

## Scrutiny Standing Panel Agenda



### **Housing Scrutiny Standing Panel Tuesday, 25th October, 2011**

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

**Time:** 5.30 pm

**Democratic Services Officer:** Mark Jenkins (The Office of the Chief Executive)  
Tel: 01992 564607 Email:  
democraticservices@eppingforestdc.gov.uk

#### **Members:**

Councillors S Murray (Chairman), A Mitchell MBE (Vice-Chairman), Ms R Brookes, K Chana, Mrs A Grigg, Ms J Hart, Mrs S Jones, W Pryor, D Stallan, H Ulkun and Mrs J H Whitehouse

**SUBSTITUTE NOMINATION DEADLINE:**

**16:30**

**1. APOLOGIES FOR ABSENCE**

**2. SUBSITUTE MEMBERS (COUNCIL MINUTE 39 - 23.7.02)**

(Assistant to the Chief Executive) To report the appointment of any substitute members for the meeting.

**3. NOTES OF THE LAST MEETING (Pages 5 - 12)**

To agree the notes of the last meeting of the Panel held on 19 July 2011.

**4. DECLARATION OF INTERESTS**

(Assistant to the Chief Executive). To declare interests in any items on the agenda.

In considering whether to declare a personal or a prejudicial interest under the Code of Conduct, Overview & Scrutiny members are asked pay particular attention to paragraph 11 of the Code in addition to the more familiar requirements.

This requires the declaration of a personal and prejudicial interest in any matter before an OS Committee which relates to a decision of or action by another Committee or Sub Committee of the Council, a Joint Committee or Joint Sub Committee in which the Council is involved and of which the Councillor is also a member.

Paragraph 11 does not refer to Cabinet decisions or attendance at an OS meeting purely for the purpose of answering questions or providing information on such a matter.

**5. TERMS OF REFERENCE / WORK PROGRAMME (Pages 13 - 18)**

(Chairman/Lead Officer) The Overview and Scrutiny Committee has agreed the Terms of Reference of this Panel and associated Work Programme. This is attached. The Panel are asked at each meeting to review both documents.

**6. COUNCIL HOUSEBUILDING PROGRAMME (Pages 19 - 34)**

(Director of Housing) To consider the attached report.

**7. SOLAR PV TO COUNCIL HOUSING (Pages 35 - 50)**

(Director of Housing) To consider the attached report.

**8. FIRE SAFETY IN COMMON PARTS OF FLAT BLOCKS (Pages 51 - 60)**

(Director of Housing) To consider the attached report.

**9. HOUSING REVENUE ACCOUNT BUSINESS PLAN KEY ACTION PLAN (2011/12) - PROGRESS REPORT (Pages 61 - 70)**

(Director of Housing) To consider the attached report.

**10. JOINT HOUSING AND FINANCE AND PERFORMANCE MANAGEMENT SCRUTINY STANDING PANEL - HRA**

In April 2012, the Government will be introducing a major, long term change in the way that local authority Housing Revenue Accounts (HRAs) are funded. This will involve a change away from the current "HRA Subsidy System" to a new "HRA Self Financing System," under which this Council will need to make a one-off payment to the Government in excess of £180 million (instead of making annual payments to the Government – currently in excess of £11 million per annum), for which we will need to borrow a substantial proportion.

There are two key aspects to this process from the Council's point of view. The Council needs a well-thought out robust 30 Year Financial Plan for the HRA, setting out all expected housing income and expenditure to meet the Council's housing objectives, and the right treasury management solution for borrowing the money in order to meet the cost of the payment to the CLG, and ensure that we receive the best terms.

Following informal consideration by Cabinet members and in view of the introduction and importance of HRA Self Financing, the Chairmen of the Housing and Finance and Performance Management Scrutiny Panels have agreed that a Joint Meeting of the two Scrutiny Panels should be held with officers and the Council's HRA Business Planning Consultants CIHConsult – chaired by Councillor Stephen Murray, to discuss CIHConsult's draft report before the Indicative HRA Financial Plan is adopted by the Cabinet on the 5 December 2011. Attached is a Proposed Timetable, which sets out the approach to the formulation and adoption of the HRA Financial Plan, together with

dates.

The Joint Meeting of the Housing and Finance Scrutiny Panels will be held at 7p.m. on Monday 28 November 2011 in the Council Chamber, and all members of the Council are invited to attend the meeting to discuss this important issue.

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

To consider which reports are ready to be submitted to the Overview and Scrutiny Committee at its next meeting.

**12. FUTURE MEETINGS**

The next programmed meeting of the Panel will be on Tuesday 31 January 2012 at 5.30p.m. in Committee Room 1, and thereafter on Tuesday 13 March 2012 at 5.30p.m. in Committee Room 1.

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## EPPING FOREST DISTRICT COUNCIL COMMITTEE MINUTES

**Committee:** Housing Scrutiny Standing Panel      **Date:** Tuesday, 19 July 2011

**Place:** Combined Committee Rooms 1 & 2      **Time:** 5.30 - 8.30 pm  
- Civic Offices

**Members Present:** Councillors S Murray (Chairman), Ms R Brookes, K Chana, Mrs A Grigg, Ms J Hart, D Stallan and Mrs J H Whitehouse

**Other Councillors:** Councillors Mrs M McEwen and D Wixley

**Apologies:** Mrs S Jones and Mrs M Carter

**Officers Present:** A Hall (Director of Housing), P Pledger (Assistant Director (Property and Resources)), R Wilson (Assistant Director (Operations)) and M Jenkins (Democratic Services Assistant)

**Also in attendance:** M Gammack (Mears)

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### 1. APOLOGIES FOR ABSENCE

In addition to the apologies noted above, Councillor R Barrett had indicated his intention of attending this meeting, but had given his apologies shortly before the meeting. Although Councillor R Barrett was not a member of this Panel his apologies were noted.

### 2. SUBSTITUTE MEMBERS (COUNCIL MINUTE 39 - 23.7.02)

There were no substitute members at the meeting.

### 3. DECLARATION OF INTERESTS

There were no declarations made pursuant to the Member's Code of Conduct.

### 4. NOTES OF THE LAST PANEL MEETING

#### RESOLVED:

That the notes of the last meeting of the Panel held on 24 March 2011 be agreed.

### 5. TERMS OF REFERENCE / WORK PROGRAMME

- (1) The Panel's Terms of Reference were noted.
- (2) The following was noted:
  - (a) Item 9 Feed-In Tariff Scheme for Council Housing Stock

A report would not be submitted in July 2011 but in October 2011.

- (b) Item 11 Annual Review of the Housing Allocations Scheme

It was advised that the Decentralisation and Localism Bill would bring in major legislative changes to housing allocations policy.

**RESOLVED:**

That no review or changes to the Housing allocations Scheme be undertaken in 2011/12, and that a major review of the Housing Allocations Scheme be next undertaken around October 2012, to take account of legislative changes after the enactment of the Decentralisation and Localism Bill.

- (c) Item 16 Approach to Future Council House – Building Programme

It was advised that the Cabinet had agreed in principle to the introduction of a modest Council House Building Programme.

There would be an additional item for the Panel's Work Programme regarding smoke detectors in communal parts of flat blocks and within Council properties.

**6. PRESENTATION BY MEARS ON PROPOSED APPROACH TO REPAIRS MANAGEMENT CONTRACT**

The Panel received a presentation from Mr P Pledger, Assistant Director of Housing, and Mr M Gammack from Mears regarding the Proposed Approach to the Repairs Management Contract.

Mr P Pledger began by reminding members of the situation in March 2011 when the District Council had agreed to enter into a contract with Mears. He spoke of the consultation and contract procedures followed. Mr M Gammack took over the presentation, his main points were as follows:

- (1) Offered one to one discussions with all Housing Repairs staff
- (2) Building trust with staff and the Council;
- (3) Re-assured staff about no proposed staff cuts;
- (4) Currently the service had too much paper systems and only limited IT systems;
- (5) Impressed by staff;
- (6) The Council did not have purchasing power;
- (7) 7 pieces of paper to deliver a single repair;
- (8) Proposed new IT system and hand held devices which enter repair appointment, proposal to send text message to tenants and link to store replenishment system; and
- (9) Need to improve performance on achieving target times for Repairs staff

Following the presentation, members asked Mr M Gammack questions.

- (a) What was the fee impact from Mears on the District Council?

**Response:** The budget for the contract was already allocated. Much of the ongoing contract cost would be met from the staff saving in not-re-appointing a new Housing repairs Manager, following the retirement of the previous post-holder.

- (b) The Council already had been a Handy Person Scheme, was this affected?

**Response:** No. This work was provided by a small contractor for non-Council tenants. Tenants were encouraged to carry out their own repairs.

It was estimated that this new contract could make up to 30% savings on materials in some cases.

The members thanked Mr M Gammack for his attendance and presentation.

**RESOLVED:**

That the Presentation by Mr M Gammack of Mears regarding the Proposed Approach to the Repairs Management Contract be noted.

**7. HOUSING PERFORMANCE INDICATORS - 2010/11 OUT-TURN (TENANT - SELECTED & KPIS)**

The Panel received a report regarding Housing Performance Indicators (Tenant-Selected and KPIs) Out-Turn 2010/11 from Mr A Hall, Director of Housing.

The Council had adopted a number of Key Performance Indicators (KPIs), which included 9 KPIs relating to the Housing Service. In addition, the Tenants and Leaseholders Federation had selected 21 "Tenants-Selected Indicators," as being areas of performance considered particularly important to tenants.

The Out-Turn Report for these Housing Performance Indicators in 2010/11 showed that 18 (82%) of the 22 Housing Performance Indicators with targets had been achieved.

Three of the four indicators that were not achieved related to the percentage of repairs completed within target times. It was anticipated that this performance would improve significantly in 2011/12, now that Mears had been appointed as the Council's new Repairs Management Contractor. Through the contract, Mears had been set the following targets which were far more challenging than both the Council's current targets and the Council's current performance – whilst maintaining the current high levels (98%) of tenant satisfaction:

- (1) Emergency Repairs: 99% within 4 hours (compared to 99% within 24 hours)
- (2) Urgent Repairs: 98% within 3 working days (compared to 95% within 5 working days)
- (3) Routine Repairs: 98% within 2 weeks (compared to 95% within 6 weeks)

The fourth performance indicator that did not achieve the target, was in respect of the average overall void period. The following was noted:

- (a) The target was only missed by 1 day;

(b) The target time was reduced from 40 days to 30 days at the beginning of year; and

(c) The performance of 31 days was still an improvement on the previous year's performance of 33 days.

**RESOLVED:**

That the District Council's performance in 2010/11 in relation to the Housing Performance Indicators, comprising the Tenant-Selected and Key performance Indicators be noted.

**8. PERFORMANCE AGAINST HOUSING SERVICE STANDARDS IN 2010/11 AND REVIEW**

The Panel received a report regarding Performance Against Housing Service Standards in 2010/11 and Review from Mr A Hall, Director of Housing.

Since 2007, following consultation with the Housing Scrutiny Panel and the Tenants and Leaseholders Federation, a range of Housing Service Standards covering all of the Directorate's main areas of activity were formulated. An updated Housing Charter was also agreed, which set out the Council's approach and ethos to the delivery of its housing service to customers. It was also agreed that the Directorate's performance against the Housing Service Standards, would be considered annually.

Since that time, performance against the Housing Service Standards had been reported to this Panel and the Tenants and Leaseholders Federation annually.

The Housing Service Standards and Housing Charter formed two of the three components of the Council's "Local Offer" to tenants, as required by the Tenant Services Authority's Regulatory Framework for Housing. The other component was an Annual Tenant – Agreed Action Plan.

**Performance against the Housing Service Standards in 2010/11**

It was emphasised that it was not possible to measure performance against every Service Standard. In a number of cases, there was nothing that could be measured, since the Standard was a "statement of intent." In other cases, whilst performance could potentially be measured, it was considered that the time and resources that would be required to properly record and monitor performance was not warranted.

**Proposed Changes and New Service Standards**

The Director of Housing had reviewed the Housing Service Standards and Housing Charter, having regard to performance in 2010/11, and changes in legislation and Council policy. As a result of this review, no changes were proposed this year. This was the first year that no changes had been recommended.

**RESOLVED:**

(1) That performance against the previously-agreed Housing Service Standards in 2010/11 be noted; and

(2) That no changes to either the Housing Service Standards or the Housing Charter be recommended to the Housing Portfolio Holder this year.



## 9. HOUSEMARK BENCHMARKING REPORT OF HOUSING SERVICES

The Panel received a report from Mr A Hall, Director of Housing, regarding the HouseMark Benchmarking Report on Value for Money of Housing Service (2009/10).

It was noted that the Housing Directorate placed great importance on benchmarking its housing performance and costs against other housing providers. It was also a requirement of the Tenant Services Authority's (TSA's) Housing Regulatory Framework.

The Housing Directorate had been a member of "Housemark" for a number of years. Housemark was a national housing benchmarking organisation, which enabled housing organisations to submit detailed information on their performance and costs, and to compare these with other housing organisations nationally.

Housemark produced a detailed Benchmarking Report for the Council annually, comparing the Council's performance with 47 other local authorities across the country. Additionally Housemark also provided a helpful Value for Money (VFM) Summary. This was organised in a way to illustrate how the Council's housing performance compared with other local authorities, in respect of the four specific service areas of the TSA's National Standards covering:

- (1) Tenant Involvement and Empowerment
- (2) Home
- (3) Tenancy
- (4) Neighbourhood and Community

### Future Housemark Benchmarking

Although Housemark provided an excellent and consistent benchmarking facility, the process was expensive and time consuming. The annual subscription to Housemark was around £7,000. In view of the Council's current financial position and the amount of staff time involved, it had been decided to only subscribe to Housemark, and undertake the benchmarking every two years.

### RECOMMENDED:

- (1) That the HouseMark Benchmarking Report on Value for Money of Housing Services (2009/10) be noted; and
- (2) That the decision to undertake benchmarking through HouseMark bi-annually, unless HouseMark can provide a quality-only benchmarking service, be endorsed.

## 10. ANNUAL REPORT ON THE HOME OPTION CHOICE BASED LETTINGS SCHEME

The Panel received a report from Mr R Wilson, Assistant Director of Housing, regarding the HomeOption Choice Based Lettings Scheme – Progress Report.

As part of its Work Programme, the Panel considered an annual report on the "HomeOption" Choice Based Lettings Scheme. The scheme was introduced in November 2007, it was administered by the external agency, Locata Housing Services (LHS).

Under the scheme, all vacant social rented properties were advertised to applicants on the website, a two-weekly publication and other media giving details of location, type, rent, service charge, council tax band and landlord of the available accommodation. Applicants applied for a property by “expressing an interest” in up to a maximum of 3 properties each fortnight for which they had an assessed need.

At the end of the two-weekly cycle, the Council analysed the “expressions of interest” received and allocated each property following a prioritisation process. The property was offered to the applicant in the highest band, who had been registered the longest. The results were then published on the website and the next periodic publication, setting out the number received on each property, the band and registration date of the successful applicant. This helped applicants see how long the successful applicant had been waiting and gave greater transparency to the process.

### **HomeOption Choice Based Lettings Information Bulletin**

As the LHS computer system only stored information for a six-month period, it was only possible to report statistics for a six-month period. The period covered in the report was from November 2010 to May 2011.

A total of 214 properties were allocated during this period. With 21,038 expressions of interest being made, this was an average of around 75 expressions of interest each time a property was advertised. Almost 93% of applicants expressed an interest in properties over the Internet. Around 70% of applicants registered on the Housing Register had participated in the scheme.

Applicants who had participated were asked how satisfied they were with the service, 408 responded to this question. The level of satisfaction was as follows:

- (1) Very Satisfied – 152 (37%)
- (2) Quite Satisfied – 152 (37%)
- (3) Neither Satisfied nor Dissatisfied - 64 (16%)
- (4) Quite Unsatisfied – 19 (5%)
- (5) Very Unsatisfied – 21 (5%)

Applicants who stated they were either quite or very unsatisfied, and could be identified, would be contacted and offered further assistance if felt appropriate. A total of 5,438 forms were sent out to all Housing Register applicants – 781 were returned representing a response rate of 14.4%.

### **RECOMMENDED:**

That the progress made on the HomeOption Choice Based Lettings Scheme and the Housing Register Activity report for the period December 2010 to May 2011 be noted.

## **11. ANNUAL ETHNIC MONITORING REVIEW OF HOUSING APPLICANTS**

The Panel received a report from Mr R Wilson, Assistant Director of Housing, regarding Ethnic Monitoring.

The Council had a Policy Statement for Equal Opportunities in the Provision of Housing Services. The Policy Statement included a requirement for an annual review of the ethnicity of applicants on the Housing Register, compared with the ethnicity of those allocated accommodation.

The review was to identify whether or not there were any indications to suggest the Council may be discriminating against any one ethnic group.

