

# Housing and Community Services Committee

**Wednesday 9 June 2010 7.30pm**

**Council Chamber  
Runnymede Civic Centre, Addlestone**

## Members of the Committee

Councillors H W V Meares (Chairman), J M Edwards and P Taylor (Vice Chairmen);  
J R Ashmore, R J Edis, P A Francis, Miss M N Heath, S M Mackay, P S Sohi and  
Mrs G Warner

## AGENDA

### Notes:

- i) Any report on the Agenda involving confidential information (as defined by section 100A(3) of the Local Government Act 1972) must be discussed in private. Any report involving exempt information (as defined by section 100I of the Local Government Act 1972), whether it appears in Part 1 or Part 2 below, may be discussed in private but only if the Committee so resolves.
- ii) The relevant 'background papers' are listed after each report in Part 1. Enquiries about any of the Agenda reports and background papers should be directed in the first instance to **Mr M L White, Department of Administration and Leisure Department, Runnymede Civic Centre, Station Road, Addlestone (Tel: Direct Line: 01932 425623). (Email: [malcolm.white@runnymede.gov.uk](mailto:malcolm.white@runnymede.gov.uk))**.
- iii) Agendas and Minutes are available on a subscription basis. For details, please ring Mr B A Fleckney on 01932 425620. Agendas and Minutes for all the Council's Committees may also be viewed on [www.runnymede.gov.uk](http://www.runnymede.gov.uk).
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## GLOSSARY OF TERMS AND ABBREVIATIONS

TERM	EXPLANATION
ACC	Surrey County Council Adults and Community Care Services, formerly known as Social Services.
ALMO	Arms Length Management Organisation. This is an organisation established to manage Council stock. The properties remain Council owned and tenants retain their secure tenancies. This can provide opportunities for extra funds to meet the Decent Homes Standard if all government requirements are satisfied.
BME	Black and Minority Ethnic Groups. This is a collective name used by various bodies.
CAA	Comprehensive Area Assessment. A way of assessing local public services in England. It examines how well councils are working together with other public bodies to meet the needs of the people they serve. CAA is a joint assessment made by a group of six independent watchdogs including the Audit Commission.
CLG	Communities and Local Government. Government department responsible for local government and housing functions. See the CLG website at <a href="http://www.communities.gov.uk">www.communities.gov.uk</a> .
DFG	Disabled Facilities Grant. This is a grant made available to disabled persons to provide adaptations to their property. Dependent on the type of work, it is a mandatory grant. The amount of grant awarded is subject to a test of resources of the disabled person.
DHCS	Director of Housing and Community Services.
DWP	Department of Work and Pensions (Government Department)
ESP	Existing Satisfactory Property. This scheme involved working with a Housing Association to purchase low cost housing in the private sector. Originally the scheme involved the repurchase of ex-Right to Buy Council properties. However, the scheme was broadened to include any low cost housing in the Borough.
GOSE	The Government Office for the South East. This is the local office of the Office of the Government. Its role previously included development of the Regional Housing Strategy.
HMO	House in Multiple Occupation. In general terms this is a property that is let to three or more tenants. However, for an exact definition reference must be made to the Housing Act 2004.
HOMES AND COMMUNITIES AGENCY (HCA)	This is the National Housing Agency for England. It is a Government Agency and has replaced the Housing Corporation.
HRA	Housing Revenue Account. This is a statutory account that sets out the expenditure and income arising from the provision of social housing by the Local Authority as a landlord. Expenditure in the HRA includes repairs and improvements, and management expenses. Income is mainly from rents. HRA subsidy is a significant item in the HRA.
INTERMEDIATE HOUSING	This is housing that costs less than market housing but more than social rental housing. It can be shared ownership, homebuy or intermediate rented accommodation.
LDF	Local Development Framework. Government replacement for the Local Plan.
LSP	Local Strategic Partnership – Leads on the Community Strategy.
NROSH	The National Register of Social Housing (NROSH) is a system for collecting social housing data on individual properties directly from local authorities and housing associations.

PFI	Private Finance Initiative. A long-term contractual private/public partnership under which the private sector takes on the risks associated with the delivery of public services in exchange for payments tied to agreed standards of performance. This can provide an opportunity to raise extra funds for investment in housing stock. Several Councils are currently acting as pathfinders.
PPG3	Planning Policy Guidance. This is Guidance issued by the Secretary of State detailing National Planning Policy within existing legislation. There are many examples of Guidance and PPG3 is the one that is the most relevant to housing. This sets out the requirements relating to the provision of affordable housing.
RARP	Runnymede Accommodation Referral Panel. This group has been established to assess the accommodation requirements of people with mental health, learning disability and physical disabilities. The group considers each individual case and makes a recommendation as to the level of support required.  Representatives on the group include the following:  Officer from the Borough Council's Housing Department. Officer from the Community Support Team (Social Services). Officer from the Community Mental Health Team (Social Services/Health). Occupational Therapist.
RCRA	Runnymede Council Residents Association, formerly the Tenants' and Leaseholders Services Group. This group was formed in February 1999. The members of the group are Council Tenants and Leaseholders. They meet prior to each Housing and Community Services meeting to consider policy and management issues that impact on Tenants and Leaseholders.
RSL	Registered Social Landlord. This is a Housing Association which is entitled to bid for Social Housing Grant. The RSL is established for the purpose of the provision, construction, improvement or management of social housing and is a not for profit organisation.
RTB	Right to Buy. The regulations that allow Council tenants to purchase the freehold or leasehold of their home.
SAP	Standard Assessment Procedure. This is the Government's procedure for assessing the energy efficiency of a property.
SHG	Social Housing Grant. This is the main public subsidy paid to Registered Social Landlords by Central Government, through the Homes and Communities Agency to finance new homes. It can be used to pay for rented schemes as well as low cost home ownership schemes.
TENANTS COMPACT	This is a requirement of Central Government. It entails developing an agreement between the Council and tenants or voluntary organisations about the way in which they will be consulted on the services they receive or deliver.
TSA	Tenant Services Authority. This is a Government body established to set standards and monitor performance of Social Landlords.

1. FIRE PRECAUTIONS

The Chairman will read the Fire Precautions which set out the procedures to be followed in the event of fire or other emergency.

2. NOTIFICATION OF CHANGES TO COMMITTEE

3. MINUTES

To confirm and sign, as a correct record, the Minutes of the meeting of the Committee held on 17 March 2010. These Minutes were included in the April 2010 Summons/Minutes Book.

4. APOLOGIES FOR ABSENCE

5. DECLARATIONS OF INTEREST

If Members have an interest in an item please record the interest on the form circulated with this Agenda and hand it to the Legal Representative or Committee Administrator at the start of the meeting. A supply of the form will also be available from the Committee Administrator at meetings. Members who have previously declared interests which are recorded in the Minutes to be considered at this meeting need not repeat the declaration when attending the meeting. Members need take no further action unless the item in which they have an interest becomes the subject of debate, in which event the Member must leave the room if the interest is personal and prejudicial.

6. AFFORDABLE HOUSING (DHCS)

1. Purpose of Report

1.1 **Purpose of this report is to advise the Committee of the progress that has been made towards meeting the Affordable Housing target.**

2. Background Information

2.1 In December 2006, the Council adopted a new Housing Strategy and set a target for the delivery of 500 Affordable Housing units over a period of 5 years (from December 2006 to December 2011).

3. Report

3.1 As at 31 May 2010, the total number of units delivered against the target amounted to 286. Full details of the schemes are set out in Appendix 'A'.

3.2 There are currently 93 units under construction. Of these, 77 will be completed within the next 12 months. Franklands Drive in Rowtown is one of the schemes that will soon commence. Further details of this scheme are given below.

3.3 It is now over 3 years since the original affordable housing target was set and 333 units should have been provided to date. The programme is therefore slightly behind that proposed.

3.4 The total of 286 is made up of the following types of tenure:

Social rented units	170
Intermediate rented units	9
Low cost homeownership	<u>107</u>
<b>Total</b>	<b>286</b>

3.5 The 107 Low Cost Home Ownership units include 37 "Homebuy Direct" properties at Abbots Croft and Pretoria Road, Chertsey. They have been developed by Crest Nicholson as part of the Government recession rescue package. These flats were intended for private sale, but offered to local people at discounted prices. Crest Nicholson received public subsidy from the Homes and Communities Agency (HCA) towards the scheme.

3.6 The other Low Cost Home Ownership units are provided through schemes such as Open Market Homebuy, and Ownhome. These were Government funded schemes which are no longer available.

