

**EPPING FOREST DISTRICT COUNCIL
NOTES OF A MEETING OF HOUSING SCRUTINY STANDING PANEL
HELD ON TUESDAY, 25 OCTOBER 2011
IN COMMITTEE ROOM 1, CIVIC OFFICES, HIGH STREET, EPPING
AT 5.30 - 8.00 PM**

Members Present: S Murray (Chairman), A Mitchell MBE (Vice-Chairman), Ms R Brookes, Mrs A Grigg, Ms J Hart, Mrs S Jones (Deputy Portfolio Holder (Planning and Technology)), D Stallan and Mrs J H Whitehouse

Other members present: Mrs M McEwen and J Knapman

Apologies for Absence: S Hyde (Co-Optee Tenants and Leaseholder's Federation)

Officers Present A Hall (Director of Housing), P Pledger (Assistant Director (Property and Resources)), L Swan (Assistant Director (Private Sector & Resources)) and M Jenkins (Democratic Services Assistant)

15. APOLOGIES FOR ABSENCE

It was noted that Mrs M Carter, the co-opted Panel member who had been the Chair of the Tenant's and Leaseholder's Federation had stepped down from the Federation and had been replaced by Mr S Hyde, who had sent his apologies to this meeting.

16. SUBSTITUTE MEMBERS (COUNCIL MINUTE 39 - 23.7.02)

There were no substitute members at the meeting.

17. NOTES OF THE LAST MEETING

RESOLVED:

That the notes of the last meeting of the Panel held on 19 July 2011 be agreed.

18. DECLARATION OF INTERESTS

Pursuant to the Council's Code of Member Conduct, Councillor D Stallan declared a personal interest in the following item of the agenda by virtue of having been the Housing Portfolio Holder at the time when the decision involved was made. The Councillor had determined that his interest was not prejudicial and would stay in the meeting for the consideration of the item concerned:

- Item 8 Fire Safety in Common Parts of Flat Blocks

19. TERMS OF REFERENCE / WORK PROGRAMME

- (1) The Panel's Terms of Reference were noted.
- (2) The following was noted from the Work Programme:
 - (a) Item 12 HRA 30-Year Financial Plan in Preparation for HRA Self-Financing

A special meeting was being convened on 28 November 2011.

(b) Item 27 Outcome report on the implementation of new licences for park home sites

It was advised that the postholder dealing with the new licences had resigned and that the Environment Health Officer who had been assisting him was also leaving. Officers were meeting with resident's representatives and site owners of Park Homes in November to discuss some issues that had arisen and it was intended to report to the meeting of the Scrutiny Panel in January 2012.

20. COUNCIL HOUSEBUILDING PROGRAMME

The Panel received a report from the Director of Housing regarding the proposed Council Housebuilding Programme.

The Cabinet had agreed in principle that the Council undertake a modest Council Housebuilding Programme, and had asked this Panel to consider the detailed issues of implementing the programme and make recommendations to the Cabinet.

The last Council property was built in June 1985. Since 1977, the Council had sold around 6,160 properties, predominantly through the Right to Buy. Currently, the Council owned and managed around 6,500 properties. Since the 1980s, councils had 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. However, the policies of the previous and current Governments had changed and, mainly as a result of the collapse of the property market in 2008, local authorities had more recently been encouraged to build once again. In August 2009, the previous Government introduced new regulations which removed major financial disincentives.

The Council had 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 was to appoint an existing housing association, through a competitive tender process, acting as a Development Agent, and providing all the required development and project management 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 had development potential, the costs and anticipated income.

It was 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 was suggested that any shortfalls in capital funding for developments should be met through the sale of some development sites on the open market, without any financial support from the General Fund.

It was proposed that the Cabinet would adopt a Development Strategy and approve the budgetary requirement for the Housing Capital Programme. It was currently estimated that capital funding of around £2.5 million 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 16 million.

The Chairman explained that he would be unable to present the Scrutiny Panel's report to the Cabinet on the 5 December 2011 himself, due to an important work commitment. However, after consulting the Vice Chairman of the Scrutiny Panel, he had asked Councillor D Stallan to present the report on the Panel's behalf and asked for the Panel's endorsement of this proposal which was given.

RECOMMENDED:

That the following recommendations are made to the Cabinet:

- (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 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 in respect of the following:
 - (a) After 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 Assistant 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 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 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 with rent levels to be charged for individual properties as part of development appraisals;

(13) That the Cabinet approves all financial and development approvals, 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 House building 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).

21. SOLAR PV TO COUNCIL HOUSING

The Panel received a report from the Assistant Director of Housing regarding Solar PV to Council Housing.

The Climate Change Act 2008 had been established as a long term national framework tackling Climate Change, it aimed to reduce carbon emissions by at least 34% in 2020 and 80% in 2050. Local authorities and housing associations were seen as having a vital role in reducing carbon dioxide emissions. The reduction of carbon emissions was inextricably linked to reductions in energy consumption and consequently in individual energy costs.