Although a large number of housing applicants did not disclose their ethnicity, it was evident from the analyses shown that the ethnic make up of the Housing Register mirrored the allocation of vacancies sufficiently for the Council to be confident that its Allocations Scheme did not racially discriminate either directly or indirectly.

**RECOMMENDED:**

That no recommendations be made concerning amendments to the Council's Housing Allocations Scheme due to ethnicity.

**12. 12-MONTH PROGRESS REPORT ON HOUSING STRATEGY ACTION PLAN 2010/11 AND HOUSING STRATEGY ACTION PLAN 2011/12**

The Panel received a report from Mr A Hall, Director of Housing, regarding the Housing Strategy 2009 – 2012: (a) 12-Month Progress Report on Key Action Plan 2010/11; and (b) New Key Action Plan 2011/12.

At its meeting in September 2009, the Council's Cabinet adopted the Housing Strategy 2009 – 2012. This followed the Housing Scrutiny Panel approving for consultation an earlier "Consultation Draft" Housing Strategy, and a major Consultation Exercise being undertaken with the Council's partners, key stakeholders and the public over a three month period.

The Housing Strategy assessed the District's current and future housing needs, and set out the Council's approach to meeting those needs. It also linked with other Council and non-Council strategies that both influenced and were influenced by, the Housing Strategy.

The Strategy also included a Key Action Plan, which set out the proposed actions that would be taken by the Council to contribute towards the achievement of the housing objectives over the 3 years of the Housing Strategy. The Cabinet agreed that progress with the Key Action Plans should be monitored on a 6-monthly basis by the Panel. Last year, the Cabinet adopted the second Key Action Plan for the Housing Strategy, on the recommendation of the Panel. It was now necessary for the Cabinet to adopt a Key Action Plan for the forthcoming year, which was the last year before the Housing Strategy was fully updated in 2012.

**RECOMMENDED:**

(1) That the 12-Month Progress Report on the Housing Strategy's Key Action Plan 2010/11 be recommended to the Housing Portfolio Holder and Director of Housing; and

(2) That the proposed new Key Action Plan 2011/12 be recommended to the Cabinet for adoption.

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

The Panel agreed to add an extra item to its Work Programme regarding a progress report on the Implementation of the New Licence Conditions for Park Homes. It was likely that it would be submitted to the Panel around January 2011.

**RECOMMENDED:**

That the Overview and Scrutiny Committee be asked to agree that an extra item be added to the Housing Scrutiny Standing Panel Work Programme regarding Progress with the Implementation of New Licence Conditions for Park Homes.

**14. FUTURE MEETINGS**

(1) The next programmed meeting of the Panel was scheduled for 25 October 2011 at 5.30p.m. It was noted that an incorrect date for a future Panel meeting was entered on the agenda as 31 March 2012, it should state 13 March 2012.

(2) Members discussed the start time of the Panel meetings. It was felt by some Panel members that 5.30p.m. was too early a time for members to meet, and it was suggested that a later time should be arranged. However, it was agreed that the Panel start time should remain the same as 5.30p.m.

**RESOLVED:**

That the Housing Scrutiny Standing Panel start time remain as 5.30p.m.

**CHAIRMAN**

## TERMS OF REFERENCE - STANDING PANEL

**Title:** Housing

**Status:** Standing Panel

**Terms of Reference:**

(1) To undertake reviews of public and private sector housing policies on behalf of the Overview and Scrutiny Committee, Housing Portfolio Holder or Head of Housing Services and to make any recommendations arising from such reviews to the Housing Portfolio Holder or Cabinet as appropriate.

(2) To undertake specific projects related to public and private sector housing issues, as directed by the Overview and Scrutiny Committee, and to make any recommendations arising from such reviews to the Housing Portfolio Holder or Cabinet as appropriate.

(3) To consider and provide comments to the Housing Portfolio Holder on the following matters, prior to consideration by the Cabinet:

- (i) Draft Housing Strategy (to be adopted by full Council in accordance with the Council's Constitution)
- (ii) Draft Private Sector Housing Strategy
- (iii) Draft Private Sector Housing Grants Policy
- (iv) Annual Review of the Housing Allocations Scheme

(4) To consider and provide comments to the Housing Portfolio Holder on draft versions of the following documents:

- (i) Housing Revenue Account (HRA) Business Plan
- (ii) Local Supporting People Strategy
- (iii) Housing Service Strategies

(5) To undertake the Annual Ethnic Monitoring Review of Housing Applicants and Housing Allocations, in accordance with the Code of Practice in Rented Housing.

(6) To monitor progress with the actions plans contained in the following documents, on a six-monthly basis:

- (i) Housing Strategy
- (ii) Local Supporting People Strategy
- (iii) Private Sector Housing Strategy
- (iv) Housing Services Development Plan

(7) To consider the Housing Portfolio Holder's draft response to any consultation papers relating to public or private sector housing that the Housing Portfolio Holder considers warrants a response from the Council.

(8) In relation to Traveller issues to consider and monitor:

- (a) the position regarding tolerated sites and;
- (b) the management of travellers who enter onto land within the district with a view to unauthorised encampments, with particular reference to the legal remedies available, interactions with other agencies such as Essex Police and Essex County

Council and the provision of emergency and/or transit sites within the district;

(c) Government's guidance on the needs of travellers in the context of the Council's review of its District Local Plan and the Essex Housing Needs Assessment;

(d) the results of the Commission for Racial Equality's study on traveller issues in which this Council participated, once published;

(9) To report to the Overview and Scrutiny Committee, the Council and the Cabinet with recommendations on matters allocated to the Panel as appropriate.

**Chairman:** Cllr Stephen Murray

## Housing Scrutiny Standing Panel – 2011/2012

Item	Report Deadline / Priority	Scheduled Date	Progress / Comments	Programme of Future Meetings
(1) Presentation by Mears on proposed approach to Repairs Management Contract	Low	July 2011	<b>Completed</b> – July 2011	<del>19<sup>th</sup> July 2011</del> 25 <sup>th</sup> October 2011 28 <sup>th</sup> November 2011 (Joint with Finance & Performance Management Scrutiny Panel) 31 <sup>st</sup> January 2012 13 <sup>th</sup> March 2012
(2) Annual Report on the HomeOption Choice Based Lettings Scheme	Low	July 2011	<b>Completed</b> – July 2011	
(3) HouseMark Benchmarking Report of Housing Services	Low	July 2011	<b>Completed</b> – July 2011	
(4) Annual Ethnic Monitoring Review of Housing Applicants	Medium	July 2011	<b>Completed</b> – July 2011	
(5) Housing Performance Indicators - 2010/11 Out-turn (Tenant-Selected & KPIs)	Low	July 2011	<b>Completed</b> – July 2011	
(6) 12-Month Progress Report on Housing Strategy Action Plan 2010/11	Low	July 2011	<b>Completed</b> – July 2011	
(7) Housing Strategy Action Plan 2011/12	High	July 2011	<b>Completed</b> – July 2011	
(8) Performance against Housing Service Standards and Review	Medium	July 2011	<b>Completed</b> – July 2011	

(9) Feed-in Tariff Scheme for Council Housing Stock	High	July 2011	<b>Scheduled for meeting on 25<sup>th</sup> October 2011</b>
(10) Six-monthly Progress Report on Housing Business Plan Action Plan	Low	October 2011	<b>Scheduled for meeting on 25<sup>th</sup> October 2011</b>
(11) Approach to future Council House-building Programme	High	October 2011	<b>Scheduled for meeting on 25<sup>th</sup> October 2011</b>
(12) HRA 30-Year Financial Plan in Preparation for HRA Self-financing	High	October 2011	<b>Scheduled for joint meeting with Finance and Performance Management Scrutiny Panel on the 28<sup>th</sup> November 2011</b>
(13) Housing Service Strategy on Empty Properties (Review and update)	Medium	October 2011	<b>Deferred to the meeting on the 31<sup>st</sup> January 2012 – Due to workload and other commitments</b>
(14) Housing Service Strategy on Repairs and Maintenance (New)	Medium	October 2011	<b>Deferred to the meeting on the 31<sup>st</sup> January 2012 – Due to workload and other commitments</b>
(15) Housing Service Strategy on Energy Efficiency (Review and update)	Medium	October 2011	<b>Deferred to the meeting on the 13<sup>th</sup> March 2012 – Due to workload and other commitments</b>
(16) Annual Review of the Housing Allocations Scheme	High	October 2011	<b>Deferred to October 2012 – To await the outcome of the major changes to legislation relating to allocations proposed within the Localism Bill</b>
(17) Review of Private Sector Housing Strategy	High	January 2012	<b>Not yet due</b>
(18) Briefing on the proposed Council rent increase for 2010/11	Low	January 2012	<b>Not yet due</b>



(19) Six-monthly Progress report on Housing Strategy Action Plan 2011/12	Low	January 2012	<b>Not yet due</b>
(20) Housing Service Strategy on Home Ownership (Review and update)	Medium	January 2012	<b>Not yet due</b>
(21) Housing Service Strategy on Housing and Estate Management (Review and update)	Medium	March 2012	<b>Not yet due</b>
(22) Housing Service Strategy on Rent Administration (Review and update)	Medium	March 2012	<b>Not yet due</b>
(23) 12-monthly Progress report on Housing Business Plan Action Plan	Low	March 2012	<b>Not yet due</b>
(24) Housing Service Strategy on Older Peoples Housing (Review and update)	Medium	March 2012	<b>Not yet due</b>
(25) HRA Business Plan 2012/13	High	March 2012	<b>Not yet due</b>
<b>Items added after the original Work Programme was agreed</b>			
(26) Provision of smoke detectors in Communal blocks or Council properties	Medium	October 2011	<b>Scheduled for meeting on 25<sup>th</sup> October 2011</b>

(27) Outcome report on the implementation of new licences for park home sites	Low	October 2011	<b>Deferred to the meeting on the 31<sup>st</sup> January 2012</b> – Due to the resignation of both the Technical Officer (Private Sector) and the Environmental Health Officer undertaking the site inspections, which has delayed the programme, and to await the outcome of liaison meetings with site owners and representatives of residents associations, scheduled to be held before Christmas.	
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## **Report to Housing Scrutiny Panel**

**Date of meeting: 25<sup>th</sup> October 2011**

**Portfolio: Housing – Cllr M. McEwen**

**Subject: Council Housebuilding Programme**

**Officer contact for further information:**

**Alan Hall – Director of Housing (01992 56 4004)**

**Committee Secretary: Mark Jenkins (01992 56 4607)**



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### **Recommendations:**

**That the Housing Scrutiny Panel reports to the Cabinet on the proposed approach to a Council Housebuilding Programme in a similar form to this report, with any amendments agreed by the Scrutiny Panel, and considers whether to make the following recommendations to the Cabinet and/or any other recommendations:**

**(1) That a housing association be appointed to provide a Housebuilding Development Agency Service for the Council, including all development and project management services, and the provision of all professional building services, including (but not exclusively): architectural, employer's agency, quantity surveying, cost consulting, planning supervision, engineering and surveying, but excluding works construction;**

**(2) That the Housing Portfolio Holder be authorised to appoint a Development Agent:**

- (a) Following a competitive tender process using the EU OJEU Restricted Procedure procurement process;**
- (b) That has existing development partner status with the Homes and Communities Agency (HCA);**
- (c) Based on the most economically advantageous tender (in terms of price and quality) received from at least 5 housing associations, shortlisted through a Pre-Qualification Questionnaire (PQQ) process, in accordance with pre-determined evaluation criteria;**
- (d) After the Housing Portfolio Holder has previously approved the evaluation criteria to be used for both the PQQ Stage and Tender Stage, prior to the implementation of each stage (in accordance with procurement requirements);**
- (e) On the recommendation of a Selection Panel comprising the Housing Portfolio Holder, Chairman of the Housing Scrutiny Panel, Director of Housing and Asst. Director of Housing (Property); and**
- (f) For a four-year period, with options to extend the contract for three further individual years;**

- (3) That the Essex Procurement Hub be asked to undertake the EU procurement process for the appointment of the Development Agent, on behalf of the Council;**
- (4) That a suitably experienced housing development consultant be appointed to undertake the appointment process for the Development Agent, in liaison with the Essex Procurement Hub, funded from within the existing resources of the HRA's Housing Feasibilities Budget;**
- (5) That, through the contract with the Development Agent, all the Development Agent's consultants be required to provide the Council with collateral warranties, as a safeguard to enable the Council to take legal action against a consultant direct if problems arise in the future due to negligence;**
- (6) That the evaluation of PQQs and tenders be undertaken by officers and the housing development consultant, in accordance with the pre-determined and approved evaluation criteria;**
- (7) That the Housing Portfolio Holder be authorised to agree any other aspects of the appointment process for the Development Agent, not covered by this report or recommendations/decisions;**
- (8) That, once the initial desktop development assessments of garage and other housing sites have been completed by officers, and the HRA Financial Plan agreed, reports be submitted to the Cabinet on a proposed Council Housebuilding Development Programme, based on the completion of around 20 new affordable homes per annum, and seeking approval to undertake development appraisals and seek planning permission for specific sites;**
- (9) That, once the Cabinet has approved the Housebuilding Programme, further reports be submitted to the Cabinet on the required budgetary provision for the Housing Capital Programme;**
- (10) That, in the meantime, appropriate capital provision for the Housebuilding Programme be included within the Indicative HRA Financial Plan to be considered by the Cabinet at its meeting on 5<sup>th</sup> December 2011;**
- (11) That appropriate revenue provision be made within the Housing Revenue Account from 2012/13, to fund the associated revenue costs of the Housebuilding Programme, including a budget for abortive fees for developments that do not proceed;**
- (12) That Affordable Rents (not Social Rents) be charged for the completed Council properties, in accordance with the Government's Affordable Rents Framework;**
- (13) That the Cabinet approves all financial and development appraisals, any borrowing requirements and the required Housing Capital Programme funding for proposed "development packages" by the Council on an individual basis;**
- (14) That such development packages be funded from the following sources (with full details to be set out in the development appraisals for individual schemes approved by the Cabinet), on the basis that the Council Housebuilding Programme is self-funded, without any financial support from the General Fund:**
  - (a) Housing Revenue Account (HRA) surpluses;**
  - (b) HCA funding (where possible);**
  - (c) Borrowing (if necessary);**
  - (d) Cross-subsidy from the sale of other development sites within the Housebuilding Programme on the open market if necessary; and/or**

**(e) Capital receipts from future Right to Buy sales, if the Government introduces its recently-announced policy to increase discounts under the Right to Buy, and replace each property sold with a new affordable home;**

**(15) That, once the Development Agent has been appointed, a Development Strategy be formulated setting out the proposed approach to planning and delivering the Housebuilding Programme, for adoption by the Cabinet;**

**(16) That a new part-time Senior Housing Officer (Development) post (18 hours per week) be established once the Development Agent has been appointed; the post be job-evaluated; and appropriate budget position be made within the Housing Revenue Account for 2012/13 once the salary grade has been determined;**

**(17) That, once appointed, the selected Development Agent seeks development partner status for the Council from the HCA, and completes the Pre-Qualification Questionnaire on behalf of the Council; and**

**(18) That the appointed Development Agent be required to procure contractors to construct the properties within the development packages on behalf of the Council, in accordance with the Council's Contract Standing Orders and EU procurement requirements (if necessary).**

#### **Executive Summary:**

The Cabinet has agreed in principle that the Council undertakes a modest Council Housebuilding Programme, and has asked the Housing Scrutiny Panel to consider the detailed issues of implementing the Programme, and to make recommendations to the Cabinet accordingly.

The Council has a number of difficult-to-let garage sites and other sites that could be developed to provide an estimated 120 homes over a 6-year period. The proposed approach is to appoint an existing housing association, through a competitive tender process, to act as a Development Agent and provide all the required development and project management services - including the provision of all professional building services - rather than the Council employing its own professional team of staff. Development Appraisals for each of the identified sites would assess whether or not they have development potential, the costs and anticipated income.

It is proposed that rents charged for the new developments would be at the new "Affordable Rent" levels, up to 80% of market rent levels.

Grant funding from the Homes and Communities Agency (HCA) may be available in the future, but it is suggested that any shortfall in capital funding for developments should be met through the sale of some development sites on the open market, and that the Programme is self-funded, without any financial support from the General Fund.

A Development Strategy would be adopted by the Cabinet, setting out the proposed approach to the Housebuilding Programme, and the Cabinet would also approve the budgetary requirement for the Housing Capital Programme.

It is currently estimated that capital funding of around £2.5m per annum would be required for the construction of 20 properties each year, and that a Programme of 120 properties over 6 years would cost around £16m (including provision for inflation and additional costs).

A new part-time post would be required in due course to resource the Council's responsibility for the Housebuilding Programme, with some of the costs capitalized, and which would be funded from the HRA. A start on site for the first phase of the Programme is unlikely to take place until 2014, with completion in late 2014/15 – although this does have some benefits in

terms the Council's ability to fund the Programme, and the possibility of obtaining grant from the HCA through any future National Housing Programme the Government may implement from 2015.

