

## CABINET

20 MARCH 2012

<b>Title:</b> Housing Strategy 2012 - 2017 and Council Housing Business Plan 2012/13	
<b>Report of the Cabinet Member for Housing</b>	
<b>Open Report</b>	<b>For Decision</b>
<b>Wards Affected:</b> All	<b>Key Decision:</b> Yes
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<b>Summary:</b> <p>This report introduces the two centrepieces of the Council's strategic approach to housing in the Borough.</p> <ul style="list-style-type: none"><li>• The Housing Strategy 2012 - 2017</li></ul> <p>This sets out the Council's ambitions for housing in Barking &amp; Dagenham. It is a high-level vision and strategy which assesses needs, highlights the key issues, determines priorities and outlines the broad direction of travel for housing in the Borough. The strategy is holistic and encompasses all tenures and all residents. It focuses upon communities and individuals rather than just bricks and mortar.</p> <ul style="list-style-type: none"><li>• The Council Housing Business Plan</li></ul> <p>This sets out the strategic objectives that underpin the operation of the Council's Housing service in meeting the housing needs and aspirations of local people in the new era for Council housing which will be brought about by the self financing arrangements being introduced by Government in April 2012. The Council Housing Business plan is a sub-plan of the Housing Strategy: it is integral to and should be read alongside the Housing Strategy.</p> <p>Both align with the Council's key objective of building a better life for all and deliver the key priorities of "Housing and Estate Renewal" and "Raising Household Incomes."</p> <p>This report constitutes a coversheet for the Barking &amp; Dagenham Housing Strategy 2012 - 2017 and the Council Housing Business Plan (attached as Appendices A and B respectively). It provides a brief detail of the major considerations applied to the development of the Strategy, highlights the four priorities for the Housing Strategy and gives an outline of the Council Housing Business Plan.</p>	

The Housing Strategy forms part of the Council's Policy Framework and, as such, is reserved to the Assembly for approval. The Cabinet is therefore asked to consider the Housing Strategy and make any necessary comments / amendments for consideration by the Assembly.

### **Recommendations**

The Cabinet is asked to:

1. Recommend the Assembly to approve the Barking and Dagenham Housing Strategy 2012 – 2017 as set out at Appendix A to the report, subject to any comments / amendments it wishes to make; and
2. Approve the Council Housing Business Plan 2012/13 and note that annual reports will be brought to Cabinet to update the Business Plan and Council Housing Asset Management Strategy.

### **Reason(s)**

To assist the Council in achieving its key objective of "Building a Better Life for All"

## **1. Introduction and Background**

- 1.1 Local Authorities are required by Section 87 of the Local Government Act 2003 to have in place a Housing Strategy. The Act requires the Housing Strategy to provide an "overarching framework against which the Authority considers and formulates other policies on more specific housing issues." The Housing Strategy must set out "objectives and targets on how the local authority intends to manage and deliver its strategic housing role."
- 1.2 The strategic housing role is set out in "*Homes For The Future: More Affordable, More Sustainable*" (DCLG, 2007) as
  - Understanding local housing markets;
  - Assessing and planning for current and future housing needs;
  - Making the best use of the existing housing stock;
  - Planning and facilitating new housing supply;
  - Planning and commissioning housing support services;
  - Incorporating the regional and sub-regional housing agenda;
  - Developing partnerships that secure effective housing and neighbourhood management.

The role therefore requires a Housing Strategy that is applied to all tenures across the entire housing stock in Barking & Dagenham and to the housing services and partnerships within and beyond the Council that seek to address the very complex issues applying to housing need, supply and conditions.

- 1.3 The Barking & Dagenham Housing Strategy 2007 - 2010 has expired and the Housing Strategy attached to this report aims to replace it for the period 2012 - 2017. Whilst not a wholly new document (the Housing Strategy 2012 -2017

progresses many of the key issues in the previous Housing Strategy) it is nevertheless a very significant update with a number of new factors needing consideration and incorporation. The rationale and salient issues concerning these new factors are outlined in the following paragraphs (full details can be found within the Housing Strategy, as attached).

