

Date: 13 June 2012  
Contact number: 01395 517525 (group number 01395 517546)  
E-mail: [athompson@eastdevon.gov.uk](mailto:athompson@eastdevon.gov.uk)



To: Members of the Housing Review Board  
Other Members of the Council for Information  
Members of the Tenant Scrutiny Panel  
Members of the Tenant Representative Group  
Chief Executive  
Deputy Chief Executives

East Devon District Council  
Knowle  
Sidmouth  
Devon  
EX10 8HL

DX 48705 Sidmouth

Tel: 01395 516551

Fax: 01395 517507

[www.eastdevon.gov.uk](http://www.eastdevon.gov.uk)

Meeting of the Housing Review Board  
Thursday, 21 June 2012 at 6.00 pm  
Council Chamber, Knowle, Sidmouth

The above meeting will be held in the Council Chamber at East Devon District Council Offices, Knowle, Sidmouth, to consider the matters detailed on the agenda below.

Members of the public are welcome to attend this meeting.

- A period of 15 minutes has been provided at the beginning of the meeting to allow members of the public to raise questions.
- In addition, the public may speak on items listed on the agenda. After a report has been introduced, the Chairman of the Committee will ask if any member of the public would like to speak in respect of the matter and/or ask questions.
- All individual contributions will be limited to a period of 3 minutes – where there is an interest group of objectors or supporters, a spokesperson should be appointed to speak on behalf of the group.
- The public is advised that the Chairman has the right and discretion to control questions to avoid disruption, repetition and to make best use of the meeting time.

Councillors and members of the public are reminded to switch off mobile phones during the meeting. If this is not practical due to particular circumstances, please advise the Chairman before the meeting.

## AGENDA

### PART A - Matters for Decision

**Page/s**

- 1 **Public question time** – standard agenda item (15 minutes)  
Members of the public are invited to put questions to the Board through the Chairman.  
Councillors also have the opportunity to ask questions of the Chairman and/or Portfolio Holders present during this time slot. Members of the public are given priority at this part of the agenda.
- 2 Appointment of Vice Chairman.

PART A - Matters for Decision			Page/s
3	To confirm the minutes of the meeting of the Housing Review Board held on 3 May 2012.		4 - 13
4	To receive any apologies for absence.		
5	To receive any declarations of interests relating to items on the agenda.		
6	To consider any items which, the Chairman thinks, should be dealt with as matters of urgency because of special circumstances.  (Note: such circumstances need to be recorded in the minutes; any individual wishing to raise a matter under this item is requested to notify the Chairman before the meeting).		
7	To agree any items to be dealt with after the public (including the press) have been excluded. There is one item which Officers recommend should be dealt with in this way.		
8	Housing Review Board forward plan.	Head of Housing	14 - 15
9	Right to Buy reinvestment of receipts.	Head of Housing	16 - 36
10	Financial monitoring report.	Accountant	37 - 47
11	Risks and impacts of changes to support services.	Landlord Services Manager	48 - 55
12	Decommissioning of sheltered housing update.	Landlord Services Manager	56 - 63
13	Feedback on Tenant Scrutiny Panel report.	Landlord Services Manager	64 - 73
14	Adaptations and recharges.	Housing Needs and Strategy Manager	74 - 78
15	Tenancy strategy and tenancy policy.	Housing Needs and Strategy Manager	79 - 102
16	Performance digest – a dashboard of performance indicators.	Information & Analysis Officer	103 - 117
17	Advantage South West annual review.	Head of Housing	118 - 127
18	<b>The Vice Chairman to move the following:-</b> “that under Section 100(A) (4) of the Local Government Act 1972 the public (including the press) be excluded from the meeting as exempt information, of the description set out on the agenda, is likely to be disclosed and on balance the public interest is in discussing this item in private session (Part B).”		
PART B - Matters for Decision			
19	Possible disposal of two Council houses at Normandy Close Exmouth	Para 3 Schedule 12A information relating to the financial or business affairs of any particular person (including the authority holding that information).	Housing Enabling Officer 128 - 135

## Members remember!

- ❑ You must declare any personal or prejudicial interests in an item whenever it becomes apparent that you have an interest in the business being considered.
- ❑ Make sure you say the reason for your interest as this has to be included in the minutes.
- ❑ If your interest is prejudicial you must leave the room unless you have obtained a dispensation from the Council's Standards Committee or where Para 12(2) of the Code can be applied. Para 12(2) allows a Member with a prejudicial interest to stay for the purpose of making representations, answering questions or giving evidence relating to the business but only at meetings where the public are also allowed to make representations. If you do remain, you must not exercise decision-making functions or seek to improperly influence the decision; you must leave the meeting room once you have made your representation. [Please note -generally speaking you cannot remain for an item in closed session (part B) because the public cannot speak on exempt business – unless a statutory procedure gives them a right to be there]
- ❑ You also need to declare when you are subject to the party whip before the matter is discussed.

## Getting to the Meeting – for the benefit of visitors



The entrance to the Council Offices is located on Station Road, Sidmouth. **Parking** is limited during normal working hours but normally easily available for evening meetings.

The following **bus service** stops outside the Council Offices on Station Road: **From Exmouth, Budleigh, Otterton and Newton Poppleford – 157**

The following buses all terminate at the Triangle in Sidmouth. From the Triangle, walk up Station Road until you reach the Council Offices (approximately ½ mile).

**From Exeter – 52A, 52B**

**From Honiton – 52B**

**From Seaton – 52A**

**From Ottery St Mary – 379, 387**

Please check your local timetable for times.

© Crown Copyright. All Rights Reserved. 100023746.2010

The Committee Suite has a separate entrance to the main building, located at the end of the visitor and Councillor car park. The rooms are at ground level and easily accessible; there is also a toilet for disabled users.

**For a copy of this agenda in large print, please contact the Democratic Services Team on 01395 517546**

## EAST DEVON DISTRICT COUNCIL

Minutes of a meeting of the Housing Review Board held at  
Knowle, Sidmouth on 3 May 2012

Present:

Councillors:

Pauline Stott (Chairman)  
Christine Drew  
Douglas Hull  
Jim Knight  
Peter Sullivan

Co-opted Tenant Members:

Sue Saunders (Vice Chairman)  
Victor Kemp  
Pat Rous

Co-opted Independent Community Representative:

Rob Finch

Officers:

Sue Bewes, Landlord Services Manager  
Dennis Boobier, Housing Needs and Strategy Manager  
Emma Charlton, Housing Projects Officer  
Amy Gilbert, Support Services and Home Safeguard Manager  
John Golding, Head of Housing  
Peter Richards, Rental Manager  
Alethea Thompson, Democratic Services Officer

Also Present:

Councillors:

Jill Elson - Portfolio Holder for  
Sustainable Homes and  
Communities  
Stephanie Jones – Deputy  
Portfolio Holder for Sustainable  
Homes and Communities  
Geoff Chamberlain  
Martin Gammell

Apologies

Co-opted Tenant Member:  
Sally Lancaster

Co-opted Independent Community Representative:

Julie Adkin  
Vivienne Ash, Honorary Alderman  
Giles Salter, Solicitor

The meeting started at 6.00pm and ended at 8.55pm.

\*66 Chairman’s welcome

The Chairman welcomed all those present to the meeting.

\*67 Public Question Time

There were no questions raised by members of the public.

\*68 Minutes

The minutes of the meeting of the Housing Review Board held on 8 March 2012, were confirmed and signed as a true record.

The Head of Housing gave two brief updates on the minutes. He reported that the Portfolio Holder for Sustainable Homes and Communities’ Think Tank had considered Minute 55 (restrictions on the sale of former Council homes) and agreed that the policy was still appropriate and should stay as it was, with no changes proposed. The Portfolio Holder for Sustainable Homes and Communities’ Think Tank and the Housing Service Managers Team had also considered Minute 57 (Tenant Scrutiny Panel report – scrutinising community centres) and their responses would be presented to the June meeting of the Board.

\*69 Declarations of Interest

Board Member	Minute number	Type of interest	Nature of interest
Jim Knight		Personal	His daughter lived in a Council owned property.
Sue Saunders	73	Personal	She lived in sheltered accommodation.
Rob Finch	83	Prejudicial	He worked for Devon and Cornwall Housing Association.

\*70 Exclusion of the Public

**RESOLVED:** that the classification given to the documents to be submitted to the Housing Review Board, be confirmed, and that the reports relating to exempt information, be dealt with under Part B.

\*71 Housing Review Board Forward Plan

The Head of Housing presented the forward plan.

**RESOLVED:** that the forward plan be noted.

\*72 Tenant and Council Partnership Statement

The Housing Review Board considered the Tenant and Council Partnership Statement. This was the commitment between the Council, tenants, leaseholders and staff. It set out how the Council would help tenants to get involved in influencing and shaping decisions taken to deliver a housing service which met the needs and priorities of tenants. There were a number of key commitments that would be jointly delivered to enable tenants to be involved in the decision making processes related to Council housing. It continued the theme of the Tenant and Council Partnership Agreement and would be incorporated into the revision of the Tenant Involvement Strategy. The Statement would be signed by the Head of Housing, the Chair of the Housing Review Board and the Vice Chair of the Tenant Representative Group.

**RESOLVED:** that the Tenant and Council Partnership Statement be noted.

73 Supporting People position and TaFF report

The Board received a presentation from the Landlord Services Manager, the Rental Manager and the Support Services and Home Safeguard Manager updating them on the work of the Sheltered Housing Task and Finish Forum (TaFF) and seeking a steer on the future direction of Housing Support Services in East Devon. A full copy of the presentation can be viewed at:

[http://www.eastdevon.gov.uk/future\\_of\\_supported\\_housing\\_hrb030512.pdf](http://www.eastdevon.gov.uk/future_of_supported_housing_hrb030512.pdf)

Over the past few years there had been major changes in the way in which support services had been viewed, paid for and delivered. This had influenced the way in which the housing service responded to the need for support services. The Board were asked to agree a series of recommendations that would effectively set the direction for the future of Housing Support Services in East Devon.

There were some concerns around separating tenancy and support agreements alongside the provision of support in general needs accommodation and the private sector. This could signal the end of sheltered housing and would have implications on the allocation of sheltered homes. It was agreed that an impact/risk assessment should be carried out prior to a decision on these recommendations.

A further report on the TaFF's first task, to monitor the progress of decommissioning some of EDDC's sheltered housing, would be reported to the Board in June 2012.

On behalf of the Board the Chairman thanked the Support Services and Home Safeguard Manager, the Landlord Services Manager and the Rental Manager for an excellent presentation. The Portfolio Holder for Sustainable Homes and Communities thanked all the members of the Sheltered Housing Task and Finish Forum for their effort and hard work.

73 Supporting People position and TaFF report (cont'd)

- RECOMMENDED:**
- 1 that a single price support charge of £9.85 per week is introduced to all sheltered housing residents regardless of where they live, subject to prior consultation with the Tenant Representative Group.
  - 2 that the spot contracts route be agreed in principle, but that no decision be made until more was known about the eligibility criteria, longevity of the contracts and the freedoms and flexibilities allowed.
  - 3 that officers develop a separate support contract for customers who had a support need according to the eligibility criteria, subject to the following conditions:
    - a) that the Housing Review Board sees the draft agreement for approval;
    - b) that assurances are gained from Devon County Council that the money released from block contracts can be reinvested, before EDDC enters into spot contracts;
    - c) that sheltered housing continues to be used for those with support needs.
  - 4 that officers run a pilot project for Mobile Support Officers to deliver support to tenants living within the authority's general needs accommodation . The costings and eligibility criteria for the pilot would be brought to a future Board meeting.
  - 5 that the Board agree a vision, a simple statement to clearly encompass the values and aspirations held for the future of support services in East Devon. The vision would be "to deliver outstanding support services to all residents of East Devon, regardless of housing tenure".
  - 6 that a risk/impact assessment be undertaken on recommendations 2 and 3 and that a report be brought back to the Board on the financial impact and service delivery impact on residents.

(Sue Saunders declared a personal interest in the above item as she lived in sheltered accommodation).

74 Troubled families initiative

Consideration was given to the report of the Head of Housing which explained the concept of the troubled families' initiative and how EDDC might get involved locally (as the local housing authority). The concept simply saw a considerable amount of resource going towards a relatively small number of 'problem' families and proposed a better way of co-ordinating action with the aim of achieving successful outcomes. The report outlined the thinking behind the scheme and what work was being undertaken locally to take part in the initiative.

74 Troubled families initiative (cont'd)

Devon County Council was the natural lead authority because of its responsibilities towards children and families. 137 families in East Devon using specific DCC services had been identified. DCC anticipated that the initiative would 'go live' in September 2012. Members of the Board were pleased with the report and felt that it was a good initiative.

**RECOMMENDED:** that the Council support the concept of troubled families intervention and works with other agencies on implementing the scheme locally.

75 Housing Revenue Account reform update

The Housing Review Board considered the Head of Housing's report which provided an update on the loans taken out by the Council following the move to self-financing. It also included an assessment on how this impacted on the Housing Revenue Account (HRA) Business Plan. The loans to achieve self-financing were taken out through the Public Works Loans Board and the rates were favourable on the day that loan finance was secured. 24 loans were taken out over varying periods of maturity, all at fixed rates of interest. The average rate of interest for all loans was 2.99%.

This put the HRA in a healthy financial position and gave cause for much optimism. The Business Plan projections had been updated with the actual debt and interest rates. This had increased the surpluses that accumulated each year, which could be projected assuming other assumptions remained correct. The HRA surplus was a proxy indicator of how well the Business Plan was doing.

Concern was expressed over the changes to the Right to Buy scheme and how this would impact on the HRA Business Plan. A request was made for regular reports to the Housing Review Board on the number of houses in East Devon that were being sold under the Right to Buy scheme, and how much money the Council received from the sales. The Head of Housing would put this on the forward plan and would bring regular reports to the Board. Further concern was expressed over welfare reform and the Board acknowledged the need to keep a very close eye on the impact of the welfare reform measures. It was suggested that the two local M.P.s be invited to attend a meeting of the Housing Review Board to hear members' concerns.

An annual review of the Housing Revenue Account Business Plan, and one off reviews when major spending decisions were required was proposed in the report. A business case for each additional spending item would be brought to the Board to allow them to consider and prioritise new expenditure.

The Board thanked the Head of Housing and his team for all the work they had done to achieve the HRA reform and self-financing. Officers were also thanked for negotiating such good interest rates on the loans.



75 Housing Revenue Account reform update (cont'd)

**RECOMMENDED** that the Head of Housing include the Right to Buy scheme on the Housing Review Board's forward plan and bring regular reports to the meetings on the number of houses being sold under the scheme and the income received as a result of those sales.

**RESOLVED:** that the position on housing finance, as set out in the report, be noted.

\*76 Draft annual report of HRB activity

The Board considered the draft annual report prepared by the Democratic Services Officer, covering the work of the Board in that civic term. The report demonstrated the vast amount of work that had been undertaken by the Board during the previous year.

**RESOLVED:** that the draft annual report of the Housing Review Board be agreed.

\*77 Revised regulatory framework

The Board received the report of the Housing Projects Officer which outlined the new framework for the regulation of social housing, which came into force on 1 April 2012, and how these new regulations would affect EDDC. The Tenant Services Authority no longer existed and responsibility for regulation had passed to the Homes and Communities Agency (HCA). There was a greater emphasis on self regulation.

The full consultation document could be viewed at <http://www.tenantservicesauthority.org/upload/pdf/rf-main-full.pdf>. The new regulatory framework implemented the amendments to the Housing and Regeneration Act 2008 introduced by the Localism Act 2011 and the Secretary of State's directions on specific standards. Housemark had produced a useful briefing guide which could be viewed at [http://www.housemark.co.uk/hmresour.nsf/lookup/CoregulationBriefing.pdf/\\$File/CoregulationBriefing.pdf](http://www.housemark.co.uk/hmresour.nsf/lookup/CoregulationBriefing.pdf/$File/CoregulationBriefing.pdf).

There were significant changes to the way in which social housing providers were regulated. In summary these were:

- There was a clear distinction between how providers' performance against 'economic' and 'consumer' standards were assessed;
- The regulator's main focus was on ensuring that the economic standards were met, and their involvement with consumer standards was limited;
- The fundamental basis of regulation was co-regulation, composed of self regulation combined with tenant scrutiny.

The key items of significance to EDDC were changes to the handling of complaints and changes to the tenancy standard.

\*77 Revised regulatory framework (cont'd)

The steps that EDDC were taking to comply with the new requirements could be summarised as:

- Continuing to support co-regulation, tenant involvement at all levels and the work of the Tenant Scrutiny Panel.
- Continuing to provide feedback on performance and local standards in the Annual Report to Tenants.
- Working with tenants, through the Customer Care Commitments Service Review Group and the Tenant Representative Group, to improve the complaints process and to consider whether they wished to introduce a designated tenant panel for complaints.
- Working on a new tenancy policy and the introduction of a flexible tenancy. This work would be presented to the HRB at a future meeting.
- Ensuring that the Council continued to subscribe to a mutual exchange service and that this was accessible to all tenants.

**RESOLVED:** that the Board notes:

- 1) that the new framework for the regulation of social housing has come into force;
- 2) the key matters of importance to EDDC as a provider of social housing; and
- 3) the steps that are being taken to comply with the legislation.

\*78 Housing service complaints review

The Board considered the report of the Housing Projects Officer providing information on formal complaints for the period April 2011 – March 2012. It explained the role of the Customer Care Commitments Service Review Group (CCCSRG) in monitoring complaints and outlined the progress being made with monitoring service issues. It also explained the changes to the regulation of social housing that would affect the complaints procedure.

**RESOLVED:** that the Board notes:

- 1) the steps being taken to monitor and learn from formal complaints and service issues;
- 2) the work of the CCCSRG with regard to monitoring and promoting the complaints process; and
- 3) the forthcoming changes to the way complaints can be passed to the Housing Ombudsman.

79 Reinvigorating the Right to Buy

Consideration was given to the report of the Head of Housing which set out the recent changes to the Right to Buy scheme and made an initial assessment of the impact locally. The report showed a comparison between the current scheme and the changes. There was a need to carefully monitor Right to Buy enquiries and sales for any renewed interest in the scheme following the changes. The Housing Revenue Account Business Plan could be updated with the latest information on trends once the Council was in a position to predict future sales.

## 79 Reinvigorating the Right to Buy (cont'd)

It was noted that most of the changes to the scheme were already in place. The most significant one was the increase in the discount cap to £75,000. Other key points and changes included:

- Every additional home sold under Right to Buy should be replaced by a new home for affordable rent.
- Local authorities would be able to retain the receipts for replacement housing.
- Councils would be able to deduct the necessary amount to cover the debt from the receipt, but would not be required to use this part of the receipt to repay loans.
- Councils would be able to deduct a certain amount from the receipt for the cost of withdrawn applications.
- Local authorities would be allowed to fund up to 50% of the cost of re-purchasing a former council home, up to a maximum of 6.5% of any additional net receipts.
- The 'cost floor' had been retained and extended from 10 years to 15 years, and the Government would continue to allow councils to apply for exemption from pooling arrangements.

It was noted that there had already been a lot of interest and the Council had received nine applications under the Right to Buy scheme during April 2012. Three properties had been sold under Right to Buy during 2011. Approximately 50% of Right to Buy applications usually went through to completion. As agreed previously during the meeting, it was decided to monitor the number of applications and houses sold under the Right to Buy Scheme at every meeting of the Housing Review Board.

Members agreed that it would not possible to provide one for one replacement properties (with the capital receipts) in East Devon due to the high cost of development and acquisitions in the area. Also, affordable rents (at 80% of market value), not social rents would be charged on these new replacement properties.

It was felt that a paper should be produced showing evidence of what selling off an EDDC property meant and what it would cost to build a new property. The Portfolio Holder for Sustainable Homes and Communities reported that she had been lobbying the local M.P. Hugo Swire and the Housing Minister Grant Shapps on this issue.

**RECOMMENDED:** that the Housing Review Board receive regular reports on the impact of the Right to Buy scheme and monitor the number of homes being sold under the scheme.

**RESOLVED:** that the Board note the changes to the Right to Buy scheme and its impact on housing finances.

## \*80 Empty properties (voids) performance

Consideration was given to the report of the Housing Needs and Strategy Manager which set out the performance in respect of letting void properties for the financial year 2011/12 (period April 2011 to March 2012).

\*80 Empty properties (voids) performance (cont'd)

The report showed that it had taken on average 24 days to relet each empty property compared with a target for 2011/12 of 25 days.

**RESOLVED:** that the report be noted.

\*81 Exclusion of the Public

**RESOLVED** that under Section 100(A) (4) of the Local Government Act 1972 the public (including the press) be excluded from the meeting as exempt information, is likely to be disclosed and on balance the public interest is in discussing the items in private session (Part B).

82 Retendering of the responsive repairs and work to void properties contract

The Head of Housing's report was presented to Cabinet in April. It summarised the re-tendering process for contracts relating to responsive repairs and works to void properties. The tender evaluation process was explained. Two clear winners had emerged from the robust and comprehensive scoring system. The Head of Housing had issued the intention to award contract notices and notified tenderers of the standstill period. He had held a pre-contact meeting with both contractors and hoped for a seamless transfer of services. Fortnightly meetings would be held and the target date for the new contract was 2 July 2012. The Council had deliberately reverted back to using two contractors in case one was to go out of business in the future.

There had been a number of enhancements made to the contract, including an early evening appointment slot and a Saturday morning slot. The new contract was showing the potential for significant financial savings, and the Council had achieved very good value for money. On behalf of the Board the Chairman thanked the Head of Housing for all his efforts.

The Portfolio Holder for Sustainable Homes and Communities felt that a press release should go out before the start of the new contract stating the impact of repairs service on the local business economy. Both contractors were local firms and were encouraged to employ local people and source local materials.

**RECOMMENDED:** that a press release be issued before the start of the new contract informing East Devon residents of the positive impact the Council housing repairs service had on the local business economy.

**RESOLVED:** that the Cabinet decision – to authorise the Head of Housing to enter into contract with the two contractors scoring the highest marks in the tender evaluation process for responsive repairs to Council owned homes and work to void properties – be noted.

83 Affordable housing – acquisition of 11 houses at Morton Way, Axminster

The report of the Head of Housing presented an opportunity to acquire 11 newly completed homes at a price that represented excellent value for money. The report advised the Board of the business case behind the potential to acquire additional affordable homes consistent with the Council’s Homes and Communities Plan and Housing Revenue Account Business Plan. The intention was to make the developer an offer for the homes (subject to survey and valuation) and agree terms and conditions for the sale. This might prove to be successful, but equally the developer could reject the offer.

**RECOMMENDED:** that the Chief Executive uses his delegated authority to acquire new affordable homes on terms and conditions to be agreed.

(Rob Finch declared a prejudicial interest in the above item as he was employed by Devon and Cornwall Housing Association. He left the Chamber during the discussion and voting).

Chairman .....

Date .....

## HOUSING REVIEW BOARD – FORWARD PLAN

This forward plan identifies reports and other agenda items for future meetings of the Housing Review Board. It is also intended to assist agenda management and act as a reminder of items to come forward to future meetings.

<b>Report title</b>	<b>Meeting date</b>	<b>Author</b>
Right to Buy re-investment of receipts	June 2012	Head of Housing
Financial monitoring report	June 2012	Housing Accountant
Risks and impacts of changes to support services	June 2012	Landlord Services Manager
Decommissioning of sheltered housing update	June 2012	Landlord Services Manager
Feedback on Tenant Scrutiny Panel report	June 2012	Landlord Services Manager
Adaptation and recharges report	June 2012	Housing Needs and Strategy Manager
Tenancy Strategy and Tenancy Policy	June 2012	Housing Needs and Strategy Manager
Performance digest – a dashboard of performance indicators	June 2012	Housing Needs and Strategy Manager
Advantage SW annual review	June 2012	Head of Housing
Green Deal	September 2012	Housing Needs and Strategy Manager
Tenant and Council Partnership Agreement 2011-2014	September 2012	Landlord Services Manager
Garage Task and Finish Forum report	September 2012	Housing Needs and Strategy Manager
Telecare services	TBC	Home Safeguard Manager
Running a business from home	TBC	Landlord Services Manager
Danby House/Exbank – DCC updated proposals	Reliant on DCC timetable	Head of Housing
Review of Key Safe installations	TBC	Support Services Manager

<b>Quarterly performance reports and regular report</b>		
Responsive repairs	Quarterly report	Asset and Property Manager
Letting of Council homes/voids	Quarterly report	Housing Needs and Strategy Manager
Devon Home Choice	Quarterly report	Housing Needs and Strategy Manager
Rent management	Quarterly report	Landlord Services Manager
Housing Revenue Account budget	Quarterly report	Head of Housing
Systems Thinking leading & lagging measures New Tenants Survey	Quarterly report	Head of Housing
Forward Plan	Every meeting	Head of Housing
Formal Complaints	Annual report	Housing Needs and Strategy Manager
Evaluating the achievements of the Board	Annual report	Head of Housing

<b>HRB &amp; Housing Drop In sessions - dates and venues</b>	<b>Date and time</b>
Talaton Parish Hall, Talaton	20 July 2.30pm -4.30pm
Beer Primary School, Beer	12 September 4pm - 6pm
Yonder Close Community Centre, Ottery St Mary	9 November 10am- 12 noon

Board Members can propose agenda items during meetings/debates that can be included on the Forward Plan for future meetings, or outside the meetings with the agreement of the Chairman and Vice chairman.

Future HRB meeting dates: 6 September 2012; 8 November 2012; 10 January 2013; 7 March 2013; 9 May 2013.

## Agenda Item: 09

Housing Review Board

21 June 2012

jg



### Right to Buy re-investing receipts into new affordable homes

#### Summary

This report considers the recently issued guidance on the use of receipts from Right to Buy sales and how they might be retained to provide new affordable housing. We need to decide whether to enter into an agreement with the Communities and Local Government (CLG) department to use the receipts generated through the Right to Buy towards the provision of affordable housing. There are a number of risks in the conditions being imposed, but the report concludes that we should enter into an agreement to re-invest Right to Buy receipts.

#### Recommendation

**To enter into an agreement with the CLG for the re-investment of Right to Buy receipts into new affordable housing schemes.**

#### a) Reasons for Recommendation

To agree a position on the use of Right to Buy receipts having assessed the implications in terms of the conditions being imposed on the use of receipts.

#### b) Alternative Options

Not to enter into an agreement with the CLG over the use of Right to Buy receipts.

#### c) Risk Considerations

That we are unable to commit the funds on affordable housing schemes and have to pay receipts back to CLG with interest, and/or schemes are not viable.  
If Right to Buy sales exceed our expectations we could find ourselves in a position of needing to commit more resources than we can afford.

#### d) Policy and Budgetary Considerations

These are set out in the report.

#### e) Date for Review of Decision

An annual review is proposed with Right to Buy sales included in our quarterly financial monitoring.



