

**EPPING FOREST DISTRICT COUNCIL
NOTES OF A MEETING OF HOUSING SCRUTINY STANDING PANEL
HELD ON TUESDAY, 31 JANUARY 2012
IN COMMITTEE ROOM 1, CIVIC OFFICES, HIGH STREET, EPPING
AT 5.33 - 8.00 PM**

Members Present:	S Murray (Chairman), Ms R Brookes, Mrs A Grigg, Ms J Hart, Mrs S Jones, Mrs J Lea, D Stallan, H Ulkun and Mrs J H Whitehouse
Other members present:	Mrs M McEwen
Apologies for Absence:	K Chana and W Pryor
Officers Present	A Hall (Director of Housing), P Pledger (Assistant Director (Property and Resources)), R Wilson (Assistant Director (Operations)), D Eyles (Cross Border Officer), J Manning (Acting Area Housing Manager) and M Jenkins (Democratic Services Assistant)

34. WEBCASTING INTRODUCTION

The Chairman advised that due to Item 7 of the agenda, Park Homes Licences – Progress Report and Consideration of Further Issues, being deferred to a later date, there would be no webcast recording of the meeting.

35. APOLOGIES FOR ABSENCE

It was noted that Mr S Hyde, the Co-Opted Member of the Panel representing the Tenants and Leaseholders Federation had sent his apologies.

36. SUBSITUTE MEMBERS (COUNCIL MINUTE 39 - 23.7.02)

It was noted that Councillor Mrs J Lea was substituting for Councillor Mrs A Mitchell, and Mrs M Carter was substituting for Mr S Hyde of the Tenants and Leaseholders Federation.

37. DECLARATION OF INTERESTS

Pursuant to the Council's Code of Conduct, Councillor D Stallan declared a personal interest in the following item of the agenda by virtue of having been the Housing Portfolio Holder when this issue had been discussed in January 2011. The Councillor had determined that his interest was prejudicial and would leave the meeting for the duration of the discussion on the item and voting thereon. In addition he apologised to the Panel for not having made this declaration at the Panel meeting on 25 October when this issue was discussed there. The item is as follows:

- Item 9 Fire Safety in Flat Blocks

38. NOTES OF THE LAST MEETING

RESOLVED:

That the notes of the last two meetings of the Panel held on 25 October and 28 November 2011 be agreed.

39. TERMS OF REFERENCE / WORK PROGRAMME

(a) Terms of Reference

The Panel's Terms of Reference were noted.

(b) Work Programme

The Panel was advised that there would be an extra meeting of the Panel on Monday 5 March 2012. The following was advised:

(i) Item 25 Annual Review of the Housing Allocations Scheme

The item was originally scheduled for the October 2012 Panel meeting. However it was advised that it was possible for this item to be brought forward and possibly discussed in July 2012. The Director of Housing confirmed that there would be consultation with housing applicants and housing tenants following consideration by the Panel and prior to final decision by the Cabinet.

(ii) Item 32 Homelessness Strategy – Revision and Update

This would be reviewed in March 2012.

40. PARK HOMES LICENCES - PROGRESS REPORT AND CONSIDERATION OF FURTHER ISSUES

It was advised that this item had been deferred to a future meeting of the Panel with the Chairman's permission as officers were awaiting documentation from Essex Fire and Rescue.

41. REVIEW OF SOCIAL HOUSING FRAUD INITIATIVE - PRESENTATION

The Panel received a report from the Assistant Director of Housing (Operations) regarding the evaluation of the Social Housing Fraud Pilot Scheme. In attendance at the meeting was the Housing Officer (Social Housing Fraud) Mr D Eyles.

In May 2010 the Cabinet agreed that a new part time post of Housing Officer (Social Housing Fraud) should be appointed on a temporary part time basis (22.5 hours per week) for a Social Housing Fraud Pilot Scheme for a 12 month period. The Council appointed a candidate to the post in May 2011. The Cabinet had asked that after 10 months of the commencement of the project, a formal evaluation should be undertaken and report submitted detailing the findings and future action proposed.

Since the part time Housing Officer (Social Housing Fraud) took up his post in May 2011, 37 cases of potential social housing fraud have either been, or continued to be, investigated.

