

Meeting of the Adult, Community and Housing Services Scrutiny Committee

Monday, 15th September, 2014 at 6.00pm
In Committee Room 2 at the Council House, Priory Road, Dudley

Agenda - Public Session **(Meeting open to the public and press)**

1. Apologies for absence.
2. To receive any declarations of interest under the Members' Code of Conduct.
3. To report the appointment of any substitute Members for this meeting of the Committee
4. To confirm and sign the minutes of the meeting on 7th July, 2014 as a correct record.
5. The Dudley Borough Housing Strategy (Pages 1 – 6)
6. Right To Buy (RTB) and Replacement New Build – Update (Pages 7 – 10)
7. Sustainability Model to be used to assist in determining Remodelling/Demolition Options (Pages 11 – 20)
8. To consider any questions from Members to the Chair where two clear days notice has been given to the Director of Corporate Resources (Council Procedure Rule 11.8).



Director of Corporate Resources
Dated: 4th September, 2014

Distribution:

Councillors : Body, Cooper, Goddard, Hanif, James, Islam, J Martin, C Perks (Substituting for Body), D Perks, K Turner, Tyler and Vickers.

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**Minutes of the Adult, Community and Housing Services Scrutiny
Committee**

**Monday, 7th July, 2014 at 6.00 p.m.
in Committee Room 2 at the Council House, Dudley**

Present:

Councillor M Hanif (Chair)
Councillor R James (Vice Chair)
Councillors R Body, I Cooper, A Goddard, Z Islam, J Martin, D Perks, K Turner,
D Tyler and D Vickers.

Officers:

M Williams (Assistant Director, Customer Services), (Lead Officer to the Committee), M Bowsher (Assistant Director for Quality and Commissioning), D Channings (Assistant Director of Housing Services) and K Buckle (Democratic Services Officer).

1 **Welcome**

The Chair welcomed all those present to the meeting, following which introductions were made.

2 **Declarations of Interest**

In accordance with the Members' Code of Conduct, the following interests were Declared:-

Councillor K Turner declared non-pecuniary interests in Agenda Item No's. 5 – Annual Scrutiny Programme 2014/15, 6 – The Care Act – Implications for Dudley and 7 – Housing Futures Board as Chairman and Trustee Director of Age Concern, Stourbridge and Halesowen, Director of Right To Buy Services Limited and being a private landlord for properties in Dudley and other areas.

3 **Minutes**

Resolved

That subject to the inclusion to Minute No. 38 – New Bradley Hall – Up-Date and Next Steps – that a member of the public had referred to a provider with a proven track record being required to provide care services at New Bradley Hall, the minutes of the meeting held on 4th March, 2014, be approved as a correct record and signed.

4 **Annual Scrutiny Programme 2014/15**

The Committee considered a report of the Lead Officer and Director of Corporate Resources on the items proposed and suggested for inclusion in the Annual Scrutiny Programme for detailed consideration during 2014/15.

Following a concern raised by a Member, the Lead Officer reported that following a review last year there was a revised process to be followed in relation to the addition of further items to be scrutinised, which would involve the items being recommended to the Overview Scrutiny and Management Board for inclusion in this Committees Annual Scrutiny Programme.

Councillor J Martin wished to add Welfare Reforms to the Annual Scrutiny Programme and following further discussion, it was agreed that the possibility of this would be explored further following the presentations in relation to the two items proposed and suggested for inclusion in the Annual Scrutiny Programme.

Following further discussion it was

Resolved

That the proposed items contained in the Annual Scrutiny Programme for 2014/15, as referred to in paragraph 3 and Appendix 1 to the report submitted, be endorsed.

5 **The Care Act – Implications for Dudley**

The Committee considered a presentation of the Assistant Director for Quality and Commissioning on the Care Act – Implications for Dudley. The presentation was circulated to Members and was available on the Council's Committee Management Information System (CMIS).

The content of the presentation was to outline the key changes the Care Act would make for those accessing care services including details of personal budgets for allocating a sum of money to an individual, the enforceable rights that carers would qualify for and deferred payments for the cost of care at home.

The Assistant Director for Quality and Commissioning outlined other changes including the provision of counselling, advocacy, information and advice and the legal obligation upon the Council to have Safeguarding Boards.

