

**IMPROVING PLACES SELECT COMMISSION
26th October, 2016**

Present:- Councillor Mallinder (in the Chair); Councillors Allen, Atkin, Buckley, Brian Cutts, Jones, Marles, McNeely, Reeder, Rushforth, Sheppard, Taylor, Julie Turner, Walsh, Whysall and Wyatt together with Mrs. L. Shears and Mr. B. Walker (Co-opted Members).

Councillors Ellis and John Turner were in attendance at the invitation of the Chair.

Councillor Beck, Cabinet Member for Housing, was in attendance for Minute No. 29 (Housing Revenue Account Business Plan 2016-17).

Apologies for absence were received from Councillors Jepson and Price.

25. DECLARATIONS OF INTEREST

The following Declarations of Interest were made at the meeting:-

Councillor McNeely Personal (Council tenant)

Lilian Sheers Personal (Council tenant)

26. QUESTIONS FROM MEMBERS OF THE PUBLIC AND THE PRESS

There were no members of the public or press present at the meeting.

27. COMMUNICATIONS

Christine Majer, Scrutiny Adviser, advising that Scrutiny was still working with the Local Government Association. It had been suggested that each of the Commissions undergo an exercise on how to look in detail at the performance monitoring of the Directorates that came under the respective Commission's remit.

The suggested dates were:-

Thursday, 24 th November	a.m.
Friday, 25 th November	a.m.
Monday, 28 th November	all day

Members were asked to contact Christine as a matter of urgency with their preferred date and suggestions of potential areas to scrutinise.

28. MINUTES OF THE PREVIOUS MEETING HELD ON 14TH SEPTEMBER 2016

Consideration was given to the minutes of the previous meeting held on 14th September, 2016.

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Arising from Minute No. 18(2) (Cemeteries and Crematorium – Dignity PLC), it was noted that the contact details of the Liaison Officer had not been supplied.

Resolved:- (1) That the minutes of the previous meeting held on 14th September, 2016, be agreed as a correct record.

(2) That the Scrutiny Adviser circulate to Members of the Select Commission the contact details of the Dignity Liaison Officer.

29. HOUSING REVENUE ACCOUNT 30 YEAR BUSINESS PLAN

Paul Elliott, Business and Commercial Manager, and Tom Bell, Acting Director of Housing Services, presented a report on the Housing Revenue Account Business Plan 2016/17 and gave the following powerpoint presentation:-

What is the HRA Business Plan?

- Localism Act
- Self-financing introduced 2012-13
- Risk Vs Reward
- Long term planning – sustaining the housing stock

Housing and Planning Act 2016

- Mandatory Fixed Term tenancies
- Pay to Stay
- Extension of the Right to Buy
- Levy/enforced sale of high value stock

Welfare Reforms

- 1% rent reduction
- Universal Credit
- Local Housing Allowance
 - Under 35s
 - Under 21s
- Benefit Cap

Universal Credit

- A means tested benefit for people of working age who are on a low income/out of work. It is paid monthly, in arrears, into a bank account and combines six existing means tested benefits
 - Income Support
 - Housing Benefit
 - Child Tax Credit
 - Income based JSA
 - Working tax credit
 - Income related Employment Support Allowance

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Benefit Cap – 5th December, 2016

- Further reduction will take the cap from £26,000 to £20,000
- This will affect around 400 families with 1400 children of which 190 with 520 children on our tenants
- Except for supported housing the limits will be:-
 - £384.62 per week for couples – with or without dependent children
 - £384.62 a week for lone parents with dependent children
 - £257.69 a week for single people without children

Housing Benefit v Local Housing Allowance

- Local Housing Allowance – private rented sector
Based on the household size e.g. 2 person household (mother and son) would qualify for the 2 bed rate
- Housing Benefit – social rented sector
Based on the property size e.g. 2 bed roomed property costs less than a 4 bed roomed property

