reasons. A main contributing factor is the high rent levels which can be set by private landlords and competing demand from other authorities trying to secure accommodation in the borough. In the 2017/18 reporting year the target for the number of properties to be sourced in the private rental sector was 120. The actual number of sourced properties was 54, however this was a 20% increase against the performance in the previous year (45).

Another performance indicator which was impacted upon due to the above was the number of households in temporary accommodation. At the end of the reporting year 145 households were in temporary accommodation placement -

a figure which is higher than both the target for the year and the performance of the previous year.

4. Housing Development – New Build and Regeneration

4.1. New build programme

4.1.1. The Housing Revenue Account (HRA) new build programme will deliver in total 118 new Council homes for rent. The properties will be a mix of houses, low rise flats and bungalows. The budget for the programme is £32.53m. HRA Rents are being set at 70% of local market rents under the Affordable Rent regime.

4.1.2. To reduce annual costs on the HRA for the new schemes it is proposed to utilise Right to Buy Receipts which would otherwise potentially need to be paid to the government along with interest at 4% above the base rate. Sufficient unallocated receipts of £9.8m have been identified to fund this programme partially.

4.1.3. The HRA is currently facing substantial budget pressures, however there is a clear ambition to continue a pipeline of HRA development activity to meet urgent housing needs. In September 2018 the Council submitted a bid for £48m worth of additional HRA Borrowing Capacity that would deliver 263 new homes. This is not currently reflected in the HRA business plan. The Ministry of Housing, Communities and Local Government have advised that the outcome of the bid will be known in the Autumn. Clearly this will need to be reviewed in light of the Prime Minister's announcement on 3 October to remove the HRA borrowing cap.

4.1.4. Individual Housing Revenue Account and Thurrock Regeneration Ltd schemes are listed below. Each scheme has been subject to a full review by the Commission for Architecture and the Built Environment, and re-designed as appropriate to fulfil the Commission's recommendations.

4.1.5. Tops Club, Argent Street, Grays

The Tops Club scheme will provide 29 units of 1-, 2- and 3-bed flats and maisonettes together with an enhanced playground for residents. The scheme gained planning permission in January 2017. Demolition of the club took place in July 2018 and subject to contract the building contractor is due to start on site in middle October 2018 to begin the main works.

4.1.6. Claudian Way, Chadwell

This is a 53-unit scheme consisting of a mix of bungalows, houses and low rise flats. Tenders have been returned and extensive evaluations have led to the selection of a contractor under a two-stage tendering process earlier this year. Contracts are currently being drawn up which should be agreed and subsequently signed in October 2018. Pre-contract works have commenced on site including re-routing existing utility services.

4.1.7. Calcutta Road, Tilbury

This development of 35 flats is for people approaching retirement and beyond. The scheme accords with the 'HAPPI' principles ('Housing our Ageing Population – Panel for Innovation') which will ensure good design appropriate to the age group. Tenders have been evaluated and selection of a main contractor is in progress. Once a contractor has been appointed, they will take possession of the site and discharge pre-commencement planning conditions.

4.1.8. Thurrock Regeneration Ltd – (TRL)

Thurrock Regeneration Ltd (TRL) is a wholly owned company of Thurrock Council. The principal focus of the company is to support the achievement of the Council's wider regeneration goals through the delivery of specific schemes which support the delivery of new homes in the borough. The company has a strategic aim to develop 1,000 units over a five-year period, a pipeline of sites continues to be developed and refined.

5. External Strategic Issues

5.1. Homelessness Reduction Act 2017

- 5.1.1.** The Homelessness Reduction Act was introduced from April 2018. The Act places a legal duty on councils to give people greater support in preventing homelessness in the first place and in securing longer-term safe and suitable accommodation for those who have become homeless and to whom the authority owes a duty. Longer-term accommodation is usually a social tenancy with the Council or a Registered Provider (usually a Housing Association) or a minimum 12 month assured short-hold tenancy with a private landlord.
- 5.1.2.** The increased duty to assist applicants to either remain in or to find for them safe, secure and suitable longer-term accommodation is labour intensive and an initial assessment of a homeless application can take up to two hours to complete. On average it takes three working weeks to complete a full assessment of a homelessness application. In 2017/18 and under the previous legislative regime the Council had a duty to provide housing for 235 homeless households. Currently, the Council has an average of 5 homelessness presentations each working day and with the new duties placed on the Council the number of homeless households to whom the authority owes a duty will increase significantly.
- 5.1.3.** With the significant increase in numbers of households who are owed a duty, the Council is increasingly using the private rented sector for both temporary and permanent accommodation. The Council works with private sector landlords to ensure that any accommodation they provide is safe, suitable and secure. This includes providing financial assistance that would have been offered to the homeless applicant direct to the landlord. This is usually in the form of rent deposits and/or guarantees. In addition, the Council

encourages landlords to offer longer-term tenancy agreements.