The new duties and powers to provide prevention and reduction measures, the duty to provide an information service and a general duty to shape the market so as to secure diverse provision of services were outlined together with the significant duty imposed on the Care Quality Commission.

The current and new charging arrangements for residential care and care at home were outlined, and it was noted that in relation to the new rates, although the assessed contribution rate had increased this rate also included the value of a property. Details were also provided in relation to the new charging arrangements and the Care Cap and it was demonstrated that in most cases the new charging arrangements would not impact upon the current client base.

It was noted that people would remain responsible for a contribution towards general living costs and when a person has care and support needs but does not qualify for financial support from the local authority, they are still able to request that the local authority arrange the care and support that they require.

Following the presentation by the Assistant Director for Quality and Commissioning and the suggested potential areas for further scrutiny, Members asked questions and the Assistant Director for Quality and Commissioning responded as follows:-

- That the role of day care services under the Care Act and costings would be provided;
- In relation to state funded care shared rooms were no longer allowed under the Care Act.
- That In relation to an individual having to contribute towards the first £72,000 of care costs in their lifetime, that this cap would be from April 2016, and any retrospective contributions towards care costs would not be taken into account in order that all those accessing care services are in the same position relating to the cap;
- Work had commenced in relation to the provision of advocacy services;
- That there were 36,000 unpaid carers in the Dudley Borough and Members could chose to invite a number of carers organisations to future meetings of the Committee in order to examine carers rights and how they would be supported under the Care Act;
- That modelling work was being undertaken in relation to the financial readiness for the implementation of the Care Act and this work would provide an indication of the gap between need and the provision of services;

Following further detailed discussion in relation to the potential areas for further scrutiny it was suggested that Support to Carers and the Readiness of Information and Advice Systems be scrutinised to include the financial implications at the September meeting of the Committee.

Members were in general agreement that they also wished to scrutinise the following areas:-

- Financial Implications of the Care Act: modelling work, cost pressures, the care cap, impact on self funders, residential nursing and day care fees, maximising income for carers:
- The Effectiveness of the Adult Safeguarding Board including how the quality of care will be monitored and how effective the Safeguarding Adults Board was;

- Market Shaping and ensuring that there was adequate choice within the Dudley Borough including the financial implications of the themes above for scrutiny at the meetings of the Committee scheduled to take place in January and March, 2015.

Resolved

- (1) That the information contained in the presentation and comments made arising from the presentation, as indicated above on The Care Act – Implications for Dudley, be noted.
- (2) That the Director of Adult, Community and Housing Services be requested to submit a report to the September meeting of the Committee in relation to Support to Carers and detailing the information outlined above in relation to Carers.

6 **Housing Futures Board**

The Committee considered a presentation of the Assistant Director of Housing Services on the Housing Futures Board.

The Assistant Director of Housing Services also provided feedback from the Institute of Housing Conference that she had recently attended and reported on the work of the Housing Futures Board, which was established with the Cabinet Member and Shadow Cabinet Member for Housing and Community Safety, and the further detail that was required in relation to the Dudley Boroughs housing stock and housing need going forward in order for the Council to position themselves to meet the housing needs of residents in the future.

The Assistant Director of Housing Services advised that the largest area for housing demand was in relation to young single people and there was a need to ensure that the right provision was made for this area of housing demand.

It was noted that investigations would be undertaken in relation to existing Council housing stock and whether there was a need to demolish, given the lack of interest in maisonettes and multi storey properties, and it was crucial that there was a housing stock in place that was fit for purpose.

Suggestions for Scrutiny were outlined and following these suggestions, Members asked questions made comments and observations as follows:-

- A request that a Member of the UK Independence Party become a Member of the Housing Futures Board.
- Whether there should be a review of existing Council Housing stock year on year;