- 3.7 The recession has resulted in a number of schemes with planning permission stalling. For example, the Safeway site, Station Road, Addlestone and the Brunel Campus in Egham. Discussions between a joint venture partner and a Registered Social Landlord are progressing with the Safeway site, and it is hoped that the development will start on site within the next 2 months.
- 3.8 Exempt Appendix 'A' sets out other possible schemes that have the potential to provide 112 units over the next 2 years. Progress on these is slow. Officers continue to meet with Registered Social Landlords and landowners to press for these schemes to be completed, but, as the sites are often in private ownership, it is difficult to guarantee results.
- 3.9 As there are now only 18 months left of the current programme the completion of new sites that come to light is now going to be very difficult. It is therefore necessary to look for opportunities to make existing housing affordable. It was for this reason that the new Equity Loan Scheme was approved at the November 2009 Committee (details below).

#### 4. Franklands Drive

- 4.1 The Franklands Drive scheme is a large development of 350 units of affordable housing. It was given consent by the Secretary of State in 2006 and is being developed by two Registered Social Landlords (RSLs), Paragon Housing Group and Accent Peerless Housing Association. The development will take place in several phases.
- 4.2 The two RSLs, have now appointed a contractor, Durkan's who have commenced work to reach various site compliance requirements, e.g. decontamination. This work will run for the first 20 weeks of development. The first phase will commence when the decontamination has been completed.
- 4.3 The site abuts other residential development and meetings have therefore taken place with WARA, the local residents association, to advise them about the scheme. The two RSLs have also held a public exhibition to inform neighbours and interested residents about the construction programme for the first phase. It was clear from this that further information needs to be given to local residents and the RSLs will therefore be arranging for more information to be supplied. They have also established a website [www.tinyurl.com/franklandsdrive](http://www.tinyurl.com/franklandsdrive).
- 4.4 The scheme will be a mix of social rented units and intermediate housing (shared ownership/homebuy or intermediate rent). The final proportions of each tenure type for the whole development are yet to be determined and will depend on the amount of grant available from the HCA. If grant is not received then the proportion of shared ownership will increase.
- 4.5 This is a large affordable housing development and it will be important to ensure that it has a balanced community. It is therefore intended that there will be a comprehensive lettings plan for the estate.
- 4.6 The first phase of the scheme will be for 94 units. 58 of these will be social rented units and 38 will be shared equity. It is possible that some of the 94 units will be complete by December 2011, but this is not guaranteed as the end of contract date with Durkan's is January 2012.
- 4.7 Priority for the units will go to people who live and work in Runnymede.

#### 5. Catalyst Equity Home Loan Scheme

- 5.1 This scheme was agreed at the November meeting of this Committee and enables people who are unable to afford to purchase a property outright to obtain an equity loan to help them to purchase. The Council is contributing £500,000 from the Housing Capital Programme to enable homes to be purchased and Catalyst Housing Group will match fund the scheme.

- 5.2 Catalyst Housing Group are a Registered Social Landlord and they were recently designated as the 'Zone Agent' for Surrey by the HCA. A Zone Agent is the name given to the RSL who has responsibility in an area for marketing low cost home ownership products such as shared ownership or Home buy. Further information about the role of Catalyst can be found on their web site [www.catalysthomebuy.org.uk](http://www.catalysthomebuy.org.uk)
- 5.3 The intention of the Runnymede Scheme is to lend approximately £50,000 to each household to enable them to buy a property on the open market. It is intended that the scheme will assist between 16 to 20 households. If the property is sold at a later date the Council will receive 50% of the equity loan plus any uplift in house prices. It is proposed that these funds will be recycled to assist further households.
- 5.4 Financial Services Authority consent is required for the scheme to be operational and this process normally takes 4 to 6 weeks to obtain. It is therefore envisaged that the scheme will be operational from July/August 2010. The scheme will be reviewed 12 months from the date of implementation.

## 6. Financial Issues

- 6.1 The Housing Capital Programme was set out in detail at the meeting in January 2010 and included information on the funds available for Affordable Housing.
- 6.2 In the past most of the subsidy that is needed for Affordable Housing has come from the Homes and Community Agency (HCA). The Government have, however, recently announced that funding for Social Housing Grant will be reduced by £100m nationally.

## 7. Legal Issues

- 7.1 Legal contracts are currently being compiled for the Catalyst Equity Loan Scheme.

## 8. Equality Impact Assessment (EIA)

- 8.1 The proposal to provide additional Homebuy units with Catalyst Housing Group has been assessed and the EIA has been considered by the Equalities Group and agreed with the Chairman. A copy has been placed in the Members' Room.

## 9. Conclusions

- 9.1 The Council has enabled 286 Affordable Housing units to be delivered since the target to achieve 500 units was set in December 2006. Although there are also a number of units under construction performance is currently below target. The new Equity Home Loan Scheme will further increase the number of affordable housing units, however, there still remains a need to identify other opportunities.

### **(FOR INFORMATION)**

#### Background Papers

Housing & Community Services Committee November 2009  
Housing Strategy Statement 2006

## 7. HOUSING REVENUE ACCOUNT SUBSIDY – GOVERNMENT SELF FINANCING DEBT SETTLEMENT (DHCS)

### 1. Purpose of Report

- 1.1 **The purpose of the report is to agree a response to the consultation paper "Council Housing: a Real Future", issued by the Department of Communities and Local Government on the 25 March 2010.**

2. Background Information
- 2.1 On the 25 March 2010, the Government published "Council Housing: a Real Future". It is subtitled "Prospectus" but it is in fact a consultation document. The Government published a number of documents in support of the consultation document, and a full set has been placed in the Members' Room. The documents are also available on the DCLG website at [www.communities.gov.uk/publications/housing/selffinancingprospectus](http://www.communities.gov.uk/publications/housing/selffinancingprospectus).
- 2.2 Nationally there are 1.8 million council homes for over 4 million people in 177 Council areas. Local Authorities spend around £6 billion a year on managing, maintaining and repairing those homes.
- 2.3 Each Local Authority with council housing is required to maintain a Housing Revenue Account (HRA). The HRA contains all of the revenue expenditure and income that arises out of the Council's landlord activities. The HRA is a ring fenced account and is completely separate from the Council Tax account i.e. the General Fund.
- 2.4 The HRA subsidy system is a system through which the Government determines the amounts that Local Authorities need to spend on their council housing and whether subsidy is required to support this. The Government calculates how much income and expenditure each Authority should have. If assumed income is greater than expenditure – as is the case for Runnymede – the Local Authority pays the surplus to the Government "rent pool". The Council paid £5.966 million in 2008/09 to the Government "rent pool", £5.961 million in 2009/10, and will pay £6.081 million in 2010/11. For 2011/12, it is estimated that HRA subsidy payable to the Government will be £6.4 million.
- 2.5 The rationale for the current HRA subsidy system is that the national redistribution of revenue enables those councils that are deemed to have surplus income to provide funding for those councils that do not have enough. Currently 52 out of the 205 Authorities receive HRA subsidy, whilst the remainder pay negative HRA subsidy to the Government. For 2009/10 financial year the subsidy system nationally was projected to move into surpluses amounting to some £300 million i.e. the Authorities in negative subsidy will pay in total £300 million more than is paid out to Authorities that receive subsidy.
- 2.6 The current HRA subsidy system was introduced in April 1990 and has been regularly amended, sometimes substantially. The system is now widely seen as being very unfair as well as having a significant negative impact on many Local Authorities. The system has other faults, for example:
- the annual nature of determinations, even under the 3 year spending review, makes it difficult to undertake long term planning and develop housing investment strategies with great confidence.
  - it offers only very limited local autonomy.
  - it removes the clear link between rents paid and services provided locally.
  - the spending assumptions in the system significantly under-provide for the proper repair and maintenance of the housing stock
- 2.7 The Government acknowledged these points and the Minister of Housing announced on the 12 December 2007 that there would be a review of the HRA subsidy system. The review considered evidence about rents and service charges, costs and standards for social housing, rules governing a Local Authority's HRA and capital, and mechanisms for delivering funding.
- 2.8 The Department for Communities and Local Government (DCLG) subsequently issued their consultation paper "Reform of Council Housing Finance" on the 21 July 2009. This consultation proposed a self financing model for the HRA to replace the current HRA subsidy system. This was to be achieved by way of an allocation of the national housing

debt. This Committee approved a response to the consultation paper in September 2009.

2.9 The Government have now considered the consultation responses and on the 25 March 2010 they issued "*Council Housing: A Real Future*". This document sets out the basis of the Government's preferred option of a self-financing system and further consultation questions.

### 3. The Government's Offer/Prospectus

3.1 The new consultation paper builds on the previous paper and again proposes dismantling the current subsidy system and replacing it with a once and for all debt settlement between Central and Local Government. In exchange for a one-off allocation of debt between Local Authorities, Central Government will stop the annual redistribution of rental income. Local Authorities are asked to consider the proposals in detail and to answer a series of questions about the proposed system. A response to the consultation is required by the 6 July.

3.2 It is important to clarify that the Government are not at this stage asking the Council to enter into a contract or agree to firm figures. However, Local Authorities are being asked to review the published online model that has been provided for each Local Authority, and to then indicate whether or not they would be likely to take up the offer of voluntary implementation of self financing from 2011/12. Alternatively, the Government stated that they intended to implement self-financing through new primary legislation.