### **Reasons for Proposed Decision:**

The Cabinet has agreed in principle that the Council undertakes a modest Council Housebuilding Programme; it is now necessary to agree the proposed approach to be taken. Taking account of all the current circumstances, the proposed approach appears to offer the most effective and efficient way of developing a Council Housebuilding Programme.

### **Other Options for Action:**

In view of the wide coverage of the report, there are a myriad of alternative options that could be taken, and the list of alternative options are not mutually exclusive. However, the following appear to be the main alternative options:

- (a) Not to undertake a Council Housebuilding Programme, and to either not develop the Council's potential housing sites, or transfer them to one of the Council's Preferred Housing Association Partners (or another housing association) to develop, own, manage and receive the rental income.
- (b) Undertake the Housebuilding Programme in-house, through the appointment of an in-house development and construction team, with some/all professional consultant services tendered and appointed direct by the Council.
- (c) Only appoint the Development Agent to provide the main development and project management services, and the Council appoints its own professional consultant services.
- (d) Not to authorise the Housing Portfolio Holder to appoint the Development Agent, on the basis set out in Recommendation 2, but to delegate/reserve the appointment (or some of the components of Recommendation 2) to the Director of Housing or Cabinet.
- (e) Not to appoint the Development Agent on the basis of the most economically advantageous tender, but only on the basis of price.
- (f) To have a different composition of Selection Panel to recommend the appointment of Development Agent to the Housing Portfolio Holder, to the composition proposed.
- (g) To have a different contract period for the Development Agency contract, or different periods (or number) of contract extensions.
- (h) Not to ask the Essex Procurement Hub to assist with the procurement process.
- (i) Not to appoint a housing development consultant to undertake the appointment process.
- (j) Not to authorise officers and the housing development consultant to evaluate the PQQs, in accordance with the pre-determined evaluation criteria, or require the evaluation/shortlisting to be subject to the approval of the Housing Portfolio Holder.
- (k) To seek a Housebuilding Programme on the basis of less or more than 20 properties constructed each year.
- (l) Not to include the required revenue budgetary provision within the HRA at this stage.

- (m) To charge Social Rents for the newly constructed Council properties, instead of Affordable Rents (with a much reduced number of affordable housing provided), or a mix of the two rent types.
- (n) To delegate approval of financial and development appraisals to the Housing Portfolio Holder in consultation with the Finance and Economic Development Portfolio Holder, or the Director of Housing in consultation with the Director of Finance and ICT.
- (o) To fund the development packages in a different way to that proposed (e.g. using General Fund capital receipts, and/or by not cross-subsidising with the sale of some development sites).
- (p) Not to formulate a Development Strategy, once the Development Agent has been appointed.
- (q) Not to appoint a part-time Senior Housing Officer (Development), or to make the post full-time, or with less hours.
- (r) Not to seek development partner status with the HCA in order to seek grant funding.
- (s) Include the works construction within the appointment of the Development Agent, and not competitively tender each development package.

### **Introduction and Background**

1. The last new Council property was built in June 1985 (19 houses built for sale at Mountbatten Court, Buckhurst Hill). Since 1977, the Council has sold around 6,160 properties, predominantly through the Right to Buy. The Council currently owns and manages around 6,500 properties.

2. Since the 1980s, councils have been discouraged by successive governments from building new social housing themselves, and encouraged to act as “enablers”, by facilitating housing associations to build new social housing. To discourage councils from building, the Government has previously established financial rules that penalise many local authorities that build – a high proportion of rent received from Council properties has had to be passed on to the Government, in the form of negative housing subsidy (for this Council – around £11.3m in 2011/12), and 75% of any capital receipts received from the sale of properties under the Right to Buy has had to be passed to the Government under its pooling arrangements.

3. However, the policies of the previous and current Governments have changed and, mainly as a result of the collapse of the property market in 2008, local authorities have more recently been encouraged to build once again. In particular, in August 2009, the previous Government introduced new regulations which removed the two major financial disincentives. These changed the revenue and capital rules and allow local authorities to:

- Retain all of the rental income received from new properties built after August 2009; and
- Retain all of the capital receipts from the sale of properties that were built after the introduction of the changes.

4. Not only has the Government removed the previous financial disincentives, with the introduction of Self-Financing for the Housing Revenue Account (HRA), local authorities are being given even more autonomy and increased financial ability to fund housebuilding through prudential borrowing, funded from future rental income.

5. In February 2010, the Cabinet received a detailed report from the Affordable Housing Sub-Group, a body of members established by the Housing Scrutiny Panel to consider ways to increase the provision of affordable housing within the District. One of the Cabinet's decisions (Minute 128), based on the recommendations of the Affordable Housing Group, was that a programme of new social housebuilding by the Council be agreed in principle. However, at that time, there was a potential detrimental effect on the General Fund (related to the Council's HRA and General Fund Capital Financing Requirements (CFRs)) and it was therefore also agreed that such a Programme should not be undertaken until the detrimental financial effect on the General Fund either no longer existed or was only minimal. It was also agreed to explain this detrimental effect to the Government and to request assistance to overcome the problem, and the Leader of Council at the time wrote to the then Minister for Housing and Planning accordingly.

6. In response, the Minister for Housing and Planning advised that the problem should be overcome through new accounting regulations, when HRA Self-Financing was introduced (which at that time was proposed as a *discretionary* scheme for local authorities).

7. Since the current Government has now decided to introduce HRA Self-Financing on a mandatory basis, there is now no reason why there should be any additional detrimental effect on the Council's General Fund if the Council commences a housebuilding programme.

8. The Council has a number of small potential development sites – mainly difficult-to-let garage sites – which can provide the required land for a Housebuilding Programme, which is explained later in this report

9. At its meeting in July 2011, the Cabinet considered a report from the Housing and Finance & Economic Development Portfolio Holders on the treasury management issues relating to the introduction of a Council Housebuilding Programme and agreed the following (Minute 24):

“ (a) That the Cabinet's previous decision, in principle, to commence a new affordable housebuilding programme once the Housing Revenue Account (HRA) had moved to a self-financing basis be confirmed, subject to financial appraisals confirming the viability of such a programme;

(b) That the agreement in principle of the potential amount of resource to be allocated to house building, and whether this should be financed from borrowing or through surpluses generated on the HRA, be subject to the consideration of a further report to the Cabinet; and

(c) That the Housing Scrutiny Panel be requested to consider the detailed issues relating to the feasibility of undertaking, and the best way of implementing, such a housebuilding programme and to make recommendations to the Cabinet accordingly. “

10. It is in accordance with (c) above that this report is being presented to the Housing Scrutiny Panel, which is asked to consider the issues and officer recommendations and to make recommendations to the Cabinet accordingly.

### **Why undertake a Council Housebuilding Programme ?**

11. The main reasons for the Cabinet deciding in principle to introduce a new Housebuilding Programme were that:

(a) The Council's HRA land could be developed for much-needed affordable housing (with 5,700 applicants currently on the Housing Register);



- (b) The Council would receive the associated New Homes Bonus (NHB) – equivalent to around £6,700 per property over the six-year NHB period, to use for any Council purpose;
- (c) The land and constructed buildings would be retained as a Council asset - rather than transferring the land to a housing association at a subsidised price, for the housing association to develop the affordable housing;
- (d) The Council would benefit from the net rental income in the future, once the development loan has been covered;
- (e) It may be possible for the Council itself to receive the benefit of capital grant funding from the Homes and Communities Agency;
- (f) The Council would have greater control over the future use of the affordable homes;
- (g) The cost of construction would be less than for a housing association, since the Council can recover the cost of VAT for fees from Her Majesty's Revenue and Customs (HMRC), which housing associations cannot; and
- (h) It would enable the Council to increase its housing stock, instead of continuing to reduce the stock through the Right to Buy, and thereby slowly reduce the associated unit costs of managing and maintaining the Council's housing stock.

12. With the exception of (a) and (b) above, all the other benefits would only be received if the Council undertook the developments itself. The alternative approach would be for the Council to transfer the ownership of these small sites to a housing association (as it has done previously – before the Council was able to develop sites itself), for the housing association to develop the sites, and then own, manage, maintain and receive the rental income from the properties. The benefits of this latter approach would be that the Council would not take on the risks of undertaking the building programme, and would not have to make provision for the initial capital outlay. The Cabinet has previously weighed up the benefits of each approach and concluded, in principle, that the best approach would be for the Council to undertake such developments itself.

### **Potential Housebuilding Programme**

13. The Council has around 80 small garage sites which are designated as “difficult-to-let” (i.e. having more than 20% of the garages vacant, with no waiting list). Over a period of time, the Council's Senior Architectural Assistant has visited each site and undertaken a very brief desk-top assessment of its development potential. This very initial sifting process has established that around 50 garage sites may have development potential. In addition, a further 3 non-garage sites have been identified as also having development potential. At the time of writing, a further 10 difficult-to-let garage sites still need to be assessed.

14. This initial process has established that those sites that have already been assessed could, potentially, be developed to provide an estimated maximum of around 200 new properties. However, it is stressed that many of these sites are very problematical to develop and the actual number of properties that can be developed is likely to be much less than this number, and will only be known once more detailed feasibility studies have been undertaken and planning permission granted. As a working estimate, it is felt unlikely that more than 120 new affordable properties could actually be provided.

15. In view of the difficult and problematical nature of developing these small sites, with each site only providing an average of around 4 new properties (with some only providing single properties), and the borrowing constraints of HRA Self-Financing, it was suggested to the Cabinet at its meeting in July 2011 that the working target for the maximum number of

Council properties to seek to develop through a Housebuilding Programme each year should be around 20 properties, which officers still feel is an appropriate target. However, as the Housebuilding Programme and the Council's HRA Financial Plan develops, this target could be reviewed and refined.

16. It is proposed that, once the initial desktop assessments have been completed and the HRA Financial Plan agreed, further reports be submitted to the Cabinet on a proposed Development Programme (which would probably span around 6 years), and to seek approval to undertake development appraisals and seek planning permission where appropriate for specific sites.

### **Appointment of Development Agent for the Council Housebuilding Programme**

17. When the Council last built Council properties in the 1980s, it had a fairly large in-house team with the required skills and experience to undertake the design and to project manage the construction. However, following the effective Government moratorium on new Council building, these skills and experience have been largely lost to the Authority. The Council now only has one Senior Architectural Assistant, who is already fully committed on a range of projects and does not have the capacity to undertake even a small new housebuilding programme. Moreover, it is unlikely that the Council would pass the Pre-Qualification Questionnaire (PQQ) process to become a development partner of the Homes and Communities Agency (HCA), and possibly access grant funding in the future on its own (see below), since it could not be demonstrated that the Council has either sufficient technical capacity or experience.

18. It is proposed, therefore, that the Council takes a similar approach to many smaller housing associations, and some other local authorities (e.g. Crawley DC) who want to build new affordable housing – by appointing an existing housing association, through a competitive tender process, to act as a Development Agent and provide all the required development and project management services. Housing associations are well experienced and resourced to develop affordable housing through a partnership approach, and have good working arrangements with the HCA and a knowledge of its practices and regulations. The Development Agent role would also include the provision of all professional building services, for which most developing housing associations already have framework agreements with selected consultants including: architectural, employers agency, quantity surveying, cost consulting, planning supervision, engineering and surveying.

19. The Council would enter into a Development Agreement with the selected Development Agent and, in return for a fee (generally based on a percentage of the works cost for each development, but in accordance with a comprehensive tendered/agreed fee structure, to be determined), the Development Agent would provide a full development service on behalf of the Council. It would use its existing framework agreements and contracts with its appointed consultants to provide the development team to undertake the development process.

20. The Council would pay the Development Agent for both its own and its consultants' services under the Development Agreement. The cost of VAT would not be incurred by the Council since, as a local authority, the Council can recover VAT back in full from HMRC.

21. Since the Council would only have contracts with the Development Agent and the works contractors, it would have no automatic contractual relationship with the Development Agent's consultants, whose work will affect the integrity of the buildings into the future. Therefore, it would be necessary – through the contract with the Development Agent - for all the Development Agent's consultants to be required to provide the Council with collateral warranties which, if necessary, would enable the Council to take legal action against a consultant direct if problems arise in the future due to the professional negligence of the consultant, in the same way as the Council would be able to if it had a direct contractual relationship with the consultant itself.

22. It is proposed that the Development Agent should be appointed following a competitive tendering process. Since the total value of the Development Agreement (which would have to include the costs of the Development Agent's consultants) would be in excess of the EU Procurement Threshold for Services, it would be necessary to follow the OJEU (Restricted Procedure) procurement process to appoint the Development Agent.

23. In view of the potential number of applicants, interested housing associations would be asked to complete a PQQ, from which a shortlist of at least five housing associations would be selected (in accordance with Contract Standing Orders), using a pre-determined criteria, and invited to provide detailed tender submissions. It is proposed that the Development Agent be appointed based on the most economically advantageous tender (MEAT) to the Council, taking account of both price and quality, and that up to three tenderers that appear to provide the most economically advantageous tenders be invited to give presentations to, and have an interview with, a Selection Panel comprising the Housing Portfolio Holder, Chairman of the Housing Scrutiny Panel, Director of Housing and Assistant Director of Housing (Property). The Selection Panel would then recommend an appointment to the Housing Portfolio Holder, who would make the formal decision on the appointment.

24. It would be necessary to formulate evaluation criteria for shortlisting/selection at both the PQQ Stage and the Tender Stage. These would need to be carefully formulated, after detailed consideration, and it is suggested that, once formulated, the proposed evaluation criteria be approved by the Housing Portfolio Holder.

25. It is proposed that the Development Agreement be for an initial four-year period, with options to extend the Agreement for three further individual years.

26. The introduction of a Council Housebuilding Programme and the appointment of a Development Agent through the EU procurement process will be a major and high profile undertaking for the Council. Members will be aware that the Council is a member of the Essex Procurement Hub, and it is proposed that the Hub (assisted by the Council's Procurement Officer) be asked to undertake the EU procurement process on behalf of the Council, which would be at no additional cost to the Council's annual subscription. However, the bulk of the appointment process will not involve the Hub, including:

- The formulation of the technical housing elements of the PQQ and the associated evaluation criteria for shortlisting;
- Responding to enquiries from applicants about the technical housing criteria during the PQQ process;
- Evaluation of the submitted PQQs (in liaison with others);
- Fundamentally, the drafting of the detailed Specification, Invitation to Tender (ITT) and Evaluation Criteria;
- Management of the ITT process, and dealing with queries raised during the tender period;
- Evaluation of tenders in accordance with the Evaluation Criteria;
- Arrangement of the interviews/presentations.

27. Although the Director of Housing and Asst. Director of Housing (Property) have the expertise to undertake the above, they do not have the capacity to undertake this major project with their other commitments and responsibilities. It is therefore proposed that a suitably experienced housing development consultant be appointed to undertake the appointment process, in liaison with the Hub and officers. This can be funded from within the existing resources of the Housing Feasibilities Budget.

28. It is proposed that the evaluation of PQQs and tenders be undertaken by officers and the housing development consultant, in accordance with the pre-determined evaluation criteria that, as explained above, would need to be have been previously approved by the Housing Portfolio Holder.

29. It should be noted that the Council's own legal service may not have either the expertise or the capacity to draft the required Development Agreement with the appointed Development Agent. If this is the case, it would be necessary to appoint a firm of solicitors specialising in this area to undertake the legal work, for which budgetary provision would need to be made, if necessary, at the appropriate time.

30. Once appointed, the Development Agent would undertake detailed Development Appraisals for each of the identified sites, which would assess whether or not an identified site has development potential, the expected costs and the anticipated income. For each site (or package of sites) with development potential, the Cabinet would decide whether or not it wishes to proceed and approve financial and development appraisals, borrowing requirements (if necessary) and the required Housing Capital Programme funding.

31. Once proposed development packages have been approved by the Cabinet, the Development Agent would then seek planning permission from the Council and, if possible, capital funding from the HCA on the Council's behalf (see below).

32. Once planning permission and any funding approval has been obtained, the Development Agent would then undertake a tendering process to appoint the contractor to undertake the works, and then oversee the construction process. The Development Agent would comply with the Council's Contract Standing Orders and, since the works costs for individual development packages are unlikely to be above the thresholds for works within the EU procurement regulations, the Council could either tender amongst the Development Agent's framework contractors, or through Constructionline.

33. At practical completion, the newly-constructed homes would be handed over to the Council for letting to applicants on the Council's Housing Register. The properties would be owned by the Council and the Council would receive the rental income, and manage and maintain the properties.

### **Funding the Housebuilding Programme, Development Strategy, Rent Levels and HCA Grant Funding**

34. It is proposed that individual sites be grouped together in "development packages" of around 20 properties (i.e around one package per year).