- Whether the additional funding from the Local Growth Fund would be ongoing;
- That given the difficulties faced by young single people obtaining housing, a suggestion that options for young single people to acquire a part share in properties and subsequently owning a percentage of properties should be investigated;
- In relation to void properties, was there a geographical trend in relation to the areas where people were reluctant to rent those properties?
- Could options be explored in relation to those properties that were difficult to rent?
- Was there a reason why tenants were not represented on the Housing Futures Board?
- The possibility of converting maisonettes into one or two bedroom properties;
- Concerns in relation to any loss of revenue resulting from the impact of the reinvigorated right to buy scheme discount and the possibility of the maximum discount applying;
- That the right to buy scheme placed credibility and respect back into properties and was rewarding to long term Council tenants;
- The possibility of working with partners in order to house young single people;
- That the needs of young people should also be focused upon when investigating remodelling existing council housing stock;
- The need to discover the owners of town centre properties in order to encourage them to rent their properties;
- The impact of the welfare reforms on rent arrears and the council's current position in relation to arrears and the need to update Elected Members with those details;

The Assistant Director of Housing Services responded to Members questions as follows:-

- Council Housing stock was reviewed year on year given competing demands and the impacts of the Welfare Reforms;
- The Local Growth Fund was a two year grant only;
- Shared ownership had not proved successful in the past;
- That it was primarily maisonettes and multi storey void properties that were proving difficult to rent;
- That the sustainability model was important as it was a question of what Council Housing stock should be maintained and could be sustained in the future;
- There was a loss of income to the Council in relation to those properties that were difficult to rent and the additional financial burden due to the obligation on the Council for the payment of Council Tax;

- That a Tenants Board was to be formally enacted in October and specific links would be forged with them, the Housing Futures Board and this Committee.
- That conversions in the Dudley Borough were not as successful as purpose built properties and the need to ensure that through conversion, further problems are not created thus resulting in a failure to sustain the new housing model;
- The reinvigorated right to buy scheme had some inbuilt protection in relation to new properties for some time in the future;
- That information held in relation to private landlords and the type of properties they owned would be accessed and provided to Members as part of the scrutiny process;
- That currently the impact of the new Universal Credit and the replacement of Disability Allowance was awaited and updates in relation to the impact of the Welfare Reforms on rent arrears would be emailed to all Elected Members as and when they were available;

The Lead Officer to the Committee also undertook to provide all Elected Members with regular updates in relation to the Welfare Reforms and Universal Credit.

Members were in general agreement with the suggestions for Scrutiny and the inclusion of the needs of young people when scrutinising Council Housing stock especially in relation to sustainability remodelling.

Resolved

- (1) That the information contained in the presentation and comments made arising from the presentation, as indicated above on The Housing Futures Board, be noted.
- (2) That approval be given to the suggestions for Scrutiny contained in the presentation with the addition of including the needs of young people in Council Housing Stock sustainability modelling.
- (3) The Assistant Director of Housing Services and the Lead Officer to the Committee be requested to provide regular updates to all Elected Members in relation to the impact of Welfare Reforms upon Council services.

The meeting ended at 7.45 p.m.

CHAIR

ACHS/6

DACHS Scrutiny Committee – 15th September 2014

Report of the Director of Adult Community and Housing Services

The Dudley Borough Housing Strategy

Purpose of Report

1. This report provides information on how the Borough's Housing Strategy was developed and in particular, how the views of young people were accounted for, the housing issues facing them and the role of the private housing sector (market housing) plays in the Borough's overall housing provision.

Background

2. The 2011 Census data indicates that 68.7% of the Borough's housing is owner occupied, 19.8% is social rented and 9.2% is privately rented. The owner occupied sector is by far the largest supply of housing in the Borough with 34.9% being owned outright and 33.8% being owned with a mortgage/loan. It should be noted that the private rented sector has grown from around 6.8% in the Census 2001 to 9.2%¹ but still falls short of the national average of around 15%.
3. The Borough's Housing Strategy covers all housing tenures within the Borough. It was approved by Cabinet in March 2013. Following extensive consultation the strategy and an action plan was developed (see Appendix 1).
4. In preparation for the strategy being developed a Housing Needs Survey was undertaken by David Couttie Associates (DCA). This survey involved sending postal surveys to a sample of households throughout the Borough. The sample was identified to ensure that responses were statistically robust across all of the wards within the Borough and represented the variety of demographic groups. This amounted to 2,139 households across the 24 wards. In addition to this, 550 face to face interviews were carried out to ensure that there were sufficient replies from the wards and groups where generally, postal survey responses are lower (wards with higher levels of deprivation and areas with higher concentrations of Black and Minority Ethnic households). As a result of this, the data is statistically valid at a 90% confidence at ward level, 95% confidence at township level and 98% confidence at Borough level.
5. Apart from the face to face interviews, the majority of the surveys were completed by local residents who gave their own views and assessments in relation to the questions. The survey gathered considerable data from households about their current housing, their future housing intentions, tenure preferences, property type preferences, area preferences, household incomes and disabilities. (See Appendix 2).