3.3 The final figures within the offer will depend on the outcome of the next spending review. The current proposal is also based on the vast majority of stock retaining councils accepting the offer when it takes its final form.

3.4 It is understood that all of the 3 main political parties acknowledge the need to change the existing housing subsidy system, however, there is a possibility that the current proposal will be amended in part or full by the new Government.

3.5 The Prospectus sets out how the new self financing system would work i.e. with a one off distribution and allocation of debt (£25.1 billion, £3.65 billion above the debt assumed within the current system) between 177 Authorities. The proposal is that each council should start the new system with an equal position to support its stock without the need for subsidy. The basic structure of the proposal is as follows:

- i) Housing Revenue Accounts will be completely self financing. This will be achieved by the Council taking on a one-off debt settlement which would be serviced from rents. The amount of debt will be calculated having regard to stock numbers, rent levels and management and maintenance costs.
- ii) Local Authorities will need to continue to adhere to the national rent policy. The current national policy is to achieve a rent convergence (with housing association/ RSL rents) by 2015/16. Although the Council is in theory free to set its own rents Housing Benefit subsidy is only paid to the level of rent determined by national rent policy. It is proposed that this arrangement would continue under the new system so in fact Local Authorities will (as now) have limited flexibility on rents. The Tenant Services Authority will also regulate compliance with national rent policy.
- iii) The proposal includes substantial uplifts to spending on management and maintenance allowances. All Local Authorities have a minimum 10% increase in their combined management and maintenance allowances.
- iv) Many Local Authorities have not been able to achieve Decent Homes for their stock and nationally it is estimated that there is a backlog of repairs of over £3.2 billion. The Prospectus recognises this but does not include any additional funding to meet this backlog. Neither does it recognise the additional expenditure incurred from the higher numbers of people requiring disability related adaptations. The Government proposes that these issues will be addressed separately as part of the annual spending review.

- v) As part of the proposal it is intended that Local Authorities should retain 100% of the capital receipts that they receive from the sale of council properties. It is proposed that Local Authorities will be required to use at least 75% of these receipts for the provision of Affordable Housing and regeneration.
  - vi) The amount of debt allocated to each Authority is based on the net income stream (over 30 years) derived from it. The cash flows are discounted to current day values and, hence, the amount of debt is set. The discount rate used by the Government is 6.5%. However, the Government also propose to offer each Local Authority a debt settlement based on a discount rate of 7% (the higher the discount rate, the lower the debt allocated) if they provide new Affordable Housing. If a Local Authority accepts a lower debt figure, the new Affordable Housing would have to be delivered within 5 years of the agreement.
  - vii) Local Authorities will not be allowed to borrow beyond their debt allocation, however, they will be able to use the rent from new units to fund further housing.
  - viii) The Consultation Paper reinforces the ring fencing of the HRA and clarifies the eligible expenditure.
- 3.6 Most local housing authorities will be significantly better off as a result of self financing on these terms. This is because there is more money in a self financing plan as a result of three key factors:
- Uplifted allowances which give additional revenue spending power;
  - The cashflow is discounted at a rate above the level of current interest rates;
  - As the settlement calculation is "real", it does not take account of general inflation which is available to the local business plan (rents are always greater than operating revenue costs therefore higher general inflation benefits the plan).
- 3.7 The limitations on capital grants and borrowing are likely to apply whether the system is reformed or not.
4. Runnymede Position
- 4.1 The Government published a spreadsheet model along with the consultation paper that enables each local housing authority to analyse the self financing proposal. The Government's model shows that the Council would take on a debt of £97.7 million at a 6.5% discount level, or £93.3 million at a discount rate of 7%. Both are based on the assumption that self-financing is introduced in April 2011.
- 4.2 Servicing a debt of £93.3 million over 30 years at the current PWLB rate of 4.51% would cost £4.2 million per annum, which is substantially below the anticipated HRA negative subsidy of £6.4 million for 2010/11 that the Council will have to pay to the Government under the current rules. However, there is a risk that interest rates will rise by the time the self financing arrangements are finalised. If the PWLB rate increases to 5.5%, the annual cost of servicing the debt will rise to £5.1 million. Therefore, the HRA will immediately benefit compared to the negative HRA subsidy payment currently paid. It must be appreciated that this is a very rudimentary comparison. For instance, it will be necessary to assess a prudent level of debt repayment into future HRA Business Plans. It will also be prudent to factor in the potential need to redevelop estates in the future.
- 4.3 The Government's proposal also opens up other opportunities such as the retention of all Right to Buy receipts and longer term opportunities to build affordable homes. The retention of 100% of capital receipts from Right to Buy is welcome but it should be noted that only 2 properties have actually been sold in Runnymede in the last year.

- 4.4 The Government's Prospectus indicates that the uplift in management and maintenance allowances for Runnymede for 2010/11 (based on a 7% discount rate) would be 1.9% for management and maintenance and 34.1% for the Major Repairs Allowance (MRA). The combined uplift is 12.1%.
- 4.5 The uplift in the MRA of 34.1% is a key benefit of the proposals. The current HRA Business Plan identified that the current level of MRA was insufficient to provide for major repairs and renewals over the 30 year life of the Plan. The financial model in the Plan indicated that the HRA would not be able to finance the existing stock maintenance plan after 2016/17. Therefore, the recognition that the current system underfunds maintenance needs, and the proposal to correct this is very welcome.
- 4.6 The Government are proposing that the discount rate of 7% would be used to provide the headroom to allow councils to deliver 10,000 new homes each year from the end of the next Parliament. For Runnymede, the difference between the debt at a discount rate of 7% (£93.3 million) and 6% (£97.7 million) is £4.4 million. There seems to be an expectation that to obtain this discount a Local Authority would need to increase its stock by 0.5% over 5 years. For Runnymede this would be 15 units. Another way of expressing the offer is by taking the difference between the debt based on a discount of 6.5% (£97.7 million) and 7% (£93.3 million), i.e. £4.4 million, and assume that this is the amount that the Government would expect to see released for new affordable housing. This also translates into around 15 units. Although it will be necessary to identify a site in the Council's ownership, the additional headroom from the lower debt seems sufficient to provide at least the extra 15 units.
- 4.7 The Prospectus states that the Government expects Local Authorities to "test the opening debt figure proposed under self financing in a local business plan which reflects local information about actual income, spending needs and borrowing costs". A number of factors will have an effect on the borrowing profile in these individual business plans including:
- Interest rates on existing and new debt;
  - Investment needs and the timing of this spend;
  - Difference between current actual housing debt held by a Council and the level of debt supported by the subsidy system;
  - Capital receipts and any HRA reserves which can be used to supplement the revenue in the business plans."
- 4.8 A number of scenarios will need to be developed to model the impact of this proposal. In particular, the following needs to be considered:
- i) The extent of the repair and maintenance requirement for the existing stock. It will be necessary to review the stock condition information currently held and validate the assumptions.
  - ii) The extent of the progress that has been made towards rent restructuring/ convergence and any shortfall between the assumed rents for Government and actual rents.
  - iii) The level of investment needed to meet the new Tenant Services Authority's standards.
  - iv) The interest rate sensitivities on the debt, and inflation sensitivities on rents and management and maintenance costs.
  - v) The scenarios around the volume and use of RTB receipts.
  - vi) The implications of different standards for stock improvement and investment.

- vii) The extent of any property acquisitions and disposals during the life of the business plan and the impact these have on the level of housing debt.
  - viii) The long term scope for asset management and asset replacement that is affordable within the debt settlement.
- 4.9 To undertake such a major assessment will mean undertaking a new examination of the HRA Business Plan. It is not possible to carry this out in a proper way in time for responding to the consultation paper.
- 4.10 However, the bottom line test for assessing the Government's offer is to compare the HRA subsidy position to the new arrangements from 2011/12. In this scenario it is anticipated that head room of between £1 million and £1.5 million could be available in year one depending on interest rates. Therefore, the proposals for self-financing are clearly substantially more advantageous for Runnymede than the continuation of the existing HRA subsidy system. They also give the Council a modest degree of extra flexibility over its housing finance and frees it from a number of Government controls.
5. Responding to the Consultation
- 5.1 The consultation paper asks only 6 questions, some of which are very technical in nature. The consultation questions are given below and a proposed response is given in italics.
- 5.1.1 **Q.** What are your views on the proposed methodology for assessing income and spending needs under self financing and for valuing each council's business?
- Runnymede Council supports the general process and recognises the need to amend the current HRA subsidy system which is unfair and unsustainable. The proposed increases in management and maintenance allowances are very welcome and bring us much closer to the true cost of these services. The proposed discount rate of 6.5% also seems appropriate and is more likely to enable us to achieve a viable HRA Business Plan.*
- The proposal to allow local authorities to retain all receipts from the sale of housing stock is welcomed. However, the proposal to require local authorities to submit an audited return (paragraph 2.43 of the Consultation Paper) seems unnecessary.*
- Going forward the sustainability of this comprehensive and well considered proposal could be undermined by significant changes in national rent policy. For this reason we would urge the Government to provide more local discretion on rent setting.*
- Runnymede is currently debt free and therefore needs to establish new treasury management skills. Provision therefore needs to be made for debt free councils to develop the skills needed.*
- 5.1.2 **Q.** What are your views on the proposal for the financial, regulatory and accounting framework for self financing?
- The consultation paper suggests that a separate HRA balance sheet would assist asset management. This seems quite an optimistic objective as a balance sheet is simply a statement of assets and liabilities at a point in time based on a set of accountancy standards. Making sure that the HRA Business Plan is regularly updated and scrutinised would be a more effective aid to asset management. There is an inevitable extra cost to producing a separate HRA Balance Sheet and, although the cost would be relatively modest in the context of the service, the Government is urged to reconsider whether this really would be a useful extra resource.*

