

Report to Council

Committee: Cabinet

Date: 20 December 2016

Subject: Housing

Portfolio Holder: Councillor S Stavrou

Recommending:

That the report of the Housing Portfolio Holder be noted.

Proposed £235,000 funding cut by Essex County Council for Housing Related Support Services

Since the introduction of the former Supporting People regime in 2002, the Council has received funding from Essex County Council towards the provision of housing related support (HRS) services to our older and vulnerable residents. This covers the support provided by Scheme Managers at our sheltered housing schemes, our Careline Service and our CARE Agency (which provides invaluable support and advice to help older and vulnerable residents to arrange disabled adaptations and other work in their homes).

This funding has been consistently reduced over recent years, but we currently still receive £235,000 funding for HRS services from the County Council.

However, we have been notified that, subject to the decisions made through their budget-making process, the County Council is proposing to reduce funding for HRS services across the County by £5million per annum from April 2017, with a further £1million per annum reduction from April 2017. This proposal will result in all of the Council's £235,000 funding for HRS services being eradicated from April 2017.

Unfortunately, in view of the constraints of our own finances, I can see no other alternative but to pass these funding cuts on to the users of these services, through increased fees and charges. Last year, the Finance and Performance Management Cabinet Committee agreed a methodology for setting charges for sheltered housing and Careline. This funding cut will therefore result in Careline charges increasing by 78p per week for residents (a 22% increase for those who pay the full charge and a 141% increase for tenants in receipt of housing benefit) and sheltered housing charges increasing by £1.76 per week for sheltered housing and £0.43 per week for area schemes (17% and 58% increases for self-funders and those in receipt of housing benefit respectively).

Council Housebuilding Programme – Progress Report

Due to the current uncertainty around the amount of resources available to continue with our Housebuilding Programme beyond Phase 3, the Cabinet has introduced a temporary moratorium on work to Phases 4–6 of our Housebuilding Programme with immediate effect. The Cabinet also agreed to temporarily pay over to the Government around £1.67million of “141 Receipts” that accrued from Right to Buy sales in Quarters 1 and 2 of 2016/17, that would otherwise have been used to part-fund Phases 4-6. The Cabinet also agreed that any further 141 Receipts that accrue in future quarters should be temporarily paid over to the Government when they arise, until such time as the further HRA Financial Options Review is completed (see below).

Phase 1

Members will be aware that, in June 2016, the Council formally determined the contract for Phase One of the Council Housebuilding Programme with Broadway Construction Ltd as they were failing to regularly and diligently progress with the works. Subsequently, P A Finlay & Co Ltd were awarded the contract for the recovery phase of construction and works recommenced on-site on 31 October 2016 as planned. We expect to take handover of these homes on a phased basis between March and October 2017.

Phase 2

The Contractor, Mullalley & Co Ltd, has undertaken site and soil investigations and progressed with the detailed design for the works. The garages have also been demolished and the site secured. All highway diversions have been submitted and subsequently agreed in relation to the public footpaths, vehicle cross-overs and the bus stands.

Due to the need to undertake additional ground condition monitoring, a 9-week delay has occurred in the Contractor's Programme. However, the Contractor hopes to recover this delay over the course of the construction period and, at present, the anticipated completion date remains as 9 April 2018. Since the contract has been let as a design and build contract, I am pleased to report that the Council will not be liable for any loss and expense to the contractor as a result of any delays.

Phase 3

Tenders have now been received for all of the Phase 3 sites, which are based on a combination of design and build and traditionally designed contracts, which are due to be considered by the Council Housebuilding Cabinet Committee later in December.

Phases 4-6

Following the introduction of temporary moratorium on work to progress Phases 4–6 of the Housebuilding Programme, with the exception of progressing planning applications up to their determination, no further work has been undertaken. At the time of writing, 32 applications have now received planning permission; 9 applications are currently being considered; and 7 applications have been refused planning permission. The Cabinet Committee will be making decisions on what to do with the sites where planning permission has been refused in due course.