35. It is proposed that rents charged for the new developments are at the new "Affordable Rent" levels, and not the "Social Rent" levels that the Council charges for its existing housing stock. Affordable Rent levels have to be set at up to 80% of market rent levels (including service charges), whereas Social Rents are around 40%-50% of market rents. This proposed approach is for a number of reasons:

- In accordance with Government policy, the majority of all new properties developed by housing providers across the country, including the Epping Forest District, must charge Affordable Rents. If housing associations were to develop the Council's sites themselves, instead of the Council, they would have to charge Affordable Rents.
- Due to the introduction of the Affordable Rent regime, the Government has significantly reduced the amount of capital grant funding made available by the HCA for affordable housing. This is because, to a large extent, the need for capital grant funding is obviated by the ability of housing providers to fund increased borrowing from the increased rental income received.
- The HCA will only consider providing capital grant funding to a development partner (housing association or Council) if Affordable Rents are charged.

- Crucially, with the absence of capital grant funding, the proposed Council Housebuilding Programme will not be viable without significant additional subsidy, either from the Council's own capital receipts or cross-subsidy from sales of development land within the Development Programme (thereby reducing the amount of affordable housing that can be provided on the Council's sites).

36. However, even through charging Affordable Rents, it is possible that there would be a shortfall in the required funding to develop the Council's sites. It is proposed that any shortfalls are funded in one or two ways:

- Capital grant funding from the HCA; and/or
- The sale of housing development sites within the Development Programme on the open market

37. Clearly, the preferred approach would be to obtain grant funding from the HCA. However, to do so, the Council would, firstly, need to obtain development partner status from the HCA (to make it eligible for funding) and then, secondly, have an "offer" accepted by, and enter into a contract with, the HCA to provide grant funding in return for the delivery of a specified number of affordable homes.

38. Advice received from the HCA is that the Council could seek development partner status with the HCA at any time. It simply requires the submission of a Pre-Qualification Questionnaire (PQQ) to the HCA, explaining the Council's (and, more importantly, the Development Agent's) credentials, which the Development Agent would be required to complete on the Council's behalf.

39. However, the receipt of grant funding is more difficult. The HCA is undertaking a 4-year "Affordable Homes Programme", between 2011-2015. Existing HCA development partners were invited to submit "offers" to the HCA for grant funding over this period. Although the HCA has since accepted a number of offers from housing associations, and is currently entering into formal contracts, many offers from large and well-established developing housing associations were not accepted. The totality of the offers accepted, together with existing commitments, should utilise nearly all of the £4.5 billion grant funding available over the four-year period. Therefore, the HCA has advised the Council that it is unlikely that the Council would be eligible for any grant funding within the HCA's current Affordable Housing Programme.

40. However, there may be some scope within the process of appointing the Development Agent to seek to "lever-in" some grant funding allocated to the selected Development Agent (if it has any) for the Council's development schemes, especially if the selected Development Agent experiences difficulty in spending its grant allocation and meeting its HCA target. This possibility will be explored further through the formulation of the tender documents, the associated evaluation criteria and the selection process.

41. The Government has also not yet decided whether or not to fund a further Affordable Homes Programme beyond 2015, or what form it would take if it does. Even then, the Council would have to be successful with its offer to the HCA.

42. It is also important to note that, under the Government's Affordable Rents Framework, grant funding will not generally be available for Council-owned sites. However, it is felt that since the development sites will provide 100% affordable housing (as opposed to, say, only 40% affordable housing on Section 106 sites), there is a good argument to be made to the HCA that grant funding would provide "additionality" (a term used by the HCA relating to the additional amount of affordable housing that can be built by the HCA providing grant funding, beyond the level that otherwise would be provided).

43. In any event, it is suggested that, if there is a shortfall in funding for development packages, the shortfall be met through the sale on the open market of one or more of the Council's development sites in the Development Programme, with planning permission. The net capital receipt expected to be generated from the sale could then be used to subsidise the development of the affordable housing – which would all be set out in the proposed Development Strategy (see below) and in the individual development appraisals approved by the Cabinet.

44. Alternatively, or additionally, at the recent Conservative Party Conference, the Prime Minister announced an intention to increase discounts under the Right to Buy (to stimulate more RTB sales), and to introduce arrangements to replace each property sold with a new affordable home. There is limited further information available at present; the Government has said that further information will be contained within its proposed new National Housing Strategy, which it says will be published within the next few months. If the Government introduces such a proposed announced policy, it may be possible to utilise capital receipts from future Right to Buy sales to fund the Council's own Housebuilding Programme, rather than using them to provide grants to housing associations for them to build, with no financial benefit arising to the Council.

45. The proposed general approach is that the Council Housebuilding Programme should be self-funded, without any financial support from the General Fund.

46. It is suggested that, once the Development Agent has been appointed, it works with officers to formulate a Development Strategy for the Council, setting out the proposed approach to planning and delivering the Housebuilding Programme, including the approach taken and the assumptions used for development appraisals, for adoption by the Cabinet. The Development Strategy would be required, in any event, for the Council's application to the HCA for development partner status.

47. Once the Cabinet has approved the proposed Housebuilding Programme and Development Strategy, further reports would be submitted to the Cabinet on the required budgetary provision for the Housing Capital Programme.

48. It will also be necessary to make appropriate revenue provision within the Housing Revenue Account from 2012/13, to fund the associated revenue costs of the Housebuilding Programme which, in later years, will need to include a budget for abortive fees for developments that do not proceed (e.g. due to the refusal of planning permission).

49. Every effort has been made to attempt to ensure that this report is as comprehensive as possible, to enable the successful appointment of a Development Agent and the introduction of a Council Housebuilding Programme. However, it is possible that issues will arise during the process on which further approvals will be required, probably at short notice. It is therefore suggested that the Housing Portfolio Holder be authorised to agree any other aspects of the appointment process for the Development Agent, not covered by this report.

### **The HRA Financial Plan**

50. With the introduction of Self-Financing for the HRA, it is much more important to have a carefully formulated 30-Year Financial Plan for the HRA than it has been in the past, based on the Council's housing objectives, likely income and planned expenditure. The Housing Scrutiny Panel will be having a special joint meeting with the Finance and Performance Management Scrutiny Panel in November 2011, to consider the report of CIHConsult (the Council's HRA Business Plan consultants), the options available for using the additional resources that are expected to be available for the Council's Housing Service over the next 30 years, and to provide the Scrutiny Panels' comments to the Cabinet for consideration at its meeting on the 5<sup>th</sup> December 2011.

51. The capital resources required for the Housebuilding Programme will need to be taken into account within the HRA Financial Plan, along with the other housing expenditure requirements. The current working-estimate is that around £2.5m per annum would be required within the Capital Programme, from around 2014/15, for the construction of 20 properties each year (although some provision would be required within the Housing Capital Programme for fees over the previous year). A Building Programme of, say, 120 properties over 6 years is likely to cost in the region of £16m (including provision for inflation and additional costs), which will need to be taken into account within the Council's Treasury Management Strategy, which will follow on from adoption of the Indicative HRA Financial Plan.

### **Staff Resources**

52. The appointment of the Development Agent is being led by the Director of Housing. Once appointed, responsibility for delivering the agreed Development Programme will be led by the Assistant Director of Housing (Property). Experience from previous developments of Council garage sites, which have been developed by housing associations for themselves, has shown that a significant staffing resource is required by the Council. A major Council Housebuilding Programme, including the client role of contract managing the Development Agent, will require an even greater input from Council officers, for which there is not sufficient capacity within the Housing Directorate, and which will also require appropriate development expertise.

53. An assessment of the workload involved once the Development Agent has been appointed, excluding the time that the Assistant Director of Housing (Property) will need and be able to devote, has established that a new part-time Senior Housing Officer (Development) post for 18 hours per week should be sufficient. It is therefore proposed that such a post be established once the Development Agent has been appointed, that the post be job-evaluated in accordance with Council policy, and that appropriate budget position be made within the Housing Revenue Account for 2012/13 once the salary grade has been determined. It may be possible to capitalise much of the revenue cost of this post, related to schemes that come to fruition and result in a capital asset.

### **Role of the Housing Scrutiny Panel**

54. The Cabinet has requested the Housing Scrutiny Panel to consider the best way of implementing a Council Housebuilding Programme and to make recommendations to the Cabinet.

55. This report sets out the approach suggested by the Director of Housing, and it suggested that the Scrutiny Panel considers the issues raised within this report, and the associated recommendations, and reports on to the Cabinet with its recommendations. It is further suggested that, if the Scrutiny Panel generally agrees with the proposed approach, this report and recommendations could form the basis of the Scrutiny Panel's report to the Cabinet, with any amendments in content and/or recommendations agreed at the Scrutiny Panel meeting.

### **Indicative Timescales**

56. Members need to be aware that the lead-in period for the commencement of the Housebuilding Programme will be quite lengthy. It is envisaged that the report of the Housing Scrutiny Panel will be presented to, and hopefully approved by, the Cabinet at its meeting on the 5<sup>th</sup> December 2011. In view of the complexity of the appointment of the Development Agent, and because it has to be made in accordance with EU Procurement Regulations - which have a number of lengthy notice and return periods - the procurement period from start to end will be around 10-12 months (Winter 2012).

57. Once appointed, the Development Strategy will need to be formulated and

Development Partner status sought from the HCA. Concurrently, the Development Agent will start undertaking development appraisals of the first sites identified within the Indicative Development Programme and, once completed, the appraisals will be considered and signed off by the Cabinet. Construction plans would then need to be drawn-up, planning permission obtained and a contractor selected through a tender process.

58. Therefore, it is anticipated that a start on site for the first development package will not take place until around 2014, with completion in late 2014/15. There are two benefits that arise from such a lengthy timescale. Firstly, it should enable the Council to avoid having to increase its capital borrowing above that required to fund the £180m+ payment to the Government for Self-Financing, since the debt repayment profile could be formulated in a way to build up revenue balances from April 2011 (instead of repaying debt in the early years of the Financial Plan), which could then be used to fund the capital requirements for the Housebuilding Programme.

59. Secondly, the Council should be in a position to bid for any HCA grant funding that may be available if the Government decides to have a further National Housing Programme (or similar) from 2015, which may be able to provide grant funding for subsequent phases of the Council's Housebuilding Programme.

### **Resource Implications:**

#### *Capital:*

Estimated at around £16m over 6 years for works and fees

#### *Revenue*

Housing Development Consultant - £9,750 all inclusive

Abortive feasibility costs – Unquantifiable at present

Part-time Senior Housing Officer post - £13,810 p/a (including on-costs and assumed at Grade 6)

Possible fees for specialist external solicitor to draft the Development Agreement - £3,000-£5,000

### **Legal and Governance Implications:**

The Cabinet will make the main/key decisions, with appropriate decisions delegated to the Housing Portfolio Holder and officers as appropriate, all set out in the Recommendations.

The Council has the legal ability to undertake build Council properties, by virtue of the Housing Act 1985.

The EU Procurement Rules will need to be followed, as set out in the report.

### **Safer, Cleaner and Greener Implications:**

Since many of the garage sites that will developed are unsightly and attract vandalism and anti-social behaviour, their development for affordable housing should make them safer, cleaner and greener.

### **Consultation Undertaken:**

The Tenants and Leaseholders Federation has previously been consulted on the concept of introducing a Council Housebuilding Programme, which it supports.



## Background Papers:

None.

## Impact Assessments:

### Risk Management

The following are the key identified risks, together with the proposals for mitigation, which would be included within the Housing Risk Register, with the highest risks included within the Council's Corporate Risk Register:

Risks	Mitigation
Contractual risks associated with a modest sized building programme	<ul style="list-style-type: none"><li>• Ensure that the appointment of both the Development Agent (and its consultants) and, subsequently, contractors are robust, and include an appropriate element of assessment of the parties' ability to undertake the roles and their quality</li><li>• Ensure Evaluation Criteria at PQQ and Tender Stage are comprehensive, with key factors weighted appropriately</li><li>• Ensure that the Council's risks are minimised through the legal agreements</li><li>• Consider the use of use of external legal specialists</li><li>• Ensure that the Development Agent and consultants have sufficient Professional Indemnity Insurance</li></ul>
Significant budgetary overspends for construction works and/or fees	<ul style="list-style-type: none"><li>• Ensure robust consideration of development appraisals in the first instance</li><li>• Include sufficient provision for contingencies</li><li>• Ensure effective project management arrangements, to include identification of potential overspends early</li><li>• Report to Cabinet quarterly on progress (works and costs)</li></ul>
Development Agent does not perform to a satisfactory standard	<ul style="list-style-type: none"><li>• Ensure that the appointment of the Development Agent and its consultants properly assesses the housing associations' ability to provide a good standard</li><li>• Appoint the Development Agent on the basis of price <b>and</b> quality</li><li>• Ensure Evaluation Criteria at PQQ and Tender Stage are comprehensive, with key factors weighted appropriately</li><li>• Ensure that the Development Agent and consultants have sufficient Professional</li></ul>

	<p>Indemnity Insurance</p> <ul style="list-style-type: none"> <li>• Include appropriate provisions within the Development Agent's contract to deal with unsatisfactory performance, including the determination of the contract</li> </ul>
Contract with the Development Agent is terminated whilst projects/works are in progress	<ul style="list-style-type: none"> <li>• Ensure collateral warranties are in place with the Development Agent's consultants, to enable EFDC to appoint them direct</li> <li>• Ensure that the Development Agent and consultants have sufficient Professional Indemnity Insurance</li> <li>• Ensure the Asst. Director of Housing (Property) and proposed Senior Housing Officer (Dev't) are sufficiently involved with the progress of projects to take over the co-ordination and management, and supervision of consultants</li> </ul>
Worked-up schemes do not receive planning permission, or have to be aborted for other reasons, incurring abortive costs	<ul style="list-style-type: none"> <li>• Ensure involvement of planning officers at early stages and ongoing, to receive advice on the planning merits</li> <li>• Ensure development feasibility studies are sufficiently detailed and robust to identify potential site problems</li> <li>• Ensure a sufficient revenue budget to cover the cost of abortive work</li> </ul>

Equality and Diversity:

Did the initial assessment of the proposals contained in this report for relevance to the Council's general equality duties, reveal any potentially adverse equality implications? No

Where equality implications were identified through the initial assessment process, has a formal Equality Impact Assessment been undertaken? N/A – But an EQA has been undertaken for Housing Strategy and Development (which covers this issue)

What equality implications were identified through the Equality Impact Assessment process?

None

How have the equality implications identified through the Equality Impact Assessment been addressed in this report in order to avoid discrimination against any particular group?

N/A

## **Report to Housing Scrutiny Panel**

**Date of meeting: 25<sup>th</sup> October 2011**

**Portfolio: Housing – Cllr M. McEwen**

**Subject: Solar PV to Council Housing**

**Officer contact for further information:**

**Paul Pledger, Assistant Director of Housing (Property) (01992 56 4281)**

**Committee Secretary: Mark Jenkins (01992 56 4607)**

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### **Recommendations:**

**That the Housing Scrutiny Panel reports to the Cabinet on the proposed approach to a programme for the installation of Solar PV in a similar form to this report, with any amendments agreed by the Scrutiny Panel, and considers whether to make the following recommendations to the Cabinet and/or any other recommendations:**

- 1. That the Council agrees in principle to the installation of Solar PV for its housing stock;**
- 2. That any future Solar PV programme be based on the following mix:**
  - a. Sheltered accommodation blocks, to be fully funded by the Council with any free electricity being generated used to power communal services, and the Council to receive the “Feed In Tariff”**
  - b. Flat blocks and maisonettes, to be installed by third party companies with their own private finance based on a “Rent a Roof” scheme, with the landlord’s communal services as well as individual residents benefiting from free electricity generated; and**
  - c. That houses and bungalows , to be installed by third party companies with their own private finance based on a “Rent a Roof” scheme, with individual residents benefiting from free electricity generated, subject to the tenants requesting the installation following a promotion scheme.**
- 3. That the Capital Strategy, Housing Capital Programme and the HRA Financial Plan take into account the £2.25m funding needs for the installation of Solar PV;**
- 4. That any income from the “Rent a Roof” scheme be used to top up the energy efficiency programme for the benefit of those properties that are not suitable for Solar PV;**
- 5. That a further report be considered by the Cabinet on the proposed detailed arrangements for the Rent a Roof scheme including the selection of the provider.**

## **Executive Summary:**

The Government, as part of a wider commitment to encourage more building owners to make use of alternative renewable energy, have introduced a grant known as the “Feed-In Tariff”, which is fixed for 25 years (index linked), to help offset the high one-off capital cost of installing Solar PV to generate electricity. Any electricity that is generated is then free to use, and any unused electricity can then be exported, making up the three strands of the financial benefit to installing Solar PV.

There are a number of factors that have an effect on the benefits of Solar PV, including orientation of the roof in relation to the sun, roof area and the lifestyle of those living in the properties (i.e. those using electricity during the day). This report explores these opportunities as well as the funding options.