¹ It should be noted that the Private Rented category definitions changed from the 2001 Census

The survey also gathered information on concealed households. These are households who are living within other existing households as they are unable to access housing in their own right. These could be, for example, grown up children who cannot afford to move out of the parental home or people who have lost their own housing as a result of relationship breakdown.

The survey activity sought to include the views of young people in two ways. Parents were asked about the number of younger children in their household and this data can be cross tabulated to check, for instance, levels of overcrowding. The views of some young people will have been captured by the questions answered by concealed households.

A number of key findings emerged from the report that were used to inform the development of the Housing Strategy. These included:

- An ageing population
- The dominance of the 3 bedroom semi detached house in the Borough and the need to provide a range of new smaller housing units to balance the housing market.
- The majority of the Borough's housing stock was in a good condition but the challenge would be to maintain it, especially as there were a large number of older owner occupiers whose housing needs may change in later life
- Affordability issues giving rise to unmet housing demand.

It should be noted that this method of assessing housing need for the purposes of the strategy is far more wide ranging than relying on the number of households who have registered on our housing list for social housing. Those surveyed were asked about tenure preferences, housing type preferences, locations preferred and affordability. This contrasts with those registering on the housing list as they are limited to making housing choices in locations where social housing is already available rather than having a free choice of all areas of the Borough. At application stage there is also very limited analysis of how affordable the housing choice is or if other housing tenure alternatives have been explored.

A multi agency group undertook work to develop the strategy and action plan. This included:

- Housing Strategy
- Housing Management
- Private Sector Housing
- Older People's services
- Planning
- Local housing associations
- Communications Team (Corporate)
- Homes and Communities Agency

As the strategy developed a range of consultation activities were undertaken and a wide range of stakeholders were asked for their comments/input. This process included: Councillors, tenants and residents, agencies who work in the Borough, housing developers, planners, housing associations, voluntary groups and others (see Appendix 3).

This work resulted in the development of five strategic aims:

- To raise the standard of the existing housing stock across all tenures.
- To provide a mixed housing offer that will meet a range of housing needs.

- To use the provision of new housing to increase local economic growth.
- To provide a range of housing and support for vulnerable people to enable them to live independently in their local communities.
- To reduce the adverse environmental impacts and improve the health of residents by improving energy efficiency, reducing fuel poverty and building new homes that are healthy to live in.

Examples of the good progress that has been made against the actions set out in the action plan can be seen in Appendix 4.

Moving forward

The Housing Market Intelligence Report 2011 has been updated to take into account new secondary data that has been made available (Census 2011, house sales data, new affordable housing completions, housing waiting list, etc). This data has been used in conjunction with the original survey responses to produce an updated picture of the housing market. Whilst the key messages (see Appendix 5) have remained consistent following the update it is noteworthy that the level of need for affordable housing has increased.

- The dominance of the 3 bedroom semi detached house in the Borough and the need to provide a range of new smaller housing units to balance the housing market to meet the needs of the growing number of smaller households that are being created by demographic factors such as older people living for longer but often alone as their partner has died or single person households created as a result of relationship breakdown.
- Meeting the housing needs of an ageing population as they are the fastest growing demographic group.
- Affordability issues giving rise to unmet housing demand.
 - 748 additional new affordable homes per year are required over the next 13 years to meet known existing demand for affordable housing. This compares to 607 per annum in the 2011 report. These figures assume no new demand arises and that the levels of new affordable housing delivery (225 units per annum) and re-lets of existing social housing remain constant.

Young People

The Housing Needs Survey identified 4,115 concealed households (people living with other households because they cannot access housing in their own right). This group is likely to be dominated by young people who are ready to form a household in their own right but are currently living with others. Of these 1,108 indicated that they could afford to become owner occupiers and 975 could rent privately. 2,032 indicated that they would look to meet their housing needs by accessing affordable housing. Further analysis of the survey responses indicated that affordability of housing was a key issue for concealed households as:

- 68% of the concealed households earned below £20,000 per annum
- 84% of the concealed households indicated that they could not afford to pay more than £450 per month in mortgage or rental costs.
- The cheapest entry level properties for market housing in the Borough required a single income of £16,800 or £20,300 dual income.