Barnfield, Roydon

I have previously reported that the Council has purchased from the developer the 8 affordable rented homes required by the Section 106 Agreement at the development in Barnfield, Roydon. The works are now on site, with a target completion date of October 2017.

High Value Voids Levy Payment to Government

As many members will know, the Housing and Planning Act 2016 makes provision for the Secretary of State to require stock-holding councils, like our Council, to pay a levy to the CLG, effectively funded from councils having to sell empty properties that the CLG considers to be of "higher value". The Act also allows the Secretary of State to reduce the amount of levy payable if a council utilises the retained amount for the provision of new council housebuilding. We have been waiting for details from the CLG on how this arrangement will operate for some time.

The original intention of this approach was to help fund the extension of the Right to Buy to housing association tenants. Following the Chancellor's Autumn Statement, the Minister of State for Housing and Planning has written to all councils advising us that the Government is

“fully committed” to ensuring that housing association tenants have the opportunity to purchase their own homes and, to this end, intends to undertake an “expanded regional pilot” of the Right to Buy for housing association tenants, which will allow over 3,000 tenants to purchase their own homes with Right to Buy discounts, while allowing the Government to “more fully test demand and specific aspects of the scheme which were not covered by the initial small-scale pilots”.

The Minister’s letter also states that the Government will be funding this expanded pilot itself, and that the CLG will therefore not be requiring any Higher Value Voids Levy to be paid in 2017/18.

Further HRA Financial Options Review – 2-Stage Approach

In September 2015, following the Government’s requirement that all social landlords must reduce their rents by 1% per annum for 4 years from April 2016, the Finance and Performance Management Committee undertook a Financial Options Review for the Council’s Housing Revenue Account (HRA) to consider the options available to ensure that it does not fall into deficit. The Review identified that no immediate corrective action was required at that time and that, therefore, no decisions were required then to re-cast the HRA Financial Plan. The Cabinet Committee therefore agreed that a further Options Review should be undertaken in 2016 and that decisions be made at that time on any required actions, once the financial implications for the Council of the Government’s requirement for local authorities to sell high value void properties were known.

It was also agreed that, in order to inform the further Options Review, another Options Report be provided by the Council’s HRA Business Planning Consultant and that the Communities Select Committee and the Tenants and Leaseholders Federation be consulted for their views on the options, prior to consideration by the Cabinet Committee.

We have been awaiting details of the arrangements for the Higher Value Voids Levy before we undertake the further HRA Financial Options Review. However, now that the Minister has confirmed that any proposals for the introduction of a High Value Voids Levy has been put back until 2018/19 at the earliest, and because we now need to make strategic decisions on future spending by the HRA, I have decided that we should undertake the required Review in two stages, as follows:

Stage 1 – To be based on what we know now and, in particular, to make decisions on the future approach to our Council Housebuilding Programme; and

Stage 2 – When the CLG decides to implement its High Value Voids Levy and announces the arrangements, to consider the implications for the Council and any required action to mitigate the financial effects of having to pay the Levy at that time.

I have therefore asked the Director of Communities to undertake the Stage 1 Review early in the New Year and to report to the Finance and Performance Management Cabinet Committee, following consultation with the Communities Select Committee and the Tenants and Leaseholders Federation as previously agreed.

Review of Epping Forest Careline Alarm Monitoring Service

The Council’s Careline Monitoring Centre is based at Parsonage Court, Loughton. The service was introduced in June 1984 and offers a twenty-four hour, 365 days per year, emergency alarm monitoring service to older and disabled people living within the District. There are currently 2,572 properties (representing around 3,500 people) in the District linked to the service. This includes 1,380 private sector connections which are connected via a dispersed alarm, which has an associated neck worn radio trigger.

As the Careline Monitoring Centre has expanded in terms of the number of private sector connections and the advances in technology, enabling service users to benefit from a range of associated sensors, the management and operational aspects of the service have become more complex.