## 1 Background

- 1.1 I reported the Right to Buy changes to your last meeting, most of which are now operational. You will recall at the time the Government were consulting on proposals for the use/retention of receipts by local housing authorities. I can now report on the outcome of the consultation.
- 1.2 We have received a letter from CLG explaining the offer for re-investing receipts in new affordable housing and I have used the contents of the letter in this report. We are invited to enter into an agreement with the Secretary of State that will enable the authority to retain additional Right to Buy receipts for investment in new affordable rented homes. If we wish to retain receipts for the quarter ending on 30 June 2012, **CLG must receive our signed copy of the agreement no later than noon on Wednesday, 27 June.**
- ## 2. Right to Buy re-investment of receipts scheme details
- 2.1 As we know, the Government increased the cap on Right to Buy discounts to £75,000 on 2 April 2012. CLG expect this to lead to an increase in the number of Right to Buy sales. The Government has stated its commitment to ensuring that the additional receipts which result from the increase in sales are reinvested to provide replacement homes.
- 2.2 In announcing the final scheme on 12 March, the Government indicated that it would be prepared to enter into an agreement with any local authority that wished to retain receipts to reinvest in new affordable rented housing. Following a technical consultation, Ministers have now agreed the final form of the model agreement being offered to local authorities.
- 2.3 The Secretary of State is prepared to agree that our authority should retain additional Right to Buy receipts, on condition that we agree:
- i. to use those receipts for the provision of affordable rented homes;
  - ii. that those receipts will constitute no more than 30% of total investment in such homes (net of any contribution from another public body);
  - iii. that if, after three years, any of those receipts are not used as set out above, it will pay the un-used sums - plus interest - to the Secretary of State.
- 2.4 The agreements (reproduced as **annex 1**) are designed to be 'light touch'; there are no conditions on the number of new homes that must be built or acquired, their type, size, location or the rent that must be charged on them. These are decisions for us to make.
- 2.5 It is current Government policy that any new council homes built since July 2008 are eligible for exclusion from the provisions in the pooling regulations relating to Right to Buy sales; this includes any new homes built or acquired using receipts covered by these agreements. This means that, if these replacement homes were subsequently sold under the Right to Buy, the authority would be able to retain the whole receipt (provided it is spent on affordable housing, regeneration or paying down housing debt).

### The 30% benchmark

- 2.6 Drawing on evidence from the 2011-2015 Affordable Homes Programme, CLG are satisfied that it should be possible to fund new homes let at Affordable Rent levels, with *no more than* 30% of the cost of the new homes needing to come from the Right to Buy receipt (the total pot of money, not each individual sale).
- 2.7 As in the Affordable Homes Programme, the remainder of the cost will come from borrowing against the net rental income stream from the new property, and cross-subsidy from the landlord's own resources. (However, unlike the Affordable Homes Programme, landlords will not be permitted to generate cross-subsidy by converting existing social rented homes to Affordable Rent.)

### Three years

- 2.8 The Government wishes to see replacement homes provided as quickly as possible. The original proposal was that two years was a sufficient timescale in which to invest. However, in response to comments raised in the technical consultation, Ministers have agreed to extend this by a year to maximise the opportunity for local authorities keen to participate.

### Interest

- 2.9 Interest on unspent receipts will be charged at 4% above the base rate compounded with three monthly rests. It is important that these receipts are invested in new homes as quickly as possible. CLG therefore wish to create a disincentive to hold onto the receipts until such time as it becomes necessary to pay them over to the Secretary of State. Given the extension to the period within which authorities must re-invest - CLG are satisfied that authorities should be in a position to avoid having to pay any interest to the Secretary of State.
- 2.10 Equally authorities will have the option of re-paying retained receipts early (and therefore incurring less interest) if they decide that they would not be able to incur sufficient investment within the time period.

### Other Investment

- 2.11 CLG's intention is to encourage an increase in the supply of new housing: new build should always be the favoured option. However, this does not exclude these receipts being used to buy existing properties for conversion into affordable rent.
- 2.12 It is equally acceptable to fund new supply by grant funding another body, such as a housing association - but not a body in which the authority has a controlling interest. There is nothing to prevent us contracting with a subsidiary (for example, an ALMO) to deliver the homes, but such homes must be in the ownership of the local authority and sit within the Housing Revenue Account.

### Receipts passed to the Secretary of State

- 2.13 Receipts passed to the Secretary of State will be given to the Homes and Communities Agency or, where receipts have arisen in London, the Greater London Authority for investment by them (further details on the process for accessing such funding will follow in due course). There is

nothing to stop a local authority that has entered into an agreement with CLG from having access to funding from these two bodies as well.

### Rent Rebate Subsidy Limitation

- 2.14 Where an authority increases its average weekly rent above a limit set in England by the Secretary of State, when it submits its final subsidy claim form to the Department for Work and Pensions (DWP) it will receive subsidy on rebates only up to a limit and will have to fund the cost of the additional rebates above the limit rent itself. However, this does not apply to properties in this Right to Buy Scheme.
- 2.15 Up to 80% of market rents may be charged. If the authority can meet the 30% benchmark and still charge social rents, it is free to do so, but charging an Affordable Rent (i.e. up to 80% of market rents) is likely to maximise investment.
- 2.16 CLG has agreed with DWP to adopt a similar process for homes built using Right to Buy receipts. In this case, it will be necessary to show our auditor a copy of this agreement, plus a statement signed by our section 151 officer confirming that the home in question had been built or acquired using Right to Buy receipts in line with the conditions set out in the agreement. (Because the 30% benchmark will ensure a maximum return on the investment of Right to Buy receipts, it will not be necessary to engage with the Homes and Communities Agency or the Greater London Authority).
- 2.17 If we wish to retain receipts for the quarter ending on 30 June 2012, **CLG must receive our signed copy no later than noon on Wednesday, 27 June**. If we fail to meet this deadline we will not be able to retain receipts arising in quarter 1 of 2012/13 (i.e. April, May and June). These receipts will immediately be passed on to the Homes and Communities Agency or the Greater London Authority for investment.
- 2.18 CLG recognises that local authorities may not wish to enter into an agreement at this stage. If this is the case, CLG would be happy for us to respond to this invitation at a later date. A guidance note on the scheme has been issued by CLG and I have reproduced this as **annex 2**.
3. Financial modelling
- 3.1 We have undertaken some financial modelling in an attempt to determine the extent of our commitment. Right to Buy sales are hard to predict now that the scheme has been altered significantly. We have seen a keen interest in the scheme already, but it is too early to be confident of how many enquiries and valuations will turn into sales.
- 3.2 We have modelled on a range of scenarios and assumptions; the variables being the number of homes sold, the valuation and discount of the homes sold. The assumed debt takes account of sales in our self-assessment settlement and not the full amount of debt on each property.
- 3.3 This calculation below shows the likely impact of 10 homes sold:

### Calculation of retained receipts

Assume the same net receipt for each sale:

£90,000.00

No. of sales:

10

	£	£
Total receipts		900,000.00
Less:		
transaction costs	13,000.00	
allowable attributable debt	94,934.96	
EDDC share cap	126,682.24	
Treasury share cap	303,828.06	
deductible buy back allowance	<u>0</u>	
		<u>538,445.26</u>
retained receipts		<u>361,554.74</u>

total cost of new builds required	1,205,182.46
funding from retained receipts (30%)	-361,554.74
Funding from HRA or borrowing (70%)	843,627.72

#### Calculation of allowable attributable debt:

Attributable debt	202,940.00
assumed debt	<u>-108,005.04</u>
	94,934.96

- 3.4 The impact of selling 20 homes means a total spend of £3.5 million on affordable housing 70% of which has to be financed by the HRA if we are building or acquiring Council homes. The alternative would be using the receipts for housing association development in which case partners will be expected to contribute the 70% towards development/acquisition.
- 3.5 Should we sell 30 homes, the model using the same assumptions shows a spend of £5.8 million is required on affordable housing with £4 million required from the HRA or additional borrowing. We do have to be confident that the opportunities to build or acquire affordable homes will be forthcoming to achieve these levels of expenditure.
- 3.6 The penalty for non use of the receipts is a 4% interest charge on any funds paid back to CLG. If we anticipate that we are unlikely to be able to spend the receipts we will need to offer back at the earliest point possible. My fear is whether, if Right to Buy sales hit the higher point of our projections, we can afford to commit the amount of funding required from the HRA within the timescales.
- 3.7 On balance I am recommending that we enter into an agreement with CLG. This is consistent with our development/acquisition ambitions and overcome some of our concerns around the changes to the Right to Buy scheme. We will need to be alert to development opportunities, perform viability assessments, and react quickly to ensure spend and that we achieve good value for money.

## Legal Implications

The legal implications are those set out in the CLG agreement document but are as detailed in the report set out.

## Financial Implications

The financial implications are indicated in the report; these are based on assumptions and averages at this stage. It is a risk to enter into an agreement with the government when the level of sales is unknown and unpredictable, but not to do so will require the surrender of receipts which will not be paid back to us retrospectively if we subsequently commit to new building or acquisitions.

## Consultation on Reports to the Cabinet

None.

## Background Papers

- CLG letter to Chief Executives dated 15 May 2012.
- Agreement for use of receipts Section 11(6) of the Local Government Act 2003.
- Reinvigorating Right to Buy (RTB): Retainment of receipts for replacement housing – information for local authority Finance Officers, CLG, May 2012.

---

John Golding  
Head of Housing

Housing Review Board  
21 June 2012

## **Agreement – Section 11(6) of the Local Government Act 2003**

This agreement is made pursuant to section 11(6) of the Local Government Act 2003.

### **Parties**

The Secretary of State for Communities and Local Government (“the Secretary of State”) and

..... (“the Authority”).

This agreement comprises 10 pages

### **General**

1. In this agreement :

“the due date”, “quarter” and “the relevant quarter” have the same meaning as in the Regulations;

“receipts” means the receipts to which Schedule 1 to the Regulations applies;

“retained amount” means the amount calculated in Part 1;

“the Regulations” mean the Local Authority (Capital Finance and Accounting) (England) Regulations 2003;

“social housing” means low cost rental accommodation as defined by section 68(1)(a) of the Housing and Regeneration Act 2008;

“the sub-liability” means the sub-liability calculated under Schedule 1 to the Regulations;

the terms “A”, “E”, “F”, “G”, “J” and “K” used in this agreement have the same meaning as in Schedule 1 to the Regulations.

2. This agreement applies to receipts received on or after 1<sup>st</sup> April 2012 (“the commencement date”).

3. The Authority is not required to pay to the Secretary of State such portion of the sub-liability calculated in accordance with Part 1 of this agreement provided the Authority complies with the conditions set out in this agreement.
4. The Authority must use the retained amounts for the provision of social housing. Any amounts not used for this purpose must be paid to the Secretary of State and interest will be payable calculated in accordance with paragraph vi of Part 1.
5. The Authority must provide the information set out in Parts 1 and 4 of this agreement to the Secretary of State at the times and in any format the Secretary of State may request.
6. This agreement may be terminated by the Secretary of State by giving notice of one quarter.
7. This agreement may be amended by agreement.

**Part 1 - Calculation of the portion of the sub-liability that the Authority may retain.**

- i. Where in any quarter –

$A$  is more than  $(3.39847729 \times G) + E + F + J$

the Authority may retain an amount (“the retained amount”) up to–

$K$  less  $(2.398347729 \times G)$ .

- ii. The Authority must inform the Secretary of State of the following by the due date of the relevant quarter-
  - (a) the value of  $K$  less  $(2.398347729 \times G)$ ;
  - (b) the retained amount; and

(c) any amount not retained by the Authority.

- iii. Where the Authority has informed the Secretary of State (under paragraph ii(c)) that an amount will not be retained, the Authority must pay that amount to the Secretary of State by the due date of the relevant quarter.
- iv. Where the Authority has informed the Secretary of State that an amount will not be retained and fails to pay that amount on the due date of the relevant quarter, interest is payable and incurred from the due date until the Authority pays that amount to the Secretary of State.
- v. Where the Authority does not inform the Secretary of State of the amount it will not retain by the due date of the relevant quarter, it will be assumed that the retained amount for that quarter is the full amount the Authority may retain and where an amount is not retained and is paid to the Secretary of State, interest will be payable and incurred from the due date until the date the Authority pays that amount to the Secretary of State.
- vi. The Authority may pay any part of the retained amount to the Secretary of State and where it does so, interest is payable and incurred from the due date of the relevant quarter in which the retained amount was retained by the Authority until the date it is paid to the Secretary of State.

## **Part 2– Return of retained amounts**

- i. This Part applies where 13 quarters have expired since the commencement date.
- ii. In this Part :
  - “the reckonable quarter” means the quarter 12 quarters prior to the relevant quarter;



“quarter 1” means the quarter in which the commencement date falls;

A is the total of the retained amounts for all quarters from quarter 1 to the reckonable quarter;

“the total amount spent on the provision of social housing” is the amount spent on the provision of social housing from quarter 1 to the last day of the relevant quarter;

R is the total of the returnable amounts calculated under paragraph iv of this Part and amounts paid to the Secretary of State under paragraph vi of Part 1 for all the quarters from quarter 1 to the reckonable quarter.

- iii. The total retained amount is calculated as follows –

$$A - R.$$

- iv. Where on the last day of the relevant quarter, the total retained amount exceeds 30% of the total amount spent on the provision of social housing, the Authority must pay to the Secretary of State the portion of the total retained amount in excess of 30% of the total amount spent on the provision of social housing (“the returnable amount”).
- v. Where the Authority must pay a returnable amount to the Secretary of State under paragraph iv of this Part, interest is payable, calculated and incurred from the due date of the reckonable quarter until the date the returnable amount is paid to the Secretary of State.

### **Part 3 - Calculation of interest**

Where interest is payable under this agreement, it will be calculated at a rate of 4% above the base rate on a day to day basis compounded with three-monthly rests and “base rate” has the same meaning as in the Regulations.

#### **Part 4 - Provision of information**

On the due date of each relevant quarter the Authority must provide to the Secretary of State the details of the number of starts on site since the commencement date.

“Start on site” means the earlier of commencement of the following by the Authority or other body to which the Authority has paid all or part of the retained amount for the purpose of providing social housing:

- (a) excavation for strip or trench foundations or for pad footings;
- (b) digging out and preparation of ground for raft foundations;
- (c) vibrofloatation, piling, boring for piles or pile driving; or
- (d) drainage work specific to the buildings forming part of the scheme.

#### **Part 5 – The amount spent on the provision of social housing**

- i. The amount spent on the provision of social housing shall not include any expenditure which has been used or which the authority intends to use to-
  - (a) reduce a capital receipt under regulation 15(1)(c) of the Regulations (capital allowance); or
  - (b) buy back a relevant interest defined in paragraph 3(1)(b) of the Schedule to the Regulations and claim buy back allowance in respect of that expenditure under paragraph 3 of the Schedule to the Regulations.

- ii. The amount spent on the provision of social housing shall not include any expenditure on dwellings which are social housing at the time of the expenditure.
- iii. The amount spent on the provision of social housing is the amount spent by the Authority or by a body to which the Authority has paid some or all of the retained amounts (such body must not be a body in which the Authority holds a controlling interest) on the development costs associated with the provision of social housing for the benefit of the Authority's area.
- iv. Where the Authority has paid all or some of the retained amounts to a body for the purpose of contributing towards the cost of providing social housing, the Authority must ensure that only retained amounts provided by the Authority have been used by such body for the provision of social housing for the benefit of the Authority.
- v. Social housing is provided for the benefit of the Authority where it is situated in the area of the Authority or the Authority has nomination rights in respect of the social housing.
- vi. The amount spent on social housing includes the following:
  - (a) the development costs associated with the acquisition of dwellings to be used as social housing;
  - (b) the development costs associated with the acquisition of land for the construction of dwellings to be used as social housing;
  - (c) the development costs of the construction of dwellings to be used as social housing.
- vii. In this Part "development costs" means the costs set out in Part 6.

## Part 6 – Development costs

Development costs means the costs relating to the development of social housing in respect to the heads of expenditure set out below.

### ***Heads of expenditure***

#### **1 Acquisition**

1.1 *Purchase price of land/site.*

1.2 *Stamp Duty Land Tax on the purchase price of land/site.*

#### **2 Works**

2.1 *Main works contract costs (excluding any costs defined as on costs).*

2.2 *Major site development works (where applicable). These include piling, soil stabilisation, road/sewer construction, major demolition.*

2.3 *statutory agreements, associated bonds and party wall agreements (including all fees and charges directly attributable to such works) where applicable.*

2.4 *Additional costs associated with complying with archaeological works and party wall agreement awards (including all fees, charges and claims attributable to such works) where applicable.*

2.5 *Irrecoverable VAT on the above (where applicable).*

#### **3 On costs**

3.1 *Legal fees and disbursements.*

3.2 *Net gains/losses via interest charges on development period loans.*

3.3 *Building society or other valuation and administration fees.*

3.4 *Fees for building control and planning permission.*

3.5 *Fees and charges associated with compliance with European Community directives, and any requirements relating to energy rating of dwellings, Eco-Homes certification and Housing Quality Indicators.*

- 3.6 *In-house or external consultants' fees, disbursements and expenses (where the development contract is a design and build contract) (see note 1 below).*
- 3.7 *Insurance premiums including building warranty and defects/liability insurance (except contract insurance included in works costs).*
- 3.8 *Contract performance bond premiums.*
- 3.9 *Borrowing administration charges (including associated legal and valuation fees).*
- 3.10 *An appropriate proportion of the development and administration costs of the Authority or the body in receipt of funding from the Authority.*
- 3.11 *Irrecoverable VAT on the above.*

**Note 1**

*Where the development contract is a design and build contract, the on-costs are deemed to include the builder's design fee element of the contract sum. The amount included by the builder for design fees should be deducted from the works cost element referred to above, as should other non-works costs that may be submitted by the builder such as fees for building and planning permission, building warranty, defects liability insurance, contract performance bond and energy rating of dwellings.*

**Note 2**

*Some items will not qualify as development costs unless the Authority can clearly demonstrate that such costs are properly chargeable to the social housing, i.e. for the sole use of the residents or to comply with any statutory obligations that may have been imposed.*

*Examples of these are as follows:*

- *works to any roads which do not exclusively serve the social housing;*

- *landscaping to areas of land which lie outside the boundaries of the land on which the social housing is situated;*
- *district heating systems;*
- *trunk sewers and sewage disposal works;*
- *special refuse treatment buildings;*
- *public conveniences;*
- *community halls, club rooms, recreation rooms.*

**Note 3**

*Subject to the above, where any cost incurred or to be incurred by the Authority or a body in receipt of funding from the Authority is common both to the development of the social housing and to any other activity, asset or property of the Authority or a body in receipt of funding from the Authority, only such part of that cost as is attributable to the development of the social housing may be treated as a cost in respect of which the retained amount may be paid.*

Signed on behalf of the Authority by .....

(insert name and position in capitals)

..... (add signature and date)

Signed on behalf of the Secretary of State by Graham Duncan – Deputy  
Director – Affordable Housing Regulation and Investment

.....(add signature  
and date)

## **RIGHT TO BUY AND ONE-FOR-ONE REPLACEMENT: INFORMATION FOR LOCAL AUTHORITIES ON HOW THE “LOCAL WITH AGREEMENT” DELIVERY MODEL WORKS**

1. On 2 April 2012 Ministers raised the cap on Right to Buy discounts to £75,000, and confirmed that receipts from the additional sales this would generate would be used to fund replacement stock on a one-for-one basis. At the same time Ministers confirmed that their favoured option of delivering these new homes would be through local authorities retaining receipts to spend in their areas.
2. In order for your authority to keep these additional receipts it will be necessary for it to enter into an agreement with the Secretary of State for Communities and Local Government.
3. This paper seeks to give a simple overview of how such agreements work. As such it is not a substitute for the agreements themselves nor the more detailed guidance we have provided to your finance officers.
4. The agreements are made under powers provided by section 11(6) of the Local Government Act 2003 (as inserted by section 174 of the Localism Act 2011).
5. In short the Secretary of State agrees to
  - i. allow your authority to retain additional Right to Buy receipts to fund the provision of replacement stock, and
  - ii. allow your authority three years (from commencement of the agreement) to invest those receipts before asking for the money to be returned.
6. It is worth emphasising that the agreement does not require a local authority to complete the building of any home within three years; rather the authority should have incurred expenditure sufficient that Right to Buy receipts form no more than 30% of it.
7. In return your authority agrees
  - i. that Right to Buy receipts will not make up more than 30% of total spend on replacement stock, and
  - ii. to return any used receipts to the Secretary of State with interest.

### The process

8. Our main aim was to make the process as light touch as possible with minimal inspection or interference in your business activities. The agreements are concerned therefore solely with the flow of money in from receipts and out in investment in replacement stock.
9. Under the capital finance regulations that came into effect on 31<sup>st</sup> March 2012 your authority will (having deducted certain permissible amounts)



- have to surrender Right to Buy receipts to the Secretary of State. This sum comprises two elements:
- i. HM Treasury's share (i.e. the funding HM Treasury was expecting to receive had the policy on Right to Buy not changed) and
  - ii. funds available to invest in replacement stock (if receipts are sufficiently high).
10. However the Secretary of State is willing to enter into agreements with those local authorities wishing to invest in replacement stock to retain receipts above HM Treasury's share.
11. It will be entirely the decision of your authority whether to enter into such agreements and entirely its decision as to how much of the surplus receipt it retains.
12. Should your authority not wish to enter into an agreement then any surplus receipts arising in your area will be surrendered to the Secretary of State and passed to the Homes and Communities Agency (or, in London, the Greater London Authority) for them to invest in replacement stock.
13. As set out above, the only condition in the agreement is that the retained Right to Buy receipts must not constitute more than 30% of the total amount invested in replacement stock (which could mean newly built council homes, newly acquired council homes (i.e. existing homes bought on the open market) or social housing provided through local authority grants to housing associations).
14. The 30% cap is necessary to ensure that we get maximum value for money from the Right to Buy receipts and enable the building of as many new homes as possible (indeed, more than one-for-one if that is feasible). Your authority (or the housing association you are grant funding) will be expected to fund the remaining 70% from its own reserves or through borrowing serviced by the anticipated rental income from the new homes built. To maximise borrowing it may be necessary to charge an Affordable Rent (i.e. up to 80% of market rent), but, in the case of new council homes, that is a decision for your authority.
15. Our intention is to encourage additional investment in new social housing. It is not therefore permissible to use receipts arising from non-Right to Buy sales<sup>1</sup> towards the local authority's 70% contribution to scheme costs nor use funding already deducted from the Right to Buy receipts to cover the buying back of former council homes.
16. We have considered historic data, which confirms that 30% is realistic and achievable.

---

<sup>1</sup> Sales of housing assets other than those made under the Right to Buy or voluntary sales at less than market value to existing council tenants.

17. Where retained receipts exceed 30%, then your authority will agree to return the additional receipt (i.e. the receipt above 30%) to the Secretary of State with interest.

#### How does this work?

18. Each financial quarter your authority will report to the Department the cumulative sum it has *retained* for replacement stock and the cumulative amount it has *spent* on replacement stock.
19. There will be no requirement to return receipts in the first three years of the agreement, but in Quarter 1 of 2015/16<sup>2</sup> your authority will have to compare
- the total amount spent on replacement stock from the start of the agreement to the end of that quarter, with
  - the total amount it has retained from Right to Buy receipts in Quarter 1 of 2012/13 (i.e. receipts it has had three years to spend).

Where the latter is 30% or less than the former then no further action is necessary.

20. In Quarter 2 of 2015/16 the comparison will be between the total spent on replacement stock since the agreement began with the total it retained in Quarters 1 and 2 in 2012/13. And so forth for each subsequent quarter.

#### Grants to Housing Associations

21. Your authority may choose not to build itself, but instead to grant fund another body. Where this is the case, we would encourage your authority not to pay grant until scheme completion. This will mean that your authority will be able to demonstrate clearly to your auditors your contribution (and the contribution of other public bodies) did not constitute more than 30% of total scheme costs.
22. You may decide to gift land to your partner housing association. Where this is the case the value of the land cannot be counted towards the housing association's 70% contribution. This is in line with the grant allocation process managed by the Homes and Communities Agency.

#### Returning receipts to the Secretary of State

23. Where in Quarter 1 of 2015/16 retained receipts in Quarter 1 of 2012/13 are more than 30% of total spend then the surplus (i.e. the amount above 30%) must be surrendered to the Secretary of State. Your authority's retained amount for Quarter 1 of 2012/13 will be reduced by the amount surrendered and interest calculated back to that Quarter.

---

<sup>2</sup> This example assumes the agreement began in Quarter 1 of 2012/13

24. Any surplus identified in Quarter 2 of 2015/16 will result in Quarter 2 of 2012/13 being reduced and interest calculated back to that Quarter. And so on.

#### The early return of receipts

25. Your authority will be free to make payments to the Department whenever it wishes. In so doing it will identify the Quarter it wishes to adjust and interest will be calculated back to that Quarter.
26. This will be useful where your authority may recognise that it will be compelled to return receipts after two years and so wish to reduce the amount of interest it must pay by paying it back early.
27. Returned receipts will be given to the Homes and Communities Agency or the Greater London Authority (as appropriate) for investment into Affordable Rented Housing. Further detail on how the allocation process will work will follow (which could be to local authorities that have entered into these agreements too).

#### Interest

28. We will charge interest at 4% above the base rate on a day to day basis compounded with three-monthly rests: i.e. at the end of each three monthly period interest will start to accrue interest.
29. We have set a rate of interest deliberately, we hope, high enough to encourage local authorities to invest more in replacement stock. The rate is specifically designed to discourage local authorities from retaining receipts until such time that they are required to surrender them. The means to avoid paying interest will be in your control and it should therefore be possible to avoid having to pay interest at all.
30. It is our intention that any interest returned to the Department will be used to support the provision of new affordable rented homes.

#### Reporting and Monitoring

31. Local authorities who enter into an agreement will be expected to complete quarterly returns on Right to Buy sales, replacement starts and completions. This is consistent with the quarterly pooling return. In the longer term we may consider moving to a six monthly or annual reporting cycle, but in the initial years of the scheme quarterly monitoring is needed to assess how the scheme is progressing.

#### Terminating Agreements

32. The Secretary of State can terminate an agreement at any time, but would expect to do so only in extreme circumstances (for example, where there was absolutely no evidence that a local authority was commencing

activity). The effect of termination would mean that your authority could, from that point, no longer retain any receipts but would still have the three years from the start of the agreement to invest the receipts it had already retained (or have to return them).

33. Equally your authority can terminate an agreement either by voluntarily returning all future receipts (and paying back what it had already retained) or by requesting the Secretary of State to terminate as set out above.

#### Entering into Agreements

34. We have invited all stock holding local authorities to enter into agreements with us, with a requirement that they be returned signed to the Department before noon on Wednesday 27th June. This will enable us to send signed copies back to local authorities before July. The agreements are not valid until signed by both parties.

35. You will wish to note that local authorities that enter agreements after Quarter 1 in 2012/13 will not be able to claim back receipts already surrendered. Similarly where a local authority decides in any quarter not to retain the full amount, but instead decides to return some or all of it, it cannot subsequently claim that money back.

36. This is because the receipts will already have been allocated to the Homes and Communities Agency or Greater London Authority as appropriate for investment.

37. If you have any questions on this paper please e-mail us at the Department for Communities and Local Government at [housingassets\\_consultation@communities.gsi.gov.uk](mailto:housingassets_consultation@communities.gsi.gov.uk).

**May 2012**

**Department for Communities and Local Government**

## Agenda Item: 10

Housing Review Board

21 June 2012

MW



## HRA Financial Monitoring Report 2012/13 – Month 1 April

### Summary

This report gives a summary of the overall financial position on the Housing Revenue Account (HRA), HRA Capital Programme and the Business Plan for 2012/13 at the end of month one (April 2012).

Regular monitoring will highlight any areas of concern or unforeseen expenditure in the HRA and associated capital programme and enable corrective action to be taken as required. Any variances will be reflected in the Business Plan.

Current monitoring indicates that:

- The Housing Revenue Account Balance will be maintained at or above the adopted level.
- The position on the HRA Business Plan has not changed significantly and remains healthy.

### Recommendation

- 1. The variances identified as part of the HRA revenue and capital monitoring process up to month one be acknowledged.**

#### a) Reasons for Recommendation

The report updates the Board on the overall financial position of the Housing Revenue Account and Business Plan following the end of each month and includes recommendations where corrective action is required for the remainder of the financial year.

#### b) Alternative Options

To disagree with the recommended actions proposed.

#### c) Risk Considerations

Current monitoring indicates that the HRA and Business Plan balances are being maintained at or above the adopted levels.

In compiling this report we have looked at all large, high risk and volatile budget areas. Predicted spending patterns have been linked to operational activity and all material budgets have been subject to thorough risk assessments by operational managers

and finance staff. Any continuing variances in spending patterns will be considered and incorporated into the Business Plan.