*The consultation paper sets out in broad terms some of the options for treating housing debt under the new system. This is a highly technical area, and the final system will have to be sufficiently flexible to cater for all local housing authorities. The Government is encouraged to allow as wide a range of options for local authorities as possible. This would enable a local authority to select a suitable approach. The proposal to introduce a strict separation of HRA and General Fund debt is not supported as this may introduce perverse incentives into the system. In particular, the options should cater for local authorities that will have substantial new HRA debt under the proposed system, but also investments in the General Fund. In this case, there could be clear benefits for both accounts if the borrowings and investments were pooled in terms of reduced risk (both interest rate and counterparty risk) and economies and efficiencies of administration.*

*The consultation paper also sets out the Government's concern that Local Authorities may use the freedom under the prudential regime to significantly increase borrowing (for example, to build new homes), and thereby adversely impact on national fiscal policies. Therefore, the Government proposes restricting borrowing to the opening debt level set under self-financing. For Runnymede, this means that the headroom for new borrowing in the early years of the new regime will be limited to that generated from annual surpluses under the new system. However, Local Authorities can only borrow to pay for capital expenditure, and this must also be prudent in the fullest sense. Therefore, the Government is urged not to introduce strict borrowing limits as this may limit the ability of local housing authorities to implement new schemes that offer significant benefits (including value for money savings) in a prudent way.*

*The consultation paper proposes new guidance about the services and expenses that are properly chargeable to the HRA. Runnymede has for many years endeavoured to ensure that those costs that fall to the HRA and General Fund are charged to the appropriate accounts. Although there is no objection to the clarification of the accounting treatment of "Core, Core plus and non Core services" included in the consultation paper, we would urge that the Government does not adopt too strict an approach that might lead to unintended, adverse outcomes.*

- 5.1.3 Q. How much new supply could this settlement enable you to deliver, if combined with social housing grant?

*Runnymede welcomes the prospect of attracting additional funding for the provision of Affordable Housing. The price of market housing in this area is unaffordable to many households and opportunities to provide additional Affordable Housing are always welcome. The use of the 7% discount rate provides some scope for provision of new Affordable Housing. We would anticipate being able to increase stock by around 0.5% (15 units) by 2016 with the additional discount. However the cost of land in Runnymede remains high and the proposed cap on borrowing at the level of the initial debt allocation will, even with the availability of social housing grant, limit the Council's ability to fund significant higher levels of new build. A relaxation of the borrowing constraint would make a more substantial level of new supply possible.*

*In view of potential difficulties in identifying land the Government is also asked to indicate whether or not they would be prepared to allow any headroom to be used to purchase existing satisfactory properties (e.g. former housing stock) or to fund cash incentive schemes for tenants to move into the Private Sector and release social housing stock.*

- 5.1.4 Q. Do you favour a self financing system for council housing or the continuation of a nationally redistributed system?

*Runnymede Council believes that the current national redistributive system is unfair, underfunded, unworkable and no longer meets the needs of councils and their tenants. We therefore welcome the proposal to dismantle the HRA subsidy system and abandon the national redistribution system. However, we would also welcome greater clarity regarding the allocation of funds for expenditure streams that are not currently recognised in the proposal, such as disabled facilities grant, works to deal with fire precautions and the housing health and safety rating system.*

- 5.1.5 Q. Would you wish to proceed to early voluntary implementation of self financing on the basis of the methodology and principle proposed in this document? Would you be ready to move to self financing in 2011/12? If not, how much time do you think is required for implementation?

*The Council would wish to move to the self-financing system as soon as the opportunity arises. However, we recognise that there is a great deal of detailed work required by the Government to create a proper and fair regulatory and technical basis for the system.*

- 5.1.6 Q. If you favour self financing but do not wish to proceed on the basis of the proposals in this document, what are the reasons?

*Runnymede Council is in favour of the self financing in principle and on the broad terms set out in the consultation paper. However, detailed proposals need to be established before a definitive acceptance can be made (e.g. on debt). There is also a risk that economic factors such as interest rate movements and inflation may require a reassessment of the decision.*

## 6. Equality Impact Assessment

- 6.1 This report relates to a consultation exercise and does not currently require an Equality Impact Assessment.

## 7. Legal Issues

- 7.1 Section 80b of the Local Government & Housing Act 1989 (derived from Section 313 of the Housing & Regeneration Act 2008) allows the Government to introduce the proposals on the basis of the voluntary agreement. If, however, it is not possible to reach agreement amongst the required number of Local Authorities then the Government would need to seek to implement by new primary legislation. The information received in March 2010 indicates that the Government could seek to do this as early as 2012/13. Obviously the subsequent change in Government may alter this timetable.

## 8. Resource Implications

- 8.1 The detailed assessment of the new arrangements and any change to the new system will all require considerable input from Housing and Finance staff. The following are examples of the work required.

- **Business Planning** - developing scenarios, deciding between them, planning to a longer term horizon and monitoring changes and risk arising.
- **Asset Management** – taking a long term view on asset lives, depreciation and timing of planned repairs and replacement.
- **Managing a Loan Portfolio** – Although most authorities will already have in-house treasury management expertise, some debt-free authorities will need to develop skills to manage a new loan portfolio.
- **Procurement** – financial independence will give local authorities more flexibility to enter into longer term relationships where these can deliver better value for money.

- **New Build** – managing a new build programme.
- 8.2 The validation of the existing stock information for use in the HRA Business Plan needs to be undertaken. It is important that the stock assumptions contained with the current HRA Business Plan are robustly scrutinised to provide assurance that the full cost of managing and maintaining the existing sock can be met from the resources available within the proposed new system. An incorrect assumption could lead to major expenditure when factored across over 3,000 properties. Therefore, this work should be undertaken as soon as possible so as to ensure that the Council has the required details to be in a position to confidently plan for the implementation of the self-financing system (in particular, the commitment to new building under the 7% discount rate offer).
- 8.3 A quote has been obtained from Maddisons for undertaking the stock validation. Maddisons have previously undertaken stock condition work for the Council and have a reasonable understanding of the Council's stock profile. They have indicated that the work would take 3 months, requiring a 2-3 week lead in to allow for notification of the tenants etc. The cost of the work is £22,124.00.
- 8.4 If this work is to be commissioned then it would be necessary for a supplementary estimate to be raised and this would be a charge to the Housing Revenue Account. Standing Orders also require that a minimum of 2 quotes are obtained for consultancy work. It would be possible to obtain further quotes but this would of course delay the commencement of the work. It would also be necessary to train any new consultant on the existing stock information. In view of this it is felt that Standing Orders should be waived and the current quote accepted.
- 8.5 There is a number of technical issues that will need to be resolved before the self-financing system can be implemented. These mainly concern the treatment of debt. The way the Government decides to regulate these technical issues may have a significant impact on the real level of flexibility and resources available in the new system.
9. Conclusions
- 9.1 The Consultation Paper sets out the Government's proposals for the review of the housing subsidy system. The self-financing proposal involves the Council taking on a significant debt but it is also clear that it could provide a number of important advantages and opportunities for the Council.
- 9.2 An encouraging feature of the proposals is that the Government recognises the need to increase the management and maintenance allowances. There is also a proposal to include within the debt settlement an amount that will allow for the provision of new Affordable Housing and relaxations in the rules over housing capital receipts. All things being equal these are favourable factors for Runnymede and it is therefore intended that the response to the Government should be positive.
- 9.3 There will, however, be a need to undertake some detailed work to assess the range and depth of any risks that are presented prior to making a firm commitment and taking on the debt and in this regard the review and validation of the current assumptions on future stock maintenance is considered to be a priority task.
- 9.4 Members will also need assurance that taking on between £93 million and £98 million of debt is a prudent and sensible course of action. The HRA currently pays HRA subsidy to the Government (£6.08 million in 2010/11, potentially £6.4 million in 2011/12), and taking on the debt will remove this requirement. The interest payable on the debt (at current interest rates) will be around £1.8 million less than the current HRA subsidy payment. Therefore, the basic financial case for accepting the offer is straight forward.
- 9.5 However, there are clearly significant risks around the proposal. Many of these exist in the current system. Offsetting the risks are the considerable opportunities that the proposals offer. There is also the potential impact of the Government spending review, which may lead to the proposals being delayed or changed significantly.