- 1.4 The financial system for Council housing is to be fundamentally changed in April 2012. The new arrangements are based upon aggregating at a national level the outstanding housing debt of local authorities in England and then reallocating the debts. In return for taking on debt LB Barking & Dagenham and other debt receiving authorities retain all rent income. This system of self financing allows for significant self determination and for long term planning, which was impossible under the former regime. As a consequence of this a 30 year Council Housing business plan has been produced and a Council Housing Asset Management Strategy is being developed and will be brought to Cabinet.

## **2. Proposal and Issues**

### **2.1 Developing a Housing Strategy during a period of change**

Many of the challenges set out in the Housing Strategy are entirely familiar: high prices; excessive demand; improvements required to both Council and private sector housing. Against this background the Housing Strategy has been developed within an environment of considerable change, especially at national policy level

- 2.2 A number of these challenges and considerations relate to socio-economic factors which have made home ownership difficult to achieve and which have made it harder for developers to build new homes. The borough has also experienced a burgeoning private rented sector in the last five years as well as changes to its demographic profile. In addition a number of challenges have arisen while assessing emerging national policy developments, including:

- Significant cuts to national housing grant;
- Development of an “Affordable Rent” tenure;
- A new self-financing regime for Council housing;
- Welfare reforms;
- Proposed new powers in the Localism Act;
- Reductions in funding for housing-related support services and supported accommodation.

- 2.3 Many of these changes and policy developments are new and yet to be fully assessed and understood. As a result, much further analysis and impact assessment will be required over the coming months and during the lifetime of this strategy. The strategy has therefore been developed with a degree of flexibility to meet the new considerations and challenges emerging at national level. It is not set in stone and current intentions are to undertake a refresh and develop an updated statement in 18 – 24 months.

## 2.4 Evidence Base

A detailed and robust evidence base underlies the Housing Strategy and Business Plan, in fact the most robust evidence base ever undertaken by Barking & Dagenham, including:

- B&D Private Sector Stock Condition Survey (2009);
- B&D Council Stock Condition Survey (2010);
- B&D Housing Needs Survey (2011);
- B&D Strategic Housing Market Assessment (2011);

## 2.5 Barking and Dagenham Housing Strategy 2012 – 2017

Attached to this report is a draft of the Barking & Dagenham Housing Strategy 2012 – 2017. In summary the Housing Strategy determines four objectives:

- Delivering social and economic regeneration through building high quality homes and thriving communities
- Investing in new council housing and establishing new ways to deliver affordable housing
- Good quality services
- Sustainable communities

Unique to the new Housing Strategy, the success of these objectives will be measured by their general “outcome.” The new strategy does not focus upon myriad targets and outputs but rather, for example, on whether newly built housing delivers high resident satisfaction and better health and education outcomes over the long term.

## 2.6 “Generation Rent” and access to the housing market

National research has indicated that approximately two-thirds of potential first time buyers have no realistic prospect of owning their own home in the next 5 – 10 years and lack the long term saving potential needed to get on the housing ladder. The Housing Strategy outlines how we shall attempt to address this position through a number of different models and approaches to housing including new build affordable housing, innovative housing joint ventures and licensing landlords and improving conditions in the private rented sector. The strategic aim being to create thriving mixed income communities.

## 2.7 Improving Quality of Life and Well Being

The Housing Strategy is holistic and its focus is upon delivering better outcomes for people, particularly quality of life and well being. The strategy outlines numerous quality of life and well being objectives and improvements including, for example:

- Better housing space standards (so families can eat together and have space to undertake school homework);
- Environmental and social sustainability (homes for life, adaptations strategy for example )
- Tackling fuel poverty

To achieve these aims, the Housing Strategy has been developed alongside and integrated with the Barking and Dagenham Joint Strategic Needs Assessment (JSNA) and the emerging B&D Health and Well Being Strategy. The Housing Needs Assessment has been integrated with the JSNA and the Housing Strategy itself will be reported to the B&D Health and Well Being Board to ensure continued improvement on health, quality of life and well being outcomes.