## **Reasons for Proposed Decision:**

To help offset high (and rising) costs of electricity for residents, particularly those that are in Fuel Poverty, and at the same time, generate a revenue based income for the Council to recycle back into improving the energy efficiency of those homes that cannot benefit from Solar PV

## **Other Options for Action:**

- (1) Not to install Solar PV to any of the Council’s housing stock.
- (2) To install Solar PV to all of the Council’s housing stock (where suitable) based on private finance, whereby residents benefit from free electricity and the Council to benefit only from a roof rental.
- (3) To install Solar PV to all of the Council’s housing stock (where suitable) based on self financing at a cost of around £50m, whereby residents benefit from free electricity and the Council benefit from the Feed-in Tariff, estimated to provide a return of £155m over the 25-year life of the Feed-in Tariff scheme (based on current FIT rates).
- (4) To install Solar PV to all of the Council’s housing stock, either through self finance or private finance. However, not allowing residents to benefit from any free electricity, but to export all of the electricity and claim it for the Council’s benefit.

## **Introduction and Background**

1. The Climate Change Act 2008 has been established as a long-term national framework to tackle climate change. The Act aims to reduce carbon emissions of at least 34% by 2020 and at least 80% by 2050 (based on 1990 emission levels), with local authorities and housing associations seen as having a vital role to play in reducing carbon dioxide (CO<sup>2</sup>) emissions.
2. Reducing carbon emissions is inextricably linked to a reduction in energy consumption and consequently a reduction in individuals’ energy costs. According to Government statistics, one in six people are currently believed to be in fuel poverty. This, in time, will only increase, as according to USwitch, energy prices are likely to increase 4-fold by 2020.
3. One way of tackling the rise in energy costs is to generate free to use electricity, using renewable energy, such as harnessing energy generated by the sun, through Solar Photovoltaic (Solar PV) panels fixed to roofs. However this is relatively new technology, and therefore at the moment the cost of equipment and materials is still quite high and qualified installers are relatively small in number.

- In order to offset this premium, and in order to encourage the use of renewable technology, the Government have introduced a grant linked directly to the amount of electricity that is generated. This grant is payable through a scheme known as the “Feed-in Tariff” or FIT.

### Feed-In Tariff

- The FIT is available to anyone that owns a renewable electricity system and is payable for every kilowatt hour that is generated. That means individual households, businesses and, indeed, virtually any property owner is eligible for the FIT.
- The FIT is based on a sliding scale that began in 2010 and runs over an 11 year period, which is intended to reflect the expected costs associated with the design, materials and installation. The table below illustrates the current FIT over that 11-year period, with the rate being applied at the time the installation is commissioned and registered, not at the point the contract is drawn up. The first line represents smaller individual installations, whereas the second line represents slightly larger installations, which may be applicable on the sheltered accommodation blocks

Rates equate to “Pence per kW/hr”. The rates have been taken from the current Feed In Tariff table dated August 2011.											
Description	2010/11	11/12	12/13	13/14	14/15	14/16	16/17	17/18	18/19	19/20	20/21
Solar Photovoltaic with a total installed capacity of 4kW or less, where attached to or wired to provide electricity to a building that is already occupied	43.3	43.3	39.6	36.3	33.2	30.2	27.5	25.0	22.7	20.7	18.8
Solar Photovoltaic (other than stand-alone) with a total installed capacity greater than 4kW but not exceeding 10kW	37.8	37.8	34.6	31.6	29.0	26.4	24.0	21.8	19.9	18.1	16.4

- Since this is relatively new technology, and the availability of materials and the pool of qualified installers is relatively small, the initial capital cost of installing a solar PV system is high. However, over time, as more installers become qualified and materials are more readily available, there will be more competition and therefore costs will reduce. This is reflected in the amount of FIT that is payable to the system owner over time, which is illustrated in the table above extracted from appendix A.
- Whilst the FIT will reduce over time, the rate is applicable at the time the system is installed and registered, and that rate is locked for a 25-year period, but then index-linked to RPI.
- The intention is that these tariffs should cover the initial capital cost of installation and, according to the Government, earn a return to the system owner up to 8% p.a. In practice that means the Council should earn back the initial capital cost at least two to three times over the duration of the 25-year tariff if the Council was to fund the full cost of the installation itself.
- This approach fits well with the current Capital Strategy, which encourages capital expenditure where it draws a revenue income.
- As can be seen from the table above, the current tariff is 43.3p/kWhr. However, the current published FIT levels tails off in future years. Whatever rate is available at the time of installation and the system being registered is fixed for the 25-year term. The table above is an extract of the full table, which can be found at appendix A. These

are currently under review by the Government and may change.

12. The electricity that is generated is then free to use by the occupiers of the property. However, a solar PV system does not store electricity, so any electricity generated that is not used is exported back into the National "Grid" for which an additional 3p/kWhr is earned. Therefore, there are three strands of income:
  - a. The Feed-in Tariff for every kilowatt hour that is generated, whether it is then used or not;
  - b. The export rate for every kilowatt hour that is put back into the grid; and
  - c. The reduced cost of the occupants electricity bill as a result of the "free" electricity that is generated and used, rather than purchasing it from the Grid.

### Orientation & Suitability

13. The orientation of a building is an important factor when considering the merits of Solar PV, as not all buildings are suitable. In addition, roof size, roof shape, and shading from adjacent buildings and trees are an important factor when considering suitability.
14. Since Solar PV relies on direct sunlight to generate electricity, a south facing roof will clearly be the most efficient, since it will soak-up more direct sunlight and therefore generate the most electricity. East and west facing roofs will be slightly less efficient, since the movement of the sun during the day will limit the times when the solar panels will be facing the sun and therefore generate less electricity for use (or export) and consequently a lower amount of income from the FIT, ultimately resulting in a longer pay-back period.
15. Another factor that is important to take into account is the economy of scale relating to an installation. Each installed system will require an access scaffold for the safe installation of the solar panels on the roof. In addition, each installed system will require a set of equipment, meters and controls. This is irrespective of the number of solar panels that are to be installed. Therefore, the greater the roof space, the greater the number of solar panels. With only one set of equipment, meter and controls needed, installation on large roof spaces will be far more cost effective as not only will the installation cost be proportionally lower, but over time more electricity will be generated and consequently the pay-back period will be much quicker.
16. Since the electricity that is generated is free to use, but cannot be stored, should the Council decide to allow tenants to make use of the free electricity, those that are at home during the day would benefit the most. This would need to be taken into account when considering the property types that the Council may wish to install Solar PV systems.

### Procurement Options

17. As explained above, the FIT is only available to the owner of the Solar PV installation, which does not necessarily have to be the building owner. This opens up a number of procurement options as follows:
  - a. The Council pays for, and therefore owns, the installation outright;
  - b. A third party installs the systems onto the roofs of Council properties and "rents" the roof space, meaning the Council does not have to pay for the installation, but neither does it own the installation or receive the FIT; or
  - c. A shared arrangement whereby the Council and a third party jointly fund, and therefore jointly own, the systems installed onto the roofs of Council properties.

### Outright Purchase

18. Should the Council fund the entire installation, then the Council will benefit from 100% of the FIT. Any electricity that is generated is then available for use free of charge, either by the tenant / leaseholder or the Council (such as for communal supplies i.e. lighting) or the Council may wish to export all of the electricity generated to maximise its income.
19. The main drawback to this option is the relatively high capital outlay for the installation in the first instance, along with the ongoing maintenance liability. However, the benefit is the opportunity of generating a guaranteed revenue income over the 25-year life of the FIT contract period, which should earn back much more than the initial installation cost.

### Third Party Installation

20. This option is more commonly known as a "Rent-a-Roof", as private companies are willing to install solar PV systems on property owners' roofs for free, pay a rental to the property owner for the opportunity of using their roof to install Solar panels and allow the property owner to use the free electricity generated. However, the FIT is payable to the owner of the solar PV system and not the property owner.
21. This option means that the Council will not have to make available any capital outlay to pay for the installation, but tenants or the Council could still benefit from free electricity, albeit without the longer term revenue income opportunity.

### Joint Ownership

22. A joint ownership scheme is a combination of each of the two options above, with the costs, risks and benefits shared equally or proportionally according to each party's investment.
23. A joint ownership scheme would mean the Council would not have to fund the whole capital outlay for the initial installation, and would still benefit from some of the revenue income over the 25-year life of the FIT contract period.

### Other factors

24. "Right to Buy" sales where Solar PV may be installed will need to be taken into account, as will leaseholders' liabilities towards future maintenance of roofs, which may have higher maintenance costs in the future as a result of the solar panels installed on the roof.
25. Another consideration is the possibility of planning permission and Building Regulation Approval being required, particularly where properties are within a Conservation Area or are Listed.
26. Not everyone likes the aesthetic appearance of solar panels on roofs. If the Council was to proceed with an installation programme, it may be appropriate to consult tenants and leaseholders on the option of whether they would like to benefit from a Solar PV installation or not.

### Initial Feasibility Study

27. The Council has commissioned Climate Consultancy Ltd to undertake an initial feasibility study into the opportunities available to the Council in relation to Solar PV.

The Executive Summary of that report can be found at appendix B. The following are headlines from that report:

- a. Of the 6,500 Council dwellings, around 5,250 properties could benefit from Solar PV. In percentage terms, around 19% of all Council properties would not benefit from some free electricity (the other 81% could benefit from some free electricity).
- b. If all 5,250 properties were to have Solar PV, the capital outlay needed to install the systems would be in the region of £50 million.
- c. If all 5,250 properties were to have Solar PV, collectively over 10,500 MWhr of electricity could be generated, which over a 25-year period (at the current level of FIT) could qualify for £155 million in FIT, based on the current rates (representing a pay back of around 3 times the initial capital outlay for the installation costs)
- d. In addition to the FIT, £26 million worth of free electricity could be generated, and could be available for use either by the tenants and leaseholders or the Council.
- e. If the Council was to allow the tenants and leaseholders to use the free electricity generated, and rely only on the FIT and the export of unused electricity, then the pay-back period for the initial capital outlay is estimated to be around 9-years.
- f. The rate of return is greater for flats and maisonettes, than for houses or bungalows due to the larger roof areas.

#### Option Appraisal

28. Taking into account the above factors, should the Council wish to proceed with the principle of installing Solar PV on its housing stock, the Council would first have to consider whether to install systems our self, allow a third party to install or jointly fund installations. Then the Council would have to consider;
  - a. Which property types to install Solar PV and in what priority order;
  - b. Who should benefit from the free electricity that is generated (Council or occupants);
29. Taking into account these two latter considerations, below are the four main groups of properties that make up the Council's housing stock:
30. *Sheltered Accommodation* – The sheltered accommodation blocks generally have larger uninterrupted roofs, which could benefit from a greater number of solar panels and therefore generate a greater amount of electricity. These blocks are generally occupied throughout the day, therefore electricity is being consumed at the time it is being generated. This could maximise the use of the free electricity.
31. At sheltered accommodation sites, in addition to the individual tenants, the Council itself is also using a lot of electricity to power essential communal services such as the communal lighting, emergency lighting, heating, hot water, fire alarms, security locks on the main entrances, CCTV and lifts. The amount of electricity generated would not be sufficient to power all of these elements. However, it could contribute towards the running costs, and therefore reduce the Council's energy bills. This would then be reflected in a lower Service Charge paid by each of the residents. There are also no leaseholders in sheltered accommodation.
32. *Flat Blocks and Maisonettes* – Like sheltered accommodation, flat blocks and maisonettes generally have larger uninterrupted roofs than houses, which could benefit from a greater number of solar panels and therefore generate a greater amount of electricity. Unlike sheltered accommodation, these properties are not



necessarily occupied during the day, and the Council does not generally provide as many communal services that require electricity. It is possible that a surplus of electricity generated would be available once items such as communal lighting and door entry security are taken into account. This surplus could either be exported, or made available to the individual occupiers to reduce their electricity bills. The latter would mean a higher installation cost at the outset, as each individual property would need to have its own set of panels, equipment, controls and meter.

33. It would also be necessary to consider the interests of leaseholders when deciding on whether to install Solar PV on flat blocks.
34. *Houses and Bungalows* – As with flat blocks and maisonettes, these are not necessarily occupied during the day. However, the smaller roof areas and the individual nature of each installation would mean higher initial installation costs per kWhr of electricity generated. Since this category of property is constrained in terms of electricity use, the Council would not benefit from any reduced energy consumption. However, tenants would, particularly those at home during the day.
35. *Rural Communities* – Properties located within the rural communities are a specific group of properties that should be considered separately. According to Government statistics, residents living in rural communities are 29% more likely to fall into fuel poverty, mainly due to the lack of mains gas servicing these parts of the district. In addition, properties located outside of built-up areas tend to be more exposed, requiring more energy to heat them. In recognition of this, the Council's Repairs and Maintenance Business Plan and its Housing Energy Efficiency Strategy both identify this group of properties to be the focus of any developments in renewable energy opportunities. In the main, properties within rural communities tend to be either houses or bungalows.

#### Proposed Way Forward

36. It is clear that those properties that will benefit the most are those with the largest roof area, that are orientated south and where electricity is being consumed during the day as well as in the evening. On that basis, installing a Solar PV system onto sheltered housing blocks will have the greatest benefit and see the greatest return. It is therefore recommended that the Council installs Solar PV itself to all suitable sheltered housing blocks, receives the FIT and uses any electricity that is generated to power the communal services, thereby reducing service charges for residents.
37. The funding for such an installation programme, estimated to be in the region of £2.25m based on the initial feasibility study undertaken by Climate Consulting Ltd, will need to be taken into account as part of the Council's Capital Strategy and Housing Capital Programme. It would also need to be taken into account within the Council's HRA Business Plan.
38. Whilst flat blocks and maisonettes have larger roof areas and therefore would generate the largest amount of electricity, these blocks have a mixture of tenure type, with leaseholders potentially benefiting from the installations and having an interest in the long-term maintenance costs of their block. With only a small amount of electricity to power the communal services it is suggested that any financial benefit of Solar PV should be split equally between the individual residents and the Council, so that everyone can benefit from the electricity generated. In order to finance this category of installation, where all leaseholders are in favour (similar to the criteria for installing a door entry system), it is recommended that flat and maisonette blocks benefit from a "Rent a Roof" scheme, where the installations are provided and maintained by the system owner and the Council receives an income from the roof rental.

39. Similar to the flat and maisonette blocks, it is recommended that individual houses and bungalows also benefit from a "Rent a Roof" scheme, where the installations are provided and maintained by the system owner, tenants benefit from the free electricity and the Council receives an income from the roof rental. Since some residents may not like to have Solar PV panels installed on their roof, this scheme could be on a request basis.
40. A report will be presented to the Cabinet at a future date, with more detailed arrangements for a "Rent a Roof" scheme.
41. Clearly, some properties are not suitable for Solar PV for a variety of reasons, which means the tenants of those properties will not benefit from the free electricity. Therefore, it is recommended that in principle, any income generated from the "Rent a Roof" scheme be set aside and re-invested for energy efficiency measures for those properties that cannot benefit from Solar PV.
42. It should be emphasised that the FIT rate payable is set at the point the installation is commissioned and registered. As can be seen from the sliding scale in the FIT tariff at appendix A, it is in the Council's interest to develop the programme and commence the installation programme as quickly as possible to benefit from the higher FIT rates. However, it should be pointed out that achieving the 2012 deadline is not possible.
43. Where a tenant of a house or bungalow exercises their "Right to Buy", a covenant will need to be incorporated into the sale agreement, which will transfer any agreement terms between the private installation company and the Council to the new owner of the property. In principle, that will mean the equipment owner will retain the equipment and the FIT, the new owner will continue to benefit from the electricity that is generated, but the Council will lose the income from the roof rental. There will be no change for flat sales.

#### **Resource Implications:**

##### *Capital:*

Estimated at around £2.25m for works and fees

##### *Revenue*

Revenue income from the Feed-in Tariff and the roof rental – The amount will be subject to tender and to timescales (linked to the sliding scale of the Government's Feed-in Tariff)

#### **Legal and Governance Implications:**

The Climate Change Act 2008  
Housing Act 1985

#### **Safer, Cleaner and Greener Implications:**

Generation of renewable energy

#### **Consultation Undertaken:**

None

#### **Background Papers:**

Initial feasibility study prepared by Climate Consulting Ltd on behalf of the Council

## **Impact Assessments:**

### Risk Management

- (1) It is a risk that the Council embarks on the design and installation programme and then the Government reviews and perhaps withdraws or reduces the "Feed-in Tariff" part way through the programme.
- (2) It is a risk that the amount of electricity that is generated does not reach the predicted levels and as such does not provide the rate of return forecast at the outset.
- (3) It is a risk that any private finance company may withdraw or reduce its rental payments part way through the programme as a result of the scheme not meeting expected levels of income.

### Equality and Diversity:

Did the initial assessment of the proposals contained in this report for relevance to the Council's general equality duties, reveal any potentially adverse equality implications? Yes

Where equality implications were identified through the initial assessment process, has a formal Equality Impact Assessment been undertaken? No.

What equality implications were identified through the Equality Impact Assessment process?

