

Supplementary Committee Agenda



Housing Scrutiny Standing Panel Tuesday, 19th March, 2013

Place: Committee Room 1, Civic Offices, High Street, Epping

Time: 5.30 pm

Committee Secretary: Mark Jenkins (The Office of the Chief Executive)
Tel: 01992 564607 Email:
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4. NOTES OF THE LAST MEETING (Pages 3 - 12)

To agree the notes of the last Panel meeting held on 28 January 2013 (attached).

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**EPPING FOREST DISTRICT COUNCIL
NOTES OF A MEETING OF HOUSING SCRUTINY STANDING PANEL
HELD ON MONDAY, 28 JANUARY 2013
IN COMMITTEE ROOM 1, CIVIC OFFICES, HIGH STREET, EPPING
AT 6.00 - 8.05 PM**

Members Present: S Murray (Chairman), A Mitchell MBE (Vice-Chairman), K Chana, Ms J Hart, Ms H Kane, Ms G Shiell, Mrs J H Whitehouse, N Wright and W Marshall (Tenants and Leaseholders Federation)

Other members present: D Stallan and Ms S Stavrou

Apologies for Absence: Mrs S Jones and L Leonard

Officers Present A Hall (Director of Housing), R Wilson (Assistant Director (Operations)) and M Jenkins (Democratic Services Assistant)

48. SUBSTITUTE MEMBERS (COUNCIL MINUTE 39 - 23.7.02)

There were no substitutions made at the meeting.

49. DECLARATION OF INTERESTS

Pursuant to the Member's Code of Conduct Councillor Mrs J Whitehouse declared a non pecuniary interest in the following item of the agenda by virtue of being a Trustee of the Lighthouse Furniture Project. The Councillor indicated that she would remain in the meeting for the duration of the discussion on the item:

- Agenda Item 7 Welfare Reform Mitigation Action Plan Quarterly Progress Report Key Action Plan, No 35 Support the introduction and operation of the Home2Home Furniture Recycling Scheme in Epping Forest.

50. NOTES OF THE LAST MEETING

RESOLVED:

That the notes of the last meeting of the Panel, held on 17 December 2012, be agreed subject to the following amendment:

That "Marshall" under "Members Present" be amended to W Marshall, Tenants and Leaseholders Federation.

51. TERMS OF REFERENCE / WORK PROGRAMME

The Terms of Reference and Work Programme were noted.

52. HOUSING IMPROVEMENTS AND SERVICE ENHANCEMENTS FUND 2013/14

The Panel received a report from the Director of Housing regarding the Housing Improvements and Service Enhancements Fund 2013/14.

In December 2011 the Cabinet approved the strategic approach to the new 30 Year HRA Financial Plan in readiness for the introduction of self financing for the HRA from April 2012. The approach agreed was to plan the repayment of the required loans from the Public Works Loan Board to be taken out to fund the CLG's required debt settlement over a 30 year period. This enabled the Council to maintain the housing stock to a full modern standard implement a new Council Housebuilding Programme, and allow a lower average rent increase in April 2012 (6%) than assumed by the Government. It also funded an additional £770,000 per annum of housing improvements and service improvements.

The Cabinet had asked the Panel to consider and recommend a proposed list of housing improvements and service enhancements to the Cabinet, utilising the additional funding, which the Panel undertook in March 2012 and its report and recommendations were considered and agreed by the Cabinet in April 2012. At the same time the Cabinet had asked the Panel to consider and recommend to the Cabinet at this meeting the proposed use of the Housing Improvements and Service Enhancements Fund for 2013/14.

The estimated amount available to the Housing Improvements and Service Improvements Budget each year was, in effect, a balancing figure for the Housing Revenue Account (HRA) as a whole, over the 30 year period of the HRA Financial Plan.

Since housing-related income and expenditure was ring fenced to the HRA, and the Council had a policy of achieving rent convergence by April 2017, any annual HRA surpluses that were not required for any specific purpose therefore needed to be spent, otherwise they simply resulted in increased HRA Balances, which was why the Housing Improvements and Service Improvements Budget had been introduced from 2012/13. However, since the amount available each year would vary and because some projects would inevitably cost less or more than originally envisaged, or slip, it was suggested that, in future, the budget should be operated as a Housing Improvements and Service Enhancements Fund.

The Cabinet agreed the Panel's recommendation that 14 housing improvements and service enhancements be undertaken in 2012/13. Bearing in mind this list was not approved by the Cabinet until after the commencement of the current financial year, it was felt that very good progress had been made with all of the projects over the remaining period of the year. The following summarised the budget position for the overall 2012/13 programme:

- (a) Original budget 2012/13 - £770,000;
- (b) Latest anticipated expenditure forecast - £674,000; and
- (c) Savings/slippage carried forward to 2013/14 - £96,000

The main slippage carried forward was £85,000 for the acceleration of the mains-powered smoke detector installation programme, which was mainly due to the amount of installations required and the late approval of the expenditure for 2012/13 by the Cabinet.

