

BABERGH DISTRICT COUNCIL

FROM: The Housing Panel

REPORT NUMBER: **J78**

TO: OVERVIEW AND SCRUTINY
(COMMUNITY SERVICES) COMMITTEE

DATE OF MEETING: 18 August 2009

THE HOUSING PANEL`S 2009 HOUSING REVIEW

1. **PURPOSE OF REPORT**

- 1.1 To provide the Committee with an overview of the key housing issues dealt with by Babergh's Housing Panel in 2008/09 and to enable the Committee to scrutinise the work carried out as outlined below.

2. **RECOMMENDATIONS**

- 2.1 That the content of the report be noted, subject to any comments which the Committee may wish to make as a result of its consideration.

The Committee is able to resolve this matter.

3. **FINANCIAL IMPLICATIONS**

- 3.1 Although there are no financial implications associated with the content of this report, Members will note the matters set out in Section 8 of the report and also the additional funding that has been received to support a number of current Housing initiatives.

4. **RISK MANAGEMENT**

- 4.1 Individual risk assessments of the projects referred to in the report have already been undertaken as part of earlier processes. The nature of this report is such that a further overall risk assessment would not be of value.

5. **KEY INFORMATION**

- 5.1 The Housing Panel has undertaken a wide range of work over the past year. The full list of these tasks is available in the Panel's 2008/09 Workplan progress report. The Panel felt it would be useful to provide Overview and Scrutiny (CS) Committee with details of five of these key housing issues, for scrutiny purposes, as follows:

- The Affordable Housing Programme
- Tackling Homelessness in Babergh
- The Housing Revenue Account (HRA) Business Plan
- The Tenant Satisfaction Survey and the next steps
- Council House Rent charges for 2009/10

- 5.2 This report does not contain new strategic proposals for the future. These issues, which include the implications for Babergh of the Government's HRA Finance Review, the new Affordable Housing Programme from 2010 onwards, details of the new freedom to build council housing and plans for the Council's Stock Options

Appraisal, are currently being developed by the Housing Panel and will be presented to Committee at a later date.

6. **THE COUNCIL'S AFFORDABLE HOUSING PROGRAMME**

6.1 The Council had a target to deliver 700 new affordable homes (either built or in the development pipeline) between 1 April 2004 and 31 March 2009. This target has been exceeded with a final total of 758 new homes for the five years in question.

6.2 The table below provides full details of the position at 31 March 2009.

Affordable Homes	Rented	Shared Ownership	Total
Completed	340	88	428
Under construction	43	36	79
Schemes well advanced in development pipeline with planning permission granted and funding secured	174	77	251
Total	557	201	758

6.3 The table shows that the Council's affordable housing target has been exceeded by 9%.

6.4 With 428 homes completed, and a further 82 under construction at 31 March 2009, the Affordable Housing Programme is guaranteed to deliver 510 new homes out of the total of 761 in the pipeline. This amounts to a 73% achievement rate for completions within the overall target of 700 new homes in the development pipeline.

6.5 Committee should be aware that 251 homes remain in the development pipeline without a definite start on site date in place. It is anticipated that these will be delivered during the next target period between 1 April 2009 and 31 March 2014.

6.6 Since the Council made affordable housing delivery one of its highest priorities, the number of annual affordable housing completions has increased steadily. The completions for 2008/9 are particularly encouraging and illustrate the benefits of the additional resources made available by the Council for this area of work.

6.7 The table below shows the annual completions of affordable housing during the target period.

6.8 This table shows annual completions during that target period 1 April 2004 to 31 March 2009.

2004/5	2005/6	2006/7	2007/8	2008/9
78	55	80	90	125

6.9 Another area of good news is that those schemes requiring grant funding from the Homes and Communities Agency during this period have attracted a total of £8.5 million to the District. A further figure of just over £2 million is also committed to schemes that are currently in development or are due to start on site over the next few months.

- 6.10 Babergh's affordable housing delivery originates from a number of sources. Planning obligations have already been mentioned. Rural exceptions sites and Babergh owned land are also important contributors to meeting our housing need.
- 6.11 The following table shows the breakdown of dwellings negotiated on the various types of sites during the period 1 April 2004 to 31 March 2009.

