

Report to the Council

Committee: Cabinet

Date: 6 November 2012

Subject: Housing

Portfolio Holder: Councillor D Stallan

Recommending:

That the report of the Housing Portfolio Holder be noted.

Welfare Reform Mitigation Action Plan

Thank you to all members who attended the Presentation arranged for 26 September to hear from the Chartered Institute of Housing their Key Findings from their study into the impact and implications of the welfare reforms on the Council, Council tenants, private tenants and homelessness in Epping Forest.

In response to the introduction of the welfare reforms, the Director of Housing has established a Welfare Reform Mitigation Project Team, comprising officers from Housing and Benefits, to produce and deliver a Welfare Reform Mitigation Action Plan. The Action Plan was due to be considered and adopted at the Cabinet meeting on 22nd October 2012.

It is proposed that most of the cost of the measures to assist our residents to mitigate the impact of the reforms will be funded by the Housing Revenue Account, from the Housing Improvements and Service Enhancements Budget for next year. This budget has been established as a result of the additional resources becoming available to the Housing Service as a result of HRA Self Financing in March 2012.

It is also proposed that progress with the Action Plan is reviewed by the Housing Scrutiny Panel at its quarterly meetings.

New Tenure Policy and Housing Allocations Scheme

In my last report to Council I explained that, in order to give officers some guidance on the initial approach to take in drafting a Tenancy Policy and revising the Housing Allocations Scheme for discussion by the Housing Scrutiny Panel (and, ultimately, adoption by the Cabinet), I had set out my provisional views on the key principles to be followed on these two important issues in a Portfolio Holder Decision.

I am pleased to report that good progress has been made by officers on these two important issues. As a result, an extraordinary meeting of the Housing Scrutiny Panel is being arranged for 17 December 2012 in order to consider a proposed Tenancy Policy and a new Housing Allocations Scheme.

In advance of the meeting, the draft Housing Allocations Scheme proposed by officers will be sent to an external legal advisor to ensure that it complies with the provisions of the Localism Act and the new Government Guidance. This is considered very important, due to the amount of change in the legislation and that, as a result, the review of the Scheme has been the most comprehensive for many years.

The Scrutiny Panel will be asked to consider a draft new Allocations Scheme, very different from the current Allocations Scheme, including:

- The possible reduction in the number of priority bands
- Whether to introduce a local eligibility criteria for applicants joining the Housing Register
- Reviewing the current residency criteria
- The approach to be taken with existing applicants who may not meet with any new eligibility criteria (including the residency criteria)
- The introduction of a separate Supplementary Waiting List for those people over 60 years of age who are wanting to move into sheltered, and in particular difficult-to-let, accommodation who do not meet the new eligibility criteria and who could be considered for vacancies if there is no interest from eligible applicants
- Additional priority being given to spouses, civil partners and children of existing and former members of the Armed Forces, in addition to those already granted to Armed Forces Personnel
- The sizes of accommodation that should be offered to applicants, depending upon their household composition

With regard to the Council's new Tenancy Policy, at its meeting on 22 October 2012, the Cabinet is due to adopt the West Essex Tenancy Strategy - which sets out the matters which all registered housing providers (housing associations and councils in West Essex) must have regard to when formulating their own tenancy policies.

The new Tenancy Policy being drafted by officers complies with all of the requirements of the Tenancy Strategy. The Scrutiny Panel will be asked to consider the draft Tenancy Policy, including:

- The types of tenancies granted (i.e. secure and flexible (fixed term) tenancies)
- The circumstances when a tenancy of a particular type will be granted and the length of the term
- The circumstances when a flexible tenancy term of less than 5 years will be granted
- The circumstances when another tenancy will be granted on the expiry of a flexible tenancy - on the same or another property
- How applicants/tenants can appeal against the length or type of tenancy, or a decision not to grant a further tenancy
- How the needs of vulnerable people will be taken into account
- The approach to the provision of advice and assistance to flexible tenants if another tenancy is not granted at the end of the term

Following the Housing Scrutiny Panel meeting, the Council will be consulting with the Tenants and Leaseholders Federation, Town and Parish Councils and partner agencies on both documents. The Cabinet will then be asked to consider and adopt the final version of the Housing Allocations Scheme and Tenancy Policy at its meeting in March 2013, with an effective date of 1st June 2013.

Update and Review of the 30-Year HRA Financial Plan

The HRA Financial Plan forms part of the HRA Business Plan and sets out the anticipated HRA income and expenditure over the next 30 years. The Financial Plan now has a much higher profile than previously, following the introduction of HRA Self-Financing in March 2012, whereby the Council had to make a £185million payment to

the CLG, funded with loans from the Public Works Loan Board (PWLB), as a replacement regime to the former (discredited) Housing Subsidy System.

The HRA Financial Plan within the current HRA Business Plan was approved by the Cabinet on 12th March 2012. When approving the Financial Plan, the Cabinet agreed to ask the Housing Scrutiny Panel to review updates to the HRA Financial Plan twice each year, at its scheduled meetings in October and March.

The Council's HRA Business Planning Consultants, CIH Consultancy, have recently updated the HRA Financial Plan taking account of the latest financial information, budgets and forecasts, and the Housing Scrutiny Panel was due to consider the updated Financial Plan and accompanying report from CIH Consultancy at its meeting on 23rd October 2012.

I am pleased to report that the latest version confirms that the HRA continues to be in a healthy financial position as a result of HRA Self Financing, and will be able to pay off all of the Public Works Loan Board (PWLB) loans on their maturity dates.

Although the interest rates secured by the Council for the PWLB loans on the relevant date in March 2012 were lower than forecast in the previous iteration of the Financial Plan, the resulting surpluses have been negated by, firstly, a lower overall estimated rental income figure over the life of the Plan, now that the effects of the Government's rent restructuring regime on individual Council properties have been factored into the Plan and, secondly, the financial effects of the welfare reforms on the Council.

Having regard to the rent restructuring regime, the Financial Plan assumes an *average* Council rent increase of RPI + 1.76% in April 2013. Since the increase in RPI for September 2012 (which is the RPI increase date used for April rent increases under rent restructuring) has recently been announced at 2.6%, the Financial Plan assumes a rent increase of 4.36% for 2013/14. This can be compared to the average rent increase of 6% in April 2012.