How we are working to address these issues

- A Youth Hub has been created to offer bespoke housing advice and support to 16-24 year olds at Dudley Council Plus in partnership with DACHS and Children's Services.
- We are working on a shared housing pilot project to identify ways in which young people can share tenancies/homes in an affordable way.
- We are working with Midland Heart to redevelop the Gibbs Road Hostel in Lye into a state of the art supported housing scheme which will offer 58 units of accommodation including 34 1 bedroom self contained flats. This facility is primarily but not exclusively used by people aged 18-44.
- We use a range of supported housing for young people. The accommodation is provided by Churches Housing Association of Dudley and District (CHADD) and Black Country Housing Group. The housing related support services in these schemes are funded by DACHS.
- DACHS also funds the support element of a supported lodgings scheme for young people aged 16-24. This is run by Black Country YMCA. This enables a young person to live with a host family for up to two years whilst they learn a range of independent living skills.
- We are actively seeking opportunities to increase the provision of social housing in the Borough by building more council homes.
- An 'Affordability Group' has been established by the Dudley Housing Partnership (multi-agency group representing a range of social housing landlords who have housing stock in the Borough).

There are no easy answers to addressing the housing issues of young people as currently there is great demand for smaller social housing property types across a range of age groups. Some of this pressure can be attributed to welfare reform impacts. Tackling the affordability issues arising from low incomes is a longer term issue that is being addressed through the Strategic Economic Plan.

Private Sector

The provision of housing for owner occupation and to rent privately is market driven and we are working with owner occupiers and a range of landlords who offer homes to rent to encourage them to provide good quality accommodation. Examples of work include:

- 274 families assisted with adaptations in the private sector during 2013/14. Budget expenditure for adaptations including stage payments was £3.18 million.
- 129 new tenancies have been created through the Rent Deposit Scheme in 2013/14.
- We assisted the owners of 157 empty properties to bring them back into use in 2013/14.

Finance

6. The production of the 2011 report, 2014 update and the Housing Strategy have been financed within existing budgets.

There is a need to factor in the costs of a future housing needs survey which should be completed by 2016/17 in order to keep abreast of housing market changes and respond accordingly.

We are constantly looking for opportunities to expand the range of affordable housing within the Borough. This includes bids from both Dudley Council as a direct provider and also bids from housing association partners. Recent successful bids from both the council and housing associations include monies from the HCA's Affordable Housing and Care and Support programmes to fund a number of new affordable schemes in the Borough and a successful bid from the local authority to the Local Growth Fund to increase the council's Housing Revenue Account borrowing capacity.

Law

7. National Planning Policy Framework - Paragraph 50 sets out the range of homes and housing mix which should be supplied:

To deliver a wide choice of high quality homes, widen opportunities for home ownership and create sustainable, inclusive and mixed communities, local planning authorities should:

- plan for a mix of housing based on current and future demographic trends, market trends and the needs of different groups in the community (such as, but not limited to, families with children, older people, people with disabilities, service families and people wishing to build their own homes);
- identify the size, type, tenure and range of housing that is required in particular locations, reflecting local demand; and
- where they have identified that affordable housing is needed, set policies for meeting this need on site, unless off-site provision or a financial contribution of broadly equivalent value can be robustly justified (for example to improve or make more effective use of the existing housing stock) and the agreed approach contributes to the objective of creating mixed and balanced communities. Such policies should be sufficiently flexible to take account of changing market conditions over time.

Equality Impact

8. The Housing Strategy was subject to an Equalities Impact Assessment (see Appendix 6).

Recommendation

9. It is recommended that:-
 - The contents of this report are noted.
 - Members determine if there are issues they wish to scrutinise in more detail.