Different rates payable

- Locally calculated based on the bottom 30% of private sector rents

Shared room rate	£58.50
One bedroom	£79.40
Two bedrooms	£96.96
Three bedrooms	£101.00
Four bedrooms	£138.08
- RMBC rents (average by property size not type)

Bedsit rate	£67.81
One bedroom	£69.49
Two bedrooms	£75.19
Three bedrooms	£80.74
Four bedrooms	£87.74

Extent of the problem

- 1,929 applicants to the housing register who are under 35 years old
1,592 staying with family, others are rough sleeping, no fixed abode or staying in hostels/temporary accommodation
Commences 1st April, 2018, for tenancies that started on/after 1st April, 2016

Impact on the HRA Business Plan

- 1% rent reduction
Loss of income over next 30 years equivalent to £638M
Assume rent will now increase by CPI only after the 4 year rent reduction (was previously CPI + 1%)

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Policy	Issue	Potential Financial Impact	Year of Implementation
Benefit Gap	Reduction in Housing Benefit income leading to an increase in rent arrears resulting in an increased bad debt provision	£400,000 per annum	October, 2016
Social Sector Size Criteria (Bedroom Tax)	Reduction in Housing Benefit income	£100,000 per annum	Ongoing
Universal Credit	Reduction in Local Housing Allowance income. Increase in rent arrears resulting in an increased bad debt provision	£200,000 per annum and increasing	Ongoing
Restrictions of Housing Benefit for 18-21 year olds	Fewer tenancies to 18-21 year olds. Increasing arrears leading to increased bad debt provision	Up to £500,000 per annum	April, 2017
Pay to Stay	Increasing Right to Buy. Charging market rents leading to increased rent arrears. increased administration costs	Not yet to know	April, 2017
Local Housing Allowances (LHA) rate capped for under 35s	Fewer tenancies to single under 35s. Harder to let properties. Increase rent arrears leading to bad debt provision	£1.3M per annum	April, 2016

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Cap Social rents to Local Housing Allowance (LHA) rates	Cost of a furnished tenancy or not covered fully by Housing Benefit due to LHA cap	Up to £1.3M annual to General Fund	April, 2018
Fixed term tenancies	Increase tenancy turnover leading to increased void costs	Not yet known	April, 2018
Higher value property levy	Sale of properties becoming vacant and/or payment of annual determination from DCLG	£2M per annual (awaiting regulations)	2016/17?

Summary

- Savings of circa £50M required over the next 5 years when compared to the previous plan
- Healthy reserves balance of £28.5M but forecast to reduce considerably to £3M by Year 8
- Reduction in forecast surpluses at Year 30 from £401M to £35M
- Right to Buy average 200 per year; the housing stock will have reduced to circa 15,500 units i.e. a reduction of around 5,000 units
- Strategic property acquisitions will cease in 2017-18 rather than 2020-21 as in the 2015-16 Base case. This will save £36.38M and mean around 360 fewer Council properties are acquired
- There will be £273M less to spend on property investment
- There will be £98M less to spend on supervision and management

Issues to consider?

- Have we got our assumptions right?
- Are we being too cautious vs ambition?
- What impact will future policy changes have?
- Member and tenant involvement in future governance of the plan?
- How does the HRA contribute to the 'One Council' approach?

Discussion ensued with the following issues raised/highlighted:-

- The rationale for the 1% annual reduction in Council rents for 4 years was that it would lead to a reduction in the Housing Benefit bill as social housing rents were paid, in the main, from Housing Benefit. The reduction would have a compounded effect in the reduction of the Housing Benefit bill in long term of approximately 16-17%. Private

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rents were capped at the Local Housing Allowance which was set at the local level which was frozen for 4 years