That not all properties (and therefore the residents occupying the property) are suitable for Solar PV.

How have the equality implications identified through the Equality Impact Assessment been addressed in this report in order to avoid discrimination against any particular group?

The recommendations within the report take account of those properties (and therefore the residents occupying the property) that cannot benefit from Solar PV benefiting from other energy efficiency measures as a direct result of others.

FIT Payment Rate Table with Retail Price Index adjustments &amp; Fast Track Review amendments – Tariff rates are effective from 1 August 2011

Description	FIT Year in which the Eligibility Date of an Eligible Installation fails										
	FIT Year 1 2010/11	FIT Year 2 2011/12	FIT Year 3 2012/13	FIT Year 4 2013/14	FIT Year 5 2014/15	FIT Year 6 2015/16	FIT Year 7 2016/17	FIT Year 8 2017/18	FIT Year 9 2018/19	FIT Year 10 2019/20	FIT Year 11 2020/21
Anaerobic digestion with total installed capacity of 250kW or less	12.1	Where the conditional date described in note 4* applies and Eligibility Date is before that date OR where the conditional date does not apply	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0
			12.1	Where the conditional date described in note 4* applies and Eligibility Date is on or after that date	14.0						
Anaerobic digestion with total installed capacity greater than 250kW but not exceeding 500kW	12.1	Where the conditional date described in note 4* applies and Eligibility Date is before that date OR where the conditional date does not apply	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0	13.0
			12.1	Where the conditional date described in note 4* applies and Eligibility Date is on or after that date	13.0						
Anaerobic digestion with total installed capacity greater than 500kW	9.4	13.0	9.4	9.4	9.4	9.4	9.4	9.4	9.4	9.4	9.4
			20.9								
Hydro generating station with total installed capacity of 15kW or less	20.9		20.9	20.9	20.9	20.9	20.9	20.9	20.9	20.9	20.9

\* Annex 2, Note 4 of the Modifications to the Standard Conditions of Electricity Supply Licences

Description	FIT Year in which the Eligibility Date of an Eligible Installation falls										
	FIT Year 1 2010/11	FIT Year 2 2011/12	FIT Year 3 2012/13	FIT Year 4 2013/14	FIT Year 5 2014/15	FIT Year 6 2015/16	FIT Year 7 2016/17	FIT Year 8 2017/18	FIT Year 9 2018/19	FIT Year 10 2019/20	FIT Year 11 2020/21
Hydro generating station with total installed capacity greater than 15kW but not exceeding 100kW	18.7	18.7	18.7	18.7	18.7	18.7	18.7	18.7	18.7	18.7	18.7
Hydro generating station with total installed capacity greater than 100kW but not exceeding 2MW	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5
Hydro generating station with total installed capacity greater than 2MW	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7
Combined Heat and Power with total installed electrical capacity of 2kW or less (Tariff available only for 30,000 units)	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5
Solar photovoltaic with total installed capacity of 4kW or less, where attached to or wired to provide electricity to a new building before first occupation	37.8	37.8	34.6	31.6	29.0	26.4	24.0	21.8	19.9	18.1	16.4
Solar photovoltaic with total installed capacity of 4kW or less, where attached to or wired to provide electricity to a building which is already occupied	43.3	43.3	39.6	36.3	33.2	30.2	27.5	25.0	22.7	20.7	18.8
Solar photovoltaic (other than stand-alone) with total installed capacity greater than 4kW but not exceeding 10kW	37.8	37.8	34.6	31.6	29.0	26.4	24.0	21.8	19.9	18.1	16.4
Solar photovoltaic (other than stand-alone) with total installed capacity greater than 10kW but not exceeding 50kW	32.9	32.9	30.1	27.5	25.2	22.9	20.9	19.0	17.3	15.7	14.3
Solar photovoltaic (other than stand-alone) with total installed capacity greater than 50kW but not exceeding 100kW	32.9	If Eligibility Date is before 1st August 2011	17.4	15.9	14.6	13.2	12.1	11.0	10.0	9.1	8.5
		If Eligibility Date is on or after 1st August 2011	19								
Solar photovoltaic (other than stand-alone) with total installed capacity greater than 100kW but not exceeding 150kW	30.7	If Eligibility Date is before 1st August 2011	17.4	15.9	14.6	13.2	12.1	11.0	10.0	9.1	8.5
		If Eligibility Date is on or after 1st August 2011	19								

\* Annex 2, Note 4 of the Modifications to the Standard Conditions of Electricity Supply Licences

Description	FIT Year in which the Eligibility Date of an Eligible Installation falls										
	FIT Year 1 2010/11	FIT Year 2 2011/12	FIT Year 3 2012/13	FIT Year 4 2013/14	FIT Year 5 2014/15	FIT Year 6 2015/16	FIT Year 7 2016/17	FIT Year 8 2017/18	FIT Year 9 2018/19	FIT Year 10 2019/20	FIT Year 11 2020/21
Solar photovoltaic (other than stand-alone) with total installed capacity greater than 1.50kW but not exceeding 250kW	30.7	If Eligibility Date is before 1st August 2011 If Eligibility Date is on or after 1st August 2011	13.7	12.6	11.5	10.5	9.5	8.7	8.5	8.5	8.5
Solar photovoltaic (other than stand-alone) with total installed capacity greater than 250kW	30.7	If Eligibility Date is before 1st August 2011 If Eligibility Date is on or after 1st August 2011	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5
Stand-alone (autonomous) solar photovoltaic (not attached to a building and not wired to provide electricity to an occupied building)	30.7	If Eligibility Date is before 1st August 2011 If Eligibility Date is on or after 1st August 2011	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5
Wind with total installed capacity of 1.5kW or less	36.2	36.2	34.2	32.3	30.5	28.9	27.3	25.8	24.4	23.0	21.8
Wind with total installed capacity greater than 1.5kW but not exceeding 15 kW	28	28	26.7	25.5	24.4	23.3	22.2	21.2	20.3	19.4	18.5
Wind with total installed capacity greater than 15kW but not exceeding 100kW	25.3	25.3	24.2	23.1	22.0	21.0	20.1	19.2	18.3	17.5	16.7
Wind with total installed capacity greater than 100kW but not exceeding 500kW	19.7	19.7	19.7	19.7	19.7	19.7	19.7	19.7	19.7	19.7	19.7
Wind with total installed capacity greater than 500kW but not exceeding 1.5MW	9.9	9.9	9.9	9.9	9.9	9.9	9.9	9.9	9.9	9.9	9.9
Wind with total installed capacity greater than 1.5MW	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7
Eligible Installations with a declared net capacity of 50kW or less Commissioned on or before 1 <sup>st</sup> July 2009 and accredited under the ROO on or before 31 <sup>st</sup> March 2010.	9.4	9.4	9.4	9.4	9.4	9.4	9.4	9.4	9.4	9.4	9.4
EXPORT TARIFF	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1

\* Annex 2, Note 4 of the Modifications to the Standard Conditions of Electricity Supply Licences

## 1 Executive Summary

The Feed-in Tariff offers premium rates for renewable electricity generated by small to medium-sized systems capable of generating no more than 5MW at any given time. Epping Forest District Council has hired Climate Consulting to carry out a high level technical and financial feasibility study of their housing stock to determine the potential for installing solar PV panels so that tenants might benefit from free electricity.

Epping Forest District Council owns over 6,500 properties – flats, maisonettes, bungalows and houses – in large urban settlements and small remote village communities. The vast majority of the properties are home to general Council tenants who benefit from being on the gas grid; however, there is a small minority who require sheltered housing or do not have access to the national gas network. These minorities may benefit more than most from the free renewable electricity the Council could help provide. In addition to appeasing the negative effects of fuel poverty and peak oil, PV panels will offer a local solution to combating climate change, helping to mitigate the District's contribution to global warming by reducing the amount of fossil fuels its communities consume. Moreover, the District's local energy consumers become active and informed producers, empowered and willing to simultaneously increase renewable energy production and lower energy consumption, ultimately helping the area to adapt to the climate change that is already affecting its residents.

This report contains the results and workings of the desk-based review undertaken to broadly assess the District Council's domestic building stock. A random, representative sample of 657 properties (roughly 10% of the total stock) is taken. Satellite imagery is used to locate each property in the sample and examine their roofs to assess roof area, orientation and shading. The results from this sample have been multiplied up proportionately to apply to the whole housing stock. Roughly 5,410 properties are estimated to be technically feasible in the first screening process.

Technically feasible properties were then checked for basic financial viability (which was defined as properties able to achieve a minimum 5.18%<sup>1</sup> internal rate of return to the council to cover the cost of borrowing as a minimum). Following the financial analysis, 5,249 properties were estimated to be both technically and financially feasible. Collectively, these council properties could generate over 10,500 MWh of electricity per year, qualifying for around £155,000,000 from the Feed-in Tariff and Export income over the 25 year lifetime of the PV panels. In addition, the Council's tenants could potentially benefit from over £26,000,000 worth of free electricity over 25 years. By acting locally the Council and its tenants could save over 125,000 tonnes of CO<sub>2</sub> from entering into the atmosphere and contributing to global climate change. To enjoy the rich cocktail of economic, social and environmental benefits associated with a PV project on this scale the Council would need to find around £50,000,000 capital.

Investing in PV for the flats/maisonettes would generate the best rate of return (13.78%), followed by houses (11.22%) and bungalows (10.86%). If the Council was to allow their tenants to receive the renewable electricity generated free of charge and rely on the FITs and export income to make a return on their investment it would take less than 9 years to payback the capital cost of the scheme.

As well as isolating the benefits of PV for Council residents living in houses, flats/maisonettes and bungalows, Epping Forest District Council asked Climate Consulting to calculate the potential benefit to those tenant groups thought to be more vulnerable to the negative effects of fuel poverty, peak oil and climate change – the tenants living in the Council's sheltered housing and properties off the gas grid.

For around £2,250,000 the Council could help over 300 tenants in sheltered housing flats, generating just under £8,000,000 from the FIT's and export tariff in 25 years and saving the tenants close to £1,200,000 in electricity bills; that is if the council provided them with free electricity.

<sup>1</sup> This rate was obtained from the Public Works Loan Board during the project and is subject to change.



For just over £3,500,000 the Council could provide PV to 424 Council properties off the gas grid, 72% of the total. Often, where natural gas is not available, tenants use electricity – an altogether more expensive, carbon intensive energy source – to heat their homes. If the Council can isolate this disparate group of properties and provide them with PV they will be able to help those tenants that will be affected most by rising energy bills. In addition, given that these tenants are more than likely reliant on more carbon intensive sources of energy, solar PV will offset a larger amount of carbon per Council tenant than any other group in the District. Just over half of properties off the gas grid are in urban areas (53%) but a greater proportion of the rural properties are off the gas grid (over 20%). Most of the Council's feasible roof space off the gas grid are above Council flats and maisonettes (281), followed by houses (73) and Bungalows (70). Collectively, they have the potential to generate 742 MWh of electricity per annum, saving around 9,000 tonnes of carbon dioxide and the Council's tenants around £1,850,000 in electricity bills.

**Table 1 – an overview of the technical and financial figures generated from the study**

	Houses	Bungalows	Flats/Maisonettes	Total
Average system size (kWp)	2.81	2.79	2.00	*
Number of properties	2,721	787	2,977	6,485
Number of technically feasible roofs	2,600	647	2,163	5,410
Number of financially feasible roofs	2,448	638	2,163	5,249
Installed Capacity (kWp)	7,929	1,814	4,326	14,069
Total predicted annual yield in year 1 (MWh)	5,946	1,361	3,245	10,552
Total CAPEX (£)	27,542,125	6,424,513	15,811,530	49,778,168
FIT income over 25 years (£)	77,644,050	17,716,469	53,147,397	148,507,916
Export income over 25 years (£)	2,699,478	617,627	1,472,907	4,790,012
Electricity bill savings over 25 years (£)	14,922,790	3,414,258	8,142,270	26,479,318
Total savings over 25 years (£)	95,266,319	21,748,353	62,762,574	179,777,246
NPV (£) (including electricity bill savings)*	14,715,616	3,049,109	12,293,153	30,057,878
NPV (£) (excluding electricity bill savings)*	6,974,797	1,405,528	8,373,567	16,753,892
IRR (%) (including electricity bill savings)*	11.22%	10.86%	13.78%	*
IRR (%) (excluding electricity bill savings)*	8.74%	8.38%	11.53%	*
Carbon saving over 25 years (tCo2)	70,487	16,127	38,460	125,074

Table 1 outlines the difference in net present value (NPV) and internal rate of return (IRR) when the financial gain associated with the electricity bill savings is omitted/included. Climate Consulting's reasoning behind making this distinction is that one of the Council's principle motivations behind undertaking a large PV project is to benefit their tenants. Therefore, it is safe to assume that the financial benefit associated with reduced energy bills will be passed directly on to their tenants and cannot be used to determine the rate at which the PV panels will pay for themselves.

The following two tables give a more detailed break-down of the technically and financially feasible roofs. Table 2 gives an overall impression of the technical feasibility of different property types related to system size (kWp). There is only one size of PV system for flat/maisonette roofs due to the fact that the systems have been optimised. Table 6 outlines the internal rate of return (IRR) for the different system sizes. These rates of return were used to determine the financial feasibility of the roofs. Table 3 provides the context the Council needs to interpret which technically feasible properties in Table 2 have the best business case. Together the tables provide a greater insight into where the Council might want to invest first. A more detailed explanation of financial feasibility can be found in Section 6.





**Table 2 – An overview of the technically feasible properties in relation to system size**

kWp	Feasible House Roofs		Feasible Bungalow Roofs		Flat & Maisonette Roofs	
	Good	Moderate	Good	Moderate	Good	Moderate
0-0.9	0	60	0	10	*	*
1-1.9	20	121	40	10	*	*
2-2.9	383	343	80	189	912	1,251
3-3.9	816	806	119	179	*	*
4-4.9	40	10	10	10	*	*
<b>Total</b>	<b>1,260</b>	<b>1,340</b>	<b>249</b>	<b>398</b>	<b>912</b>	<b>1,251</b>

**Table 3 - An outline of the difference in the internal rate of return between good and moderate array systems<sup>2</sup>**

kWp	WITH BULK DISCOUNT		WITHOUT BULK DISCOUNT		
	IRR (%)		kWp	IRR (%)	
	Good	Moderate		Good	Moderate
0-0.9	4.81%	3.09%	0-0.9	2.72%	1.07%
1-1.9	7.32%	5.46%	1-1.9	5.07%	3.34%
2-2.9	9.59%	7.57%	2-2.9	7.40%	5.59%
3-3.9	10.96%	8.87%	3-3.9	8.44%	6.56%
4-4.9	10.11%	8.09%	4-4.9	7.67%	5.89%

<sup>2</sup> Two sets of figures are presented: the rates with a bulk discount for multiple PV systems (right) and the rates with no bulk discount (left). It is safe to assume – given the large number of panels that would be needed – that the Council would be able to negotiate a significant discount. Consequently, the rates on the right are the ones used in this study to determine the financial feasibility of each PV system.



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## **Report to Housing Scrutiny Panel**

**Date of meeting: 25<sup>th</sup> October 2011**

**Portfolio: Housing – Cllr M. McEwen**

**Subject: Fire Safety in Common Parts of Flat Blocks**

**Officer contact for further information:**

**Paul Pledger, Assistant Director of Housing (Property) (01992 564281)**

**Committee Secretary: Mark Jenkins (01992 56 4607)**



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### **Recommendations:**

**That the Housing Scrutiny Panel provides comments to the Housing Portfolio Holder on the following proposed policy relating to fire safety in flat blocks before she makes a formal decision.**

**1. That the Council adopts the Policy on Fire Safety in Flat Blocks, agreed by the former Housing Portfolio Holder in January 2010, namely:**

**That the Council continues to enforce the removal of personal belongings and any other items stored in common parts of flats, with the exception of the following concessions as put forward by the Workplace Fire Safety Officer of the Essex Fire and Rescue Service:**

- a. Pictures hung on the wall, provided that they do not contain glass in the frame.**
- b. Mats placed outside front doors, provided that these are rubber backed (non-slip) and have a chamfered edge all around.**
- c. Curtains at windows that are flame retardant**
- d. Non-flammable items which are aesthetically pleasing (eg plant pots) stored in recesses away from any means of escape routes, and not on window cills.**

**2. That the Council considers undertaking a programme of installing smoke detectors in all properties, funded from any resources arising from HRA Self Financing, along with other funding priorities, which will be considered by the Housing Portfolio Holder at a later date.**

**3. That smoke alarms are not installed in common parts of flat blocks in line with the recommendations within the Local Government Group Guidance document “Fire safety in purpose built flat blocks”**

**4. That the Director of Housing explores further a joint working approach to fire safety risk assessments in flat blocks with Harlow District Council.**

### **Executive Summary:**

In January 2011, the then Housing Portfolio Holder decided to suspend the removal of carpets in flat blocks as part of the Policy on fire safety in flat blocks pending further guidance from the Housing Minister on the associated risks. In addition, the Housing Portfolio Holder

commissioned a feasibility study into the merits, including the cost of installing smoke detection equipment into individual properties and the communal parts of flat blocks, with the outcome informing the decision on whether to continue to allow carpets to be fitted in the communal corridors and stairs to flat blocks.