**d) Policy and Budgetary Considerations**

This report highlights all budgetary variances and then comments on the level and adequacy of balances.

**e) Date for Review of Decision**

Updated positions are to be presented to future meetings of the Board.

## Financial Monitoring Report 2012/13 – To Month One April

**1. Introduction**

1.1 The purpose of this monitoring report is to update members of the Board on the overall financial position of the Housing Revenue Account and Business Plan following the end of month one.

**2. Housing Revenue Account Position**

2.1 A summary of the predicted over and under spends to the year end is shown below:

	Variation at Month 1 £	Predicted Outturn Variation £
Additional revenue contribution to capital due to slippage in the capital programme from 2011/12 (see 3.1 below)	0	265,000
Reduction in interest payable on the self financing debt due to favourable interest rates on 26 March 2012	0	(747,000)
Variations from previous month		0
<b>Total variations</b>		<b>(482,000)</b>

2.2 The following table shows the original budget surplus set for the year and the total variations, as identified above, which are likely to affect the budget to give a revised predicted budget surplus for the year.

	£	£
<b>Budget surplus (set 01/02/12)</b>		<b>(1,733,760)</b>
Month 1 predicted net (under)/overspend to year end	(482,000)	(482,000)
<b>Predicted Budget Surplus</b>		<b>(2,215,760)</b>

**Appendix A** gives a more detailed breakdown of the HRA budgets and actual expenditure and income to date.



2.3 These variations will have the following effect on the Housing Revenue Account Balance:

	£	£
<b>Draft Housing Revenue Account Balance (01/04/12)*</b>		<b>(623,246)</b>
Predicted budget surplus as above		(2,215,760)
<b>Predicted HRA Balance (31/03/13)</b>		<b>(£2,839,006)</b>

\* The HRA balance at 1 April 2012 has not yet been finalised and is subject to minor changes. It is lower than was anticipated when the 2012/13 budget was set due to additional expenditure incurred in 2011/12 – an Outturn report explaining the variances was presented to Cabinet on 13 June 2012 and an excerpt from this is attached at **Appendix B**.

The recommended level for the HRA balance has been agreed at £2.1m. The predicted balance is currently above the recommended level.

### 3. Capital Programme Position

3.1 The following table shows the HRA Capital Programme totalling £1.050m and the expenditure to date. Capital receipts can be used to fund part of this sum with the balance to be met by a revenue contribution from the HRA. A sum of £0.265m for the River Otter flood protection scheme was programmed to be spent in 2011/12 but has ‘slipped’ to 2012/13 meaning that the amount required from the HRA this year will increase from an estimated £750k to £1,015m.

<b>HRA Capital Programme Summary</b>	<b>Total Budget £000</b>	<b>Spend to date £000</b>
River Otter flood & erosion protection scheme	265	
New Housing IT System	150	
Major improvements/extensions/loft conversions to existing dwellings	175	
Off street car parking	50	
Re-modelling of sheltered schemes	200	7
Non feasance road repairs	10	
Social Services Adaptations	200	6
<b>Total Programme</b>	<b>1,050</b>	<b>13</b>

- 3.2 This table shows the capital receipts received in the year to date which may be used to fund capital expenditure, subject to any government restrictions.

<b>Capital Receipts</b>	<b>£000</b>
Sale of council houses/flats	(135)
Sale of land	0
<b>Total capital receipts</b>	<b>(135)</b>

There has been 1 sale completed so far this year with a discount, under the old RTB scheme, of £30,000. In the past, 75% of the receipt would have had to be paid to the government, however RTB receipts, after certain specific reductions, may now be retained if the Council signs up to an agreement with the government to spend those receipts on the provision of new social housing. A report is included elsewhere on this agenda with more details regarding retaining receipts under the new RTB scheme.

#### **4. HRA Business Plan**

- 4.1 **Appendix C** shows the Business Plan Operating Account which reflects the above changes in 2012/13 and the subsequent impact on balances for future years. The position on the Business Plan has not changed significantly since the 2012/13 budget was set however there are some future risks; from this year an increase in Right to Buy sales is highly likely due to the increase in discount from £30,000 to £75,000. This will impact on the rent income until any potential new builds or purchases can be identified and completed. The cost of providing new builds will have to be met from the HRA surplus or from further borrowing. From 2013/14 the Government's proposed Welfare Reform could also have a significant impact on income. The Board will be kept up to date on these issues as further guidance is received.

---

#### Legal Implications

No legal implications have been identified

#### Financial Implications

Details are contained within the report.

#### Consultation on Reports to the Cabinet

Not applicable.

#### Background Papers

- Accountancy working papers.
- HRA Business Plan 2012.

Mandy White (HRA Accountant) Ext 2357



## APPENDIX A

EAST DEVON DISTRICT COUNCIL  
REVENUE BUDGET MONITORING 2012/2013SUMMARY OF HOUSING REVENUE ACCOUNT  
Period to 30 April 2012

	2012/2013			Service	2012/2013	2012/2013
	Budget				Actual	Variance
	Original	Revised	Year to Date		£	£
	£	£	£			
				<b>INCOME</b>		
1	(16,318,000)	(16,318,000)	(1,254,730)	Gross Property Rent including Garages	(1,271,874)	(17,144)
2	(89,000)	(89,000)	(7,910)	Other Rents & Income	(4,058)	3,852
3	<b>(16,407,000)</b>	<b>(16,407,000)</b>	<b>(1,262,640)</b>	<b>Total Income</b>	<b>(1,275,932)</b>	<b>(13,292)</b>
				<b>EXPENDITURE</b>		
				<b>Repairs &amp; Maintenance</b>		
4	2,110,710	2,110,710	176,140	General	119,435	(56,705)
5	876,660	876,660	73,060	Improvements	15,927	(57,133)
				<b>Supervision &amp; Management</b>		
6	2,420,510	2,420,510	634,930	General	134,441	(500,489)
7	846,030	846,030	551,860	Special Items	9,898	(541,962)
8	225,700	225,700	43,170	Other Expenditure	13,745	(29,425)
9	6,479,610	6,479,610	1,479,160	<b>Total Management &amp; Maintenance</b>	293,446	(1,185,714)
10	0	0	0	Adjustment to Bad Debt Provision	0	0
11	4,140,000	4,140,000	344,980	Major Repairs Account	135,930	(209,050)
12	<b>10,619,610</b>	<b>10,619,610</b>	<b>1,824,140</b>	<b>Total Expenditure</b>	<b>429,376</b>	<b>(1,394,764)</b>
13	<b>(5,787,390)</b>	<b>(5,787,390)</b>	<b>561,500</b>	<b>NET COST OF SERVICE</b>	<b>(846,556)</b>	<b>(1,408,056)</b>
14	(12,360)	(12,360)	0	Interest on Balances	0	0
15	3,316,150	2,569,150	0	Interest/Principal Payable (PWLB loans)	(27,727)	(27,727)
16	(160)	(160)	(10)	Interest on Council House Sales	(9)	1
17	<b>3,303,630</b>	<b>2,556,630</b>	<b>(10)</b>		<b>(27,736)</b>	<b>(27,726)</b>
18	<b>(2,483,760)</b>	<b>(3,230,760)</b>	<b>561,490</b>	<b>NET OPERATING EXPENDITURE - Deficit / (Surplus)</b>	<b>(874,292)</b>	<b>(1,435,782)</b>
19	750,000	1,015,000	0	Revenue Contribution to Capital Expenditure	0	0
20	<b>(1,733,760)</b>	<b>(2,215,760)</b>	<b>561,490</b>	<b>Deficit / (Surplus) for the Year</b>	<b>(874,292)</b>	<b>(1,435,782)</b>
				<b>BALANCES</b>		
21	(1,235,911)	(623,246)	(623,246)	Balance b/f	(623,246)	0
22	(1,733,760)	(2,215,760)	561,490	Deficit / (Surplus)	(874,292)	(1,435,782)
23	<b>(2,969,671)</b>	<b>(2,839,006)</b>	<b>(61,756)</b>	<b>Balance C/F</b>	<b>(1,497,538)</b>	<b>(1,435,782)</b>

**EAST DEVON DISTRICT COUNCIL  
REVENUE BUDGET MONITORING 2012/2013**

**HOUSING REVENUE ACCOUNT - DETAILED STATEMENT  
Period to 30 April 2012**

2012/2013			Service	2012/2013		
Budget				Actual	Variance	
Original	Revised	Year to Date				
£	£	£	£	£		
<b>INCOME</b>						
1	(15,929,750)	(15,929,750)	(1,224,865)	SB Gross Property Rents	(1,241,630)	(16,765)
2	(388,250)	(388,250)	(29,865)	SB Garage Rents	(30,244)	(379)
3	(89,000)	(89,000)	(7,910)	SB Other Rents and Income	(4,058)	3,852
4	<b>(16,407,000)</b>	<b>(16,407,000)</b>	<b>(1,262,640)</b>	<b>TOTAL INCOME</b>	<b>(1,275,932)</b>	<b>(13,292)</b>
<b>REPAIRS &amp; MAINTENANCE</b>						
<b>Repairs and Maintenance - General</b>						
5	1,401,360	1,401,360	117,030	DB Response Maintenance	65,062	(51,968)
<b>Programmed Maintenance</b>						
6	15,450	15,450	1,290	DB Communal Areas	0	(1,290)
7	0	0	0	DB Fire Extinguishers	0	0
8	10,000	10,000	830	DB Emergency Lighting and Fire alarms	0	(830)
9	36,050	36,050	3,000	DB Solid Fuel Appliances	6,978	3,978
10	400,000	400,000	33,330	DB Gas Appliances - Servicing	45,962	12,632
11	35,000	35,000	2,920	DB Lift Maintenance	1,433	(1,487)
12	496,500	496,500	41,370	<b>Total Programmed Maintenance</b>	54,373	13,003
<b>Cyclical Maintenance</b>						
13	200,000	200,000	16,670	DB External Painting Programme	0	(16,670)
14	0	0	0	DB Extras to Painting Programme	0	0
15	0	0	0	DB Gutter Repairs	0	0
16	12,850	12,850	1,070	DB Interior Decoration	0	(1,070)
17	212,850	212,850	17,740	<b>Total Cyclical Maintenance</b>	0	(17,740)
18	<b>2,110,710</b>	<b>2,110,710</b>	<b>176,140</b>	<b>Total Repairs and Maintenance - General</b>	<b>119,435</b>	<b>(56,705)</b>
<b>Repairs and Maintenance - Improvements</b>						
19	103,000	103,000	8,580	DB Adaptations For Disabled	216	(8,364)
20	0	0	0	DB Water Service Renewal	478	478
21	2,000	2,000	170	DB Woodworm Treatment	645	475
22	25,000	25,000	2,080	DB Condensation	735	(1,345)
23	35,000	35,000	2,920	DB Dampness Eradication	5,602	2,682
24	10,000	10,000	830	DB Carbon Management Programme	1,868	1,038
25	20,000	20,000	1,670	DB Improvements Voucher Scheme	1,227	(443)
26	3,000	3,000	250	DB Sanctuary Scheme	0	(250)
27	40,000	40,000	3,330	DB Asbestos Works	3,194	(136)
28	20,000	20,000	1,670	DB Structural Works - Subsidence	0	(1,670)
29	3,000	3,000	250	SB Grant Via Tenant Participation	66	(184)
30	15,000	15,000	1,250	DB Energy Performance Certificates	1,551	301
31	20,000	20,000	1,670	DB Path Repairs	345	(1,325)
32	10,000	10,000	830	DB Soundproofing	0	(830)
33	5,000	5,000	420	DB Minor Schemes	0	(420)
34	50,000	50,000	4,170	DB Fire Safety Works	0	(4,170)
35	515,660	515,660	42,970	DB Schemes to be identified per Stock Condition Survey	0	(42,970)
36	<b>876,660</b>	<b>876,660</b>	<b>73,060</b>	<b>Total Repairs and Maintenance - Improvements</b>	<b>15,927</b>	<b>(57,133)</b>

**EAST DEVON DISTRICT COUNCIL  
REVENUE BUDGET MONITORING 2012/2013**

**HOUSING REVENUE ACCOUNT - DETAILED STATEMENT**

2012/2013			Service	2012/2013		
Budget				Actual	Variance	
Original	Revised	Year to Date				
£	£	£	£	£		
			<b>SUPERVISION &amp; MANAGEMENT</b>			
			<b>Supervision &amp; Management - General</b>			
1	1,473,980	1,473,980	121,960	Employees	119,225	(2,735)
2	100,190	100,190	20	Premises	3,055	3,035
3	106,250	106,250	10,720	Transport	5,596	(5,124)
4	144,740	144,740	6,230	Supplies & Services	6,654	424
5	1,029,350	1,029,350	927,710	Support Services	0	(927,710)
6	2,854,510	2,854,510	1,066,640	Total Expenditure	134,530	(932,110)
7	(2,500)	(2,500)	(210)	Income	(89)	121
8	2,852,010	2,852,010	1,066,430	Net Expenditure before Recharges	134,441	(931,989)
9	(431,500)	(431,500)	(431,500)	Recharges	0	(431,500)
10	<b>2,420,510</b>	<b>2,420,510</b>	<b>634,930</b>	<b>Net Supervision &amp; Management - General</b>	<b>134,441</b>	<b>(1,363,489)</b>
			<b>Net Expenditure Analysis by Cost Centre</b>			
11	563,840	563,840	328,610	JG General Operational Management	3,038	(325,572)
12	188,050	188,050	85,290	JG Head of Housing	8,770	(76,520)
13	744,950	744,950	194,670	SB Landlord Services	37,406	(157,264)
14	612,330	612,330	164,900	DB Housing Needs & Strategy	49,025	(115,875)
15	676,450	676,450	269,080	DB Asset & Property	30,298	(238,782)
16	2,750	2,750	2,250	SB Council House Sales	150	(2,100)
17	3,450	3,450	3,180	DB Sewage Treatment Works	0	(3,180)
18	60,190	60,190	18,450	SB Communal Areas Cleaning	5,754	(12,696)
19	2,852,010	2,852,010	1,066,430	Net Expenditure before Recharges	134,441	(931,989)
20	(431,500)	(431,500)	(431,500)	Recharges	0	(431,500)
21	<b>2,420,510</b>	<b>2,420,510</b>	<b>634,930</b>	<b>Total Analysis by Cost Centre</b>	<b>134,441</b>	<b>(1,363,489)</b>
			<b>Supervision &amp; Management - Special</b>			
22	42,500	42,500	2,820	SB Community Centres	(458)	(3,278)
23	5,000	5,000	420	DB Choice Based Lettings	0	(420)
24	323,470	323,470	312,470	SB Maintenance of Grounds	0	(312,470)
25	66,770	66,770	43,600	SB Play Areas	0	(43,600)
26	0	0	0	SB Caretaking & Window Cleaning	0	0
27	29,380	29,380	2,450	SB Communal Areas Lighting	0	(2,450)
28	12,000	12,000	1,000	SB Communal Areas Heating	0	(1,000)
29	5,000	5,000	5,000	SB STAR Survey	4,128	(872)
30	3,240	3,240	270	SB Tenants' Conference	0	(270)
31	15,000	15,000	0	JG ASW Procurement	0	0
32	10,000	10,000	830	SB Decommissioning Costs	0	(830)
33	10,300	10,300	860	JG Business Plan Update	0	(860)
34	5,670	5,670	110	SB District Offices running expenses	0	(110)
35	317,700	317,700	182,030	SB Mobile Support Officers	6,228	(175,802)
36	<b>846,030</b>	<b>846,030</b>	<b>551,860</b>	<b>Total Supervision &amp; Management - Special</b>	<b>9,898</b>	<b>(541,962)</b>

**EAST DEVON DISTRICT COUNCIL  
REVENUE BUDGET MONITORING 2012/2013**

**HOUSING REVENUE ACCOUNT - DETAILED STATEMENT**

	2012/2013			Service	2012/2013	
	Budget				Actual	Variance
	Original	Revised	Year to Date			
	£	£	£		£	£
				<b>OTHER EXPENDITURE</b>		
1	13,850	13,850	1,000	DB Sewerage - Repairs, Maintenance & Emptying	0	(1,000)
2	36,070	36,070	5,460	SB Tenant Participation	278	(5,182)
3	5,150	5,150	430	SB Tenant Scrutiny	39	(391)
4	2,060	2,060	170	SB Storage	151	(19)
5	2,000	2,000	170	SB Honiton - Heathpark	0	(170)
6	6,000	6,000	500	SB Community Development Work	322	(178)
7	2,000	2,000	170	SB Minor Management Schemes	0	(170)
8	10,000	10,000	830	DB Road Repairs	1,065	235
9	1,000	1,000	80	SB Signs on Estates	440	360
10	3,000	3,000	250	DB Off Street parking - Grants to Tenants	0	(250)
11	10,000	10,000	830	DB Other Expenses (pest control, eviction expenses)	475	(355)
12	37,170	37,170	18,840	DB Tree Felling and Planting	700	(18,140)
13	5,000	5,000	420	DB Landscaping	0	(420)
14	75,000	75,000	6,250	DB Removal Expenses (downsizing)	2,000	(4,250)
15	500	500	40	DB Private Water Supplies - Service & Maintenance	0	(40)
16	10,000	10,000	830	SB Removal of Rubbish	1,570	740
17	6,900	6,900	6,900	SB Best Value - Housemark	6,705	(195)
18	<b>225,700</b>	<b>225,700</b>	<b>43,170</b>	<b>TOTAL OTHER EXPENDITURE</b>	<b>13,745</b>	<b>(29,425)</b>
				<b>MAJOR REPAIRS ACCOUNT</b>		
19	500,000	500,000	41,660	DB Central Heating	7,093	(34,567)
20	0	0	0	DB Gas Appliance Replacement	2,262	2,262
21	150,000	150,000	12,500	DB Electrical Updating	0	(12,500)
22	250,000	250,000	20,830	DB Re-roofing	4,239	(16,591)
23	1,000,000	1,000,000	83,330	DB Kitchens and Bathrooms	21,798	(61,532)
24	600,000	600,000	50,000	DB Doors	60	(49,940)
25	0	0	0	DB Water Heater Replacement	0	0
26	250,000	250,000	20,830	DB Electrical Works on COT	30,555	9,725
27	10,000	10,000	830	DB Flat Roof Repairs	0	(830)
28	10,000	10,000	830	DB Chimney Repairs	0	(830)
29	15,000	15,000	1,250	DB Fence Programme	0	(1,250)
30	0	0	0	DB Renewal of Walls	0	0
31	20,000	20,000	1,670	DB Replacement Floors	0	(1,670)
32	900,000	900,000	75,000	DB COT: Other Expenditure	69,923	(5,077)
33	435,000	435,000	36,250	DB Modernisation	0	(36,250)
34	<b>4,140,000</b>	<b>4,140,000</b>	<b>344,980</b>	<b>TOTAL MAJOR REPAIRS ACCOUNT</b>	<b>135,930</b>	<b>(172,800)</b>

## Appendix B

### Extract from Revenue and Capital Outturn Report 2011/12 to Cabinet 13 June 2012

#### 1. Housing Revenue Account

- 1.1 The net outturn position for the Housing Revenue Account (HRA) is a surplus of £0.112m. The details are summarised below:

	<b>Outturn Position £000</b>
Expenditure on management and maintenance	6,109
Housing Subsidy payable to Government	5,945
Contribution to Capital (major repairs and capital programme)	3,204
Net interest and loan repayments	57
Property rentals and other income	(15,427)
<b>Surplus for year</b>	<b>(112)</b>

- 1.2 A surplus budget of £0.040m was initially set for 2011/12. However, because of the decline of the HRA Balance by the end of 2010/11 it was agreed additional savings would be made during 2011/12. The main variations to the budget set are detailed below; a full explanation is contained in the Outturn Book.

<b>Main Areas of Variation against budget</b>	<b>£000</b>
Rental income has increased due to reduced void times and higher collection rates	(172)
Repairs and maintenance was overspent due to increased demand for responsive repairs and additional boiler replacements	230
Savings on supervision and management costs due to posts vacant during the year and reduced property insurance premiums.	( 170)
Major Repairs overspend due to increased work to bring change of tenancy properties up to lettable standard.	115
A post was budgeted for the downsizing scheme, but administration has been covered by existing staff.	( 21)
Interest and loan repayments for new build was over budgeted	( 50)

The HRA balance at the beginning of 2011/12 was £0.511m with the recommended adopted level being £1.054m. With the surplus in 2011/12 of £0.112m this has raised the year end Balance to £0.623m, still some £0.431m below the level required. The savings target outlined to Members in the monthly monitoring reports during the year to bring the Balance back to an acceptable level was not fully achieved.

The 2012/13 budget is the first year under the self financing regime and as such members agreed that the adopted HRA Balance should be increased to

£490 per property increasing the Balance to £2.107m. The 2012/13 budget has been set in order to achieve at least this level of Balance; this will be monitored carefully through the year and progress reported to Cabinet.

**East Devon DC  
Business Plan  
Operating Account - Programme**  
(expressed in money terms)

		Income					Expenditure										Net Operating (Expenditure) £,000	Provision for repayment of external loans £,000	Transfer from / (to) MRR £,000	RCCO £,000	Surplus (Deficit) for the Year £,000	Surplus (Deficit) b/fwd £,000	Interest £,000	Surplus (Deficit) c/fwd £,000
Year	Year	Net rent Income £,000	Other income £,000	Misc Income £,000	HRA Subsidy Receivable £,000	Total Income £,000	Managt. £,000	Depreciation £,000	Responsive & Cyclical £,000	Other Revenue spend £,000	Cost of Rent Rebates £,000	Misc expenses £,000	HRA Subsidy Payable £,000	Total expenses £,000	Capital Charges £,000									
1	2012.13	15,947	477	9	0	16,433	(3,267)	(4,375)	(3,774)	(226)	0	0	0	(11,641)	(2,564)	<b>2,228</b>	(5)	3,005	(3,038)	<b>2,190</b>	<b>623</b>	<b>26</b>	<b>2,839</b>	
2	2013.14	16,630	496	0	0	17,126	(3,402)	(4,532)	(3,942)	(234)	0	0	0	(12,110)	(2,564)	<b>2,453</b>	(5)	3,005	(980)	<b>4,472</b>	<b>2,839</b>	<b>76</b>	<b>7,387</b>	
3	2014.15	17,295	511	0	0	17,807	(3,504)	(4,640)	(4,059)	(239)	0	0	0	(12,442)	(2,563)	<b>2,801</b>	(580)	3,005	(32)	<b>5,195</b>	<b>7,387</b>	<b>150</b>	<b>12,732</b>	
4	2015.16	17,980	527	0	0	18,506	(3,609)	(4,752)	(4,178)	(245)	0	0	0	(12,785)	(2,559)	<b>3,162</b>	(1,029)	3,005	(8,012)	<b>(2,873)</b>	<b>12,732</b>	<b>169</b>	<b>10,028</b>	
5	2016.17	18,582	542	0	0	19,124	(3,717)	(4,868)	(4,302)	(252)	0	0	0	(13,138)	(2,548)	<b>3,438</b>	(1,490)	3,005	(3,535)	<b>1,418</b>	<b>10,028</b>	<b>161</b>	<b>11,606</b>	
6	2017.18	19,175	559	0	0	19,734	(3,829)	(4,986)	(4,429)	(258)	0	0	0	(13,501)	(2,529)	<b>3,703</b>	(1,310)	3,005	(3,575)	<b>1,823</b>	<b>11,606</b>	<b>188</b>	<b>13,617</b>	
7	2018.19	19,767	575	0	0	20,343	(3,943)	(5,107)	(4,559)	(264)	0	0	0	(13,874)	(2,509)	<b>3,959</b>	(1,587)	3,005	(3,617)	<b>1,760</b>	<b>13,617</b>	<b>217</b>	<b>15,594</b>	
8	2019.20	20,362	593	0	0	20,955	(4,061)	(5,231)	(4,694)	(271)	0	0	0	(14,257)	(2,481)	<b>4,216</b>	(1,917)	3,005	(3,661)	<b>1,643</b>	<b>15,594</b>	<b>246</b>	<b>17,483</b>	
9	2020.21	20,966	610	0	0	21,576	(4,183)	(5,358)	(4,832)	(278)	0	0	0	(14,651)	(2,443)	<b>4,482</b>	(2,259)	3,005	(3,706)	<b>1,521</b>	<b>17,483</b>	<b>274</b>	<b>19,278</b>	
10	2021.22	21,583	629	0	0	22,212	(4,308)	(5,488)	(4,975)	(285)	(1)	0	0	(15,058)	(2,392)	<b>4,762</b>	(2,619)	3,005	(3,874)	<b>1,274</b>	<b>19,278</b>	<b>299</b>	<b>20,851</b>	
11	2022.23	22,217	648	0	0	22,864	(4,438)	(5,621)	(5,122)	(292)	(4)	0	0	(15,477)	(2,329)	<b>5,059</b>	(2,889)	3,005	(3,927)	<b>1,248</b>	<b>20,851</b>	<b>322</b>	<b>22,421</b>	
12	2023.24	22,868	667	0	0	23,535	(4,571)	(5,758)	(5,273)	(299)	(4)	0	0	(15,905)	(2,255)	<b>5,375</b>	(3,288)	3,005	(3,982)	<b>1,111</b>	<b>22,421</b>	<b>345</b>	<b>23,876</b>	
13	2024.25	23,538	687	0	0	24,225	(4,708)	(5,898)	(5,429)	(307)	(4)	0	0	(16,345)	(2,166)	<b>5,715</b>	(3,718)	3,005	(4,040)	<b>962</b>	<b>23,876</b>	<b>365</b>	<b>25,203</b>	
14	2025.26	24,227	708	0	0	24,935	(4,849)	(6,041)	(5,589)	(314)	(5)	0	0	(16,798)	(2,060)	<b>6,077</b>	(4,180)	3,005	(4,100)	<b>802</b>	<b>25,203</b>	<b>384</b>	<b>26,389</b>	
15	2026.27	24,937	729	0	0	25,666	(4,994)	(6,188)	(5,754)	(322)	(5)	0	0	(17,263)	(1,938)	<b>6,465</b>	(4,675)	3,005	(7,169)	<b>(2,373)</b>	<b>26,389</b>	<b>378</b>	<b>24,394</b>	
16	2027.28	25,667	751	0	0	26,418	(5,144)	(6,338)	(5,925)	(330)	(5)	0	0	(17,742)	(1,797)	<b>6,879</b>	(2,427)	3,005	(7,322)	<b>134</b>	<b>24,394</b>	<b>367</b>	<b>24,895</b>	
17	2028.29	26,419	773	0	0	27,192	(5,298)	(6,492)	(6,100)	(338)	(5)	0	0	(18,233)	(1,722)	<b>7,236</b>	(2,710)	3,005	(7,481)	<b>51</b>	<b>24,895</b>	<b>374</b>	<b>25,320</b>	
18	2029.30	27,192	796	0	0	27,988	(5,457)	(6,649)	(6,281)	(347)	(5)	0	0	(18,739)	(1,637)	<b>7,613</b>	(3,081)	3,005	(7,644)	<b>(108)</b>	<b>25,320</b>	<b>379</b>	<b>25,591</b>	
19	2030.31	27,988	820	0	0	28,808	(5,621)	(6,811)	(6,467)	(355)	(5)	0	0	(19,259)	(1,537)	<b>8,012</b>	(3,483)	3,005	(7,814)	<b>(280)</b>	<b>25,591</b>	<b>382</b>	<b>25,692</b>	
20	2031.32	28,807	845	0	0	29,652	(5,789)	(6,976)	(6,659)	(364)	(6)	0	0	(19,795)	(1,423)	<b>8,434</b>	(3,915)	3,005	(6,117)	<b>1,407</b>	<b>25,692</b>	<b>396</b>	<b>27,495</b>	
21	2032.33	29,651	870	0	0	30,521	(5,963)	(7,145)	(6,856)	(373)	(5)	0	0	(20,343)	(1,293)	<b>8,885</b>	(6,063)	3,005	(6,244)	<b>(417)</b>	<b>27,495</b>	<b>409</b>	<b>27,487</b>	
22	2033.34	30,519	896	0	0	31,415	(6,142)	(7,319)	(7,059)	(383)	(6)	0	0	(20,909)	(1,090)	<b>9,417</b>	(6,735)	3,005	(6,375)	<b>(689)</b>	<b>27,487</b>	<b>407</b>	<b>27,206</b>	
23	2034.35	31,412	923	0	0	32,335	(6,326)	(7,496)	(7,268)	(392)	(6)	0	0	(21,489)	(862)	<b>9,984</b>	(7,413)	3,005	(6,511)	<b>(935)</b>	<b>27,206</b>	<b>401</b>	<b>26,672</b>	
24	2035.36	32,332	951	0	0	33,283	(6,516)	(7,678)	(7,483)	(402)	(6)	0	0	(22,086)	(613)	<b>10,584</b>	(8,137)	3,005	(6,652)	<b>(1,200)</b>	<b>26,672</b>	<b>391</b>	<b>25,863</b>	
25	2036.37	33,278	980	0	0	34,257	(6,711)	(7,865)	(7,705)	(412)	(6)	0	0	(22,700)	(334)	<b>11,224</b>	(8,911)	3,005	(8,392)	<b>(3,074)</b>	<b>25,863</b>	<b>365</b>	<b>23,154</b>	
26	2037.38	34,252	1,009	0	0	35,261	(6,912)	(8,056)	(7,933)	(423)	(8)	0	0	(23,332)	(27)	<b>11,902</b>	(225)	3,005	(8,590)	<b>6,092</b>	<b>23,154</b>	<b>393</b>	<b>29,639</b>	
27	2038.39	35,255	1,039	0	0	36,294	(7,120)	(8,251)	(8,168)	(433)	(8)	0	0	(23,980)	(19)	<b>12,295</b>	(20)	3,005	(8,794)	<b>6,485</b>	<b>29,639</b>	<b>493</b>	<b>36,618</b>	
28	2039.40	36,286	1,070	0	0	37,357	(7,333)	(8,451)	(8,410)	(444)	(6)	0	0	(24,645)	(18)	<b>12,693</b>	(21)	3,005	(9,006)	<b>6,671</b>	<b>36,618</b>	<b>599</b>	<b>43,889</b>	
29	2040.41	37,348	1,103	0	0	38,451	(7,553)	(8,657)	(8,659)	(455)	(8)	0	0	(25,332)	(17)	<b>13,102</b>	(22)	3,005	(9,225)	<b>6,860</b>	<b>43,889</b>	<b>710</b>	<b>51,459</b>	
30	2041.42	38,442	1,136	0	0	39,577	(7,780)	(8,867)	(8,916)	(466)	(8)	0	0	(26,036)	(16)	<b>13,525</b>	(23)	3,005	(9,451)	<b>7,056</b>	<b>51,459</b>	<b>825</b>	<b>59,339</b>	

## Agenda Item: 11

Housing Review Board

21 June 2012

SKB



The financial risks and service delivery impact for tenants in moving to spot contracts.

