



**Brighton & Hove
City Council**

Housing & New Homes Committee

Title:	Housing & New Homes Committee
Date:	13 January 2016
Time:	4.00pm
Venue	Friends Meeting House, Ship Street, Brighton - Friend's Meeting House
Councillors:	Meadows (Chair), Hill (Deputy Chair), Mears (Opposition Spokesperson), Gibson (Group Spokesperson), Atkinson, Barnett, Lewry, Miller, Moonan and Phillips
Contact:	Caroline De Marco Democratic Services Officer 01273 291063 caroline.demarco@brighton-hove.gov.uk
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AGENDA

PART ONE

Page

48 PROCEDURAL BUSINESS

(a) Declaration of Substitutes: Where Councillors are unable to attend a meeting, a substitute Member from the same Political Group may attend, speak and vote in their place for that meeting.

(b) Declarations of Interest:

- (a) Disclosable pecuniary interests;
- (b) Any other interests required to be registered under the local code;
- (c) Any other general interest as a result of which a decision on the matter might reasonably be regarded as affecting you or a partner more than a majority of other people or businesses in the ward/s affected by the decision.

In each case, you need to declare

- (i) the item on the agenda the interest relates to;
- (ii) the nature of the interest; and
- (iii) whether it is a disclosable pecuniary interest or some other interest.

If unsure, Members should seek advice from the committee lawyer or administrator preferably before the meeting.

(c) Exclusion of Press and Public - To consider whether, in view of the nature of the business to be transacted, or the nature of the proceedings, the press and public should be excluded from the meeting when any of the following items are under consideration.

***NOTE:** Any item appearing in Part Two of the Agenda states in its heading the category under which the information disclosed in the report is exempt from disclosure and therefore not available to the public.*

A list and description of the exempt categories is available for public inspection at Brighton and Hove Town Halls.

49 CHAIRS COMMUNICATIONS

7 - 22

To consider the minutes of the meeting held on 11 November 2015 (copy attached).

50 CHAIRS COMMUNICATIONS

51 CALL OVER

HOUSING & NEW HOMES COMMITTEE

- (a) Items 54 to 61 will be read out at the meeting and Members invited to reserve the items for consideration.
- (b) Those items not reserved will be taken as having been received and the reports' recommendations agreed.

52 PUBLIC INVOLVEMENT

23 - 24

To consider the following matters raised by members of the public:

- (a) **Petitions:** to receive any petitions presented to the full council or at the meeting itself (copy attached).
- (b) **Written Questions:** to receive any questions submitted by the due date of 12 noon on the 6 January 2016;
- (c) **Deputations:** to receive any deputations submitted by the due date of 12 noon on the 6 January 2016.

53 ISSUES RAISED BY COUNCILLORS

To consider the following matters raised by councillors:

- (a) **Petitions:** to receive any petitions submitted to the full Council or at the meeting itself;
- (b) **Written Questions:** to consider any written questions;
- (c) **Letters:** to consider any letters;
- (d) **Notices of Motion:** to consider any Notices of Motion referred from Council or submitted directly to the Committee.

54 HOUSING REVENUE ACCOUNT BUDGET AND INVESTMENT PROGRAMME 2016/17 AND MEDIUM TERM FINANCIAL STRATEGY

25 - 46

Report of the Executive Director for Finance & Resources, and Acting Executive Director for Environment, Development & Housing (copy attached).

Contact Officer: *Martin Reid*

Tel: 01273 293105, Tel:
01273 293321

Ward Affected: *All Wards*

55 MUTUAL EXCHANGE INCENTIVES

47 - 52

Report of Acting Executive Director Environment, Development & Housing (copy attached).

Contact Officer: *Nick Kitson*

Tel: 01273 293354

Ward Affected: *All Wards*

56 WELFARE REFORM CHANGES

53 - 62

HOUSING & NEW HOMES COMMITTEE

Report of Acting Executive Director for Environment, Development & Housing (copy attached).

Contact Officer: *Ododo Dafe*
Ward Affected: *All Wards*

Tel: 01273 293201

57 WELFARE REFORM: RESPONSES TO RECOMMENDATIONS MADE BY THE CENTRE FOR ECONOMIC AND SOCIAL INCLUSION 63 - 90

a) Extract of the Proceedings of the Neighbourhood's, Communities and Equalities Committee held on 23 November 2015 (copy attached).

b) Report presented to the Neighbourhood's, Communities and Equalities Committee on 23 November 2015 (copy attached for information).

58 PROCUREMENT OF TEMPORARY ACCOMMODATION - DYNAMIC PURCHASING SYSTEM

Report of Acting Executive Director for Environment, Development & Housing (copy attached).

Contact Officer: *Sylvia Peckham*
Ward Affected: *All Wards*

Tel: 01273 293318

59 PRIVATE SECTOR HOUSING (PSH) DISCRETIONARY LICENSING UPDATE 91 - 104

Report of Acting Executive Director for Environment, Development & Housing (copy attached).

Contact Officer: *Martin Reid*
Ward Affected: *All Wards*

Tel: 01273 293321

60 HOUSING MANAGEMENT PERFORMANCE REPORT QUARTER 2 2015/16 105 - 132

Report of Acting Executive Director for Environment, Development & Housing (copy attached).

Contact Officer: *Ododo Dafe*
Ward Affected: *All Wards*

Tel: 01273 293201

61 OVERPAYMENTS ON THE HOUSING REPAIRS AND IMPROVEMENT CONTRACT 133 - 140

a) Cover report of the Acting Executive Director of Finance & Resources (copy attached).

b) Report submitted to Audit & Standards Committee on 12 January 2016 (copy attached).

Contact Officer: *Graham Liddell*
Ward Affected: *All Wards*

Tel: 01273 291323

62 ITEMS REFERRED FOR FULL COUNCIL

To consider items to be submitted to the 28 January 2016 Council meeting for information.

In accordance with Procedure Rule 24.3a, the Committee may determine that any item is to be included in its report to Council. In addition, any Group may specify one further item to be included by notifying the Chief Executive no later than 10am on the eighth working day before the Council meeting at which the report is to be made, or if the Committee meeting take place after this deadline, immediately at the conclusion of the Committee meeting

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For further details and general enquiries about this meeting contact Caroline De Marco, (01273 291063, email caroline.demarco@brighton-hove.gov.uk) or email democratic.services@brighton-hove.gov.uk

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Date of Publication - Tuesday, 5 January 2016

BRIGHTON & HOVE CITY COUNCIL

HOUSING & NEW HOMES COMMITTEE

4.00pm 11 NOVEMBER 2015

FRIENDS MEETING HOUSE, SHIP STREET, BRIGHTON

MINUTES

Present: Councillor Meadows (Chair); Councillors Hill (Deputy Chair), Mears (Opposition Spokesperson), Gibson (Group Spokesperson), Atkinson, Barnett, Lewry, Miller, Moonan and Phillips

PART ONE

34 PROCEDURAL BUSINESS

34a) Declarations of Substitutes

34.1 There were none.

34b) Declarations of Interests

34.2 There were none.

34c) Exclusion of the Press and Public

34.3 In accordance with section 100A(4) of the Local Government Act 1972, it was considered whether the press and public should be excluded from the meeting during the consideration of any items contained in the agenda, having regard to the nature of the business to be transacted and the nature of the proceedings and the likelihood as to whether, if members of the press and public were present, there would be disclosure to them of confidential or exempt information as defined in section 100I (1) of the said Act.

34.4 **RESOLVED** - That the press and public be excluded from the meeting during consideration of the item contained in part two of the agenda.

35 MINUTES OF THE PREVIOUS MEETING

35.1 Councillor Mears referred to paragraphs 23.4 and 23.5 relating to the report on New Homes for Neighbourhoods – Small Site Strategy. Councillor Mears had noted that £5 million had been set aside in the HRA and had asked how this was to be used. The Acting Executive Director had promised to provide a breakdown and this had not been received. The Acting Director Environment, Development & Housing apologised and

stated that he would make sure a breakdown was sent to Councillor Mears and all other committee members.

- 35.2 Councillor Gibson referred to paragraph 26.13 relating to the report on Review of the Long Lease held by the Brighton Lions at Lions Court. He asked for the last line to be amended to read "He **expected** to see a tighter register and tighter criteria for people on the housing list".
- 35.3 Councillor Mears referred to paragraph 28.2 relating to her question about gas canisters. She had received a detailed reply but stressed that the issue she had raised related to gas canisters in vehicles on the highway. There was the potential for an accident to occur. Councillor Mears asked for a response to her specific question. The Acting Executive Director Environment, Development & Housing replied that he would discuss this matter with Councillor Mears to try and meet her concerns.
- 35.4 Councillor Gibson referred to paragraph 30.14 in which the Acting Director of Environment, Development & Housing had stated that members of the committee were able to ask for a briefing on resident involvement and that officers were happy to talk to Councillor Gibson or any other member about the process. Councillor Gibson stated that he was keen for a briefing as soon as possible. The Chair informed Councillor Gibson she was sure this could be arranged.
- 35.5 **RESOLVED** - (1) That the minutes of the Housing and New Homes Committee held on 23 September 2015 be agreed and signed as a correct record subject to the amendment outlined in paragraph 35.2 above.

36 CHAIR'S COMMUNICATIONS

- 36.1 The Chair welcomed Tracy John, Head of Housing to her first meeting of the Housing & New Homes Committee.
- 36.2 The Chair reported that she was very pleased to hear that the council had received planning permission to take forward a scheme for 57 new homes at the former Library site on Findon Road, Whitehawk, under the council's New Homes for Neighbourhoods programme. The team had also made a short film available about the programme which could be viewed via the New Homes for Neighbourhoods page on the council's website or on the council's You Tube channel.

37 CALL OVER

- 37.1 It was agreed that all items be reserved for discussion.

38 PUBLIC INVOLVEMENT

- 38.1 There were no Petitions

38.2 A question had been submitted by Damon & Rebecca Brown. They were not in attendance at the meeting. The question was as follows:

“In light of the reports that Mears and/or council subcontractor have been suspended for overcharging, will all Mears major works projects now be suspended until a resolution has been found?”

38.3 The Chair replied as follows:

“The Mears group provide a comprehensive responsive repairs; planned maintenance and major works service for council homes across the city.

The contract value is split into 46% planned maintenance, 32% major works and 22% responsive repairs and empty properties (based on this year’s budget).

Through their on-going contract monitoring checks council officers have identified possible irregularities in a small part of the responsive repairs contract. This does not impact on the major works programme and therefore we do not need to delay the significant investment programme for our council homes through our major works contract.

We will, however, continue to review all our processes and quality controls to ensure value for money and contract compliance across all our contracts”.

38.4 **RESOLVED-** That the Public question be noted.

38.5 Sarah Carter asked the following public question:

"An investigation has begun into overcharging by Mears for repairs. Mark Turner, GMB branch secretary, said: ***“There should be a root and branch investigation into this contract to make sure that public money is not going somewhere else.”*** Is the committee aware of the existence of two independently commissioned, pre-works, RICS building surveys which show that over-charging and unnecessary works could run into millions of pounds for council-owned major housing works in Brighton and Hove? Can existing investigators widen enquiries to include this potential area of overcharging?”

38.6 The Chair replied as follows:

“Further to the answer outlined in question (i) above, the council is aware of two surveys that an individual leaseholder has provided to the council in relation to a specific dispute relating to their leasehold property. The leaseholder’s enquiry has been dealt with through the council’s leasehold dispute process. It does not relate to the on-going contract monitoring checks through which council officers have identified possible irregularities in a small part of the responsive repairs contract.

The council does take the monitoring of contracts very seriously and we will continue to monitor contract compliance across all our contracts”.

38.7 Ms Carter asked the following supplementary question:

“There have been arrests & convictions in more than 8 other councils where bills of up to £28,000 per leaseholder have found to have been grossly overcharged and unnecessary. Is the committee aware that combined service charge bill estimates of over £42,000 per leaseholder are being sent out in Brighton? How can these bills be

legitimate if bills of £28,000 in Islington, Greater London for the same works have found to have been over charged?”

38.8 The Chair thanked Ms Carter and informed her that she would receive a written reply to her supplementary question.

38.9 **RESOLVED-** That the Public question be noted.

38.10 The Committee considered the following deputation which had been submitted by Barry Hughes, Charles Penrose, Ron Gurney, Chris El Shabba, Bob Spacie and Linda Shaw. The deputation was presented by Barry Hughes.

Area Panel Housing Representatives – Reinstatement of Housing Management Consultative Sub-Committee

“At the last round of Area Panels all panels agreed that a proposal for the reinstatement of the Housing Management Consultative Sub-Committee (HMCSC) should be presented to the Housing & New Homes Committee (HNHC) for consideration.

Council Officers have presented Area Panels with various reasons as to why the HMCSC was abolished and why it should not be reinstated, however these have been rejected point by point. Given that the City Council faces severe financial constraints it would seem to be negligent to turn away from the considerable resource of voluntary talent, expertise and knowledge that is available from within the committees represented by Area Panels and by extension HMCSC.

Area Panels also suggested that Councillors on the HNHC should engage with tenant and leaseholder representatives by meeting with the Chairs of the Resident Only Meetings and the Special Interest Groups to discuss the way forward. We are disappointed to have heard nothing further regarding this suggestion.

We note that the matter of reinstatement of HMCSC was raised “ex situ” at the last HNHC Meeting and that it was indicated by the Chair that “the process was unlikely to be completed in time for the next meeting”. We do hope that this does not indicate procrastination on the part of the executive.

We do not think that Councillors are taking our concerns regarding the reinstatement of HMCSC with due seriousness and we would urge that HNHC make a formal commitment to engage with tenant and leaseholder representatives to reverse the decision of the previous administration and reinstate HMCSC.”

38.11 The Chair thanked Mr Hughes and replied as follows:

“I would like to thank residents for raising this matter for consideration at the Housing & New Homes Committee. I very much appreciate the time, enthusiasm and passion that involved residents commit to being engaged about their housing service, and I wholeheartedly welcome any suggestions that will improve services for our diverse group of residents.

There is no doubt that councillors have serious regard for issues facing tenants, and my desire is to see more involvement that gets to the heart of these issues and enables us to work together to have an impact upon them.

It was unfortunate that the matter was raised as an amendment to an existing committee paper to which it did not directly relate. The committee meeting necessarily followed procedural business by focussing on what was already a substantial agenda.

Many things have changed since HMCSC was in place. We are seeing a general decline in people wishing to attend meetings. People are leading increasing busy lives, and it can be hard for tenants with young families; working households and carers to make on-going commitments to be involved through regular formal meetings.

I want to ensure that we are delivering value for money. We must be mindful of the budget restraints; including the reduction in income to the Housing Revenue Account that will result from rent reduction to be introduced next April.

Whilst I am keen to continue to tap into the knowledge and expertise of our involved tenants and leaseholders; I also need to be mindful of the need to engage with harder to reach groups. Currently the work disproportionately falls on a small number of involved residents and there have consistently been vacancies for involved tenant roles which have not been possible to fill.

It is in this light that I want us to review resident involvement. I want to make sure that we are moving with the times, looking forward, noting what is on the horizon, and making sure that as councillors we can work collaboratively with residents and officers to jointly meet our challenges and secure better outcomes for a larger number of residents; giving tenants the opportunity to choose a level of involvement that suits them.

To enable this to happen, I would urge existing tenant representatives to contribute to the review; thinking about how we can achieve broader tenant involvement and continue to drive up customer satisfaction for all council tenants.

I think that if our aim is to improve outcomes for residents, then we stand a better chance of achieving this by looking at resident involvement in the round, rather than solely looking back to the reinstatement of HMCSC.

There is an exciting range of work taking place here, and in other areas that a review will help us build upon. Officers are working hard to pull together ideas and establish a timetable for a full review of resident engagement, which, please be assured, will include looking at HMCSC".

38.12 **RESOLVED** - That the deputation be noted.

39 ISSUES RAISED BY MEMBERS

39.1 There were no Petitions, Written Questions, Letters or Notices of Motion from Councillors.

40 RESPONSE TO THE TENANT & RESIDENT SCRUTINY PANEL ON RESPONSIVE REPAIRS

- 40.1 The Committee considered the report of the Acting Executive Director Environment, Development and Housing which set out the Housing response to the recommendations of the Tenant & Resident Scrutiny Panel in their report on responsive repairs. The scrutiny panel report was attached as appendix 1.
- 40.2 David Murtagh, Chair of the Tenant & Resident Scrutiny Panel on Responsive Repairs addressed the Committee to present the findings and recommendations of the scrutiny panel report. Mr Murtagh stated that the Panel had come away with a very positive view of the service that was provided and in particular the Mears Repairs Helpdesk at the Housing Centre. The main recommendation was around the lack of tenant involvement in assessing repairs after they had been carried out. The Panel strongly supported the tenant assessor scheme that was in place already and felt that it should be used more widely to improve honest feedback from tenants. The Panel also wished to see the re-introduction of the Rate Your Estate scheme as a key part of the responsive repairs service. Mr Murtagh thanked Chief John Blackbear and others for their contribution to the panel and also thanked members of staff and officers for their help and support.
- 40.3 Mr Murtagh read the list of recommendations of the Panel as set out on page 34 of the agenda.
- 40.4 The Partnering Business Manager explained the council's response to the Panel recommendations. This was set out in paragraph 4 of the covering report. He thanked the Panel for their hard work. Useful challenges and recommendations had been taken forward.
- 40.5 The Chair confirmed that the Scrutiny Panel report had already been submitted to the Housing Area Panel meetings.
- 40.6 Councillor Mears thanked the Panel for their work. She had attended a Panel meeting and had heard an open and honest discussion. It was clear that the Panel had concerns and Councillor Mears was not sure these concerns had been taken on board. Meanwhile, Councillor Mears stated that she wanted to make it clear that she had no connection with the Mears contracts.
- 40.7 Councillor Mears referred to paragraph 7.4 on page 39 of the agenda. She supported the Panel's view that the Mears Group should not be carrying out their own surveys.
- 40.8 Councillor Mears referred to paragraph 7.7 on page 39 on the agenda. This stated that the Mears Group had moved to a telephone based system, where a member of the Mears team called tenants to ask for their feedback on the service they have received. Councillor Mears considered that this was not an appropriate way of receiving feedback. The Council should be monitoring the service. Councillor Mears noted that the service had never gone out to open book and that there was an issue with regard to apprenticeships. Councillor Mears welcomed the Scrutiny report and thanked tenants for bringing it forward.

- 40.9 Councillor Phillips referred to paragraphs 4.13 and 4.14 of the cover report on page 25 of the agenda in relation to resident inspectors. She felt that clarification was needed. She suggested that residents could be asked if they were happy to be visited by resident inspectors.
- 40.10 David Murtagh agreed that tenants could be asked if they wanted tenant inspectors to visit them. He felt that the council were being very short sighted about this matter. Tenants were looking to see if empty properties were up to standard. Too many obstacles were being put in the way of tenants.
- 40.11 Councillor Hill observed that if she were a tenant she would not sure she would be comfortable with another tenant looking at repairs.
- 40.12 Councillor Gibson thanked the Scrutiny Panel for the work carried out. He stressed that it was important that Scrutiny Panels were supported. With regard to the monitoring of repairs, Councillor Gibson felt that it did not make sense that the contractors were asking for feedback on their own work.
- 40.13 Councillor Atkinson stressed that any commercial organisation worth its salt would carry out customer surveys. The Council needed to monitor the work. Councillor Atkinson praised the scrutiny review.
- 40.14 The Partnering Business Manager reported that resident assessors had initially focused on empty properties. He understood the desire to obtain resident feedback in some form. This matter would be taken up with the Resident Inspector Group and with Scrutiny. The Council was already carrying out online resident satisfaction surveys. Officers could look to working with the resident inspectors as well.
- 40.15 David Murtagh stated that he felt that the council did need to find out more about the repairs they paid for. Tenants should be used far more than they were at present. Mr Murtagh felt that if tenants were phoned up and asked if they wanted a tenant to inspect work, they would have the opportunity to say no.
- 40.16 The Chair thanked Mr Murtagh and everyone who took part in the Scrutiny Panel and stressed that she appreciated their input.

40.17 **RESOLVED:-**

- (1) That the evidence, findings and recommendations of the Tenant & Resident Scrutiny Panel relating to the responsive repairs service, be noted.
- (2) That the actions proposed in the report in response to the Tenant & Resident Scrutiny Panel's recommendations, be agreed.

41 RESPONSE TO SCRUTINY PANEL REPORT ON PRIVATE SECTOR HOUSING

- 41.1 The Committee considered the report of the Acting Executive Director Environment, Development and Housing which informed members that in 2014 a request was received from the Citizen's Advice Bureau to look at the private rented sector using a

scrutiny panel, because of the ‘...worrying increase in the number of people seeking advice from the CAB’ in relation to the private rented sector and letting agents. A Scrutiny Panel was established and the Panel’s formal report and recommendations were published in March 2015 and presented to the Housing and New Homes Committee on 17 June 2015 with a proposal that officers bring a report back to the Committee with a formal response to the recommendations.

- 41.2 The current report was the formal response. It was proposed that the scrutiny recommendations within the remit of Housing & New Homes Committee were taken forward as part of the development of the Housing Strategy Action Plan. The report was presented by the Interim Head of Property & Investment and Head of Housing Strategy, Development & Private Sector Housing.
- 41.3 Councillor Hill stated that as lead councillor for private rented sector housing she had participated with some of the task and finish groups with the universities. She hoped to see work with various organisations in the city in terms of areas outside the remit of the council. A task and finish group could be set up with the strategic housing partnership. A workshop had been held on HMOs which highlighted a number of issues. There needed to be closer working with community groups such as LATs.
- 41.4 Councillor Mears referred to paragraph 3.12 (number 7 – Improve the identification of empty private sector homes and voids, and maximise the use of these properties). She asked how this could be achieved. The Interim Head of Property & Investment and Head of Housing Strategy, Development & Private Sector Housing replied that the council had a successful empty properties service. The council were looking to review the enforcement protocol to ensure that it was using all the protocols available.
- 41.5 Councillor Mears referred to page 55 of the agenda in relation to Article 4 directions. She felt that there was not a clear policy on student housing. She recommended that the council looked at this matter carefully and brought forward a policy.
- 41.6 The Chair shared the concerns that prime spots were taken for student accommodation.
- 41.7 Councillor Miller referred to page 84 of the agenda relating to selective licensing. Would these options be taken back for committee consideration? The Interim Head of Property & Investment and Head of Housing Strategy, Development & Private Sector Housing replied that further reports would be brought back to the committee.
- 41.8 Councillor Atkinson referred to page 78 which referred to intermediate rents and housing market intervention and increasing the supply of more affordable homes. He asked for more information about these matters. Councillor Atkinson referred to page 80 which referred to exploring ways of increasing the supply of affordable social housing for key workers. Councillor Atkinson could not see much information about key workers.
- 41.9 The Interim Head of Property & Investment and Head of Housing Strategy, Development & Private Sector Housing replied that these issues were linked. The Housing Strategy identified a gap with regard to key worker housing. In October 2014, a report was taken to Policy & Resources Committee about the potential of the council having options to buy and build homes off plan for key workers. The council had received some funding from DCLG to investigate this matter.

- 41.10 Councillor Gibson thanked officers for a thorough report. With regard to recommendation 1 (to support a strong and buoyant local private sector housing market); Councillor Gibson felt that in reality the private rented market in the city was overheated. There needed to be a focus on working with the private sector. There were different ways of dealing with this issue. Councillor Gibson referred to page 64 which referred to the loss of student accommodation. He asked if there was any evidence for that statement. Page 63 referred to pressure points. Councillor Gibson asked where these were. Councillor Gibson welcomed the idea of living wage rent models. The average rent in the private sector was 50% of a person's income. Councillor Gibson suggested that due to the housing shortage in the city, couples with a spare room should be encouraged and supported to take in a lodger. Councillor Gibson suggested a review in 6 months.
- 41.11 Councillor Miller concurred with Councillor Gibson with regard to his comments about spare rooms. He stated that people should be encouraged to downsize in both the council's own stock and the owner occupied sector. He stressed that one way of making the Private sector work more functionally was to have a smaller private sector. Councillor Miller stressed that the most security someone could have was to own their own home. He asked what work was going on to help people buy their own homes.
- 41.12 Councillor Hill referred to Councillor Mears' comments on the need for a policy on student housing. The report did refer to some research being done at the moment which would lead to a student housing strategy. She agreed that there needed to be a much clearer idea about how to deal with this situation. Councillor Hill considered that a progress report on the HMO licensing scheme was a really good idea. Councillor Hill also considered that the report should be reviewed again in six months and broken up into themes.
- 41.13 The Interim Head of Property & Investment and Head of Housing Strategy, Development & Private Sector Housing stated that in terms of lost student housing, comments had been incorporated in the report from a number of different people. Some of the comments had been from students at risk of losing their accommodation because landlords continued to let it despite not having planning permission. The Council had therefore agreed with the universities to have a much more proactive protocol around article 4, so that students did not rent properties that were not compliant with planning permission. With regard to pressure points, a great deal of work had been carried out with the universities with regard to encouraging more head leasing schemes.
- 41.14 The Chair stressed that a progress report would need to be submitted to a future committee.
- 41.15 **RESOLVED:-**
- (1) That the proposed response to Scrutiny Panel Report on Private Sector Housing (Appendix 1) in relation to matters within the remit of the Housing & New Homes Committee, be approved. Other non-Housing matters will be reported to the relevant policy committee for consideration.

42 SENIORS HOUSING SCHEME REVIEW

- 42.1 The Committee considered the report of the Acting Executive Director Environment, Development and Housing which reminded members that in January 2015 Housing Committee members accepted in principle the recommendations of the seniors housing stock review. One of the recommendations addressed the need to decommission a small number of senior schemes which could not be feasibly or viably made fit for purpose. A confidential report was brought to the September 2015 committee proposing the decommissioning of Stonehurst Court, a non-purpose built seniors scheme, built in 1951, consisting of 25 studio flats and communal facilities.
- 42.2 Closing a seniors' scheme was a sensitive matter requiring early and sensitive consultation with the tenants concerned. For this reason at the last meeting members granted permission to consult the tenants on this proposal and their re-housing options prior to the public release of any report. The current report informed members of the outcome of the tenant consultation meetings and sought to obtain a decision on whether to close Stonehurst Court. Members were also asked to note the future short and medium term options for the re-development or conversion of the scheme, in the event of a decision to close the scheme. The report was presented by the Housing Stock Review Manager.
- 42.3 Councillor Mears referred to the proposal to provide temporary accommodation to vulnerable people. She questioned how moving vulnerable people to a settled community would work. Councillor Mears mentioned that in the past there had been a scheme being looked at to save money through Adult Social Care for extra care. She wanted to be clear if Housing Services was working with Adult Social Care to bring their budget deficit in line. Councillor Mears referred to paragraph 3.2 which listed previously de-commissioned seniors schemes including Patching Lodge. She asked how a new build could be de-commissioned. Councillor Mears referred to the financial issues on page 90 of the agenda. There were many people on the waiting list for sheltered accommodation. She asked for the current figure. Councillor Mears asked about timescales and how this tied up with the council's finances.
- 42.4 The Housing Stock Review Manager explained that the proposal for using the empty flats would be subject to risk assessment. There was a need to ensure the statutory homeless households would settle in well. Each case would be handled sensitively case by case. The Adult Social Care reference related to a potential future use of providing new or converted accommodation. One of the possibilities could be for people with learning disabilities. However, that was a possibility not a proposal. The Housing Stock Review Manager said he would confirm the history of the Patching Lodge site to the Committee. The Housing Stock Review Manager did not have the exact number of older households on the housing register. When he last checked 3 to 4 months ago it had been between 800 to 900. He would confirm the figure with the Committee. With regard to financial comments, officers had looked at finance in a corporate way. There was a growing demand on the general fund. The proposal could help this situation.
- 42.5 Councillor Mears referred to the pressure on the HRA and stressed that she wanted to keep track on where the money was being spent.