- 5.1.4. Despite the best efforts of the Housing Options teams, the use of Temporary Accommodation will continue to show high actual and forecast costs associated with Homelessness placements and these will continue to be closely monitored on a monthly basis. There is continual work to reduce the use of nightly let private sector accommodation which is the costliest form of Temporary Accommodation. The service is seeking alternative cheaper accommodation to mitigate the forecast overspend position as well as working towards permanent recruitment of staff and team managers to stabilise the workforce and reduce spend on agency staff.

5.2. Grenfell Tower Tragedy and Fire Safety

- 5.2.1. The immediate response to the Grenfell Tower tragedy was to bring forward the planned inspections of all high-rise blocks by 12 months. Inspections were undertaken by Council officers, Essex County Fire and Rescue Service (ECFRS) and an independent fire safety expert.
- 5.2.2. Any urgent issues which were identified were addressed immediately, with planned work programmes drawn up to undertake improved safety measures. This included fitting smoke and heat detectors in all high-rise flats. The programmes are continuing and are supported by housing management actions, such as ensuring all communal areas are clear of items and widely publicising fire safety information to all residents with leaflet drops and posters containing key information in all communal areas.
- 5.2.3. The 15 high-rise blocks were designed to be safe, and the Council has done nothing to change or modify in any way the inherent safety features designed into the buildings. This is illustrated through the fire at George Tilbury House in June 2018, where ECFRS confirmed their 'stay put' policy by actively encouraging residents to return to their flats rather than trying to evacuate the building.
- 5.2.4. ECFRS and Housing staff responded to the incident swiftly, with ECFRS attending the site of the fire with eight pumps and staff from Housing arriving within 10 minutes of the initial report, implementing the emergency planning response which had been developed following the Grenfell Tower tragedy. No injuries were experienced by any member of the public either directly or indirectly as a result of this fire.
- 5.2.5. Every high-rise block has had sprinkler systems installed in bin store areas, but not in other parts of the buildings. Retrospectively fitting sprinkler systems would require the provision of pumps capable of pumping water at high pressure to the top of the block, with the appropriate pipework to transport water to each flat with suitable protection from unauthorised interference.
- 5.2.6. The Council currently meets its obligations regarding the health and safety of its tenants, including in matters surrounding fire safety, however a review was undertaken in late 2017 to explore options surrounding the retrospective

installation of sprinkler systems within high-rise blocks. It was estimated that the total cost for the work would be in excess of £3m, however ECFRS have offered £10k per block towards this work for every local authority in Essex with its own housing stock. The remaining funding would have to be met from the Housing Revenue Account, representing further pressure and would therefore need to be included in future HRA business plans.

6. Financial Summary

6.1. General Fund

6.1.1. The 2018/19 financial position for the Housing General Fund is shown below as at the 31 July 2018.

| Overall GF Position | Full Year Budget | Spend YTD | Forecast | Forecast Variance from Budget | |
|------------------------|------------------|--------------|------------|-------------------------------|------------|
| | £000 | £000 | £000 | £000 | % |
| Homelessness | 522 | (494) | 702 | 180 | 34% |
| Private Sector Housing | 321 | 119 | 321 | 0 | 0% |
| Travellers | (110) | 53 | (40) | 70 | 59% |
| Total | 733 | (310) | 982 | 250 | 35% |

The Housing General Fund budget for 2018/19 is £733k. The July (Period 4) forecast is a £250k overspend.

6.1.2. In 2018/19 the homelessness function has received £347k by way of the Flexible Homelessness Support Grant. This will be used in part to offset the withdrawal of additional Housing Benefit subsidy from the DWP for those in temporary accommodation. The Council has also received £75k by way of new burdens funding in 2018/19. Despite receipt of these, there is still a forecast overspend position of £180k on Homelessness.

6.2. Housing Revenue Account

6.2.1. The HRA Reserve position as at the 31 March 2018 is shown below:

HRA Reserves – 31 March 2018

| Reserve | Balance |
|----------------------------------|----------|
| HRA General Reserves | (2,175) |
| Development Reserve | (4,351) |
| One for One Receipts | (22,073) |
| Major Repairs Reserve | (844) |
| Non-ring-fenced Capital Receipts | (2,685) |
| Housing Zones/Capacity Reserve | (1,274) |

6.2.2. The HRA General Reserve remains at £2.175m and is forecast to increase to £3m over time once the rent policy changes to rent increases in 2020/21.