## **2.8 Accessibility**

The strategic housing function can be a complex area requiring specialist knowledge. Government guidance is that Housing Strategies should be written for “interested parties,” not necessarily the general public. The approach taken in Barking and Dagenham is therefore to develop a detailed and holistic strategy for any interested or specialist audiences but subsequently to develop a short, accessible to the general public, six page summary and action plan version which, to all intents and purposes, can be used as the Housing Strategy. The summary version will be therefore published immediately following final approval of the full Housing Strategy and will include an “easy read” version.

## **2.9 Housing Revenue Account Business Plan (HRA Business Plan)**

The Borough’s Council Plan sets out the overarching strategic objectives that underpin the business objectives for Council housing in Barking & Dagenham. The provision of good quality housing is fundamental to the achievement of the Council’s Priorities. It is therefore important that the borough has - operating exclusively within its boundaries - an effective, flexible and efficiently run housing organisation which is able to meet the evolving housing aspirations and needs of residents and their families – the provision of quality affordable housing is essential to delivering the Council’s long term objectives of a creating a safe, healthy and prosperous borough.

From 1 April 2012 the national council housing subsidy system will be dismantled. Local Authorities will be expected to operate their housing revenue account functions as stand-alone businesses. Providing well maintained housing and a range of affordable tenures that meets the community’s and market’s needs will be essential to maintaining a long-term viable Council Housing service.

Self-financing offers the Council the opportunity to completely recast how it delivers housing services and to widen housing choice to make a major contribution to delivering the Council’s corporate priorities.

From next April the Council will:

- operate a fully funded 30 year housing business plan
- plan long-term to provide cost effective housing management services
- embark on a £1.3bn investment programme to refurbish council housing
- deliver a substantial estate regeneration programme
- generate a new build affordable Council housing programme with our development partners
- provide a wider range of intermediate tenures by being able to directly operate the HCAs new affordable rent model and access grant for new homes

The Borough's housing landlord and housing asset investment programme will be delivered through a ring-fenced business unit within the Council's Housing & Environment Department. Underpinning delivery of the business plan, and the strategy to invest in new Council homes and make major improvements to tenants' living conditions, is the assumption that overall the rental income will rise by RPI plus 0.5% for the next 30 years. Any deviation from this would mean the Council cannot deliver the levels of investment in new build, major works and estate renewal

#### 2.9.1 Council Housing Asset Management Strategy (AMS)

To deliver the investment opportunities under HRA self-financing, a new 30-year asset management strategy is being prepared and will be implemented along with this business plan. The new asset management strategy is based on the resource position under the self-financing settlement, and on the findings of a new stock condition survey, that underpin the 30-year investment strategy.

During 2011/12 a comprehensive review of the way in which the housing investment programme is delivered was undertaken. Consequently, a new Housing Asset Management Strategy will be adopted which will set out how we will provide residents with a higher standard of repair and refurbishment: this will involve a programme of elemental renewal that goes beyond the minimum Decent Homes standard. The investment programme will seek to renew all major building elements through one internal and one external refurbishment visit to each home; thereafter homes will be maintained according to a planned programme of major building element life-cycle renewal.

Within the housing investment programme tackling fuel poverty for tenants, providing affordable warmth and reducing carbon emissions will be central themes.

The following strategic investment themes will be adopted under the AMS:

- |                                   |  |
|-----------------------------------|--|
| Decent Homes investment programme | A detailed 10 year investment programme is being developed and profiled to align with available resources and to address the decent homes backlog within a 5- 8 year period. The rolling programme contained in this report enables progress to be maintained in addressing the stock's investment backlog.  |
| Estate renewal programme          | A fundamental element of the investment strategy is to demolish and redevelop c1700 flats on estates that are deemed uneconomic in which to invest to produce mixed income and tenure communities. The intention is to decant these flats over a 5 year period (in line with the HRA self financing settlement): this will free resources for investment in the remaining stock. |
| New build programme               | A programme of new affordable homes is being developed within the HRA and with external partners. This will help meet housing need and   |

aspiration and support delivery of the estate renewal programme.