When the HRA Financial Plan was produced in March 2012, it identified that an additional £750,000 per annum should become available for improvements/enhancements from April 2013, on top of the £770,000 per annum from April 2012. However, the latest iteration of the HRA Financial Plan had identified

that it was no longer possible to fund an additional £750,000 per annum from April 2013. This was mainly due to:

- (i) Rental income to the HRA from dwelling rents over the 30 year period of the Financial Plan being less than previously forecast;
- (ii) The requirement to repay part of the loan portfolio (£31.2m) in 2021/22;
- (iii) A higher capital expenditure requirement; and
- (iv) A higher debt provision being required, due to the effects of the welfare reforms.

Nevertheless, since many of the improvement/enhancement projects agreed for 2012/13 were one-off projects, there was still some substantial funding available for new projects from April 2013/14.

Although £580,000 per annum was available for new projects from 2013/14, the Cabinet had already agreed that one-off and on-going revenue expenditure of £163,000 to deliver the following projects within the Cabinet's Welfare Reform Mitigation Action Plan should be met from the Fund in 2013/14:

- Additional two Housing Management Officers – Annual - £56,000
- Increase in budget provision for financial incentives for downsizing – Annual - £22,000
- Grant to CAB to employ two Debt Advisors for 18 months – 2 years - £67,000
- Direct Debit Marketing Campaign – One Off - £10,000
- Census of Tenants – One off - £5,000
- Purchase of Welfare Reform Personal Calculators – One off - £3,000

Therefore, this left £407,000 available to spend on further new housing improvements and service enhancements in 2013/14. Following consultation with the Housing Management Team and all the Housing Managers, new projects for 2013/14 were put forward for recommendation to the Cabinet. They were:

- Appointment of Senior Cleaner
- Renewal of lounge chairs at communal lounges of sheltered housing schemes. (It was advised that the budget here should be increased £14,000 for 2013/14 and £18,000 per annum for the following two quarters)
- In-year Housing Improvements and Enhancements Fund. (It was advised that an In-Year Housing Improvements and Enhancements Fund of £50,000 per annum be set aside)
- Major Capital Housing Project Reserve. (That around £300,000 in 2013/14 and £850,000 be allocated in the years 2014/15 and 2015/16, to the reserve)

It should be noted that, even utilising all of the resources available to the fund in 2013/14, there would still be a further £640,000 and £770,000 available to spend in 2014/15 respectively, based on current forecasts. It was therefore proposed that a further recommendation be made to the Cabinet that, at its meeting in January 2014, the Panel consider and recommend to the Cabinet the use of the Housing Improvements and Service Enhancements Fund for 2014/15.

RECOMMENDED:

- (1) That the following recommendations be made to the Cabinet:
 - (a) That, in future, the budget for housing improvements and service enhancements be operated as a Housing Improvements and Service Enhancements Fund, with:
 - (i) The Housing Revenue Account (HRA) contributing an agreed amount to the fund each year, based on the estimated surplus available through the HRA Financial Plan;
 - (ii) The Cabinet agreeing the amount to be contributed to the Fund each year for housing improvements/service enhancements; and
 - (iii) Any underspends or overspends on the Fund at the end of the year being carried forward within the Fund to the following year.
 - (b) That the progress and latest out-turn forecasts for each of the housing improvement and service enhancement projects agreed for 2012/13 be noted;
 - (c) That the associated expenditure for any further slippages on individual projects in 2012/13 be carried forward to complete the projects in 2013/14;
 - (d) That the proposed list of housing improvements and service enhancements for 2013/14 and the associated recommendations for each project be approved, including the creation of a Major Capital Housing Projects Reserve; and
 - (e) That at its meeting in January 2014, the Housing Scrutiny Standing Panel be asked to consider and recommend to the Cabinet the proposed use of the Housing Improvements and Service Enhancements Fund for 2014/15.
- (2) That the Panel's report to the Cabinet be based on the content of the report submitted to the Panel; and
- (3) That the Chairman of the Panel present the Panel's report to the Cabinet at its meeting on 11 March 2013.

53. WELFARE REFORM MITIGATION ACTION PLAN - QUARTERLY PROGRESS REPORT

The Panel received a report from the Director of Housing regarding the Welfare Reform Mitigation Action Plan Quarterly Progress Report.

In March 2012, the Welfare Reform Act 2012 received Royal Assent, the act had many implications for the Council and residents in the district. The main changes effecting the Council were:

- (a) Reducing the amount of housing benefit given to Council and housing association tenants of working age, who under-occupied their property by one or more bedrooms. From April 2013, Council tenants under-occupying their home by one bedroom would have their housing benefit reduced by 14% of the rent, and tenants under-occupying by two or more bedrooms would have their housing benefit reduced by 25% of the rent.