### Summary

The Housing Review Board (the Board) at its meeting on 3 May 2012 made a series of recommendations around the future of Housing Support Services for older people in East Devon. As part of the discussion the Board has requested a further report on two of the recommendations, detailing financial risks and service delivery impact for tenants in agreeing to change of contract type and separating the support contract from the client's tenancy agreement. These issues form the subject of this report.

### Recommendation

**That the risks and impacts contained within the report be taken into consideration by the Board when deciding the future of support services for older people.**

#### a) Reasons for Recommendation

At the request of the Board to detail the likely risks and possible impacts of two of the recommendations the Board considered at the previous meeting.

#### b) Alternative Options

Not to consider the potential risks and impacts.

#### c) Risk Considerations

Risks are the subject of this report. Not to consider them would mean the Board's recommendations would be incomplete and potentially ill considered. This could lead to failures in service to customers and have a negative impact on the reputation of the service as well as the Council as a whole.

#### d) Policy and Budgetary Considerations

These have been detailed in previous reports on Support Services for older people in East Devon.

#### e) Date for Review of Decision

An annual review of support services is anticipated.



## 1 Introduction

- 1.1 At its meeting on 3 May 2012 the Board received a paper and presentation entitled the future of Housing Support Services in East Devon, and made a series of recommendations as a result. The second and third recommendations were:
- that the spot contracts route be agreed in principle, but that no decision be made until more was known about the eligibility criteria, longevity of the contracts and the freedoms and flexibilities allowed.
  - that officers develop a separate support contract for customers who had a support need according to the eligibility criteria, subject to the following conditions:
    - 1) that the Housing Review Board sees the agreement first;
    - 2) that assurances are gained from Devon County Council that the money released can be reinvested, before EDDC enters into a contract;
    - 3) that sheltered housing continues to be used for those with support needs.
- 1.2 In addition the Board recommended that a risk/impact assessment be undertaken on these recommendations and that a report be brought back to the Board on the financial impact and service delivery impact on residents.
- 1.3 Housing managers and relevant officers have met to debate the issues, and what follows is a series of perceived risks and impacts for the Board's consideration.

## 2 Risks and service delivery impacts

Perceived risks & service delivery impacts	Suggested mitigating actions
<p><b>Risk:</b> Discussions with Devon County Council (DCC) has revealed there is likely to be a loss of 25% of DCC grant funding if we move to 'spot contracts'. This is based on a DCC perception that up to 25% of their grant is not reaching the people it is intended to reach, due to the inadequacies of the current 'block contracts' system.</p> <p><b>Impact:</b> Loss of income heralding the start of the service 'withering on the vine'.</p>	<p>It will require strong negotiation by us from the outset to limit this anticipated reduction, for example to show we have fewer 'under 55s' in our sheltered stock than DCC think we do, &amp; that more of our sheltered homes are occupied by older people with a support need, than DCC suspect is the case.</p> <p>DCC have stated they believe we have 129 under 55s receiving Supporting People (SP) grant, which equates over a 52 week year to £66,080.04. We are currently awaiting further detail from DCC so we can analyse the data and reduce this number as far as possible.</p> <p>The Board has included a proviso in its recommendation to move to 'spot contracts' only if the money released can be reinvested.</p> <p>DCC have implied that we will be able to support customers in the private sector within East Devon, but we need to have this confirmed in writing.</p> <p>DCC have given no indication of whether we would experience a similar reduction, or</p>

	indeed greater, in grant funding if we stay with 'block contracts'.
<p><b>Risk:</b> Our inability to let some sheltered homes to people with a support need, e.g. first floor but with no lift.</p> <p><b>Impact:</b> Void periods increasing and loss of rental income, as we try repeatedly to re-advertise properties and find suitable tenants.</p>	<p>We must be flexible &amp; make provision for circumstances where properties prove impossible to rent. Consider a 4<sup>th</sup> phase of decommissioning that takes place as &amp; when these properties come up.</p> <p>We should aim to preserve the integrity of sheltered accommodation:</p> <ol style="list-style-type: none"> <li>1. <b>First choice</b> let to tenant having at least low level support need of 1 visit per week &amp; paying support charge (£9 approximately)</li> <li>2. <b>If not possible</b>, let for (£3 approximately Home Safeguard charge)</li> <li>3. <b>Last resort</b>, decommission in exceptional circumstances.</li> </ol> <p>Identify annual budget to remove Chubb equipment from sheltered units &amp; replace with Tunstall dispersed alarms so that individually decommissioned properties will not take others off-line &amp; unable to receive the alarm service.</p>
<p><b>Risk:</b> SP funding is only intended for older people therefore people under 55 with a support need will not be eligible.</p> <p><b>Impact:</b> People under 55 will be unable to access sheltered accommodation.</p>	<p>We should ensure our criteria for entry to sheltered accommodation includes under 55s who have a support need and receive Disability Living Allowance. (Currently we do have some under 55s in our sheltered homes in these circumstances).</p>
<p><b>Risk:</b> Failure to tie change to 'spot contracts' in with decommissioning project.</p> <p><b>Impact:</b> Some properties become hard to let, void times increase, income decreases.</p>	<p>Co-ordinate decommissioning project with change to 'spot contracts', allowing individual properties to be decommissioned under exceptional circumstances.</p>
<p><b>Risk:</b> Lack of eligibility criteria for support and/or for sheltered accommodation.</p> <p><b>Impact:</b> People with learning disabilities or mental health problems, for example, would be unable to access support, or sheltered accommodation.</p> <p>Set the eligibility bar too high and people will not get the support they need. Set it too low &amp; we won't get the income we need to run the service. Define eligibility as 'care' &amp; the</p>	<p>Ensure eligibility criteria are clear and our levels of support take account of these conditions.</p> <p>Link with Housing Needs to develop the criteria and levels of service that we have already produced in draft form with the Devon Sheltered Housing Forum and DCC.</p> <p><b>(Annex 1)</b></p> <p>Look at Devon Home Choice health &amp; wellbeing criteria, Carr Gomm &amp; DCC website for examples and to tie in with processes we are already familiar with.</p>

<p>DCC pot will move away from support altogether.</p>	
<p><b>Risk:</b> Lack of internal co-ordination of a move to 'spot contracts'.</p> <p><b>Impact:</b> Fragmented policy that doesn't meet the requirements of the authority or its customers, leading to failure of the service.</p>	<p>Need to set the policy together with other teams, creating written processes and procedures that suit us all.</p> <p>We all need to be clear how the implementation and transformation will be managed to ensure it works well across the service.</p>
<p><b>Risk:</b> Inability to accommodate tenants who do not have a support need, but who want to downsize. We currently would house a 75 year old who had no support need within sheltered accommodation to achieve this.</p> <p><b>Impact:</b> Moving to 'spot contracts' would limit our ability to encourage people to downsize and our ability to meet housing need. The problem would be exacerbated by welfare reform proposals for working age tenants (14% loss of benefit for 1 bed under occupation, 25% loss for 2).</p>	<p>This issue is complex. Many downsizers do not want general needs housing and often set their mind on that particular bungalow or flat in that street or location. If we do not allow this move because they have no support need, then we may need to facilitate this by either:</p> <ul style="list-style-type: none"> <li>• decommissioning the property if right to do so, or</li> <li>• insisting the downsizer agrees to pay the minimum support charge as a condition of being offered the tenancy, or</li> <li>• insisting the minimum Home Safeguard charge is paid as a condition to occupying the property.</li> </ul> <p>Year 3 and Year 5 decommissioning plans will not happen soon enough, so we need to allow decommissioning of individual hard to let properties in exceptional circumstances.</p> <p>(May need to consider increasing funds in the 'downsizing pot' and actively pursue tenancies we know are under-occupying prior to April 2013).</p> <p><u>Mixed communities</u></p> <p>Develop firm criteria for 'management move' circumstances, plus stronger resource to support Estate Management activities e.g. budget for sound insulation, mediation services, etc so that another 'move' is an option of last resort.</p>
<p><b>Risk:</b> Sheltered housing could become general needs housing and so be subject to a secure tenant's Right to Buy.</p> <p><b>Impact:</b> We could lose our sheltered housing and have a seriously reduced housing stock with</p>	<p>Develop firm criteria for sheltered housing so that it is still preserved for people with a support need, and is within the current legislation that allows it to be excluded from the secure tenants' Right to Buy their council home.</p>

<p>which to meet housing need.</p>	
<p><b>Risk:</b> Properties specially adapted for higher level support needs could be used for people who don't require them.</p> <p><b>Impact:</b> People needing these properties would find there are none available for them.</p>	<p>We need to identify these properties and only let them to those that have this requirement.</p> <p>We should make sure that tenants are clear from the outset when allocated sheltered properties that if a situation arises whereby the occupant no longer requires this customised property, then they will be moved to an appropriate alternative.</p> <p>This should be recorded.</p>
<p><b>Risk:</b> Self-funders (who have been too young up until this point to receive DCC grant) could be a drain on the grant pot once they reach the age of 55.</p> <p><b>Impact:</b> Reduction of DCC grant pot, therefore fewer residents supported.</p>	<p>It would be better not to offer grant once the person becomes 55 unless they experience a special change in circumstances. We should set criteria to cover these.</p> <p>We should let these tenants continue to fund themselves as long as they are able to do so.</p>
<p><b>Risk:</b> DCC grant should pay for support and not management time. This could represent a risk to the amount of income we receive from County in future, as our staff perform a mix of support and some minor amount of housing management tasks.</p> <p><b>Impact:</b> Loss of income from DCC as they/we evaluate at the outset the amount of time they calculate MSOs spend on management tasks.</p>	<p>Carry out our own evaluation of Mobile Support Officer (MSO) duties ensuring we can justify all their duties as falling within the 'support' role.</p> <p>Ensure management tasks MSOs carry out are redirected to the appropriate teams.</p>

### 3 DCC comments and Conclusions

- 3.1 DCC colleagues have seen the earlier HRB report and have commented as follows - "The second point under Recommendations, state 'That the spot contracts route be agreed in principle, but that no decision be made until more is known about the eligibility criteria and the freedoms and flexibilities allowed.'

I have forwarded the draft eligibility criteria and I will confirm once this has been finalised and agreed (I don't think there will be any changes)

With regards to 'freedoms' and 'flexibilities': - When a provider agrees to move to the new contract and service delivery model, we will negotiate a price. Once the price has been agreed we will ask the provider how many support hours this will purchase. We will move away from units of accommodation to purchasing support hours. Where and how you deliver those hours will be determined by yourselves. In the majority of cases the current support costs also include an alarm charge and the provider has not disaggregated the cost, so this is why we are not saying we want to buy XX amount of support hours at XX price. The provider will determine how they deal with Community Alarm charges.

To ensure that providers are able to maintain flexibility and maximise value for money with their services, the contract will allow each provider to use their discretion as to how they will deliver the service and drive the pace of change to ensure the contract outputs/outcomes are delivered. Contracting principles also allow and encourage innovation in the way the services are delivered.

If a provider decided they wanted to leave a particular service alone and temporarily not make any changes, they could do this if there was a very good business case for doing so.

The contracted service will only cover people who are eligible for a free service. Self payers would sit outside of the contract and this would come under a completely separate arrangement between them and EDDC. This would have nothing to do with DCC.

We are not being prescriptive as to what financial tool you would use to determine if someone should pay for a service or receive a free service. We would expect the provider to do this, possibly as part of the work by the Sheltered Housing Forum - this would then be equitable across districts/services but again, this would be for the providers to determine.

During the period of transition, it is acknowledge that some older people in sheltered housing will want to continue receiving a service, even if they have no eligible needs. These individuals will have a level of protection. However, it is expected the provider will be pro-active in consulting and communicating and negotiating with these existing individuals to try to minimise such numbers. EDDC will be able to determine how they do this. The expectation is that as time progresses, the provider will balance the number of existing and new service users”.

- 3.2 The Board, at its meeting on 3 May 2012 recommended that the ‘spot contracts’ route be agreed in principle (subject to provisos) and that officers develop a separate support contract for customers (again according to conditions).
- 3.3 We have seen that there are certain risks inherent in the ‘spot contract’ route, and provided mitigating actions where possible. Clearly these risks need to be carefully managed to minimise their potential for negative impact.
- 3.4 We have seen that there are opportunities to reduce negative impacts on customers and service delivery, for example with co-ordinated planning across teams, but some risks owe more to uncertainty as to the road ahead, and exactly what is intended within the ‘spot contract’ concept, than they do to the contracts themselves.

- 3.5 We are in an advantageous position within East Devon, in that other sheltered housing and support providers across the county are further ahead than we are along the 'spot contract' route, and we are able to learn from their experience.
- 3.6 It is recommended that the risks and impacts contained within the report be taken into consideration by the Board, in line with the minutes from its previous meeting.

---

#### Legal Implications

There are no legal implications requiring comment at this stage.

#### Financial Implications

There could be significant financial implications, some of which are indicated in the report whilst others cannot be quantified at this stage.

#### Consultation on Reports to the Cabinet

No separate consultation has been carried out on this report.

#### Background Papers

- Report to HRB 'The future of support services in East Devon' received on 3 May 2012.
- Presentation to the HRB on 3 May 2012.

---

Sue Bewes X2200  
Housing Landlord Services Manager

Housing Review Board  
21 June 2012

## DEVON TARGETED SUPPORTED FOR OLDER PEOPLE

## COMMUNITY ALARM/SUPPORT SERVICE- ELIGIBILITY CRITERIA

**Service(s) requested:**

- Community Alarm/assisted technology
- Community Alarm with Support
- Crisis

**Eligibility Criteria for Support**

Service users must meet the mandatory criteria **and** one or more of the additional criteria outlined below:

**Mandatory criteria:**

- 55 yrs or over
- Eligible for a free service (under financial assessment **to be agreed by Sheltered Housing Forum?? Cannot make this mandatory until it is clear what determines eligibility for a free service**)

**Additional Criteria:**

- Lives alone (**must also meet an additional criteria**)
- Socially isolated
- Is dependent upon someone for regular help
- Has no one to call upon for emergency help
- Is unable to get out of the house independently
- At high risk of carer network breaking down
- Not managing tenancy/housing related issues e.g. literacy problems
- Receiving help for daily living skills, e.g. shopping, cooking
- 2 or more recorded falls in past year
- Has had 2 or more unplanned Hospital admissions in past year
- Identified through Hospital discharge process as at risk of further admissions
- Has an enduring physical or sensory problem
- Has an enduring mental health problem
- Has 4 or more active medical problems
- Concerned about safety/security
- Other (specify) – this criteria must be agreed by the Service Purchaser.

## Agenda Item: 12

Housing Review Board

21 June 2012

SKB



### Update on decommissioning of council sheltered housing

#### Summary

This report reminds the Board of the process that has been adopted to decommission some of our sheltered housing, a process designed to ensure that our sheltered housing is 'fit for purpose', and provides an update on the decommissioning of properties identified within the 'Year One' plan.

#### Recommendation

**That the contents of the report be noted.**

#### a) **Reasons for Recommendation**

To update the Board, as agreed at its meeting in May 2012, as to the progress staff have made in decommissioning sheltered properties identified within the 'Year One' plan.

#### b) **Alternative Options**

Not to update the Board.

#### c) **Risk Considerations**

Board members would remain uninformed, which could have negative impact on the reputation of the Board, the Housing Service and the Council.

#### d) **Policy and Budgetary Considerations**

These have been set out in earlier reports to the Housing Review Board.

#### e) **Date for Review of Decision**

A review of the position prior to commencing with decommissioning of Year Three properties is proposed.

---

#### 1 Introduction

- 1.1 Board members will be aware that at its meeting on 25 November 2010 they considered the Sheltered Housing Task and Finish Forum (theTAFF) report on Phase 1 of the decommissioning of sheltered housing. The report reminded the Board of the process that had been adopted to decommission some of the Council's sheltered housing, a process designed to ensure that sheltered housing was 'fit for purpose'. It followed on from the report that described how the TAFF had identified



what properties should be considered for decommissioning, and set out the procedures that had been followed in order to achieve Council objectives through a decommissioning pilot project.

- 1.2 At that meeting the Board recommended that the process of decommissioning of unsuitable sheltered housing (and how to achieve this over the following five years) be approved. Within this process all properties identified for decommissioning were placed in either a 1, 3 or 5 year plan (reproduced at Annex 1) and this report provides an update on our achievement of decommissioning properties in the 'Year One' scheme lists.

## 2 Consulting with tenants of properties in the 'year one' plan

- 2.1 Following the decision that we should go ahead and allow Year One decommissioning tenants to 'opt out' of services (if they expressed a wish to do so) we visited each tenant personally and discussed with them whether they wished to 'opt out' of the support service, or to remain in receipt of it.

- 2.2 In line with the process developed by the TAFF there have been three routes to take to decommission properties. These are:

- Properties that have become **automatically decommissioned**, when the property has become void.
- Tenants who following the 'decommissioning consultation interview' decided to **stay receiving services**, therefore there is absolutely no change for them, as they are continuing to receive the support service. Once they leave the property for whatever reason the property will automatically be decommissioned. It was pointed out to such tenants exactly what is now happening on the scheme they reside on in order to ensure there is awareness of the process and that although they had taken the decision to stay in the scheme, the scheme would be eventually be decommissioned around them.
- Tenants who following the 'decommissioning consultation interview' **did request to opt out** and were therefore informed that they would be notified at what date their property would be decommissioned. These properties were not actually decommissioned until these tenants had been taken through the process and it was explained that an official date would be agreed between them for the decommissioning to take place.

- 2.3 Where a tenant has expressed the wish to 'opt out' we have given careful consideration to their circumstances to ensure they are not vulnerable or put at risk by the withdrawal of our support.

- 2.4 There have been no cases of 'back pay' to tenants who might have claimed they paid a support charge after the proposed date of 'opt out', as we have been careful not to agree dates until we are in a position to actually decommission the property. Up until that time, even though the tenant has made their decision, they have remained tenants of sheltered housing, the equipment is live and they can access help through Home Safeguard if required.

## 3 Where are we now?

- 3.1 We were slower than anticipated in starting to decommission Year One properties, for which we apologise. This was mainly due to unexpected changes within our management

team and competing priorities. However, despite the late start we have now been pushing ahead and getting the equipment removed from properties that are to be decommissioned now. We are pleased to be fully up to date with decommissioning matters for the following Schemes:

- Chapel Street, Budleigh Salterton
- Clytside, Clyst Honiton
- Cooksmead, Musbury
- Coombe Orchard, Axmouth
- Old Farm Bungalows, Sidmouth
- 34 Jerrard's Crescent, Honiton
- Glebelands, Lympstone
- Custance House, Honiton
- Elm Orchard, Axmouth
- Dog Village, Broadclyst

- 3.2 There are a few minor operational matters that we are still working on but on the whole the decommissioning plan for the above schemes is complete and we will now be decommissioning the remaining properties on these schemes as and when they become void, which will eventually lead to the entire decommissioning of these schemes.
- 3.3 What we first thought would be a fairly simple process has turned out to be one of the most complex issues we have ever tackled, throwing up lots of queries, issues and problems that we did not predict. However, it is vital we do this properly and we are learning a great deal about future decommissioning of properties and how we can ensure the best processes are put in place in the future. Following many of these lessons learnt, the Support Services Manager is now refining a procedure that will see decommissioning built into the day to day process of void properties.
- 3.4 We would like to thank the Board and staff for their continued patience and co-operation with these matters. It is envisaged we will have completed decommissioning of 'Year One' properties by the end of September 2012 and will then bring the matter back to the Sheltered Housing TAFF for their review, as requested.

---

#### Legal Implications

This is an update report and there are no legal implications identifiable at this stage that have not been referred to in previous reports.

#### Financial Implications

This report is simply updating the Board on progress made; any financial implications are unquantifiable at this stage but have been indicated in previous reports.

#### Consultation on Reports to the Cabinet

This report is for information only. Reports leading up to this one were produced in partnership with tenant members of the Sheltered Housing Task and Finish Forum.

## Background Papers

- Report to HRB 'Decommissioning of Sheltered Housing' 25 November 2010
- Various Sheltered Housing Task and Finish agenda and reports.

---

Sue Bewes X2200  
Housing Landlord Services Manager

Housing Review Board  
21 June 2012

## Sheltered schemes recommended for decommissioning and/or redevelopment

SCHEME ADDRESS	No. of Units 192 total	Programme Schedule 1 yr	Re- development	Resident replies 77 total
Chapel Street, Budleigh Salterton	20	1 yr	no	10
Clytside, Clyst Honiton	2	1 yr	no	2
Cooks Mead, Musbury- remaining properties (10, 11, 16, 17)	4	1 yr	no	3
Coombe Orchard, Axmouth	2	1 yr	no	1
Custance House, Honiton	28	1 yr	no	2
Delia Gardens, Rockbeare	10	1 yr	no	0
Dog Village, Broadclyst	3	1 yr	no	2
Elm Orchard, Axmouth	1	1 yr	no	1
Furzehill, Sidbury	10	1 yr	no	5
Glebelands, Lymptone – flats	4	1 yr	no	4
Harepath Road, Seaton	23	1 yr	no	14
Huntley Close, Axminster – flats	8	1 yr	no	6
Jerrards Crescent , Honiton - No.34	1	1 yr	no	0
Kemps Lane,Axmouth	3	1 yr	no	3
Lower Brook Meadow, Sidmouth	10	1 yr	no	4
<b>Lymebourne Park, Sidmouth:</b>				
Area 1 – Bedsits	16	1 yr	no	5
Millmoor Vale, Newton Poppleford - Nos. 1&15	2	1 yr	no	2
Northfields, Musbury – houses	4	1 yr	no	3
Old Farm Bungalows, Sidmouth	4	1 yr	no	2
Ridgeway Court, Axminster	24	1 yr	no	7
St Andrews Drive, Axminster	1	1 yr	no	1
Scotchmead, Aylesbeare	4	1 yr	possible	0

The Crescent, Kilmington	3	1 yr	no	0
York Street, Sidmouth	5	1yr	no	2

## Annex 1

<b>SCHEME ADDRESS</b>	<b>No. of Units 279 total</b>	<b>Programme Schedule 3 yr</b>	<b>Re-development</b>	<b>Resident replies</b>
Arcot Park, Sidmouth	16	3 yr	No	8
Brookfield Road, East Budleigh - 4 bungalows on the hill	4	3 yr	No	4
Capel Lane, Exmouth	6	3 yr	No	3
Country House, Sidford	14	3 yr	No	6
Glebe Close, Upton Pyne, Exeter - 1 bed bungalows	15	3 yr	No	8
Lawrence Close, Broadhembury	8	3 yr	No	7
Links Close & Parkway, Exmouth	9	3 yr	No	1
Liverton Close, Exmouth	22	3 yr	No	11
<b>Lymebourne Park, Sidmouth:</b>				
Area 3 - Lymebourne House	6	3 yr	No	3
Manor Close, Seaton	16	3 yr	No	6
Midway, Exmouth	8	3 yr	No	6
Millwey Avenue, Axminster - Nos. 39-54	14	3 yr	No	9
Mountain Close, Exmouth	3	3 yr	No	0
Orchard Court Whimple	4	3 yr	No	0
Poplar Mount, Axminster	18	3 yr	No	17
Powell Close, Seaton	20	3 yr	No	9
Roseway, Exmouth	5	3 yr	No	4
Salterton Road	4	3 yr	No	0
Stooks Close, Brampford Speke	15	3 yr	No	8
Tucker Court, Honiton	16	3 yr	No	9
Village Close, Exmouth - flats only	10	3 yr	No	4
Westcott Way, Honiton - first floor	15	3 yr	No	6
Whitton Court, Sidmouth	10	3 yr	No	6
Yonder Close Ottery St Mary	21 Including scheme managers property No 22	3 yr	No	2

<b>SCHEME ADDRESS</b>	<b>No. of Units 29 total</b>	<b>Programme Schedule 5 yr</b>	<b>Re-development</b>	<b>Resident replies</b>
Albion Court, Exmouth	23	5 yr	no	17
Orchard Close, Talatou	6	5 yr	no	0

**Sheltered schemes to consider for possible redevelopment.**

<b>SCHEME ADDRESS</b>	<b>No. of Units 89</b>	<b>Programme Schedule</b>	<b>Re-development</b>	<b>Resident replies</b>
Churchill Court, Lypstone	25	5yr	yes	n/a
Forton Road, Exmouth	11	5 yr	yes	n/a
Halsdon Avenue, Exmouth	22	5 yr	yes	n/a
Area 4- Lymebourne bungalows	4	5 yr	yes	n/a
Mudbank Lane, Exmouth	6	5 yr	yes	n/a
Orchard Way, Honiton	17	5 yr	yes	n/a
Scotchmead, Aylesbeare	4	5 yr	yes	n/a

## Agenda Item: 13

Housing Review Board

21 June 2012

SKB



Response to Tenant Scrutiny Panel recommendations following the review of Housing community centres.