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List of Background Papers

Appendix 1 - Housing Strategy



Housing_strategy.pdf

Appendix 2 – Housing Needs Survey form



Housing Needs
Questionnaire.pdf

Appendix 3 – Housing Strategy consultation



Agencies consulted
during the developme

Appendix 4 – Housing Strategy Action Plan extract



Housing Strategy
Action Plan extract.doc

Appendix 5 – Housing Market Intelligence Report 2014 update – summary of key findings



Key messages from
the Dudley Housing M

Appendix 6 – Housing Strategy Equalities Impact Assessment



Housing Strategy
EIA

DACHS Scrutiny Committee – 15th September 2014

Report of the Director of Adult, Community and Housing Services

Right to Buy (RTB) and Replacement New Build - update

Purpose of Report

1. To update the Committee on Right to Buy sales and the Right to Buy Replacement target.

Background

Right to Buy scheme and recent changes.

2. Council tenants have the right to buy their property at a discount on market value, if they are secure tenants, the property is a separate dwelling, and they occupy the property as their only or principal home. The discount is based on how long they have been tenants, with a maximum cap on the value. Sheltered and supported housing is generally exempt from the right to buy. In addition, tenants cannot exercise their right to buy if they have a court order or suspended order for possession, or in cases of bankruptcy.
3. In April 2012, the Government substantially increased the maximum discount for tenants exercising their Right to Buy, from £26,000 (in the West Midlands) to £75,000 (in England, with a higher value in London). The maximum percentage discounts based on length of tenure at this point remained unchanged at 60% of market value for a house and 70% of market value for a flat.
4. Further changes have been introduced from July 2014. The maximum discount has increased to £77,000, and in future years will increase annually by the CPI inflation percentage for the previous September. In addition, the maximum discount for a house has from July 2014 increased to 70%. The minimum discounts remain at 35% for a house and 50% for a flat.

Example: for a house with a market value of £100,000 where the tenant had been living for 20 years, the percentage discount based on length of residence is 35% plus 15% (1% per year beyond the qualifying 5 year period) = 50% or £50,000. However, when the maximum discount was £26,000, this limit would have applied. Since April 2012, this tenant would have been able to obtain the full £50,000 discount.

5. The government has set up a national Right to Buy agent service to provide support to tenants wishing to buy their home. This has only started at the end of July 2014, so we have no evidence yet on the impact it will have, but we may expect a further increase in applications.
6. We also expect further changes to be introduced, for instance, reducing the qualifying time before a tenant can make a Right to Buy application from 5 years to 3. This change requires primary legislation, which is currently progressing through parliament in the Deregulation Bill.

Number of sales

7. Sales in Dudley had previously been stable for a number of years at between 50 and 60 each year. The recession had resulted in the number of sales reducing, as tenants experienced uncertainty over income security and mortgage lending was more restrictive. Dudley's experience was typical of that nationally.
8. With the increase in the maximum discount, sales have increased. In 2011/12, the last year of the £26,000 maximum discount, we sold 57 properties. In 2012/13, following the increase in discount, we sold 109 properties, with over half of these being sold in the last quarter of the year. In 2013/14 we have sold 205 properties, and in the first quarter of 2014/15 we have sold 51 properties – equivalent to 204 for the full year. Applications have also increased: there are many more enquiries and applications than completed sales, with varying amounts of work required to process applications that do not go through to completion.
9. The average price paid by purchasers is currently around £50,000 for a house and £24,000 for a flat. We are seeing discounts ranging from £20,000 to £75,000, with an average of around £43,000.

Income from sales and Right to Buy Replacement

10. Some of the income we receive from the sales must go to central government, to contribute the level of income that they were expecting before the increase in the discount and the rise in house sales. We must also set some of the income aside to account for the debt we hold relating to these properties, and to cover the legal and administrative costs of the sale.
11. After these requirements have been taken into account, we must use all the remaining income from house sales to contribute towards building or acquiring new council houses.
12. Example: a tenant buying a house valued at £100,000 with a discount of £50,000 would pay us £50,000. Of this, around £20,000 represents the historic debt on the property, £2,000 represents the administrative costs to the council, £10,000 is payable to the Treasury, so we have £18,000 left to support new build. We can choose to spend the £20,000 rather than repay debt, but we need to be confident that our debt levels remain at their current prudent levels and do not become excessive as a proportion of the value of our stock.