The investment streams above are interrelated themes. Successful delivery of our new build and estate renewal programme are fundamental to bringing the existing stock up to modern standards. This is because a proportion of the stock needs to be demolished and redeveloped and the new build homes provide essential decant units for the estate renewal programme. Without this order of investment priority then a disproportionate amount of resources will be absorbed by maintaining homes that are beyond their economic life and would not represent best value.

To deliver the investment programme we will establish a rolling programme of schemes that will be delivered across a three to five year period. Establishing such a programme will provide the flexibility required to move resources between investment streams as the programme is implemented to provide flexibility to deal with unforeseen factors and to take advantage of new opportunities as they arise.

#### 2.9.2 Capacity to deliver the HRA Business Plan

The HRA Business Plan outlines how the Council will be able to completely recast how housing services can be delivered. Nevertheless the scale of this challenge should not be underestimated particularly in terms of the current staffing capacity to deliver. Over the course of the next six months we will therefore need to consider the adequacy of the current structures to deliver the long term aims of the Business Plan. We will also need to assess our how our partners and partnering arrangements can assist our capacity to deliver.

#### 2.10 **Monitoring and Evaluation**

The Barking and Dagenham Housing Strategy 2012 – 2017 and Council Housing Business Plan will be monitored, evaluated and reported at regular intervals to Council officer groups, the Strategic Housing Group and Living and Working Board. There will be regular reporting to the Cabinet lead Member for Housing and an annual progress report will be presented to all Council Members. The Business Plan will in addition be subject to an annual report to Cabinet and progress reports will be given to the recently established housing forums of tenants and residents.

### **3. Options Appraisal**

- 3.1 The Housing Strategy highlights the issues facing all housing tenures and communities in the Borough and incorporates the Council Housing Business Plan. A number of options appraisals have been undertaken concerning specific aspects of the strategy (for example investment issues). Other options appraisals are ongoing at the time of writing particularly in relation to the Council Housing Asset Management Strategy which will be brought to Cabinet whilst others are programmed throughout the lifetime of the strategy. Each appraisal will be reported separately.

### **4. Consultation**

- 4.1 The Housing Strategy incorporating the Council Housing Business Plan was developed through a detailed consultation process between May 2011 and January

2012. A number of events and processes took place and over 2000 contacts occurred including:

- Resident surveys
- Resident and stakeholder meetings
- Focus groups

Numerous individuals, partners and groups were consulted during the development of the strategy including:

### **Councillors**

Cabinet Member for Housing

Members of the Estate Renewal Housing Group

Various Members at Housing Portfolio and other meetings

### **Residents of all housing tenures:**

- Owner occupiers
- Private sector tenants
- Council tenants
- Housing Association tenants
- Housing needs register applicants
- Residents in temporary accommodation

### **Staff and Partners:**

- CMT
- All B&D DMTs
- Over 100 individual officers
- Housing Associations
- Private sector landlords
- Voluntary sector organisations
- Health sector professionals
- Supported accommodation providers
- Regional and sub-regional housing partnerships and contacts

## **5. Financial Implications**

Implications completed by: Jo Moore, Finance Group Manager

- 5.1 The Housing Strategy outlines the key objectives for the housing service. Underpinning this document is the Business Plan which outlines the surpluses generated from in-year operational activities together with a broad outline of how those surpluses will be allocated to meet the Council's investment needs both in terms of maintaining its existing stock and the provision of new units. These two documents should be read in conjunction with the Housing Asset Management Strategy which describes the Council's strategy for maintaining its existing stock. This document is subject to a separate Cabinet report.
- 5.2 As outlined in the Business plan there are a number of variables and assumptions in the projections which may be subject to change. In year 1 the Council has opted to increase rents by 6.8% which is below the proposed rent convergence increase of 7.98% which has resulted in the loss of approximately £950k of resources which would otherwise be available for investment. The future compounding effect of this



loss is far higher. Any further decisions not to increase rents by RPI +0.5% will again impact on surpluses generated and reserves available for investment. Any increase in costs over those contained in the Business Plan will similarly impact on the level of reserves.