- 9.6 In view of the above it is proposed that the response to the consultation as set out within Section 5 should be sent to the Government and that a revenue estimate to fund the cost of validating the current stock data be raised.

**OFFICERS' RECOMMENDATION that –**

- i) the Committee consider the proposed response to the consultation as set out in Section 5 above and agree and authorise any amendments;**
- ii) authority is granted for Standing Orders to be waived and for a validation exercise of existing stock data to be undertaken by Maddisons; and**
- iii) the Corporate Management Committee be requested to approve a supplementary estimate in the Housing Revenue Account in the sum of £22,124.00 for the stock validation exercise accordingly.**

**(TO RESOLVE)**

Background Papers

None

8. PROVISION OF TEMPORARY ACCOMMODATION AT PARKSIDE (DHCS)

1. Purpose of Report

- 1.1 **The purpose of the report is to advise the Committee of the outcome of the consultation process undertaken at Parkside in New Haw and to consider the way forward on the proposal to utilise these units as Temporary Accommodation.**

2. Background Information

- 2.1 The Council has a statutory duty to provide accommodation for homeless households who fulfil particular criteria. Every effort is made to prevent people from becoming homeless by providing them with advice and assistance, however, it is inevitable that during the course of each year a number of families find themselves without anywhere to live and have to be provided with accommodation.
- 2.2 In 2008, the Council provided Temporary Accommodation for 14 such cases, however, the numbers in need have grown and in 2009 it was necessary to assist 46. Housing Advice staff are continuing to deal with a high number of cases with around 50 households seeking advice during any one month. It is unlikely that the current level of homelessness will reduce significantly within the immediate future, indeed, that is a possibility that it will increase further. In order to fulfil its statutory obligations it is therefore necessary for the Council to continue to provide a reasonable number of units as Temporary Accommodation.
- 2.3 The Council can provide bed and breakfast accommodation as a short term measure however, this is extremely expensive. This is because the Council has to meet the full cost of the hotel room (around £350 per week) but can only reclaim an element of this (£105 per week) from the homeless person. Current legislation also dictates that bed and breakfast accommodation should not be used for more than 6 weeks for families.
- 2.4 To avoid the use of expensive bed and breakfast the Council has historically made use of mobile homes at Heathervale in New Haw and the hostel at Ashdene in Englefield Green. Both forms of Temporary Accommodation are currently well used and only 4 out of the 24 rooms at Ashdene are currently vacant.

- 2.5 Ashdene is a large Victorian house which has been extended to provide both 1 and 2 bedroom flats. It has unpopular shared facilities and during an inspection undertaken by the Audit Commission some years ago this arrangement was criticised. The Council has therefore set a target to eliminate the shared facilities. However, a feasibility study has been undertaken and it is estimated that in order to do this work to the value of £1.5 million would be required to the building.
- 2.6 The Housing Revenue Account Business Plan adopted in 2008 acknowledged the problems with Ashdene and also identified a number of other refurbishment requirements to other properties. The system built units in Parkside, New Haw were amongst these.
- 2.7 The Parkside properties, although currently structurally sound, do not have the anticipated life expectancy of traditionally built properties. Consideration has therefore been given to the potential development of Parkside but this would cost many millions of pounds and could only succeed if significant funding was available from the Homes & Communities Agency (HCA). Furthermore a number of the units on the estate have been sold under the Right to Buy and it would therefore also be necessary to repurchase these particular units if an estate-wide redevelopment was to proceed. It is known that the HCA currently have limited funds and this Committee therefore decided in January 2010 that the redevelopment of Parkside was not appropriate at the current time. It was, however, agreed that alternative use of the flats as Temporary Accommodation should be considered.
- 2.8 The Committee at its meeting on the 13 January agreed that the Director of Housing and Community Services be authorised to consult with the secure tenants who currently occupy the flats at Parkside to see whether or not they would be prepared to move to alternative accommodation. The Committee asked that a further report be brought to confirm the outcome of the tenant consultation.
3. Report
- 3.1 The Council's Enabling Officer has now visited all of the residents at Parkside to establish their current circumstances and their willingness to move. There are 20 properties and 7 of the tenants have indicated that they would be reluctant to move. Three of them have indicated that they do not wish to move at all. These 3 tenants are all older people and have very genuine and understandable reasons for wishing to remain.
- 3.2 Those who wish to move want to remain fairly local and this will mean that decanting residents to alternative properties will take some time to achieve. In fact it may be necessary to wait until major redevelopments such as Franklands Drive are ready to occupy before significant decanting can take place.
- 3.3 The Council now has the following options:
- i) To abandon the proposal to use Parkside as Temporary Accommodation;
  - ii) To proceed with a partial use of the units as Temporary Accommodation until such time as all the existing tenants vacate and full use of all of the units can be achieved.
- 3.4 Although the proposal to use Parkside as Temporary Accommodation does not look as though it will proceed very quickly, it is still felt appropriate to pursue this. In the short term it will assist with the rising number of homeless cases and ultimately it will allow for the disposal of Ashdene and avoid the Council having to pay £1.5 million for refurbishment.
- 3.5 It is therefore proposed that those residents who have indicated a willingness to move from Parkside be given sufficient priority under the Choice Based Lettings scheme to enable them to successfully bid for properties. It is also proposed that those residents who are being asked to move be provided with a Home Loss and Disturbance payment.

- 3.6 Authority for Home Loss payments is usually derived from the Land Compensation Act 1973 The Act is designed to compensate residents for the loss of their home which is usually as a result of demolition for redevelopment. In the Parkside scenario the homes will not be demolished and therefore the Act does not provide the necessary authority to make such a payment. It is, however, felt appropriate to compensate the tenants and it is proposed, therefore, that the Council agrees to make an equivalent ex-gratia payment of £5,300, plus reasonable disturbance allowances available to residents. The Committee are asked to authorise this arrangement.
- 3.7 Each of the Parkside flats currently enjoys a small private garden and it was previously intended that these gardens be converted to provide small community facilities. However, in view of the fact that some of the existing Parkside residents will now remain for some time it is proposed that, where residents wish to retain their private gardens, they be allowed to do so until they vacate. When the properties are finally vacant the private areas will be incorporated into more communal facilities.
- 3.8 It is also proposed that the Council's Homelessness Strategy should be reviewed to take account of the growing level of homelessness and to determine what further actions might be required.
4. Legal Considerations
- 4.1 The Council was required by law to consult with the existing secure residents at Parkside before making a decision to use the flats as Temporary Accommodation. It must now consider the results of the consultation before making a final decision.
5. Equalities
- 5.1 Following visits to the tenants an Equality Impact Assessment has now been undertaken and is attached at Appendix 'B'.
6. Resource Implications
- 6.1 If the Council decides to proceed with the decanting of tenants from Parkside then Home Loss and Disturbance payments would be paid to those tenants who agree to move. This would require financial commitment of up to £90,000. It is anticipated that the budget for disturbance allowances will be sufficient to meet this cost over the next 2 financial years.
- 6.2 The last report to Committee indicated that there were sufficient funds to enable the flats to be adapted for their temporary use. This remains the case, however, it will now be necessary to include an additional amount to allow for future upkeep of the garden areas. Quotes are being obtained for this and will be made available at the meeting.
7. Conclusions
- 7.1 Consultation with the existing residents of Parkside has shown that some of the residents are reluctant to move from their current homes and that the decanting of these units is going to take longer than first anticipated. However, it is still felt that this proposal is worth pursuing and it is therefore proposed that the Council assists those who wish to move to do so and commence use of the vacated homes as temporary accommodation.
- 7.2 The rise in the number of homeless cases is of concern and it is therefore proposed that the Council also reviews the current Homelessness Strategy.

**OFFICERS' RECOMMENDATION that –**

- i) those tenants who are required to move from Parkside be given an ex-gratia payment equal to that that they would be entitled to**

**under the Land Compensation Act if they were moving for redevelopment; and**

**ii) a revised Homelessness Strategy be compiled by November 2010.**

**(TO RESOLVE)**

Background Papers

None

9. SERVICE PLAN FOR HOUSING AND COMMUNITY SERVICES 2009/10 (DHCS)

1. Purpose of Report

1.1 **The purpose of the report is to make the Committee aware of the progress on the Housing and Community Services Service Plan.**

2. Background Information

2.1 The Council produces a wide range of strategies and plans for its various services. Each of these contain a number of targets that need to be met. Some years ago the Council decided that it would bring together all of the targets from these various plans into one document called a Service Plan.

2.2 Service Plans are a fundamental part of performance monitoring and are reported to each of the Service Committees twice a year. The targets within the Plan are assigned to specific managers and are used in appraisals to assess performance.