13. Housing authorities had the option to use their own receipts to build or provide additional homes, or to hand their receipts over to the HCA (Homes and Communities Agency) for additional homes to be provided nationally. Most authorities, including Dudley, chose to use their own receipts, and have 3 years from receipt to start to incur expenditure on the replacement new build. Spend from 1 April 2012 is eligible to be included. It should be noted that the RTB receipt should not be more than 30% of the cost. Other sources e.g. sale of land, rental income, or (if an authority is below its borrowing cap) borrowing must be used to fund the remaining 70% of build costs.
14. Up to the end of 2012/13, we had £1m of RTB income that we must use for new homes, giving a total of £3.3m that must be spent by March 2016. In 2013/14, we had £2.2m of RTB income that we must use for new homes, giving a further £7.7m that must be spent by March 2017. Based on current projections, we expect a further £2.2m in 2014/15, giving a further £7.7m that must be spent by March 2018. In total, therefore, we must spend £18.7m on new build to replace RTB sales by March 2018, equivalent to around 150 new homes.
15. We already have £13.6m built into the capital programme up to March 2017 for new council homes, which will contribute towards this RTB replacement target. We will be including proposals in the Review of Housing Finance report scheduled for Cabinet on 29 October to extend this programme to March 2018 and increase the budget to at least the £18.7m target.

Finance

15. Expenditure on managing, improving and maintaining council dwellings is funded within the Housing Revenue Account (HRA), which is ring-fenced for income and expenditure on council landlord services.

Law

16. The powers and duties of housing authorities in relation to the allocation and management of Council housing are set out in the Housing Acts 1985 and 1996 and the Homelessness Act 2002. The Housing Act 2004 made significant changes to the Right to Buy and discount levels have been amended via various Statutory Instruments (SI 2012/734, SI 2013/677 and SI 2014/1378).
17. HRA finances are governed by Section 74-78B and 85-88 in Part IV of the Local Government and Housing Act 1989. Sections 167-175 in Part VII of the Localism Act 2011 abolish the HRA Subsidy system (Sections 79-84 in Part IV of the Local Government and Housing Act 1989) and introduce self-financing.

Equality Impact

18. The HRA operates in line with the Council's Equality Policies.

Recommendation

19. It is recommended that:-

- a) The contents of this report are noted.
- b) Members determine if there are issues they wish to scrutinise in more detail.



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Adult, Community & Housing Scrutiny Committee - 15th September 2014

Report of the Director, Adult, Community & Housing Services

Sustainability model to be used to assist in determining remodelling/demolition options

Purpose

1. To inform Scrutiny Committee on proposals and work undertaken to date concerning sustainability modelling of the Council's housing stock, which is intended to be used to identify and measure stock performance which can inform stock investment and remodelling opportunities and considerations.

Background

2. Housing has commenced work to measure performance of its housing stock, recognising that housing needs and national agendas such as Welfare Reform need to be reflected and considered when making investment decisions to maintain houses that people want and can afford to live in.
3. A report to the Housing Futures Board in April 2014 (attached as Appendix A) outlined that Housing Services have an integrated asset management system that is used to manage the investment needs of the housing stock, holding stock condition records for all of our homes including cost forecasts for future investment and energy performance data. The report recommended that a working group be established to propose suitable criteria and data that could be used to measure stock performance, assessing demand for homes, against the future investment costs for them. The appendices A1 to A4 show how properties assessed against suitable criteria can provide an indicative sustainability model to identify homes that:
 - a. Are in high demand and with a positive net value in terms of rental income against investment need (the ideal position)
 - b. Are in high demand but where the investment need is not met by income from rent
 - c. Are in low demand but with a positive net value in terms of rental income against investment need; and
 - d. Are in low demand and where the investment need is not met by income from rent
4. The sustainability model would not be intended to identify and recommend any specific solutions, but would be used as a tool to identify pockets of stock (which could be streets, certain house types or archetypes) where further work should be carried out to identify interventions to improve the stock sustainability e.g. (not an exhaustive list)
 - a. Would investment improve demand?
 - b. What sort of investment (security, environmental, reduced living costs)
 - c. Is a further option appraisal required?

