

**EPPING FOREST DISTRICT COUNCIL
NOTES OF A MEETING OF HOUSING SCRUTINY STANDING PANEL
HELD ON TUESDAY, 24 JULY 2012
IN COMMITTEE ROOM 1, CIVIC OFFICES, HIGH STREET, EPPING
AT 5.30 - 7.30 PM**

- Members Present:** S Murray (Chairman), A Mitchell MBE (Vice-Chairman), Ms J Hart, Mrs S Jones, Ms H Kane, L Leonard, Ms G Shiell and Mrs J H Whitehouse
- Other members present:** Mrs M McEwen
- Apologies for Absence:** K Chana
- Officers Present** A Hall (Director of Housing), R Wilson (Assistant Director (Operations)), R Wallace (Housing Options Manager) and M Jenkins (Democratic Services Assistant)

8. APOLOGIES FOR ABSENCE

The Chairman advised that although Councillor D Stallan was not a member of the Panel, he could not attend the Panel as Housing Portfolio Holder, and therefore his apologies were acknowledged.

9. SUBSTITUTE MEMBERS (COUNCIL MINUTE 39 - 23.7.02)

There were no substitutes present.

10. DECLARATION OF INTERESTS

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

11. TERMS OF REFERENCE / WORK PROGRAMME

- (a) Terms of Reference

The Panel's Terms of Reference were noted.

- (b) Work Programme

Item 20 Results of the Tenant Satisfaction Survey 2012 was being moved from the Panel meeting in August, to October.

12. REVIEW OF HOMELESSNESS STRATEGY

The Panel received a report from the Assistant Director of Housing (Operations) and the Housing Options Manager, regarding the Review of the Homelessness Strategy.

Under the Homelessness Act 2002, Local Authorities had a duty to review and publish their Homelessness Strategy on, at least, a 5 yearly basis. As this area of work changed regularly, it was agreed that the Council's Strategy would be reviewed

every 3 years. The strategy linked with other Council strategies and schemes, it set out achievements since 2009 and incorporated the needs and demands on the service and an Action Plan for the coming three years.

Members requested that mention should be made of Epping Forest Furniture Scheme under Section 4 and that Credit Unions should be mentioned under the Foreword, Section 4 Welfare Reforms, 5th bullet point.

RECOMMENDED:

That subject to a consultation exercise with partner agencies with an interest in homelessness the Homelessness Strategy be recommended to the Housing Portfolio Holder for approval.

13. HOME OPTION CHOICE BASED LETTINGS SCHEME - PROGRESS REPORT

The Panel received a progress report from the Assistant Director of Housing (Operations) regarding the HomeOption Choice based Lettings Scheme.

As part of its Work Programme, the Panel considered an annual report on the HomeOption Choice based Lettings Scheme.

The Choice Based Lettings Scheme was introduced in November 2007, which was necessary for meeting the requirements of Government. The scheme was administered by the external Choice Based Lettings 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. Applicants applied for a property by expressing an interest in up to a maximum of three properties for which they had an assessed need.

At the end of the two weekly cycle, the expressions of interest were analysed, and each property allocated following a prioritisation and selection process in accordance with its own Allocations Scheme. Generally the property was offered to the applicant in the highest band, who was registered the longest. The results of the expressions of interest were published on the website, and the next periodic Property List, this assisted applicants in seeing how long the successful applicant had been waiting and gave greater transparency in the allocation of accommodation.

The HomeOption Choice Based Lettings Information Bulletin for the period 1 June 2011 to 1 June 2012 was circulated with the report, it was advised 380 properties had been allocated during the period. There were 35,777 expressions of interest being made, which was an average of around 86 expressions of interest each time a property was advertised. Most properties attracted in excess of 200 expressions of interest. Almost 96% of applicants expressed an interest in properties, did so over the Internet. Around 58% of all applicants registered on the Housing Register had participated in the scheme during the last year.

As at 1 June 2012, there were 6,219 applicants on the Housing Register, with 2,637 applicants who had never bid.

The Allocations Team within the Housing Options Section offered a great deal of support to vulnerable applicants including:

- A list of all vulnerable applicants was maintained;
- Scheme Managers were given lists of older tenants they visited, they ensured the residents fully understood how to participate in the Choice Based Lettings Scheme;
- New applicants joining the Housing Register were given an Information Pack, giving details of the scheme and the assistance provided;
- Articles had been included in the tenant's magazine Housing News, including information on the scheme and how applicants could receive assistance from staff;
- A letter was sent to all those who were not participating in the scheme for more than 6 months asking if they wished to remain on the Housing Register and also if they required any assistance in participating in the scheme;
- Access to the scheme was provided electronically by way of a kiosk currently provided in receptions at The Broadway, Loughton and at the Limes centre, Chigwell;
- Staff were able to refer applicants to Supporting People's Floating Support provider Family Mosaic, for assistance with a range of housing related support matters; and
- All Housing Options staff were very experienced in providing support to applicants.