2.3 The Housing & Community Services Plan embodies action points from the Sustainable Community Strategy, the Housing Strategy, the Homelessness Strategy, the Private Sector Renewal Strategy, the Older Persons Strategy, the Equalities Action Plan, the HRA Business Plan, the Risk Management Plan and the Empty Homes Strategy.

2.4 The current Service Plans have been based on an eighteen month cycle, rather than the previous yearly programme to give greater continuity and avoid the need to update what are often ongoing targets.

2.5 In the June 2009 cycle of meetings, reports were brought forward noting the outturn position for the period up to 31 March 2009 and the November 2009 cycle reported the position as at 31 October 2009.

3. Report

3.1 Attached at Appendix 'C' is a report setting out the current performance against each of the targets within the current Service Plan. Those targets that are marked with a tick are complete and will now be removed from the plan.

3.2 Target number 9.27 in the Service Plan required a Member to be nominated as Older Persons Champion.

3.3 In addition to the Service Plan the department has an Equality Action Plan and current performance on the Action Plan is attached at Appendix 'D'.

3.4 Members will be aware of the Service Review programme that was commenced at the start of this year and which is due to be completed by the autumn. It is anticipated that the collective outcome of these will lead to the creation of a new Sustainable Community Strategy and Corporate Plan in 2011.

3.5 The means by which targets in this new Corporate Plan will cascade to individual Committees will also be reviewed as part of this process and this may change the format of Service Plans,

or indeed replace them altogether. It is therefore recommended that the Service Plan for this Committee continues until 31 March 2011.

- 3.6 The Council also undertakes regular benchmarking of its Housing services and uses a national organisation called Housemark to do this. A full report from Housemark benchmarking Runnymede with 37 other stock retaining councils, is available in the Members' Room and the main issues that they have identified are as follows:
- Overall, Runnymede's costs are "upper quartile", i.e. in the lowest 25%;
  - Specifically, overheads are 1/4<sup>th</sup> lowest, and overheads as a percentage of direct costs are the lowest in the group.
  - Overall, quality Key Performance Indicators are in the upper, or middle upper quartile, i.e. in top 50%.

#### 4. Member Champion for Older People

- 4.1 It should be noted that one of the targets (target no 9.27) from the Older Person Strategy relates to the nomination of "Member Champion" for older people. The Committee appointed Councillor Mrs R M Denby in November 2009 but she no longer serves as a Member of this Committee. The Committee is accordingly asked to consider the requirement and, if minded, to appoint her replacement.

#### 5. Financial Implications

- 5.1 The resource implications for each target are outlined within the Service Plan. Reports are brought to Committee if there are any specific resource implications that spring from delivery of a particular target.

#### 6. Equality Impact Assessment

- 6.1 Equality Impact Assessment is undertaken if new policies and procedures are required in relation to any specific target.

#### 7. Council Policy

- 7.1 It is the Council's Policy to adopt Service Plans. These assist the Council in achieving 2 of its main strategic objectives i.e. to achieve quality services and continuous improvement.

#### 8. Conclusions

- 8.1 A comprehensive Service Plan has been established and progress has been made on a number of the targets.

#### **OFFICERS RECOMMENDATION that –**

- i) the Committee notes the performance within the Service Plan and confirms whether the measures proposed to address any shortfalls in performance are considered satisfactory; and**
- ii) the Committee consider the request to appoint a "Member Champion" for older people and nominate accordingly.**

#### **(TO RESOLVE)**

#### Background Papers

None

10. BEOMONDS SHELTERED HOUSING SCHEME, HERIOT ROAD, CHERTSEY (DHCS)

1. **Purpose of Report**

1.1 **The purpose of the report is to approve the appointment of surveyors to assess the extent and cost of work to make the flats at Beomonds Sheltered Scheme self contained.**

2. **Background Information**

- 2.1 The Scheme at Beomonds in Chertsey has 37 units of accommodation with 30 of them being sheltered housing bedsits provided in a specifically built 2 storey unit. There are 6 terraced bungalows on the same site and these are linked to the community alarm system and occupied by older people. There is also a larger flat occupied by the Sheltered Scheme Manager.
- 2.2 Each of the bedsits has a WC but they do not have a bath or shower and residents have to use shared bathrooms. For sometime now the Government have encouraged Local Authorities to ensure that social housing units are self contained and therefore the Council needs to consider how it addresses this issue in this scheme.
- 2.3. In addition to dealing with the shared bathrooms consideration also needs to be given to the level of care provided within the unit and how this links to future needs. Many people are now coming in to sheltered housing much later in life and soon after they take up occupation they often require higher levels of care than are currently provided. Extra Care Sheltered Housing schemes are seen as the way of addressing need for higher levels of care but there is only one such scheme in Runnymede.
- 2.4 In 2005 the Council appointed Pennington Consultants to undertake an options appraisal of both Beomonds and Pinefields sheltered housing schemes. They recommended demolition and redevelopment of Pinefields. This has now taken place. For Beomonds they recommended retention of the unit but conversion to general needs housing. Their recommendation was based on evidence provided by the County Council that demonstrated that the demand for traditional sheltered housing schemes was diminishing.
- 2.5 The Pennington report recommendations are reflected in the Housing Revenue Account Business Plan and the Housing Strategy and a target has been set to consider the future use of Beomonds, and in particular to assess the cost of modernising the current units.
- 2.6 Surveyors have examined whether or not the existing flats could be easily adapted to include a shower in the storage cupboard adjacent to the existing WC. However, this storage cupboard houses the electricity meter, the consumer unit and gas pipes, all of which would have to be relocated. The provision of a shower unit in this location would also lead to very cramped bathrooms with limited access and could preclude the use of wheelchairs. A more substantial alteration to the flats therefore needs to be considered.
- 2.7 All of the Council's existing sheltered housing schemes have a Sheltered Housing Manager who provides some support and assistance to the residents within the Scheme. 58% of the cost associated with providing the Manager is met by the Supporting People Grant and this grant is administered by the Surrey Supporting People Team. Any change to existing arrangements within a Sheltered Housing Scheme would therefore need the backing of the Supported People Team. With this in mind arrangements have been made to meet with Officers from the Team to discuss options for Beomonds. They have been very positive about proposed changes and in particular would support modernisation of the units and the inclusion of Extra Care within the scheme.
- 2.8 Officers have also visited other Sheltered Housing Schemes in Surrey to see the alternative forms of provision. A scheme in Waverley was visited in which a number of the units had been converted to provide extra care housing. The Waverley scheme consisted of two older sheltered housing schemes like Beomonds and these were located quite close to one another. A team of staff operated within both Schemes to

provide Extra Care Sheltered Housing to a group of residents who needed higher levels of care.

- 2.9 The Scheme at Beomonds is located close to Floral House in Chertsey and Officers feel that consideration should be given to the possibility of modernising the existing units, introducing some Extra Care support and progressing a similar Scheme to that of Waverley using both Beomonds and Floral House.

### 3. Report

- 3.1 The following factors need to be addressed as part of any change process for Beomonds:

- i) To meet as far as possible the requirements of the existing tenants.
- ii) To provide accommodation that is in line with current day standards and is sustainable throughout the life of the HRA Business Plan.
- iii) To ensure that the Housing provided matches current and future Housing needs.
- iv) To meet the stated priorities of the Supporting People Service.
- v) To provide a solution that is financially achievable.

- 3.2 An assessment needs to be carried out to determine the extent of disruption to existing residents caused by modernisation. The change would more closely meet current and future needs and be supported by the Supporting People Service. However, it is not known how much a full modernisation would cost.

- 3.3 The Pennington report estimated that to convert the units into 20 self contained flats would cost around £800,000, however, this was over 5 years ago and unlikely to hold good today. Pennington's assessment was also a very high level estimate and did not take into account the building components needed to provide extra care. These would include a small office for staff and a higher level of disabled persons adaptations.

- 3.4 To arrive at a more accurate cost, a more informed view of the changes needed and the level of disruption to residents it is suggested that arrangements be made to appoint a surveyor to draw up an indicative internal layout with options for how a flat floor plan may appear. This would include an assessment of impact on heating, water, drainage and basic cost analysis. It is estimated that this would cost £14,000.

- 3.5 It is also proposed that the possibility of utilising the Scheme to provide a linked extra care scheme with Floral House be examined in more detail.

- 3.6 There will be a need to liaise closely with the existing residents to ensure that they are in agreement and supported the proposals. However, it would be premature to do this before a thorough assessment had been undertaken to determine if the proposal is practically and financially viable. It is therefore intended that the plans provided by the consultant surveyor be reported back to Committee before commencing detailed tenant consultation.