Although an excellent and reliable service continues to be provided to residents, in order to ensure the future resilience of the service it was considered important that a review was undertaken. At its meeting in November 2016, the Communities Select Committee therefore considered a report from the Director of Communities reviewing the future provision of the Monitoring Service, which identified the following four options:

- The Careline Monitoring Service continues to be provided by the Council under the current arrangements
- The Council provides an enhanced Careline Monitoring Service
- The service is provided by another provider at all times
- The service is provided by the Council during the day and another provider overnight

Following detailed consideration of all the options, the Select Committee concluded that it will be recommending to the Cabinet at its meeting in February 2017 that the Careline Monitoring Service is outsourced to an external provider full-time. The Cabinet Committee has further recommended that reports be received at a later date on how the Older Peoples Housing Service could be restructured, and the charges that should be made to users, following the Monitoring Service being outsourced.

Government decides not to proceed with proposals to introduce a mandatory “Pay to Stay” Scheme for local authorities

The Government has decided to drop plans for the introduction of a mandatory “Pay to Stay” Scheme for Council tenants.

The Government introduced powers in the Housing and Planning Act 2016 to require councils to set higher rents for council tenants with household incomes of over £31,000 p/a (£40,000 p/a in London).

We have been waiting for the detailed Regulations on Pay to Stay since the Act received Royal Assent in May 2016. We were advised a few months ago that, following the appointment of Theresa May as Prime Minister and the appointment of a new Ministerial Team at the CLG, Ministers would be reviewing this policy.

In a Written Ministerial Statement to the House of Commons made on 21 November the Housing Minister, Gavin Barwell MP, said that the Government had listened carefully to the views of tenants, local authorities and others and, as a result, has decided not to proceed with the policy in its current compulsory form. He said that the Government remains committed to delivering its objectives in social housing and ensuring that it is prioritised for those in most need of housing; but in a way that supports those ordinary working class families who can struggle to get by, and in a way which delivers real savings to the taxpayer. He said that the new Government, under Theresa May, accepts that the policy as previously envisaged did not meet those aims. He said that local authorities and housing associations will continue to have the discretion to implement the policy for tenants with annual incomes over £60,000 if they wish.

Homelessness Initiatives

At its meeting on 17 January 2017, the Communities Select Committee will consider as part of its Work Programme to consider a report on various mitigation strategies to deal with the current and future pressures due to the increasing rise in homelessness, and to make recommendations accordingly.

We have a very effective Homelessness Prevention Service, comprising 6 FTE Homelessness Prevention Officers, who provide a comprehensive service with a range of initiatives at their disposal to assist them with resolving the housing difficulties of clients they are seeking to assist.

The increasing difficulties we are experiencing of dealing with homelessness include the following:

- The Council's homeless persons' hostels at Norway House, North Weald and Hemnall House, Epping are full most of the time
- The Council provides bed and breakfast (B&B) accommodation for predominantly single vulnerable homeless applicants. The numbers placed in B&B has increased from single figures about 18 months ago to around 25 people currently
- In recent months, 5 families have had to be placed in B&B, which is not only costly to the General Fund, it is illegal if they remain in B&B for more than 6 weeks
- B&B hotels used by the Council have become full, due to placements being made at the same hotels by other councils, who are experiencing similar increases in homelessness.
- Due to temporary accommodation being full, we currently have 14 homeless families placed in our own housing stock on non-secure tenancies until their cases are resolved, with this figure likely to increase, resulting in non-homeless housing applicants on the Housing Register having to wait longer to be housed
- London boroughs are placing increasing numbers of their own homeless applicants in private rented accommodation in our District, due to the lower costs compared to London rents, and paying landlords generous cash incentives - which makes it difficult for us to help accommodate our own homeless applicants into private rented accommodation
- The Homelessness Reduction Bill, expected to become law in 2017, will place additional duties on the Council to prevent and reduce homelessness
- The number of statutory reviews of homelessness reviews are increasing, and are placing an increasing burden on senior housing officers who undertake the, taking them away from managing the Homelessness Service.

Officers are suggesting a number of measures to the Select Committee to help mitigate this increasing homelessness, and the Select Committee will be asked to make recommendations on to the Finance and Performance Management Cabinet Committee that meets a few days later.