Type of Site	Rented	Shared Ownership	Total
Planning Obligations	282	118	400
Rural Exceptions Sites	123	35	158
Babergh Owned Land	135	37	172
Other	19	9	28
Total	559	199	758

- 6.12 Although the above table confirms that planning obligations has delivered the majority of the Council's affordable housing (53%), it is important to recognise the sizeable contributions made by Babergh owned land (23%) and Rural Exceptions Sites (21%). These have delivered 330 new affordable homes between 1 April 2004 and 31 March 2009.
- 6.13 The recession and the state of the housing market have affected the delivery of new homes across all tenures within the District. The majority of house builders have slowed development on existing sites and have delayed starting work on new sites. This has reduced the delivery of new open market and affordable housing across the District and is affecting our delivery target.
- 6.14 Nearly 53% of our new affordable housing is reliant on planning obligations. It is estimated that the delivery of a minimum 200 dwellings has been delayed as a consequence of the down turn in the housing market, and the reluctance of builders to risk developing in such a precarious economic climate.
- 6.15 A complete and detailed breakdown of Babergh's Affordable Housing Programme with details of the rural exceptions schemes, special needs housing and open market schemes is available in the Members Room and from the Affordable Housing Delivery Team.

7. TACKLING HOMELESSNESS IN BABERGH

- 7.1 Our 5-year Homelessness Strategy, which ran from 2003 until 2008, was renewed last year. The government asked that local authorities simply review their action plans to ensure that they could prioritise those issues, which were likely to have the largest impact on homelessness within their areas.
- 7.2 We have made meaningful and effective progress in reducing homelessness within the District since we first developed a strategic plan. At this time there were two key barometers of how a local authority was judged. Firstly, the number of applicants who sought homeless advice and secondly, the number of households who are accepted as being eligible for help. Using these measures, we have reduced homeless presentations from 268 cases in 2004 to 75 in 2009. Similarly, accepted cases have dropped from 101 cases in 2004 to just 47 in 2009. This is a significant

achievement and compares favourably to other best performing authorities within the region.

- 7.3 However the declining economic conditions have placed more pressure on the service from customers who have lost jobs or faced reductions in their earnings making them more vulnerable to homelessness. The need to advise customers whose relationships have ended or where the pressure of maintaining older children in often unsuitable housing circumstances has increased. It is becoming clear that the recession is increasing the likelihood of homelessness for all types of customer and our new action plans must reflect the often complex nature of the homelessness problem.
- 7.4 Our new plans have developed a number of existing themes around early casework intervention. This is where we seek to advise customers before the problem becomes critical. However, this element of the strategy works best in a partnership context and so we have developed new procedures with advice agencies like the Citizens Advice Bureau and the Connexions Service so that we can combine the skills and resources of others to deliver planned outcomes.
- 7.5 We are also working to target support to the most vulnerable to ensure that the homelessness does not repeat itself and through the *Supporting People* programme have funded, with the other partners, a new support service that can deliver advice to anyone who is vulnerable to losing their home.
- 7.6 We have added a new specific action for tackling single homelessness and have embarked recently on an education programme within schools to get a clear message out about the realities of homelessness. We also continue to work with partner agencies like Adult and Community Services, Connexions and the Leaving Care teams to improve the access arrangements for customers needing help. We are also about to set up a *Nightstop* service to offer emergency bed spaces to young people who are homeless and which then allows planned remedies like mediation to be offered.
- 7.7 The government has provided additional funding to help local authorities deal with rising homeless levels caused by the recession; the key component of which is the national Mortgage Rescue Scheme,
- 7.8 The new service plan has 36 separate action points and we have already made significant progress in meeting many of the objectives set. The annual homelessness review is a key part of the work of the Housing Panel.

The `Trailblazer` Programme

- 7.9 The government is concerned that the conventional housing "options" role is limited in transforming people's lives. We deliver a number of services, which focus on moving people into housing, or preventing homelessness, however, these services tend to have a single focus. Other services provide similarly positive outcomes, whether this be the administration of benefits or the delivery of care, but within their own defined scope of activity.
- 7.10 Trailblazer (or its full title the Enhanced Housing Options Programme) aims to bring together housing options, training and employment advice into a single activity which can be delivered by the staff of all agencies no matter where they are placed.