- 42.6 Councillor Miller welcomed the proposal in general. He stressed that there was limited space in the city and welcomed increasing density. Councillor Miller asked about the 2 privately owned units on the front of the development. He asked if the owners had been approached so density could be increased further by purchasing those units. Councillor Miller asked what happened when the temporary accommodation was taken out of the scheme. How were people asked to leave and where would they go to? Councillor Miller stated that the option he preferred was the option that provided the city with the most homes.
- 42.7 The Acting Executive Director Environment, Development & Housing referred to the question about temporary accommodation. If people were being housed under a statutory duty, he understood that they would be housed under a licence which would mean that the council could give short notice to move those statutory households on.
- 42.8 The Senior Lawyer explained that her understanding was that they were non-secure tenancies and the council could guarantee to re-gain possession. The court had to give the council possession normally within 14 days. The court could extend it to 6 weeks if it would cause exceptional hardship.
- 42.9 Councillor Moonan supported using stock as temporary accommodation in principle. She questioned what would happen if vulnerable people went into the properties. How would they be supported? Meanwhile, Councillor Moonan referred to the people who did not want to leave. She asked about the progress in finding suitable alternative accommodation for these tenants.
- 42.10 The Housing Stock Review Manager explained that some tenants had already asked to view other sheltered schemes. Detailed discussions would not happen until the committee had made a decision. If the proposals were agreed there would be individual re-housing and housing needs meetings. There were one or two homeless households with mobility problems & the downstairs accommodation would be suitable for those tenants.
- 42.11 Councillor Philips referred to paragraph 3.6 in terms of living rent properties rather than owner occupied properties. It would have been helpful to see an explanation as to why they should not be disposed of on the open market as there had been in the Oxford Street report. The Housing Stock Review Manager explained that the next report would have development appraisals.
- 42.12 Councillor Gibson informed the Committee that he had the impression that most people in the flats were quite happy and wanted to stay. He welcomed the proposal to retain the 6 flats at the front of the property. However he stressed that these tenants would need support when they lost their senior status. He asked what support they would receive. He stressed that long term residents felt connected to the community. Councillor Gibson welcomed the proposal for temporary accommodation given the safeguards that would be in place.
- 42.13 The Head of Tenancy Services reported that if the recommendations were agreed, the council could use Care Link services to support the tenants who remained. There was a need to think about what more could be done to ensure support was provided for the most vulnerable residents.

42.14 RESOLVED:-

- (1) That the conclusion of the scheme review, summarised in this report be agreed, and after due consideration of the results of the consultation with the current residents, it is agreed that Stonehurst Court should be decommissioned for use as seniors accommodation.
- (2) That it is noted that the 6 flats which are part of the street frontage will not form a part of any redevelopment due to the difficulties relating to proximity to neighbouring owner occupied properties; and therefore it is agreed that that priority for any vacancies in these 6 properties be given to any tenants who are required to be decanted from the remainder of the site and who would suffer particular detriment (health or social) in moving away. These flats would not be retained as seniors housing.
- (3) It is agreed that in the event of the scheme closing, the remaining available accommodation, namely the studio flats in the centre of the site, be made available as temporary accommodation for statutory homeless people to whom the council owes a duty, subject to a property by property business case and risk assessment.
- (4) That the update on the range of potential medium term future options for the site in paragraph 3.6 be noted. A report on options for the future use of the site will be brought to a future Housing & New Homes Committee in the event of the scheme closing.

43 FORMER OXFORD STREET HOUSING OFFICE - REVIEW OF FUTURE OPTIONS

- 43.1 The Committee considered the report of the Acting Executive Director Environment, Development and Housing which explored a range of future options for the site of the former Oxford Street housing office. This was a vacant Housing Revenue Account (HRA) asset. A decision to close the office was taken in November 2014, by the then Interim Head of Housing, as a result of an adverse health & safety report. The report was presented by the Housing Stock Review Manager.
- 43.2 The Chair stated the background documents made available to Members had been confusing as the matter had moved on since the papers had been produced.
- 43.3 Councillor Mears informed the Committee that she had raised questions about the background documents at the 30th October Council meeting. The questions related to the cost of consultants with regard to the report dated 18 July 2014. Councillor Mears was concerned that Committee members were never shown the reports. She had been given copies by a journalist who had obtained them under the Freedom of Information Act provisions. Councillor Mears stated that she would like to see an investment plan for the last 8 years and steps being taken to protect the property. She asked who was responsible for allowing the building to deteriorate and why the committee had not been kept informed.
- 43.4 The Acting Director Environment, Development and Housing explained that the reports Councillor Mears referred to were background information. The responses to the Freedom of Information request were available on the Council's website. The Acting

Director had not brought information to the committee with regard to the cost of consultants or the investment plan. However he was happy to provide information to members on what had happened. In the meanwhile decisions were required about the future options for the building.

43.5 The Housing Stock Review Manager stated that the cost of the consultant's report dated 18 July 2014 was £1550.

43.6 Councillor Miller stated that he felt that the office was closed by the back door. However, as the building was empty, he was happy to support the provision of more housing.

43.7 Councillor Gibson commented that he was interested in the option set out in paragraph 4.3 (Conversion or Redevelopment by the Council's Estate Regeneration Team). This development would look at modelling homes at social and living wage rents. Councillor Gibson stated that he would like officers to explore whether it was possible to build an extra storey on top of the building.

43.8 The Chair agreed that it was probably possible to have another storey built on top of the building and she wanted that suggestion explored. The options could be looked at again when they were fully costed. A report would be brought back to the committee for consideration.

43.9 **RESOLVED:-**

(1) That the range of future options for this HRA owned commercial property set out in paragraph 4 be noted.

(2) That it be agreed that a further, fully costed report be brought back to Housing & New Homes Committee for consideration, focussing on options which make best use of the asset, meet housing needs in the city and / or generate a financial return for the council, whether revenue or capital.

44 HOUSING AND PLANNING BILL - PRESENTATION

44.1 The Board considered a presentation with slides from the Interim Head of Property & Investment & Head of Housing Strategy Development & Private Sector Housing. The Housing & Planning Bill was expected to become legislation in late 2016/early 2017. Members were given details of key provisions and implications of the bill which related to: The extension of the right to buy; The sale of high value vacant local authority homes; High income social tenants: Mandatory rents; Rogue landlords and letting agents; Starter Homes; Brownfield Site Registers; Planning Permission in Principle (Pip).

44.2 Members were also informed of the key provisions and implications of the Welfare Reform and Work Bill 2015/6 which was expected to become legislation in 2016.

- 44.3 Councillor Gibson had a question about the reduction estimated over 4 years because of the rent reduction on the HRA. He stated that this depended on assumptions made on CPI and wondered what these assumptions were.
- 44.4 The Interim Head of Property and Investment & Head of Housing Strategy Development & Private Sector Housing confirmed that the reduction in social housing rents, 1% p.a. over 4 years was a real term reduction. There was no CPI increase.
- 44.5 Councillor Gibson stated that the council would be £14.1m worse off had there been an increase of CPI plus 1% which was the previous formula. An assumption must have been made about what the CPI was in order to calculate that difference.
- 44.6 The Head of Financial Services (EDH) replied that she thought that the CPI was ½% but would have to confirm that figure.
- 44.7 Councillor Atkinson stated that he had read in the Local Government magazine that Lord Gary Porter had stated that the resilience of local government could not be stretched further. He was talking about plans to make savings between 25% to 40%. The 1% reduction in social housing rents would add to the pressures on local government.
- 44.8 The Head of Finance – Business Engagement explained that the 20% and 40% reductions would be made to the general fund budget, whereas these proposals would relate to the HRA budget which was not party to those reductions.
- 44.9 Councillor Miller welcomed the proposals. It was about trying to create more homes and making the most of existing homes.
- 44.10 The Chair thanked the Interim Head of Property & Investment & Head of Housing Strategy Development & Private Sector Housing for giving the presentation. It set in context the current situation and the difficulties and challenges the council faced in moving forward.
- 44.11 **RESOLVED** – That the presentation be noted.

45 ITEMS REFERRED FOR FULL COUNCIL

45.1 **RESOLVED:-**

That the following item be referred for information to the next Council meeting on 17 December 2015.

Item 41 – Response to Scrutiny Panel Report on Private Sector Housing (referred by Councillor Hill).

46 PART TWO MINUTES

46.1 RESOLVED:-

- (1) That the part two minutes of the meeting held on 23 September 2015 be agreed and signed as a correct record.

47 PART TWO PROCEEDINGS

47.1 RESOLVED:-

- (1) That the part two minutes remain exempt from disclosure to the press and public.

The meeting concluded at 6.15pm

Signed

Chair

Dated this

day of

Subject: Petitions
Date of Meeting: 13 January 2016
Report of: Head of Legal & Democratic Services
Contact Officer: Name: Caroline De Marco Tel: 29-1063
E-mail: caroline.demarco@brighton-hove.gov.uk
Key Decision: No
Wards Affected: All

FOR GENERAL RELEASE

1. SUMMARY AND POLICY CONTEXT:

1.1 To receive the following petition presented at Council.

2. RECOMMENDATIONS:

2.2 That the Committee responds to the petition either by noting it or writing to the petition organiser setting out the Council's views, or where it is considered more appropriate, call for an officer report on the matter which may give consideration to a range of options, including the following:

- taking the action requested in the petition
- considering the petition at a council meeting
- holding an inquiry into the matter
- undertaking research into the matter
- holding a public meeting
- holding a consultation
- holding a meeting with petitioners
- referring the petition for consideration by the council's Overview and Scrutiny Committee
- calling a referendum

3. PETITIONS

3. (i) To consider the following petition signed by 232 people. The petition was presented to full Council on 17 December 2015 and is now referred to Housing & New Homes Committee.

Ingram Estate Parking Petition

"This petition is being created under 'The Right to Challenge Parking Policies' On 17th September 2015 BHCC Car Parks & Garages Team sent a letter to all of the Ingram Estate residents, notifying them of parking enforcement which was due to start in phases throughout all of the Ingram Estate from 5th October 2015.

This petition is to oppose some aspects of the parking enforcement policy being brought into effect, and also to suggest alternative parking enforcement measures.

JUSTIFICATION FOR THIS PETITION

- 1 – There was no consultation made with residents.
- 2 – There was only 19 days notice prior to the enforcement commencing.
- 3 – There should be no price difference between all types of residents.
- 4 – Not being allowed to apply for a commercial vehicle or more than 1 vehicle per household.
- 5 – Not allowing residents to vote on a type of parking scheme, e.g.
 - A – Residents have allocated spaces, with allocated visitor spaces
 - B – Allow residents & visitors to park in any space provided a permit is visible.

The residents below, agree that further discussions should take place between residents and the BHCC Car Parks & Garages Team.

(list of signatories on paper petition)

Submitted by: John Blackbear

Subject:	Housing Revenue Account Budget and Investment Programme 2016/17 and Medium Term Financial Strategy		
Date of Meeting:	13 January 2016 – Housing & New Homes Committee 11 February 2016 – Policy & Resources Committee 25 February 2016 – Budget Council		
Report of:	Acting Director of Finance & Resources Acting Executive Director of Environment, Development & Housing		
Contact Officer:	Name:	Sue Chapman Martin Reid	Tel: 29-3105 29-3321
	Email:	Sue.chapman@brighton-hove.gov.uk Martin.reid@brighton-hove.gov.uk	
Ward(s) affected:	AIL		

FOR GENERAL RELEASE

1. PURPOSE OF REPORT AND POLICY CONTEXT

- 1.1 This report presents the proposed Housing Revenue Account (HRA) revenue and capital budget for 2016/17 as required by the Local Government and Housing Act 1989. Members are required to consider the revenue budget proposals including savings and service pressures as well as changes to rents, fees and charges and also the capital programme. This report also sets out the Medium Term Strategy and 30 year forecast.
- 1.2 The HRA contains the income and expenditure relating to the council's social landlord duties of approximately 11,650 properties and 2,700 leasehold properties. The income and expenditure relating to these properties is accounted for separately from the council's other services/activities which form part of the council's General Fund.

2. RECOMMENDATIONS:

- 2.1 That Housing & New Homes Committee recommend that Policy & Resources Committee:
- (a) approves and recommends to Council the HRA revenue budget for 2016/17 as shown in Appendix 1.
 - (b) approves a rent reduction of 1% in line with draft government legislation as detailed in paragraph 3.7.
 - (c) approves service charges and fees as detailed in Appendix 2 and delegates authority to the Acting Executive Director of Environment, Development & Housing to make further amendments to communal service charges and laundry charges (to ensure cost recovery) once notification of new contract prices (from April 2016) has been received.
 - (d) approves the capital programme expenditure and financing budget of £43.047 million for 2016/17 and notes the 4 year programme as set out in Appendix 3.
 - (e) notes the Medium Term Financial Strategy and 30 year financial projections shown in Appendix 4.

3. HRA BUDGET STRATEGY

3.1 The HRA Budget aims to balance the priorities of both the council and council housing residents within the context of the Housing Strategy 2015, and the Corporate Plan 2015-2019 which sets out the overall direction for the council over the next four years. The council's purpose and ambition as a local authority for the city is strong civic leadership, value for money, quality public services and to protect the vulnerable. The Housing Strategy priorities included in developing the HRA revenue budget and capital programme are:

Priority 1: Improving Housing Supply

- Provide more council housing, through the New Homes for Neighbourhoods programme, and use Right To Buy receipts to fund new housing.
- Work with occupational therapists and social workers to ensure that family properties are allocated and adapted in a co-ordinated manner.
- Support households wanting to downsize to increase supply of available family housing.
- Early intervention for families struggling with accommodation including money advice and tenancy support.

Priority 2: Improving Housing Quality

- Continue to promote the highest possible building, space and environmental standards in all new council homes being built to high sustainability levels.
- Continue to improve council housing sustainability standards and maintain 100% achievement of the council's housing stock meeting the Decent Homes Standard and invest in other priorities that promote the health and wellbeing of our residents.
- Continue the annual Warm Homes Healthy People Programme to support vulnerable households.

Priority 3: Improving Housing Support

- Ensure that as services are reviewed, they are accessible and safe for all.
- Improve front facing customer service at Council housing offices.
- Continued investment in specialist tenancy management and support services to support vulnerable council housing residents and work with Community Safety to resolve housing issues and harassment in a timely manner.
- Re-model seniors housing to ensure that it supports the right people and improves social networks and well-being.
- Ensure that adaptations are done at the right time to support people to stay in their homes when they want to.
- Support to people to 'downsize' when they choose and provide a range of options for them and accessible tools to support decision making.
- Continue to renovate seniors housing schemes to convert studios into one bed homes.
- Better links between seniors housing schemes and surrounding communities.
- Ensure new housing development includes community spaces.

HRA REVENUE BUDGET PROPOSALS 2016/17

- 3.2 The HRA is a ring-fenced account which covers the management and maintenance of council owned housing stock. This must be in balance meaning that the authority must show in its financial planning that HRA income meets expenditure and that the HRA is consequently viable.
- 3.3 Although the HRA is not subject to the same funding constraints as the General Fund it still follows the principles of value for money and equally seeks to drive out inefficiencies and achieve cost economies wherever possible. Benchmarking of both service quality and cost with comparator organisations is used extensively to identify opportunities for better efficiency and service delivery.
- 3.4 The HRA budget for 2016/17 is shown in Appendix 1 with the main budget variations, proposed savings, service pressures and other changes. Savings of £1.260m have been identified to mitigate the impact of service pressures and include a number of efficiencies, a reduction in responsive repairs expenditure and additional income as detailed in Appendix 1 (note 3). Service pressures of £1.213m are mainly from the proposed Welfare Reform changes being introduced by the Government and are also detailed in Appendix 1 (note 4). The net revenue budget results in a surplus of £23.522 million which is shown as 'Direct Revenue Funding' (within expenditure) which will be used to support the capital programme.
- 3.5 Rents are calculated in accordance with government guidelines. Rent restructuring rules still apply and Target Rents for each property are calculated based on the relative property values, bedroom size and local earnings. Target Rents will be set at the grant of all new tenancies.
- 3.6 For a number of years government guidance in relation to annual rent increases was that increases should be limited to RPI + ½% + £2 per week in order to provide some protection to tenants whose actual rents were increasing to reach the calculated Target Rent. From April 2015 government guidance revised annual increases to Consumer Price Index (CPI) + 1%. This change removed the flexibility of social landlords to increase social rents each year by an additional £2 where rents are below target, resulting in lower annual rental increases over the long term.
- 3.7 In addition, from April 2016, the Welfare Reform and Work Bill 2015/16 proposes that rents should be reduced by 1% per annum for the next 4 years (2016/17 to 2019/20). It is anticipated that this will become legislation and therefore this is reflected in the report. For 2016/17 this represents an average reduction of £0.86 per week, reducing the average weekly rent to £84.79 per week.
- 3.8 Rents are not calculated to take into account any service charges and only include all charges associated with the occupation of a dwelling, such as maintenance of the building and general housing management services. Service charges are therefore calculated to reflect additional services which may not be provided to every tenant or which may be connected with communal facilities rather than to a particular occupation of a house or flat. Different tenants may receive different types of service reflecting their housing circumstances. All current service charges are reviewed annually to ensure full cost recovery and also to identify any service efficiencies which can be offset against inflationary increases, to keep increases to a minimum. The proposed fees and service charges for 2016/17 are set out in Appendix 2.

3.9 The projected level of reserves at 31 March 2017 is also shown in Appendix 1.

HRA CAPITAL PROGRAMME 2016/17

3.10 The Housing Capital Programme seeks to provide substantial improvement to the council's housing stock and improve the quality of residents' lives in their homes. The implementation of the proposed programme will take account of all relevant best practice guidelines and has been informed from the draft Asset Management Strategy. The proposed programme for 2016/17 and the funding arrangements totalling £43.047 million are shown in Appendix 3. This programme does not include any re-profiling identified from the 2015/16 targeted budget monitoring.

3.11 The Capital Programme is a key part of implementing the main aims of the long-term asset management approach, which aims to maximise investment in homes and neighbourhoods to provide safe, good quality housing and support services, whilst also supporting new housing supply and financial viability for the HRA.

3.12 The council is committed to having robust arrangements in place to help ensure the health and safety of all of those using and visiting the council's assets, to a reasonable level. This is a key responsibility, and as such through the capital programme proposals it is ensured that the investment required is maintained and made available ahead of other investment decisions. This includes good practice procedures and resources to support the management of asbestos, fire risk, legionella, gas and electrical equipment, amongst others.

3.13 The Capital Programme targets investments that will ensure that the HRA maintains, and improves where possible, the quality of housing. The programme will support the delivery of the following commitments:

- To maintain 100% achievement of properties meeting the government's Decent Homes Standard and the local Brighton & Hove Standard over the medium term.
- To ensure that all homes are as suitable as practicable for the needs of their occupants, in line with council policy. For example, there is a substantial investment commitment to providing adaptations, and to reducing overcrowding in the programme.
- To continue working closely with residents to help increase levels of resident satisfaction with the quality of their home.

3.14 Additionally, based on feedback from residents on their priorities, the programme continues the long-term investment of upgrading and modernisation of passenger lifts serving blocks of flats. This programme has been very effective in helping many residents to be able to rely on their lift to be safe, comfortable, and reliable.

3.15 Helping residents to live in well-insulated, efficiently heated, healthy homes remains a key long-term commitment, which is supported through the capital programme. Past progress on achieving this has been consistently good, with national Standard Assessment Procedure (SAP) energy rating performance monitoring being used to benchmark these. Key investments that contribute to these include installing high efficiency boilers, new doors, windows, insulation and renewable or community energy schemes, where appropriate.

HRA MEDIUM TERM & 30 YEAR FINANCIAL FORECAST

- 3.16 The introduction of self financing in 2012 provided additional resources from the retention of all rental income and, through greater control locally, enabled longer term planning to improve the management and maintenance of council homes.
- 3.17 The medium term and 30 year forecast is provided in Appendix 4 along with the business planning assumptions used for income and expenditure.
- 3.18 Essentially although the financial plan shows that the HRA has healthy financial indicators to borrow to source funding for regeneration and development it is restricted by the self financing cap (or limit) on the amount of HRA borrowing permissible for capital investment by each local authority. This limit is currently set at £156.8m for Brighton & Hove and the outstanding debt reaches its peak in 2023/24 where the borrowing level is £147.4m leaving headroom of only £9.4m.
- 3.19 In addition to the debt cap, the reduction in rental income of 1% per annum (as detailed further in Appendix 4) will also restrict resources available for new build and regeneration so alternative options and delivery mechanisms for funding outside the HRA will be required alongside a review of priorities included in the financial plan.
- 3.20 There are also a number of uncertainties due to impending government legislation which may significantly impact on the long term health of the financial plan such as:
- Housing & Planning Bill – requirement to sell off high value homes when they become vacant with the capital receipts pooled by government and redistributed to Housing Associations.
 - Welfare Reform – roll out of universal credit, reduction in tax credits, single room rates for under 35's in social housing and benefit cap to £20,000 per annum, all of which will impact on tenants' ability to pay their rent.
 - Welfare Reform & Work Bill 2015 – proposal that households earning more than £30,000 per annum will be subject to rents charged at market rate. This may result in an increase in right to buys, greater administration costs and possibly an increase in bad debts. Any additional rental income will not be retained by the council but returned to the Government for redistribution to Housing Associations to fund their RTB discounts.
 - Uncertainty of future rent policy after 2019/20.
- 3.21 The 30 year financial plan will be further updated in 2016 to reflect the impact of the changes resulting from government legislation, once the detail is known, and the 2016/17 budget proposals. This will enable a review of future opportunities for additional investment in existing housing stock and building new homes and also how the housing debt could be structured to accommodate these plans or possibilities.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 The budget process allows all parties to engage in the scrutiny of budget proposals and put forward viable alternative budget proposals to Budget Council on 25 February 2016. Budget Council has the opportunity to debate both the proposals recommended by Policy & Resources Committee at the same time as any viable alternative proposals.
- 4.2 The Welfare Reform and Work Bill 2015/16 will set a statutory requirement to set the rents at 1% less than the previous year for 2016/17.

5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 Involvement of our residents in service delivery and priorities is a key focus for Housing. Ongoing consultation with tenants and leaseholders takes place throughout the year in a number of forums and settings.
- 5.2 All Area Panel representatives and chairs have been sent a letter explaining the budget proposals. This summarised the various components including the details of the proposed savings of £1.260m, how the savings would be reinvested back into the service, the 1% rent reduction and advised on contact details if further information or clarification was sought.
- 5.3 Residents and leaseholders have helped shape the Asset Management Strategy through a series of discussion events chaired by the interim Head of Housing, with their views forming a key part of the strategic direction of future services and investment. Separate consultation sessions were held with leaseholders, residents in houses, and residents in flats.
- 5.4 Generally, feedback from the consultation sessions included wanting to prioritise investment in the exterior repair of buildings and common parts, such as decorations in stairwells and lighting, with the aim of achieving a more consistent standard across the city. This is now being reflected and supported through the capital programme proposals. Additionally, at a more strategic level, feedback was that generally the focus for investment should be mainly on improving the quality of the existing housing stock, and ensuring that all housing should be of a good standard, and well insulated, to help with fuel costs. The draft Asset Management Strategy overview was also presented and discussed at the November Home Service Improvement Group meeting. The Asset Management Strategy will be considered by Area Panels early in the new year.
- 5.5 Feedback from City Assembly and Area Panels has in the past led directly to prioritisation of budgets, including bringing forward significant additional investment in the lift programme. Input from various service improvement groups has also contributed to various savings considerations, for example suggestions from Tenancy Group will lead to reduced expenditure on fly tipping. The Business & Value for Money service improvement group have reviewed potential income streams for Housing including maximising commercial rents.
- 5.6 The Home Group have also been involved in on-going discussions and review of the HRA capital programme. Members of this group sit on the Core Group who are closely involved in monitoring repairs budget linking directly to savings and budget proposals. The Home Group have also been closely involved in selection of the proposed new gas contractor, with residents assessing their approach to engaging with customers and managing communications.
- 5.7 All leaseholders have been, or will be, consulted about individual contracts carried out as part of the programme in full compliance with the Commonhold and Leasehold Reform Act 2002.

6. CONCLUSION

- 6.1 The Local Government and Housing Act 1989 requires each local authority to formulate proposals relating to income from rent and charges, expenditure on repairs, maintenance,

supervision and management, capital expenditure and any other prescribed matters in respect of the HRA. In formulating these proposals using best estimates and assumptions, the Authority must set a balanced account. This budget report provides a capital programme, breakeven revenue budget and recommends rent proposals in line with current government guidance.

- 6.2 This report also provides the latest medium and long term forecast for the HRA. However there are a number of uncertainties due to impending government legislation which mean that the current forecasts should be treated with caution.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 The financial implications are contained within the main body of the report.

Finance Officer Consulted: Sue Chapman

Date: 11/12/15

Legal Implications:

- 7.2 Paragraphs 3.2 and 6 of the report set out the legal requirements for the Housing Revenue Account. In its role as landlord, the Council has statutory and contractual obligations to maintain the structure of, and installations in, its housing stock. The HRA Capital Programme and Funding measures outlined in Appendix A will assist the council in fulfilling those obligations. The Council must take the Human Rights Act into account when making decisions but it is not considered that any individual's Human Rights Act rights would be adversely affected by the recommendations in the report.

Lawyer Consulted:

Liz Woodley

Date: 15/12/15

Equalities Implications:

- 7.3 The HRA budget funds services to people with special needs resulting from age, vulnerability or health. All capital programme projects undertaken include full consideration of various equality issues and specifically the implications of the Equality Act. To ensure that the equality impact of budget proposals are fully considered as part of the decision making process, equality impact assessments have been developed on specific areas where required.

Sustainability Implications:

- 7.4 The HRA budget will fund a range of measures that will benefit and sustain the local environment. This capital programme supports the affordable warmth and fuel poverty strategy brought forward from Public Health. Housing is a key contributor to the Carbon Emissions reductions commitments and will help to reduce the number of residents affected by fuel poverty and rising energy costs.
- 7.5 Project briefs are issued on all capital projects and require due consideration of sustainability issues, including energy conservation and procurement of materials from managed and sustainable sources.

Any other Significant Implications:

- 7.6 Financial risks have been assessed throughout the development of the council's HRA annual budget and 30 year financial model. A number of key sensitivities and scenarios are modelled to ensure that the service understands the business impact of decision making and include areas such as:
- Impacts of the government's Housing & Planning Bill and Welfare Reform legislation;
 - Inflationary risk where expenditure inflation is greater than income, particularly with the current reduction in rental income over the next four years;
 - Managing interest rate fluctuations and the debt portfolio;
 - Long term capital and maintenance responsibilities compared with available resources;
 - Balancing regeneration and redevelopment needs with tenants priorities.