### Summary

This report contains at Annex 1 our suggested response to the recommendations made by the Tenant Scrutiny Panel in its review of Housing community centres. The first Tenant Scrutiny Panel report was well researched and presented. Careful consideration has been given to the recommendations and this report outlines a positive response to the findings.

### Recommendation

**That the series of actions contained in Annex 1 be agreed by the Board as the response to the Tenant Scrutiny Panel review of community centres.**

#### a) Reasons for Recommendation

To improve the facilities we offer local communities, to encourage their use in line with our ambitions for social inclusion and provide an additional source of income for the Housing Revenue Account.

#### b) Alternative Options

Not to improve community centres or act upon their potential as community hubs and meeting places.

#### c) Risk Considerations

Failure to recognise and act upon opportunities to build cohesive communities could lead to criticism and damage to the authority's reputation.

Loss of an income generating opportunity.

Health & Safety issues being overlooked.

Failure to recognise the value of tenant scrutiny if a negative response is given to the report.

#### d) Policy and Budgetary Considerations

The contents of this report are consistent with corporate policy. The costs that would be associated with the new post have not been included in the 2012/13 Housing Revenue Account budget. We have a budget of £42,500 specifically for community centres which will cover some of the costs associated with this report. There is an expectation that income will increase through more use of the community centres but this has not been quantified.



## e) Date for Review of Decision

One year.

---

### 1 Introduction

- 1.1 The Housing Review Board at its meeting on 8 March 2012 received a paper entitled 'Use of Community Centres' including the 'Scrutinising Community Centres' report as part of the review carried out by the Tenant Scrutiny Panel (TSP).
- 1.2 The TSP concluded that if brought up to a higher standard, advertised more effectively and made easy to book, community centres would be used more regularly, thus increasing revenue. Eventually they could become cost neutral or even generate a trading surplus.
- 1.3 The Portfolio Holder for Sustainable Homes and Communities suggested that officers would work through the TSP report and that she would also have a Think Tank on the topic. The findings of these two groups could then be brought back to the Housing Review Board.
- 1.4 The Board then recommended that the officers and Councillors review the Tenant Scrutiny Panel report on scrutinising community centres and that a further report is brought back to a future meeting of the Housing Review Board, with the Chairman of the TSP invited to attend and discuss.

### 2 The Portfolio Holder's Think Tank

- 2.1 As recommended, the Portfolio Holder for Sustainable Homes and Communities held a Think Tank on 16 April 2012 to deliberate on the TSP findings. After full discussion of the issues it concluded that it was largely in agreement with the Panel's suggestions and that officers should work up a positive series of actions in response.
- 2.2 These suggested actions are detailed in **Annex 1**.

### 3 What we will do to make the recommendations from the review a reality

- 3.1 Our aim has been very much to take more than just a 'can do' approach to delivering these recommendations, and to take as our starting point 'how can we make this happen' for each and every action. We see community centres as an important resource in our quest to support independent living and confidence in individuals, in enhancing life skills, advancing community cohesion and social inclusion. They are central to operational activities across our landlord services teams, and as such it makes perfect sense to make sure they are being well looked after and functioning to their optimum potential.
- 3.2 There were some areas prior to the review where we had already satisfied the requirements of the TSP, notably in the area of Health & Safety inspections which were being undertaken for us by the Council's Health & Safety Officer, with more frequent checks being the responsibility of operational staff, as well as Fire Risk Assessments. Even so, The TSP report has helped us focus our attention on recording these checks all in one place so prospective auditors can see at a glance what we are doing to reduce risks in this area.

- 3.3 The process of the review itself, by interviewing managers and challenging long term practices, has also helped focus our attention on what were gradually emerging as our shortcomings, so we have been able to make some progress already in many areas. Such is the case with the processes for booking community centres and for identifying costs and income for each venue.
- 3.4 We do not have a dedicated resource specialising in or focusing on community centres, instead a variety of officers are involved. To be more proactive and take more initiative on promoting greater use of community centres scrutiny has helped us realise that we need sufficient capacity to devote to the task of managing the centres.
- 3.5 As part of our response we intend to recruit a full time fixed term Community Development Worker to work within the Tenants and Communities section of Landlord Services. After six months the position will be reviewed, and the post made permanent, if appropriate. We are approaching the TSP recommendation in this way as the initial activities required for the set up proposals require very strong administrative capabilities, and the eventual role more of a community development bias. Therefore, it may be that the two roles are not fulfilled by the same person.
- 3.6 To give an idea of timescales, I am proposing that all P1 recommendations be achieved within 6 months of the fixed term Community Development Worker post being filled.

#### **4 Conclusions**

- 4.1 I can confidently say that this has been a useful exercise for Landlord Services operationally. In helping us to focus on what is important for customers it is helping ensure what we deliver is the best it can be, and what customers actually want to see.
- 4.2 I am pleased that the TSP chose one of my areas of responsibility as the subject for their inaugural review as it has proved most useful, and hope we have managed to remain objective and not too defensive in the face of their constructive criticism, which I am confident has been well intended.
- 4.3 Most importantly I hope the TSP will consider that the 'what we will do' actions will bring about the advancements they believe are necessary to encourage optimum use of community centres and a cost neutral, if not cost positive future for these important facilities.

---

#### Legal Implications

There are no legal implications requiring comment.

#### Financial Implications

There is no budget in 2012/13 for a new post so the cost would have to be met from the HRA balance. Any increase in income that can be achieved will obviously offset the cost.

#### Consultation on Reports to the Cabinet

The Scrutiny Panel's review of community centres, to which this paper responds, was itself carried out by service users and with widespread consultation of service users as its central method.

## Background Papers

- Scrutiny Panel report “Scrutinising Community Centres” that was received by the Board on 8 March 2012.
- Minutes of Housing Review Board meeting held on 8 March 2012.

---

Sue Bewes X2200  
Housing Landlord Services Manager

Housing Review Board  
21 June 2012

<b>RECOMMENDATION ONE</b>				
<b>Make fire risk and health and safety assessments a matter of urgency<sup>1</sup></b>				
<b>Further recommendations</b>	<b>What we will do</b>	<b>P 1</b>	<b>P 2</b>	<b>Pr 3</b>
<b>1.1</b> Make this the specific responsibility of one officer (see recommendation two) and ensure all legal responsibilities are met/files kept up to date	Recruit a Community Development Worker (CDW) with strong admin skills on a fixed term 6 month contract, to co-ordinate & oversee development and running of community centres. This post will be re-advertised as a permanent CDW post after this time, and will retain responsibility for co-ordination of community centres, along with achievement of our further aspirations in the community.			
<b>1.2</b> Invite the fire service to inspect community centres, recommend maximum numbers and highlight any other factors required	We will approach the fire service to inspect with our Housing Asset & Business Development Officer when he undertakes the fire safety inspections, which will take place during the current financial year (2012/13). After initial assessment, annual review will be undertaken by the Tenants & Communities team.			
<b>1.3</b> Assess each community centre for equality of access and develop a prioritised plan to address needs	CDW to assess with technical advice from the Property & Asset team, developing a prioritised plan accordingly.			
<b>1.4</b> Assess each community centre for health & safety/health & hygiene risks and produce a plan to address	Annual Health & Safety Risk Assessments to be completed for each centre (already in place for Millwey Community Centre, Axminster) by the Housing Support Services Manager. Daily and weekly checks are carried out by MSOs, with annual review of			

<sup>1</sup> We are pleased to note the report to the Housing Review Board on 12<sup>th</sup> January 2012 regarding fire risk assessment of blocks of flats and recommend this includes community centres

	records by Senior MSO. We will continue to work closely with the Council's Health & Safety Advisor to ensure risks are minimised as far as possible.			
1.5 Develop and instigate a plan for energy audits in line with any legal/ regulatory requirements or good practice guidance	Engage an energy assessment professional to undertake energy audits of all community centres.			

## RECOMMENDATION TWO

Appoint an officer to oversee the Community Centres to include:

- Oversee the Community Centres
- Perform fire risk and other health & safety assessments according to legislation
- Administer bookings,
- Keep notice boards up to date,
- Set up e booking system via website and maintain up to date web site,
- Carry out weekly inspection,
- Inspections after bookings,
- Check equipment etc,
- Publicity,
- Organise repairs,
- Arranging cleaning to centres

Further recommendations	What we will do	P 1	P 2	P 3
2.1 Introduce centralised booking system via one telephone number (direct to officer's mobile) to make it easy for people to use	CDW to organise and co-ordinate a centralised booking system.			
2.2 Keep notice boards up to date and visual (i.e. windows or external notice board). To include all legally-required notices such as evacuation procedures	CDW to ensure the essential notices are displayed, and ensure MSOs (alongside social clubs) keep boards in good order, & out of date information is removed.			
2.3 Provide white board/pens as solution to instant information i.e. list of events; can be used for training	CDW to make necessary arrangements & distribute to community centres, ensuring stocks are maintained.			
2.4 Promote inter-community centre events to increase take up	CDW to co-ordinate an annual event to bring social clubs together & MSOs encourage			

	involvement of social clubs.			
<b>2.5</b> Complete regular booking schedules in advance (up to a year)	CDW to work with Support Services Manager to complete the user audit that is currently underway.			
<b>2.6</b> Book cleaning schedules in advance as regular booking	Tenants & Communities Manager to include this in review of communal cleaning arrangements that is already underway. It is essential we do not lose bookings due to inconvenient cleaning times.			
<b>2.7</b> Simplify booking process, making it customer friendly, to include: <ul style="list-style-type: none"> <li>• Booking form (first come first served)</li> <li>• What is available to the hirer i.e. crockery</li> <li>• Acceptable Hirer Standard i.e. clean up after event</li> <li>• Key code (refundable deposit required)</li> <li>• Cancellation policy</li> </ul>	CDW to test arrangements recently put in place to streamline the booking process. Suggest comparison with Leisure East Devon's process for booking the Exmouth Pavilion which proved very straightforward for the Tenant Conference last year.			
<b>2.8</b> Complete user audit/review the role of social committees and their remit	CDW to approach social clubs to see if they would be prepared to get involved a review. Social clubs are independent of the council and are not supported or funded by us.			
<b>2.9</b> Draw up simple risk assessment form for each booking	CDW to design risk assessment form as part of booking process.			
<b>2.10</b> Organise cleaning or replacement of laundry/towels/tea towels/washing up cloths	Tenants & Communities Manager to include this as part of the communal cleaning review that is underway. Suggest it could be possible to include this within current arrangements for council offices. It is essential to proceed carefully & talk to the right tenants locally, as this is a sensitive area for some who currently provide this service.			

## RECOMMENDATION THREE

### Promote and make better use of community centres

Further recommendations	What we will do	P 1	P 2	P 3
<b>3.1</b> Survey local community to establish what activities they'd like in their community centres	This is an important piece of work that we would prefer be categorised as P3, to be undertaken by the CDW once all processes and procedures are in place so that we might more professionally deal with feedback received. Suggest holding a re-launch event at each community centre e.g. tea dance where young people serve tea!			
<b>3.2</b> Promote community centres as useful meeting point for tenants/community	CDW to undertake full promotion of community centres.			
<b>3.3</b> Promote community centres via new tenants welcome pack	CDW to use welcome packs to promote community centres more fully.			
<b>3.4</b> Mix young and older residents for example young people teaching computer skills/older residents teaching cooking skills	CDW to work with staff & residents on possible inter-generational projects, including rolling out those we already run such as Silver Surfers & sessions run from Heathpark community flat.			
<b>3.5</b> Complete the review of publicity to include opportunities for promoting community centres locally	Suggest this be moved to P3 so that CDW's new processes will be in place to ensure new users who come forward will be dealt with efficiently & their customer experience will be a positive one.			

## RECOMMENDATION FOUR

Inspect and survey all community centres to establish a 3-5 year work plan (on-going maintenance programme) and inspect/update equipment/furniture

Further recommendations	What we will do	P 1	P 2	P 3
4.1 Assess fire risk assessments/disabled access and take any appropriate actions	See 1.2 and 1.3 for arrangements to ensure this action is achieved.			
4.2 All equipment and furniture to automatically become the property of the council as soon as it is in the community centre	CDW to work with Support Services Manager to develop a process that ensures all furnishings & equipment become the property of the council, including discussions with social club at Broadview, Broadclyst about the possibility of making a donation to their club in return for ownership of all they have purchased. Work with Tenants & Communities Manager to offer support to social club and MSO to encourage local involvement here. Produce a standard of the equipment every community centre will be provided with.			
4.3 Develop a forward plan to upgrade and refurbish community centres (example – proposed Park Close, Woodbury extension); modernise decoration	All centres have been upgraded in terms of toilet facilities for the disabled, cookers, blinds and furniture. 2012/13 budgets contain provision of £42,500 for community centres, which can be used for regular maintenance of community centres or towards replacement of the Millwey Community Centre.			
4.4 Equipment to be standardised i.e. all white crockery (bulk purchase cost savings)	CDW will arrange for replacement crockery to be uniform, as it becomes necessary through wear and tear.			



## RECOMMENDATION FIVE

### Develop community centres' self sufficiency

Further recommendations	What we will do	P 1	P 2	P 3
5.1 Identify cost of running each community centre	Cost centres have been set up in readiness for CDW to monitor income & expenditure of each community centre in future. We started using these in April 2012.			
5.2 Create centralised ring-fenced pot for community centres use only	Already in place.			
5.3 Review charges to ensure these are appropriate	CDW to undertake review of prices to ensure they remain competitive as well as providing useful income. While extra income is welcomed, our main objective with these facilities is to encourage social inclusion and support more vulnerable clients back into the community. Again this is better placed as P3 so we are comfortable putting prices up as we become confident all centres & processes are running smoothly.			
5.4 Charge private individuals/companies for advertising in community centres	We have introduced a 'tenant recommendations' scheme so that tenants can advertise services they use. CDW will introduce a system for charging for this.			

## Agenda Item: 14

Housing Review Board

21 June 2012

DB/JG



### Landlord Disabled Adaptations Policy

#### Summary

This report sets out the options for charging for major adaptations required by tenants to enable them to continue to live independently. Members considered a detailed report at their meeting in March 2011 and adopted a revised Landlord Disabled Adaptations Policy and asked officers to submit a report to a future meeting on whether or not to introduce charges for adaptations.

#### Recommendation

**Agree not to introduce charging for adaptations to tenants homes.**

#### a) Reasons for Recommendation

A small minority of tenants could be eligible to contribute to the cost of an adaptation in their home depending on the financial criteria adopted, but the opportunity to recover costs is minimal and would not provide value for money.

#### b) Alternative Options

To charge for adaptations and to recover appropriate contributions from tenants but the cost of doing so would outweigh the benefits.

#### c) Risk Considerations

None.

#### d) Policy and Budgetary Considerations

This is covered in the report.

#### e) Date for Review of Decision

An annual performance report will be submitted to the Board.

---

#### 1 Introduction

- 1.1 A report was presented to the Housing Review Board on 3 March 2011 and a revised Landlord Disabled Adaptation Policy was approved.

- 1.2 The Housing Needs and Strategy Manager consulted widely with tenants prior to adoption of the policy.
- 1.3 Members agreed that the implementation of charging for adaptation work be deferred until the annual review of the policy in April 2012.
- 2 Key features of the adopted policy
  - 2.1 Adaptations for children and young people up to 19 years and in full time education will not be charged.
  - 2.2 Definition of minor adaptation – no structural alterations and not exceeding £1,000.
  - 2.3 Definition of major adaptation – extensive structural alterations and cost between £1,000 - £30,000.
  - 2.4 We will not provide funding for adaptations over £30,000.
  - 2.5 We will not give permission for any major adaptation where the tenant is under occupying their home.
  - 2.6 Minor adaptations below £250 will not require an OT assessment. Any request from a tenant for a minor adaptation is processed by the Repairs team and a works order raised for work to be undertaken.
  - 2.7 Minor adaptations between £250 and £1000 will require the Technical Officer (adaptations) to decide whether to refer to OT or to proceed with works.
  - 2.8 All major adaptations will require a referral for an OT assessment.
  - 2.9 We will not carry out major adaptations where:
    - Tenant is under occupying or over occupying their home.
    - On the transfer list; or
    - A Right to Buy application has been put in.
  - 2.10 We will not carry out adaptations to the outside of a property for a mobility scooter or mobility aid.
  - 2.11 We will not adapt family housing or flats above ground floor.
  - 2.12 Members asked that Officers adopt a flexible approach to applying the Policy. In the case of family housing for instance, we have completed major adaptations to family housing where the property is not being under occupied e.g. three bedroom house requiring stairlift and level access shower because a member of household requires the adaptation recommended by the OT. There is no suitable accommodation available as an alternative.

- 2.13 A number of tenants who are under occupying their home have declined the offer of suitable alternative accommodation and no adaptation has been provided in their existing home.
- 2.14 A total of six tenants have accepted that they must move to more suitable accommodation, but at this stage none have actually moved. They have indicated they are not interested in moving and five of these households have not registered with Devon Home Choice.
- 2.15 During last year two adaptations have required funding of £30,000 and Adult Social Care has provided any additional funding required.
- 2.16 There has been a marked change in approach by the OT service over the course of the year. The OT's have changed their approach now they have a clearer understanding of our policy. To a degree this is helping reduce the number of requests for adaptations.
- 2.17 Over the course of the year we have reduced the backlog of adaptations and we are almost up to date. It is anticipated that during 2012/13 there will be a reduced demand for adaptations.
- 2.18 The appointment of the Housing Allocation Assistant in the next few months will help to support tenants who need to move to alternative suitable accommodation.

### 3 Charging - Issues to consider

- 3.1 The proposal contained in the policy has not been introduced and the evidence available suggested that the administration of a charging policy could potentially cost more than the amount recovered. Below is an analysis of the numbers and costs of adaptations between February 2011 and February 2012.

Value	Number	Total Cost
Under £250	75	£6,368.59
£250 - £1000	37	£4,061.16
Over £1000	121	£342,388.46
Total	233	£352,818.21

- 3.2 Currently it is proposed that no tenant in receipt of Housing Benefit or Welfare Benefits such as DLA or Incapacity Benefit will be expected to make any contribution to costs.
- 3.3 If the charging policy was to be applied to all adaptations undertaken, 233 tenants would be subjected to an assessment of their financial circumstances and a decision made about their ability to contribute towards or pay fully the cost of the adaptation.

- 3.4 The Policy does not make it clear if charges are proposed for all adaptations or just for major adaptations. Disabled Facilities Grants (DFG) administered by the Private Sector Housing team are not available for adaptations under £1,000.
- 3.5 With regard to introducing charges, a review of the financial situation of the tenants who had adaptations costing over £250 during Feb 2011-Feb 2012 found that 26 out of 158 tenants were not in receipt of qualifying pass portable benefits. Only 18 of the 121 major adaptations (over £1,000) were provided to tenants not in receipt of Benefits, although no analysis has been done on whether these tenants are in receipt of DLA or incapacity benefit.
- 3.6 To be consistent across the Council we should be in line with DFG assessments – so we should:
- Assess the financial situation of the person requiring the adaptation (this is not necessarily the tenant) and their partner.
  - Not charge if in receipt of Guarantee Credit part of Pension Credit, Income Support, income-related Employment and Support Allowance, income-based Jobseekers Allowance, Housing Benefit, Council Tax Benefit or Working Tax Credit or Child Tax Credit.
- 3.7 The Policy approved by Members in March 2011 proposed the following charging method.

<b>Income</b>		<b>Savings</b>	
£20,000 – £25,000	Minimum of 10%	£16,000– £20,000	Minimum of 10%
Above £25,000	Pay 100%	Above £20,000	Pay 100%

- 3.8 This is different to the DFG assessments where certain disability benefits and savings below £6,000 are ignored. For savings above the limit an assumed weekly tariff income will be taken into account. This is set against an assessment of basic needs. If the disabled person's resources are less than this assessment they will not normally be expected to contribute to the costs of the works. If the resources are more than the allowances they may only get a part of the grant or none at all.
- 3.9 It is relatively easy to check with the Rental Section as to whether the tenant is in receipt of one of the passport-able benefits and there would be no reason to assess these individuals. This would leave a relatively small number to be assessed and this could be done using the DFG FERRET system, but this is quite onerous and a member of staff would need to be trained to carry out the assessment. We may also need to buy a licence to use the software – we have one licence which can be used by any member of staff but only one person at a time – the cost of a further licence would be £190 + VAT.
- 3.10 From the adaptations undertaken during February 2011 and February 2012 we may have recouped the amounts below. This would very much depend on the income

and savings of the tenants involved and whether or not we would apply the same criteria to income and savings used by DFG. However, we must remember that in some cases the adaptation provided may not be for the tenant.

Type of adaptation	Number not on benefits	Full cost of these adaptations	10% of adaptation costs
Minor but above £250	8	£4,717.69	£471.77
Major	18	£51,396.62	£5,139.66
<b>Total</b>	<b>26</b>	<b>£56,114.31</b>	<b>£5,611.43</b>

- 3.11 Therefore applying similar criteria to DFG's and applying the proposed charging policy there would be a maximum of 18 tenants who would be eligible to pay a contribution towards the cost or the full cost of their adaptation.
- 3.12 The cost of administering the charging policy including the financial assessment of around 120-150 tenants annually could be £15-20,000 per year. This could be in excess of the income we hope to recover, depending on the numbers of tenants on benefits and the number who may end up paying the full cost of the adaptation.
- 3.13 It is therefore recommended that we do not introduce a charging policy for our adaptations. A review of this decision should be carried out by April 2014.

#### 4 Conclusions

- 4.1 The introduction of a revised landlord adaptation policy has been running for 12 months. The backlog has been eliminated; we have spent less on adaptations in 2011/12 than in previous years; and only six tenants have been denied an adaptation because they are under occupying a family home. The cost of introducing a charging policy may outweigh the amount we recover from eligible tenants. It is therefore recommended that no charge be made for the adaptations provided to tenants to enable them to live independently.

#### Legal Implications

There are no legal implications requiring comment. When using the policy officers should be aware of Council's duties under the Equalities Act 2010 and discretionary powers.

#### Financial Implications

The financial implications are included in the report.

#### Consultation on Reports to the Executive

None.

#### Background Papers

- Housing Review Board report dated 3 March 2011.

## Agenda Item: 15

Housing Review Board

21 June 2012

EC/JG



### East Devon's Tenancy Strategy and Tenancy Policy

#### Summary

The Localism Act 2011 creates a statutory requirement for all local authorities to develop a tenancy strategy by January 2013, and the revised regulatory standards framework has an expectation that all housing providers will develop a tenancy policy.

As a Local Authority that still has housing stock we therefore need to develop both a tenancy strategy and a tenancy policy. The Government has made some radical changes to social tenancies by the introduction of flexible tenancies and affordable rents and we need to state our position on these policy changes.

The tenancy strategy sets out our approach to tenancy issues and reflects the housing needs and priorities for the district. Registered housing providers with stock within the district should take note of this strategy with regard to the management and development of their properties.

The tenancy policy sets out the types of tenancy that we as a landlord will use, in what circumstances, and other aspects of managing our tenancies.

The Board received an initial paper on the need to have a tenancy strategy and tenancy policy at your meeting on 1 December 2011.

#### Recommendations:

- a. To confirm EDDC's position on affordability as set out in Section 2.5.1 of this report.
- b. To confirm that EDDC will only consider charging affordable rent (80% of market rent) (or in some cases intermediate rent) on Council new build schemes or acquisitions.
- c. To agree to the introduction of a flexible tenancy as in the circumstances outlined in Section 3.7 – to come into effect on 1 April 2013.
- d. To agree to the change to succession rights as outlined in Section 3.8 – to come into effect on 1 April 2013.
- e. To adopt the Tenancy Strategy (Annex 1) and Tenancy Policy (Annex 2).

**a) Reasons for Recommendation**

We are required by legislation to have a Tenancy Strategy in place by 14 January 2013. As a landlord of social housing the regulatory standards have an expectation that we have a Tenancy Policy in place.

**b) Alternative Options**

Not to comply with the requirements of the Localism Act and regulatory framework.

**c) Risk Considerations**

Registered Providers should pay regard to the Tenancy Strategy, but we have no means to enforce any conditions.

The use of flexible tenancies may mean that some people are given less security of tenure than they may require/wish for.

The decision not to renew a flexible tenancy may cause hardship in some cases.

**d) Policy and Budgetary Considerations**

There may be staffing resource implications linked with the monitoring of flexible and demoted tenancies.

**e) Date for Review of Decision**

Prior to implementation on 1 April 2013.

---

1. Introduction

1.1 As a Local Authority which has retained its housing stock it is necessary for us to have in place both a tenancy strategy and a tenancy policy. It is important to understand the distinction between the two documents.

1.2 We need a tenancy strategy as it is a statutory requirement under the Localism Act 2011 that all Local Authorities prepare and publish such a strategy setting out the matters to which the registered housing providers for its district should have regard to when creating tenancies. Registered housing providers with stock within the district should take note of this strategy with regard to the management and development of their properties.

1.3 The Localism Act does not place a statutory obligation on housing providers in relation to tenancy policies but the regulatory standards framework has an expectation that housing providers will develop such a policy.

1.4 Because we are a landlord of social housing we therefore also need a tenancy policy which should set out the type of tenancies that we use, the circumstances in which they will be used and other aspects of managing our tenancies.

1.5 The changes allow greater freedom to grant different types of tenancy in different situations, allowing for the introduction of flexible tenancies (for a fixed length of time).

1.6 At the meeting on 1 December 2011 the Housing Review Board was briefed about the need to put in place a tenancy strategy and tenancy policy. It was



suggested that the Council support the use of Local Housing Allowance as a standard definition of affordability. The possible use of flexible tenancies for certain groups of tenants was discussed, and the use of a financial limit the same as that for Devon Home Choice was suggested.

## 2. The Tenancy Strategy

2.1 Our proposed draft tenancy strategy is attached as **Annex 1**.

2.2 With other local authorities in the County we developed a Framework for Local Tenancy Strategies in Devon (the Framework) and have drawn up a shared action plan. This will allow all local authorities in Devon to coordinate their policies and practices to ensure lettings meet local housing need.

2.3 Our proposed tenancy strategy follows the structure of the framework document, and sets out our approach to tenancy issues.

2.4 It sets out the parameters that Registered Providers of social housing working in the district should have regard to.

2.5 The Tenancy Strategy explains what we expect with regard to affordability, length and type of tenancies, reviews and assistance at the end of a tenancy, disposal and conversion of stock, mobility, transfers, downsizing and under occupation, choice based lettings, vulnerable groups, and properties with adaptations. Key points around some of these issues are highlighted below:

2.5.1 **Affordability** – our preferred baseline is that rents should be set at the level of social rent. We recognise that Registered Providers may wish/need to charge affordable rents (up to 80% of market rent) but we would expect these not to exceed Local Housing Allowance levels. The Housing Review Board is asked to confirm this position.

2.5.2 **Length of tenancy** – where fixed term tenancies are offered we expect that these will be for a minimum of five years, except in exceptional circumstances.

2.5.3 **Type of tenancy** – we expect the type of tenancy offered to maximise the suitability and sustainability of the tenancy and set out the criteria which should be taken into account, including the need to make good use of existing stock and safeguard the security of current tenants.

2.5.4 **Tenancy reviews** – Registered Providers must set out in advance their criteria for not renewing a tenancy and these should be limited to issues to do with size of the property, household income, whether adaptations are no longer required, significant rent arrears, and properties due for redevelopment, disposal or demolition.

2.5.5 **Disposal of stock** – we will not support the conversion to affordable rents, or the disposal of, the following types of houses, without a very strong business case: larger homes; properties suitable for

downsizing; rural homes; supported or specialist house; properties with extensive adaptations.