RECOMMENDED:

That the Progress Report on the HomeOption Choice Based Lettings Scheme for the period 1 June 2011 to 1 June 2012 be noted.

14. ETHNIC MONITORING

The Panel received a report from the Assistant Director of Housing (Operations) regarding Ethnic Monitoring.

The District 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. When undertaking a Customer Impact Assessment of Older People's Housing Services it was identified that the ethnicity of applicants on the Housing Register awaiting sheltered accommodation compared to those allocated sheltered accommodation should be monitored separately. The review identified whether or not there were any indications to suggest the Council may be discriminating against any one ethnic group. The breakdown of the ethnic origin of applicants on the Housing Register for both 2010/11 and 2011/12 was circulated to the members. When comparing the ethnic breakdown, there appeared to be no significant disparity between the ethnicity of applicants awaiting accommodation in the District and compared to those allocated accommodation.

The Panel noted that, following the 2011 National Census, an updated breakdown of the ethnicity of the population of the District would be available and reported next year.

RECOMMENDED:

That no recommendations be made concerning amendments to the Council's Housing Allocations Scheme due to ethnicity, as current figures did not show a significant disparity between the ethnicity of applicants on the Housing

Register and those allocated both general needs and sheltered accommodation through the Housing Register.

15. COUNCIL RESPONSE TO CLG CONSULTATION PAPER - "HIGH INCOME SOCIAL TENANTS PAY TO STAY"

The Panel received a report on the Department for Communities and Local Government (DCLG) Consultation Paper "High Income Social Tenants Pay to Stay" from the Assistant Director of Housing (Operations).

In June of this year, the DCLG issued a consultation paper entitled "High Income Social Tenants Pay to Stay." The closing date for responses was 12 September 2012. The Panel was invited to consider the proposed Council response and whether any different, or additional comments should be included.

Consultation Questions

1. Do you agree with the principle that very high earners living in social housing should pay higher rents than social housing tenants?

Response: Yes in principle, provided that income thresholds were set to ensure that residents had a reasonable expendable income and bureaucracy was kept to a minimum. However, there were concerns that in order to make it fair and reasonable it would become bureaucratic. Furthermore, the costs of administering the scheme could be higher than the additional income received. The Council had concerns about the effect on mixed communities. There could be an effect on social housing and the potential for the creation of low income ghettos.

2. Do you agree that this approach would be the best way of delivering additional flexibility for local authorities and private registered providers?

Response: No. However, this could be a driver to bring Local Authority and Housing Association rent setting under one regime.

3. What are your views on the guidance at Annex A (attached to the agenda)? Along with the consultation questions, the Government set out its intentions in Annex A to the document which was summarised as follows:

- That new rents should apply to tenants with higher incomes (figures to be determined);
- The policy would apply to an individual tenant or the two higher earners in the household;
- Tenants on low incomes should continue to be protected from unreasonable rent increases; and
- For now, the rent increase should be a maximum of 80% of local market rates, but with full market rents for high earning social tenants.

Response:

(a) There should be a mechanism to take account of other earners living in larger households.

(b) Income thresholds should be based upon property size, the impact on those in 3 bedroom properties with children would be far different to those in 1 bedroom properties without children.

(c) Income thresholds should be increased annually as rents increased, otherwise this could affect the expendable income of residents.

4. Do you think that landlords should be required to charge high income households higher rent?

Response:

Yes. This was in order to ensure consistency but provided it was fair, workable and, as stated, bureaucracy was kept to a minimum. There should be different thresholds for different areas of the country. There were concerns that absolute income thresholds, which could mean that residents would have reduced incentive or ambition to increase their earnings by either accepting workplace promotions or seeking higher paid jobs. With absolute thresholds, a person's expendable income could reduce dramatically following a small increase in earnings. Importantly, should the proposals be introduced, then income disclosure arrangements, referred to later, must be put in place of advance.

5. Do you consider that £60,000, £80,000 or £100,000 would be an appropriate threshold, avoiding the impacts referred to above?

Response: Income thresholds should be different depending upon area in the country. It was the Council's view that it was difficult to set any income threshold as was dependent upon circumstances. If these amounts were the only option put forward, it was therefore suggested that the income threshold should be no less than £60,000.