SUPPORTING DOCUMENTATION

Appendices:

1. Appendix 1: HRA Revenue Forecast Outturn 2015/16 and Budget 2016/17
2. Appendix 2: Fees and Service Charges 2016/17
3. Appendix 3: Capital Programme and Funding 2016/17 – 2019/20
4. Appendix 4: HRA Medium Term Financial Strategy & 30 Year Financial Forecast

Documents in Members' Rooms

None

Background Documents

1. 2016/17 Housing Revenue Account Working Papers

	2015-16 Forecast Outturn (1) £'000	2015-16 Adjusted Budget £'000	Budget Changes				2016-17 Original Budget £'000
			Inflation (2) £'000	Savings (3) £'000	Service Pressures (4) £'000	Other Changes (5) £'000	
SUBJECTIVE ANALYSIS							
Employee	7,855	8,320	81	(453)	259	21	8,228
Premises - Repairs	10,898	11,146	85	(300)	0	(327)	10,604
Premises - Other	2,783	2,838	27	(84)	42	87	2,910
Transport	133	146	1	(19)	0	7	135
Contribution to Bad Debt Provision	394	324	0	0	50	0	374
Supplies & Services	2,428	2,420	17	(51)	100	163	2,649
Third Party Payments	143	183	4	(30)	0	0	157
Support Services - From Other Departments	2,451	2,515	0	(218)	0	(70)	2,227
Direct Revenue Funding	23,887	22,768	0	0	0	754	23,522
Capital Financing Costs	8,236	8,341	0	0	0	22	8,363
Total Expenditure	59,208	59,001	215	(1,155)	451	657	59,169
Rents Dwellings	(51,241)	(51,089)	0	0	696	0	(50,393)
Rents Car Parking / Garages	(850)	(938)	0	0	46	(100)	(992)
Commercial Rents	(544)	(537)	(11)	0	0	0	(548)
Service Charges	(6,713)	(6,098)	(26)	(105)	20	(677)	(6,886)
Other Income, Recharges & Interest	(372)	(339)	(6)	0	0	(5)	(350)
Total Income	(59,720)	(59,001)	(43)	(105)	762	(782)	(59,169)
DEFICIT / (SURPLUS)	(512)	0	172	(1,260)	1,213	(125)	0
OBJECTIVE ANALYSIS							
Capital Financing	32,090	31,077	0	0	0	775	31,852
Head of Housing	3,434	3,491	3	(241)	2	(8)	3,247
Head of Regeneration	231	290	3	(37)	5	4	265
Housing Strategy	586	524	5	0	140	(4)	665
Housing Support	245	257	3	0	3	(1)	262
Income, Inclusion & Improvement	(50,400)	(49,547)	8	(252)	884	(614)	(49,521)
Property & Investment	11,773	12,024	86	(358)	21	(201)	11,572
Tenancy Services	1,529	1,884	64	(372)	158	(76)	1,658
DEFICIT / (SURPLUS)	(512)	0	172	(1,260)	1,213	(125)	0

Notes:

- (1) Significant variances in the Targeted Budget Management Forecast Outturn as at Month 7 for 2015/16 are shown in the table below:

HRA Forecast Outturn as at Month 7	£'000
Vacancy management savings throughout the service are partly offset by additional costs in relation to Homemove and Adaptations staff attributable as chargeable to the HRA	(465)
The spend on routine repairs has reduced due to a reduction in the number of council dwellings and also in the increased levels of capital investment over the past few years	(290)
A review of the funding of the capital programme, in light of the overall revenue forecast underspend, has resulted in an increased contribution of £1.100m from revenue surpluses to fund the capital programme rather than undertaking borrowing. This is partly offset by reduced interest charges of £0.105m	995
Rents are forecast to overachieve income by £0.072m	(72)
Leaseholder Services and Major Works are forecast to overachieve income by £0.661m due to the timing of capital works meaning more was rechargeable in 2015/16 than was estimated	(661)
Other minor underspends	(19)
TBM Month 7 Variance	(512)

- (2) Inflation of 1% Inflation has been applied to Direct Employees, Premises, Transport and Supplies & Services. All income budgets are zero-based (that is they are recalculated each year rather than changing incrementally) and therefore charges are estimated based on known increases in costs or inflation.

- (3) Savings include:

Savings	£'000
Tenancy Management and Services staff efficiencies (7.85fte) and full year effect of 2015/16 savings in Property & Investment	(291)
Estate Regeneration team service redesign	(30)
Reduction in agency costs from end of back scanning project	(125)
Responsive Repairs savings (achieved in 2015/16) from increased proactive investment in stock and a reduction the number of homes	(300)
Gas contract – reduction in consumption coupled with a reduction in the unit price for gas from October 2015	(93)
Consultancy/Professional Services and Supplies	(95)
Reduction in general fund support services charges (£0.129m), community grants (£0.012m) & funding for Play Bus Service (£0.080m)	(221)
Intensive Housing Management Service Charge income	(105)
Total Savings	(1,260)

(4) Service Pressures include:

Service Pressures	£'000
Homemove and Adaptations staff costs attributable to the HRA	140
Increase in Employers Pay Contributions	119
The unit cost of electricity is estimated to increase by 22% in April 2016. (Partially offset by recovery from service charges)	42
Impact of Welfare Reforms - increased contribution to bad debt provision and Discretionary Housing Payments	150
Reduction in rental income (mainly from the 1% reduction in rents)	696
Other minor income pressures	66
Total Service Pressures	1,213

(5) Other Changes include:

Other Changes	£'000
Accounting adjustment - reallocation of Mears overheads costs from revenue responsive repairs to capital schemes	(300)
Park Royal Leasehold Service Charge payments for management and maintenance	130
Additional Direct Revenue Funding – increase in revenue surpluses to fund the capital programme	754
Estimated Increase in Leaseholders Service Charges for major works	(698)
Other minor variances	(11)
Total Other Changes	(125)

PROJECTED RESERVES AT 31 MARCH 2017

Description	Balance at 1 April 2015 £'000	Projected Balance at 31/3/2016 £'000	Projected Balance at 31/3/2017 £'000	Use
Revenue reserves - Working Balance	3,000	3,000	3,000	Retained to cover unforeseen pressures in year
Usable revenue reserves	2,228	1,640	1,369	Available for use
Capital Reserves	463	0	0	Fund 2015/16 Capital Programme.
Estate Development Reserves	599	599	500	Unspent budget allocation from previous years.
HRA Auto Meter Reads Reserve	45	45	45	Available to fund costs of AMR's.
HRA - Renewable Energy Projects	397	0	0	Fund 2015/16 Capital Programme.
Restructure Redundancy Reserve	388	388	388	Earmarked reserves.

All fees and service charges are reviewed annually to ensure full cost recovery and also to identify any service efficiencies that can be offset against inflationary increases to keep increases to a minimum. Proposed fees and service charges for 2016/17 are detailed below.

Service Charges Eligible for Housing Benefit:

Eligible for Housing Benefit	Number of Tenants Affected	Approx. Number not Eligible for HB	2015/16 Average Weekly Charge	2016/17 Average Charge £	2016/17 Average increase/ (decrease) per week £ / %	Comments
Grounds Maintenance	5,550	1,530	£0.66	£0.67	£0.01 2%	Contractual increase from City Parks
Communal cleaning	5,739	1,689	£2.78	£2.78	Nil	Full cost recovery without increasing charges because of efficiencies made within this service.
TV Aerials	5,673	1,578	£0.76	£0.76	Nil	No change
Seniors Housing – common ways	854	108	£8.84	£9.46	£0.62 7%	Increases reflect improved new fire alarm contract, revised cleaning contract and estimated increases in electricity costs of 22 % reflecting the end of a 3 year fixed term contract. Increases will be capped at £2 per week and those four blocks with increases calculated above £2 will be reviewed further.
Seniors Housing - laundry	828	92	£1.33	£2.00	£0.67 50%	New contract pending, estimated charge but maybe subject to slight variation once further information is available.
Video Entry	12	3	£0.96	£0.96	Nil	No change.
Seniors Intensive Housing Management	817	94	£17.49	£19.92	£2.43 13.9%	As agreed in 14/15 budget report – 3rd phase of new charge.
Electricity – communal ways	5,368	1,614	£1.01	£1.11	£0.10 9.9%	Based on 22% increase in average unit price for electricity and new estimates for consumption. Tenants will see larger or smaller increases, depending on consumption in their block.
Lift Servicing and maintenance	2,383	580	£0.85	£0.77	(£0.08) (9.4%)	An increase in lift installations (with 3 year warranties) has resulted in fewer repairs and vandalism works.

Service Charges & Fees Not Eligible for Housing Benefit

Not Eligible for Housing Benefit	Number of Tenants Affected	2015/16 Average Weekly Charge	2016/17 Average Charge £	2016/17 Average increase/ (decrease) per week £ / %	Comments
Communal heating – gas	1,070	£8.74	£7.89	(£0.85) (9.73%)	Based on estimated consumption for 16/17 and the new lower unit price for gas from October 2015.
Communal heating – electric	78	£8.92	£10.95	£2.03 22.7%	This increase is based on recovery of electricity costs for these two sites and an estimated increase of the cost of electricity of 22%. Residents in Elwyn Jones Court will see an increase of 24% and those in Broadfields, 7%.
Water	135	£3.68	£3.75	£0.07 2%	Based on recovery of costs and estimated increases by Southern Water of 2%.
Guest rooms	n/a	£8.80 per night	£15 per night	£6.20 70%	Increase to ensure cost recovery.
Garages & Car Parking Residents Non Residents	2,453	£8.95	£9.13	£0.18 2% 26%	Inflationary increase applied to residents charges. Non residents charges will be increased to recover business rates which are now payable for these spaces. Charges will vary depending on parking zones and associated business rates.
Mobility Scooter Storage	23	£2.50	£2.50	Nil	No change
Bicycle Storage	9	n/a	£1.50	n/a	New charge introduced for new build schemes based on estimated capital investment and future repair costs.

	Budget 2016/17	Provisional Budget 2017/18	Provisional Budget 2018/19	Provisional Budget 2019/20	Description
CAPITAL EXPENDITURE	£'000	£'000	£'000	£'000	
Improving Housing Quality					
Door Entry Systems & CCTV	677	697	622	409	Some door entry systems are near the end of their serviceable life, with spare parts difficult to source.
Water Tanks, Ventilation, Lighting & Lightning Protection & Fire Alarms	848	709	583	482	Projects help ensure safety and welfare for residents through a replacement and improvement programme.
Lifts	943	1,379	1,076	822	The lift replacement and upgrade programme is a long-term commitment to BHCC residents.
Fire Safety & Asbestos Management	400	374	364	341	Effectively managing the risks of both fire and asbestos materials is an ongoing need.
Minor Capital Works	221	222	262	264	Investment in smaller capital repairs across the HRA stock as well as car park and garages.
Roofing	1,232	1,245	1,253	1,262	Helps to extend the life of assets, improves insulation, and reduces responsive repairs.
Condensation & Damp Works	677	685	688	694	Welfare of residents is improved by tackling the causes of mould growth in properties
Major Structural Works	3,181	3,507	3,170	1,676	To maintain the structural and general external integrity of properties.
Major Empty Property Works	258	249	251	252	Extensive refurbishment of empty homes prior to re-letting.
Cyclical Decorations	3,923	3,585	2,855	2,752	External and common way repairs and decorations across the city help reduce ongoing costs.
Future Capital Projects	50	50	44	44	Specialist and other surveys to support future programmes.
Brighton & Hove Standard Works					
Dwelling Doors	431	436	401	404	Replacing doors to properties with secure and efficient design helps residents feel safer.
Kitchens & Bathrooms	1,725	1,682	1,629	1,578	This budget helps to ensure homes comply with the Brighton & Hove Standard.

	Budget 2016/17	Provisional Budget 2017/18	Provisional Budget 2018/19	Provisional Budget 2019/20	Description
Rewiring - Domestic/ Communal	1,786	1,806	1,690	1,579	Safe and reliable electrical installations and efficient lighting are supported from this budget.
Windows	1,355	1,245	1,253	1,262	Window replacement programmes improve energy efficiency, warmth and reduce ongoing repair costs.
Sustainability & Carbon Reduction					
Home Energy Efficiency & Renewables	521	253	253	254	Includes solar panels as well as other home energy efficiency and renewable projects.
Domestic/Communal Heating Improvements	2,022	2,956	2,956	2,957	Efficient and modern replacement heating systems reduce carbon emissions and residents fuel costs
Insulation Improvements	50	63	1,702	1,717	Also includes overcladding. Improving insulation levels in buildings reduces mould growth and heating costs.
Tackling Inequality					
Estate and Environmental Improvements	500	300	300	300	Residents are able to prioritise smaller projects through this continuing and well supported budget
Disabled Aids & Adaptations	1,150	1,150	1,150	1,150	This budget supports residents living in their homes for longer
Conversions & Extensions	739	747	752	757	Tackling overcrowding across the city is of key importance to ensure good quality housing
Conversions of existing bed- sits	1,216	1,080	1,077	1,086	Improving dwellings' layout in several seniors housing schemes will meet modern standards.
Other					
ICT Budget	50	80	50	50	Supports Housing IT projects
Total Investment in Existing Housing Stock	23,955	24,500	24,381	22,092	

	Budget 2016/17	Provisional Budget 2017/18	Provisional Budget 2018/19	Provisional Budget 2019/20	Description
Building New Council Homes					
Brooke Mead Extra Care	4,355	0	0	0	Started on site in 2015/16, total scheme budget is £12.0m
Infill sites - Manor Place	1,292	0	0	0	South block due for completion Feb/March 2016; North block to start then; total scheme budget is £2.8m.
Garage Sites - Guinness	1,095	0	0	0	The majority of Garage Site schemes started on site in 2015/16, total scheme budget is £5.8m
Findon Road (Former Library)	8,100	5,000	0	0	Approved 2015/16, total scheme budget £14.1m
Design competition	1,000	0	0	0	Shortlisting completed, consultation in progress.
Feasibility & Design	250	0	0	0	Allows progression of future development projects.
Selsfield Drive	2,000	5,000	0	0	Feasibility approval expected in March 2016.
Wellsbourne	1,000	5,200	0	0	Planning decision expected in 2016.
Total Building New Homes	19,092	15,200	0	0	
TOTAL CAPITAL EXPENDITURE	43,047	39,700	24,381	22,092	
PROGRAMME FUNDING					
Direct Revenue Funding	23,522	24,750	24,381	22,092	Funding from revenue surpluses
Borrowing	13,025	10,670			Borrowing required mainly for new build development
HRA reserves	771	800			Useable revenue and capital reserves
Capital Receipts	4,349	3,300			Retained RTB receipts for new build
HCA Grant	1,200				HCA Grant for Brooke Mead
Energy Grants / Feed In Tariffs	180	180			Funding received to support sustainability and carbon projects.
TOTAL FUNDING	43,047	39,700	24,381	22,092	

Medium Term

The Medium Term Financial revenue position provides a cumulative surplus of £98.405m that can be used to support the delivery of the capital programme during this period. When compared to last years MTFS there is a significant reduction in the revenue surplus available due to the 1% reduction in rents, a total reduction of £14.15m over 4 years. However this has been partly mitigated by accumulated efficiency savings identified over the same period totalling of £7.2m (which are £1.260m in 2016/17, £0.569m in 2017/18, £0.369m in 2018/19 and £0.269m in 2019/20).

	2016/17	2017/18	2018/19	2019/20
	£'000	£'000	£'000	£'000
Expenditure				
Management & Service costs	15,542	15,459	15,345	15,383
Repairs and maintenance	10,604	10,706	10,874	11,146
Other costs	1,138	1,149	1,161	1,176
Borrowing costs	8,363	9,626	7,362	7,238
Total Expenditure	35,647	36,940	34,742	34,943
Income				
Rental Income	50,393	50,545	50,613	49,931
Service Charges (tenants)	3,441	3,510	3,580	3,652
Other Income	5,335	7,635	6,011	6,031
Total Income	59,169	61,690	60,204	59,614
Net Surplus	23,522	24,750	25,462	24,671
Allocated to:				
Direct Revenue Funding	23,522	24,750	24,381	22,092
Reserves	0	0	1,081	2,579

30 YEAR FINANCIAL FORECAST

Introduction

The introduction of self financing provided local authorities with the opportunity to develop longer term planning to improve the management and maintenance of council homes. The government's self financing valuation agreed at April 2012 was based on using the rent restructuring formula with increases set at RPI + ½% + £2 per week and was set at a level to provide a balanced business plan over the next 30 years.

Since then the Government has imposed two changes to the rent calculation which both result in significant reductions in future rental income. From April 2015, government guidance revised annual increases to Consumer Price Index (CPI) + 1%. This change removed the flexibility of social landlords to increase social rents each year by an additional £2 where rents were below target, resulting in lower annual rental increases over the long term. From April 2016, the Welfare Reform and Work Bill 2015/16 proposes that rents should be reduced by 1% per annum for the next 4 years (2016/17 to 2019/20). This proposed reduction in rents by 1% per annum will reduce resources by £14.1m over that four year period with a cumulative reduction in resources of £223m over 30 years when compared to previous business planning assumptions.

The current financial plan projections shown below continue to provide a balanced business plan but there is less opportunity than before for regeneration and new investment within the HRA due to the significant reductions in rental income projections. The current plan projections should also be viewed with caution due to the uncertainties from impending government legislation not yet modelled in the plan, which may significantly impact further on the long term health of the financial plan such as:

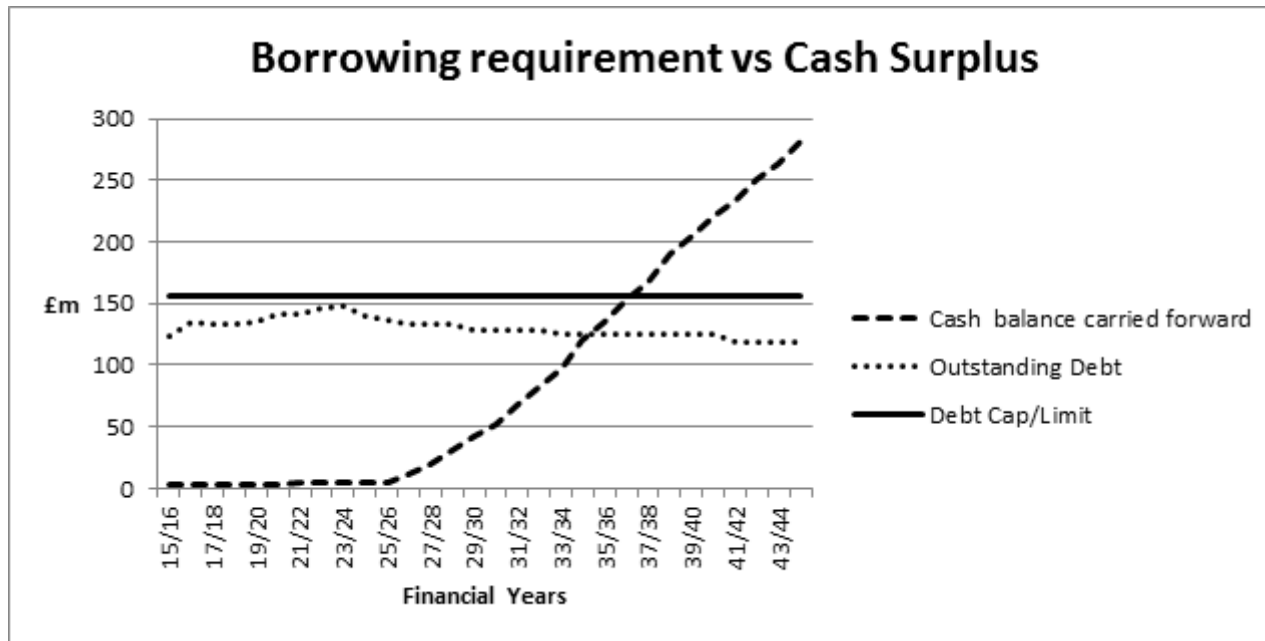
- Housing & Planning Bill – This bill includes a requirement to sell off high value homes when they become vacant and pay the capital receipt to government for redistribution. These properties are likely to be those that contribute most financially to the overall surpluses over 30 years. The full details of this scheme are not yet available to inform business planning.
- Welfare Reform & Work Bill 2015 – This bill includes a proposal that households earning more than £30,000 per annum will be subject to rents charged at market rate with the additional income being paid to central government for redistribution to Housing Associations. This may result in an increase in right to buys, greater administration costs and possibly an increase in bad debts. A significant reduction in the number of homes through increased right to buy sales may also include those properties that contribute most financially to the overall surpluses over 30 years.
- Welfare Reform – The roll out of universal credit, reduction in tax credits, single room rates for under 35's in social housing and reduction in benefit cap to £20,000 per annum will all impact on tenants ability to pay their rent. The assumptions used for bad debts and voids may need increasing resulting in a loss of projected income.
- Uncertainty of future rent policy after 2019/20. It is not clear at this stage whether the rent policy will revert to the previous policy of increases capped at CPI + 1% or something entirely different.

The 30 year financial plan will continue to be updated to reflect the impact of the changes resulting from government legislation and the 2016/17 budget proposals. This will enable a review of future opportunities for additional investment in existing housing stock and building new homes both within the HRA and through alternative delivery models.

Forecast

The net position of the financial forecast is shown in the graph below. The cash surplus over the period of the financial plan totals £280.6m. Assuming that no additional borrowing repayments are made over the life of the plan aside from those planned in the current loan schedule, the debt outstanding in year 30 is £119.2m. The cash surpluses equal outstanding debt by year 20 and this provides an indication that in the long term, based on current assumptions, the HRA maintains a balanced position with some surpluses.

Essentially, although the financial forecast shows that the HRA has healthy financial indicators to borrow to source funding for regeneration or development it is restricted by the self financing debt cap (or limit). This is a government restriction on the amount of HRA borrowing permissible for capital investment by each local authority. The cap for Brighton & Hove is £156.8m. The outstanding debt reaches its peak in 2023/24 where the borrowing level is £147.4m leaving headroom of only £9.4m. Therefore, alternative delivery models outside of the constraints of the HRA may need to be considered in the future alongside a review of priorities included in the financial plan.



Note: Cash balance carried forward is net revenue surpluses generated after funding the capital programme.

The 30 year financial forecast has been developed based on the following assumptions:

- A general inflation of CPI assumed as an average of 1.4% for years 2 to 10 and 2% thereafter.
- Revenue repairs and maintenance costs are assumed to increase by 2.5% throughout the plan.
- Right to buy sales are assumed to continue at an average of 40 sales per annum.
- The forecast currently includes approved schemes only, totalling 209 new homes. There is no allowance for any future regeneration schemes or new build schemes.
- The forecast assumes that all stock is fully maintained to the Brighton & Hove Standard with capital investment costs increasing by CPI with a 5% uplift in year 6.
- Rents are assumed to decrease by 1% per annum for the next four years and then revert to the previous policy of increases capped at CPI plus 1%. The CPI assumptions used provides total inflationary increases of an average of 2.6% for years 5-10 and 3% per annum for years 11-30.

The following table provides a summary of the 30 year income and expenditure flows.

30 Year Forecast	Years 1 -5 £'000	Years 6-10 £'000	Years 11-20 £'000	Years 21 -30 £'000	Total £'000
Revenue expenditure:					
Management costs	57,454	58,809	132,678	155,859	404,800
Service costs	17,047	19,133	47,559	63,487	147,226
Repairs and maintenance	55,228	63,281	149,168	185,205	452,882
Other costs	5,844	6,186	14,343	17,484	43,857
Bad debt provision	1,955	1,991	4,273	4,638	12,857
Capital repayments	41,360	54,335	76,597	62,070	234,362
Total Expenditure	178,888	203,735	424,618	488,743	1,295,984
Revenue income:					
Rental income (net of voids)	252,347	265,374	644,311	834,224	1,996,256
Service charges	17,047	19,133	47,559	63,487	147,226
Other income	16,472	17,093	38,905	47,424	119,894
Leaseholder income	14,365	11,633	11,447	15,172	52,617
Total income	300,231	313,233	742,222	960,308	2,315,993
Net revenue income	121,343	109,498	317,603	471,565	1,020,009
Capital expenditure					
Capital investment	131,636	135,093	203,477	309,982	780,188
New build schemes	47,605	0	0	0	47,605
Total capital expenditure	179,241	135,093	203,477	309,982	827,793
Capital funding					
Other capital income	27,065	0	0	0	27,065
Borrowing	31,022	27,336	0	0	58,358
Revenue contribution to capital	121,343	109,499	317,603	471,565	1,020,010
Total funding	179,430	136,835	317,603	471,565	1,105,433
Opening HRA reserves	3,000	0	0	0	3,000
Cash surplus at year 30	3,189	1,742	114,126	161,583	280,640

Subject:	Mutual Exchange Incentives		
Date of Meeting:	13 January 2016		
Report of:	Executive Director of Environment, Development and Housing		
Contact Officer:	Name:	Nick Kitson	Tel: 01273 293354
	Email:	nick.kitson@brighton-hove.gov.uk	
Ward(s) affected:	All		

FOR GENERAL RELEASE

1. PURPOSE OF REPORT AND POLICY CONTEXT

- 1.1 Housing has been looking to introduce a Mutual Exchange Incentive Scheme, to encourage more downsizing among under occupiers affected by the reduction in Housing Benefit (HB) for having a spare bedroom.
- 1.2 Currently, tenants wanting to downsize are paid up to £2,500 if they transfer to a smaller property through Homemove. This proposal would extend these payments to tenants downsizing through mutual exchanges as well, using the existing criteria and procedures.

2. RECOMMENDATIONS

- 2.1 That the committee agrees to extend financial incentives to downsizing tenants completing a mutual exchange.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 The Welfare Reform Act 2012 introduced a measure to reduce the Housing Benefit (HB) of council tenants who were deemed to be under-occupying. The measure received national attention where it was branded as a "bedroom tax".
- 3.2 Under-occupiers impacted by the HB changes have reduced from 935 when the changes were introduced in April 2013, to 725 at the end October 2015. However, movement has slowed with many under-occupiers saying they wish to remain in their current homes and pay the charges.
- 3.3 50% (360) of under-occupiers were in arrears on the end of October 2015, owing a total of £94k, or an average of around £261 each.
- 3.4 Some had been awarded Discretionary Housing Payments (DHPs) once or twice, as a temporary measure, on the basis that either their circumstances will soon change (e.g. children's ages mean they would soon be entitled to the 'spare'

room) or because they are in a property adapted to meet the needs of their disability. However for many recipients, they will not have further entitlement to DHP awards.