- 6.2.3.** The Development Reserve will ensure the current New Build Programme can be financed and completed in 2019/20. This reflects the ongoing financing requirements of these schemes as build costs increase.
- 6.2.4.** During 2017/18 there were 115 RTB Sales and which realised £10.089m in 1 for 1 receipts. £454k was used to finance the New Build programme in 2017/18.
- 6.2.5.** Some of the Transforming Homes planned works were reprogrammed into 2018/19 and are being delivered under the new contract arrangements. The balance on the major repairs reserve will be utilised in 2018/19
- 6.2.6.** £398k of additional housing capital investment has been made to fire safety (£185k) and the upgrade of Careline (£213k) financed from the non-ring-fenced capital receipts from RTB sales. A further £815k is allocated during 2018/19 to be invested on continued fire safety works in 2018/19 and £137k on the completed of the Careline upgrade.
- 6.2.7.** During 2017/18 £166k was spent on estate regeneration work. The remainder of the reserve will be utilised in line with the funding agreements.

6.3. HRA Revenue Position 2018/19

The 2018/19 financial position for the HRA is shown below as at the 31 July 2018.

| | Full Year Budget | Spend YTD | Forecast | Forecast Variance from Budget | |
|-------------------------|-------------------------|------------------|-----------------|--------------------------------------|-------------|
| | £000 | £000 | £000 | £000 | % |
| Repairs and Maintenance | 11,798 | 2,470 | 11,798 | 110 | 0.9% |
| Housing Operations | 11,605 | 3,145 | 11,625 | 20 | 0.2% |
| Financing and Recharges | 24,315 | 6,643 | 24,298 | (16) | (0.1%) |
| Rent and Income | (48,077) | (11,181) | 48,190 | (114) | (0.2%) |
| Development | 359 | 162 | 359 | 0 | 0.0% |
| Total | 0 | 1,239 | 0 | 0 | 0.0% |

- 6.3.1.** The HRA is forecast to break-even in 2018/19. There are some small variances, but no overall pressure within existing budgets to report at this stage. There are a number of risks that we are closely monitoring and factoring into spending plans. Members agreed not to proceed with the proposed Grounds Maintenance service charge during the last financial year and this has been factored into our HRA Business Plan.
- 6.3.2.** In line with Government policy, the Council has applied a 1% rent decrease over the last three financial years with a further 1% reduction required in 2019/20. This has withdrawn resources available for capital investment.

6.4. HRA Capital – Existing Stock

- 6.4.1.** The allocated budget for Transforming Homes in 2018/19 is £10.668m. The new programme is now mobilising under the new contract arrangements. In addition, £542k has been set aside to undertake works to some of the Council's Non Traditional properties. However, this only represents a portion of the overall required investment for the Council's non-traditional portfolio. A proposal is now being prepared for the full programme. This will be informed by a specialist survey on the current condition which is currently being procured. It is therefore likely that the majority of this £542k budget allocation will now fall into the next financial year.
- 6.4.2.** £709k is remaining from the original allocation of £1m to support remedial fire safety works, and works are currently being undertaken. The budget is forecast to be spent in full in 2018/19. £243k was the budget remaining in 2018/19 for Telecare works from the original £350k allocation. To complete the project, additional spend of £57k is forecast.
- 6.4.3.** During 2017/18 we undertook a full stock condition survey this indicates an average annual investment requirement of £15m per year to maintain our existing stock. The level of required investment will be reviewed through the development of the HRA business plan for 2019/20.

7. Conclusion

- 7.1.** The Council continues to provide many key Housing services for tenants and residents across the borough. Performance in a number of areas remains strong and good progress has been made in others however further analysis and growth is required elsewhere, such as in specific categories of tenant satisfaction with services.
- 7.2.** The expected and unforeseen implications following the Grenfell Tower tragedy, Universal Credit full-service roll-out and the implementation of the Homelessness Reduction Act have impacted upon service delivery in varying degrees. These events have led to additional pressures being experienced by a range of functions across Housing, however the service has reacted and adapted appropriately to meet new requirements.
- 7.3.** The Housing service will continue to identify areas for refinement and improvement, in order to deliver value for money for tenants as well as a greater customer experience and overall levels of satisfaction.

8. Appendices to the report

- 8.1.** Appendix A – 2018/19 Performance Indicator Targets.