The following results had been achieved, including the potential recovery of 6 properties:

- (a) Two fraudulent Right to Buy applications had been prevented, avoiding the Council giving discounts of around £68,000;
- (b) One property was found to be sub-let and had been re-possessed and let to an applicant from the Council's Housing Register;
- (c) One property was not allocated to a housing applicant as they were found to be providing false information on a housing application form;
- (d) One case was being investigated by Housing Benefit Fraud Investigators, which may result in the recovery of overpaid housing benefit;
- (e) Two further cases were close to being resolved which were expected to result in two properties being received due to non-occupation or sub-letting and re-let to legitimate Housing Register applicants.

In view of the success of the Social Housing Fraud Pilot Scheme, it was proposed that the scheme should be made permanent, and that the existing part time post of Housing Officer (Social Housing Fraud) be made both permanent and full time, with an increase in hours from 22.5 hours to 36 hours per week. The cost of these additional 13.5 hours per week would only be £8,200 per annum, and would be funded from the HRA.

The £68,000 alone that the post had saved the Council within the past 8 months by identifying and investigating the two Right to Buy frauds, amounts to more than treble the annual cost of employing one full time Fraud Officer.

The Panel also considered the possibility of a Senior Housing Officer (Social Housing Fraud) post being appointed, and the benefits this could bring.

The Panel thanked Mr D Eyles for his attendance and presentation at the meeting.

RECOMMENDED:

That the following be recommended to the Cabinet:

- (1) That the Cabinet notes the outcome of the formal evaluation of the Social Housing Fraud Pilot Scheme undertaken by Housing Scrutiny Standing Panel;
- (2) That the existing part time post of Housing Officer (Social Housing Fraud) be made with immediate effect, both permanent and full time, with the increase of 13.5 hours per week being funded from the Housing Revenue Account; and
- (3) That the Panel strongly recommends that the creation of a second Housing Officer (Social Housing Fraud) post be included on the list of possible housing improvements and service enhancements to be considered by the Housing Scrutiny Standing Panel at its next meeting, along with the other proposals brought forward, in order for a public awareness campaign to be undertaken and for further social housing fraud to be detected and investigated, more properties brought back into proper use, and further savings made to the Council as a result.

42. FIRE SAFETY IN FLAT BLOCKS

The Panel received a report from the Assistant Director of Housing (Property) regarding Fire Safety in Flat Blocks.

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 Working Fire Safety Officer of the Essex Fire and Rescue Service:

- (1) Pictures hung on the wall, provided that they did not contain glass in the frame;
- (2) Mats placed outside front doors, provided that these were rubber backed (non slip) and have a chamfered edge all around;
- (3) Curtains at windows that were flame retardant; and
- (4) Non-flammable items which were aesthetically pleasing stored in recesses away from any means of escape routes, and not on window cills.

Letters were sent to all tenants and leaseholders in the blocks advising them of these concessions. Following the introduction of that policy, a small number of residents requested further review as they felt the policy was too risk averse and prevented them from making their flat blocks feel more homely.

In January 2011, the then Housing Portfolio Holder temporarily suspended the policy relating only to carpets in the common parts until such time as a further feasibility study was carried out.

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. The response 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.

Fire Safety Guidance

The Local Government Group's fire safety guidance advised that:

- (a) Very few deaths occurred from fires in a neighbour's flat or the common part;
- (b) This was due to fire separation walls;
- (c) Common parts should therefore be free of all sources of ignition and material that could help spread flames;
- (d) Nearly all deaths occurred in flat in which the fire started; and

- (e) It was strongly discouraged that smoke detectors should be installed in common parts as this led to false alarms, chaotic evacuation and possible complacency from residents.

Additional guidance had also been sought from Due Diligence, a specialist company employed by the Council to undertake fire risk assessments. They advised that along with allowing carpets to be fitted, there should be a clear policy involving regular monitoring. Their advice went on to say that there should be a clear policy which would stipulate that these were professionally fitted using non-flammable adhesives and inspected on a regular basis for wear and tear.

In October 2011 the Environment and Street Scene Portfolio Holder made reference to a letter she had received from the Essex Fire and Rescue Service which suggested that it was acceptable to allow carpets in common parts, subject to a satisfactory risk assessment. In light of this, the Housing Scrutiny Standing Panel asked that the report be deferred until such time as the contents of that letter could be reviewed. Upon receipt of the letter by officers a further letter was sent to the Essex Fire and Rescue Service seeking clarification on a number of points, particularly seeking guidance on examples of where it may be acceptable for carpets to be installed in common parts.

A response to this letter from officers had been received and all the correspondence was considered by the Scrutiny Panel.