### 4. Resource Implications

- 4.1 The Council currently has within its Housing Capital Programme a provision of £1.5 million per year for Housing initiatives. In the past this funding has been linked with the provision of new Affordable Housing. However, it can also be used on improvements to the Council's own housing stock.
- 4.2 If the Council decides to spend housing capital on its stock then it is no longer available for new affordable housing. In the past the majority of affordable housing has been funded through the Housing Corporation (now the Homes and Communities Agency). Unfortunately, the new Agency seems to have less to fund schemes and grant for new affordable housing from this source cannot be assumed. There may therefore be a higher call in the future on the Councils housing capital for affordable housing. Given these competing demands it is suggested that, once the cost of proposals for Beomonds

have been quantified, the Council undertakes an assessment of the various demands for housing capital and then prioritises the use of capital.

- 4.3 The initial cost of a surveyor undertaking a feasibility study for the conversion of the existing units into self contained flats would be met by the Housing Revenue Account.
5. Equality Impact Assessment
  - 5.1 Residents and staff will be affected by any major changes to the scheme and it will be necessary to undertake a full EIA before a commitment is made to undertake major work or change the type of care provided. However, the Council is still in the stage of obtaining information to determine options and therefore an EIA is not needed at this time.
6. Legal Issues
  - 6.1 The residents within the scheme have secure tenancies and will need to be formally consulted about any proposed changes to the scheme.
7. Conclusions
  - 7.1 The Beomonds Sheltered Housing Scheme is not built to current day standards and the Council needs to consider how it might be upgraded. There is also evidence that the type of care needed within existing sheltered housing schemes is changing and an opportunity exists to consider the possibility of providing Extra Care within this scheme. However, further information is needed on the extent and cost of improvements before detailed proposals can be discussed with tenants and considered further. It is therefore proposed that a surveyor be asked to draw up and cost outline proposals for the modernisation of the existing scheme to provide self contained units and facilities for Extra Care.

**OFFICERS' RECOMMENDATION that –**

- i) **the Director of Housing and Community Services be given authority to appoint an architect/surveyor to draw up plans for converting the units at Beomonds into self contained flats;**
- ii) **the Corporate Management Committee be requested to approve a supplementary revenue estimate in the Housing Revenue Account in the sum of £14,000 for this purpose.**

**(TO RESOLVE)**

Background Papers

None

11. CHOICE BASED LETTINGS (DHCS)

1. Purpose of Report

- 1.1 **The purpose of the report is to advise the Committee of performance in respect of the SEARCH Moves Choice Based Lettings Scheme**

2. Background Information

- 2.1 The SEARCH Moves Choice Based Lettings Scheme (CBL) operates in the Runnymede, Spelthorne and Elmbridge areas, and membership consists of the three Borough

councils together with the A2Dominion Housing Association and the Elmbridge Housing Trust.

- 2.2 The scheme commenced operation in November 2009, and it was requested that a report be brought to Committee after six months of operation so that Members might be able to monitor performance. Attached at Appendix 'E' is a comprehensive report providing performance details.
3. Report
- 3.1 The appendix contains a wealth of statistics and relevant information about the operation of the scheme over the first six months. Officers will answer any questions Members might have about the scheme at the meeting.
4. Financial Considerations
- 4.1 The SEARCH Moves scheme is supported by Locata, who charge an annual fee to the five partners. The Runnymede contribution is £5,000 p.a. and this fee is within the annual budget provision.
- 4.2 In addition to the fee paid to Locata, there are additional costs for printing the fortnightly Freesheets, which are available at libraries throughout the Borough. The CBL budget also supports the complementary Homeswapper system, which gives RBC tenants free access to a national mutual exchange register. Through Homeswapper, tenants are able to arrange exchanges with other tenants, thus increasing mobility, something the Government is keen local authorities facilitate.
5. Legal Consideration
- 5.1 A detailed legal agreement exists for this arrangement and is signed by all of the partners.
6. Equalities
- 6.1 An Equalities Impact Assessment was undertaken prior to the commencement of the scheme. It was recognised that shifting the responsibility for bidding for vacant properties onto applicants rather than have Council Officers make formal offers might disadvantage certain vulnerable groups.
- 6.2 As anticipated, the vast majority of applicants have been able to negotiate the scheme and make their bids via the website. Alternative methods for bidding have been put in place, (telephone, text, coupons and direct bidding by staff), and Officers are satisfied that vulnerable applicants have not been disadvantaged as a result of the move to CBL.
- 6.3 Officers will continue to monitor bidding patterns to ensure that all applicants have equal access to the scheme and that no specific group is disadvantaged in any way.
7. Conclusions
- 7.1 Officers believe the introduction of CBL has been a successful exercise. The scheme appears to have been favourably received by applicants, and the partnership with Elmbridge and Spelthorne Councils, together with their respective RSL partners, is working well.

**(FOR INFORMATION)**

## Background Papers

None

### 12. PURCHASE OF 66 ROUNDWAY, EGHAM, FROM A2 DOMINION (DHCS)

#### 1. Purpose of Report

1.1 **The purpose of the report is to propose the purchase of an ex-Council owned flat from A2Dominion.**

#### 2. Background Information

- 2.1 66 Roundway is a 2 bedroomed ground floor flat, situated at the end of a terrace of 3 bedroomed houses. There is another similar sized flat above it.
- 2.2 It was sold under the provision of Right to Buy on 28 October 1991, and was subsequently purchased by A2Dominion. The Council have had nomination rights to the property since A2Dominion acquired it.
- 2.3 Sound insulation between the properties is poor. The ground floor occupant repeatedly complained about noise from the flat above, and investigations by Environmental Protection colleagues revealed that the level of noise transference from the upstairs flat to the lower unit was severe, and every day activities such as running water, WC flushing, talking, listening to the radio or television at reasonable volume were audible in the ground floor property.
- 2.4 The Council owns a number of properties where sound insulation is not as good as it could be, yet the report from Environmental Protection indicated that this particular pair of properties was worse than usual.
- 2.5 Attempts to address issues of poor sound insulation at other locations have been undertaken, yet it has proved very difficult to fully rectify the problems. At best, all that has been possible to achieve is a reduction in noise levels, seldom to the satisfaction of the residents in the ground floor properties.

#### 3. Report

- 3.1 The A2Dominion tenant in 66 Roundway has successfully bid for another property under the CBL process. With the flat empty, Officers took the opportunity to discuss with A2Dominion the possibility of undertaking works to improve the sound insulation between the flats. However, like the Council, the RSL's experience of trying to eliminate sound transfer problems at other locations has been disappointing. A2Dominion are unhappy at spending several thousands of pounds only to improve matters marginally, and have suggested their preferred approach would be to dispose of the asset.
- 3.2 The flats in Roundway are not very big, the kitchens in particular being small, and despite the provision of a private garden, the flats remain relatively unpopular. The Council is aware that the upstairs tenant would not be adverse to moving, and with both flats empty, an opportunity would present itself to consider converting the two properties into one, larger four bedroomed house. This would eliminate the sound problem once and for all.
- 3.3 A2Dominion has agreed, in principle, to sell 66 Roundway to the Council for £50,000, and intend to seek confirmation from their Board. This price is consistent with, in broad terms, to the amount of capital the Council might expect to inject into a new build project to obtain a unit of accommodation. Whilst the open market value of the property is significantly higher, the RSL has agreed to sell the flat to the Council at a lower price because of the sound insulation problems.
- 3.4 It is recommended that the Council accepts A2Dominion's offer and purchases 66 Roundway, moves the upstairs tenant to alternative accommodation and converts the two relatively unpopular flats into a four bedroomed house. Demand for four bedroomed

properties, whilst not huge, is frustrated by their infrequent availability. The addition of such a property to the Council's property portfolio can only be advantageous, particularly when it is achieved by the 'loss' of two relatively unpopular flats with such severe sound insulation problems.

4. Financial Considerations

- 4.1 The purchase of 66 Roundway would require the use of £50,000 of the provision for affordable housing in the capital programme.
- 4.2 The cost of the conversion, (approximately £41,000), would be borne by HRA revenue budgets. Each year the maintenance budget has a provision for building one or two extensions, to provide additional bedrooms to suitable properties, as an alternative to transferring tenants. It is proposed to utilise this budget to pay for the conversion.

5. Legal Consideration

- 5.1 Housing authorities are granted powers under the provisions of Section 9 Housing Act 1985 to acquire buildings to be used for the provision of housing accommodation.

6. Equalities

- 6.1 There are no equality issues relating to this proposal.

7. Conclusions

- 7.1 For a number of years the Council and A2Dominion have been struggling to address the problem of severe noise transference between the flats at 66 and 66a Roundway. With one property becoming empty, and the RSL prepared to dispose of it for at a fair price, an opportunity presents itself to not only eradicate the noise problem completely, but also to provide a much needed four bedroomed property.