According to USwitch energy prices were likely to increase 4-fold by 2020. one way of tackling the rise in energy costs was to generate free use electricity, using renewable energy such as harnessing energy generated by the sun through Solar Photovoltaic (Solar PV) panels fixed to roofs. This was relatively new technology and cost was quite high. Although over time costs were expected to reduce.

To encourage the use of renewable technology, the Government had introduced a grant linked directly to the amount of electricity generated. The grant was payable through a scheme known as the "Feed In Tariff." This was available to anyone that owned a renewable electricity system and was payable for energy kilowatt hour that was generated. Whilst the FIT would reduce over time, the rate was applicable at the time the system was installed and registered, and that rate was locked for a 25 year period but then index-linked to RPI. The intention was for these tariffs to 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, the Council should earn back the initial capital cost by 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.

Procurement Options

The FIT was only available to the owner of the Solar PV installation, which did not necessarily have to be the building owner. The Council paid for, and therefore owned, the installation outright. A third party installed the systems onto the roofs of

Council properties and rents the roof space, meaning the Council did not have to pay for the installation. A shared arrangement whereby the Council and a third party jointly funded and jointly owned the systems.

Initial Feasibility Study

(a) Of the 6,500 Council dwellings, around 5,250 properties could benefit from Solar PV. Around 19% of all Council properties would not 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 MW hr of electricity could be generated, which over a 25 year period could qualify for £155 million in FIT.

(d) In addition to the FIT, £26 million worth of free electricity could be generated.

(e) If the Council was to allow the tenants and leaseholders to use the free electricity generated, and rely only on the FIT and export of unused electricity, then the pay back period for the initial capital outlay was estimated to be around 9 years.

(f) The rate of return was greater for flats and maisonettes, than for houses or bungalows due to the larger roof areas.

Option Appraisal

Below were the four main groups of properties that made up the Council's housing stock:

(i) Sheltered Accommodation

The sheltered accommodation blocks generally had larger uninterrupted roofs, which could benefit from a greater number of solar panels and therefore generate a greater amount of electricity. At sheltered accommodation sites, the Council were also using a lot of electricity powering essential communal services. 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.

(ii) Flat Blocks and Maisonettes

Maisonettes had larger uninterrupted roofs than houses, which could benefit from a greater number of solar panels and generate a greater amount of electricity.

(iii) Houses and Bungalows

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 was constrained in terms of electricity use, the Council would not benefit from any reduced energy consumption.

(iv) Rural Communities

According to Government statistics, residents living in rural communities were 29% more likely to fall into fuel poverty. Properties located outside of built-up areas tended

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 identified this group of properties to be the focus of any developments in renewable energy opportunities.

Proposed Way Forward

The properties that would benefit the most were those with the largest roof area, that were orientated south and where electricity was being consumed during the day as well as in the evening. On that basis, installing a Solar PV system onto sheltered housing blocks would have the greatest benefit and see the greatest return. It was therefore recommended that the Council install Solar PV itself to all suitable sheltered housing blocks, received the FIT and used any electricity that was generated to power the communal services, thereby reducing service charges for residents.

The funding for such an installation programme, estimated to be in the region of £2.25 million based on the initial feasibility study undertaken by Climate Consulting Ltd, would need to be taken into account as part of the Council's Capital Strategy, Housing Capital Programme and the HRA Business Plan.

RECOMMENDED:

- (1) That the report regarding Solar PV to Council Housing be noted;
- (2) That the Cabinet be asked to agree to the proposed approach to a programme for the installation of Solar PV;
- (3) That any future Solar PV programme be based on the following:
 - (a) that sheltered accommodation blocks be fully funded by the District Council with any free electricity being generated used to power communal services, and for the District Council to receive the "Feed In Tariff;"
 - (b) that flat blocks and maisonettes be installed by third party companies with its own private finance based on "Rent a Roof" scheme, with the landlord's communal services and individual residents benefitting from free electricity generated; and
 - (c) that houses and bungalows be installed by third party companies with their own private finance based on "Rent a Roof" scheme, with individual residents benefitting from free electricity generated subject to tenants requesting the installation.
- (4) That the Capital Strategy, Housing Capital Programme and the HRA Financial Plan take account of the £2.25 million funding needs for the installation of Solar PV;
- (5) 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; and
- (6) 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.

22. FIRE SAFETY IN COMMON PARTS OF FLAT BLOCKS

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

Following consultation with the Housing Scrutiny Standing Panel, in January 2011, the Housing Portfolio Holder agreed a policy on fire safety in flat blocks. Personal belongings, fitted or loose long carpets, mats and other items stored in common parts of flats were prohibited and removed with the exception of certain concessions agreed with the Workplace Fire Safety Officer of the Essex Fire and Rescue Service.

Letters were sent to all tenants and leaseholders in the blocks advising them of these changes. However a small number of residents requested that a further review should be undertaken as they felt the policy was too risk adverse and prevented the common parts of flat blocks becoming more homely. In response in January 2011 the Housing Portfolio Holder temporarily suspended the policy relating to carpets in the common parts only, until a further feasibility was carried out.