Feasibility Study – Smoke Alarms

In line with the decision of the previous Housing Portfolio Holder in January 2011, a feasibility study had 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 favourably with the guidance from the Local Government Forum and Due Diligence if it did not include alarms in the common parts.

Option 1 – Smoke alarms individual flats and maisonettes only

The Council was currently installing smoke detectors with individual dwellings. Only 500 properties had benefitted so far, with a further 427 sheltered accommodation homes for older people.

- Cost of providing mains operated smoke detectors in each individual flat/maisonette was around £1,046/825
- Cost of providing mains operated smoke detectors in all individual council properties was around £1,810,900
- Capital cost of installing smoke alarms in a 10 year replacement cost cycle
- Testing of smoke alarms equated to £92,600 per annum

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

- Installation costs for all blocks of flats with 2 storeys or less would be around £567,450
- Installation costs for all blocks of flats with 3 storeys or more would be around £2,842,500
- The total cost of providing smoke alarms in individual flats and maisonettes, linked to smoke alarms in the common parts, would be around £3,409,950

- There would also be an ongoing cost to the Council in testing these alarms, which equated to around £185,000 per annum.

As part of the investigations into what other local authorities were doing, officers had found that virtually all local authorities and housing associations were adopting the zero tolerance approach, whereby the common parts were to remain as sterile environments. However, one neighbouring authority Harlow District Council, had adopted a slightly different approach whereby these blocks that already have carpets fitted, as long as:

- (i) they were in good condition, fitted professionally and did not present a trip hazard; and
- (ii) the flats had smoke detectors; and
- (iii) the main entrance had a door entry security system.

That authority was not currently allowing any further requests for carpets to be installed irrespective of the other measures being in place.

It was therefore recommended that the council considered 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 would be considered by the Housing Portfolio at a later date.

Shared Services

It was advised that there may be an opportunity of working in conjunction with Harlow District Council, whereby the role of undertaking fire risk assessments could be undertaken collectively, saving resources. The neighbouring authority would undertake the assessments and the District Council would save on the cost of employing consultants and overtime for staff. A preliminary meeting had already taken place.

RECOMMENDED:

That the following recommendations be made to the Housing Portfolio Holder on the policy relating to fire safety in common parts of flat blocks:

- (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; and

(d) Non-flammable items which are aesthetically pleasing (e.g. plant pots) stored in recesses away from any means of escape routes, and not on window sills.

(2) That the Council undertakes 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;" and

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

43. RESPONSE TO CLG CONSULTATION PAPER ON "REINVIGORATING THE RIGHT TO BUY AND ONE FOR ONE REPLACEMENT"

The Panel received a report from the Director of Housing regarding the Council's proposed response to CLG Consultation Paper on "Reinvigorating the Right to Buy and one for one replacement."

In late December 2011, the Department for Communities and Local Government issued a consultation paper on "Reinvigorating the Right to Buy and one for one replacement." The closing date for responses was 2 February 2012.

A proposed response by the Council to the consultation paper was attached to the report. It was suggested that rather than attempting to provide a response to each question raised in the consultation paper, the response only comments on these aspects of the consultation paper which it was felt warranted comment from the Council.

Consultation - Proposals for Caps, Discount Rates and Eligibility

The Government proposed to raise the upper limit on the Right to Buy discount entitlement to £50,000 throughout England. This more than tripled the cap currently applied in most of London and provided a substantial increase in the rest of England. However, for the East of England, it only amounted to an increase of £16,000 from the current maximum of £34,000. The Government was interested in views on whether there was a case for charging the minimum and maximum discount rates applied to houses and flats, or the rate at which tenants qualified for increased percentage discounts.

Consultation Question 1 – we would welcome views on the proposals outlined above.

Response:

(1) The resultant effect and level of tenant interest would vary in different parts of the country;

(2) The maximum RTB discount in the District's region was £34,000, the Government's proposals would therefore result in the maximum discount, for this region, as increased by 47%. In London where maximum RTB was £16,000, the

maximum discount was increased by 210%. Therefore it was likely that the take up by tenants in London would be greater than in similarly high priced areas like Epping Forest;

(3) The Council felt that the current discount rates were very generous and should not be changed to further reinvigorate Right to Buy;

(4) The Council welcomed the Government's intention not to change the qualifying period for eligibility.

The Right to Acquire

Paragraph 37 of the Consultation Paper pointed out that, as assured tenants, some housing association tenants benefitted from the Right to Acquire.