**OFFICERS' RECOMMENDATIONS that –**

- i) Economic Development Committee be asked to approve the purchase of 66 Roundway from A2Dominion for £50,000 and to seek an appropriate capital estimate; and**
- ii) subject to such purchase proceeding the two flats be converted into a single four bedroomed house.**

**(TO RESOLVE)**

Background Papers

None

13. REVIEW OF GAS SERVICING CONTRACT (DHCS)

1. Purpose of Report

- 1.1 **Purpose of this report is to provide the Committee with a review of the performance of Robert Heath Heating Limited in the delivery of the gas servicing contract over the last twelve months.**

2. Background Information

- 2.1 In April 2009, Robert Heath Heating (RHH) were awarded a four year contract for the repair and servicing of all the Council's gas appliances within its stock. Whilst RHH had been the incumbent contractor for the service and in some ways the new contract was a continuation of the existing relationship, the service and contractual requirements within the new contract were significantly different, with a number of improvements included.

- 2.2 Under the new requirements tenants are encouraged to contact RHH directly, by free phone number, to report faults and service requests for their heating systems, rather than contacting the Council. This arrangement makes it much easier for tenants to make appointments directly with RHH.
- 2.3 The contractor is also responsible for the full repair and maintenance of any boilers under the age of 15 years old, which in the Council's case is the majority, and the annual servicing and checks required for the gas installations. This 'all risk' approach is provided at a fixed unit cost over the 4 year term.
- 2.4 The contractor also provides additional chargeable services within the contract for work which has a variable quantity, such as new installations and minor repairs and adjustments to vandalised or void properties. These works are based on a Schedule of Rates.
- 2.5 As the delivery of contract has significantly changed, the management of the contract needed to change its emphasis to be more of a monitoring role. To achieve this to a satisfactory level, a significant number of performance measures have been implemented and are regularly monitored and reviewed.
- 2.6 As part of this review process, the Council has joined a benchmarking club specifically designed for measuring the effectiveness of the delivery of the service. This club has been created by Pennington Choices, a well recognised consultancy practice specialising in Social Housing. In benchmarking our service, not only can we compare performance year on year, but also compare our own performance against other social landlords.
- 2.7 The contractor uses technology to a great extent to control the outputs of their work force, using real time reporting tools. RHH operatives are provided with hand held computers which enable them to receive instructions whilst on the road, thus enabling them to respond quickly to emergencies and urgent works. These hand held units also lead to greater efficiencies and a higher level of accuracy in the reporting functions in the management of job problems from the field.

### 3. Report

- 3.1 The following indicators show how the Council monitors RHH's performance. Where it has been possible, the results from the first benchmarking exercise with Pennington have been used to provide an independent measure of the performance.

- Gas Servicing Compliance

This is the term used for the percentage of properties with a current Gas Safety Certificate in place. Of the 2,852 properties with appliances required to be checked, only two properties did not have a certificate by the year end. (2009/10)

This compliance figure of 99.93% is an improvement on our previous year's performance of 99.31%. For comparison with other landlords, the average recorded by Pennington's benchmarking exercise for 2008/9 was 97.6%

- Call Management

As most calls now go direct to the contractor, this area is carefully monitored. The contractor call loss rate for 2009/10 was 9.4% against a target of no more than 10%. (These are calls which are not answered or where the tenant hangs up before the call is responded to) The average time taken to answer a call is 24 seconds against our target of 15 seconds. The time taken to answer a call does, however, need to be set in perspective of the call management system used by RHH, which asks for a series of automated responses before an operator picks up. With hindsight the target of 15 seconds may be a little unrealistic if much of the time is taken with the recorded message, and this is a target we will renegotiate with RHH for the coming year.

- 'Right First Time'

This is the number of repair calls attended where the engineer is able to 'fix' the problem before leaving site. There is scope for interpretation with this statistic and it is known that some landlords count the first visit as meeting this target if temporary heating is left, even though the appliances are not left working. RBC and RHH have agreed that our measurement of this indicator will be if the engineer leaves site with the boiler working. This is also an indicator that the TSA are keen to introduce for all repairs.

RHH recorded 1,994 repair requests over the year. Against our target of 80%, 78.18% were fixed first time, with 97.7% of all jobs being completed at the second attempt. This leaves 2.3% of jobs requiring 3 visits or more.

As the 'Right First Time' indicator is a new performance measurement introduced by the TSA, there has been no benchmarking with other providers. Officers will be suggesting to Penningtons that they measure performance in this area in future benchmarking exercises.

- Number of jobs attended to by target

The number of jobs attended to within the target time (where the engineer arrives at the front door within our specified target time) remains high at 99%, although we feel this indicator is possibly not the best measure of a quality service, and the numbers of jobs fixed first time and the average time to complete jobs are probably more critical measures of how the performance is perceived by tenants.

- Average time taken to complete a job

The average time taken to complete a repair is 3.1 days. Whilst at first glance this might seem high, it must be remembered that this figure includes all jobs, including non-urgent repairs e.g. replacing a radiator, which would not necessarily leave a tenant without a working boiler. When servicing is undertaken in the summer months, additional repairs will occasionally be raised, and may take a week or more to complete, but which will represent no loss of amenity to the resident. It should also be remembered that the majority of repairs are undertaken by appointment, made directly by RHH with tenants, and consequently tenants are often prepared to wait an extra day for the convenience of an appointment to suit them. All of these issues will contribute to the average time taken to complete jobs. That said, Officers recognise that this indicator is probably a more accurate measure of service quality than the time taken for the first response, and it will therefore continue to be monitored.

As with the 'Right First Time' performance, this is not an area currently benchmarked, and so Officers are unable to monitor performance against other providers. The Pennington bench-marking concentrated on gas servicing compliance, which is the area the Audit Commission look at when undertaking inspections. As reported at 3.1, the Council achieved a score of 99.93%, which was an improvement on the previous year, and was better than the average score of 97.6%. Once again, Officers will suggest to Penningtons that they look to benchmark the average time to complete jobs in future exercises.

- Tenants satisfaction

Tenant satisfaction is recorded through telephone surveys and the opportunity for tenants to provide feedback through cards. The level of tenant satisfaction for 2009/10 remains high at 98.12% and shows an improvement on the previous

year's satisfaction level of 92.8%. The Pennington benchmark figure for 2008/9 was 92.32%.

### 3.2 Identified Improvements

The last twelve months has seen several improvements in the service and there is a definite approach to joint working between the Council and RHH in an attempt to deliver the best possible service to tenants. The following reflect some of the key areas where improvements have been made to the service:-

- The gas servicing regime has now been changed so that it operates within a 10 month calendar, allowing more time to target those properties that do not have a valid gas safety certificate. This has been achieved at no extra cost.
- The RHH call centre is now open 7 days a week and for more hours during the day
- RHH has developed its own user group and has held user group sessions, (which Council Officers have attended), allowing clients to learn from each other.
- Joint training has been arranged for RHH operatives and manufacturers to ensure that engineers are completely *au fait* with RBC's boiler stock
- The number of priorities associated to the responses for repairs have been simplified to four
- RHH is distributing advice leaflets for those on low incomes on how best to manage their heating bills and conserve energy
- RHH attended the RCRA AGM in June 2009 to give support to the function and explore how they can become further involved in obtaining feedback and views from residents
- Engineers are now empowered to make appointments with the tenants on site for revisits

### 3.3 Future planned improvements

- Improvement on the key performance issues of:-
- Call management – reducing the number of lost calls plus the time taken to get to speak to 'a real person'
- Improve on the performance for 'right first time' fixes
- Reduce the average response times
- Further develop tenant involvement in the contract and with the contractor (offer of regular meetings with RHH & RCRA Members)
- Joint training for RBC & RHH staff
- Tenant core group for RHH clients (Tenants of other social landlords & RCRA)
- Further IT improvements are planned to the RHH system, plus exploring the option of an interface to transfer data into the Housing management system

## 4 Conclusion

- 4.1 The first year has been successful and has seen both parties coming to terms with the changes within the new contractual relationship. The relationship with the contractor continues to evolve with RHH receptive to introducing new ideas to help improve the

service. The external benchmarking by Pennington is now part of the management process which, together with internal monitoring, will enable Officers to ensure standards and targets are maintained or improved.

**(FOR INFORMATION)**

Background Papers

None

14. STANDING ORDER 42 – URGENT ACTION

<u>Officer</u>	<u>Action Taken</u>	<u>Central Index No</u>
Director of Housing and Community Services	Proposed Equity Loan Scheme with Catalyst Housing Associations	720

**(FOR INFORMATION)**

Background Papers

SO 42 proforma No 720 on Committee Section SO 42 file.

15. EXCLUSION OF PRESS AND PUBLIC

**OFFICERS' RECOMMENDATION that –**

**the press and public be excluded from the meeting during discussion of the following reports under Section 100A(4) of the Local Government Act 1972 on the grounds that the reports in question would be likely to involve disclosure of exempt information of the description specified in appropriate paragraphs of Part I of Schedule 12A of the Act.**

**(TO RESOLVE)**

**PART II**

**Matters involving Exempt or Confidential Information in respect of which reports have not been made available for public inspection.**

a)	<u>Exempt Information</u>	<u>Para</u>
16.	COMMUNITY TRANSPORT	3
b)	<u>Confidential Information</u>	
	(No reports to be considered under this heading)	-