Following a response from the Parliamentary Under Secretary of State (Appendix 1), the release of the guidance document "Fire safety in purpose-built blocks of flats" by the Local Government Group and the outcome of the feasibility study into the installation of smoke detectors, this report draws together the advice, risks and costs to determine the new Policy on fire safety in Flat Blocks.

### **Reasons for Proposed Decision:**

In order to comply with the Regulatory Reform (Fire Safety) Order 2005, the Council must set a clear Policy and subsequently enforce that Policy by undertaking Fire Risk Assessments, and then following up any actions that arise as a result. The current Policy is partly "at large" pending a review of carpets installed in the common parts, and therefore requires a decision on the terms of the Policy.

### **Other Options for Action:**

- (1) To allow existing carpets in flat blocks to remain only where the carpet is fitted professionally and in a good condition, and where there is a door entry security system and all individual flats have a smoke detector, until such time as the carpet deteriorates causing a trip hazard, at which point it must be removed and not replaced. However, this will require additional annual risk inspections to determine the condition of the carpet. In addition, there would still remain a risk to health should a fire occur.
- (2) To undertake a full programme of installing smoke detection equipment in flats, and door entry security to the main entrances before then actively allowing carpets to be installed. However, the cost of this is disproportionate to the benefits, especially as there still remains a risk to health should a fire occur.

### **Introduction and Background**

1. In January 2010, following consultation with the Housing Scrutiny Panel, the then Housing Portfolio Holder agreed a policy on fire safety in flat blocks. The policy stated:
  - That personal belongings, fitted or loose lay carpets, mats and any other items stored in common parts of flats be prohibited and removed, with the exception of the following concessions agreed with the Workplace Fire Safety Officer of the Essex Fire and Rescue Service:
    - i. Pictures hung on the wall, provided that they do not contain glass in the frame.
    - ii. Mats placed outside front doors, provided that these are rubber backed (non-slip) and have a chamfered edge all around.
    - iii. Curtains at windows that are flame retardant
    - iv. Non-flammable items which are aesthetically pleasing (eg small plant pots) stored in recesses away from any means of escape routes, and not on window cills (specifically not including prams, pushchairs, wheelchairs, electric scooters, bicycles and motorbikes.)
  - That letters be sent to all tenants and leaseholders in the blocks advising them of these concessions.
2. Following the introduction of that Policy, a small number of residents requested that a further review be undertaken as they felt the policy was too risk averse and prevented them from making their flat blocks feel more homely by allowing carpets in common

areas.

3. In January 2011, the then Housing Portfolio Holder decided to temporarily suspend the policy relating only to carpets in the common parts until such time as a further feasibility study was carried out.
4. That decision to suspend the policy was a temporary measure, until such time as a number of additional factors could be taken into account. The following were included in the decision to suspend the policy:
  - a. That a feasibility study be carried out into the cost and practicalities of installing mains operated smoke detectors in:
    - Flats and Maisonettes; and/or
    - Houses and bungalows; and/or
    - Common parts to flats
  - b. That a letter be sent to the Housing Minister seeking clarification on the extent to which landlords must go when undertaking fire risk assessments;
  - c. That the Portfolio Holder for Legal and Estates be asked to review the Council's legal responsibility in respect of undertaking Fire Risk Assessments and in particular the risks associated with fitted carpets on means of escapes in common parts to flat blocks;
  - d. That until the outcome of the issues above are known, the current Policy on fire safety in common parts of flat blocks agreed in January 2010 relating to residents not being allowed to retain fitted or loose lay carpets be suspended until further notice; and
  - b. That personal belongings and any other items stored in common parts of flats continue to be prohibited and removed, with the exception of the following:
    - Pictures hung on the wall, provided that they do not contain glass in the frame.
    - Curtains at windows that are flame retardant
    - Non-flammable items which are aesthetically pleasing (eg small plant pots) stored in recesses away from any means of escape routes, and not on window cills (specifically not including prams, pushchairs, wheelchairs, electric scooters, bicycles and motorbikes.)
5. The former Housing Portfolio Holder sent a letter to the Housing Minister in March 2011 expressing the concerns of Members about the lack of clarity and guidance available to local authorities when assessing fire safety in flat blocks following the Regulatory Reform (Fire Safety) Order. A response was received from the Parliamentary Under Secretary of State in July 2011, a copy of which can be found at Appendix 1.
6. The response from the Parliamentary Under Secretary of State made reference to the Local Government Improvement and Development (LIGD) part of the Local Government Group being given grant funding to develop and own practical and proportionate fire safety guidance specifically for residential buildings. That guidance was formally issued shortly after the letter was received, and is made up of 192 pages and therefore forms a background document to this report. Whilst the guidance does not make specific reference to carpets, it is a much clearer document, with statistics that support the guidance to help local authorities inform their risk assessments.

Fire Safety Guidance

7. The fire safety guidance specifically issued by the Local Government Group advises that very few deaths occur as a result of a fire in a neighbour's flat or a fire in the common part, mainly due to the fire separation between the flats. This assumes that the protected common parts are themselves free of all sources of ignition and material that could contribute to the spread of flames. The report goes on to state that nearly all deaths occur in the flat in which the fire starts. This means that more emphasis should be put on smoke detection in the flats rather than the common parts.
8. Further more, the guidance strongly discourages the installation of smoke detectors in common parts as this leads to false alarms, chaotic evacuation of an unsupervised building and potential complacency from residents.
9. The report also states that whilst the most likely place for a fire to start is in the flat, the most dangerous fires are those within the common parts, as the common parts are the means by which residents must escape. The guidance suggests that poor housekeeping in the common parts is a significant fire hazard, and adds that there should be a clear policy on whether common parts must remain completely sterile ('zero tolerance') or may be subject to 'managed use'.
10. A zero tolerance policy is one in which residents are not permitted to use the common parts to store or dispose of their belongings or rubbish with no exceptions. This would maintain an environment that is free of obstructions, ignition sources and trip hazards. This is the easiest policy to adopt and easier to police when carrying out inspections; residents know exactly what is expected of them and the risks are low.
11. A managed use policy on the other hand allows residents some scope to make the common parts more homely. However, a managed use policy must be very specific in terms of what is allowed and what is not. It must leave no scope for ambiguity. The guidance suggests that any managed use policy should generally apply only to buildings with added security, such as blocks with a door entry system.
12. The policy adopted by the Housing Portfolio Holder in January 2010 would be categorized as a 'managed use' policy as defined by the guidance, whereby residents were given clear guidance on what could and could not be placed in the common parts.
13. Additional guidance has also been sought from Due Diligence, who are a specialist company employed by the Council to undertake fire risk assessments to high risk category blocks, including the sheltered housing schemes as well as the Council's Homeless Hostel. Their advice states that if the Council was to relax the policy to allow carpets in the common parts, then there are several implications that would need to be taken into account. From their observations and experience, the carpets that are generally fitted to common parts are 'off cuts', and that they are not fitted professionally. This gives rise to the following issues:
  - a. DIY laid carpets can and do become loose and wrinkled, causing slip and trip hazards. If another tenant was to trip or injure themselves, then who would be liable, the person that fitted the carpet, the Council or a combination of them both?
  - b. If the tenant that fitted the carpet was to move away, who would be responsible for removing and replacing the carpet when it becomes worn or dangerous?
  - c. Carpets and rugs increase the potential for spread of flame, and production of smoke and toxic fumes.

- d. Allowing carpets and rugs may increase the risk level from “low” to “medium”, which may require automatic fire detection equipment (ie smoke detectors) as a compensatory measure.
14. Their advice goes on to say that if the Council was to allow carpets to be fitted, then there should be a clear policy, regular monitoring and the introduction of an application and approval process, which would need to stipulate that these are to be professionally fitted using non flammable adhesives and then inspected on a regular basis for wear and tear. This is broadly the same advice as set out in the Local Government Forum guidance.

#### Feasibility Study - Smoke Alarms

15. In line with the decision of the previous Housing Portfolio Holder in January 2011, a feasibility study has been carried out into the cost of providing mains wired smoke detectors in individual flats, maisonettes and common parts to flat blocks. This decision would sit favorably with the guidance from the Local Government Forum and Due Diligence if it was not to include alarms in the common parts. However, the feasibility study was undertaken prior to that guidance and as such the feasibility study revealed the following options and costs:

##### Option 1 – Smoke alarms in individual flats and maisonettes only

It should be noted that the Council is currently installing smoke detectors within individual dwellings as part of the on-going decent homes works, more specifically, where properties receive electrical upgrade works, which must then comply with Part P of the Building Regulations. This is an ongoing programme. However, only 500 properties have benefited so far from this improvement, with a further 427 sheltered accommodation homes for older people that are linked to Careline, which are already benefiting from mains smoke detectors.

- a. The cost of providing mains operated smoke detectors just in each individual flat and maisonette is around £1,046,825.
- b. The cost of providing mains operated smoke detectors in all individual Council properties, including flats, maisonettes, bungalows and houses, excluding those that already have mains operated smoke detectors is around £1,810,900
- c. Smoke detectors that comply with the relevant British Standard have a non replaceable built-in lithium battery for mains back-up. These have a 10 year life, which means the capital cost of installing the smoke alarms will need to be included in a 10-year replacement cost cycle.
- d. There would be an ongoing cost to the Council to test these smoke alarms, which equates to around £92,600 per annum.

##### Option 2 – Smoke alarms in individual flats and maisonettes, linked to alarms in the common parts.

This option is broken down into two separate costs due to requirements of the relevant British Standards. This means that blocks of flats 2-storeys or less do not require a hard wired link between the detectors. However for blocks of 3-storeys or more do.

- Installation costs for all blocks of flats with 2-storeys or less would be around £567,450, and

- Installation costs for all blocks of flats with 3-storeys or more would be around £2,842,500
- Therefore the total cost of providing smoke alarms in individual flats and maisonettes, linked to smoke alarms in the common parts for all blocks, would be around £3,409,950 (sum of the two costs above)
- There also be an ongoing cost to the Council to test these smoke alarms, which equates to around £185,000 per annum

As stated earlier in this report, the fire safety guidance issued by the Local Government Group strongly discourages the installation of smoke detectors in common parts as this leads to false alarms, chaotic evacuation of an unsupervised building and potential complacency from residents.

16. As part of the investigations into what other local authorities are doing with regard to carpets in flat blocks, Officers have found that virtually all Local Authorities and housing associations are adopting the 'zero tolerance' approach, whereby the common parts are to remain as sterile environments. However, one neighboring authority Harlow District Council has adopted a slightly different approach whereby those blocks that already have carpets fitted, so long as:
- a. they are in good condition, fitted professionally and do not present a trip hazard; and
  - b. the flats have smoke detectors; and
  - c. the main entrance has a door entry security system;

then the carpet may remain until the carpet is no longer in a good condition. That Authority is not currently allowing any further requests for carpets to be installed irrespective of the other measures being in place.

17. Adopting a similar approach is an option for the Council, since many of the Council owned flat blocks have door entry security already installed. However, it will be necessary to agree who is responsible for the reinstatement of the common parts once the carpets are no longer fit for purpose and present a hazard. It should be made absolutely clear that adopting a similar approach would result in a higher risk to life should a fire occur in a block where a carpet installed.
18. Installing mains operated smoke detectors is clearly an improvement that would save many lives and therefore should be considered as part of any future improvements. It is therefore recommended that the Council considers undertaking a programme of installing smoke detectors in all properties, funded from any resources arising from HRA Self Financing, along with other funding priorities, which will be considered by the Housing Portfolio Holder at a later date.

### Shared Services

19. Whilst not specific to the issue of carpets in flat blocks, it is worth mentioning that whilst researching the policies adopted with other local authorities, it has become clear that there may be an opportunity to work in conjunction with Harlow District Council whereby the role of undertaking Fire Risk Assessments could be undertaken collectively, therefore potentially saving resources as a result. In this case, the neighboring Authority undertaking the fire risk assessments and the Council saving on the cost of employing Consultants and overtime for existing staff to carry out them ourselves. A preliminary meeting has taken place, and subject to the existing staffing resources being able to cope with the additional number of fire risk assessments, and



the cost of them to the Council being less than the current arrangement, then this may be an opportunity that the Council may wish to pursue.

### **Resource Implications:**

Nil, on the basis the installation of smoke detection equipment is already included as part of an on-going re-wire and electrical upgrade programme.

### **Legal and Governance Implications:**

Regulatory Reform (Fire Safety) Order 2005  
Housing Act 1985

### **Safer, Cleaner and Greener Implications:**

Generation of renewable energy

### **Consultation Undertaken:**

Housing Minister, with a response from the Parliamentary Under Secretary of State.  
Due Diligence, a specialist Consultancy employed by the Council to undertake fire risk assessments.

Consultation with neighboring Local Authorities, other Local Authorities and Registered Social Landlords.

### **Background Papers:**

- a. Housing Portfolio Holder decision dated January 2010, setting the Policy on Fire Safety in flat blocks.
- b. Housing Portfolio Holder decision dated January 2011, suspending the decision not to allow carpets to be installed in flat blocks.
- c. Guidance document produced by the Local Government Group entitled "Fire safety in purpose-built blocks of flats"
- d. Report from Due Diligence who are a specialist company employed by the Council to undertake fire risk assessments to high risk category blocks, giving advice on the installation of carpets in flat blocks

### **Impact Assessments:**

#### Risk Management

- (1) If the Council was to allow carpets currently fitted in flat blocks to remain and there was a fire, which resulted in toxic fumes or other hazard causing a fatality, then the Council may be responsible. Whilst the severity cannot be downgraded, the likelihood could be reduced. However, this would mean increased numbers of inspections to assess the risk, which would add to the staff workload. Even then, the risk is higher than if carpets were not permitted.

#### Equality and Diversity:

Did the initial assessment of the proposals contained in this report for relevance to the Council's general equality duties, reveal any potentially adverse equality implications? No

Where equality implications were identified through the initial assessment process, has a formal Equality Impact Assessment been undertaken? No.

What equality implications were identified through the Equality Impact Assessment process?

This report sets out policies on fire safety matters that will apply to all Council owned flat blocks irrespective of tenure or occupancy. The views of residents have been taken into account. However, these have been weighed up against the Council's Duty of Care towards the residents when putting forward the recommendations set out in the report.

How have the equality implications identified through the Equality Impact Assessment been addressed in this report in order to avoid discrimination against any particular group?

Not applicable.



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Our Ref: GS/BN/022225/11

*David Stallan*

08 JUL 2011

#### **FIRE SAFETY IN FLAT BLOCKS**

Thank you for your letter of 7 April to the Rt Hon Grant Shapps MP, about fire safety in purpose built blocks of flats. I am replying as I have responsibility for fire safety policy.

I recognise concerns about the provision of fire safety in blocks of flats. The tragic fire in Lakanal House, Camberwell, gave rise to concerns among housing providers – local authorities, housing associations and the private sector – and the enforcing authorities about the adequacy of risk assessments and fire safety measures necessary to ensure sufficient protection to residents and deliver compliance under both the Regulatory Reform (Fire Safety) Order 2005 (the FSO) and the Housing Act 2004.

Both the housing and fire sectors considered that additional fire safety guidance should be developed to focus on the particular circumstances and challenges presented by purpose built blocks of flats. We listened carefully to the concerns of the sector on this, and have provided Local Government Improvement and Development (LGID) – part of the Local Government Group – with grant funding to develop and own, on behalf of the sector, practical and proportionate fire safety guidance specifically for these types of residential buildings. The guidance is expected to clarify a number of issues around managing fire safety and ensuring residents in purpose built flats get appropriate advice on what to do in the event of a fire. LGID has consulted widely on the draft guidance, and plan to make the final guidance available on its website, and for dissemination by sector partners, by the end of July.

Finally, you ask about the role of the Fire and Rescue Authorities (FRAs). As the enforcing authorities, FRAs are, of course, unable to carry out the risk assessment for those with responsibilities under the FSO. However, they are expected to support compliance through the provision of advice and information as appropriate.