- 3.5 Since 2013, the council has offered to provide funding on a case-by-case basis for downsizing tenants expressing a wish to exchange. This has included paying for removals or garden clearances. However uptake of this option has been low and has resulted in only very small numbers of tenants moving.
- 3.6 Landlords including Harlow, Colchester, Winchester, Cambridge, Southwark and Lewes are taking this or a similar approach to that set out in this paper.
- 3.7 Cambridge City Council reported that the scheme has been popular, with 20 incentivised exchanges taking place in the first year following the extension of their Transfer Incentive Scheme.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 The option to provide a lower sum has been looked at. This is unlikely to be high enough to incentivise many people to move and would have the added disadvantage that a new procedure (and staff to operate it) would be required, rather than using the existing Transfer Incentive Scheme (TIS) policy.
- 4.2 The following considerations support the introduction of a mutual exchange incentive scheme:
 - 1. Mutual exchanges provide a faster way of achieving right-sized accommodation for both under-occupying and overcrowded households than waiting on the transfer list. There are currently 427 overcrowded households waiting for a larger home, and 722 working age under-occupying households. More detailed information on these numbers can be found at **Appendix 1**.
 - 2. Encourages under-occupying tenants not to simply wait to get the incentive through the Transfer Incentive Scheme (TIS) via a Homemove transfer. Even in Band A, such a move can take 8 months to a number of years.
 - 3. Saves money that would otherwise be spent on empty property repairs and rent loss through transfers (up to £3,000 per property)
 - 4. Pays for rechargeable repairs within the incentive sum, if such a recharge would otherwise stop the exchange.
 - 5. May make better use of adapted stock.
 - 6. Can be promoted at mutual exchange events, as well as through other media.
 - 7. Budget provision made for bad debt would be more productively used in a proactive way – i.e. to provide the incentive.
 - 8. It is envisaged that if agreed by committee, the financial incentives will be identical to those already offered under TIS. That is, £1,000 for releasing one

bedroom, with an additional £500 for each extra bedroom released, up to a maximum of £2,500 for four or more bedrooms.

9. Eligibility criteria will be the same as for TIS, except where criteria in the TIS policy are not relevant to exchange applicants (e.g. moving to the private rented sector).

10. Applications will either be processed by the officer in Homemove who is responsible for TIS, or by officers within another department following the same procedures.

5. COMMUNITY ENGAGEMENT & CONSULTATION

5.1 A telephone survey of 134 under-occupying tenants was conducted in February 2015 to help establish which tenants were willing to move. A sample of these were asked whether they would find a cash incentive helpful. A third said it would be helpful.

5.2 All four Area Panels were consulted and feedback was universally positive. Comments included, "It would be nonsense not to do it." And, "it will allow tenants to move with a clean slate [if there are under-occupation arrears]."

6. FINANCIAL & OTHER IMPLICATIONS

6.1 Financial Implications

The current 2015/16 Housing Revenue Account (HRA) budget includes £0.050m to assist tenants to downsize as explained in paragraph 3.5 above. This is currently forecast to underspend in 2015/16 due to the low level of take-up. The draft budget 2016/17 (elsewhere on this agenda) proposes a budget of £0.050m for assisting in mutual exchanges. This budget could be used for the new scheme outlined in this report. Any money spent supporting tenants receiving an under occupation charge to down-size, will help to reduce HRA rent arrears and reduce the need for Discretionary Housing Payments.

Finance Officer consulted: Monica Brooks, Principal Accountant *Date:* 21/12/15

6.2 Legal Implications

Legal advice has been requested and will be added once received.

Section 21 of the Housing Act 1985 confers a general power of management on the council in relation to its social housing. The proposed scheme will assist the council in making best use of its housing stock, and is compatible with the general power of management.

Lawyer Consulted: Liz Woodley

Date: 17 December 2015

6.3 Equalities Implications

An Equalities Impact Assessment (EIA) has been carried out alongside this proposal.

This scheme would put tenants who are giving up bedrooms via mutual exchange on the same footing (by providing the same incentives) as those who do so through transfer.

Many under-occupiers tend to be female-headed households, who are slightly older but under pensionable age. There is also a high incidence of people under-occupying who have a disability.

The proposal seeks to assist only under-occupying households.

6.4 Sustainability Implications

There are currently no sustainability implications from this proposal.

6.5 Crime and Disorder Implications

There are no crime and disorder implications.

6.6 Risk and Opportunity Management Implications

The main risk is that this money is being spent on under-occupying tenants rather than elsewhere. However, if savings are made from reduced rent arrears, these can be invested elsewhere in the service.

6.7 Public Health Implications

There are no public health implications.

6.8 Corporate / Citywide Implications

The proposal helps the council to achieve the goal of supporting our residents with issues relating to welfare reform, and of making the best use of our housing stock.

SUPPORTING DOCUMENTATION

Appendices:

Appendix 1 – Under-occupiers and overcrowded households-Dec 2015

Documents in Members' Rooms

None

Background Documents

None

Appendix 1 – Under-occupiers and overcrowded households

The information in **Table 1** below shows the total number of under-occupying and overcrowded households. From one-to-one contact with each working age under-occupying household it is known that a large proportion of them would prefer to remain in their current homes. However if some could be encouraged to swap, evident gains for the city will be realised.

Table 1: Under and over occupation by number of rooms

	Under-occupying	Overcrowded
By 1 bedroom	630	400
By 2 bedrooms	89	25
By 3 bedrooms	3	1
By 4 bedrooms	0	1
Total	722	427

Table 2 provides a further breakdown that also shows the size of households' current home. While a perfect match for everyone is unlikely, the table demonstrates that, at 374, there are more than double the number of households that are under-occupying a two-bedroom property than there are overcrowded households (135) wanting to move from a one-bedroom into a two-bedroom home.

Table 2: Under and over occupation by current rooms, and rooms needed

		Required bedrooms					
		6	5	4	3	2	1
Current bedrooms	6		0	1	0	0	0
	5	0		8	0	1	0
	4	0	2		29	4	2
	3	0	4	27		219	84
	2	1	0	11	216		374
	1	0	0	1	8	135	
	0	0	0	0	0	2	20

Subject:	Welfare reform changes		
Date of meeting:	13 January 2016		
Report of:	Executive Director – Environment, Development & Housing		
Contact officer:	Name:	Ododo Dafé	Tel: 293201
	Email:	ododo.dafe@brighton-hove.gov.uk	
Ward(s) affected:	All		

FOR GENERAL RELEASE**1. SUMMARY AND POLICY CONTEXT:**

This report summarises the upcoming national changes to welfare benefits and other government austerity measures that directly affect Housing. It has a particular focus on Universal Credit, which will be introduced to the Brighton & Hove area from December 2015. The changes laid out in this report will not affect pensioners.

2. RECOMMENDATIONS:

2.1 That the committee note and comment upon the contents of the report.

3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:

3.1 The Welfare Reform Act 2012 introduced widespread changes to the welfare benefits system that have had a significant impact on residents and on the council's income stream. Examples of changes that were introduced from April 2013 include:-

- the Removal of Spare Room Subsidy, which reduced Housing Benefit (HB) for working age under-occupying households in the social housing sector
- The Benefit Cap, capping the welfare benefits a couple or family could claim to £26,000, and £18,200 for a single person
- The abolition of Council Tax Benefit, replacing it with localised schemes with less government funding
- Gradual national rollout of Universal Credit from October 2013.

3.2 The government's July 2015 Budget Announcement proposed further changes to their welfare reform agenda. Key changes include:-

- Reductions to Benefit Cap levels – explained in more detail in section 3.3 below
- Freezing the majority of working age benefits and tax credits for four years from 2016/17 (with protections for pensioners, and excluding some disability related and statutory schemes e.g. statutory sick pay and maternity pay)
- Child element of Tax Credits and Universal Credit will no longer apply to third or subsequent children born after April 2017 – there may be some exceptions
- Working age Housing Benefit rates and Local Housing Allowance rates frozen for four years from April 2016
- No housing element of Universal Credit payable for under 21s with exceptions
- Rent reduction of 1% across the social housing sector
- The introduction of a “Pay to Stay” scheme which may see tenants earning above £30k paying up to market level rents from April 2017

3.3 Benefit Cap

3.3.1 Changes to the Benefit Cap will be phased in during 2016/17. The policy objectives are to further improve work incentives; promote greater parity between those on out-of-work benefits and tax payers in employment; and further reduce expenditure on welfare benefits. Currently the same cap levels are applied across the country, but the changes will see a geographical differentiation. Table 1 below shows what the reduced cap levels will be.

Table 1: Annual Benefit Cap figures (weekly amount in brackets)

	Current cap levels	Proposed Greater London	Proposed all other areas
Couple, household with children	£26,000 (£500)	£23,000 (£442)	£20,000 (£385)
Single person	£18,200 (£350)	£15,410 (£296)	£13,400 (£258)

3.3.2 Claimants who will be exempt from the cap are those who are in receipt of Disability Living Allowance or Personal Independence Payments, Attendance Allowance, or have the ‘support’ component of Employment & Support Allowance. In addition, people who have been employed for 12 months and then lose their job through no fault of their own will only have the Benefit Cap applied after 9 months.

- 3.3.3 The government's impact assessment estimates that the number of households capped will increase from around 23,000 currently to around 126,000 in 2017/18, with a national average loss of benefit of around £63pw. It also calculates that female-headed single-parent households will be a significantly impacted group.
- 3.3.4 Locally, it is estimated that the number of people in the city impacted by this welfare change will increase from around 100 currently, to around 650 once the change has been introduced. Currently few council tenants receive the cap but the change will likely cause around 100 to be affected, with half of those losing 50% or more of their Housing Benefit entitlement.
- 3.3.5 Residents in temporary accommodation and the private rented sector will be affected in greater numbers, losing up to £120 per week in their benefits.

3.4 Universal Credit

3.4.1 This was the previous coalition government's flagship change to welfare benefits. It aims to simplify the welfare benefits system, reduce administration costs, and make work a more attractive proposition to dependency on state benefits. Universal Credit is a means tested benefit for working age people whether they are in work or out of work, and rolls six welfare benefits, listed here, into a single payment:-

- Income-based Job Seeker's Allowance (JSA)
- Income-related Employment and Support Allowance (ESA)
- Income Support
- Child Tax Credit
- Working Tax Credit
- Housing Benefit.

3.4.2 The key changes Universal Credit introduces for claimants living in social housing are:-

1. Receipt of a single benefit
2. Applications to be made online rather than on paper, with the ongoing claim (e.g. change of circumstances) being managed in a self-serve manner online rather than through mediated means
3. One single payment to the household
4. Benefit paid monthly in arrears into a bank account to resemble a monthly salary, and not in advance as benefits are currently paid
5. Rent element paid to the claimant, and no longer directly to the landlord
6. New claimant commitments regarding seeking work
7. All paid by the Department for Work and Pensions (DWP), and not with the housing element paid by local authority Revenues and Benefits Teams as is currently the case with Housing Benefit payments.

3.4.3 The transition to Universal Credit, and monthly rather than weekly or fortnightly budgeting cycles, will be harder for some tenants than for others. Where it is likely that tenants will be unable to manage their own rent payments, the claimant or the landlord can apply to the DWP for 'Alternative Payment Arrangements'. In specific circumstances of vulnerability, and only for a limited time, these can either be payments made direct to the landlord, or to the applicant on a more frequent basis than monthly, or split between household members where there might be a risk of financial abuse. The vulnerability criteria include households where there is evidence of:-

- mental health issues, learning difficulties, physical or sensory disabilities
- some addictions – e.g. drugs, alcohol, gambling
- literacy, language and numeracy difficulties
- Care leavers, or claimants are 16 or 17 year olds
- Support provided via the Troubled Families programme
- Domestic violence
- Severe indebtedness

3.4.4 As reported by the Department for Work and Pensions (July 2014), in the six areas where Universal Credit was piloted, 31% of the 6,828 involved households were switched back to direct rent payments to their landlord. Furthermore, the 95% average rent collection rate meant landlords' arrears increased by an average across all areas of £270 per participating household, or £307,000 per area.

3.5 **Potential impacts of the changes, and challenges for Housing and the wider city.**

3.5.1 The introduction of the welfare benefit changes highlighted above in addition to those already in place, is likely to place some pressures on the finances and other resources within and outside of Housing. Some will be certain, and others will be in relation to residents' abilities to manage their own responsibilities and the additional demands placed upon them. They are taken together and are in no particular order, but include:-

1. Spiked increases in arrears as tenants are paid Universal Credit in arrears, and are likely to take time to develop sustainable budgeting patterns.
2. Impacts of the Benefit Cap particularly on residents in the private rented sector, and some other parts of social housing where rents are higher than council rents - leading to significant gaps between rents and 'Local Housing Allowance' levels (this is the maximum level locally at which Housing Benefit can be paid for certain size properties). This has a potential impact on homelessness services and the costs of providing temporary accommodation at the same time as the potential increase in rent arrears in temporary accommodation due to many households

already in temporary accommodation being affected by the reduced benefit cap.

3. Pressures on Discretionary Housing Payment funding, which is carefully managed and administered by Revenues and Benefits Team.
4. Fuel poverty and the health (physical and mental) and property (condensation and damp issues) impact of difficult choices residents are reportedly making around “heat or eat” or “fuel or food”.
5. Additional demands on staff time – particularly within Homelessness, Customer Services, Income Management and Neighbourhood teams.
6. Demands on other council services e.g. Children’s Services, Adult Services and Revenues and Benefits as a result of pressures on households.
7. Higher costs of income collection and arrears recovery.
8. Increased transaction costs of receiving rent payments individually from upwards of 90% of tenants, when compared to the current arrangements where 60% of rents are made in one single payment through the Housing Benefits payments system. Payment methods will also need to be reviewed as automated and telephone self-service payment options are about nine times less expensive than Paypoint payments.
9. Potentially higher provisions to be made for bad debts.
10. Potential higher council tax arrears resulting from reduced incomes and difficulties with monthly budgeting.
11. Impacts of increased rent arrears (as well as the 1% rent reduction) on the Housing Revenue Account income stream, and consequences for planned investment in current and new housing stock. This issue is also likely to have an impact for other social housing providers in the city where longer-term investment loans would have been predicated on annual rent increases of around 2 or 3%.

4. Actions being taken within Housing to prepare for the changes and support residents

4.1 Housing has used much of the learning from preparing for the 2013 welfare reform changes, and introduced some new ones in light of Universal Credit resulting in the following actions:-

1. Keeping targeted groups of tenants informed through letters, phone calls and personal face-to-face contacts by specially trained staff. This includes calling all tenants who are likely to be affected by Universal Credit.
2. Meetings with Housing staff groups to raise their awareness of the changes, along with an updated Frequently Asked Questions sheet that is accessible to all staff and will help them respond to customer enquiries.
3. Appointing a Welfare Reform Champion in every frontline Housing team.

4. Working very closely with the Corporate Welfare Reform Project Team, taking policy guidance from them, particularly on their effective work on supporting people affected by the Benefit Cap into work.
5. Developing close working relationships with local Jobcentre Plus and DWP staff. This has been through meetings, and the planned workshops and training events that will be taking place from November 2015.
6. Getting to know our tenants and their circumstances much better, and updating our tenant profile information in order either to apply for 'Alternative Payment Arrangements' and/or to support individual tenant's needs. This includes tenants who are in temporary accommodation.
7. Working on our action plan following a review of the process of debt management within the landlord services; looking at future possibilities for debt prevention, management and reduction. This includes looking at our professional responsibilities around support and enforcement; promoting a 'rent as priority' culture amongst tenants and colleagues; and encouraging tenants to keep in early contact with us when their circumstances change or they begin to face difficulties – seeing Housing as part of the solution to their concerns rather than as an organisation to be avoided.
8. Working with British Telecom (BT) to pilot free broadband provision, the development of tenants' internet skills, and the creation of tenant 'Get online' champions.
9. Working closely with The Food Partnership and residents – using local skills and resources to address food poverty issues as part of our inclusion activities.
10. 2016/17 HRA budget proposal to continue to specifically support council tenants if the council's reduced Discretionary Housing Payment budget is unable to meet local needs.
11. Continued tenant referrals to Money Advice Plus, Moneyworks and other local agencies for independent money, budgeting, work and internet advice and support.
12. Developing further joint working with Adult Social Care, Children's Services and Revenues & Benefits colleagues to try and help at much earlier stages and have a joined up approach to preventing homelessness where possible.

4.2 There are also plans to:-

- Increase direct debit or standing order payments, being mindful it may not be suitable for all tenants, but in the knowledge that automated payments will help many tenants with their monthly budgeting.
- Be part of a DWP pilot which would involve housing organisations themselves administering and deciding upon Alternative Payment Arrangements. If accepted for the pilot, this could result in a speedier service for tenants, less duplication of work for Housing staff, and the prevention of some rent arrears.

- Work with tenants who have trained in the money mentoring programme to consider enjoyable, interactive, group budgeting workshops that can be taken round the estates using our community buildings. This will be along the lines of successful group sessions run by some Citizens' Advice Bureaux.
- Involve residents living in temporary accommodation in planned budgeting and internet skills development workshops.
- Consider how more staff time than at present can be prioritised to support tenants with a range of issues. These include for example, getting online, establishing sustainable rent payment patterns, referrals to support for getting into work, chasing and reminding them on actions to take to meet their responsibilities and to avoid being sanctioned by the DWP.
- Increase the number of links on the Housing pages of our website to videos offering benefits, budgeting, banking and other information that will be useful to residents.
- Expand the work done with tenants before they take on their tenancy in order to improve the likelihood of them sustaining their tenancies.

5. COMMUNITY ENGAGEMENT AND CONSULTATION:

- 5.1 Tenants and tenants' groups have been informed about welfare reform changes through personal contacts, Homing In and a variety of meetings. Some tenants were involved, through a focus group and one-to-one interviews, in a research study into Housing's preparations for Universal Credit.
- 5.2 Learning from the experiences of the first group of tenants to transfer to Universal Credit, and those impacted by the reduced Benefit Cap, will be used to engage with tenants who will be the next groups to be touched by the changes.
- 5.3 There was a range of observations made during the discussion on this agenda item at Area Panels. They included concern that the housing element of payments made to tenants on Universal Credit would be spent on other things leading to arrears; concern the DWP's lack of payment for the first week of a Universal Credit claim coupled with the following five weeks payment not being made to the claimant until the sixth week will result in rent arrears; and concern that many tenants did not have internet access or could not afford broadband at home. Questions were raised, including support for people with learning difficulties, Housing's approach to dealing with rent arrears, and free internet provision in the city. Panels were assured that Housing will be working closely with a range of internal and external colleagues to ensure that people who might be exempt are identified and supported; that Housing will necessarily continue to take a fair but firm approach to rent arrears – reminding residents of their payment responsibilities; and that all libraries in the city, as well as some community buildings, provide free internet access to residents.

At one Area Panel, a tenant representative asked those present to be mindful that although people may need help, they are sometimes reticent to ask for it.

6. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 6.1 The draft HRA 2016/17 budget includes proposals to increase the budget for the contribution to bad debt provision, and to increase the HRA contribution to the Discretionary Housing Payment scheme. This is to allow for the uncertainties surrounding the impact of the on-going welfare reform changes. The budget proposals also takes account of the 1% reduction in rents as outlined in the welfare Reform and Work Bill reducing the rental income in 2016/17 by £0.510m.

The current level of council dwellings rent arrears is monitored monthly and included as part of the Performance Monitoring Report elsewhere on this agenda. Current arrears levels are still better than the benchmark from the Rent and Income Excellence Network. Given the data from the current pilots for Universal Credit which shows large increases in arrears, further increases in bad debt provisions may be needed in 2017/18 and beyond as arrears are likely to increase, at least in the initial months when changes are first implemented. This will be reviewed as part of the budget setting process for 2017/18. The HRA business plan is updated annually to take account of such changes and to ensure a sustainable HRA over the long term.

These Welfare Reform changes will also have an impact on the Housing General Fund budgets. Evidence suggests that the level of homelessness will increase as more tenants in private sector accommodation will be unable to sustain their tenancies as benefit levels reduce and rents increase. This is likely to have an adverse impact on the temporary accommodation budgets which are already overspending in 2015/16.

Committee will continue to be updated as and when these welfare changes are clarified and the effects become known.

Finance Officer Consulted: Monica Brooks Date: 23rd December 2015

Legal Implications:

- 6.2 The Government's proposed changes to the welfare agenda, referred to in paragraph 3.2 of the report, are currently before Parliament in the Welfare Reform and Work Bill and the Housing and Planning Bill. The former is nearer to becoming an Act, as it has already passed through all the House of Commons and is at the House of Lords Committee stage. Both Bills allow the Secretary of State to make Regulations. It is not possible to fully assess the impact of the welfare reform changes, until both Acts receive Royal Assent and any relevant subordinate regulations have been made.

Equalities Implications:

- 6.3 An Equalities Impact Assessment has been carried out by the council to ensure that we play a positive role in mitigating some of the impacts experienced by our tenants. The assessment identified that female-headed households were more likely to be affected by current and future welfare reforms, as well as those with disabilities and those living in the east of the city.

Sustainability Implications:

- 6.4 In the wider sense there are concerns around sustaining tenancies, particularly within the private rented sector.

Crime & Disorder Implications:

- 6.5 There are no direct crime and disorder implications arising from this report.

Risk and Opportunity Management Implications:

- 6.6 There are no direct risk and opportunity implications arising from this report other than the budgetary and service risks identified within the report.

Public Health Implications:

- 6.7 There are no direct public health implications arising from this report. However, there are known physical and mental health implications arising from the effects of poverty and hardship.

Corporate / Citywide Implications:

- 6.8 There are no direct corporate or citywide implications arising from this report.

SUPPORTING DOCUMENTATION

Appendices:

1. None

Documents in Members' Rooms:

1. None

Background Documents:

1. None

Subject: Welfare Reform: Responses to Recommendations made by the Centre for Economic & Social Inclusion

Date of Meeting: 13 January 2016

Report of: Joint report of Director of Public Health and Executive Director, Finance & Resources Environment, Development and Housing

Contact Officer: Name: Penny Jennings Tel: 29-1065
E-mail: penny.jennings@brighton-hove.gov.uk

Wards Affected: All

FOR GENERAL RELEASE

Action Required of the Committee:

To receive the item referred from the Neighbourhoods, Communities & Equalities Committee:

Recommendation:

That Housing & New Homes Committee note the report referred for information from Neighbourhoods, Communities & Equalities Committee

BRIGHTON & HOVE CITY COUNCIL

NEIGHBOURHOODS, COMMUNITIES & EQUALITIES COMMITTEE

4.00pm 23 NOVEMBER 2015

ST RICHARD'S CHURCH HALL, EGMONT ROAD, HOVE

MINUTES

Present: Councillors Daniel (Chair), Moonan,(Deputy Chair),Simson (Opposition Spokesperson),Littman (Opposition Spokesperson), Bell, Gibson, Hill, Horan, Lewry and Taylor

Invitees: Claire Holloway (Clinical Commissioning Group), Hanan Mansi (HOPE Sussex), Joanna Martindale (HK Project) and Nev Kemp (Sussex Police)

PART ONE

36 WELFARE REFORM: RESPONSES TO RECOMMENDATIONS MADE BY THE CENTRE FOR ECONOMIC & SOCIAL INCLUSION

36.1 The Committee considered a joint report of the Director of Public Health and the Executive Director of Finance and Resources the purpose of which was to set out the council's response to the recommendations contained in the Centre for Economic and Social Inclusion's (CESI) independent report into the impacts of the welfare reform measures which were due to take effect. This work had been undertaken in order to inform commissioning decisions and development of strategies to support those citizens who would face the most significant impacts as a result of the changes, also, to provide context and information to inform policy development and budget decisions generally.

36.2 It was explained that purpose of the report was also to detail the broader actions and activities the council was undertaking in order to respond to the issues raised by the Government's welfare reform programme and to highlight the key impacts and considerations resulting from the changes set out in the July 2015 summer budget. In summary the changes would be as follows:

- Freezing most working age benefits for four years from April 2016;
- Reducing Social Sector Rents by 1% for four years;
- Limiting benefits in general to the amount for a family with no more than two children from 2017(would not apply to families with more than 2 children born before April 2017);
- Reducing the benefit cap from £26,000 to £20,000 outside London;
- Reducing the Employment and Support Allowance for people able to do some work to the same rate as Job seekers allowance;
- Reductions in tax Credits and Universal Credit from April 2016 for working people (subject to change, more detail would be known after announcement of the autumn statement on 25 November 2015).

- 36.3 Tony Wilson was in attendance from the CESI and gave a presentation highlighting the key impacts arising from welfare changes which had already occurred which had been identified in relation to Brighton and Hove. Households claiming benefit would be on average £2,300 per year (£44 per week) worse off which represented one of the largest impacts outside of London, a break-down of the financial, impact by ward was also included. It was explained that three distinct areas of impact had been identified, financial; going without, cutting back, borrowing, arrears, health and well-being, anxiety and stress; and family and community which could be both strengthening but could also create divisions and tensions. Details were also given based on the feedback received of how those who were/would be affected were responding to date.
- 36.4 Mr Wilson explained in response to questions that so far there were structural barriers in terms of access to affordable housing, increasing demands on the council's own housing stock, stable employment and flexible employment. Those who were likely to be impacted could be categorised as those who were coping/struggling; (most of those impacted), often working households with smaller losses, those at risk; disabled people, large families (particularly lone parents) and or with a range of contributory factors, private renter, mental health or with poor networks and those in crisis; where multiple reforms or factors combined often linked to health/housing issues, crisis/debt. Measures were being put into place to monitor the impacts of the changes and to identify key groups in order to communicate effectively with those at the greatest risk to provide targeted support to manage and mitigate the impact of the reforms, also to seek to build resilience into longer term responses, financial employment and housing.
- 36.5 In conclusion, the Head of City Services (Revenues and Benefits), Graham Bourne, explained that responses to the recommendations would continue to be developed and current service offerings aligned to meet those challenges. Where responses required additional resources a full business case would be developed to support that process.
- 36.6 Councillor Taylor broadly welcomed the measures being undertaken in order to mitigate people into work in so far this was practicable. Universal Credit had in his view helped to remove barriers to work. He also considered that more should be done to assist and encourage home ownership. He certainly did not consider that the picture was "all doom and gloom".
- 36.7 The Chair, Councillor Daniels stated that many of those who were coping/struggling were from working households, high rents and the shortage of affordable housing in the city presented a major challenge. The cost of housing available under right to buy/shared ownership schemes was such that even when discounts were applied it remained beyond many people's financial means.
- 36.8 Councillor Moonan was in agreement that access to affordable housing was a key factor and asked for confirmation as to whether this report had been presented to the Housing Committee given its integral role in helping to facilitate future provision. The Welfare Reforms Programme Manager, John Francis, explained that information was provided to the housing colleagues periodically, however, the information contained in the report before the NCE Committee contained the most up to date information available. In response Councillor Moonan stated that she considered it appropriate for the report to go to the Housing Committee and proposed that copies of this report accompanied by

an extract from the minutes be forwarded to the Housing Committee for their information and note. This proposal was seconded by Councillor Gibson, the Committee also indicated their agreement that this would be appropriate.