2.5.6 **Downsizing** – we expect Registered Providers to offer financial incentives and support to help tenants to downsize.

2.5.7 **Vulnerable groups** – we expect Registered Providers to have regard of the specific needs of vulnerable groups when deciding on the type of tenancy to be allocated.

2.6 We have sent a copy of this draft tenancy strategy to all Registered Providers who we know to be operating within the district.

2.7 We have also consulted with several of our tenant groups including the Tenant Representative Group and the Housing Needs Review Group.

2.8 The Tenancy Strategy must be in place by 14 January 2013.

3. The Tenancy Policy

3.1 Our proposed draft Tenancy Policy is attached as **Annex 2**.

3.2 It sets out how we will ensure the right type of tenancy is allocated to each tenant (Systems Thinking purpose – to match the right people with the right home), how we will address issues of under occupation of properties and how we will provide family or adapted properties where these are required. It also sets out the circumstances in which we will charge affordable rents.

3.3 We will use the definition of affordability as set out in our Tenancy Strategy (see 2.5.1 above).

3.4 We will only consider charging affordable rent (80% of market rent) (or in some cases intermediate rent) for Council new build schemes or acquisitions. We will not charge affordable rent on the re-letting of existing Council housing stock (stock built before April 2012). The Housing Review Board is asked to confirm this position.

3.5 The Tenancy Policy includes sections on the following areas: tenancy types and conditions; tenancy agreements; sustaining our tenancies; tackling tenancy fraud; ending the tenancy; succeeding to a tenancy; tackling under occupation; adapted properties; transfers; and mutual exchanges.

3.6 Tenancy types and conditions:

3.6.1.1 The Policy outlines the four types of tenancy agreement which we already use – introductory tenancy; secure tenancy; demoted tenancy and non secure tenancy.

3.6.1.2 The Housing Review Board is now asked to agree to the introduction of flexible tenancies (see below).

## 3.7

### Flexible tenancies:

#### 3.7.1 *Who will be given flexible tenancies?*

From an agreed date, in most circumstances tenants going into general needs properties will be given flexible tenancies (after the initial introductory tenancy) as it is felt possible that their circumstances may change during the course of the tenancy (for exceptions see clause 3.3.5 of the draft policy).

Tenants going into sheltered accommodation (accommodation which we deem suitable for persons over 60 yrs of age or with a disability) will still be given a secure tenancy as it is felt less likely that their circumstances will change over time.

#### 3.7.2 *How long will these be for?*

The length and terms of the flexible tenancy will be explained to all tenants before they take on the introductory tenancy. In almost all cases they will be for five years. If a tenant's (or their family's) circumstances have not changed during the fixed term, the tenancy can be reissued for another fixed term.

#### 3.7.3 *What happens at the end of the flexible tenancy period?*

We will renew the flexible term tenancy unless:

- The property has become larger than the tenant and their current family require.
- The property has become overcrowded.
- The income of the household has risen to above the income limit as set out in the Devon Home Choice Policy.
- The property has adaptations which are no longer required by the current tenant or a member of their family.
- The rent account is in arrears at the time of the review or has been in arrears for at least six out of the last twelve months. Exceptions can be made for tenants getting assistance with their rent from Housing Benefits, those who we consider to have only minor rent arrears, or those who have made an agreement to pay by instalments and have kept to this agreement.
- There has been a breach of tenancy conditions and a notice seeking possession has been served.
- We intend to demolish, redevelop or dispose of the property within the next five years. In these situations we will consider offering a short term tenancy of the property or suitable alternative accommodation.

#### 3.7.4 *What about the rights of a flexible tenant?*

Tenants still have the Right to Buy their property, but they do not have the right to make, or be compensated for, any improvements. They have the same rights of succession as secure tenants, and are subject to the same grounds for possession.

#### 3.7.5 It is proposed that the use of flexible tenancies commences from 1 April 2013). A new flexible tenancy agreement will need to be drafted.

- 3.8 Succeeding to a tenancy: The draft tenancy policy proposes changes to the rules on succession.
- 3.8.1 Currently the following people can succeed to the tenancy, if they have been living in the property as their principal home:
- a. the tenant's spouse or civil partner
  - b. another member of the tenant's family that has lived with the tenant throughout the period of twelve months ending with the tenant's death.
- 3.8.2 The Localism Act has changed the legislation regarding succession. For tenancies that start after April 2012 (or later as agreed by the Local Authority) only a spouse, civil partner or cohabitee can succeed to a tenancy. The legislation does give Local Authorities the power to grant additional succession rights, but it is recommended that the Housing Review Board does not choose to do this. The draft policy therefore limits succession for new tenants to just spouse, civil partner or cohabitee, and the Board are asked to approve this.
- 3.8.3 It is proposed that the change to succession rights comes into place from 1 April 2013. The rights of tenants with tenancy agreements which started prior to this being introduced will not be changed.
- 3.9 With the introduction of flexible tenancies it will be very important for staff to monitor key deadlines:
- 3.9.1 Where a flexible tenancy is not being renewed we will need to give six months notice that the fixed term is coming to an end and a formal notice seeking possession must be served at least two months prior to the end date. If we do not do this the tenancy will become secure.
- 3.9.2 Where a flexible tenancy is demoted and the demotion period completed successfully, the tenancy will become a secure tenancy at the end of the demotion period unless we serve a notice on the tenant prior to the end of the demotion period informing them that the tenancy is to be a flexible one and specifying the length of the fixed term.
- 3.10 The Localism Act has also brought in changes to the rules regarding mutual exchanges to protect the security of tenure for existing tenants.
- 3.11 Consultation: We have undertaken consultation on the draft tenancy policy with some of our service review groups and the Tenant Representative Group. Once approved by the Housing Review Board the draft tenancy policy will be loaded onto the Devon Home Choice to allow local residents the chance to comment. Any comments that challenge our suggested approach will be reported to the Housing Review Board.
- 4 Recommendations
- 4.1 To confirm EDDC's position on affordability as set out in Section 2.5.1 of this report.
- 4.2 To confirm that EDDC will only consider charging affordable rent (80% of market rent) (or in some cases intermediate rent) on Council new build schemes or acquisitions.

- 4.3 To agree to the introduction of a flexible tenancy as outlined in Section 3.7 – to come into effect on 1 April 2013.
  - 4.4 To agree to the change to succession rights as outlined in Section 3.8 – to come into effect on 1 April 2013.
  - 4.5 To adopt the Tenancy Strategy (Annex 1) and Tenancy Policy (Annex 2).
- 

#### Legal Implications

The legal implications are contained within the report.

#### Financial Implications

Any financial implications have been indicated in the report.

#### Consultation on Reports to the Executive

Consultation has taken place with Registered providers and a number of tenant groups.

#### Background Papers

- The practical implications of tenure reform by the Chartered Institute of Housing.
- Housing and the Localism Act by the National Homelessness Advice Service.
- The Coalition Government approach to Housing Law and Policy: The Localism Bill – Arden Chambers.
- A Framework for Local Tenancy Strategies in Devon, December 2011.

---

Emma Charlton  
Housing Projects Officer

Housing Review Board  
21 June 202

## **TENANCY STRATEGY FOR EAST DEVON DISTRICT COUNCIL**

### **The Devon perspective**

As a Local Housing Authority operating in Devon we have agreed to work within the Framework for Local Tenancy Strategies in Devon (the Framework), and to establish and implement a shared action plan. The Framework has been approved by the Devon Strategic Housing Group Executive (DSHG), and highlights those areas of tenancy policy where broad policy principles are shared by most or all of the Local Housing Authorities in Devon.

The aim of the Framework is to enable Local Authorities within Devon to coordinate their policies and practices to produce lettings for customers that meet local housing needs and to improve the understanding of the housing market in Devon.

There will be a shared set of core indicators, selected via consultation, to give evidence about the overall housing market.

### **A strategy for East Devon**

This Strategy sets out East Devon's approach to tenancy issues, and reflects the housing needs and priorities for the district. It sets out the parameters that Registered Providers of social housing working in the district should have regard to. It should be considered in conjunction with our Homes and Communities Plan, our Homelessness Strategy and our Allocations Policy.

Where East Devon has decided to take a different position from the Framework these differences will be clearly indicated within our strategy.

### **The local housing market within East Devon**

The main housing issues and challenges within East Devon are:

1. A need for more affordable housing (demand far exceeds supply)
2. The high cost of owner occupation and renting in the private sector affecting the ability to secure suitable housing
3. Low wages in the district as compared to the national average
4. Poor housing conditions in the private sector
5. Fuel poverty and affordable warmth
6. The lack of suitable housing for young people.

## Tenancy Profiles

### 1. Definitions

- 1.1 **Affordable Housing:** We have adopted the definition of affordable housing as set out in the draft National Planning Policy Framework (or subsequent updates of that definition) which replaces PPS3 and states that affordable housing is;  
*‘Social rent, affordable rent and intermediate housing provided to eligible households whose needs are not met by the market. Eligibility is determined with regard to local incomes and local house prices.’*
- 1.2 **Affordable rent:** 80% of market rents.
- 1.3 **Fixed term tenancies:** The term ‘fixed term tenancies’ is used to apply to all tenancies that are offered for a specified period of time, as opposed to traditional ‘lifetime tenancies’. For Local Authority landlords these are known as **flexible tenancies**.
- 1.4 **Social Rent:** The level of rent that EDDC charge for the majority of its properties (excluding those charged at ‘affordable rent’).
- 1.5 **Sheltered accommodation:** Accommodation suitable for persons over 60 years of age or with a disability.

### 2. Affordability and a ‘base-line’ rent

- 2.1 The Framework sets a ‘base-line’ for rents as rent and affordability are key characteristics of any tenancy.
- 2.2 EDDC’s preferred base-line is that rents should be set at the level of social rent but we recognise that Registered Providers may wish to charge affordable rents, and these should not exceed Local Housing Allowance levels.
- 2.3 Registered Providers should have regard to local policies on affordability and any requirements of Section 106 agreements.
- 2.4 The base line rent will be used to inform ongoing debate between Partners and Stakeholders on rent, affordability and viability.
- 2.5 We will encourage Registered Providers to carry out some form of assessment of affordability at the point of letting, particularly where rents are at or close to Local Housing Allowance levels.

### 3. Length of tenancy

- 3.1 Fixed term tenancies are expected to be for a minimum of five years. If a Registered Provider wishes to provide a tenancy for less than 5 years, but more than 2 years, it must demonstrate valid reasons for the shorter period, which must be agreed with East Devon District Council.

- 3.2 Any 'introductory tenancy' period (including any extensions) will be regarded as being in addition to the minimum length of tenancy.
- 3.3 Registered Providers will have to demonstrate how any tenancy of less than five years can be managed in order to minimise adverse impact on local community cohesion and the sustainability of that community. An equality impact assessment will also be required to show how any adverse impact on equality groups will be prevented.

#### **4. Types of tenancy**

- 4.1 We recognise that there are a variety of types of tenancies that Registered Providers will use. The choice of which type of tenancy to use should be made so as to maximise the suitability and sustainability of the tenancy taking into account:
- The security of the current tenancy and its affordability
  - The need for transferring tenant to be no worse off with regard to their security of tenure after a move (unless the tenant has made an informed choice to move to a property with less security of tenure)
  - The need to make good use of existing stock by incentivising 'downsizing' from larger under-occupied properties to smaller properties
  - The age and frailty of the prospective tenant
  - The vulnerability of the prospective tenant and their household.
  -

#### **5. Tenancy reviews and provision of advice and assistance at the end of a tenancy**

- 5.1 The legal requirements to end the tenancy will be a matter for the Registered Provider.
- 5.2 DSHG is currently working towards a 'common standard of advice and assistance' and 'notification of tenancy end'. We expect Registered Providers to adopt any common procedures and/or policies with regard to advice and assistance at the end of a tenancy.
- 5.3 Registered Providers must set out in advance their criteria for renewing a tenancy. Criteria for not renewing a tenancy will be limited to:
- Size: tenancies should not normally be granted for properties that are significantly larger than the household requires unless set out in Local Lettings Policies.
  - Income: tenancies should not be granted if the income of the household is above the income limit as set out in Devon Home Choice Policy.
  - Extensive adaptations: Tenancies should not be renewed if the properties include the provision of extensive adaptations that are no longer required
  - Possession proceedings: breach of tenancy conditions can only be used as a ground for non-renewal of the tenancy if possession proceedings have already been started ie where a notice has been served
  - The rent account is in arrears at the time of the review or has been in arrears for at least six out of the last twelve months. Exceptions can be made for tenants getting assistance with their rent from Housing Benefits, for those who are considered to only have minor rent arrears, or those who have made, and kept to, an agreement to pay



- Properties that are due for redevelopment, disposal or demolition within the next five years.

**6. Disposal of social rented housing stock and conversions to affordable rent**

6.1 We expect Registered Providers to consult with us on the details of any conversion to affordable rent or major disposal requirements. Any such decisions must align with local housing need.

6.2 Registered Providers should have regard to the following when considering the proportion of properties which will be re-let at an affordable rent:

- The pattern of re-lets by location, property size and type
- The need to ensure that under-occupiers wishing to downsize are not put off by having to pay a higher rent or being given reduced tenancy rights
- The need to ensure a reasonable supply of family-sized accommodation at social rents
- The need to ensure that properties in rural areas can be let to those working in the area on low wages
- The shortage of wheelchair accessible accommodation.

6.3 We will not support the conversion or disposal of the following types of housing without the support of a very strong business case:

- Larger homes (for example three bedroom homes with potential for use as four bedroom homes, or homes capable of accommodating 6 people or more)
- Properties suitable for 'downsizing' initiatives
- Homes in smaller, rural settlements
- Supported or specialist housing
- Properties that have been extensively adapted (see Section 12)

**7. Mobility**

7.1 We expect Registered Providers with stock in the district to promote tenant mobility through the use of Homewapper and other home swap initiatives.

**8. Transfers**

8.1 Where contractually feasible, Registered Providers should offer a transfer of tenancy on the same or similar rent levels to the property from which the tenant is transferring. If required there could be a conversion of the property the tenant is transferring from to Affordable Rent, subject to 6.3 above.

8.2 Registered Providers must take into account the need for transferring tenant to be no worse off with regard to their security of tenure after a move.

**9. Downsizing and underoccupation**

- 9.1 Downsizing in this context means tenants of properties which the tenant under-occupies, moving to a smaller home as part of a ‘downsizing’ initiative. Typically these are older people but can include households who have experienced reduction in household size for a number of reasons or households affected by Housing Benefit changes.
- 9.2 We encourage Registered Providers to review under-occupation at the end of Fixed Term tenancies, and offer financial incentives and/or support to help tenants downsize.
- 9.3 We will work with Registered Providers to establish a profile of those tenants under-occupying homes in order to target incentives more effectively.

**10. Choice Based Lettings**

- 10.1 We remain committed to using Devon Home Choice for lettings of both social and affordable rented properties. We expect Registered Providers to use Devon Home Choice for all lettings, including transfers.

**11. Requirements for Vulnerable Groups**

- 11.1 We expect Registered Providers to take regard for the specific needs of vulnerable tenants when deciding on the type of tenancy which will be allocated.
- 11.2 In most circumstances we would wish to see tenants going into sheltered accommodation being given the most secure form of tenancy agreement.
- 11.3 We would expect tenants going into general needs accommodation to be given more flexible types of tenancy unless there are exceptional circumstances.
- 11.4 However there may be some circumstances where it is judged that, due to their individual circumstances, a tenant going into a general need property should be granted a more secure form of tenancy. These circumstances may include learning disability, chronic physical disability, severe sight impairment, and those with a severe and enduring mental health problem.

**12 Properties with Adaptations**

- 12.1 For existing tenants we expect Registered Providers to consider using the discretionary grounds for possession but only on a case by case basis where adaptations are extensive and where suitable alternative accommodation can be provided, taking into account the:
- circumstances of the tenant(s) and their entire household
  - needs of dependant children

- disruption that could be caused, its effect on the emotional stability of the household and likely effect on the sustainability of the tenancy of proposed alternative accommodation.

12.2 For new tenants of an adapted property, Registered Providers should ensure that when tenants are allocated the property they are notified of the possibility of being required to move to alternative accommodation should the tenant's household no longer require the adaptations. This requirement should be properly addressed as part of any tenancy review at the end of a fixed term.

## **Consulting with EDDC**

Where we ask Registered Providers to consult with us on various requirements, all approaches should be made to the Housing Needs and Strategy Manager, EDDC, Housing Service, Knowle, Sidmouth EX10 8HL.

## **Tenancy Policies**

East Devon District Council's tenancy policy can be viewed on its website at [www.eastdevon.gov.uk](http://www.eastdevon.gov.uk). We expect RPs to make their own tenancy policies available on their websites and to make a written copy available on request. If you require a copy of the tenancy policy for a Registered Provider with housing stock in East Devon please contact them directly.

## **Assessment of Risk**

We acknowledge that there will be risks, both to ourselves and to tenants, associated with certain aspects of this strategy. The Devon Home Choice Management Board will develop and regularly review a risk map and coordinate the implementation of any shared solutions. We will work with them to help identify any potential risks and solutions to these.

## **Equalities**

We will carry out an Equalities Impact Assessment for this strategy, using the Framework template (**Appendix 2**)

## **Shared Action Plan**

The Framework has drawn up a shared action plan and we will work to help deliver these actions where appropriate.

## **Reviewing this policy**

We will review this policy in line with any reviews of the EDDC Homes and Communities Plan, any changes to the Devon Framework, or current guidance or legislation.

April 2012

## **EDDC Housing Service Tenancy Policy**

### **1. Purpose**

It is good practice for all Registered Providers (of social housing) to have in place a tenancy policy which sets out the type of tenancies that the provider uses, the circumstances in which each will be used, and other aspects of managing tenancies. This policy sets these out for East Devon District Council (EDDC) as a landlord of social housing. It has been written with reference to the EDDC Tenancy Strategy.

It will be used to ensure that the right type of tenancy is allocated to each tenant, that the underoccupation of properties is addressed effectively and that we can provide family and/or adapted housing where this is required. It also sets out the circumstances in which we will charge affordable rents.

The ways in which each type of tenancy can be let and brought to an end are set out in law (Housing Acts 1985 and 1996, and the Localism Act 2012.)

### **2. Affordability and Affordable Rent**

- 2.1 Definition of affordability: A household can be considered able to afford market house renting in cases where the rent payable is up to 25 per cent of their gross household income (Communities and Local Government). The Housing Review Board has recognised the use of the Local Housing Allowance as a standard definition of affordability. However our preferred base-line is that rents should be set at the level of social rent. Service charges, if applicable, will be additional and reflect the cost of the service provided to each tenant.
- 2.2 Definition of social rent: The level of rent that EDDC charge for the majority of its properties (excluding those charged at 'affordable rent').
- 2.3 Affordable Rent: This is defined as 80% of market rent. Housing Review Board has taken the view that affordable rents will only be considered for any Council new build schemes and acquisitions. It will not be charged on re-lets of existing stock (stock built before April 2012). EDDC will charge affordable rent at levels no higher than the relevant Local Housing Allowance at the time.

### **3. Tenancy types and conditions**

Currently we have five different types of tenancy.

#### **3.1 Introductory Tenancy**

- 3.1.1 Generally all tenants new to EDDC are initially given an introductory tenancy. However tenants transferring from another social landlord may go onto either a secure or flexible tenancy. This does not apply to tenants given temporary accommodation who will be given a non secure tenancy.

- 3.1.2 Introductory tenancies usually last for twelve months from the tenancy start date but in certain circumstances (see 3.1.5 below) an introductory tenancy can be extended.
- 3.1.3 Before the start of the introductory tenancy, tenants will be told which kind of tenancy (secure or flexible) they will be granted at the end of the introductory period.
- 3.1.4 After the introductory period the tenancy automatically becomes either a secure tenancy or a flexible tenancy, unless we have begun proceedings to end the tenancy (served notice) due to a breach of the tenancy agreement.
- 3.1.5 Breaches of the tenancy conditions, and reasons why an introductory tenancy may be extended for a period, include:
- rent arrears
  - antisocial behaviour
  - damage to the property
  - noise nuisance
  - failure to maintain gardens.
- 3.1.6 Introductory tenants have most of the same rights as secure or flexible tenants but there are some rights that they do not have. They do not have right to:
- take in lodgers
  - sublet part of the home
  - make any improvements to the property
  - be compensated for any improvements to the property
  - exchange their home with another tenant
- 3.17 Introductory tenants do not have the Right to Buy their property, but the period spent as an introductory tenant will count towards the qualifying period for the Right to Buy.

## **3.2 Secure Tenancy**

- 3.2.1 Most of our tenants will have a secure tenancy. To end this type of tenancy we must get a possession order from the courts.
- 3.2.2 The reasons why we may seek to get a possession order would include:
- the tenant refusing to pay rent or accruing large rent arrears
  - misuse of the property by either the tenant, a member of their family, or visitors
  - the tenant not living in the property as their principal home.
- 3.2.3 Under the Housing Act 1985 secure tenants have a number of rights which include:
- the right of succession
  - the right of assignment in certain cases
  - the right to take in lodgers and sublet part of the property
  - the right to request a transfer to alternative accommodation
  - the right to exchange their home with another council or housing association tenant
  - the right to information

- the right to be consulted and involved
- the right to make improvements to their home
- the right to compensation for improvements
- the right to repair
- the Right to Buy in certain cases.

### **3.3 Flexible tenancy**

- 3.3.1 Introduced through the Localism Act, a flexible tenancy is one that is offered for a specific period of time, as opposed to the traditional ‘lifetime tenancies’. The period of time is known as the ‘fixed term’.
- 3.3.2 From XXX (date to be inserted) the Housing Review Board have agreed that certain groups of tenants will be given a flexible tenancy, rather than secure tenancy, after the introductory tenancy has ended.
- 3.3.3 Tenants going into sheltered accommodation will be granted secure tenancies as it is felt that their circumstances are less likely to change over time. Sheltered accommodation is accommodation which we deem to be suitable for persons over 60 years of age or with a disability.
- 3.3.4 In most circumstances tenants going into general needs properties will be given flexible tenancies as it is felt possible that their circumstances (family make up, financial standing or need for adapted accommodation) may change during the course of the flexible tenancy, and so change their housing needs.
- 3.3.5 However there may be some circumstances where it is judged that, due to their individual circumstances, a tenant going into a general needs property should be granted a secure tenancy. These circumstances may include learning disability, chronic physical disability, severe sight impairment, and those with a severe and enduring mental health problem. The Housing Needs and Strategy Manager will decide if particular tenants should be given a secure tenancy.
- 3.3.6 The length of the flexible tenancy will be for five years in almost all cases (see 3.3.7 below). But the tenancy can be reissued for another fixed term at the end of this period. The first five year period will commence at the end of the introductory tenancy.
- 3.3.7 In exceptional circumstances we will consider offering a flexible tenancy on less than five, but more than two, years. The decision to do so will be made on a case by case basis by the Housing Needs and Strategy Manager.
- 3.3.8 The length and terms of the flexible tenancy will be explained to all tenants concerned before they take on the introductory tenancy.
- 3.3.9 We will begin the review period of all flexible tenancies at least 12 months prior to the end of the fixed term. We will write to tenants to tell them the outcome of the review. Where

the tenant(s) circumstances have not changed significantly (see 3.3.10) over the course of the fixed term we will renew the flexible tenancy for a further fixed term.

3.3.10 We will renew the flexible term tenancy unless:

- The property has become larger than the tenant and their current family require.
- The property has become overcrowded.
- The income of the household has risen to above the income limit as set out in the Devon Home Choice Policy.
- The property has adaptations which are no longer required by the current tenant or a member of their family.
- The rent account is in arrears at the time of the review or has been in arrears for at least six out of the last twelve months. Exceptions can be made for tenants getting assistance with their rent from Housing Benefits, those who we consider to have only minor rent arrears, or those who have made an agreement to pay by instalments and have kept to this agreement.
- There has been a breach of tenancy conditions and a notice seeking possession has been served.
- We intend to demolish, redevelop or dispose of the property within the next five years. In these situations we will consider offering a short term tenancy of the property or suitable alternative accommodation.

3.3.11 When considering whether to renew a flexible tenancy we will take into account:

- circumstances where there is a clear need for the household to remain in the same location and other suitable accommodation is not available locally. This will usually only apply in our rural areas
- circumstances where the property has had to be adapted to meet the needs of a particular tenant or member of their household and this work would have to be duplicated in a new property.

3.3.12 In cases where the flexible tenancy is not being renewed, we will give at least six months notice that the fixed term is coming to an end, and a formal notice seeking possession will be served at least two months prior to the end date. We will make it clear that we do not propose to grant another tenancy and the reason for that decision.

3.3.13 To end the flexible tenancy we must apply to the court for a possession order.

3.3.14 Tenants on a flexible tenancy have the Right to Buy their property (after a qualifying period). However they do not have the right to make improvements to the property or to be compensated for any improvements.

3.3.15 Flexible tenancies are subject to the same grounds for possession (see 3.2.2) and succession (see Section 8) as secure tenancies.

3.3.16 Tenants have the right to request a review of the decision to offer a flexible, rather than a secure, tenancy, within 21 days of our decision. They also have a right to request a review of

the length of the flexible tenancy being offered. Such a request should be made in writing to the Housing Needs and Strategy Manager.

- 3.3.17 Tenants have the right to request a review of the decision not to renew a flexible tenancy within 21 days of the first notice, but only about the length of the term of the tenancy, and only where this does not accord with our policy. Such a request should be made in writing to the Housing Needs and Strategy Manager. The tenant can request an oral hearing and the review will be conducted by someone senior to the maker of the original decision and not involved in that decision. The review must be carried out prior to possession proceedings being issued.

### **3.4 Demoted tenancy**

- 3.4.1 Where there have been incidents of antisocial behaviour we will go to court to obtain a demoted tenancy. Demoted tenancies will usually last for one year.
- 3.4.2 Where a secure tenancy is demoted and the demotion period completed successfully, the demoted tenancy will automatically become a secure tenancy.
- 3.4.3 Where a flexible tenancy is demoted and the demotion period completed successfully, the demoted tenancy will also automatically become a secure tenancy. If a flexible tenancy is required, we must serve a notice on the tenant prior to the end of the demotion period, informing them that the tenancy is to be a flexible tenancy and specifying the length of the fixed term and other express terms of the tenancy. The length of the fixed term after the demotion period has ended will be determined as set out in 3.3.7.
- 3.4.4 Demoted tenants do not have the same rights as secure tenants. For example they do not have:
- the right to exchange
  - the right to succession
  - the right to take in lodgers
  - the right to sublet.
- 3.4.5 Also the Right to Buy is suspended until the tenancy is no longer demoted. The time spent as a demoted tenant does not count towards any discount.

### **3.5 Non secure tenancy**

- 3.5.1 Very few of our tenants will have a non secure tenancy. These tenancies are only given to tenants living in temporary accommodation, such as private sector leased accommodation.
- 3.5.2 These tenancies do not have the same security of tenure or rights as secure tenants, but are similar to introductory tenancies.

## **4 Tenancy Agreements**

- 4.1 Our tenancy agreements will be written in plain English, in a style easily understood by tenants. They will set out the rights and obligations of both the tenant and the landlord.



- 4.2 Tenants will be given a copy of the tenancy agreement at the start of the tenancy and will have the terms explained to them at the sign up meeting.

## **5 Sustaining our tenancies**

- 5.1 We are very keen that tenants are able to manage their tenancies properly, that they do not get into rent arrears or carry out acts of antisocial behaviour.

### **5.2 Helping new tenants:**

- 5.2.1 We carry out an in-depth sign up interview with all new tenants. This covers:

- ensuring the tenant understands the terms and conditions of the tenancy agreement
- methods and frequencies for paying their rent and accessing benefits
- checking if they have any particular support needs
- highlighting opportunities to get involved
- explaining how to report repairs and our service standards.