The former Portfolio Holder wrote to the Housing Minister in March 2011 expressing concerns about the lack of clarity and guidance for local authorities when assessing fire safety in flat blocks. A response from the Parliamentary Under Secretary of State was received in July 2011 which made reference to the Local Government Improvement and Development (LGID). It was a clearer document helping local authorities inform their risk assessments.

Fire Safety Guidance

The fire safety guidance issued by the Local Government Group advised that few deaths occurred as a result of fire in a neighbour's flat or in common parts, most deaths occurred in the flat where the fire started. The most dangerous fires were those within the common parts as these were the areas which facilitated escape. There should be a clear policy on whether common parts must remain completely sterile or subjected to managed use.

Officers advised that they had received guidance from Essex Fire and Rescue which suggested that the previously agreed policy should be implemented. However Councillor J Knapman commented that he had received a letter from Essex fire and Rescue service that suggested that carpets could be allowed within communal areas of blocks for flats if managed properly. Councillor J Knapman offered to provide a copy of the letter to the Housing Portfolio Holder for her to consider.

Under the circumstances, it was agreed that this part of the report should be deferred for further consideration at a future meeting of the Panel, to enable officers and the Housing Portfolio Holder to consider the contents of the letter and provide further guidance to the Panel.

Feasibility Study – Smoke Alarms

In line with a request from 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 of flat blocks. The feasibility study revealed the following options and costs:

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

The Council was currently installing smoke detectors within individual dwellings as part of the on-going decent homes works which must comply with the Building Regulations. Only 500 properties had benefitted from this improvement, with a further 427 sheltered accommodation homes for older people that were linked to Careline, which were already benefitting from mains smoke detectors. The following was noted:

- The cost of providing mains operated smoke detectors in each flat and maisonette was around £1,046,825.
- The cost of providing mains operated smoke detectors in all Council properties, excluding those that had mains operated smoke detectors was around £1,810,900.
- There would be an ongoing cost to test these smoke alarms, which equated to around £92,600 per annum.

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

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

- 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
- There would also be an on-going cost to the Council for testing smoke alarms, which equated to around £185,000 per annum

Installing mains-operated smoke detectors was clearly an improvement that would save many lives and therefore should be considered as part of any future improvements. 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 Holder at a later date.

Shared Services

An opportunity had arisen to work in conjunction with Harlow District Council whereby the role of undertaking Fire Risk Assessments could be undertaken collectively, saving resources as a result. A preliminary meeting had taken place, and subject to the existing staffing resources at Harlow District Council being able to cope with the additional number of fire risk assessments, and the cost of them to this the Council being less than the current arrangement, then this may be an opportunity that the Council may wish to pursue.

RECOMMENDED:

- (1) That the Policy on Fire Safety in Flat Blocks be deferred to the next scheduled Panel meeting to consider the contents of the letter received by Councillor J Knapman from Essex Fire and rescue Service and the further resultant guidance from officers;

(2) That the Council consider undertaking a programme of installing mains-wired 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 no smoke alarms be 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 explores further a joint working approach to fire safety risk assessments in flat blocks with Harlow District Council.

23. HOUSING REVENUE ACCOUNT BUSINESS PLAN KEY ACTION PLAN (2011/12) - PROGRESS REPORT

The Panel received a report from the Director of Housing regarding the Housing Revenue Account Business Plan Key Action Plan (2011/12).

In March 2011, the Council's latest Housing Revenue Account (HRA) Business Plan (2011/12) was produced, incorporating the Repairs and Maintenance Business Plan. This set out the Council's objectives, strategies and plans as landlord in relation to the management and maintenance of its own housing stock.

An important section of the HRA Business Plan was the Key Action Plan. This set out the proposed actions the Council would be taking over the next year. It was good practice that the progress made with the stated actions was monitored, one of the Panel's Terms of Reference was to review progress during the year.

RESOLVED:

That the Housing Revenue Account Business Plan Key Action Plan (2011/12) – Progress Report be noted.

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

In April 2012 the Government would be introducing a major, long term change in the way that local authority Housing Revenue Accounts (HRAs) were funded. This would involve a change away from the current "HRA Subsidy System" to a new "HRA Self Financing System," under which the Council would 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. This would require the Council borrowing a substantial proportion.

The Council needed 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 the Council receive the best terms.

Following informal consideration by the Cabinet and in view of the introduction and importance of HRA Self Financing, the Chairmen of the Housing and Finance and Performance Management Scrutiny Panels had 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 S Murray - to discuss

CIHConsult's draft report before the Indicative HRA Financial Plan was adopted by the Cabinet on the 5 December 2011. The Joint Meeting of the Housing and Finance Scrutiny Panels would be held at 7.00p.m. on 28 November 2011 in the Council Chamber, and all members of the Council were invited to attend the meeting.

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

There were no reports being submitted to the next Overview and Scrutiny Committee by this Panel.

26. FUTURE MEETINGS

The next scheduled meeting of the Panel was 31 January 2012 at 5.30p.m.

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