- 36.9 Councillor Moonan also referred to the potential knock-on impact of the reforms on homelessness in the city and to the forthcoming Rough Sleeping summit which was due to take place considering that this information and details of proposed mitigation measures needed to feed into that forum too in order to inform any debate there.
- 36.10 Jo Martindale, Hangleton & Knoll Project referred to measures being undertaken by the Community and Voluntary Sector to dovetail with other measures being put in place across the city. For example, following their encouragement British Gas would be making £395,000 available to be paid out in the form of crisis loans over the coming winter months.
- 36.11 In answer to questions the Head of Legal and Democratic Services and Monitoring Officer, Abraham Ghebre-Ghiorghis, confirmed that that the Committees' Terms of Reference had been drawn such that they permitted referral to other Committees.
- 36.12 Following the presentation and Members' initial discussion in relation to the report the following amendment was put by Councillor Littman on behalf of the Green Group and seconded by Councillor Gibson. It was noted that the amendment, circulated immediately prior to the meeting had been amended further to reflect the fact that as this fell outside this committees' financial responsibilities it was unable to make a direct recommendation to the Policy and Resources Committee on this matter related to the budget setting process. It was proposed that an additional recommendation be added as follows:
- “2.5 That, in the spirit of fairness, the Policy and Resources Committee be requested to consider the possibility of recommending to Council that it limits the percentage increase in Council Tax paid by the City's poorest households to no more than that faced by the City's other households to the extent it is permitted by law and having regard to available resources.”
- 36.13 The Chair, Councillor Daniel, responded that she did not support the addition of a further recommendation referring this matter to Policy and Resources Committee, given that all aspects of the 2015/16 budget would be considered fully at that Committee by those who were members of it. It would be far more appropriate for the Green Group representatives who sat on that Committee express their views directly at the relevant meeting, particularly given that this fell outside the budgetary responsibility of NCE Committee. Councillor Daniel also considered that it was very important to point out that the Council had not imposed these changes or removed funding from any individual.
- 36.14 Councillor Simson agreed wholeheartedly with the Chair that comments relating to the budgetary process should to be raised directly at Policy and Resources Committee as part of the debate and decision making process.
- 36.15 Councillor Littman whilst noting all that had been said expressed concern that the impact of these changes which would have a deeply negative impact on large numbers

of people across the city needed to be highlighted fully. A reference from this Committee would in his view give this issue greater prominence.

- 36.16 A vote was taken on the proposed Green Group amendment but it was lost on a vote of 8 to 2.
- 36.17 The Chair then put the substantive recommendations set out in the report to the vote including the request by the Deputy Chair, Councillor Moonan that the report also be circulated to the Housing Committee. Members voted unanimously that the recommendations set out in the report be agreed and also that a copy of the report accompanied by an extract from the minutes should be forwarded to the Housing Committee for information and noting
- 36.18 Councillor Gibson also requested that the report and accompanying extract also be forwarded to Full Council for information.
- 36.19 **RESOLVED** – (1) That the Neighbourhoods, Communities and Equalities Committee endorses the responses to the recommendations set out in the CESI independent report into the impacts of welfare reform in Brighton and Hove;
- (2) Notes the current mitigation strategies which are in place to manage the impacts of welfare reform in the city;
- (3) Notes the work of the council and partners around employment and apprenticeships;
- (4) Directs officers to report to the City Management Board to highlight key impacts and considerations arising from the provisions set out in the Government's July 2015 budget and the CESI report to generate a city wide response. Subsequently the City Management Board's response be reported back to this committee; and
- (5) That a copy the report accompanied by an extract of the minutes from this Committee be forwarded to the Housing Committee for information and noting.

RESOLVED TO RECOMMEND (1) That the report also be forwarded to Full Council for information and note.

Subject:	Welfare Reform, responses to recommendations made by the Centre for Economic and Social Inclusion		
Date of Meeting:	23rd November 2015		
Report of:	Director of Public Health and the Executive Director of Finance and Resources		
Contact Officer:	Name:	John Francis	Tel: 01273 291913
	Email:	John.Francis@Brighton-Hove.gcsx.gov.uk	
Ward(s) affected:	All		

FOR GENERAL RELEASE

1. PURPOSE OF REPORT AND POLICY CONTEXT

- 1.1 The purpose of this report is to set out the council's responses to the recommendations contained in the Centre for Economic and Social Inclusion's (CESI) independent report into the impacts of welfare reform in Brighton and Hove. This report was commissioned by Public Health to provide detailed information on the impacts of welfare reform in Brighton and Hove to, inform commissioning decisions; help develop strategies to support citizens who have faced the most significant impacts of the changes; and, to provide context and information to inform policy development and budget decisions generally.
- 1.2 The purpose of the report is also to set out the broader actions and activities the council is undertaking to respond to the issues raised by the Government's welfare reform programme.
- 1.3 The purpose of the report is also to highlight the key impacts and considerations resulting from the welfare changes set out in the July 2015 summer budget.

2. RECOMMENDATIONS:

That the Committee:

- 2.1 endorses the responses to the recommendations set out in the CESI independent report into the impacts of welfare reform in Brighton and Hove.
- 2.2 notes the current mitigation strategies which are in place to manage the impacts of welfare reform in the city.
- 2.3 notes the work of the council and partners around employment and apprenticeships

- 2.4 Directs officers to report to the City Management Board to highlight key impacts and considerations arising from the provisions set out in the Government's July 2015 budget and the CESI report to generate a city wide response. Subsequently the City Management Board's response be reported back to this committee.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 Reform of the welfare reform system was a key area of policy for the coalition Government between 2010 and 2015.
- 3.2 The first phase of welfare reform involved making reductions and changes to nearly every working age benefit; localisation of Council Tax Benefit and Social Fund; the introduction of Personal Independence Payments to replace Disability Living Allowance; sanctions reform; and, the early introduction of Universal Credit in some parts of the country.
- 3.3 A further series of welfare changes were announced in the July 2015 national budget. These will have key regional impacts as well impacts in the City due to the high cost housing market in the south east. This will mean we will have to work with other local authorities, especially in the Greater Brighton area to manage this.
- 3.4 The CESI report sets out in detail how the impacts are affecting citizens whose benefits have changed or been reduced; and, sets out who is managing, who is struggling and who needs support. In turn the changes have had impacts across council services including Housing, Children's Services, Adult Social Care and Revenues and Benefits.
- 3.5 Brighton & Hove has particular characteristics which have exacerbated the impacts in some areas for the city.
- The city has recovered strongly in comparison with other areas of the country from recession with labour market near historic highs, however benefit receipt has not reduced proportionally.
 - Like many other seaside cities Brighton & Hove has a number of areas with high concentrations of disadvantage and deprivation. As a result some areas have a high percentage of households claiming out of work benefits.
 - The housing market in Brighton and Hove is characterised by high prices and high rents in the private sector and with very strong demand for limited stock in the public sector.
- 3.6 To plan and respond to these changes the council introduced a welfare reform programme to work with partners across the council and the city; to work with customers who have been most significantly impacted by the changes; to commission support for people affected by these changes from the community and voluntary sector (Moneyworks), to manage the localisation of services (Council Tax Reduction and Social Fund); to research and provide accurate

information about the changes and the impacts of the changes including commissioning the research undertaken by CESI; and to prepare for the introduction of Universal Credit.

- 3.7 Community and Voluntary Sector Partners providing advice and support have reported an increase in the level and complexity of demand for their services. The external funding context has made this particularly challenging them. (For example, in 2008-9 BHT and Citizens Advice Bureau were able to assist 3,416 residents with social welfare related issues under the Legal Aid scheme which provided financial support per case. By 2014-15 this number had fallen to 590 although overall demand and numbers through the door had increased).
- 3.8 Nevertheless there have been a number of successful new initiatives that have seen advice agencies work in partnership with each other and the council to respond to the changes. These include the development of the Council Commissioned 'Moneyworks' programme, which has integrated money advice, financial capability and skills and learning and the forthcoming 'Warmth for Wellbeing' fuel poverty programme funded by British Gas Energy Trust.
- 3.9 There are currently 15 food banks in the city most of which are run by community and faith groups, prior to 2012 there were 2.
- 3.10 The council has a programme in place to support customers who are affected by the benefit cap. This includes intensive one to one support provided by family coaches based on the troubled families model (locally stronger families stronger communities) for families with complex needs. At present this is funded until May 2016. Tenants affected by the social sector size criteria and the benefit cap who live in Council Housing accommodation have been visited. Other families and households are supported by discretionary funds and Moneyworks provides budgeting and finance advice in the community.
- 3.11 The Council works closely with the Job Centre to coordinate and provide employment support in the city

Recommendations from CESI report

- 3.12 A series of recommendations have been made as a result of the research into the impacts of the welfare reform in Brighton and Hove undertaken by the Centre for Economic and Social Inclusion (CESI). These recommendations drew particularly on workshops with Council staff and stakeholders undertaken during the period of research. The recommendations and responses are set out in Appendix 1.
- 3.13 The recommendations and subsequent required actions meet council priorities and provide options for meeting financial pressures which may occur as a result of the changes in welfare benefits. Some current threads of work capture the recommendations and plans for new areas of work are also set out but these will be subject to budgetary approval. These work streams include:
 - Creating an early warning system for households who may face crisis in the future as a result of the welfare reforms and an increase in intensive

support for those families based on the model currently being used with families affected by the benefit cap

- Continuing the financial inclusion commission through until April 2017 when a comprehensive third sector commission will commence
- Enabling council staff and members of the third sector who work with households affected by welfare reform to have honest and open conversations about where they can afford to live and employment support
- Preparations for the introduction of Universal Credit
- Promotion of the CCG commissioned wellbeing service to customers affected by welfare reform
- Employment support at a strategic and practical level including partnership working with Job Centre Plus and other local partners.

Key considerations and impacts of July 2015 budget

3.14 The recommendations set out above were made in response to the first wave of welfare reform. In the July 2015 budget the government set out a further programme of reform. A full breakdown of these changes are in appendix 2, but the main areas and themes are:

- Freezing most working age benefits for four years from April 2016
- Reducing Social Sector Rents by 1% for four years
- Limiting benefits in general to the amount for a family with no more than two children from 2017. (Will not apply to families with more than 2 children born before April 2017)
- Reducing the benefits cap from £26,000 to £20,000
- Reducing Employment and Support Allowance for people able to do some work to the same rate as Job Seekers Allowance
- Reductions in Tax Credits and Universal Credit from April 2016 for working people (Further to a vote in the House of Lords on 26th October this is now subject to change, further information will be made available in the autumn statement, 25th November)
- An increase in the minimum wage (living wage) to £7.20 from April 2016 (currently £6.70) rising to £9 per hour by 2020.

(Announced separately Income Tax tax-free personal allowance is due to increase from £10,800 to £11,000 from April 2016)

3.15 The high cost of private sector rents and the relatively high percentage of private rents as a part of the housing market will mean that Brighton and Hove will be one of the most heavily impacted authorities in the country by the reduction of the benefit cap to £20,000 (In London authorities families will be capped by £23,000). It is currently estimated this will affect around 650 families in the city, families who are currently capped (120) will lose a further £120 per week, and other families will lose up to £120 per week.

- 3.16 Private sector rents have been increasing by approximately 10% a year in the city over the last four years. If this trend continues freezing LHA rates (housing benefit in the private sector) will mean the gap between rents and LHA will increase to between £500 and £600 per month by 2019/20. This is likely to mean that private sector rents are largely unaffordable to people on benefits and lower incomes.
- 3.17 High rents in the City mean it is becoming harder for Housing to secure accommodation in the City to house homeless people and the cap and the freeze on LHA rates will mean that this is likely to become an issue for large areas of the South East. A report was agreed at the Housing and New Homes Committee on 23rd September 2015 titled Allocation of Temporary Accommodation Policy which set out the council's approach to allocating accommodation within and outside the City. A copy of this report has been put in the members' room.
- 3.18 Any family who has a third or subsequent child after April 2017 will not receive an increase in benefits to reflect the extra outgoings that child will need. For cases affected this will mean a loss of at least £53 per week for the entire period of childhood. There are approximately 100 third or subsequent children born to families who are reliant on benefits a year in Brighton and Hove. It is currently unclear what the government is intending to do to publicise this change. It will be essential that this is clearly understood in the community by mid 2016. The council and partners may have to undertake a local communication drive to ensure this is the case and for that reason it is recommended a report is taken to the City Management Board to propose a plan for this.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 The quality of life of residents and the life chances of their children as well as a drive to reduce inequality are central to the priorities of the council. In addition the implications of the changes to the benefit cap, the freeze in LHA rates and the restriction of benefit levels to two children from 2017 all have direct financial implications for council costs specifically around rent collection, homelessness costs and costs to children's services. Were the council not to put in place mitigations, including those based in the recommendations set out in the CESI report, then the costs are likely to be far greater than they would be otherwise. Due to the current financial situation and appropriate business controls a full business case will be undertaken for each area of work if extra resources are identified as being necessary.

5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 The BHCC welfare reform programme team holds regular meetings with city representatives to share information and draw feedback about the impacts of welfare reform. The group represents the community and voluntary sector, advice services, Job Centre Plus, and social and private sector landlords. This allows the council to stay in touch with city groups as representatives of customers who are affected by the reforms and to understand the impact of the reforms from the perspective of people working directly with customers affected.

- 5.2 In developing policy responding to the changes around Council Tax Reduction and the replacement of the Social Fund the council has regularly undertaken extensive consultation with customers who may be affected by those changes as well as with groups and organisations which work with and represent those customers
- 5.3 The research from the Centre and Social and Economic Inclusion has provided in depth insight into the impacts of individuals in the community which has led to a greater depth of understanding about how customers are responding to these changes which have informed planned mitigating actions

6. CONCLUSION

- 6.1 As has been set out in the CESI report the impacts on citizens of the welfare reforms can be profound and specific groups have been identified as being at more risk than others in this analysis.
- 6.2 The practical impact of these changes can in the most significantly affected cases lead to families falling behind with rent and becoming at risk of homelessness. This in turn may lead to financial pressure to the council around rent collection and homeless costs.
- 6.3 The impacts of these changes may have broader impacts in terms of the overall economy of the city and the region if high housing costs impact of the ability of low paid workers to live within travelling distance of the City. Information about these changes are being shared with the economic development team so the potential impact can be analysed
- 6.4 The responses to the recommendations will continue to be developed, current service offerings will be aligned to meet these challenges and where the responses may require extra resources a full business case will be developed to support this.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 The changes to welfare benefits have both direct and indirect implications for council budgets. The benefit cap means that a person's housing benefit is withdrawn which in turn creates a direct pressure on rental income for temporary accommodation and council housing. Significant reductions in housing benefit for other customers increase the risk of homelessness and hence service pressures on housing and social care services. The council has had access to limited discretionary funds and has had a programme of work in place designed to help households affected by these provisions which has been successful in reducing these costs to date.

- 7.2 Two of the major general discretionary fund allocations from the Government were reduced considerably in 2015/16. The budget for Discretionary Housing Payments (DHPs) was reduced from £1.014m in 2014/15 to £0.611m in 2015/16 and the Local Discretionary Social Fund allocation was reduced from £0.629m to zero over the same period. This has restricted the ability of the council to provide support in these areas
- 7.3 The change in the benefits cap to £20k from Autumn 2016 has the capacity to increase the pressure on rental income and service costs significantly. Over time as housing benefit rates are frozen, and assuming the rental market continues to match recent inflationary trends these pressures will be exacerbated from 2016/17 and in future years.
- 7.4 A business case was agreed for the current intervention work. Any extension of the intervention programme to help people will require a revised business case to demonstrate a spend to save benefit of undertaking any further preventative work. This will be subject to normal budgetary approval and will need to be met from identified resources.

Finance Officer Consulted: Anne Silley Date: 22nd October 2015

Legal Implications:

- 7.5 The proposed responses to the CESI independent report in Appendix 1 are within the council's powers. Many of the actions can be linked to the prevention of homelessness. The council is under an express duty in Section 179 of the Housing Act 1996 to secure that advice and information about homelessness and the prevention of homelessness is available free of charge to any person in their district.

Lawyer Consulted: Name Liz Woodley Date: 23/10/15

Equalities Implications:

- 7.6 The CESI report identified particular household types who are more likely to have seen large reductions in their income as a result of the welfare reforms so far. It also identified household types who are more likely to be subject to crisis as a result of these changes.
- 7.7 The groups that have been specifically identified as being key affected groups are disabled people and people with health conditions; lone parent households and large families living in the private sector. Living in a private sector irrespective of which household type a person lived in makes it more likely that household will have faced larger reductions in benefits than those living in the social sector.

- 7.8 Of those affected the CESI report identifies those at risk as being disabled people, large families - particularly lone parents - and people with a range of factors including renting privately, mental health and poor networks.
- 7.9 People identified as being in crisis tend to be those who have been impacted by multiple reforms or combined factors often linked to health, housing, crisis and debt
- 7.10 This information is actively informing the approach of teams currently supporting those impacted by the reforms, it is also driving the preventative strategies currently in planning to manage the changes set out in the July 2015 budget.

Sustainability Implications:

- 7.11 None

Public Health Implications:

- 7.12 The CESI report identified the link between the impact of welfare reform and health.
- 7.13 The majority of residents who participated in the research reported significant effects on their health and wellbeing including stress, anxiety and in some cases insomnia and low level depression. For those with pre-existing conditions, financial strains exacerbated these or made them harder to manage. The responses reflect these issues, for example by raising awareness of the NHS Wellbeing Service.

SUPPORTING DOCUMENTATION

Appendices:

1. The Centre for Economic Inclusion recommendation and responses.
2. A detailed breakdown of the July 2015 reforms and analysis

Documents in Members' Rooms

1. Full copy of the CESI report
2. Copy of Development of a new City Employment & Skills Plan (2015-2020) report to Children and Young People & Skills committee 20th July 2015
3. Copy of Allocation of Temporary Accommodation Policy report to Housing Committee 23rd September 2015

Background Documents

None

Appendix 1

Centre for Economic and Social Inclusion recommendations and draft responses

1. A series of recommendations have been made as a result of the research into the impacts of the welfare reform in Brighton and Hove undertaken by the Centre for Economic and Social Inclusion (CESI). These recommendations drew particularly on workshops with Council staff and stakeholders undertaken during the period of research. The responses to the recommendations set out below describe the current work which is happening in the City around welfare reform and planning for future impacts. The ongoing work will be subject to budgetary approval.

CESI recommendation A

Consideration should be given to developing an ‘early warning system’ for identifying residents that are at risk of crisis or falling into crisis.

A more intensive, caseworker-led housing support for those affected by LHA reforms and at risk of eviction should be considered.

2. The decrease in the benefit cap to £20k and the freezing on housing benefit rates for four years will have a key impact in Brighton and Hove because of the proportion of households who live in the private rented sector in the City and because of high rents in this sector. These changes may lead to pressures relating to collecting rents in temporary accommodation and council housing and pressures on homeless services.
3. In preparation for these changes officers from relevant council services are developing an early warning and early intervention programme to prevent people falling into crisis with particular focus on rent arrears and prevention of homelessness. An initial workshop for these officers and representatives from the third sector was held on 15th October. Subject to further development and budgetary approval of any extra resources required the outcome of this work will meet recommendations A and C.

CESI recommendation B

The Moneyworks ‘community frontliner’ model and ‘Money Mentors’ in Council housing should be built on to try to engage residents earlier and to link them up with support services.

4. A report on Third Sector Investment to this committee on 20th July 2015 set out how a new Communities and Third Sector Commission would commence in April 2017. Subject to budgetary approval this report also sought agreement to extend the current Moneyworks commission until this date. The Communities and Equalities Team, the Welfare Reform Team and Moneyworks are working closely together to ensure key priorities around welfare reform are addressed. The learning from this work will be fed into the new full commission from April 2017 to build upon experience and best practice.
5. Using our European Learning Cities funding, Housing provided Money Mentor training for 25 staff from a wide range of agencies across the city to enable them to support and train volunteers to become Money Mentors. Working in conjunction with the Womens' Centre, Trust for Developing Communities and Brighton Housing Trust, the Housing Inclusion Team then advertised citywide and recruited learners for three x 10 week programmes from May to September 2014. These courses were accredited and externally verified by Toynbee Hall/OCN. All residents who completed the coursework/assessments passed and have received their certificates, providing a citywide cohort of Money Mentor volunteers who have used their new skills with neighbours, friends, and family. In addition, some have used their links in the community to help other residents eg at lunch clubs, food banks, school/playgroups, BHT drop in centre etc.
6. Housing were unable to sustain funding and co-ordinating the citywide Money mentor programme beyond the end of the Learning Cities project in September 2014. Moneyworks have continued to provide support to resident volunteers and are delivering a programme of financial capability through the community hubs.

CESI recommendation C

Raise awareness of the Wellbeing Service among those affected by reforms, and to improve signposting to support to deal with welfare reforms

7. The Clinical Commissioning Group commission the wellbeing service. The wellbeing service are currently undertaking pilot work with the Job Centre Plus to support claimants with mental health needs. The service can be accessed either via a referral from a GP or through self-referral, the service is undertaking a drive to promote self-referral. Information about the service and who it supports has been circulated to front line staff in the council who in

particular deal with customers who may be affected by welfare reform. This information will also form a part of new staff induction training. Awareness of the wellbeing service amongst the advice sector is good but information about the service has been re-circulated to ensure coverage is comprehensive.

CESI recommendation D

Residents at risk of homelessness from the private rented sector with shortfalls between Housing Benefit and rent should be encouraged to have difficult conversations earlier.

8. The recommendation refers to having difficult conversations with customers at an early stage around choice of where to live and how to sustain employment.
9. It has been identified in the CESI research that households affected by the reforms have not in the main seen moving as something they would do to counteract the impact of decreasing benefit levels. However with the gap between benefit levels and market rents likely to widen failure to consider this option at an early point made lead to hardship or crisis.
10. These conversations are already starting to be had in some services where these issues are key, particularly around housing. This is a significant shift in service provision and is clearly not an easy message to give or to receive. To be effective this message will have to be consistent across all services, including those provided by the third sector and other public statutory providers. To achieve this will require a cultural shift across the city in the way customer service is provided.
11. This will mean council staff and perhaps members of the third sector having honest and open conversations about how realistic the prospect of families being able to live in appropriately sized accommodation in the city over the period of the next few years if they are reliant on benefits. This may include providing advice about which areas of the country are affordable to live in.
12. The impact of the benefit cap at £20k and the freezing of LHA rates will mean that for many families living in the city on benefits will not be a financially viable option in anything other than the short term. Council staff will be central to promoting this understanding and therefore the organisation as a whole, including members, will need to understand the context in which this advice is being provided and understand that this level of cultural shift is likely to lead to an increase in customer dissatisfaction and complaints.
13. It is recommended this issue is addressed in a report to the City Management Board and monitored as a welfare reform impact thereafter.

CESI recommendation E

As part of preparations for Universal Credit rollout, a joint taskforce should consider how services may need to respond in order to improve triage, budgeting support, digital support and partnership working for residents entering the benefits system.

14. Universal Credit is due to start to rollout in Brighton and Hove on December 14th 2015. The rollout will initially be for a narrow segment of single customers only. It is not clear when the rollout will widen. Between December 15 and March 2016 between 500 and 1000 claims are expected to be made. Once Universal Credit has been fully rolled out it will be paid to at least 20,000 households in the city. The council has visited other authorities where the rollout has already started and met with representatives of the Department for Works and Pensions (DWP) to understand the provisions which will need to be in place in the city to support people who will be claiming Universal Credit. This work is being overseen by the Welfare Reform Programme Board and the welfare reform city wide group. The work is on track to ensure triage, digital access and financial advice is available to claimants of Universal Credit when it goes live. This support will be funded by DWP, commissioned by the council and is likely, at least in part, to be carried out by the third sector.

CESI recommendation F

There should be consideration of joint commissioning of intensive employment support for residents that are out of work, want to work and affected by welfare reform.

15. There are a number of areas where Job Centre Plus (JCP) and Brighton & Hove City Council are working closely together and sharing resources in order to improve the employment prospects for people who have been affected by welfare reform.
16. JCP have provided funding to support the work of the team which supports people who have been affected by the benefit cap. One of the key outcomes that this team is set to achieve is to move people into work. JCP have also supported this work by providing visiting staff to assist in making contact with customers affected. Job Centre plus have also provided funding for the Moneyworks commission which covers community learning as well and employability as well as financial advice via community education service.
17. JCP have also provided funding for work focussed activities specifically for tenants of the council's housing stock.
18. The council is committed to maximising the number of apprenticeships it can offer as a large employer. To enable this JCP have provided funding for the council to employ an apprenticeship coordinator

19. JCP have provided two members of staff to work alongside the Stronger Families Stronger Communities programme to provide employment advice to families engaged with the programme and to fellow professionals within the programme itself.
20. More broadly locally the JCP and the City Council are committed to work in partnership with each other in order to meet their joint objectives of maximising employability in the City, the employment and skills agenda, accessing and helping vulnerable groups and issues relating to devolution. This has included members of JCP staff sitting on council commissions (drug and alcohol), working within the local economic partnership together and working to draw down funding focussed on third sector organisations to target hard to reach vulnerable groups who form a priority for both organisations. An example of this is a work club run for people on employment and support allowance (ESA) which is hosted by the library service in partnership with JCP, the Federation for Disabled People and the National Careers Service to assist ESA customers into work via digital inclusion and employability skills.
21. It should be noted that despite all of the above for those in low paid employment, with or without a residual element of benefit support, the conversation around affordability of the city (points 8 to 13) may still be relevant.

Work of the Third sector

22. Partners from the community and advice sector are active in providing employment skills in the community. Specifically the Community Learning Hubs The Bridge, The Whitehawk Inn and the Hangleton and Knoll project with funding via the Skills Funding Agency. Funding post March 2016 is as yet unconfirmed.

Council Approach to Employment and Skills

23. A report titled Development of a new City Employment & Skills plan (2015-2020) was taken to the Children and Young People and Skills committee on 20th July 2015. This report set out the council's main strategic approach to employment and apprenticeships. A full copy of the report has been placed in the members room. The new City Employment & Skills plan will have a particular focus upon actions which aim to eliminate long term youth unemployment in the city and create new apprenticeship opportunities across the city. The key priorities are:
 - Establishing an Employer Skills Task Force to provide the vital business leadership to support both the development and delivery of the new Plan
 - Exploring new delivery models for boosting the number of apprenticeship opportunities across the city and the Greater Brighton

city region, with a particular focus upon high quality skilled apprenticeships, for 16-24 year olds.

- Creating a step change in how the City Council creates apprenticeship opportunities as a major employer
- Explore initiatives which aim to eliminate long-term youth unemployment in the city through new ways of working in partnership with DWP, the council and the private sector, and ensuring that the City Council uses our procurement process to maximise employment, work placement and training opportunities ; and
- Supporting those marginalised from the labour market into jobs.

24. The last point is a key element in the plan which will focus on a number of areas including mitigating the impact of welfare reform and helping those who are affected by welfare changes to get closer to the workplace. This may be achieved through the individuals getting training, an apprenticeship, traineeship, work placement and/or education. This will involve working closely with the Fairness Commission to ensure that the new plan is aligned with wider initiatives that aim to promote fairness and equality in the labour market. It will explore how those marginalised from the labour market can access employment and better jobs through a number of pathways including Pre-employment entry, staying in work and in work progression.

25. The report also sets out the council and city wide approach to apprenticeships. The local authority currently employs 46 apprentices. 48 have completed their apprenticeship programme since November 2012. This includes some individuals who have progressed to advanced levels. 5 care leavers have become apprentices. A key element of the development of the new City Employment & Skills Plan will be working with the Employers Task Force and key supply-side partners to explore new models of delivering an increase in the apprenticeship opportunities across the city and wider city region.

European Funding

26. The Economic Development Team are also leading on European Social Fund (ESF) bids with other neighbouring authorities to create employment support training provision to be provided by training providers in the region. The outcome of this will be dependent on when the calls for the ESF are made.

26. A separate bid is being made in conjunction with European partners for Interreg funding. The basis of this bid is to create a longer term funding base to bring together different teams in the council which currently provide employment support and guidance.

Appendix 2

Summary and analysis of welfare measures announced in the July 2015 budget

Below is a table which sets out the detail of the budget as it relates to welfare reform and related issues.