- Work had been undertaken to understand what the average market rents for Rotherham were by property size. The additional income generated by the Pay to Stay initiative would not be retained by the Local Authority; all of it would be passed directly to the Government and none of the cash would be factored into the Housing Revenue Account business plan. The only factor into the business plan was an anticipation that there would be an increase in the Right to Buy sales because, in many cases, for those tenants at the top end of the earnings limit it would be cheaper to exercise their Right to Buy if eligible for mortgage finance. It was understood that the taper would remain at 15p for every pound whilst ever a tenant was earning over £35,000 but the detailed guidance was awaited. It was assumed that the Government would introduce a review process so if a tenant's earnings dropped then their rent would be reduced but if their income increased then their rent would increase up to the market rent threshold
- CIPFA Guidance stated that a property had a life longer than 30 years so accordingly there had to be a business plan that could sustain and maintain the property over the 30 year period to ensure the local authority still had an income from it
- Rotherham currently had low numbers in receipt of Universal Credit. The strategy was very much been about providing intensive support by the Tenancy Support Officers to those tenants in receipt that been put on Universal Credit. The Officers provided assistance in looking at increasing other benefit income, setting up bank accounts, personal budgeting support, offering money advice and wherever possible offering support in signposting them to become longer term employed and improve their employment prospects. A package of support was provided to the tenant to make them self-sufficient in the longer term so less of an impact on Council resources, a reduction in rent arrears and potentially a reduction in Council services they may access
- It was expected, and from initial conversations with the Local Government Association, that the Local Authority would be writing to all tenants not in receipt of Housing Benefit and requesting that they provide income details. This would for both themselves as the named tenant and any partner/spouse. The £31,000 income threshold was based on any taxable income of both the named tenant and partner/spouse. Currently there was no advice as to whether this included savings but it was envisaged that there would be some element of any interest accrued from savings would be factored into the Pay to Stay calculation
- The Local Authority had no choice in the matter of Pay to Stay and the passing of any income to the Government

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- At the present time there were no published Regulations as to what was meant by the sale of “high value” Council properties. It was currently going through Parliament. From the DCLG it was known that it would be based on the local market value and that the calculation would be based on to the number social housing properties owned by the Local Authority
- The Cabinet Member for Housing had been consulted as part of the development of the proposals with a strong emphasis on retaining as long as possible strategic acquisitions and housing growth whilst maintaining good services to the tenants of Rotherham and wherever possible maintaining a critical mass of Council housing within the Borough
- The Tenants Quality and Standards Group had been consulted but more work was required to consult with and inform tenants of the implications of the Housing and Planning Act and Welfare Reform
- Work had started through the Tenancy Engagement Team with regard to consultation with tenants and what the future housing offer would be. An article would be included in the Christmas Tenants’ Magazine
- The criteria with regard to Fixed Term Tenancies was currently under development. It was felt that the crux would be around ensuring that the Authority retained “good” tenants over the longer term and encourage sustainable communities. However, it was noted that detail was still awaited from the Government
- There was also work ongoing in terms of the Housing Strategy around Fixed Term Tenancies and how they would be implemented locally to ensure there were sustainable communities and that tenants had a sense of belonging. Some consultation had commenced with tenants and potentially helped those that wanted to downsize in the future because of their changed circumstances. There would be a further report to Members
- Fixed Term Tenancies took away choice from tenants
- The £31,000 cap on Pay to Stay may deter tenants from improving their employment status
- The high value property levy was introduced to fund the construction of Right to Buy Housing Association properties
- The Strategic Housing Team were currently working on proposals for potential future stock that would fit the under 35 segment of the market and fit the £58.50 Local Housing Allowance cap