The suggested response explained that many housing association tenants were eligible for the Right to Acquire, but did not necessarily exercise this right, due to the financial benefits being less than even the current Right to Buy Scheme.

The proposed response stated that since many housing applicants on council housing registers were now nominated to housing associations for accommodation, it was now inequitable to have a different purchase scheme for housing association tenants and council tenants. It was the Council's view that arrangements and discounts for sitting tenants to purchase either their council property or their housing association property should be the same. Therefore the Council believed that the proposals within the consultation paper should also apply to housing association tenants, and that the Right to Acquire should be re-aligned with the Right to Buy Scheme.

Consultation - Use of Right to Buy Receipts: Proposals on Allowances and Deductions

Right to Buy receipts included all receipts from tenants under Right to Buy legislation. The government proposed including receipts arising from voluntary sales at discounts to secure tenants and some shared ownership sales.

Councils would no longer need to make and justify expenses claims to central government, making a detailed retrospective allocation of staff time between successful and unsuccessful applications. Instead councils would be able to simply deduct and retain a flat rate per successful sale. They would continue to be able to charge administration costs to the Housing Revenue Account.

Flat rate allowance would be set for each region with regard to the 40th percentile of costs achieved by councils in that region over the last three years. Adopting a flat rate at the 40th percentile of costs provided a strong incentive to councils to achieve efficiency in their operations. Where councils were able to push costs below this figure they could retain the surplus.

Consultation Question 5 – We would welcome your views on these proposals

Consultation Question 6 What proportion of Right to Buy applications are subsequently withdrawn in your area?

Consultation Question 7 What costs are incurred in managing aborted applications?

Consultation Question 12 We would welcome views on the calculation of allowable deductions**Response:**

The Council welcomed the Government's proposals to compensate local authorities for the loss of income to the Housing Revenue Account for each Council property sold above the total number of sales assumed by the Government within local authorities HRA Self Financing Settlements.

The District Council welcomed the fact that the Government had at last recognised that all local authorities incur costs in relation to the administration of withdrawn sales. However, the Council strongly disagreed with the Government's proposal to assess the local authority transactions and administration costs for the Right to Buy based on a flat rate allowance, instead of the actual cost to the Council as at present.

The Council's actual average administration costs per Right to Buy sale was £4,766 per sale. This actual cost to the Council was therefore around £3,700 more than the proposed flat rate allowance of £1,070.

Therefore if the Government's proposals to introduce a flat rate administration allowance went ahead, the Council would lose around £3,400 per sale compared to the current arrangements. Based on the Government's assumption that the District Council would sell 37 properties over the next four years under the existing Right to Buy Scheme, the council would lose around £136,000 over the next four years, compared to the current arrangements.

The Council noted from paragraph 47 that the Government believed that adopting a flat rate allowance at the 40th percentile of costs would provide a strong incentive to councils to achieve efficiency in their operations. However, the Council continuously strove to make efficiency savings within all of its areas of operations and we fundamentally disagreed that savings of this magnitude could be made in a relatively small area of operation for the Council.

The Council therefore strongly urged the Government to either retain the existing approach of allowing local authorities to reclaim the actual administration costs, or increase the proposed flat rate allowance to a more realistic and equitable level.

In addition, and in any event, since the current RTB arrangements would effectively apply to assumed sales, the Council felt that it was only fair and appropriate that the flat rate administration allowance should only apply in relation to additional sales to those assumed.

Numbers of Withdrawn RTB Applications

The Consultation Paper stated that the Government would welcome any information local authorities could provide on actual numbers and costs incurred in managing RTB applications which were subsequently withdrawn.

Over a 35 year period, the Council had received 11,634 RTB applications, which have resulted in 6,169 actual sales and 5,465 applications withdrawn. Therefore, as can be seen, 45% of all Right to Buy applications received of this period have subsequently been withdrawn.

More recently, over the 12 month period January 2011 to December 2011, the Council had received 26 RTB applications and, within the same period, only 7 RTB sales have been completed. Therefore, although there was a time lag between applications received and sales completed, it was reasonable to deduce from this information that currently, around 75% of RTB applications being received by the Council were subsequently being withdrawn.

This evidence suggested that the proposed uplift of 25% to cover withdrawn applications was insufficient. The Council would suggest that the uplift should be more in the region of 60% - 70% if it was to properly reflect the relatively high number of withdrawn applications that occur.

Consultation - Proposals for delivering Right to Buy replacement homes for Affordable Rent.