- 5.2.2 We aim to visit or telephone all new tenants between four to eight weeks of moving into their property to check that everything is going well for them. We will check whether they are paying their rent regularly, whether they are receiving their benefits, and that they are keeping to the terms of their tenancy conditions.

- 5.2.3 When tenants move into one of our sheltered properties we discuss with them the level of individual support they need, for example whether it is a visit every other day, or a phone call once a week.

### **5.3 Help for existing tenants**

- 5.3.1 We will visit or telephone any tenants who are identified as having problems managing their tenancy, such as rent arrears or antisocial behaviour issues. We will discuss the problems with them. We will explain that it is important that they stick to the terms of the tenancy agreement and pay their rent regularly.

- 5.3.2 For tenants who are struggling to pay their rent we will discuss what options are available to help them, and put them in touch with other agencies that may also be able to help.

- 5.3.3 With any reminder notices, or when notices for rent arrears are served, we send out details regarding Citizens Advice Bureau, dates and times of Housing Benefits surgeries, and contact details of debt advice agencies.

- 5.3.4 Our newsletters contain regular articles stressing the importance of contacting us as early as possible if a tenant is having difficulty in paying their rent.

- 5.3.5 Where we identify that a tenant needs particular support to manage in their home we will put them in touch with the relevant agencies such as social services.
- 5.3.6 Where there are issues of neighbour nuisance or conflict we will offer the use mediation services (paid for by EDDC) to try to help the tenants concerned resolve their differences.

## **6. Tackling tenancy fraud**

- 6.1 It is important that the people living in our properties are those that need them most. We take various steps to ensure that this is the case, from ensuring we allocate the property to the most appropriate person, to following up allegations of alleged misuse.
- 6.2 For all new tenants we take copies of photo identification such as passport or driving licence. Where there is no available photo ID we will take a photograph of each tenant.
- 6.3 We have started a regular series of in depth estate inspections where we visit each property and where possible speak to the tenant about any issues affecting them. We take the opportunity to check identification to ensure that they are indeed the tenant. We are rolling these estate inspections out across the district and aim to do at least three different areas each year.
- 6.4 We follow up any reports of unoccupied properties or sub-letting of properties and take action if cases of abuse are discovered. As well as this we carry out tenancy checks when visiting some of our properties.
- 6.5 We issue press releases about tenancy fraud and have articles in our newsletters and have information on our website.
- 6.6 We have a policy on tackling tenancy fraud. We encourage staff and tenants to report any suspected incidents of tenancy fraud and have a confidential fraud line available.

## **7. Ending the tenancy**

### **7.1 When the tenant gives notice or dies**

- 7.1.1 We carry out pre-termination visits with all our tenants, or with the next of kin. During this visit we:
- check the condition of the property and garden
  - ensure the rent account is up to date
  - agree with the out going tenant which items can be left in the property and which must be removed
  - ensure that the out going tenant is aware that the property must be left in a good and clean state, and all rubbish and personal items (except those agreed above) must be cleared from the property
  - read the meters
  - request a forwarding address, contact details and phone numbers
  - determine any recharges that may be due.

7.1.2 If there is any rent due to the end of the tenancy we will inform you and expect the amount due to be paid in full before your tenancy ends.

7.1.3 We have a leaflet for relatives of deceased tenants explaining to them the steps that need to be gone through to end the tenancy and the information we require from them.

## **7.2 Advice and assistance at the end of a flexible tenancy**

7.2.1 All tenants whose flexible tenancies are not going to be renewed can contact the Housing Options and Advice service for assistance if required.

7.2.2 If the tenancy is not being reissued because the property is going to be underoccupied, we will assist the out going tenant to access other suitable accommodation and this may well be by moving to smaller council or other Registered Provider accommodation. In these cases tenants will be eligible for assistance from our downsizing scheme (see Section 8).

7.2.3 We will give at least six months notice that the tenancy is coming to an end, and a formal notice seeking possession will be served at least two months prior to the end date.

7.2.4 At the end of the tenancy we will carry out a pre-termination visit as outlined in 7.1.1 above.

7.2.5 We will give advice and assistance in line accordance with our current policies and procedures.

## **8 Succeeding to a tenancy**

### **8.1 For our secure tenancy agreements that commenced before XXXX (date to be confirmed):**

8.1.1 The following people can succeed to the tenancy, if they have been living in the property as their principal home:

- a. the tenant's spouse or civil partner
- b. another member of the tenant's family that has lived with the tenant throughout the period of twelve months ending with the tenant's death.

Only one succession is allowed by the Housing Act 1985.

8.1.2 If more than one person is eligible to succeed then we will give preference to the tenant's spouse or partner. Where a joint tenant becomes a sole tenant this counts as the one succession allowed.

8.1.3 If the property is not suitable for the relative, or it becomes underoccupied, we may request them to move to a more suitable property. We can only do this between six and twelve months after the previous tenant's death and only by court order.

### **8.2 For flexible tenancies and secure tenancies that commenced after XXXX (date to be confirmed):**

- 8.2.1 From April 2012 the rules regarding succession have changed. For tenancies that start after this legislation there will only be a statutory right of succession to a spouse or civil partner or cohabitee. Legislation gives Local Authorities the power to grant additional succession rights. However the Housing Review Board has chosen not to grant additional rights and will adopt the changes in the Localism Act.
- 8.2.2 From XXXX for all new EDDC secure and flexible tenancies there will be only a statutory right to succession to a spouse, civil partner or cohabitee.
- 8.2.3 The rights for tenants with tenancy agreements which started prior to XXXX will not be changed.

## **9 Tackling underoccupation**

- 9.1 We recognise that we have a large number of family properties, particularly three bedroom properties, which are underoccupied.
- 9.2 Possible changes to Housing Benefit regulations where properties are under occupied could see restrictions to levels of housing benefit, resulting in tenants having a greater rent burden.
- 9.3 We have a downsizing scheme which provides financial assistance to people who move to a smaller property and so free up a family sized property. We intend that in the near future this scheme will also provide help and support with moving arrangements.
- 9.4 We will give priority on Devon Home Choice to people wishing to downsize. Anyone wishing to downsize by two bedrooms or more will be placed in Band B, and anyone wishing to downsize by one bedroom in Band C.

## **10 Adapted properties**

- 10.1 Under our current secure tenancy agreement, if a tenant is living in a property which has been built or adapted for a person with a disability, and the tenant or their family no longer need that type of home, we may take steps through the Courts to end the tenancy.
- 10.2 We will try as far as possible to offer the tenant and/or their family members other suitable accommodation.
- 10.3 For tenants on a flexible tenancy living in a property which has been built or adapted for a person with a disability, we will only renew the tenancy if there is still a requirement within the family group for that kind of property, and were none of the other conditions under 3.3.10 apply.

## **11 Transfers**

- 11.1 For secure tenants who transfer to another property, we will ensure that they are given another secure tenancy.
- 11.2 This does not apply to tenants who choose to move to accommodation let on affordable rent terms. In these circumstances existing tenants may be offered a flexible tenancy.
- 11.3 However Clause 11.1 will apply if tenants are required by us to move to a property on affordable rent, for example as a result of demolition.

## **12 Mutual Exchanges**

- 12.1 Mutual exchanges usually take place via a deed of assignment where each tenant steps into the other's shoes and takes over the other tenant's tenancy type and terms. New tenancies are not signed.
- 12.2 Under the Localism Act if at least one of the tenants has a secure tenancy begun before April 2012 and at least one of the tenants is on a flexible tenancy, then such exchanges must be done by surrender and granting of new tenancies.
- 12.3 In these circumstances, we will grant the tenant whose secure tenancy predated April 2012 a secure tenancy. This will ensure that existing tenants (before April 2012) retain similar security of tenure to that of their original tenancy.
- 12.4 As a landlord we can still refuse an exchange of this nature. We have 42 days to make that decision.
- 12.5 We subscribe to Home Swapper, an internet based mutual exchange service.

## **13 Outcomes**

- 13.1 This policy aims to ensure that:
- The right people are living in the right property on the right type of tenancy
  - Certain groups of tenants can be moved from properties which are no longer suitable for their needs
  - Tenants will be encouraged to move to more suitable accommodation if the property becomes too big or if their needs or circumstances change
  - Tenants will be helped to sustain their tenancies for the long term, but where problems occur, particularly at the start of the tenancy, action can be taken quickly
  - Tenancy fraud is identified and tackled.

## **14 Responsibility**

- 14.1 The Housing Needs and Strategy Manager will be responsible for ensuring that the right people are placed in the right property on the right type of tenancy.

14.2 The Landlord Services Manager will be responsible for ensuring that tenants are given support to maintain their tenancy and that action is taken where problems occur and where tenancy fraud is suspected.

14.3 The Housing Review Board will be responsible for sanctioning any changes to this policy.

## **15 Performance monitoring**

We will review the number of each type of tenancy annually. In the future we will review what happens at the end of a flexible tenancy, how many are terminated and for what reasons. We will also review the assistance given to these tenants.

## **16 Policy consultation**

EDDC has taken part in the Devon-wide consultation regarding Tenancy Strategy. The Tenant Representative Group has been consulted about the proposed policy and the policy has been agreed by the Housing Review Board.

## **17 Equality Impact Considerations**

We will carry out an equality analysis of this policy.

## **18 Policy Review**

The policy will be reviewed at least every three years or sooner if new guidance or legislation is published.

## **19 Related Policies and Strategies**

The EDDC Tenancy Strategy  
The EDDC Allocations Policy

April 2012

## Agenda Item: 16

Housing Review Board

21 June 2012

NR



### Housing Performance Indicator Report 2011/12

#### Summary

The Housing Performance Indicator Report for 2011/12 details selected indicators to gauge the performance of each of the Housing Service's teams. Information included has been reported quarterly throughout the year to Housemark, and internally to Housing Managers, so as to be able to benchmark and monitor the service provided to tenants. The report allows managers to understand where their teams have been successful and where there may be room for improvement.

Good performance monitoring is critical with our new Housing Revenue Account Business Plan and this report should be considered alongside the financial monitoring regime that we are proposing elsewhere on this agenda.

#### Recommendation

**That the Housing Review Board notes the report and highlights any issues they would like further information on.**

#### a) Reasons for Recommendation

To promote good practice and more visibility of the performance of the Housing Service.

#### b) Alternative Options

Not to monitor the Housing Service's performance or just monitor/report on key performance indicators.

#### c) Risk Considerations

If performance is not monitored it is more likely that poor service will go unnoticed, and good service unnoticed, most likely to the detriment of business efficiencies.

#### d) Policy and Budgetary Considerations

Recommendations conform with existing Council Policy and the Council Budget.

#### e) Date for Review of Decision

A quarterly report is proposed.

- 
1. 2011/12 Performance Indicators
    - 1.1 The 2011/12 Performance Indicators report or performance digest (**annex 1**) details some of the information that is input to HouseMark, the Housing Service's

benchmarking tool. The information is input on a quarterly basis and allows East Devon to compare performance with other housing providers who also use HouseMark. This allows East Devon's Housing Service to understand how our service compares, identifying areas of the Service that may not be as strong as others.

- 1.2 The information provided in the report/digest also represents some of the data provided to housing managers on a quarterly basis. This data allows managers to monitor the work flow, achievements and malfunctions their teams may be facing. Monitoring and benchmarking the Housing Service is invaluable in ensuring that any problems are picked up and addressed at an early stage preventing larger, perhaps more disruptive issues developing; the financial and reputational costs that larger problems bring can be circumvented if poor service is picked up at an early stage.
- 1.3 As figures are provided for each quarter fluctuations in work flow and performance can be understood on a seasonal basis. For example, there were more ASB cases reported in the second quarter (July to September), most of these additional cases were due to noise complaints. For staffing purposes it is important to know that quarter two may be busier than other quarters. Further detailed analysis may help managers to understand what is causing the rise and so be able to put in place preventative measures.
- 1.4 Where possible, information has been provided for the 2010/11 financial year so as to provide the ability to spot trends. For example, the cost of temporary B&B accommodation has been reported across 2010/11 and 2011/12. The seasonal pattern is similar with lower costs in the first quarter, but overall, there is a sharp increase in costs in the 2011/12 financial year compared to 2010/11. Again, further more detailed analysis is needed to explain this rise, but the trend warns that if a solution to the problem of rising costs cannot be found, the Housing Service is likely to need to significantly increase budgets for temporary/B&B accommodation.
- 1.5 The performance indicators are therefore important in identifying changes that may have an impact on how the Housing Service needs to operate to continue to do so efficiently. They provide the evidence to assist the Housing Service in planning and prioritising for the coming financial year.

---

#### Legal Implications

There are no legal implications requiring comment.

#### Financial Implications

Financial implications will be provided through the Financial Monitoring Reports and other reports on specific services.

#### Consultation on Reports to the Cabinet

None.

#### Background Papers

None.



# Housing Service

## Performance Indicator Report

### 2011/12 Financial Year

---

## Contents

---

Summary .....	3
Affordable Housing Completions .....	4
Anti-social behaviour .....	5
Complaints.....	6
Customer Satisfaction.....	7
EDDC Stock.....	8
Homelessness .....	9
Home Safeguard.....	11
Lettings .....	11
Private Sector Housing.....	12
Rental .....	13
Repairs .....	13

## Summary

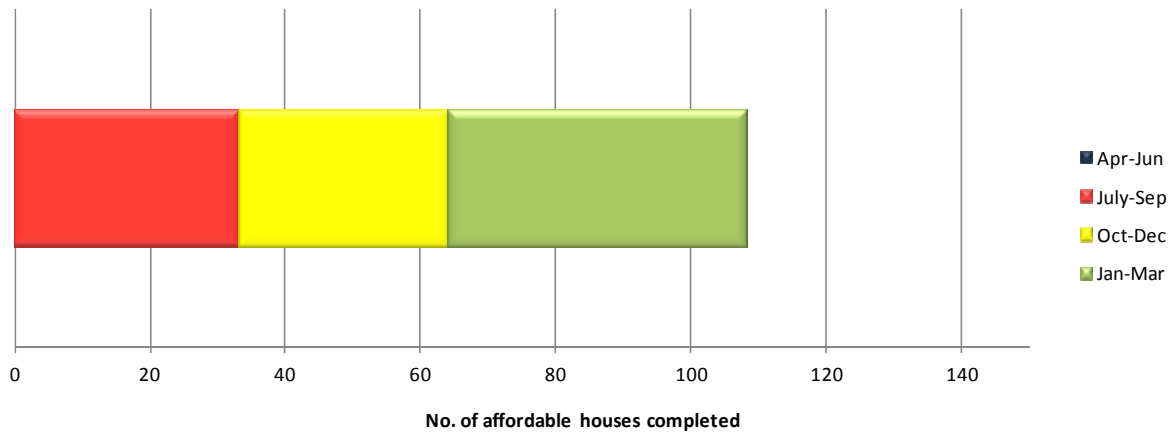
Housing Section	Description	2011/12				2011/12	Progress against last quarter
		April- Jun	Jul-Sep	Oct - Dec	Jan - March	Cumulative Total	
Affordable Housing Enabler	Total supply of social rent housing and intermediate housing	24	11	50	63	148	
Anti-social behaviour	Total New ASB Cases	57	66	45	55	223	
Complaints	No. of new stage 1 complaints	3	5	3	7	18	
Homelessness	Cost of temporary B&B accommodation (£)	£5,118	£26,466	£21,723	£23,923	£77,230	
Home Safeguard	Calls answered under 1 minute	97.43%	98.47%	97.58%	97.28%	97.69%	
Lettings	The average re-let time in days General Needs	13.89	18.09	27.38	31.97	25.91	
Rental	% of rent collected	#	99.39%	99.43%	99.65%	*	
Repairs	Percentage of emergency repairs completed within target time	#	90%	91%	91%	*	

Affordable Housing Completions

	Cumulative Total	Target	% of target met	Apr-Jun	July-Sep	Oct-Dec	Jan-Mar	Cumulative Total	Target	% of target met
Number of affordable homes delivered (gross) (LAA)	108	100	108%	24	11	50	63	148	100	148%

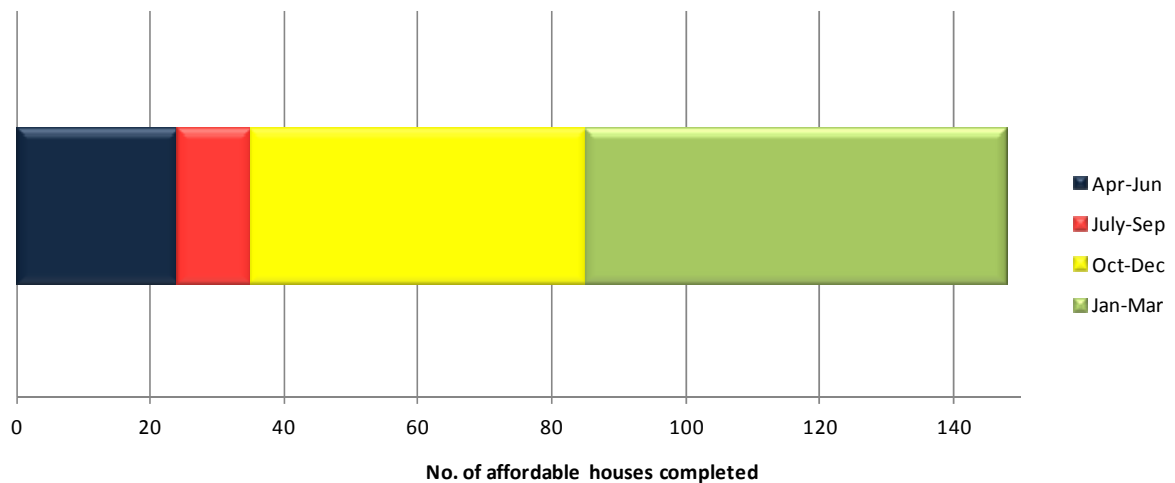
Source: SPAR.net

**Figure 1: Total supply of social rent housing and intermediate housing completed 2010/11**



Source: SPAR.net

**Figure 2: Total supply of social rent housing and intermediate housing completed 2011/12**



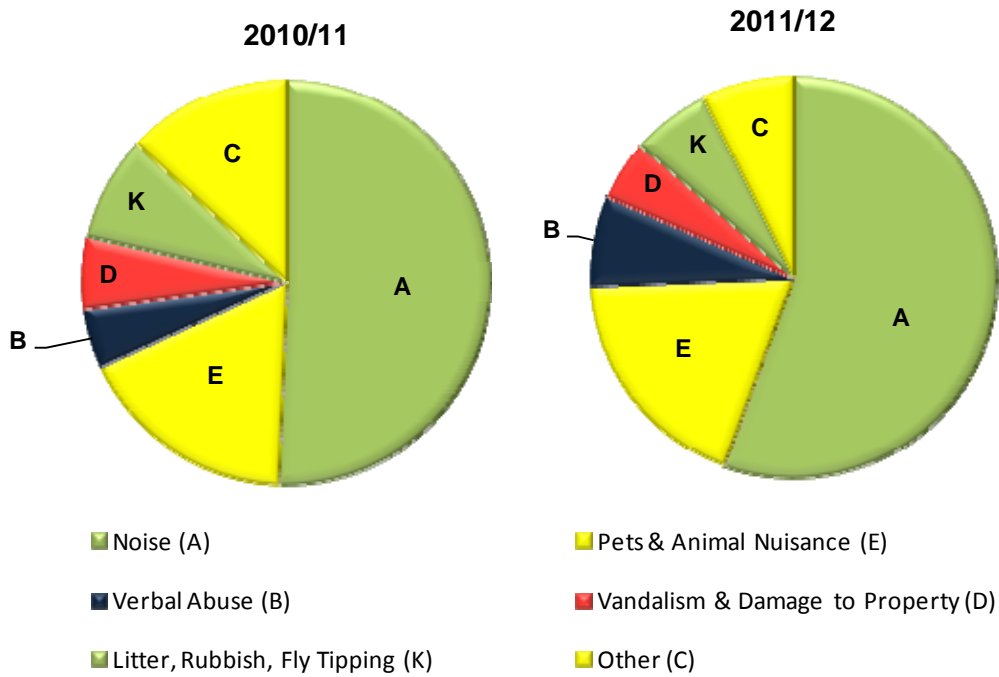
Source: SPAR.net

## Anti-social behaviour

Performance Indicator	2010/11	2011/12					Progress against last quarter
		April- Jun	Jul-Sep	Oct - Dec	Jan - March	Cumulative Total	
<b>No. of new ASB cases</b>							
Noise (A)	116	31	40	26	27	124	
Pets & Animal Nuisance (E)	40	15	8	8	11	42	
Verbal Abuse (B)	11	3	6	4	3	16	
Vandalism & Damage to Property (D)	13	3	3	2	3	11	
Litter, Rubbish, Fly Tipping (K)	19	1	2	4	7	14	
Other	30	4	7	1	4	16	
<b>Total New ASB Cases</b>	<b>229</b>	<b>57</b>	<b>66</b>	<b>45</b>	<b>55</b>	<b>223</b>	
Live Cases at End of Quarter		30	35	21	27	113	
Resolved	165	34	54	59	48	195	*
Unresolved	86	10	9	2	2	23	*
% of closed cases that are resolved	66%	77%	86%	97%	96%	89%	
Number of surveys received	71	17	15	13	4	49	*
Overall satisfaction with way complaint was dealt with - % positive rating	78%	81%	100%	67%	100%	80%	
Overall satisfaction with outcome of complaint - % positive rating	74%	67%	100%	58%	100%	73%	

Source: Estate Management Customer Satisfaction Survey, Host Access

**Figure 3: Number of new ASB cases by type 2010/11 and 2011/12**



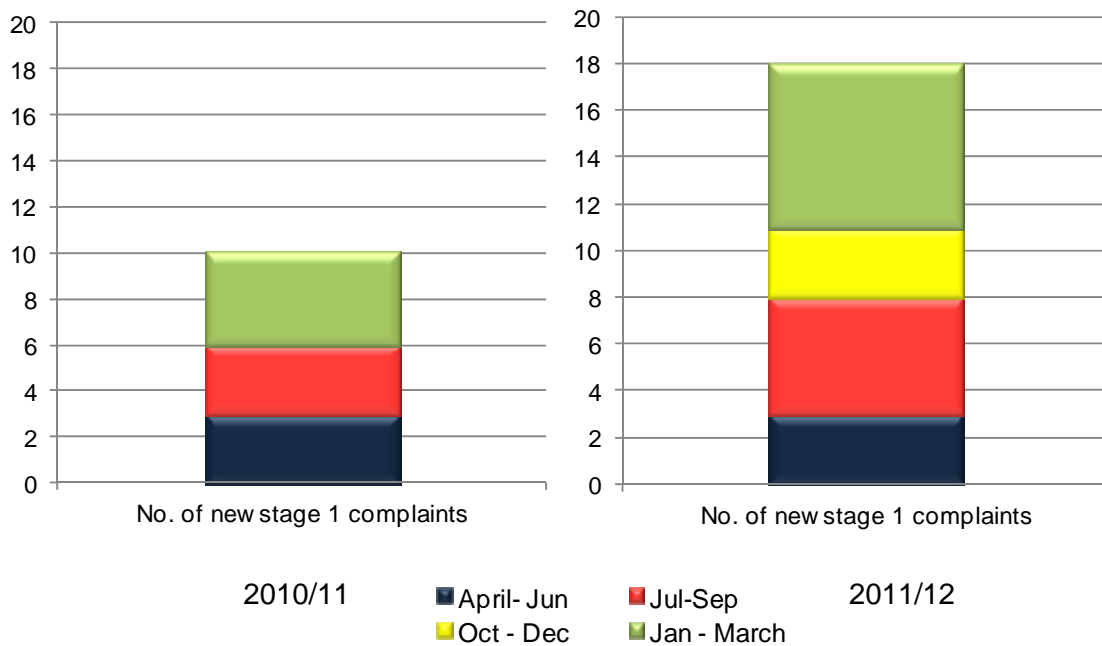
Source: Host Access

Complaints

Description	2011/11	2011/12				Progress against last quarter	
	Cumulative Total	April- Jun	Jul-Sep	Oct - Dec	Jan - March		Cumulative Total
No. of new stage 1 complaints	10	3	5	3	7	18	
Average time in calendar days to issue full response to all Stage 1 complaints	9.2	11.7	18.6	18.8	8.0	14.0	

Source: Host Access Complaints Stage Report

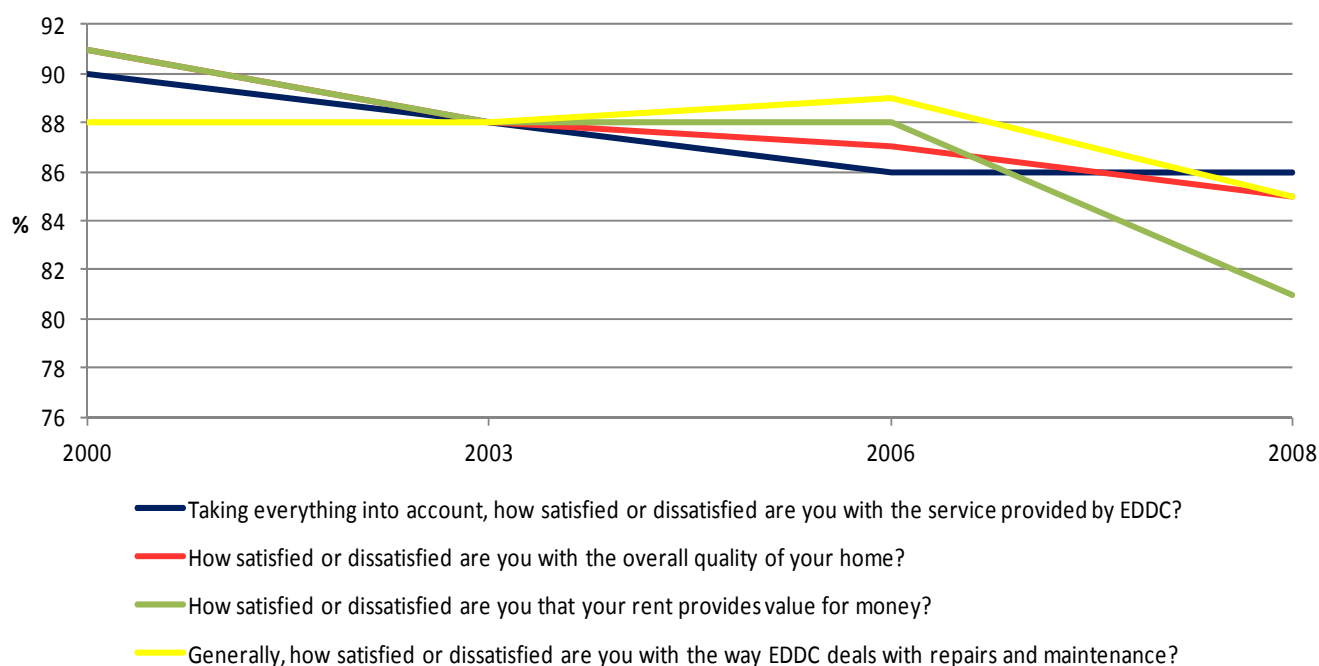
**Figure 4: Number of new stage 1 complaints 2010/11 and 2011/12**



Customer Satisfaction

Description	Tenant Group	2000 STATUS	2003 STATUS	2006 STATUS	2008 STATUS
		Very & Fairly Satisfied	Very & Fairly Satisfied	Very & Fairly Satisfied	Very & Fairly Satisfied
%					
Taking everything into account, how satisfied or dissatisfied are you with the service provided by EDDC?	General Needs	90	88	86	86
How satisfied or dissatisfied are you with the overall quality of your home?	General Needs	91	88	87	85
How satisfied or dissatisfied are you with your neighbourhood as a place to live?	General Needs	#	#	#	82
How satisfied or dissatisfied are you that your rent provides value for money?	General Needs	91	88	88	81
Generally, how satisfied or dissatisfied are you with the way EDDC deals with repairs and maintenance?	General Needs	88	88	89	85