*Bob Neill*

**BOB NEILL MP**

## **Report to Housing Scrutiny Panel**

**Date of meeting: 25 October 2011**

**Portfolio: Housing – Cllr M. McEwen**

**Subject: Housing Revenue Account Business Plan  
Key Action Plan (2011/12) -  
Progress Report**



**Officer contact for further information: Alan Hall – Director of Housing (01992 56 4004)**

**Committee Secretary: Mark Jenkins (01992 56 4607)**

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### **Recommendations/Decisions Required:**

**That the Panel considers the Six-Month Progress Report for the Key Action Plan contained within the HRA Business Plan 2011/12 (attached as an Appendix) and provides any feedback to the Housing Portfolio Holder and Director of Housing accordingly.**

### **Report:**

1. In March 2011, the Council's latest Housing Revenue Account (HRA) Business Plan (2011/12) was produced, incorporating the Repairs & Maintenance Business Plan. This document set out the Council's objectives, strategies and plans as landlord, in relation to the management and maintenance of its own housing stock.
2. An important section of the HRA Business Plan is the Key Action Plan. This sets out the proposed actions the Council would be taking, primarily, over the next year. Having included the Key Action Plan within the Business Plan, it is good practice that the progress made with the stated actions is monitored; one of the Scrutiny Panel's Terms of Reference is to review progress during the year.
3. The Six-Month Progress Report on the actions contained within the Key Action Plan 2011/12 is attached as an Appendix to this report for consideration.
4. The Scrutiny Panel is asked to consider the Progress Report and to feed back to the Housing Portfolio Holder and Director of Housing any comments it considers appropriate.

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**HRA Business Plan 2011/12**  
**ACTION PLAN – 6-MONTH PROGRESS REPORT**  
*(as at 1<sup>st</sup> October 2011)*

Action	Corporate Housing Objectives	Responsibility for Achievement	Target Date	6-Month Progress Report <i>(as at 1<sup>st</sup> October 2011)</i>
<b>Housing General</b>				
1) Seek re-accreditation of the ISO 9001:2008 Quality Assurance Award for the whole of the Housing Directorate for a further 3 years	HO 1 / 2 / 3 / 4	Housing Resources Manager	May 2011	<b>Achieved</b> – Re-accreditation was awarded in May 2011
2) Prepare for HRA self-financing and formulate a robust and credible Financial Plan, based on sound treasury management, that meets the housing needs of tenants and the housing stock.	HO 1 / 2 / 3 / 4 / 5	Director of Finance / Director of Housing	Jan 2012	<b>In Progress</b> – The Indicative 30-Year HRA Financial Plan is to be considered by a joint meeting of the Housing and Finance & Performance Management Scrutiny Panels in Nov 2011, and approved by the Cabinet on 5 <sup>th</sup> Dec 2011.
3) Successfully complete the implementation of the electronic records and document management system (Information @Work) within the Housing Directorate	HO 1 / 2 / 3	Asst Director of Housing (Private Sector & Resources)	Dec 2011	<b>Delayed</b> – Due to members' decision not to agree sufficient resources to fully implement the project, a scaled-back approach is being pursued, with different ways of working
4) Undertake a Tenant Satisfaction Survey using a methodology agreed with HouseMark, whereby the results can be benchmarked with other landlords	HO 2 / 3 / 4	Principal Housing Officer (Strategy & Information)	Dec 2011	<b>In Progress</b> – HouseMark has now adopted a standard methodology (called STAR) and preparations for EFDC's survey in the current financial year is underway
<b>Housing Management</b>				
5) Consider whether the Council should use the new fixed term tenancies proposed under the Decentralisation and Localism Bill and, if so, formulate a Tenancy Scheme setting out the proposed operation of the scheme	HO 2	Asst Director of Housing (Operations)	March 2012	<b>Not yet required</b> – The enactment of the Localism Bill is awaited, after which discussions will be held with members, probably through the Housing Scrutiny Panel initially

6) Relocate the Limes Farm Estate Office to the newly refurbished Limes Farm Community Centre	HO 2	Area Housing Manager (South)	Feb 2012	<b>In Progress</b> – The new Centre is due for completion around Dec 2011, when the Estate Office will re-locate
7) Consider whether or not the Home Ownership Grant Scheme (which enables tenants to purchase their own home and vacate their Council property for occupation by a housing applicant) should be re-introduced in 2012/13	HO 1	Housing Resources Manager	Sept 2011	<b>Achieved</b> – In Sept 2011, the Cabinet reviewed the Scheme and agreed to suspend it for a further year, but to review again in Sept 2012
8) Work with the Council's five local authority partners of the HomeOption Choice Based Lettings Scheme to introduce a facility for tenants to apply for the housing on-line.	HO 1 / 2	Housing Options Manager	March 2012	<b>In Progress</b> – A review of the Locata system established that a better system could be introduced by EFDC, solely, itself. The test system is near completion and it is hoped to be able to go-live before the end of the current financial year
9) Subject to the approval of the Leader of Council, undertake a 1-year pilot scheme to identify and tackle "social housing fraud, through the creation of a new post of Housing Officer (Fraud), part-funded from funding provided by the CLG	HO 1 / 2	Director of Housing	March 2012	<b>In Progress</b> – The officer was appointed in May 2011, and has already identified and is investigating a number of cases, through a targeted approach. The pilot scheme will be reviewed around Jan 2012
10) Transfer the lease of land and properties at Marden Close, Chigwell Row, to one of the Council's Preferred RSL Partners – following a competitive exercise – for the 20 existing bedsits to be converted into 10 one bedroom flats	HO 1 / 2 / 3	Director of Housing	March 2012	<b>Delayed</b> – The Council is still awaiting the charity that owns the freehold to agree to the Council's proposals. The charity has appointed a planning agent to advise on the effects of the charity's ability to develop its adjoining land in the long term.
11) Undertake a feasibility exercise – in partnership with an appointed development agent - for the development of Council-owned land by the Council, to provide additional affordable housing (subject to the Government changing the housing finance accounting regulations, to avoid the General Fund having to meet loan costs)	HO 1 / 2 / 3	Director of Housing	March 2012	<b>In Progress</b> – In July 2011, the Cabinet re-affirmed its intention to introduce a Council House-Building Programme, and a comprehensive report will be considered by the Housing Scrutiny Panel in Oct 2011, to make recommendations to the Cabinet on 5 <sup>th</sup> Dec 2011
12) Introduce the Leasehold Services module of the OHMS integrated housing system, to improve the efficiency of the leasehold service	HO 1 / 2 / 5	Housing Resources Manager	March 2012	<b>No Progress</b> – Due to other commitments, and staff changes within the Housing Resources Section, no progress has been possible. However, it is hoped to implement the module in 2012/13



13) Introduce the provision of rent and other Council payments by credit card for tenants	HO 2 / 5	Asst. Director of Finance & ICT (Revenues)	July 2011	<b>In Progress</b> – Cabinet has agreed the principle and Finance Officers are currently implementing
<b>Tenant Participation</b>				
14) Provide an Annual Report to all tenants, including performance against tenant-selected indicators in 2010/11	HO 1 / 2 / 3 / 4	Director of Housing	Sept 2011	<b>Achieved</b> – The 2 <sup>nd</sup> Annual Report was published by the regulatory deadline of 1 <sup>st</sup> October 2011, and will be despatched to all tenants (and members) in Oct/Nov 2011
15) Introduce a new Tenants Scrutiny Panel, to scrutinise the performance of the Housing Service and to undertake service reviews	HO 1 / 2 / 3 / 4	Principal Housing Officer (Strategy & Information)	Sept 2011	<b>In Progress</b> – The Tenant Participation Officer is researching the subject and discussions have been held with the Tenants and Leaseholders Federation.
16) Following consultation with the Tenants and Leaseholders Federation, make a new “Local Offer” to tenants for 2012/12, setting out the housing service tenants can expect, including the formulation of a new Tenant-agreed Action Plan	HO 2 / 3 / 4	Principal Housing Officer (Strategy & Information)	Feb 2012	<b>Not yet required</b> – Work will be starting soon
17) Produce an updated Tenant Participation Impact Assessment, documenting how tenants have participated in decision-making in 2010/11, and the impact of their participation, and proposals for tenants to participate in 2011/12	HO 4	Tenant Participation Officer	June 2011	<b>Achieved</b> – The Impact Assessment was produced in June 2011
18) Train tenants of the Tenants and Leaseholders Federation and recognised tenants associations to undertake periodic “mystery shopping” exercises on the Council’s housing services, and for other social housing providers	HO 2 / 3 / 4	Tenant Participation Officer	Mar 2012	<b>Delayed</b> – No progress has been made due to other commitments
<b>Supporting People and Supported Housing</b>				
19) Utilise the 24-hour staffing facility at Careline to actively monitor CCTV cameras around the District	HO 2	Housing Manager (Older People’s Services)	Sept 2011	<b>Achieved</b> – The system has been set up and is operational. It is currently being rolled out across all sheltered schemes
20) Update the remaining sheltered housing schemes with Piper Haven alarm equipment with the latest Piper Communicall equipment	HO 2 / 3	Housing Manager (Older People’s Services)	Nov 2011	<b>Achieved</b> – All equipment has now been updated with Piper Communicall

21) Introduce a programme of providing scooter stores at sheltered housing schemes	HO 2	Housing Assets Manager	Jan 2012	<b>In Progress</b> – The Council's architect is currently undertaking the project
22) Investigate and implement a more cost effective business continuity solution for the Careline Service	HO 1 / 2	Housing Manager (Older People's Services)	Dec 2011	<b>In Progress</b> – Various options are currently being considered, including reciprocal arrangements with other councils and an in-house option
23) Remodel the support provision at Jessopp Court, Waltham Abbey from a frail older people's scheme to a sheltered housing scheme, including the provision of a new Scheme Manager post provided by the Council	HO 2	Housing Manager (Older People's Services)	Dec 2011	<b>In Progress</b> – Cabinet has agreed to remodel Jessopp Ct to a sheltered scheme from Dec 2011, and the new Scheme Manager is currently being appointed.
24) Expand the provision of supported housing for older people by the Council's Scheme Managers into the community, including for owner occupiers	HO 1 / 2	Housing Manager (Older People's Services)	Feb 2011	<b>Delayed</b> – Although EFDC already does this to a large extent, no progress has been made on this project by the Essex Supporting People Team, which is leading on this project.
<b>Housing Repairs and Maintenance</b>				
25) Implement a programme for repairs and maintenance expenditure over 5 and 30 years.	HO 1 / 3 / 5	Asst. Director of Housing (Property)	March 2011	<b>Achieved</b> - The planned maintenance programmes are in progress, delivering improvements to Council homes across the district to maintain the Decent Homes Standard.
26) Implement an upgrade to the latest version of the NHER Energy Efficiency software, to capture "Level 1" data	HO 3	Housing Assets Manager	Sept 2011	<b>Achieved</b>
27) Publish clear service standards for planned maintenance, Decent Homes, repairs, Right to Repairs and leaseholder responsibilities, which are available in printed leaflet form and on the web site	HO 3 / 4	Housing Assets Manager	July 2011	<b>In Progress</b> – First draft documents have been produced. Documents to be approved by the Tenant Reading Group and the Repairs and Maintenance Customer Focus Group prior to production and publication.
28) Publish the Voids Standards on the EFDC website and issue a copy to all tenants in advance of them undertaking a viewing or a void offer.	HO 3 / 4	Customer Repairs Manager	Dec 2011	<b>In Progress</b> – The standard has been drafted and the Repairs and Maintenance Customer Focus Group have agreed the content.

29) Timetable at least one meeting each year with the Tenants Federation to discuss the repairs and maintenance expenditure programme.	HO 3 / 4	Asst. Director of Housing (Property)	Jan 2012	<b>Achieved.</b>
30) Introduce Asbestos Record Cards in all properties, and maintain the records for contactors' and tenants' use.	HO 3 / 4	Customer Repairs Manager	April 2012	<b>No Progress</b> – However, the format for the future production of a “Property Information Pack”, which will include the Asbestos Record Card, has been agreed with the Repairs and Maintenance Customer Focus Group.
31) Undertake closer partnership working with ECC Social Care Occupational Therapists, to better forward plan the budget required to meet the ongoing and future demand for disabled adaptations.	HO 3 / 5	Housing Assets Manager	April 2012	<b>No Progress</b> – Due to uncertainties around the OT Service.
32) Explore options whereby emphasis is put on “fix first time” for responsive repairs.	HO 1 / 3	Mears Direct	Dec 2011	<b>In Progress</b> – This is an integral part of the new Repairs Refresh Programme, and will commence with the implementation of the Repairs Management Contractor's own IT system in November 2011.
33) Seek, through the Essex Procurement Hub, a framework agreement with specialist contractors for, drainage clearance, UPVC window installation and maintenance, external repairs and redecorations, digital TV maintenance, bathroom adaptations, Energy Efficiency as well as ad-hoc repairs where necessary	HO 1 / 3	Housing Assets Manager	March 2012	<b>Partly Achieved</b> – Drainage clearance is no longer required, due to the transfer of responsibility for private shared drains to the water utility companies.  Framework Contracts have been let for external repairs and redecorations, UPVC windows and doors replacement and maintenance. Other contract renewals are in hand. However the need to tender the Gas Servicing Contract for the South of the District following the Councils' contractor, Kinetics, going into receivership - and the workload involved, has had to take priority.
34) Continue to work with the Repairs Focus Group, once set up, and create an action plan for inclusion in the Repairs Refresh Programme	HO 3 / 4	Asst. Director of Housing (Property)	Quarterly	<b>Achieved.</b> The group meet on a quarterly basis, and is proving to be a very positive forum for discussion and new ideas.

35) Continue feasibility studies into alternative fuel sources for properties in rural communities where mains gas is not available.	HO 1 / 3	Housing Assets Manager	April 2012	<b>In Progress</b> – Solar thermal and air source heat pumps are currently being trialled. A report will be considered by the Housing Scrutiny Panel in October 2011 relating to the installation of Solar PV Panels on roofs.
36) Explore external wall insulation for solid wall constructed properties, and seek grant funding to support future programmes	HO 1 / 3	Housing Assets Manager	April 2012	<b>In Progress</b> – A scheme in Willingale is being considered, subject to CERT funding and tender.
37) Review all projects with a contract value in excess of £1m on completion to identify any lessons learnt.	HO 3 / 5	Housing Assets Manager / Mears Direct	April 2012	<b>Ongoing</b> – This is a process that occurs as part of the contract procedures and Contract Standing Orders
38) Seek to reduce the target response times for: <ul style="list-style-type: none"> <li>• routine repairs from 6-weeks to 2-weeks</li> <li>• Urgent repairs from 5-days to 3-days</li> <li>• Emergency repairs from 24 hrs to 4 hours</li> <li>• Void turnaround times from 6-weeks to 2-weeks</li> </ul>	HO 1 / 3	Mears Direct	April 2012	<b>In Progress</b> – This is an integral part of the new Repairs Refresh Programme, and will commence with the implementation of the Repairs Management Contractor's own IT system in November 2011.
39) Appoint an external Repairs Management Contractor to oversee the Housing Repairs Service as agreed by the Cabinet in March 2008.	HO 1 / 3	Asst. Director of Housing (Property)	May 2011	<b>Achieved</b> – Mears Direct was appointed in May 2011 for an initial three-year period
40) Implement a range of initiatives, as defined in the Repairs Refresh Programme: <ul style="list-style-type: none"> <li>• Develop better supply chain arrangements with suppliers and sub-contractors to ensure value for money. This is to include a review of the current stores systems</li> <li>• Develop better pricing models for works undertaken and where necessary recharged to ensure value for money.</li> <li>• Build the team to ensure excellent HR practices are used, which will build a skilled, high performance, customer focused and motivated team.</li> </ul>	HO 1 / 3	Mears Direct	April 2012	<b>In Progress</b> – This is an integral part of the new Repairs Refresh Programme, and will commence with the implementation of the Repairs Management Contractor's own IT system in November 2011.  A separate supplies tender will be required, which will involve an EU compliant procedure. Consultants have been appointed to oversee the tender on behalf of the Council.

<ul style="list-style-type: none"> <li>• Introduce an IT system for developing an effective R&amp;M service from the point of order to completion and post inspection actions. To include mobile working for operatives.</li> <li>• Implement a customer focused service by implementing a full appointment system, extended opening hours and to operate a discretionary service to undertake tenants responsibility repairs.</li> <li>• Reduce the number of jobs carried out as emergencies and urgent and bring the ratio of jobs to the recommended 10:20:70 for emergency, urgent and routine respectively.</li> </ul>				
41) Develop a Value for Money Strategy	HO 1 / 3	Asst. Director of Housing (Property)	March 2012	<b>No Progress</b> – Due to other priorities. However, savings identified and realised are captured as part of the quarterly Continuous Improvement Meetings held by the Director of Housing, Assistant Directors and individual Housing Managers throughout the Housing Directorate, so that value for money initiatives and savings can be identified, captured and reported.
42) Develop a separate Repairs and Maintenance Housing Service Strategy	HO 3	Asst. Director of Housing (Property)	July 2011	<b>No progress</b> - Due to other priorities
43) Seek to include at least one local business on the list of tenderers for all future contracts.	HO 3	Housing Assets Manager / Mears Direct	April 2012	<b>Achieved and Ongoing</b> – However, this process has to be fair and equitable to avoid a legal challenge for failing to allow others to tender.

### Key to Corporate Housing Objectives

HO 1 - Value for Money

HO 2 - Housing Management

HO 3 - Repairs and Maintenance

HO 4 - Tenant Participation

HO 5 - Housing Finance

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