The main themes of the budget in this area are:

- 1) Freezing most working age benefits for four years from April 2016
- 2) Reducing Social Sector Rents by 1% for four years
- 3) Limiting benefits in general to the amount for a family with no more than two children from 2017. (Will not apply to children born before April 2017)
- 4) Reducing the benefits cap from £26,000 to £20,000
- 5) Reducing Employment and Support Allowance for people able to do some work to the same rate as Job Seekers Allowance.
- 6) Reductions in Tax Credits and Universal Credit from April 2016 for working people
- 7) An increase in the minimum (living) wage

Group	Details	From
18-21 year olds:	Youth obligation 18-21s must be in work or training.	April 2017
Tax Credits and Universal Credit (note: A vote in the House of	Taper increased from 41% to 48% (the amount which is withdrawn in tax credits as income goes above minimum income threshold).	April 2016

Appendix 2: July 2015 budget welfare changes with local analysis
Welfare Reform, responses to recommendations made by the Centre for Economic and Social Inclusion

<p>Lords on 26th October may mean some of the provisions relating to tax credits are changed or delayed. Detail will be known after the Autumn Statement on 25th November 15)</p>		
	<p>Income thresholds in Tax Credits reduced from £6420 to £3850</p>	<p>April 2016</p>
	<p>Work allowances in Universal Credit will be abolished for non-disabled childless claimants, and reduced to £192 per month for those with housing costs and £397 per month for those without housing costs. Claimants earning below these amounts will retain their maximum award.</p>	<p>April 2016</p>
	<p>Child element of Tax Credits and Universal Credit will no longer apply to third or subsequent children born after April 2017 – there will be exceptions</p>	<p>April 2017</p>
	<p>The amount by which a persons income can change for tax credits before their award is adjusted will be reduced from £5000 to £2500</p>	<p>April 2016</p>
	<p>Family premium will no longer be awarded for new claims or new births</p>	<p>April 2017</p>
<p>Employment and Support Allowance (ESA)</p>	<p>New claimants of ESA in the Work Related Activity Group will receive the same amount of money as people on JSA, a reduction of about £30 per week</p>	<p>April 2017</p>
<p>Housing Benefits</p>	<p>Family premium will no longer be awarded for new claims or new births</p>	<p>April 2016</p>

Appendix 2: July 2015 budget welfare changes with local analysis
Welfare Reform, responses to recommendations made by the Centre for Economic and Social Inclusion

	Backdating restricted to 4 weeks	April 2016
	Working age HB rates frozen for four years	April 2016
	Child elements will no longer apply to third or subsequent children born after April 2017 – there will be exceptions	April 2017
	LHA rates frozen for four years	April 2016
(benefit cap)	Benefit Cap reduced from £26,000 to £20,000 in Brighton & Hove Reduced from £18,200 to £13,400 for single people	Not specified
	National Discretionary Housing Payment budget of £800million over five years. The national budget will be about the same as it was in 14/15 when the BHCC budget was £1.014million, however because the city is likely to be one of the most significantly impacted by the introduction of the £20k cap then the BHCC allocation may increase to account for that. Details are likely to be known in December 2015.	April 2016
Social Sector Rents	Will be reduced by 1% a year for four years	April 2017
	People earning over £30,000 will pay higher rents up to market rents	April 2017
Mortgage interest relief	Will become a loan	April 2018
Benefit upratings	Most working age benefits will be frozen for four years. Excludes some disability related and statutory schemes eg statutory sick pay	April 2016
National minimum wage/living wage	Increased to £7.20 for over 25s, £9 by 2020	April 2016 (2020)
Child Care	All 3 and 4 year olds will receive up to 30 hours child care per week	April 2017
	Parents of young children will be expected to undertake work readiness activities once the child is 2 and look for work when they are 3.	April 2017

Analysis

The reduction of the cap from £26,000 to £20,000

At present the cap set at £26k affects approximately 115 cases in Brighton and Hove. The full financial impact is approximately £335,000

When the cap is reduced to £20k we estimate this will affect around 650 cases which will face reductions in their housing benefit between a few pounds and £450 per week. The full financial impact of this is estimated to be around £2.3million. Of this just under 50% is likely to be a direct reduction in rental income to the council.

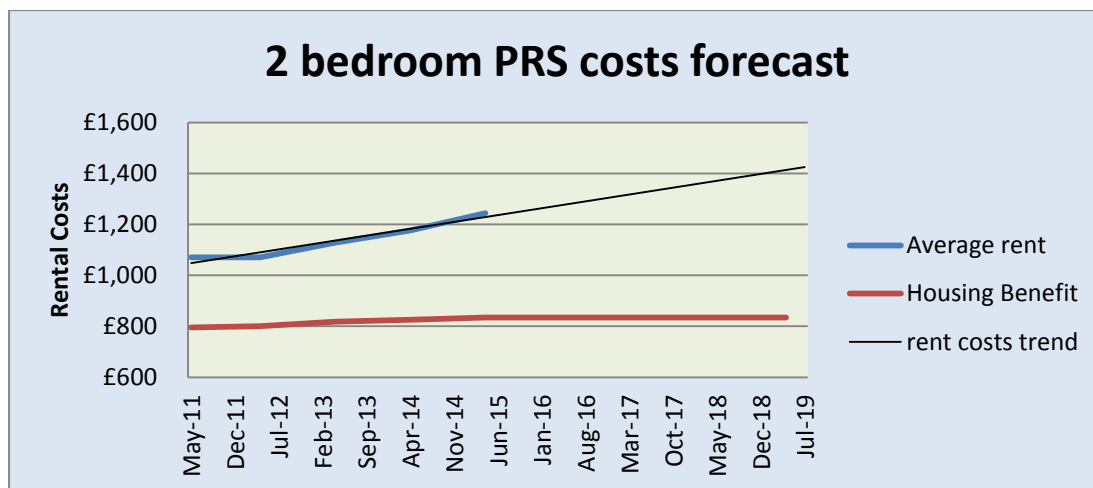
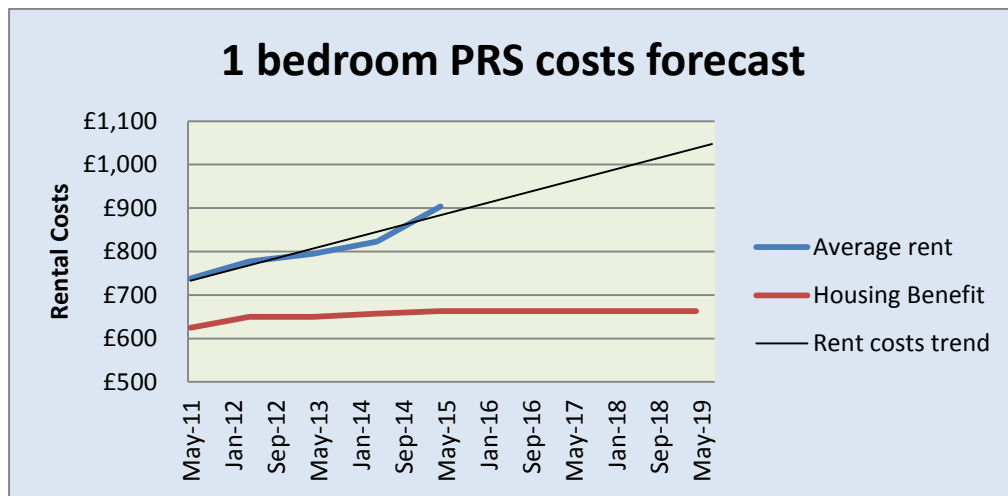
Freezing of working age benefits

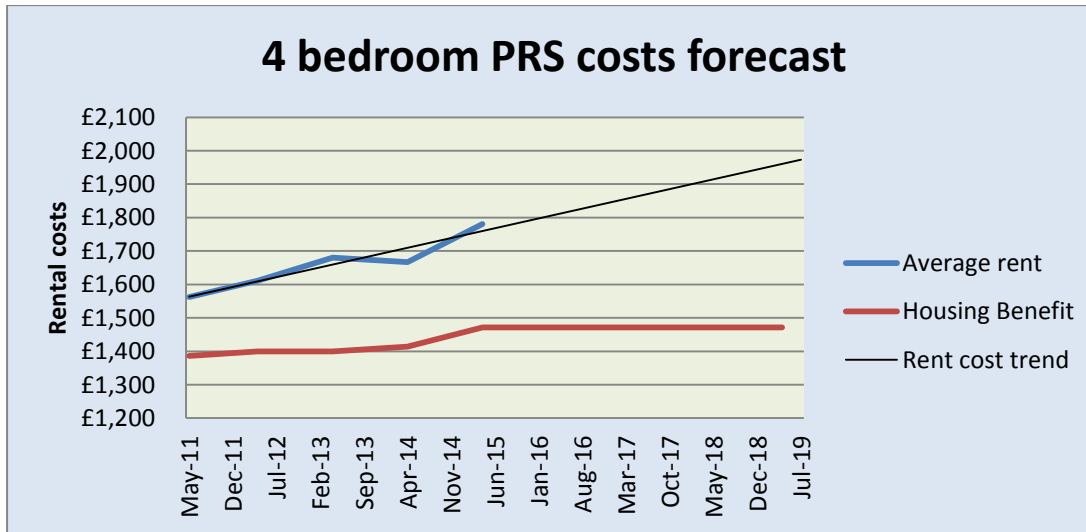
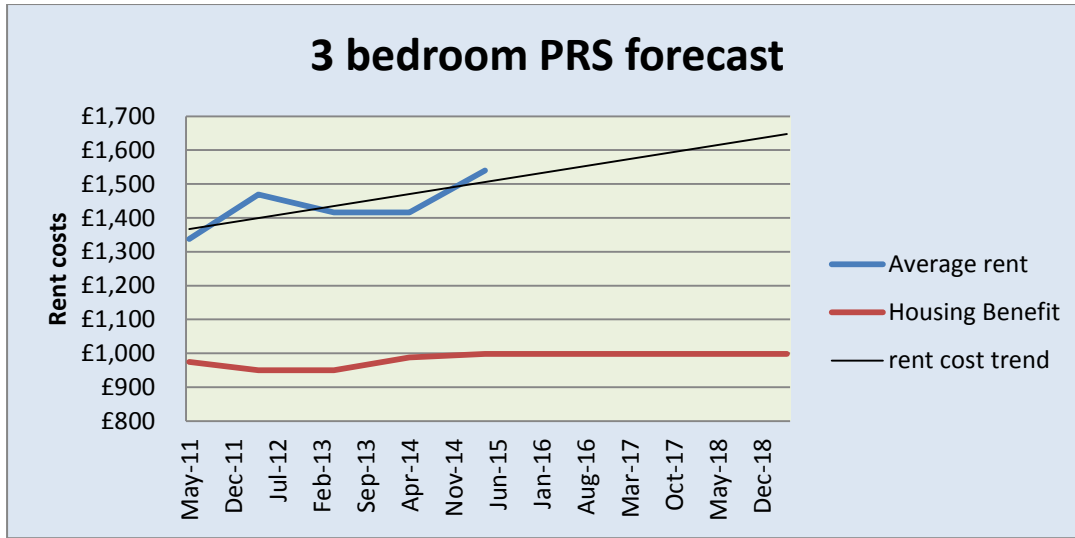
The freeze in working age benefits will affect 20,000 working age families who claim housing benefit from the council in the city, there are also a number of families who will be affected because they claim other benefits but not housing benefit for which the council does not hold figures. This will create pressure on the general cost of living for those families and assuming the private rental market continues to increase the city will become increasingly unaffordable for families who rent in this sector to live in. The report published by the Centre for Social Inclusion (CESI) looking at the impact of welfare reform in Brighton and Hove showed that the benefit freeze was one of the highest contributors to the overall relative reductions in income households faced during the first phase of welfare reform (2011 – 2015).

Freezing of Local Housing Allowance (LHA) rates

LHA is housing benefit in the private sector. LHA rates are due to be frozen over the next four years, the following graphs set out historic rent price increases and projections against LHA costs to demonstrate the impact this may have if these rent trends continue in the City (as the graphs demonstrate there is already a sizeable difference between average rents and LHA payable). There are currently 10,900 LHA claims in the city

(Source: BHCC Housing LHA rents report)





The consequences of this relationship between rents and benefit levels if they occur according to historical trend will mean that it will be increasing difficult to live in private sector rented accommodation if a person on household is on benefits or a low income,

Tax Credits and Housing Benefit will not increase if a third of subsequent child is born after April 2017

Approximately 100 third or subsequent children are born to families in Brighton and Hove who are living on benefits each year. The consequence of having a third or subsequent child will mean receiving £53 per week less in Child Tax Credit. It can also mean a loss of housing benefit if a household rents in the private sector of up to £100 per week (although in some circumstances LHA would not increase anyway).

Tax Credit and Universal Credit changes for people who are working (May now be delayed or amended, further detail will be given at the Autumn Statement 25th November 2015)

Around 4400 households in the City are estimated to be affected by these changes. These households are likely to see a reduction on average of £870 per year. The minimum (living) wage is due to increase from £6.70 to £7.20 in April 2016 and then to £9 by 2020.

ESA work related activity group

From April 2017 new claims for Employment Support Allowance who are in the Work Related Activity group will be paid at the same rate as people who claim Job Seekers Allowance. This means they will receive approximately £30 less per week than they would have done otherwise. In Feb 2015 there were 2520 people in the city in receipt of ESA work related activity group.

Discretionary Housing Payments

The Government has announced a national Discretionary Housing Payment allocation of £800million from April 2016 over 5 years. In Brighton and Hove this will mean funding is likely to rise to about that which it was in 2014/15 which was £1,014,000 and would mean there would be a sizable gap between need and provision given the new measures introduced in this budget. This will also depend on the distribution formula and could alter significantly. Some of the reductions will be able to be covered through these discretionary funds but this will only be a short term solution. Other mitigating actions are set out in the main report and in appendix 1.

Subject:	Private Sector Housing (PSH) Discretionary Licensing Update		
Date of Meeting:	13 January 2016		
Report of:	Executive Director Environment, Development & Housing		
Contact Officer:	Name:	Martin Reid	Tel: 29-3321
	Email:	martin.reid@brighton-hove.gov.uk	
Ward(s) affected:	All		

FOR GENERAL RELEASE**1. PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 A key Housing Strategy theme has been the significant growth in private rented housing in Brighton & Hove. While many landlords operate responsibly, a significant number do not and as a result issues continue to be raised in relation to the management, standards and quality of homes in this expanding sector.
- 1.2 Evidence from mandatory licensing and additional licensing of houses in multiple occupation in Brighton & Hove has highlighted that in 94% of cases (2,726 of 2,904 licensed properties as of 3 December 2015), the properties require additional conditions to be applied to licences to ensure they are fit and safe for occupation.
- 1.3 There are concerns that this pattern is replicated across the wider private rented sector which is supported by an analysis of the Census 2011 and Index of Multiple Deprivation 2015 which shows a correlation between concentrations of private rented housing and poorer housing quality.
- 1.4 The consultation for the Housing Strategy 2015 identified that a large majority of respondents wanted us to introduce a register of all private sector landlords to help support efforts to maintain and improve standards. In response to this one of the actions in the Strategy is to support a register of landlords in the city.
- 1.5 In the Council response to the Private Sector Housing Scrutiny Panel recommendations reported to Housing & New Homes Committee on 11 November 2015 it was proposed that research will be undertaken to explore options for the introduction of further discretionary licensing of private sector homes in the city. This report seeks approval to explore the necessity or otherwise of the introduction of further discretionary licensing in all or part of the local authority area.

2. RECOMMENDATIONS

- 2.1 That the Housing & New Homes Committee delegates authority to the Acting Executive Director for Environment, Development & Housing to explore the

necessity or otherwise of the introduction of further discretionary licensing in all or part of the local authority area.

- 2.2 That the Housing & New Homes Committee requests a report back to this Committee outlining the findings and any resulting recommendations.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 A key overarching theme arising from the city-wide Housing Strategy has been the significant growth in private rented housing in Brighton & Hove. The Private Rented Sector stands at 34,081 homes (private renting from a landlord or letting agency) or 28% of all housing stock in the City (2011 Census). The City has the ninth largest private rented sector in England & Wales and sixth highest proportion of converted dwellings or shared houses (houses in multiple occupation and bedsits) in England & Wales. The sector increased by 45.7%, an extra 10,691 homes, between the 2001 and 2011 Census. 15 of our 21 wards exceed the regional and national average of 15% of households living in private rented homes. Three wards have 50% or more households in homes rented through private landlords or lettings agents. The Census figure is likely to be a minimum for the rented sector as it now stands as a proportion of all homes in the city. This growth brings the benefits of a flexible housing market response to meet accommodation needs in the city. However, while many landlords operate responsibly, issues continue to be raised in relation to the management, standards and quality of homes in the expanding private rented sector.

- 3.2 Consultation on the Housing Strategy 2015 highlighted that residents have concerns with the quality and management of private rented housing across the city. Previous research has indicated a correlation between areas with high concentrations of private rented homes, in particular areas with high concentrations of Houses in Multiple Occupation (HMO) not covered by mandatory licensing, and a range of issues including higher levels of Private Sector Housing service requests, noise complaints, anti-social behaviour, poor fire safety and health inequalities.

Current discretionary licensing activity in Brighton & Hove.

- 3.3 In response to issues arising the designation of an additional licensing scheme in the five Lewes Road wards (applying to smaller HMOs of two or more storeys and three or more occupiers) commenced on 5 November 2012, lasting for 5 years. Housing Committee approved the designation on the basis of extensive consultation and robust evidence that a significant proportion of the smaller HMOs in the wards affected were being managed sufficiently ineffectively as to give rise to one or more particular problems either for those occupying the HMOs or for members of the public. As of 16 December 2015 the Council has received 2242 valid additional licence applications (though a few of these are now new owners re-applying on the same property) and checked and issued 2156 draft licences, of which 1950 have been followed up with full licences (issued on condition that any work required is carried out within an agreed period). The tables below show current activity on this scheme. Updated mapping of HMOs licensed (or where applications have been received) under the national mandatory and additional licensing schemes in the five Lewes Road wards (reflecting a snapshot of data as of 18 December 2015) is attached in Appendix 1

Applications received to 16/12/2015

Ward Name	Applications Received
Hanover And Elm Grove	578
Hollingdean And Stanmer	258
Moulsecoomb And Bevendean	854
Queen's Park	117
St. Peter's And North Laine	435
Total	2242

Draft Licence issued to 16/12/2015

Ward Name	Draft Licences Issued
Hanover And Elm Grove	556
Hollingdean And Stanmer	245
Moulsecoomb And Bevendean	833
Queen's Park	110
St. Peter's And North Laine	412
Total	2156

Full Licences issued to 16/12/2015

Ward Name	Full Licences Issued
Hanover And Elm Grove	504
Hollingdean And Stanmer	220
Moulsecoomb And Bevendean	762
Queen's Park	93
St. Peter's And North Laine	371
Total	1950

- 3.4 On 17 June 2015 Housing & New Homes Committee noted the results of the consultation and evidence gathering exercise undertaken in relation to a further proposed additional HMO licensing scheme and designated the wards of Brunswick & Adelaide, Central Hove, East Brighton, Goldsmid, Preston Park, Regency and Westbourne as subject to additional licensing under S56(1) of the Housing Act 2004 in relation to smaller Houses in Multiple Occupation of two or more storeys and three or more occupiers. This designation took effect on 2 November 2015, lasting for 5 years. The table below shows initial activity on this scheme. Updated mapping of HMOs licensed (or where applications have been received) under the national mandatory and additional licensing schemes in these seven wards (reflecting a snapshot of data as of 18 December 2015) is attached in Appendix 2.

Applications received to 16/12/2015

Ward Name	Applications Received
Preston Park	17
Goldsmid	15
Regency	14
East Brighton	13
Brunswick And Adelaide	7
Central Hove	5
Westbourne	5
Total	76

- 3.5 In addition to current discretionary licensing schemes, as of 16 December 2015 we also license 1074 larger HMOs in the City (those over three storeys and five people) under the current national mandatory licensing scheme. Details are in the table below. The Government has recently consulted on proposals to extend mandatory HMO licensing and the outcome is currently awaited.

Mandatory Licensing (All Wards) - All Applications, Draft & Full Licences at 16/12/2015

Ward Name	No.of Cases	Percentage
St. Peter's And North Laine	255	23.74%
Hanover And Elm Grove	232	21.60%
Queen's Park	113	10.52%
Moulsecomb And Bevendean	102	9.50%
Hollingdean And Stanmer	80	7.45%
Preston Park	69	6.42%
Regency	54	5.03%
Goldsmid	38	3.54%
Brunswick And Adelaide	34	3.17%
Central Hove	28	2.61%
East Brighton	22	2.05%
Westbourne	16	1.49%
South Portslade	7	0.65%
Rottingdean Coastal	6	0.56%
Wish	6	0.56%
Withdean	6	0.56%
Hove Park	4	0.37%
Hangleton And Knoll	1	0.09%
	1	0.09%
Total	1074	100.00%

- 3.6 Evidence from the existing mandatory licensing and additional licensing schemes for houses in multiple occupation in Brighton & Hove has highlighted that in 94% of cases (2,726 of 2,904 licensed properties), the properties require additional conditions applied to licences to ensure they are fit and safe for occupation.
- 3.7 There are concerns that this pattern is replicated across the wider private rented sector, which were echoed in concerns raised in the Scrutiny Panel Report on Private Sector Housing 2015. This is also supported by an analysis of the Census 2011 and Index of Multiple Deprivation 2015 which shows a correlation between concentrations of private rented housing and poorer housing quality:

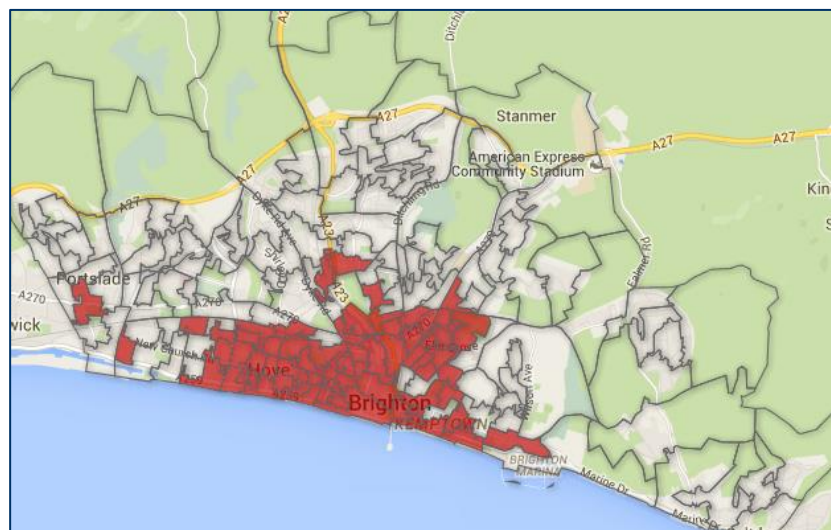
Private Rented Sector

Areas with more than England & Wales average of 15.5% of stock in the PRS (Census 2011)



Poorer Housing Quality

39% of Brighton & Hove Lower Super Output Areas are in the lowest 20% nationally on the Indoor Living Environment sub domain (Index of Multiple Deprivation 2015)



- 3.8 The consultation for the Housing Strategy 2015 identified that a large majority of respondents wanted us to introduce a register of all private sector landlords to help support efforts to maintain and improve standards. In response to this, one of the strategic actions in the strategy is to support a register of landlords in the city. In the council response to the Private Sector Housing Scrutiny Panel recommendations reported to Housing & New Homes Committee on 11 November it was proposed that research will be undertaken to explore options for the introduction of further discretionary licensing of private sector homes in the city.

- 3.9 There are 3 main potential options:
- **Selective Licensing:** Designate the whole or any part or parts of the city as an area subject to selective licensing. Selective licensing applies to all privately rented property in the designated area, not only HMOs.
 - **Additional Licensing:** License all smaller Houses in Multiple Occupation (HMOs) with three or more households) across the whole or further part(s) of the city.
 - **Voluntary Accreditation:** Accreditation schemes recognise and reward landlords who manage their properties to a good standard. They can include a set of standards (or codes) that apply to scheme members, relating to, for example, the management or physical condition of privately rented accommodation.
- 3.10 As outlined in detail in previous Housing Committee and Housing & New Homes Committee reports, the Housing Act provides a power to license HMOs not covered by mandatory licensing through the creation of an Additional Licensing Scheme. Under Additional Licensing, local authorities can designate an area for a five year period if satisfied that a significant proportion of the HMOs are being managed sufficiently ineffectively so as to give rise to one or more particular problem, either for those occupying the HMO or for members of the public.
- 3.11 Selective Licensing under Part 3 of the Housing Act 2004 goes beyond HMO licensing and may be applied to all privately rented property in a local authority area. A scheme could cover the whole city or specific areas of concern.
- 3.12 To comply with government guidance¹, if seeking to adopt selective licensing a local authority has to demonstrate not only that an area has larger than average private rented sector but is also experiencing one or more of the following:
- low housing demand
 - a significant and persistent problem caused by anti-social behaviour
 - poor property conditions
 - an influx of migration
 - a high level of deprivation
 - high levels of crime
- 3.13 If an authority's selective licensing scheme(s) cover 20% or more of the geographical area or private rented housing stock then confirmation by the Secretary of State is also required. It is critical that any evidence review is seen as impartial. Experience from other authorities that have implemented successful schemes recommends the use of external independent research consultants to gather this evidence.

¹ Selective licensing in the private rented sector, DCLG:
<https://www.gov.uk/government/publications/selective-licensing-in-the-private-rented-sector-a-guide-for-local-authorities>

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 For the reasons outlined above, this report seeks approval to explore the necessity or otherwise of the introduction of further discretionary licensing in all or part of the local authority area. We would need to demonstrate that we have done everything we can in any proposed discretionary licensing scheme area to tackle issues of concern and that there is no other practical alternative before considering licensing.
- 4.2 A comprehensive options appraisal would have to be carried out, to consider whether there are any other courses of action available that might provide an effective method of dealing with the problem or problems in question.
- 4.3 In exploring options and reporting back to committee we will also need to be mindful of Housing & Planning Bill proposals concerning rogue landlords and letting agents and the outcome of current Government consultation on possible extension of mandatory HMO licensing.

5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 Consultation on the Housing Strategy 2015 and submissions to the Scrutiny Panel Report on Private Sector Housing 2015 highlight resident concerns with the quality and management of private rented housing across the city.
- 5.2 Although we do have a large private rented sector market, collation of evidence of issues arising would be required prior to any consultation on options for any further discretionary licensing.
- 5.3 In order to introduce additional licensing for Houses in Multiple Occupation local authorities are required to take reasonable steps to consult people who are likely to be affected and consultation representations made must be considered. This would include a consultation of not less than ten weeks seeking views on the proposals from local residents and community, business, landlord, managing agent and statutory agencies in the proposed and surrounding area(s).
- 5.4 Any proposed selective licensing scheme(s) that covers less than 20% of the city's area or private rented stock must be consulted on for at least 10 weeks in order to benefit from the general approval in the Housing Act 2004: Licensing of Houses in Multiple Occupation and Selective Licensing of Other Residential Accommodation ((England) General Approval 2015. Any larger scheme(s) must be submitted to the Secretary of State for confirmation and would also require robust consultation.