Figure 5: Positive satisfaction (very & fairly satisfied) ratings between 2000 and 2008

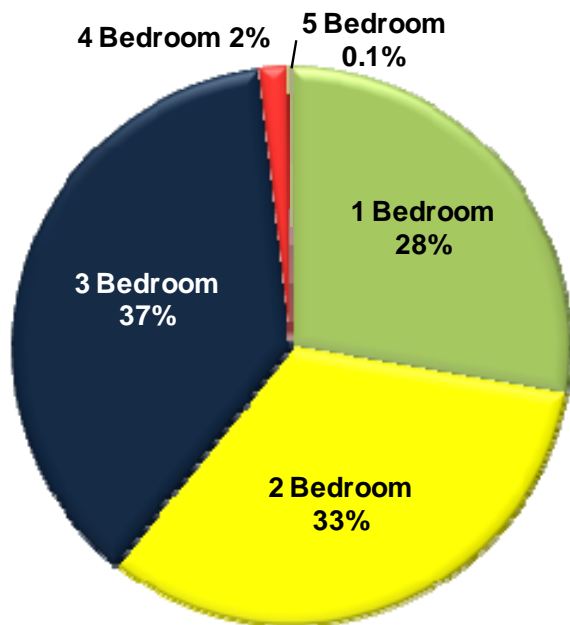


Source: STATUS Survey

EDDC Stock

Date	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom	5 Bedroom	Total
04/04/2011	1189	1428	1609	70	5	4301
15/06/2011	1188	1426	1609	70	5	4298
01/07/2011	1188	1426	1609	70	5	4298
01/08/2011	1188	1427	1609	70	5	4299
01/09/2011	1188	1427	1609	70	5	4299
03/10/2011	1188	1427	1609	70	5	4299
01/11/2011	1188	1427	1609	70	5	4299
01/12/2011	1188	1427	1609	70	5	4299
03/01/2012	1188	1427	1609	70	5	4299
01/02/2012	1188	1427	1609	70	5	4299
01/03/2012	1188	1427	1608	70	5	4298
30/03/2012	1188	1427	1607	70	5	4297

Figure 6: EDDC Stock by number of bedrooms March 30<sup>th</sup> 2012



Source: Host Access Bedroom Analysis

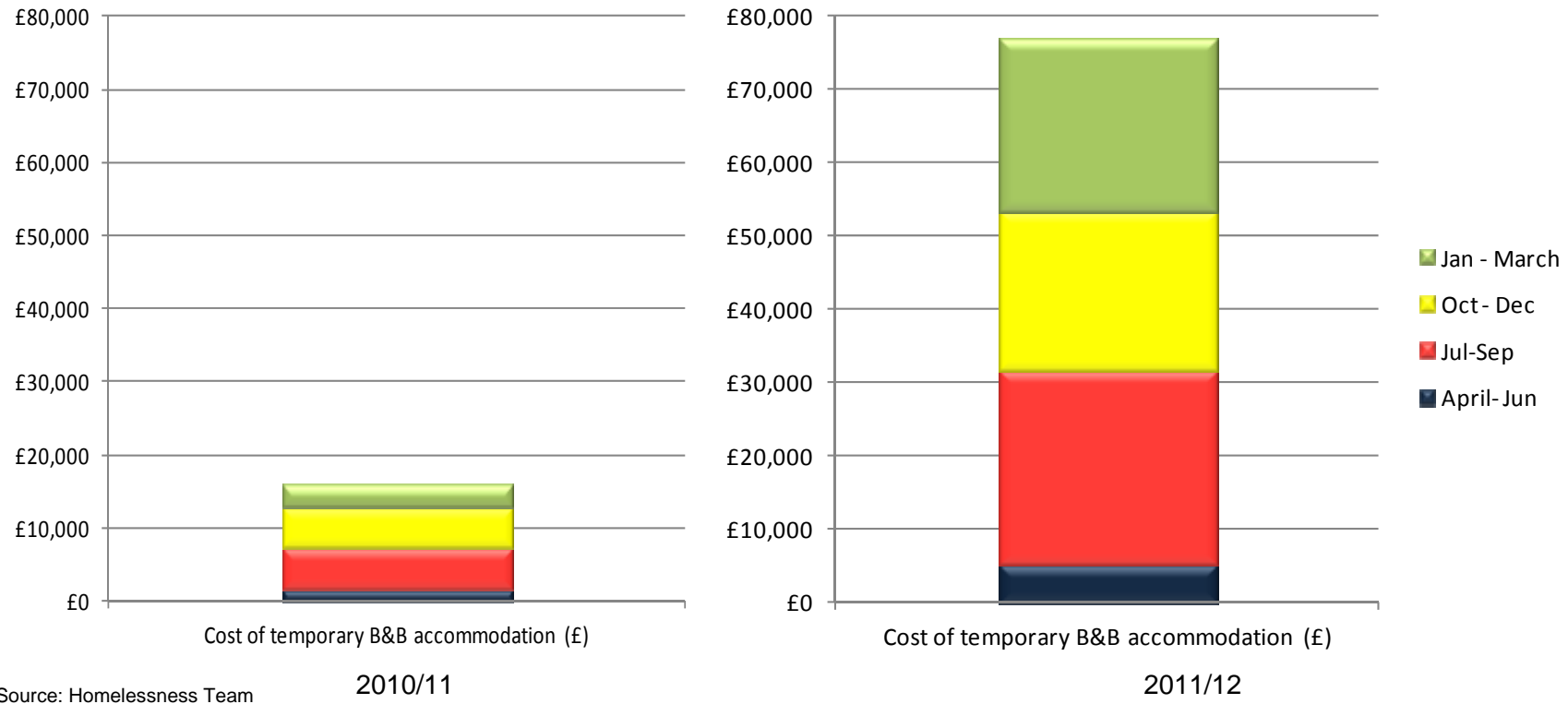


## Homelessness

Description	2010/11					2011/12					Progress against last quarter
	April-Jun	Jul-Sep	Oct - Dec	Jan - March	Cumulative Total	April-Jun	Jul-Sep	Oct - Dec	Jan - March	Cumulative Total	
Acceptances: Number of people who EDDC have accepted as homeless	8	9	8	6	31	8	10	12	8	38	
Number of households in temporary B&B accommodation at end of quarter	1	1	1	1	*	2	3	9	2	*	
Cost of temporary B&B accommodation (£)	£1,435	£5,772	£5,840	£3,156	£16,203	£5,118	£26,466	£21,723	£23,923	£77,230	
Number of households living in temporary accommodation at end of quarter (not including B&B)	54	49	42	27	*	24	23	24	20	*	

Source: Homelessness &amp; Housing Options Team &amp; SPAR

**Figure 7: Cost of temporary B&B accommodation 2010/11 – 2011/12**



Source: Homelessness Team

2010/11

2011/12

## Home Safeguard

Description	2011/12					Progress against last quarter
	Apr-June	July-Sept	Oct-Dec	Jan-March	Cumulative total	
<b>Call Handling</b>						
Answered in under 1 Minute	97.43%	98.47%	97.58%	97.28%	97.69%	
Answered in under 3 Minutes	99.69%	99.88%	99.79%	99.73%	99.77%	
<b>Installations</b>						
Installed in under 2 working Days (urgent) - Number	#	#	#	20	#	*
Installed in under 2 working Days (urgent) - % installed within target time	#	#	#	100%	#	*
<b>Repairs</b>						
Critical repaired within 48 hours - number	#	#	#	37	#	*
Critical repaired within 48 hours - % repaired within target time	#	#	#	100%	#	*

Source: Homesafeguard Team

## Lettings

Performance Indicator	2011/12					Progress against last quarter
	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Cumulative Total	
Number of units vacant but available for letting at the period end	#	6	0	13	*	
Number of units vacant but unavailable for letting at the period	#	0	1	20	*	
The average re-let time in days General Needs	13.89	18.09	27.38	31.97	25.91	
The average re-let time in days Sheltered Housing	15.52	11.89	15.14	21.42	16.51	
Total number of re-lets during the period benchmarked	64	51	55	62	232	

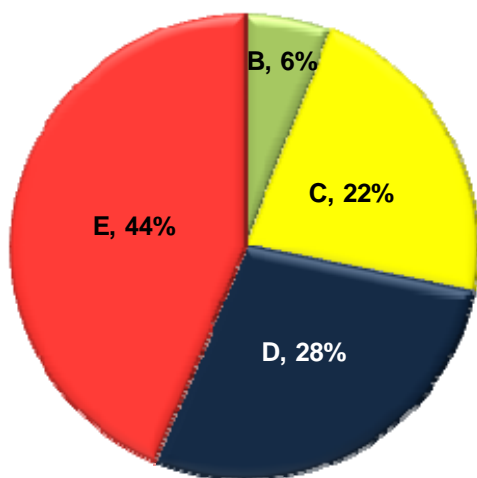
Source: CORE, Anite (via Business Objects)

## Number of Households on the East Devon Housing Waiting List

	Apr-11	Jul-11	Sep-11	Jan-12	% Change between Apr 2011 and Jan 2012
Band A - Emergency Housing Need	1	-	-	-	0
Band B - High Housing Need	189	208	227	228	21%
Band C - Medium Housing Need	657	723	789	822	25%
Band D - Low Housing Need	887	943	1,014	1,055	19%
Band E - No Housing Need	1,317	1,443	1,559	1,635	24%
<b>Total</b>	<b>3,051</b>	<b>3,317</b>	<b>3,589</b>	<b>3,740</b>	<b>23%</b>

Source: Devon Home Choice

**Figure 8: Households on the East Devon Housing Waiting List in January 2012**



- Band B - High Housing Need
- Band C - Medium Housing Need
- Band D - Low Housing Need
- Band E - No Housing Need

Source: Devon Home Choice

Private Sector Housing

Description	2011/12					Progress against last
	April-Jun	Jul-Sep	Oct - Dec	Jan - March	Cumulative Total	
Disabled Facilities Grant Applications	8	24	17	27	76	
Disabled Facilities Grant Completions	26	13	24	28	91	

Source: Council Tax Return & Private Sector Team records

## Rental

Performance Indicators	2011/12			Progress against last quarter
	Apr-Sep	Apr-Dec	Apr-Mar	
Rent and service charges due for the period benchmarked (whether property is occupied or not & excluding all arrears brought forward)	£7,880,732	£12,125,278	£15,748,579	*
% of rent collected	99.39%	99.43%	99.65%	
Current tenant arrears - start of year	£171,362	£171,362	£171,362	*
Current tenant arrears - end of period	£150,758	£161,916	£128,274	
Former tenant arrears - start of year	£102,115	£102,115	£102,115	*
Former tenant arrears - end of period	£104,199	£105,846	£91,927	
Gross Annual Rent Roll	£14,635,645	£16,167,037	£15,748,579	*
Total rent and service charges of current and former tenants, which were actually written off as unrecoverable year to date	£11,153	£20,951	£32,613	*
Total number of evictions due to rent arrears year to date	6	9	10	*

Source: Rental Team; HouseMark PI Tracking

## Repairs

Performance Indicator	2011/12				Progress against last
	Apr-Jun	Apr-Sep	Apr-Dec	Apr-Mar	
Total number of reactive repairs completed year-to-date	#	4,215	6,479	8,950	*
Total number of reactive repairs completed year-to-date that were completed on time	#	3,863	5,931	8,138	*
<b>Percentage of all reactive repairs completed within target time</b>	#	<b>92%</b>	<b>92%</b>	<b>91%</b>	
The average number of calendar days taken to complete responsive repairs in the period	#	16.98	15.38	14.93	
<b>The Percentage of repairs completed right first time in the period</b>	#	<b>87%</b>	<b>87%</b>	<b>87%</b>	
<b>How was repair dealt with? % Indicating Reasonable</b>	#	<b>98%</b>	<b>98%</b>	<b>98%</b>	

Source: Host Access Housing Monitoring Report; RHH Online Live Reporting; Gas safety customer satisfaction survey

## Agenda Item: 17

Housing Review Board

21 June 2012

jg



### Advantage SW procurement club review

#### Summary

This report shows the performance specific to East Devon of the Advantage SW procurement club that we joined in 2009. The group exists to improve the value for money for its members in the building products used and in relation to new build. The report attached provides a review of the activities undertaken during 2011/12 and highlights some of the good practice being undertaken.

#### Recommendation

**To note the report and confirm our intention to remain a member of Advantage SW.**

#### a) Reasons for Recommendation

To check on performance and the value of being a member of Advantage SW.

#### b) Alternative Options

To terminate our membership of Advantage SW.

#### c) Risk Considerations

Not achieving value for money or not taking full advantage of our membership.

#### d) Policy and Budgetary Considerations

The membership is intended to save money and thereby stretch our budgets and being a member is consistent with our Value for Money policy.

#### e) Date for Review of Decision

An annual review is undertaken.

---

#### 1 Advantage SW review of performance

1.1 This report provides a roundup of the activities of Advantage SW over the past year with specific reference to East Devon. The 2011/12 review report produced by the group has been reproduced in **annex 1**.

1.2 We have been members of the procurement club since 2009, but it is only more recently that we have been taking more advantage of some of the services they offer and prices negotiated for products. To receive full benefit in terms of cashable savings we need to be using the products procured by the group.

- 1.3 The club provide valuable advice and networking on good practice as the partners are represented by senior repairs and maintenance staff. It has also demonstrated that tenants/customers are an integral part of its operations and has adopted a strong customer focus.
- 1.4 We have not used the new build products and this may be something to consider in the future as our new build ambitions have increased with the advent of self-financing and the reform of social housing finance.
- 1.5 We have renewed our membership this year and will review the benefits on an annual basis.

---

#### Legal Implications

There are no legal implications on this update.

#### Financial Implications

The financial implications are included in the annex.

#### Consultation on Reports to the Cabinet

None.

#### Background Papers

- Advantage SW website.
- Advantage SW reports and notes of meetings.

---

John Golding  
Head of Housing

Housing Review Board  
21 June 2012

**Report to East Devon District Council**

**Review of Advantage SW Procurement Club 2011-12**

## Advantage SW LLP

Advantage SW is a limited liability partnership owned by Devon & Cornwall Housing Group, North Devon Homes, Ocean Housing and Yarlington Housing Group.

There are two parts to Advantage SW. The first relates to new build properties. Advantage SW owns the rights to a number of house type designs. In the year 2011/12, 378 properties were built (started and/or finished) through this scheme.

The second part is the Procurement Club which improves value for money for its Members in the products used in new build, planned and responsive maintenance. East Devon District Council is a Member of the Procurement Club.

Advantage SW has two full time employees, Neil Biddiscombe (Procurement Manager) and Mark Dobner (Contracts Manager).

## Executive Summary

The table below details the savings (inc unrecoverable VAT) that have been generated for East Devon District Council.

<b>Spend Area</b>	<b>2011-12</b>
Kitchens	£6,744
Doors	£2,306
Windows	
Bathrooms	
Boilers	£3,409
Radiators	£2,305
Controls	
Electric heating	
Consumer units (fuseboxes)	
Air source heat pumps	
Aids & adaptation products	£13,256
<b>Grand Total</b>	<b>£28,020</b>

2011/12 saw a concerted effort to increase the usage of the contracts by EDDC's contractors and we expect to see the level of savings increase in 2012/13 as this flows through to a full year effect.



In 2011/12 Members saw total savings of £2.1m from their membership of Advantage SW. It cost each Member £11,818 (plus VAT) to be a Member of Advantage SW Procurement in 2011/12, thus membership provides value for money to each Member.

A large number of households have seen their homes improved using products from Advantage SW contracts. Volumes in the major spend areas are:

Spend area	2010/11	2011/12
Bathrooms	1,300	2,200
Kitchens	3,000	2,900
Windows	1,000	1,000
Gas heating systems	1,200	1,700
Doors	3,300	1,900
Air source heat pumps	450	500

Each Member of Advantage SW Procurement benefits from access to an electronic sourcing & tendering system and an e-auction system that it can use for its own requirements.

Advantage SW Procurement provides a network of expertise that has been used by Members so as to avoid duplication of work.

## New Build activity (for Partners)

### Properties built

During the year a total of 378 homes were built to Advantage SW designs (this includes contracts started but for which the properties may not have yet been built):

<b>Devon &amp; Cornwall Housing</b>	
Foulston Avenue	14
Garrison Close	5
Higher Tren creek	22
Kinterbury Square	61
Parknoweth Close	8
St Keverne Phase 2	13
Terras Road Phase 1	22
<b>Devon &amp; Cornwall Housing total</b>	<b>145</b>
<b>Ocean Housing</b>	
Horsepool Road Phase 1	25
Penwinnick Road Phase 2	10
<b>Ocean Housing total</b>	<b>35</b>
<b>Yarlington Housing</b>	
Cox's Close	23
Northbrook Phase H HR	51

Northbrook Phase N GR	33
Sparkford The Avenue	8
St Georges Phase 1	59
Burrells House	3
Ken Close	21
<b>Yarlington Housing total</b>	<b>198</b>
<b>Grand Total</b>	<b>378</b>

North Devon Homes has started on site for its Forches PRC redevelopment and will be taking units in 2012/13.

This takes the number of homes built to Advantage SW designs to almost 2100. During 2012 we will be celebrating this achievement.

#### New designs

During the year Advantage SW launched 4 new house designs:

- Valency - a 2 bed 4 person 72 m<sup>2</sup> home
- Batherm – a 2 bed 4 person 75 m<sup>2</sup> home
- Ashburn – a 3 bed 5 person 82 m<sup>2</sup> home
- Avill – a 3 bed 5 person 84 m<sup>2</sup> home

The launch of these designs followed a detailed consultation with residents over four design iterations, culminating in the best compromise of space usage.

At the event to launch the new designs to Partners, two residents from DCHG who were involved in the consultation gave an overview of how residents' views had been incorporated into the designs.

#### Reduction in future new build numbers

It is recognised that future numbers of homes built to Advantage SW designs is going to reduce. It is currently predicted that there will be about 250 homes built to these designs in 2012/13.

## Procurement Club Activity

### Membership

During 2011/12 Advantage SW had seventeen Members:

- Coastline Housing
- Devon & Cornwall Housing
- East Devon District Council
- East Dorset Housing
- Magna West Somerset Housing
- North Devon Homes
- Ocean Housing
- Penwith Housing
- Purbeck Housing
- Tarka Homes
- Taunton Deane Borough Council
- Teign Housing
- Tor Homes
- United Housing
- Weymouth & Portland Housing
- Westcountry Housing
- Yarlington Housing

This number will decrease from April 2012 to 13 as both DCH Group (Devon & Cornwall housing, Penwith Housing, Tor Homes) and Synergy Housing Group (East Dorset Housing, Purbeck Housing and Weymouth and Portland Housing) have changed their group structures and as such will now each be counted as one Member rather than three.

Contracts are awarded on the recommendation of product groups. These product groups work on a participative basis. Product Groups are chaired by a senior manager from a Member organisation. Each Member has a representative who is responsible for bringing that Member's requirements to the project, contributing to key stages in the process such as creating the specification, deciding how tenders will be assessed and assessing the tenders. Tenants also have played an important part in the process. Indeed, there is clear evidence that the tenants' input has been the deciding factor in the award of one contract, and has disqualified two suppliers from another contract. It is essential to emphasise that without the input of the Member representatives and tenants the projects could not have been a success.

The Procurement Consortium Group directs and oversees the work of the Procurement Club. John Golding represents East Devon District Council on the Procurement Consortium Group. The main operational points of contact for the product groups are Jonathan Burns and Dennis Boobier.

### **Procurement Club Activity**

#### **Contracts**

Advantage SW has the following contracts in place:

- |                                      |                                    |
|--------------------------------------|------------------------------------|
| • <b>Bathroom equipment</b>          | <b>Ideal Standard</b>              |
| • <b>Kitchen &amp; bathroom taps</b> | <b>Vado UK</b>                     |
| • <b>Kitchen units</b>               | <b>Premiere Kitchen Company</b>    |
| • <b>Radiators</b>                   | <b>Stelrad</b>                     |
| • <b>Heating controls</b>            | <b>Sunvic</b>                      |
| • <b>External doors</b>              | <b>Homesafe Lindman</b>            |
| • Electrical heating                 | Creda                              |
| • Air source heat pumps              | Daikin Airconditioning             |
| • PVCu windows                       | Wrekin Windows                     |
| • Solar Thermal systems              | BDR Thermea (Baxi Group)           |
| • Consumer units                     | Electrium Group (Crabtree & Wylex) |
| • Fans                               | EnviroVent                         |

In addition, arrangements are in place for boilers with:

- Baxi
- Glowworm
- Vaillant
- Worcester Bosch

For aids and adaptations products:

- AKW
- Impey
- Contour

During 2012/13 the contracts identified in bold above expire and so projects to replace them have been programmed.

### Fuel Poverty

Fuel Poverty is an area of increasing concern for Landlords. The Fuel Poverty group has arranged a tie-up with Energylinx, a fully independent, Consumer Focus accredited price comparison provider. Residents can contact Energylinx by phone or through the internet. Average savings through Energylinx are currently £117, though the number of residents accessing the service remains very low.

The Fuel Poverty group also ensures that Members are aware of possible savings for the residents in areas such as water & sewerage, oil buying clubs and in 2012/13 will be looking at insurance for residents, producing web-hosted short videos helping residents to operate their homes, training and resources for staff to help residents operate their heating systems and how the plethora of documents that are used to engage with residents in this area can be simplified.

### Carbon Reduction Policies

The Department of Energy and Climate Control have a number of schemes that are planned to help develop a lower carbon approach to running homes.

The Feed in Tariff has been in the news due to the changes that DECC has sought to implement. Irrespective of the legal challenges, the reality is that the take-up on the scheme has been much higher than was forecast and this has meant DECC has announced that it will continue to reduce the tariffs and possibly even the length of time that payment will be received for (not retrospective).

Advantage SW has responded to the consultation on Feed in Tariff.

Similar to the Feed in Tariff is the Renewable Heat Incentive, which pays money for the generation of heat. Currently domestic properties with individual heating systems are excluded from the scheme, but it has been announced that they will be included later this year. How this scheme will work is not yet clear, but Advantage SW will help Members to understand the scheme and its implications.

The Green Deal is the third initiative in this area. Again, Advantage SW will be a conduit for discussion and information sharing, whilst seeking to take advantage of any opportunities that the Green Deal may deliver, particularly with regard to the Energy Company Obligation element.

### Other projects

A number of other smaller projects have been progressed during the year. Examples of these are:

- Communal Area Energy Efficiency toolkit to help Members consider how service recharges for electricity could be reduced for residents
- Provision of training in areas of asset management to reduce the costs of training for asset management staff
- Creation of a range of standard documents that can be used by Members for their own individual contract requirements

## **Procurement Club Savings**

During 2011/12 Advantage SW saved its Members a total of £2.1m. This includes unrecoverable vat.

It is important to appreciate that contracts are not awarded to the lowest priced tenderer. This is generally because the higher priced tenderer's products will have received higher scores from the residents at the product viewing and/or higher scores in the tender analysis (whilst meeting the minimum requirement). The list below indicates the additional savings that could have been secured in 2011/12 had these not been taken into account:

- Kitchens: + £150,000
- Windows: + £78,000
- Doors : + £23,000
- Heating controls: + £4,000
- Consumer units: + £8,000
- Radiators: + £7,000

This can be seen as the additional cost of products that better meet the residents expectations and staff service level expectation.

Price increases for the products on contract have been lower than RPI over the duration to date of the frameworks. Notable examples include the kitchens framework where we have had one price increase of 4% covering the four years, and GRP doors where we have not yet had a price increase (now in fourth year of the framework). In addition, further benefit has been delivered to Members by delaying the implementation dates of these increases so that more product can be purchased at the lower prices.

## Residents Events

Advantage SW has held 3 events for residents this year.

Two resident consultation events were held to give residents an update on the progress made through Advantage SW to date and to seek their views into how residents should be involved in the future. Over 60 residents attended these events and told us that we need to:

- Improve communication with residents
- Give them more opportunities to be involved in the procurement process
- Run more product viewing sessions to enable more residents to attend

The residents present were very happy with the results produced by Advantage SW, in terms of the savings but particularly the quality of products on contract.

A product viewing for fans and safety flooring was held in November. Regrettably we were not able to award the flooring contract as the supplier who was in first place's products did not comply with our specification.

## Member engagement

### Finance Directors Meeting

In January, Finance Directors representing 14 Procurement Club Members met for an update on Advantage SW and to provide some input into how Advantage SW can continue to help deliver value for money. The method for demonstrating the value-for-money benefits of on-going membership was agreed.

### Member Satisfaction Survey

A Member satisfaction survey was undertaken during the year. Members representatives on the Procurement Consortium Group were asked to score the procurement club using the following:

- 1 – Strongly Disagree
- 2 – Disagree
- 3 – Neither agree nor disagree
- 4 – Agree
- 5 – Strongly agree

The responses demonstrate a high level of satisfaction with the procurement club. The scores for the questions asked were as follows:

Category	Question	Average
Performance	The contracts awarded meet our requirements	4.62
	We are happy with the improvements in value for money delivered	4.65
Contract Management	When we have problems Advantage SW is effective in helping to resolve them	4.24
Communication	Information provided by Advantage SW is clear and understandable	4.71
	Information provided by Advantage SW meets our needs	4.47
Member Focus	Members direct the work of the Procurement Club	4.53
	Advantage SW is focussed on improving value for money for its Members	4.76
	All Members are given opportunities to contribute to projects	4.82
Tenant Engagement	Our tenants are given suitable and sufficient opportunity to contribute to projects	4.18
Overall	Overall, membership of Advantage SW's Procurement Club has been good for our organisation	4.65
	Membership of Advantage SW's Procurement Club is an important part of our continuing drive to offer value for money services to our tenants / residents / customers.	4.82
Average		4.59

### Electronic Procurement

Usage of the Due North e-tendering system at [www.advantageswtenders.co.uk](http://www.advantageswtenders.co.uk) has increased during the year, with more Members using the system. Two courses were put on to increase the number of staff who could use the system.

Members can now access the e-auction module of the [www.advantageswtenders.co.uk](http://www.advantageswtenders.co.uk) system for their own requirements, though there is a transactional fee (payable to Due North) for the use of this module.

### Newsletters

For various reasons the Advantage SW newsletters were not produced during the early part of the year; these are now being produced on a bi-monthly.

### Website

Work has commenced on a password protected website so that members can access all of the relevant Advantage SW documents in one place and be sure that they are using the most up to date versions.

## Value for Money Self Assessments

Advantage SW will provide additional supplementary information that can be used in value for money statements. This will include predicted savings based on predicted future annual usage (subject to receiving this information from the Members).

## 2012/13 activity

Some of the larger 2012/13 projects will include:

- Re-letting the contracts terminating this year with additional opportunities for resident involvement and multiple product viewing events
- Awarding new contracts for flooring and aids and adaptations products
- Working with Members to link asset management strategies closer to fuel poverty issues, green deal opportunities and new technologies.
- Delivering the training programme on use of heating systems
- Putting in place training courses for Members, initially on asset management topics
- Increasing our web presence, including use of mini-videos to help residents understand their properties

## Summary

Membership of Advantage SW continues to be beneficial for East Devon District Council. Through the efforts of all involved, Advantage SW delivers

- improvements in value for money
- good products
- opportunities for resident involvement
- access to procurement knowledge and technology
- sharing of information and good practice

John Golding – Head of Housing

Neil Biddiscombe – Advantage SW Procurement Manager

## 18 Exclusion of the Public

The Vice-Chairman of the Committee to move the following:-

“that under Section 100(A)(4) of the Local Government Act 1972, the public (including the press) be excluded from the meeting as exempt information, of the description(s) set out on the agenda is likely to be disclosed and on balance the public interest is in discussing this item in private session (Part B).”