- 7.11 The government is keen to support local authorities with the ambition of transforming their services in this way and invited them to bid for the necessary funding. In discussions with the sub-regional housing group, Babergh lead a lengthy application process which in January was successfully concluded with a £241,000 grant allocation. Only 26 local authorities nationally succeeded of which three were sub regional partnerships. We are now leading the largest trailblazer scheme in the Country.
- 7.12 We are only two months into the programme but have already made important links to the key services such as Job Centre Plus and training providers. We have agreed governance arrangements and are now starting to benchmark other services to see what opportunities for effective partnerships exist. We will, over the next two years with the support of these partners, be able to provide members with full details of what we have achieved.

Private Sector Leasing scheme

- 7.13 In 2008 we launched a Private Sector Leasing (PSL) scheme in partnership with the Havebury Housing Partnership. The scheme formed part of our homelessness strategy action plan and its focus was to offer homeless customers the choice of a managed private sector tenancy rather than other less suitable housing options.
- 7.14 The PSL arrangement is generally self- funding as the rent collected pays for the entire lease together with the management fees. Havebury then procure suitable homes based upon our needs at the time and we then select the tenants to occupy the property. We must ensure that this process works effectively because we are jointly responsible for any debts, which may arise due, for instance to non-occupation or damage.
- 7.15 Within our first year of operation Havebury have taken on 29 homes on our behalf. This meets the targets we set.
- 7.16 PSL schemes are also consistent with another of our corporate aims, namely bringing empty homes back into use. We have adjusted our renovation grant terms within the year to streamline our processes and to encourage more landlords to see a partnership with the Council as a viable long- term option.

8. THE HOUSING REVENUE ACCOUNT BUSINESS PLAN

- 8.1 The Housing Panel has reviewed the outturn position on the Housing Revenue Account (HRA) for the 2008/09 financial year and concluded that overall it remains in a good position financially. A summary of key outcomes are as follows:
- The overall financial outcome for the year was a saving/underspend of around £225,000 against the revised budget. The main factors contributing to this improved position was a saving of £125,000 resulting from lower costs on painting and pre paint repair works and savings of around £66,000 on repairs contracts. Rental income was increased during the year due to improved voids management but was offset by increases in the expenditure on void properties.
 - Some of these savings will be carried forward to 2009/10 to meet the net loss of Government subsidy relating to the revised rent increases for the year.

- The value of the Council's housing assets reduced by about £32m as a result of the economic downturn and its impact on the property market. However, this has no direct effect on the revenue account.
 - Revenue expenditure included a £475,000 contribution towards capital costs, which was about £70,000 more than in 2007/08.
 - 88% of the capital programme budget, totalling £3.4m, was delivered in 2008/09. Although this fell short of the 97% delivery target, that was an improvement of over 8% when compared with the previous year's performance.
 - The major areas of slippage were in completing some central heating work caused by the need to appoint a new contractor following the original contractor's inability to fulfil the Council's requirements and a lower than anticipated demand for disabled adaptations. The budget for these and certain other work has been carried forward to 2009/10.
- 8.2 There are no immediate concerns in relation to the financial health of the HRA and in fulfilling the current medium-term HRA capital spending plans up to and including 2011/12. In terms of capital spending, the programme from 2010/11 will fall by £550,000 a year as a result of the expected withdrawal of Government borrowing approval, which has been made available to support Councils in achieving the Decent Homes Standard.
- 8.3 There is, of course, the need for significant efficiencies and savings over the next 3 years in delivering the Council's overall priorities and plans, the challenge that poses will more clearly impact on the General Fund and not Council Housing services. At the same time, finding savings and efficiencies within the HRA are just as important in order to maximise the resources that are available for maintaining and improving the Housing stock and its management.
- 8.4 The Housing Panel will be looking closely at proposals being developed by the Government to radically change the rules regarding the HRA, which are currently out to consultation. This would have a fundamental impact on the HRA Business Plan and the position will also be more fundamentally reassessed following the next Stock Condition Survey, which is scheduled for 2010/11. At that time, the Decent Homes Standard is expected to have been met.
- 8.5 The Housing Panel will continue to monitor the financial position on the HRA Business Plan.