- 5.4 If future surpluses outlined in the business plan are reduced it is most likely that the investment in existing stock will be reduced as the other investment streams (new build and estate renewal) are already likely to be committed. The maintenance of the existing stock is an important consideration to ensure that the future income streams projected in the debt settlement are achieved particularly as the HRA will be servicing debt attached to those properties.
- 5.3 The implementation of self-financing has introduced a borrowing cap for the HRA. Other than a small amount of borrowing headroom (around £7m) there is no further capacity for the HRA to borrow for investment purposes and the business plan makes no provision for debt repayment which would enable further borrowing in the future. Careful consideration should be given to future decisions made around the investment of surpluses should take into account the fact the resources are restricted to those generated on a "cash" basis in any given year assuming that there are no brought reserves available. The current Business Plan does not propose to increase reserves beyond those accumulated as at 1 April 2012 which are currently projected to be in the region of £6m.
- 5.4 The estate renewal stock has been removed from the debt settlement calculations and therefore does not have any debt attached to it. However, a condition of the stock removal was that the properties are decanted, empty and ready for demolition within 5 years.
- 5.5 The two documents attached to this report outline the need to fund the continued estate renewals programme. They also highlight the need for a new build programme as a priority in order to accommodate tenants displaced as a result of the estate renewal. In the estate renewals report that went to Cabinet in 2010 it was indicated that new supply and use of voids would fully accommodate those displaced and therefore there would be no additional costs of re-housing. The assumptions that there will no additional costs and that the programme of decanting will be delivered within 5 years remain.
- 5.6 Although the Business Plan outlines a £50m new build programme it does not detail this programme i.e. how many new units will be generated and in what timescales. The Business Plan includes income and costs projections associated with the delivery of new build but does not detail.
- 5.7 The Business Plan does not include any capital receipts from right-to-buys although we will be allowed to keep 25% of any receipts under the new self-financing rules. The Council currently approves around 60 RTBs in a year with annual receipts around £5.5 million. Since the new self-financing rules have been approved the Government has announced new measures to invigorate the RTB process. Any increases in RTBs could potentially have a financial impact on the Council as they would not have been allowed for in the settlement calculations and the Council would still be servicing debt attached to those properties. Although the details have not yet been made known to local authorities assurance has been given that

Council's will not be financially impacted by the introduction of the new RTB rules and allowances.

- 5.8. It should be noted that the Estate renewal properties are currently being used as temporary accommodation after they are decanted and will, therefore, be generating income streams for the first five years which will cover the general maintenance costs associated with these properties. This has not been reflected in the Business Plan.
- 5.7 The funding and future servicing of the £265m borrowing required to make the settlement payment to DCLG on 28 March 2012 will be a key feature of the successful deliverability of the Business Plan. The plan is to borrow the funds from the Public Works Loan Board at the end of March taking advantage of the reduced rates available via the National Loans Fund. These rates, which are approximately 0.9% lower than the standard PWLB rates, are only available for the specific amounts required for the settlement payment and can only be borrowed between 26-28 March 2012. The exact rates will only be known at the time that the borrowing is requested.
- 5.8 As the Council is not currently initially planning within the Business Plan to repay the debt, and as the advantageous rates are only available at this time, the intention is to lock in the debt for a longer period so there is financial certainty on that element for future planning. If the Council had plans to repay the debt, it would be sensible to match the length of the borrowing to points in the Business Plan at which sufficient fund would be available to repay some or all of the debt.

## **6. Legal Implications**

Implications completed by: Paul Field, Senior Lawyer

- 6.1 The Council is a Local Housing Authority for the purposes of the Housing Act 1985. The Local Government Act 2003 obliges each local housing authority to devise and publish its own housing strategy which should set out its vision for housing in its area with its objectives and housing role. The strategy document provides an overarching framework against which the authority considers and formulates other policies on more specific housing issues.
- 6.2 The legislation allows the Council to add to the strategy over time so it may produce supporting documents to the strategy over time to reflect changing events. This is likely to be the case as the practice of housing is going through further changes by measures introduced by the Localism Act 2011.
- 6.3 The Localism Act will have a significant impact on social housing going forward. It establishes the power to formulate a locally focused allocations policy. Further the Localism Act will enable Housing authorities to utilise different lengths of tenure and introduce the duty to provide homelessness support by use of private sector letting.