- (b) From October 2013, on a phased basis, paying housing benefit to Council and housing association tenants direct, for them to pay their rent themselves.
- (c) Reducing the maximum amount of rent for which private tenants could receive housing benefit. Only tenants of those private rented properties that had the lowest 30% rents in the district would receive full housing benefit. Any rents above the 30% threshold have had to be paid by tenants themselves.
- (d) Increasing the age threshold for the shared room rate from 25 to 35 years. Single private tenants below this age only received an amount of housing benefit equivalent to the rent they would pay if they lived in a private rented property, shared with another person.
- (e) Reducing the amount of housing benefit for tenants who had non-dependants living with them.
- (f) From April 2013, on a phased basis by local authority area until September 2013, application of a Benefit Cap of £500.00 per week (£350.00 for single claimants).
- (g) From April 2013, introduction of a new Local Council Tax Support Scheme replacing the current national Council Tax Benefit Scheme, with overall funding reduced by 10% from current levels, resulting in reduced Council Tax Support of at least 20% for working age claimants.
- (h) From October 2013, on a phased basis, introducing one universal credit payment to replace a range of different welfare benefits, including housing benefit.

Effects and implications on the Council and tenants – CIH Study

To help the Council prepare for the charges, the Council commissioned the Chartered Institute of Housing (CIH) to undertake a major study into the impact and implications of the welfare reforms on the Council, tenants in the district and homelessness in Epping Forest, as well as make recommendations on how the Council should respond to the changes, for the benefit of both the Council and residents.

A presentation to members and officers from the CIH in September 2012 on the key findings from the study took place. In summary, they identified the following implications for the Council:

- (i) Increased rent transaction charges of around £52,000 per year, due to the Council's tenants in receipt of housing benefit having to pay their rent themselves, on a phased basis, from October 2012, through Allpay, direct debit etc.
- (ii) An increase in rent arrears of between £185,000 (40% increase) and £413,000 (95% increase), due to all Council tenants in receipt of housing benefit no longer having their rent accounts automatically credited with their housing benefit every fortnight, but having it paid to them direct and then tenants paying their rent onto the Council. The minimum anticipated increase in rent arrears of 40% was based on applying the Council's current rent collection rate of 98.8% to the significantly increased total amount of rent collected direct from tenants currently in receipt of housing benefit. It was anticipated that, due to the cumulative effect of the welfare reforms, many of these tenants would experience greater difficulty paying

their rent than those tenants currently not in receipt of housing benefit, already paying their rent direct themselves.

(iii) Although not quantified by the CIH in their study, it was also anticipated that rent arrears would increase further as a result of under-occupying tenants having to pay the “bedroom tax” and experiencing financial difficulties as a result.

The main implications for Council tenants were:

(iv) A loss of around £475,000 in housing benefit per annum for all working age tenants who were currently under-occupying their Council home by one or more bedrooms.

(v) A loss of around £175,000 housing benefit in 2012/13, increasing to £250,000 per annum from 2013/14, for all tenants who had non-dependants living with them.

The CIH assessment of the main implications for private Council tenants were:

(vi) A loss of around £360,000 in housing benefit per annum due to the reduction in the maximum Local Housing Allowance to the 30th percentile of private rents.

(vii) A loss of around £270,000 in housing benefit for single private tenants between 25 and 35 years of age who rented their own property and did not take the decision to share their property with someone else.

The CIH estimated that the total loss in housing benefit and other welfare benefits to both Council and private tenants in Epping Forest, as a result of the welfare reforms, would be around £1.1 million per annum. In addition, the direct financial impact on the Council itself was estimated at between around £240,000 and £460,000 per annum. These losses in residents’ income were in addition to the anticipated £1.2 million loss arising from the introduction of the new Local Council Tax Support Scheme from April 2013. In addition, the CIH identified that as a result of these reduced welfare payments, there was likely to be a significantly increased amount of homelessness for the Council to cope with.

Welfare Reform Mitigation Project Team and Mitigation Action Plan

In view of the significant effect that the welfare reforms would have on the Council and residents, a Welfare Reform Mitigation Project Team was formed in September 2012, chaired by the Director of Housing and comprising Housing officers and Benefit officers, to consider and implement ways that the effects of the welfare reforms could be minimised. Good progress had been made to date in delivering 58 actions of the Action Plan.

RECOMMENDED:

That the Quarterly Progress Report on the Welfare Reform Mitigation Action Plan as at 1 January 2013 be noted.