6. CONCLUSION

- 6.1 This report seeks approval to explore the necessity or otherwise of the introduction of further discretionary licensing in all or part of the local authority area.
- 6.2 Recommendations will then be brought back to Committee based on the research findings.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 The costs of any independent research, needed to explore the options for the introduction of further licensing schemes, will need to be met from current budget resources. This will be managed through the Targeted Budget Monitoring (TBM) process for 15/16 and 16/17.

Finance Officer Consulted: Monica Brooks

Date: 23/12/15

Legal Implications:

- 7.2 Part 3 of the Housing Act 2004 (the Act) sets out the law relating to selective licensing of private rented properties in a local housing authority area. Under section 80 of the Act a local housing authority can designate the whole or any part or parts of its area as subject to selective licensing. Where a selective licensing designation is made it applies to privately rented property in the area concerned.
- 7.3 Subject to certain exemptions specified in the Selective Licensing of Houses (Specified Exemptions) (England) Order 2006, all properties in the private rented sector which are let or occupied under a licence, are required to be licensed by the local housing authority, unless the property is a House in Multiple Occupation and is required to be licensed under Part 2 of the Act.
- 7.4 With effect from 1 April 2015 a local housing authority now needs to apply to the Secretary of State for Communities and Local Government (Secretary of State) for confirmation of any scheme which would cover more than 20% of its geographical area or that would affect more than 20% of the privately rented homes in its area.
- 7.5 Under the new arrangements if a local housing authority makes a designation that covers 20% or less of its geographical area or privately rented properties, the scheme will not need to be submitted to the Secretary of State, provided there is sufficient evidence to support it and the authority has taken reasonable steps to consult persons who are likely to be affected by the designation for at least 10 weeks. However, if a local housing authority proposes to make one or more designations that would be in force in addition to an existing selective licensing scheme and, cumulatively, all the designations would cover more than 20% of the area or the private rented stock, those new designations would need to be submitted to the Secretary of State for confirmation.
- 7.6 Likewise if the local housing authority proposed to make two or more designations at the same time, each of which accounted for less than 20% of the area or private rented stock, but cumulatively accounted for more than 20% of either, all of the schemes would need to be submitted to the Secretary of State for confirmation.
- 7.7 Some of local housing authorities have been challenged in the High Court by way of judicial review on the introduction of selective licensing schemes. It is therefore important that there is proper evidence to support such a scheme in the city, and that the procedural requirements in Part 3 of the Act are complied with.

Equalities Implications:

- 7.8 This report seeks approval to explore the necessity or otherwise of the introduction of further discretionary licensing in all or part of the local authority area. There are no equalities implications identified at this time. A full equalities impact assessment would be undertaken in relation to any further discretionary licensing scheme recommended to Housing & New Homes Committee for approval.

Sustainability Implications:

- 7.9 This report seeks approval to explore the necessity or otherwise of the introduction of further discretionary licensing in all or part of the local authority area. There are no sustainability implications identified at this time.

SUPPORTING DOCUMENTATION

Appendices:

1. Updated mapping of HMOs licensed (or where applications have been received) under the national mandatory and additional licensing schemes in the five Lewes Road wards (reflecting a snapshot of data as of 18 December 2015).
2. Updated mapping of HMOs licensed (or where applications have been received) under the national mandatory and additional licensing schemes in the seven seafront / city centre wards (reflecting a snapshot of data as of 18 December 2015).

Documents in Members' Rooms

None

Background Documents

1. Scrutiny Panel Report on Private Sector Housing, Housing & New Homes Committee, 11 November 2015
2. Selective licensing in the private rented sector, DCLG:
<https://www.gov.uk/government/publications/selective-licensing-in-the-private-rented-sector-a-guide-for-local-authorities>

Crime & Disorder Implications:

- 1.1 This report seeks approval to explore the necessity or otherwise of the introduction of further discretionary licensing in all or part of the local authority area. There are no crime and disorder implications identified at this time.

Risk and Opportunity Management Implications:

- 1.2 Any risks associated with any proposals for future discretionary licensing will be outlined in any future report on scheme implementation that may be presented to Housing & New Homes Committee. These will be managed in compliance with the Council's risk management strategy with a full risk log.

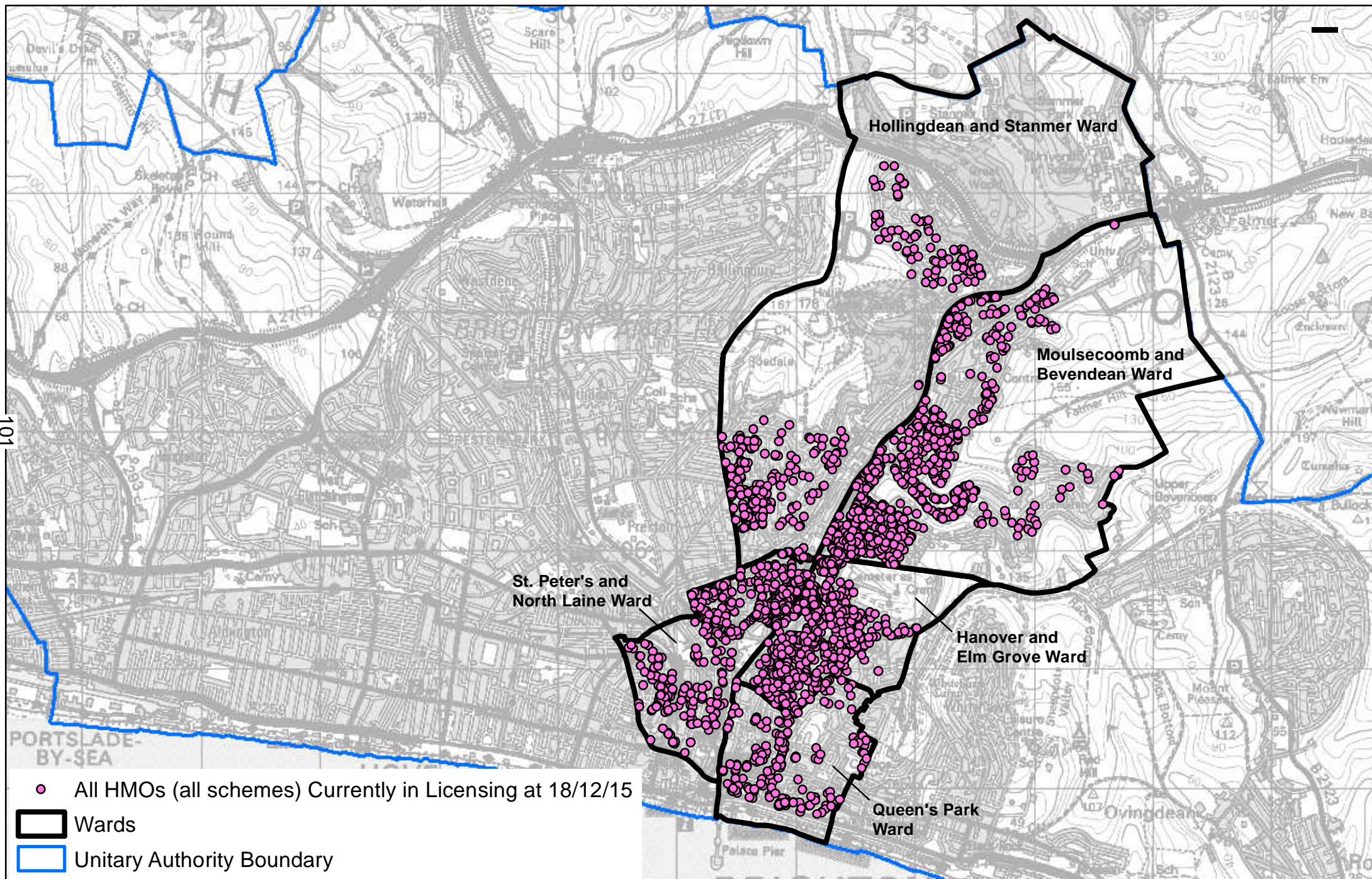
Public Health Implications:

- 1.3 This report seeks approval to explore the necessity or otherwise of the introduction of further discretionary licensing in all or part of the local authority area. There are no Public Health implications identified at this time.

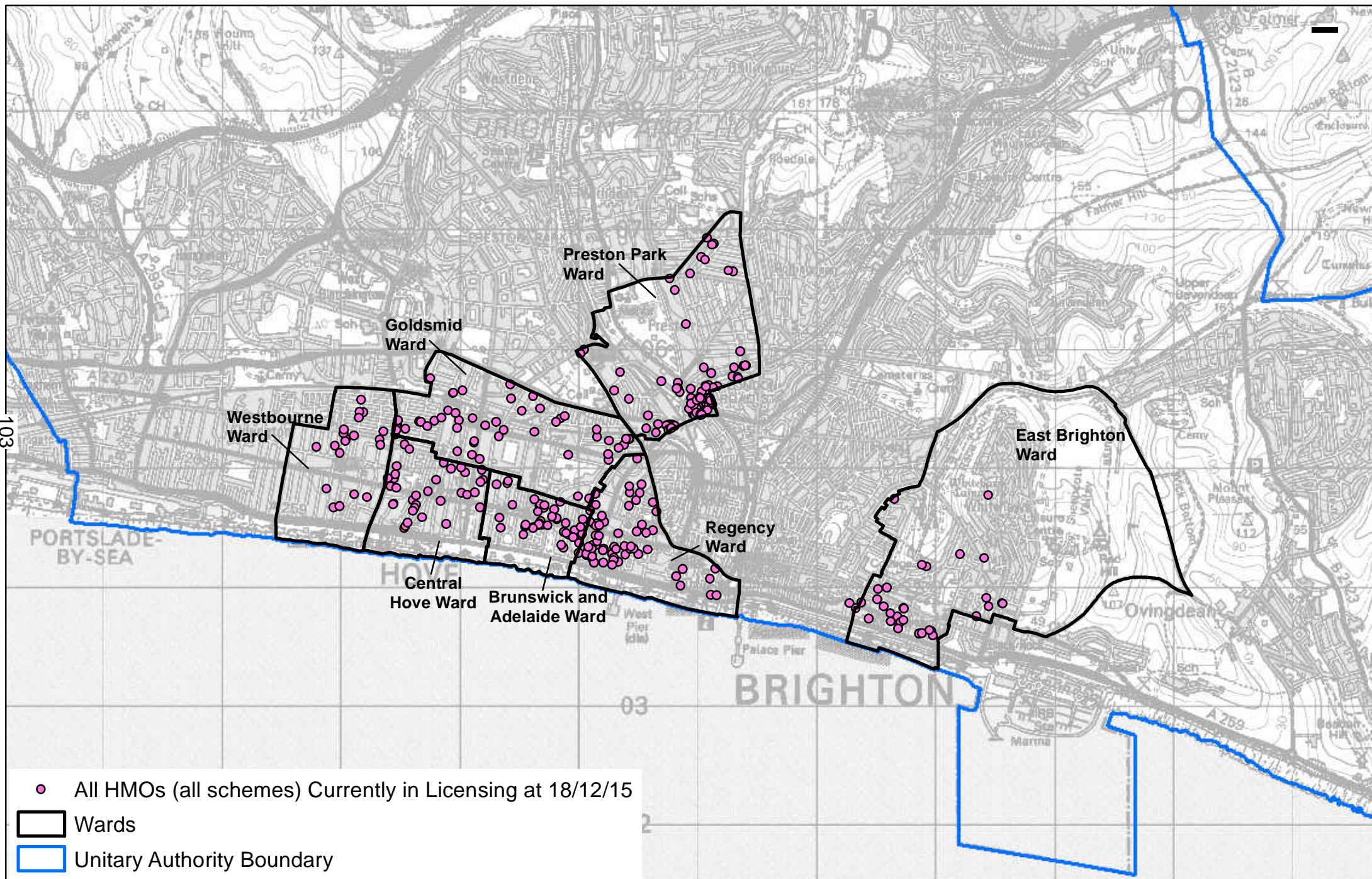
Corporate / Citywide Implications:

- 1.4 This report seeks approval to explore the necessity or otherwise of the introduction of further discretionary licensing in all or part of the local authority area. There are no Corporate / Citywide implications identified at this time.

HMO Licensing (Wards: Queens Park, Hanover & Elm Grove, St Peter's & North Laine, Hollingdean & Stanmer, Moulsecoomb & Bevendean)



HMO Licensing (Wards: Regency, Westbourne, Preston Park, Goldsmid, Central Hove, Brunswick & Adelaide, East Brighton)



HOUSING & NEW HOMES COMMITTEE	Agenda Item 60 Brighton & Hove City Council
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Subject:	Housing Management Performance Report Quarter 2 2015/16		
Date of Meeting:	13 January 2016		
Report of:	Acting Executive Director for Environment, Development & Housing		
Contact Officer:	Name:	Ododo Dafé	Tel: 01273 293201
	Email:	ododo.dafe@brighton-hove.gov.uk	
Ward(s) affected:	All		

FOR GENERAL RELEASE

1. SUMMARY AND POLICY CONTEXT:

1.1 This Housing Management Performance Report covers the second quarter of the financial year 2015/16.







2. RECOMMENDATIONS:

2.1 That the Housing & New Homes Committee notes and comments upon the report, which went to Area Panels in November and December 2015.

3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:

3.1 The report continues the use of the 'RAG' rating system of red, amber and green traffic light symbols to provide an indication of performance, and also trend arrows to provide an indication of movement from the previous quarter. Explanations of performance have been provided for indicators which are red or amber.

3.2 Key to symbols used in the report:







Status		Trend	
Performance is below target (red)		Poorer than previous reporting period	
Performance is close to achieving target, but in need of improvement (amber)		Same as previous reporting period	
Performance is on or above target (green)		Improvement on previous reporting period	

3.3 The report includes benchmarking figures from Housemark to compare our performance with other housing providers. Unless stated otherwise, all figures represent the top quartile performance (top 25%) during the year 2014/15 and benchmark against all participating upper tier local authorities with a stock size of 10,000 dwellings or more. These local authorities are as follows:

Aberdeenshire Council
Bristol City Council
City of Edinburgh Council
Dudley MBC
East Riding of Yorkshire Council
Fife Council
Hull City Council
LB of Barking and Dagenham
LB of Camden
LB of Croydon
LB of Ealing
LB of Hammersmith and Fulham
LB of Havering
LB of Hillingdon
LB of Islington
LB of Southwark
LB of Wandsworth
North Lanarkshire Council
North Tyneside Council
Renfrewshire Council
Sheffield City Council
South Lanarkshire Council
Southampton City Council
Stoke on Trent City Council
Swindon BC
West Dunbartonshire Council

4.0 Rent collection and current arrears

All indicators below are year-to-date, and their targets are for the end of the year, rather than for each quarter. More details about what they measure have been provided following a query from the Business and Value for Money Service Improvement Group.

Performance indicator		Q2 2015/16	Target 2015/16	Status against target	Trend since end 2014/15	Benchmark*
1	Rent collected as proportion of rent due for the year (projected rate for Q4 2015/16 as of Q2)	98.66% (£51.38m of £52.07m)	98.40%			97.54% (RIEN average 2014/15)
2	Tenants with seven or more weeks rent arrears (snapshot at end of Q2)	3% (343 of 11,482)	Under 4.07%			5.48% (RIEN average 2014/15)
3	Tenants in arrears served a Notice of Seeking Possession (NOSP) (total NOSP's served from Q1 to Q2 as % of tenants in arrears at end Q2)	12% (326 of 2,639)	Under 25%	TBC (Q4)	TBC (Q4)	28.95% (RIEN average 2014/15)
4	Tenants evicted because of rent arrears (total evictions from Q1 to Q2 as % of tenants at end Q2)	0.03% (3 of 11,482)	Under 0.29%	TBC (Q4)	TBC (Q4)	0.15% (Housemark upper quartile 2014/15)
5	Rent loss due to empty dwellings (projected rate for Q4 2015/16 as of Q2)	1.1% (£566k of £51.80m)	Under 1.3%			1.07% (Housemark upper quartile 2014/15)
6	Former tenant arrears collected (amount collected from Q1 to Q2 as % of total arrears at end Q2)	19%	35%	TBC (Q4)	TBC (Q4)	14.43% (RIEN average 2014/15)
7	Rechargeable debt collected (amount collected from Q1 to Q2 as % of total debt at end Q2)	4%	20%	TBC (Q4)	TBC (Q4)	-

*The benchmarking figures for most indicators are provided by the Rent Income Excellence Network (RIEN) analysis of local authorities for 2014/15. Where possible, we use benchmarking data from Housemark, although as their indicators are more generic (covering all range of social landlords, big and small) we primarily use the RIEN indicators because they are specific to rent collection and arrears performance by local authorities.

4.0.1 As of Quarter 2, three indicators are on target (green) and four are to be confirmed for Quarter 4, which are marked as 'TBC (Q4)'. The three indicators which have traffic lights and trend arrows are those where a comparison can be made with end-2014/15, because they either provide a snapshot or an end-year projection. The four others are accumulative over the year (eg the number of evictions as of Quarter 2 include those which took place in Quarter 1 as well) and therefore their traffic lights and trend arrows will not be applied until the Quarter 4 and end-2015/16 report.

4.0.1 Rent collected as proportion of rent due for the year by area












Rent collection area		Q2 2015/16	Trend since last quarter	Q2 2014/15	Trend since Q2 2014/15
1	North (includes Seniors Housing)	99.15% (£14.64m of £14.77m)	↓	98.83% (£14.6m of £14.8m)	↑
2	West	99.07% (£10.46m of £10.56m)	↑	98.51% (£10.4m of £10.5m)	↑
3	Central	98.62% (£9.27m of £9.40m)	↑	98.43% (£9.6m of £9.7m)	↑
4	East	98.02% (£17.01m of £17.36m)	↑	97.44% (£16.7m of £17.1m)	↑
5	All areas	98.66% (£51.38m of £52.07m)	↑	98.24% (£51.2m of £52.2m)	↑

4.0.2 Tenants in arrears by amount

Amount of arrears		Q2 2015/16
1	No arrears	77% (8,843)
2	£0.01 to £49.99	6% (676)
3	£50 to £99.99	4% (463)
4	£100 to £499.99	10% (1,138)
5	£500 to £999.99	2% (250)
6	£1000 or more	1% (112)
7	Total tenants	100% (11,482)

4.0.3 A table presenting information relating to the impact of the Removal of the Spare Room Subsidy (RSRS) for under occupying households is attached as Appendix 1.

4.1 Customer services and complaints

Performance indicator		Q2 2015/16	Target 2015/16	Status against target	Trend since last quarter	Housemark benchmark (top quartile)
1a	Calls to Housing Customer Services Team (HCST) answered	71% (11,527 of 16,161)	84%			-
1b	... of which direct dial calls from external customers.	92% (8,243 of 8,937)	-	-		89% (2014/15)
2	Stage 1 complaints upheld	32% (10 of 31)	36% or under			33% (2013/14)
3	Stage 2 complaints upheld	0% (0 of 3)	6% or under			-
4	Customer satisfaction (survey respondents who were very satisfied or fairly satisfied with HCST)	84% (135 of 161)	91%			-
5	Ease of effort (survey respondents who found HCST very easy or fairly easy to contact)	87% (138 of 159)	92%			-

N.B. The Housing Customer Services Team (HCST) carries out customer satisfaction surveys every six months. The latest results are from September 2015, therefore the trend arrows refer to the previous March 2015 survey.

4.1.1 As of Quarter 2, two indicators are on target (green), one is near target (amber) and two are below target (red).

The indicators below target are:

Calls to Housing Customer Services Team (HCST) answered

The overall rate of calls answered has fallen during Quarter 2, to 71%. Calls were abandoned after an average waiting time of 32 seconds and answered calls had an average waiting time of 63 seconds.

This indicator measures calls to the Housing Customer Services Team (HCST) from all sources, including external customers who directly called the HCST, external customers who were transferred or diverted after calling another council number, and internal staff who called this number. At present it is not possible to identify specifically which calls are from external customers using the phone recording system, but there is potential to do so in future. However, it is known that 92% of calls were answered from external customers who directly dialled the HCST phone number (01273 293030). These calls account for around half of the total calls, and are included in the table above.

Customer satisfaction

Of 161 survey respondents who answered how satisfied they were with the overall service from the HCST:

- 100 were very satisfied (62%)
- 35 fairly satisfied (22%)
- 7 neither satisfied nor dissatisfied (4%)
- 7 fairly dissatisfied (4%)
- 12 very dissatisfied (7%).

Where free text was provided by the tenants, the majority of the comments were positive – eg the customer was very happy with the service and the member of staff was really good, followed up afterwards, did everything that could be done and explained everything well. However, a commonly suggested improvement from dissatisfied customers was that the council need to act quicker to resolve the issues they report, particularly as some of them were having to make repeated contact about the same issue.

The indicator near target was:










Ease of effort

Of 159 survey respondents who answered how easy they felt it was to contact the HCST:

- 80 said very easy (50%)
- 58 quite easy (36%)
- 8 neither easy nor difficult (5%)
- 9 nine fairly difficult (6%)
- 4 very difficult (3%).



























Those who found it difficult generally suggested that call waiting times should be shorter, and were probably among those customers who experienced waiting times longer than the average of 63 seconds. It is not currently possible to break down call waiting times (for a given period such as a month or a quarter) using the phone recording system. Most customers (66%) said they preferred phone contact to any other method.













4.2 Empty home turnaround time and mutual exchanges

Performance indicator (re-let time indicators are in calendar days)		Q2 2015/16	Target 2015/16	Status against target	Trend since last quarter	Benchmark (top quartile)
1a	Average re-let time, excluding time spent in major works	20 (148)	21			22 (LAHS*, 2013/14)
1b	... as above for general needs properties	16 (123)	18			-
1c	... as above for Seniors Housing properties	40 (25)	45			-
2	Average re-let time, including time spent in major works	39 (148)	-	-		41 (Housemark, 2013/14)
3	Decisions on mutual exchange applications made within statutory timescale of 42 calendar days	100% (23 of 23)	100%			-

*Local Authority Housing Statistics, which are collected and published by central government.

4.3 Property & Investment

Performance indicator		Q2 2015/16	Target 2015/16	Status against target	Trend since last quarter	Housemark benchmark (top quartile)
1	Emergency repairs completed in time	100% (2,693 of 2,693)	99%			99.8% (2013/14)
2	Routine repairs completed in time	99.9% (5,994 of 5,997)	99%			99.9% (2013/14)
3	Average time to complete routine repairs (calendar days)	10 days	14 days			-
4	Appointments kept by contractor as proportion of appointments made	97% (8,234 of 8,493)	97%			98% (2014/15)
5	Tenant satisfaction with repairs (very satisfied or fairly satisfied)	97% (1,679 of 1,728)	96%			94% (2014/15)
6	Responsive repairs passing post-inspection	95% (706 of 742)	97%			-
7	Repairs completed at first visit	93% (8,081 of 8,690)	92%			91.6% (2014/15)
8	Cancelled repair jobs	3.2% (312 of 9,621)	Under 5%			-
9	Dwellings meeting Decent Homes Standard	100% (11,662 of 11,662)	100%			100% (2014/15)
10	Energy efficiency rating of homes (SAP 2009)	64.8	64.4			70.4 (2014/15)
11	Planned works passing post-inspection	100% (477 of 477)	97%			-
12	Stock with a gas supply with up-to-date gas certificates	100% (10,171 of 10,171)	100%			100% (2014/15)
13	Empty properties passing post-inspection	99% (161 of 162)	98%			-

Performance indicator		Q2 2015/16	Target 2015/16	Status against target	Trend since last quarter	Housemark benchmark (top quartile)
14	Lifts – average time taken (hours) to respond	1 hour 41 min	2 hours			-
15	Lifts restored to service within 24 hours	97% (124 of 128)	95%			-
16	Lifts – average time to restore service when not within 24 hours	4 days (16 days between 4 lifts)	7 days			-
17	Repairs Helpdesk - calls answered	97% (19,001 of 19,506)	90%			-
18	Repairs Helpdesk - calls answered within 20 seconds	86% (16,299 of 19,001)	75%			-
19	Repairs Helpdesk - longest wait time	3 mins 37 sec	5 mins			-

4.3.1 As of Quarter 2, 18 indicators are on target (green), one is near target (amber) and none are below target (red).

The indicator near target is:

Responsive repairs passing post-inspection

The target of 95% from previous years was increased to 97%, and performance in Quarter 2 missed the new target.

The post-inspections undertaken have changed over the past year, to ensure all areas of the partnership are monitored appropriately in line with financial risk. All repairs costing over £1,000 are inspected, along with 20% of repairs carried out by sub-contractors and 10% of repairs carried out by directly employed Mears operatives.

Of the 742 responsive repairs that were post-inspected during Quarter 2, 36 failed:

- 15 required further works to complete the repair
- 11 failed due to poor quality work
- 8 were over-claimed (meaning less work was done than was stated on the repair order)
- 1 was failed by the supervisor because the expectations of the tenant were not fully met, although the technical requirements were
- 1 failed due to health and safety reasons.

4.3.2 Asbestos

Mears carry out annual inspections of all communal areas that have been identified as containing asbestos based materials, as part of the council's management policy relating to the Control of Asbestos Regulations 2012.

During the 2014/15 financial year, 566 inspections were carried out with no further works required. These properties will continue to be inspected on an annual basis, remaining on the inspection schedule until a time when the asbestos based materials are removed (eg due to the need for works or if repairs are required that result in removal).

4.3.3 Legionella

Communal hot and cold water systems are subject to a detailed inspection programme across the council's housing stock. The inspection programme is based upon the Health & Safety Executive's Approved Code of Practice and operates as follows:

Seniors Housing

- Checks by Scheme Managers of outlets that do not have a lot of usage, either on a weekly basis or prior to use
- Comprehensive monthly checks of temperature at outlets and within the hot water system.
- Checks of showers on a quarterly basis or as required.
- Annual checks of storage tank condition and calorifier (hot water cylinder)
- Full review of legionella risk assessment every two years or as required.

High rise blocks

- All high rise communal tanks and inlets are inspected every six months.
- 20% of all communal water supply services are risk assessed annually.













Low rise blocks

- A minimum of 10% of stock with communal tanks are risk assessed annually.

4.3.4 An extract from the draft 2014/15 Annual Legionella Report for Health & Safety Committee is also attached as appendix 3. An extract from the equivalent report for 2015/16 will also be included as an appendix in the Quarter 3 2016/17 Housing Management performance report.

4.4 Estates Service

Please note that Housemark do not provide comparable benchmarking data for the below indicators.

Performance indicator		Q2 2015/16	Target 2015/16	Status against target	Trend since last quarter
1	Cleaning quality inspection pass rate	100% (199 of 199)	98%		
2	Neighbourhood Response Team quality inspection pass rate (minor repairs and bulk waste)	100% (170 of 170)	99%		
3	Cleaning tasks completed	97% (13,085 of 13,543)	98%		
4	Bulk waste removed within 7 working days	98% (785 of 805)	98%		
5	Light replacements/repairs completed within 3 working days	98% (341 of 349)	99%		
6	Mobile warden jobs completed within 3 working days*	96% (1,530 of 1,592)	96%		
7	Incidents of drug paraphernalia collected and reported to the Police	93	-	-	-

*Includes 7 internal graffiti removal jobs, 6 of which were completed within 3 working days.