Under the Government's take up modelling, receipts were generally greatest and sales increase the most in areas of high housing need, because these were the areas where house prices were highest and Right to Buy demand had previously been limited setting the caps at low levels. However, receipts generated locally would not necessarily secure one-for-one replacement in each area.

Local Model

Receipts available for the delivery of replacement homes could be left with the local authority for investment in local priorities including new homes for Affordable Rent. Authorities could either choose to manage development themselves or develop in partnership with neighbouring councils or to commission housing associations or other registered providers directly.

Local Model with Direction

Receipts available for the delivery of replacement homes could be left with the local authority with the requirement they were used for investment in new homes for Affordable Rent.

Local Model with Agreement

Receipts available for the delivery of replacement homes could be left with the local authority, subject to agreement with the Secretary of State, including agreement on the contribution to replacement costs that the Council would make from its own resources.

National Model

Receipts available for replacement homes at Affordable Rent could be surrendered to this department which would pass these to the Greater London Authority and the Homes and Communities Agency to manage replacement programmes in London and the rest of England.

Consultation Question 13 Which model for delivery of replacement housing do you consider the most appropriate, and why?

Response:

The Council currently had over 5,700 households on its Housing Register seeking affordable rented housing, provided either by the Council or one of the Housing Association Partners. The numbers registered on the Housing Register have been increasing continuously over the past five years.

In view of the high number of households seeking and needing affordable housing in the Epping Forest District and other areas within the Region, the Council was strongly of the view that any Council homes lost within a district due to the proposed changes to the Right to Buy should be replaced by at least one new affordable home within that District.

The Council had recently agreed to embark on a new Council Housebuilding Programme for the provision of new rented housing, at affordable rents, on Council owned land. However the District Council's initial feasibility studies have identified that, even with charging affordable rents, there would still be a funding gap between the amount of loan that could be supported from the rental income received from the new properties over a 30 year period and the construction costs. Therefore, officers had identified that they would still need some form of grant funding to enable the Council Housebuilding Programme to be viable. The additional capital receipts that were expected to arise from the increased RTB sales as a result of the Government's proposals could provide an invaluable source of funding for our Housebuilding Programme, if officers were able to use them.

The Council was of the firm view that the "Local delivery" model for the replacement programme was the most appropriate, and was the model that the Council supported.

The Consultation Paper set out three variations of the Local Model. Understandably, because the Local Model provided local authorities with maximum flexibility to manage its own affairs and, as recognised by the Consultation paper, was generally consistent with replacement homes being built in areas of greater housing need, the Base Local Model was the Council's first preference.

However, the council recognised that, due to the maximum flexibility offered under this Base Local Model, it was unlikely that all the available receipts would be used for replacement homes and that it would therefore be unlikely to deliver on the Government's commitment of one-for-one replacement at the national level.

Therefore, if the Government was of the view that the base Local Model was inappropriate, it was the Council's view that the variation of the Local Model with Agreement should be the model adopted by the Government. This was because this variation of the Local Model provided three main benefits:

- (i) It enabled the Government's commitment of one-for-one replacement at a national level to be achieved;
- (ii) We consider it a fairer way of utilising the receipts arising from additional RTB sales, since the additional capital receipts would only be used within the local authority areas in which they had been generated; and
- (iii) All of the capital receipts generated from additional RTB sales would be used to provide and replace affordable housing, and not used for other housing purposes.

The Council did not support the National Model.

RECOMMENDED:

(1) That the abridged version of the CLG Consultation Paper "Reinvigorating the Right to Buy and one for one replacement" be noted; and

(2) That the proposed draft District Council response attached to the report be agreed.

44. MEMBER INFORMATION EVENING - LOCALISM ACT AND WELFARE REFORMS

The Housing Scrutiny Standing Panel noted that there would be a Member Information Evening on the Localism Act on Tuesday 28 February 2012 at 7p.m. in the Council Chamber. In addition, the Council's Benefit's Manager would be giving a briefing to Members on the current position regarding the proposed welfare reforms. This was an opportunity to update members on a number of discretionary powers being given to local authorities and housing providers under the Localism Act.

It was advised that it was essential for all Members to attend this event as it would assist them throughout the process.

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

There were no reports being submitted to the forthcoming Overview and Scrutiny Committee.

46. FUTURE MEETINGS

There were two meetings programmed for the Panel, they were as follows:

Monday 5 March 2012 at 5.30p.m. in Committee Room 1; and

Tuesday 13 March 2012 at 5.30p.m. in Committee Room 1.