6. Could levels below £60,000 be considered without disadvantaging other households on low incomes or the vulnerable? Where should the line be drawn?

Response: An income threshold under £60,000 could be set in some cases but dependent upon the circumstances. It could be argued that two persons on a joint income of £55,000 living in a one bedroom property, could afford a higher rent.

7. At what level do you think the income threshold could start impacting on welfare or affecting work incentives?

Response: It was too early to comment on the implications of Welfare reforms on any income threshold.

8. Should the policy apply only to those whose names are on the tenancy agreement?

Response: No. This could make the scheme open to abuse as higher earners could avoid being included on the tenancy, with the lowest earners being the sole tenants. This would be a bad way of determining the true income of the highest earners in the household.

9. Should income other than pay be included in the threshold amount, such as Lottery windfalls or inheritance?

Response: Yes. All income, assets and savings should be taken into account.

10. Should certain groups be exempted from higher rents, such as disabled people, or pensioners? If so, please set out your reasoning.

Response: No. Like Housing Benefit, the proposal was based upon the ability to pay regardless of their circumstances. Such groups were not exempt from Housing Benefit rules.

11. Do you agree that landlords should be able to charge 80% of market rates to high income households which meet the proposed criteria that is an individual or two individuals with a high joint income?

Response: Yes, as this would be in line with affordable homes.

12. Would allowing landlords to charge full market rents be appropriate in your area in your view?

Response: Only if income thresholds were raised to an appropriate level.

13. Are there any particular barriers to charging full market rents?

Response: No, provided the income thresholds were reasonable, and income data was available.

14. If the power to charge a higher rent was optional for landlords would you be likely to make use of it?

Response: The Council would need to look at this in detail. The response was from the Panel who considered consultation paper and not the Executive. The Panel's initial view was that we would be more likely to make use of it provided the income was more than the cost of the scheme.

15. Your views are invited on how we could best enable landlords to set higher rents to high income households in advance of any legislation.

Response: It was crucial that landlords had access to income data prior to any scheme being introduced. This could be achieved through landlords being given authority to access basic HMRC records on income.

16. We would also welcome your views on the practicalities of requiring income disclosure, and specifically what kind of mechanism was needed, and how this would best work?

Response: As above.

17. Do you already hold or have access to information about tenants' income levels that could be used to support a "pay to stay" approach?

Response: No. the only income data available was that submitted in support of Housing Benefit claims. This information was not currently made readily available to housing staff even within local authorities due to data protection issues.

18. Would you be likely to make use of any new statutory powers to require tenants to disclose their income?

Response: Yes, this would be essential.

19. Should the income year be the tax year, the calendar year, or a rolling year? Do you see difficulties with adjusting a tenant's rent based on a previous year?

Response: The income year should be a rolling year as this would assist with spreading the workload. Rent should be adjusted when a tenant's income changes to above or below the income threshold.

20. What practical issues do you see in charging existing high income tenants a higher rent?

Response: Responses to other questions covered this point.

21. How quickly could local authority and housing association rent processes respond to changed tenant circumstances? What issues might arise? For instance would there be a need to seek regular updates from tenants on their circumstances? Would this just be in relation to known high income social tenants, or all tenants?

Response: Annual reviews of all tenants would be needed on a rolling basis. Tenants should be required to request a review during the year their income changes, when they either go above or below the income threshold. They may be unlikely to seek a review if it goes above which would, if discovered by the landlord, constitute a social housing fraud offence with the rent increase being back-dated.

22. Is an internal appeal or complaint process the best way of allowing tenants to appeal against decisions to put them onto a higher rent? Are there existing appeal or complaint mechanisms within your structures that could be adapted for this purpose?

Response: For the scheme to work the rules must be absolutely clear, which would remove the need and basis for any appeals. Should tenants be allowed to appeal, providers could be inundated.

23. Should there be a uniform set of rules across the social housing sector on how any appeals should be handled? If so, who should make these rules?

Response: Yes, this was considered essential, with the rules being made by the DCLG.

24. What is your view on the administrative costs that might be incurred in implementing these proposals? What opportunities do you see for minimising additional costs?

Response: The costs could be significant and should not be underestimated. Costs could be minimised by allowing access to basic HMRC income data.

25. Do you have any comments about the regulatory implications of giving private registered providers these additional flexibilities?

Response: No.

26. How should additional income generated from this policy be used?

Response: The first call on the additional income should be to fund the cost of additional staff that will be required to administer the scheme. Any surplus should be used for other housing services or to improve the stock.