## 7. Other Implications

- 7.1 **Risk Management** - A risk management plan has been developed for the key priorities and strategic objectives of the Housing Strategy 2012 -2017. This plan will be monitored on a quarterly basis, by the Barking and Dagenham Strategic Housing Group to which the Group Manager Risk Management will be invited to attend on a bi-annual basis to scrutinise and to ensure that the Housing Strategy Risk Management Plan is fully implemented, that any risks are suitably managed and that performance improvements are taking place.
- 7.2 **Contractual Issues** - Wherever the Housing Strategy indicates a procurement or contractual solution, this will be delivered in consultation with the Corporate Procurement service and best practice will be adopted to ensure effective procurements, delivering value for money outcomes.
- 7.3 **Staffing Issues** - Any staffing related implications arising from this strategy will be dealt with through policies, procedures and consultative processes agreed between the Council and the trade unions.
- 7.4 **Customer Impact** - A full Equality Impact Assessment has been carried out and key actions have been identified based on the analysis that took place. These actions will form an integral part of the business plan for the housing strategy, ensuring that it remains accessible and takes into account the needs of different groups within our community. A number of key recommendations for improvement have been identified including:
- Developing a Young Peoples Housing Strategy
  - Developing easy-read housing information, especially around repairs and housing options
  - Developing better monitoring systems to understand the full impact of housing policies delivered by our partner organisations, especially Housing Associations
- 7.5 **Safeguarding Children** - The strategy has been shared at Children's Services DMT and agreed. The strategy is a key document with regard to the borough's contribution to improving the well being of families in Barking & Dagenham. There is abundant evidence available which describes the correlation between poor housing and poor outcomes for children. This is specifically in relation to health outcomes but can also contribute to academic performance and familial stability where issues of overcrowding can exacerbate existing family tensions. The development of affordable, high quality, social care housing is vital to the borough aspiration of progressively improving outcomes for children, young people and their families.
- 7.6 **Health Issues** - With the passage on the Health and Social Care Bill, the Government is returning responsibility for improving public health to local government. From the 1<sup>st</sup> April 2013 a fully integrated public health function in the Council at both strategic and delivery levels offers exciting opportunities to make every contact count for health and wellbeing. Housing and improving health and wellbeing outcomes are inextricably linked as described in the Joint Strategic Needs Assessment 2011 Strategic action on housing can make a significant contribution to preventing inequalities across a number of functions including, health and social

care services, economic and environmental regeneration, strategic planning, education, children and young people's services, fire and road safety.

With the establishment of the Health and Wellbeing Board and the development of the joint Health and Wellbeing Strategy, there will be links between the two strategies describing Housing's contribution in addressing issues such as fuel poverty and seasonal excess mortality, overcrowding and working with Planners to create space for families to sit down eat together and encourage good eating habits.

**7.7 Crime and Disorder Issues** - Section 17 of the Crime and Disorder Act places a duty on local authorities as a responsible authority to have regard to crime and disorder reduction and prevention in all development of strategy and operational delivery of services. This Housing Strategy gives regard to this duty. Good quality housing and estate development has a positive impact on the wellbeing of communities. Furthermore good housing and estate stock reduces the opportunity for crime and disorder. Developing communities where people have the opportunity to live together in a neighbourly way will further have a positive impact on community cohesion. A number of key priorities are outlined for the first 24 months of the Housing Strategy, including:

- Mandatory training for all housing staff on domestic violence issues
- Development of a vulnerable adults housing policy
- Further joint funding of police officers and special officers to patrol the Council's estates

**7.8 Property / Asset Issues** - The Housing Strategy sets out our overarching proposals for all housing stock in the borough and therefore indicates the strategy for Council owned stock. As such it determines our broad intentions for the purpose, sale, maintenance and development of Council housing stock and describes our overall approach to Council Housing Asset Management and investment. Accordingly it directly impacts on the Council's Capital Programme and is reflected therein.

#### **Background Papers Used in the Preparation of the Report:**

None

#### **List of appendices:**

- Appendix A** – Barking and Dagenham Housing Strategy 2012/17
- Appendix B** – Council Housing Business Plan 2012/13