54. HOUSING SERVICE STRATEGIES ON UNDER OCCUPATION AND HOUSING ADVICE

The Panel received a report from the Assistant Director of Housing (Operations) regarding the Housing Directorate’s Service Strategies on Under Occupation and Housing Advice.

The Directorate's service strategies were produced 15 years ago within an agreed framework and since then had been regularly updated. In total, 17 strategies had been produced; they assisted the Directorate in achieving the Customer Service Excellence award and Quality Accreditation, and had been important in meeting the minimum requirement for Supporting People funding under the conditions of the contract. The Panel considered and endorsed the updated service strategies.

RECOMMENDED:

That the Housing Directorate's Service Strategies on Under-Occupation and Housing Advice be endorsed and recommended to the Housing Portfolio Holder for adoption.

55. HOUSING STRATEGY: 6 MONTH PROGRESS REPORT ON KEY ACTION PLAN 2012/13

The Panel received a report from the Director of Housing regarding the Housing Strategy: 6 Month Progress Report on Key Action Plan 2012/13.

In September 2009, the Cabinet adopted the Housing Strategy 2009-12. The Strategy assessed the District's current and future housing needs and set out the approach to meeting those needs. The strategy included a Key Action Plan which set out the proposed actions that would be taken by the Council contributing towards the achievement of the housing objectives over the first year of the Housing Strategy. It had been agreed that the Key Action Plans should be produced and updated on an annual basis for approval by the Cabinet.

The Strategy had been deferred for a year to 2013 due to the number of important issues that were being concluded over the following year. The Housing Portfolio Holder had agreed that a further Housing Strategy Key Action Plan for 2012/13 should be produced and considered by the Panel, which had been subsequently adopted.

RECOMMENDED:

That the 6 Month Progress Report on the Housing Strategy Key Action Plan 2012/13 be noted.

56. PROPOSED COUNCIL RENT INCREASE 2013/14 - ORAL BRIEFING

The Panel received a verbal report from the Director of Housing regarding the Council Rent Increase for 2013/14. At the recent Finance and Performance Management Cabinet Committee, members recommended to the Cabinet on the proposed Council Rent Increase for 2013/14. It was advised that there would be an increase in Council rents, on average, by 4.63% per week.

RECOMMENDED:

That the proposed recommendation of the Finance and Performance Management Cabinet Committee to the Cabinet on the Council rent increase for 2013/14 be noted.

57. TENANT SATISFACTION SURVEY BENCHMARKING REPORT 2012

The Panel received a report from the Director of Housing regarding the Tenant Satisfaction Survey Benchmarking – 2012.

The Housing Directorate had been a member of Housemark, a national housing benchmarking club, for many years. Housemark had devised a new standard Tenant Satisfaction Survey Form, called STAR, for its members to use, to continue to measure tenant satisfaction and benchmarking with other registered providers.

In addition to required standard questions, registered providers could also add a small number of questions of their choosing. The Housing Directorate had commissioned Feedback Services to undertake a Tenant Satisfaction Survey on behalf of the Council. The survey, completed in 2012, had a high response rate of 49%, representing around 17% of all tenants.

Feedback Services produced a report, considered by this Panel in August 2012, which summarised the overall level of tenant satisfaction as “the vast majority of tenants were satisfied with the services provided by the Council.” Since then, more landlords had undertaken their satisfaction surveys and Housemark had produced a Headline Benchmarking Report comparing the satisfaction of the Council’s tenants for the core areas with that of the 46 other registered providers submitting data in 2012. It was advised that the Council’s satisfaction levels were within the top two quartiles for 5 out of 6 core areas, with 2 of these within the top quartile.

However, satisfaction levels were within the bottom quartile for one of the core areas, relating to housing providers listening to tenants. Officers advised that this had come as a surprise, since the Council had a good track record of informing and consulting tenants on relevant issues and responding to their comments. Officers acknowledged that they needed to understand possible reasons for this lower level of satisfaction with the Council listening to tenants’ views. It was therefore suggested that officers discuss with the Tenants and Leaseholders Federation as to what these possible reasons might be. Officers also intended to raise this issue with Housemark at the next liaison meeting with them.

RECOMMENDED:

- (1) That the headline findings of Housemark’s Tenant Satisfaction Survey Benchmarking Report 2012 be noted;
- (2) That it be noted that within the headline findings, the Council was within the two top quartiles for 5 out of the 6 headline categories; and
- (3) That officers discuss with the Tenants and Leaseholders Federation possible reasons for the Council’s tenants apparently having lower satisfaction with “listening to their views” compared other providers.

58. REPORTS TO BE MADE TO THE NEXT MEETING OF THE OVERVIEW AND SCRUTINY COMMITTEE

The Chairman advised that he would make a verbal report to the next Overview and Scrutiny Committee on the Panel’s recent work.

59. FUTURE MEETINGS

The next meeting of the Panel would be on 19 March 2013.

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