9. **THE TENANT SATISFACTION SURVEY**

- 9.1 We are required to undertake satisfaction surveys every two years which seek the views of our tenants on the housing services we provide. The 46 standard questions cover everything from customer services to our responsiveness and from tenant involvement opportunities to quality of service, including performance on lettings, repairs, rent collection and tenancy and estate management.
- 9.2 The results of two of the questions are reported to our government under a national performance indicator. This provides for a comparative assessment of our performance when judged against all other local authority landlords in England and Wales.

- 9.3 The survey form was sent to all general need tenants (comprising 3,125 households) with 1,776 responding, an overall response rate of 57%. For the first time, tenants in sheltered accommodation were excluded and so this may well account for the fact that we received a slightly lower response rate than in 2006.
- 9.4 The results revealed that 89% of our tenants are either very satisfied or fairly satisfied with the overall service. This is the same result as in 2006 however, an arguably better outcome because of the smaller sample size and because only tenants of general need housing were given the opportunity to take part. We know that sheltered tenants have generally lower aspirations about the services we provide and are more inclined to give higher satisfaction results.

Issues arising from the survey results

- 9.5 There were two issues highlighted within the results where we need to do more. The first was around the issue of fuel poverty and the second concerned the low awareness generally about tenant involvement and the Tenant Participation Compact.
- 9.6 High fuel costs are an area of growing concern. Our survey informed us 941 tenants (or 75%) told us that they spent more than one tenth of their net income on fuel. This is the officially recognised indicator of fuel poverty. It reveals concern about the cost of increased costs for those on low and fixed incomes in particular.
- 9.7 We are due to carry out a detailed fuel poverty survey within the district, which will allow us to examine this issue in greater detail.

The Tenant Participation Compact

- 9.8 The survey also asked tenants about their knowledge about formal methods of consultation and in particular what we call the Tenant Compact. Tenant Compacts are locally negotiated agreements - a cross between a contract and a pact - between councils and their tenants setting out how they can get involved in decisions that affect them.
- 9.9 Only 27% of tenants said that they had heard of the Compacts. This is an 8% decrease over the 2006 status result. No tenant surveyed said that they were dissatisfied with the formal consultation process although this question was only answered by 10% of the sample.
- 9.10 Work to refresh and review the Tenant Compact is in the Housing Panel's work plan for 2009/10 and so this gives us the immediate opportunity to address this issue. The Housing Panel has supported the formation of a special working group comprising a member of the Panel, four tenants and officers from across the three service areas who deliver service to our tenants who will undertake this work between now and the end of the year. An action plan has been developed which will steer the process and ensure as much participation from the general tenant population as possible. The results of this review will be reported back to Committee in early 2010.
- 9.11 Babergh's Survey results are the best of all Suffolk Authorities in terms of overall satisfaction rates among tenants.

10. **COUNCIL HOUSE RENT CHANGES FOR 2009/10**

- 10.1 Members are already aware that the Government announced a change of mind on its original policy decision to levy a blanket 6.7pc increase on council housing rents for 2009/10. This meant that tenants who, with effect from April 2009, were facing an average increase of 6.7pc would see that increase reduced to 3.1pc.
- 10.2 This was an unprecedented decision by government and one, which required some very careful planning to implement.
- 10.3 In May, we advised members that we intended to implement this reduction from July 2009. This would have meant that the percentage increase would have been slightly higher, at 4.2 pc. for the remaining 9 months of the year however, this would not have allowed us to offer our tenants the option of 'lump-sum' refund.
- 10.4 It was decided, on reflection, that a more proactive approach was needed as Babergh was mindful that, in this current economic climate, it wanted to implement the decrease as soon as possible in order to get money back into tenants' pockets.
- 10.5 After careful consideration it was decided to waive the statutory notice period – as the risk to Babergh of a challenge to the process from tenants was minimal – and backdate the 3.1pc. increase from the beginning of the financial year. This has meant that tenants who have paid the higher increase for these four months will pay now less until their account comes back into balance.
- 10.6 Where tenants are in receipt of Housing Benefit their entitlement has been recalculated, but there will be no change in their payments. The reduction in rent is matched by an equal reduction in Benefit.

11. **APPENDICES**

None

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