27. What are the practical implications of requiring grant reinvestment/recovery when a property moves to a higher rent?

Response: Repayment of grant would be appropriate, but it should be noted that any tenant could sink below the income threshold thereafter, and pay a lower rent. This would cause financial problems for providers. Perhaps a national fund should be set aside to fund such circumstances.

28. Are there any other issues you wish to raise?

Response: No. All of our comments/issues were raised above.

RECOMMENDED:

(1) That the DCLG Consultation Paper “High Income Social Tenants Pay to Stay,” be noted; and

(2) That the proposed Council response to the consultation be forwarded to the Government.

16. HOUSING PERFORMANCE INDICATORS (TENANT SELECTED AND KPIS) OUTTURN 2011-12

The Panel received a report from the Director of Housing regarding Housing Performance Indicators (Tenant-Selected and KPIS) Outturn 2011-12.

The Council had adopted a number of Key Performance Indicators (KPIs) which included 9 KPIs relating to the Housing Directorate. Performance against all of the Council’s KPIs were monitored on a quarterly basis by the Finance and Performance Management Scrutiny Standing Panel. Additionally, the Tenant and Leaseholder’s Federation had selected 21 Tenant Selected Indicators, as being areas of performance considered particularly important to tenants, which they monitored on a quarterly basis.

The out-turn report for these Housing Performance Indicators in 2011/12 included:

- The target for 2011/12;
- The out-turn performance for 2011/12; and
- Whether or not the target had been achieved.

RECOMMENDED:

That the Council’s performance in 2011/12 in relation to the Housing Performance Indicators, comprising Tenant Selected Indicators and Key Performance Indicators be noted.

17. WEST ESSEX TENANCY STRATEGY - CONSULTATION DRAFT

The Panel received a report from the Director of Housing regarding the West Essex Tenancy Strategy – Consultation Draft.

Under the Localism Act 2011, all local authorities must produce a Tenancy Strategy which set out the District's expectations of the types of tenancies that all Registered Providers (RPs) of Housing in their district would provide. All RPs must have regard to the District's Tenancy Strategy when setting their own Tenancy Policy. Since the Council had its own housing stock, it must have regard to the Tenancy Strategy itself when formulating the Council's own Tenancy Policy too.

The Tenancy Strategy set out the issues that RPs in the area should consider when formulating their own Tenancy Policies, including:

- The types of tenancies granted;
- The circumstances when different types of a tenancy would be granted;
- The length of any fixed term tenancies; and
- When fixed term tenancies would be extended or terminated and what would be taken into account.

In January 2012, the former Housing Portfolio Holder agreed that the Council should work with Harlow District Council and Uttlesford District Council to produce a Joint West Essex Tenancy Strategy.

Following the production of a Consultant's Brief by EFDC's Director of Housing, and a subsequent tender exercise, the three local authorities had appointed a small consultancy, Jenkinsduval, to produce a draft West Essex Tenancy Strategy on their behalf.

One of the requirements of the Localism Act 2011 was that local authorities must consult with all RPs in their area. Jenkinsduval held a successful Consultation Event with all social landlords across West Essex on 19 June 2012, and also held a separate successful event with key stakeholders on the same day. Following these events, Jenkinsduval produced a Consultation Draft which:

- Was not too prescriptive, providing a broad, overarching approach;
- Enabled local flexibility in the three local areas, and amongst different RPs;
- Enabled social landlords to provide fixed term tenancies or lifetime tenancies, as appropriate;
- Expected minimum 5 year terms, if fixed term tenancies were provided;
- Set out the expectations of the criteria used for reviews and renewals of tenancies; and
- Emphasised the importance of good timely advice at the review period.

It was advised that Jenkinsduval was currently undertaking a formal Consultation Exercise on the Consultation Draft and the Housing Scrutiny Standing Panel was asked to consider the Consultation Draft and provide any comments it may have on behalf of the Council.

RECOMMENDED:

That the Consultation Draft for the West Essex Tenancy Strategy be welcomed, but that no other comments be made.

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

The Chairman advised that he would update the Overview and Scrutiny Committee verbally at its next meeting.

19. FUTURE MEETINGS

The next meeting of the Panel would be an extra-ordinary meeting on Tuesday 7 August at 5.30p.m. in Committee Rooms 1 and 2, and then on:

Tuesday 23 October at 5.30p.m.;

Tuesday 29 January 2013 at 5.30p.m.; and

Tuesday 19 March at 5.30p.m.