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- The elderly would not be affected by the Bedroom Tax but would be affected by the change in Housing Benefit eligibility. There was no age threshold in terms of the Local Housing Allowance but it was based on household size and not property size, therefore, in the future a new tenant of pension age and in receipt of Housing Benefit to cover the rent would be capped at £58.50. This had come into effect from 1st April, 2016
- The £31,000 Pay to Stay limit equated to just over £15,000 each. This would probably be less than the minimum living wage
- Was there any protection for the disabled?
- Consultation was essential to ensure tenants understood and given as much warning as possible about some of the changes that would affect them to their disadvantage
- Work was taking place on the development of an Older People's Housing Strategy and would be submitted in the New Year. It would look at how the Council coped with the demographic changes in society and enable residents to downsize into more suitable accommodation in the neighbourhood where they lived. Attempts were also being made to ensure that when there were opportunities to build new accommodation or acquire accommodation that there was a focus and making sure that specialist accommodation was built which would help the older age group
- Work was also taking place in relation to the benefits/possibilities of establishing a delivery vehicle as many other councils had. In conjunction with the Government agency, 5 workshops had been set up to explore this further
- A funding bid had been supplied to the Government for a pilot scheme of remodelling some Direct Homes (flats) of low demand into suitable accommodation for under 35's and converting 2 flats into a family house

Paul and Tom were thanked for their presentation.

Resolved:- (1) That the 2016/17 Base Case for the Housing Revenue Account business plan be noted.

(2) That an updated financial position be submitted as the new Government Regulations came into force.

(3) That a further report be submitted in 6 months.

(4) That further information be supplied to the Select Commission on:-

Figures regarding the uptake of 16-21 and the under 35's
How many had taken up the support package
Management of private rented housing tenants applying for rehousing

30. TENANT SCRUTINY - UPDATE ON REVIEW

Lilian Shears, Co-opted member, presented the interim report of the investigation into engaging young tenants in Rotherham by Rotherfed Tenant Scrutiny. It had formed in April 2016 and this was its first investigation.

The Panel had met 5 times and achievements so far included:-

- Scoping and preparing a time plan for the investigation
- Designing and circulating a survey for younger tenants
- First meeting with officers
- Younger tenant engagement event
- Second meeting with officers

Next Steps:-

- To find ideas for good practice for engaging younger tenants used by other housing providers
- To connect with other younger tenants by visiting existing groups where there are concentrations of younger tenants
- To map out existing support and engagement services and identify any gaps
- To get more surveys completed and carry out a final analysis of the responses
- To submit final report and recommendations in February/March 2017

Resolved:- That the report be noted.

31. EMERGENCY PLANNING TASK AND FINISH GROUP

Councillor Wyatt, Chairman of the Task and Finish Group, gave the following verbal report:-

- The majority of the content and inserts in the Emergency Plan were last updated in 2012/13
- It was not anticipated that the review would be signed off until April 2017 but was not to say that any work emanating from the review had to wait until that time
- The resilience of the emergency plan was to be tested – to look at the governance arrangements, the meetings that took place and how they were accountable, the terms of reference, systems within the Directorates

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- There had been a massive change in the organisation and staff that many of the named people in the plan had left the employment of the Council some time ago
- The need to test the arrangements that existing between the Council and other external agencies e.g. Police, Fire and Rescue, NHS, Yorkshire Water
- The need to test the arrangements for the Forward Liaison Officer – what training they had received, what support and equipment they had
- Recommendation that the Senior Leadership Team carry out an exercise of the Emergency Plan
- Elected Members would be provided with a copy of the LGA Booklet – guidance stated that a copy should be provided to all Members as a reference document
- The Group would be speaking to key witnesses including Karen Hanson (Assistant Director Regeneration and Environment), Claire Hanson (Senior Resilience Officer), 1 of the Forward Liaison Officers, ascertain how the incident room worked/was managed

It was noted that the joint arrangement with Sheffield City Council would not form part of the review.

The outcome the review would be looking for was an improved Emergency Plan which was fit for the purpose it was designed for, adequate resources to meet any potential major incident which could happen across the Borough and to confirm that the governance structure in place prioritised ongoing leadership and review.

32. DATE AND TIME OF THE NEXT MEETING

Resolved:- That a further meeting be held on Wednesday, 30th November, 2016, commencing at 1.30 p.m.