4.4.1 As of Quarter 2, four indicators are on target, two are near target and one is provided for information only. The indicators near target are:





Cleaning tasks completed

Performance was slightly below the 98% target (by 1%) because cleaners had to be pulled off some everyday duties in order to remove drug paraphernalia from common ways, following a rise in problems with drug use in communal areas. Incidents of drug paraphernalia, which are typically higher during the summer, increased from 48 to 93 between Quarter 1 and Quarter 2.

Light replacements/repairs completed within 3 working days

The target was missed by 1% due to a drop in performance in July, during which seven out of 123 jobs were done late. Only one job was late out of 118 in August, and all 108 jobs in September were done within the three day target.

4.5 Anti-social behaviour (ASB)

Performance indicator		Q2 2015/16	Target 2015/16	Status against target	Trend since last quarter	Housemark benchmark*
1	Victim satisfaction with closed ASB cases during the year (survey respondents from Q1 to Q2 who were very satisfied or fairly satisfied)	81% (13 of 16)	80%			90% (upper quartile, 2014/15)
2	ASB cases closed resulting in tenancy legal action (including eviction)	17% (14 of 84)	-	-	-	-
3	Tenants evicted due to ASB	1	-	-	-	-
4	Success rate of tenancy sustainment officer cases	100% (25 of 25)	95%			-

*The benchmarking data presented in this table covers 2014/15 but does not use our peer group. The data is sourced from 164 Housemark members who provided this data as part of a specialist ASB benchmarking exercise.

N.B. The 'Victim satisfaction with closed ASB cases' indicator covers the 2015/16 financial year to date and the other three cover just Quarter 2.

4.5.1 Reports of ASB incidents by type

ASB incident category		Q2 2015/16
1	Noise incidents	20% (139)
2	Harassment / threats incidents	21% (142)
3	Hate-related incidents	1% (10)
4	Vandalism incidents	2% (17)
5	Pets / animals incidents	14% (95)
6	Vehicles incidents	4% (29)
7	Drugs incidents	6% (38)
8	Alcohol related incidents	2% (11)
9	Domestic violence / abuse incidents	1% (6)
10	Other violence incidents	3% (23)
11	Rubbish incidents	13% (86)
12	Garden nuisance incidents	7% (45)
13	Communal areas / loitering incidents	5% (34)
14	Prostitution / Sex incidents	0% (0)
15	Other criminal behaviour incidents	1% (7)
16	Total ASB incidents	100% (682)

4.5.2 Reports of ASB incidents by ward during the quarter







Ward	Q2 2015/16 incidents	Incidents per 1,000 properties	Change since last quarter
Brunswick and Adelaide	0	0	0
Central Hove	8	89	1
East Brighton	114	46	44
Goldsmid	20	43	-12
Hangleton and Knoll	85	50	33
Hanover and Elm Grove	44	81	21
Hollingdean and Stanmer	52	34	-6
Hove Park	0	0	0
Moulsecoomb and Bevendean	79	48	3
North Portslade	13	26	-21
Patcham	24	41	0
Preston Park	12	95	10
Queen's Park	137	65	48
Regency	0	0	-2
Rottingdean Coastal	2	69	1
South Portslade	18	42	9
St. Peter's and North Laine	34	65	-4
Westbourne	12	81	-2
Wish	7	14	0
Withdean	1	18	0
Woodingdean	20	40	-11
Total	682	49	112

4.6 Tenancy Fraud

Performance indicator		Q2 2015/16	Target 2015/16	Status against target	Trend since last quarter
1	Properties taken back due to tenancy fraud	4	15 by year end	TBC (Q4)	TBC (Q4)
2	Tenancy fraud cases investigated and closed	35	-	-	-
3	New tenancy fraud cases opened	39	-	-	-
4	Total open tenancy fraud cases	64	-	-	-

4.6.1 As of Quarter 2, a total of 12 properties have been taken back due to tenancy fraud so far during this financial year (eight during Quarter 1 and four during Quarter 2) against a target of 15 by the end of the year. The other three indicators are provided for information only.

4.7 Seniors Housing

Performance indicator		Q2 2015/16	Target 2015/16	Status against target	Trend since last quarter
1	Individual wellbeing calls made to residents	29,723	-	-	-
2	Residents living in schemes offering regular social activities	97% (846 of 870)	95%		
3	Residents living in schemes offering regular exercise classes	63% (548 of 870)	61%		
4	Schemes hosting events in collaboration with external organisations	91% (21 of 23)	91%		

5. COMMUNITY ENGAGEMENT AND CONSULTATION:

5.1 The performance measures in this report demonstrate whether Housing are delivering quality service and are for scrutiny by members, residents and the general public. This report has either been taken to, or will be taken to, the four Area Panels in November and December 2015. The issues raised are as follows:

- At the East Area panel the Head of Income, Inclusion and Improvement noted that customer satisfaction for the Housing Customer Services Team (HCST) is very good in terms of survey response. She stated some possible phone response issues and highlighted a fault with the system in place to refer calls internally ending with an abrupt call back to the original line, resulting in many abandoned calls. Due to this technical issue, the figures will look different next quarter.
- At the Central Area panel a resident raised that the target waiting time for calling repairs helpdesk should be adjusted from five minutes to two minutes. The Head of Income, Inclusion and Improvement explained that targets are usually adjusted at the end of the financial year and they set them to be challenging but realistic. The panel agreed that they wish to see the average waiting time in the next report. Unfortunately, an exact figure cannot be provided as software used to monitor phone calls to the Mears helpdesk does not report average waiting time. However, based on the data in this report, the estimated average waiting time is between 23 and 48 seconds.
- At the West Area panel a resident questioned how many people return satisfaction surveys and whether they are representative. The Performance & Data Analyst to feed back to the resident directly.
- At the North Area panel a Councillor pointed out an error in the table showing 'tenants in arrears by amount', whereby the figure for 'total tenants' was incorrect. The head of Income, Inclusion and Improvement apologised for the error and this has now been amended to the correct figure of 11,482.

6. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 6.1 The area of performance with the most significant financial impact is the ability to collect rents from tenants. For the second quarter 2015/16, the collection rate is still above the target set for the year which is good news. This continues to be closely monitored as the effects of welfare reform unfold so that appropriate action can be taken to minimise arrears. The level of rent arrears has a direct effect on how much is set aside for bad debts and therefore a direct impact on the resources available to spend on the management and maintenance of tenants' properties. The HRA 2015/16 budget for the contribution to the bad debt provision is monitored throughout the year and is currently forecast to break-even.

Finance Officer Consulted: Monica Brooks

Date: 09/12/15

Legal Implications:

- 6.2 There are no significant legal implications arising from this report.

Lawyer Consulted: Liz Woodley

Date: 08/12/15

Equalities Implications:

- 6.3 There are no equalities implications arising from this report.

Sustainability Implications:

- 6.4 The increase in the energy efficiency rating of homes reflects an improvement towards the council's sustainability commitments, among other objectives such as financial inclusion and reducing fuel poverty.

Crime & Disorder Implications:

- 6.5 There are no direct crime and disorder implications arising from this report. Cases of anti-social behaviour involving criminal activity are worked on in partnership with the Police and other appropriate agencies.

Risk and Opportunity Management Implications:

- 6.6 There are no direct risk and opportunity implications arising from this report.

Public Health Implications:

- 6.7 There are no direct public health implications arising from this report.

Corporate or Citywide Implications:

- 6.8 There are no direct corporate or city wide implications arising from this report. However, two performance indicators featuring in this report ('dwellings meeting

Decent Homes Standard' and 'energy efficiency rating of homes') are among those used to measure success against the Corporate Plan principle of increasing equality.

SUPPORTING DOCUMENTATION

Appendices:

1. Appendix 1. Outline of under occupation arrears and related information
2. Appendix 2. Long-term empty properties
3. Appendix 3. Extract of the Annual Legionella Report for Health & Safety Committee

Background Documents:

1. None

Appendix 1. Outline of council under occupation arrears and related information

Item	Indicator	Baseline March 2013*	July 2015	Aug 2015	Sept 2015
1	Number of under occupying households affected by the charge	949	727	718	711
2	Percentage of under occupying households in arrears (numbers)	29% (277)	49% (359)	50% (341)	51% (332)
3	Percentage of all current tenants in arrears (numbers)	24% (2,791)	24% (2,786)	23% (2,689)	23% (2,639)
4	Average arrears per under occupying household in arrears	£303	£282	£279	£255
5	Total arrears of under occupying households	£84k	£101k	£95k	£85k
6	Percentage increase in arrears of under occupying households since 1 April 2013 (variance since baseline)	0% (£0k)	21% (£17k)	13% (£11k)	1% (£1k)
7	Percentage increase in arrears of all current tenants since 1 April 2013 (variance since baseline)	0% (£0k)	24% (£153k)	17% (£109)	13% (£82k)
8	Under occupier arrears as a percentage of total arrears	13%	13%	13%	12%
9	Cumulative number of under occupying households moved via mutual exchange since baseline	0	61	64	64
10	Cumulative number of under occupying households moved via a transfer since baseline	0	106	113	115

*Baseline = before the under occupation charge was introduced in April 2013.

N.B. The arrears figures include both rents and service charges.

Appendix 2. Long term empty properties

Of the 36 general needs and Seniors Housing properties that have, as of 6 November 2015, been empty for six weeks or more:

- seven are ready to let (two of which are Seniors Housing dwellings)
- 26 require or are undergoing major repairs/refurbishment
- three to be leased to Seaside Homes – last batch was leased in September 2015.

General needs and Seniors Housing long term empty properties (6 weeks or more)		
Calendar days empty as at 06/11/15	Ward	Status
83	East Brighton	To be leased to Seaside Homes
83	East Brighton	Ready to let following major repairs - 2 bedroom flat
307	East Brighton	Ready to let following major repairs - 3 bedroom house.
251	Goldsmid	With BHCC for refurbishment - studio flat
55	Goldsmid	Ready to let following major repairs - 2 bedroom house.
629	Hangleton and Knoll	Ready to let - 4 bedroom house. This property was refurbished to make it wheelchair accessible and to provide a single story extension (which needed to through the market tender exercise and through planning). This property was advertised early to enable joint working with the Occupational Therapist for the family moving in, to agree on the design details to suit their needs. It is due to be let imminently.
118	Hanover and Elm Grove	This Seniors Housing studio dwelling will not be let because it is part of a scheme (Stonehurst Court) which is to be closed as part of the Seniors Housing scheme review, because it cannot be made fit for purpose. The decision was approved by Housing & New Homes Committee in November 2015.
300	Hanover and Elm Grove	As above – Seniors Housing studio dwelling within same scheme.
405	Hanover and Elm Grove	As above – Seniors Housing studio dwelling within same scheme.
419	Hanover and Elm Grove	As above – Seniors Housing studio dwelling within same scheme.
517	Hanover and Elm Grove	As above – Seniors Housing studio dwelling within same scheme.
531	Hanover and Elm Grove	As above – Seniors Housing studio dwelling within same scheme.

General needs and Seniors Housing long term empty properties (6 weeks or more)		
Calendar days empty as at 06/11/15	Ward	Status
98	Hollingdean and Stanmer	To be leased to Seaside Homes
98	Hollingdean and Stanmer	To be leased to Seaside Homes
153	Moulsecoomb and Bevendean	Ready to let - 3 bedroom house
146	Moulsecoomb and Bevendean	With BHCC for refurbishment - 3 bedroom house
139	Moulsecoomb and Bevendean	Undergoing major repairs - 2 bedroom flat
195	Moulsecoomb and Bevendean	With BHCC for refurbishment - 3 bedroom house
111	Moulsecoomb and Bevendean	This Seniors Housing studio dwelling is part of a scheme where works are due to commence to convert unpopular studio flats into 1 bedroom flats. This is being done as part of the Seniors Housing stock review, which Housing Committee accepted in principle in January 2015.
125	Moulsecoomb and Bevendean	As above – Seniors Housing studio dwelling within same scheme.
153	Moulsecoomb and Bevendean	As above – Seniors Housing studio dwelling within same scheme.
265	Moulsecoomb and Bevendean	As above – Seniors Housing studio dwelling within same scheme.
762	Moulsecoomb and Bevendean	As above – Seniors Housing studio dwelling within same scheme.
209	North Portslade	This Seniors Housing studio dwelling is part of a scheme where works are due to commence to convert unpopular studio flats into 1 bedroom flats. This is being done as part of the Seniors Housing stock review, which Housing Committee accepted in principle in January 2015.
363	North Portslade	As above – Seniors Housing studio dwelling within same scheme.
69	Patcham	This Seniors Housing studio dwelling is part of a scheme where works are due to commence to convert unpopular studio flats into 1 bedroom flats. This is being done as part of the Seniors Housing stock review, which Housing Committee accepted in principle in January 2015.
132	Patcham	As above – Seniors Housing studio dwelling within same scheme.
209	Patcham	As above – Seniors Housing studio dwelling within same scheme.
419	Patcham	As above – Seniors Housing studio dwelling within same scheme.

General needs and Seniors Housing long term empty properties (6 weeks or more)		
Calendar days empty as at 06/11/15	Ward	Status
62	Queen's Park	Ready to let - 2 bedroom Seniors Housing flat
195	South Portslade	With BHCC for refurbishment - 3 bedroom house
48	South Portslade	Ready to let - 1 bedroom Seniors Housing flat
125	South Portslade	This Seniors Housing studio dwelling is part of a scheme (Evelyn Court) where works are underway to convert unpopular studio flats into 1 bedroom flats. This is being done as part of the Seniors Housing stock review, which Housing Committee accepted in principle in January 2015.
160	South Portslade	As above – Seniors Housing studio dwelling within same scheme.
272	South Portslade	As above – Seniors Housing studio dwelling within same scheme.
181	Wish	With BHCC for refurbishment - 3 bedroom house
Total of 36 dwellings		

Annual Legionella Report for H&S Committee (draft) Housing Extract (Released by corporate H&S Team annually in mid-November)

4.4 Housing

General:

1. A new member of staff (Adrian Day) been employed to undertake the role of Building Services Engineer (from July 2014 established from January 2015).
2. Our term contractor is supplying guidance on how we review systems under the new 2014 HSG 274 L8 ACOP.
3. As a risk assessment is now a firm living document and not on a two year cycle, any new systems and changes to existing installations are assessed and added to the asset list for review as they occur.
4. Housing's M&E Team are working in conjunction with HSL, Mears and P.H. Jones health & safety managers on an "In-Out Asset" sheet which can be used to update the Risk Assessments on HSL's portal, Socius.
5. Approximately 10% of our stock is risk assessed each year (1376 properties). Progress is monitored through monthly contract meetings and by logging on to the contractor's web portal. This is in line with the ACoP guidance that states that similar properties may be reasonably assumed to have similar risks and performance patterns, and therefore may be assessed in groups.
6. The contractor collects & records information on handheld PDAs. This is then stored on their web portal, Socius.
7. BHCC Officers have access to Socius to monitor results.
8. Seaside Homes have been offered their own sign-on to Socius (subject to payment) to view and monitor their dwellings.
9. The Property & Investment (P&I) Building Service Engineer has taken responsibility for Legionella Management for the BHCC Housing offices
10. All Priority Correction Action Forms (PCAFs) are now raised on the PDA and sent immediately by email to the Building Services Engineer to action and sign off.
11. 101 PCAFs have been raised between November 2014 and Nov 2015. Most were for tank clean and disinfection. (photographs of the tanks are sent to Building Service Engineer to comment)
12. Housing is looking at a tank removal program in low rise dwellings, where they have 100% combi boilers fitted.
13. Housing has started its own training (initially focused on Sheltered Schemes) in conjunction with HSL for legionella awareness and flushing

14. The Building Service Engineer has been updating his certification with HSL

15. Housing is reviewing the new risk assessments from HSL.

Sheltered Housing:

1. New risk assessments have been made a priority on sheltered schemes and housing offices.
2. Building Services Engineer is reviewing the water systems in sheltered accommodations and a remedial work list is being built out of this review.
3. Part of the water management budget for financial year 2015/16 has been earmarked for the removal of blind ends and redundant systems
4. Some previously unrecorded decorative water features and little used outlets have been discovered and action taken to remove them or add to the flushing regime where appropriate.
5. Two water features have been removed, and following intervention by the M&E Team the Somerset Point /Essex place water feature has been brought up to a very high standard by the Essex place Tenant's Association (TA). This has been funded and executed by the residents at no cost to the Council. The Building Services Engineer will make periodic site visits to ensure that the maintenance regime is being adhered to.
6. Where other water features exist we have informed residents that they must bring them up to standard and maintain them at their own cost, or have them removed. We have suggested that the TA employ a pond management company (paid for by the schemes TA.) to keep the features in good order.
7. Sheltered Managers will be advised that water features cannot be introduced into the schemes without adequate management controls which would have to be done locally within the scheme.
8. All Sheltered Housing Schemes are being monitored with weekly flushing of outlets where necessary and monthly temperature checking.
9. One-to-one training has been delivered to the Scheme Managers by our contractor in order to help them understand the record keeping, log book and reporting for their schemes. They have also been trained in flushing the outlets in the schemes empty flats and keeping records of any relevant activity.
10. Training has been completed with scheme managers on flushing void flats.
11. Training is ongoing to update the scheme managers in legionella awareness
12. Following a review, TMVs will now only be fitted to bathroom' (not kitchens) within sheltered schemes and if they are requested a Risk Assessment will have to be completed.

Planned Preventative Maintenance (PPM):

A new PPM schedule of works has been introduced with all Sheltered Housing and all High Rise Housing Blocks having six monthly cold water storage tank inspections which include a water sample being taken and analysed. There are 62 sites in total which covers all priority 1 (sheltered housing) & 2 (general dwelling) properties.

Major Remedial Works Ongoing/Completed:

Scope of works being developed by the Building Services Engineer following site inspections and assessment of remedial works required. This includes removal of redundant outlets, blank ends, redundant showers and toilets, cold water storage tanks and old point of use water heaters.

Major Remedial Works Planned:

Last financial year 2014/15

Cold water storage tank replacements:

- Bristol Estate: (October 2014) Completed
- St John's Mount: (November 2014) Completed
- Somerset House: (Jan – Apr 2015) Completed
- Warwick Mount: (Jan – Apr 2015) Completed
- Theobald House: (Jan – Apr 2015) Completed

Financial year 2015/16

Cold water storage tank replacements:

- Hereford Court (July 2015) Completed
- Wiltshire Court (August 2015) Completed
- Johnson Bank (September 2015) Completed Napier House (November 2015) Completed
- Barclay House (December 2015) Completed
- Hereford Court break tank August 2015 Completed
- Wiltshire Court break tank August 2015 Completed
- Theobald House break tank January 2016
- Hereford Court Cold water booster set February 2016
- Wiltshire Court Cold water booster set March 2016

- Hornby Place Cold water storage tanks will also be replaced
- Programme of other works for 2015/16 TBC for TBM9

N.B. All major works in General Housing are subject to 2-part leasehold consultation and all major works require 3 tendered quotes. This creates significant delays in commissioning and carrying out the works.

Contract Management:

1. Monthly meetings are held to monitor progress of the risk assessment programme, PCAFs and remedial works required / ongoing. Also to monitor the performance of the contractor, and build a robust working partnership with good communication.
2. Current attendees are Housing's Building Services Engineer, M&E Operational Coordinator, and the contractor's Contract Manager and Regional Manager.
3. Regular weekly/monthly site visits are carried out to audit current water risk assessments and remedial works. The visits are recorded on spreadsheets stored on the BHCC Housing S/Drive.

Monthly reports/ documents produced:

- Housing Monitoring Summary (schedule of visits)
- New Corporate Risk Assessment built and signed
- Housing PCAF Schedule (Log of PCAFs actions advised & taken)
- Monthly report is sent to Scheme Managers for buildings
- Housing Water Hygiene Executive Summary (other recommended works progress report)
- Housing continues to work with Corporate for a joined up process

KPIs:

Action on this was delayed in anticipation of the new corporate contract which commenced April 2014 and then further delayed by the absence of a Building Services Engineer for Housing. Suggestions on how they should be presented were given to the appointed contractor at the monthly meeting on 7th August. Following this the contractor suggested introducing the PDA's to the Housing contract which changes the way they report.

The PDA's started to be used by the contractor's operatives in September 2014 and we are still assessing what is available to us on Socius and whether it meets our KPI reporting requirements. Although the contract is closely monitored and managed and HSL are generally performing well. The format of KPI information is not yet fully agreed and is an area that requires attention to meet the contract requirements

However, overall, with the contract management measures we have in place, Housing can give reasonable assurance of Legionella compliance.

Subject: Overpayments on the Housing Repairs and Improvement Contract
Date of Meeting: 13 January 2016
Report of: Acting Executive Director Finance & Resources
Contact Officer: Name: **Graham Liddell** Tel: **29-1323**
E-mail: graham.liddell@brighton-hove.gov.uk
Wards Affected: All

FOR GENERAL RELEASE

Action Required of the Housing Committee:

To receive the item referred from the Audit & Standards Committee for information:

Recommendation:

That the report be noted.

Subject:	Overpayments on the housing repairs and improvement contract		
Date of Meeting:	12 January 2016		
Report of:	Acting Director of Finance & Resources		
Contact Officer:	Name:	Graham Liddell	Tel: 29-1323
	Email:	Graham.Liddell@brighton-hove.gov.uk	
Ward(s) affected:	All		

FOR GENERAL RELEASE**1. PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 This report summarises the results of an internal audit review of overpayments identified by the council in respect of contracted housing repairs. It summarises:
- the audit findings;
 - the actions taken by the council to recover amounts owing and to prevent any further overpayments;
 - actions being taken by the contractor (Mears Ltd) who are working with the council to prevent further occurrences.

2. RECOMMENDATIONS:

That the Audit & Standards Committee:

- 2.1 Note that the council's housing revenue account was over-charged by an amount estimated by audit at more than £300,000 over a 17 month period for work carried out by a sub-contractor working on the housing repairs and improvements contract.
- 2.2 Note that the council expects to recover the overpayments from the main contractor, Mears Ltd.
- 2.3 Note that the council is working positively with Mears Ltd to identify any other overpayments that may have been made and to prevent any overpayments in the future.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 Mears Ltd provides a comprehensive responsive repairs, planned maintenance and major works service for council homes across the city under a 10-year contract. Around 20% of the annual contract is responsive repairs of which just under 30% (by number of jobs) is carried out by sub-contractors. In terms of value, the contract is expected to cost £27m in 2015/16. Approximately 4% of the annual cost relates to sub-contracted responsive repairs. Sub-contractors are also used extensively for planned and major works but these are subject to different payment, audit and sign off regimes.

- 3.2 Mears Ltd has contractual responsibility for undertaking post inspections of 10% of all completed works and the council's housing contract compliance team also carry out checks. Following an audit of housing repairs in 2013/14, the Housing Contract Compliance Team enhanced its assurance processes by increasing the number of physical post-inspections (with effect from February 2015). In May 2015 these inspections identified a potential over-charging issue by a sub-contractor. After initial investigation, the Housing Contract Compliance Team contacted Internal Audit with their concerns.
- 3.3 Internal audit, working jointly with quantity surveyors from the council's Housing team, inspected 46 repairs completed by a single sub-contractor to identify the extent of any potential overcharging and to identify shortfalls in internal controls.
- 3.4 Further inspections were then carried out by Mears Ltd and council surveyors.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 The audit concluded that mechanisms put in place by Mears Ltd to identify overcharging were not operating as intended. There was significant evidence that a particular subcontractor had routinely overcharged Mears Ltd and that these costs had been passed onto the council. The audit concluded that the housing revenue account had been overcharged and estimated that the overcharge was in excess of £300,000 for the 17 month period examined.
- 4.2 The contractual mechanism allows for review of valuations after submission. This takes place on a monthly basis as a matter of course. In this case, however, the overcharging was not identified at the time and so would need to be addressed by correcting historical valuations.
- 4.3 The audit made a series of high priority recommendations to:
- stop the sub-contractor from working on council contracts;
 - identify and recover all overpayments made by the council to Mears Ltd;
 - improve controls by Mears Ltd over the work carried out by sub-contractors;
 - strengthen the scrutiny of the work carried out under the contract by the council.
- 4.4 Officers have agreed to implement all audit recommendations by the end of December 2015. They have also met with senior managers at Mears Ltd who have responded positively.
- The sub-contractor has been dismissed from the contract.
 - The council and Mears are working together to:
 - estimate and refund to the council the amounts overcharged for work carried out by the subcontractor for the 17 month period examined and since the subcontractor was first engaged in 2011/12;

- review amounts charged by other sub-contractors to assess whether there are any other potential instances of over charging;
 - improve the arrangements put in place by Mears to prevent further instances of overcharging. This includes:
 - reducing the amount of sub-contracted work with more direct delivery through a Minor Works Team;
 - implementing cultural change, ensuring the lessons learned from this case are disseminated into practice;
 - a new management and staffing structure (including the appointment of a new quality assurance manager);
 - redesigning post-inspection processes;
 - introducing a new protocol for the information, records and photographs to be made available for the council to inspect.
 - revisit the contract to consider providing funds to enable the council to increase the extent of its quality assurance processes.
 - Mears Ltd has provided regular updates on the progress it has made to gain assurance that these issues are isolated to a single contractor and that processes and procedures have been strengthened to prevent any reoccurrence.
- 4.5 The housing repair and improvements partnership with Mears Ltd is a critical part of the housing service provided to council tenants. Internal audit will continue to work with housing officers to:
- monitor implementation of audit recommendations arising from this report;
 - review other aspects of the contract, with a particular focus on assurance processes, and make recommendations for improvement where appropriate.

4.6 We will carry out a follow up audit in 2016/17.

5. COMMUNITY ENGAGEMENT & CONSULTATION

5.1 None.

6. CONCLUSION

6.1 The council's Housing Revenue Account was over-charged for work carried out by a sub-contractor by an amount estimated at more than £300,000 over a 17 month period. The council expects to recover these overpayments from its main contractor, Mears Ltd, and is working positively with Mears Ltd to:

- identify any other potential overpayments that may have been made;
- prevent any overpayments in the future.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 The housing repairs and improvement contract was procured to deliver significant efficiency savings and at the time of procurement it was evidenced that the new contract would provide:
- the greatest level of discounts to the schedule of rates used for responsive repair works compared to other tenders;
 - cost efficiencies in the agreed schedule of rates for capital works. In addition capital works and any other works outside of the agreed schedule of rates are competitively tendered with a minimum of three suppliers.
- 7.2 The estimated overpayments of over £300,000 relate to expenditure within the Housing Revenue Account (HRA). These overpayments will be recovered from the main contractor and are ring-fenced for reinvestment within the HRA. Any further overpayments that may be uncovered through the investigation are also expected to be recovered.
- 7.3 A small element of this overpayment estimated at between £3,000 to £5,000 over the 17 month period related to leaseholders. This will have been included in leaseholder service charges and therefore a reimbursement for any overcharge will be included in next year's service charge statement.

Finance Officer Consulted: James Hengeveld

Date: 18/12/15

Legal Implications:

- 7.4 The measures outlined in the Audit report and agreed by officers will ensure that all monies due to the Council are recovered and that the Council is protected from similar overcharging in the future.

Lawyer Consulted: Abraham Ghebre-Ghiorghis

Date: 15/12/15

Equalities Implications:

- 7.5 None

Sustainability Implications:

- 7.6 None

Any Other Significant Implications:

- 7.7 None.

SUPPORTING DOCUMENTATION

Appendices:

None

Documents in Members' Rooms:

None

Background Documents:

None