5. Housing Futures Board agreed with the recommendations of the report. A further report to Housing Futures Board in July 2014 (attached as Appendix B) outlined the criteria proposed by the working party, and using high rise accommodation as an example showed how the model could work.
6. The criteria and weightings outlined in the attached report assess demand based on a range of issues such as:
 - a. Crime statistics (from the DCLG Indices of Multiple Deprivation)
 - b. Number of leaseholders
 - c. Tenant turnover rates
 - d. Anti-Social Behaviour
 - e. New demand
7. The indicative results for the high rise model are shown for illustrative purposes in anonymised blocks. This shows that based upon the indicative model, blocks fall into all of the categories identified in paragraph 4 a-d above, and will be used to trigger options appraisals for investment to improve demand and / or other remodelling stock options..
8. Further work is planned to refine the model and criteria with a model to be produced for the whole of the housing stock, to analyse groups of properties by archetype, bedroom number and location.
9. This model can also be used to inform investment decisions for properties with significant investment needs such as high cost structural and subsidence costs and high cost voids to aid and inform a cost appraisal process.

Recommendations

10. It is recommended that:-
 - a. The contents of this report are noted.
 - b. Members determine if there are issues they wish to scrutinise in more detail.



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Appendix A - Sustainability model to be used to assist in determining remodelling/demolition options

Purpose

1. To outline proposals for a process to undertake sustainability modelling to identify and measure council housing stock performance to inform stock investment and remodelling opportunities and considerations.

Background

2. Housing currently have an integrated asset management system (Keystone Asset Management Solutions) which is used to hold all of our stock condition data on housing assets and produce, amongst others reports based on:
 - a. Cost forecasts over pre-determined periods (typically 30 years, in 5 and 10 year bands).
 - b. Predicted levels of non-decency and investment need;
 - c. Energy efficiency and SAP ratings
3. Keystone also has a sustainability module that can be used to model the sustainability of our council housing stock based upon a simple RAG (Red Amber Green) scorecard of criteria and data that is user definable, albeit data regarding each criteria needs to be collected or collated and be capable of being assigned to individual properties or administration blocks.
4. Initial work around identifying the criteria to be used within a sustainability model has commenced.
5. The sustainability model will assist the justification and prioritisation of investment targeted at properties most in need of investment, on both a cost and demand basis, and conversely can assist in identifying those properties, or clusters of properties (by area, archetype or whatever sub-category we choose to evaluate) where even with investment, local estate, economic and environmental issues would be unlikely to increase demand.
6. The process is a tool to guide us, and should not define solutions. It is envisaged that the process would be an 'organic trigger for action', starting on a simple basis at whole stock or estate level, but identifying clusters of properties or archetypes where interventions (investment or estate management based) may be required to increase demand and sustainability. Following initial assessment, more detailed work can be undertaken to address specific interventions and options.
7. The initial proposal is therefore to assess 'cost vs demand' for our stock, to:
 - a. Identify the cost performance of our properties considering expenditure and income;
 - b. Determine interventions to move properties to being both in demand and (hopefully) with low future maintenance cost (eg high rise block improvements, environmental and safety improvements and / or changes to estate/housing management
 - c. Identify potential areas where stock remodelling may be the optimum solution.

Progress

8. A working group has commenced to investigate and establish criteria on which to assess our properties. Initial group members include representation at a senior level from Asset

Management, Housing Management, Housing Options, Housing Strategy, Finance and Construction.

9. Benchmarking for best practice has commenced. It has been recognised that assessment of the stock can be analysed by a vast amount of data, and that opportunities are almost limitless – but significantly it is important to ensure that, certainly initially, the analysis should use data that we have readily available, or is easily obtained. In essence don't over complicate the model
10. A simplified initial assessment plotting “net present value” vs “demand” is therefore proposed utilising existing and nationally available data

Proposed Criteria

11. It is proposed that the potential criteria, and weightings given to the criteria, for the assessment will be prepared by the working group for approval at Housing Futures Board.
12. Initial thoughts for cost propose a “Net present value” which will take account of the anticipated rental income compared to the anticipated costs for maintaining the property over 30 years. The anticipated cost will be taken from existing data and the recent stock condition survey information. Appendices A1 & A2 show examples of net present value graphs that could be produced.
13. “Demand” is more subjective, but would most likely consider issues including property turnover rates, tenancy length, housing need, bids per advert, crime rates, tenant satisfaction and energy efficiency. Existing available data from our systems and from the Office of National Statistics could be used to judge properties against these criteria. Appendices A3 & A4 show examples of how net present value can be plotted against demand.

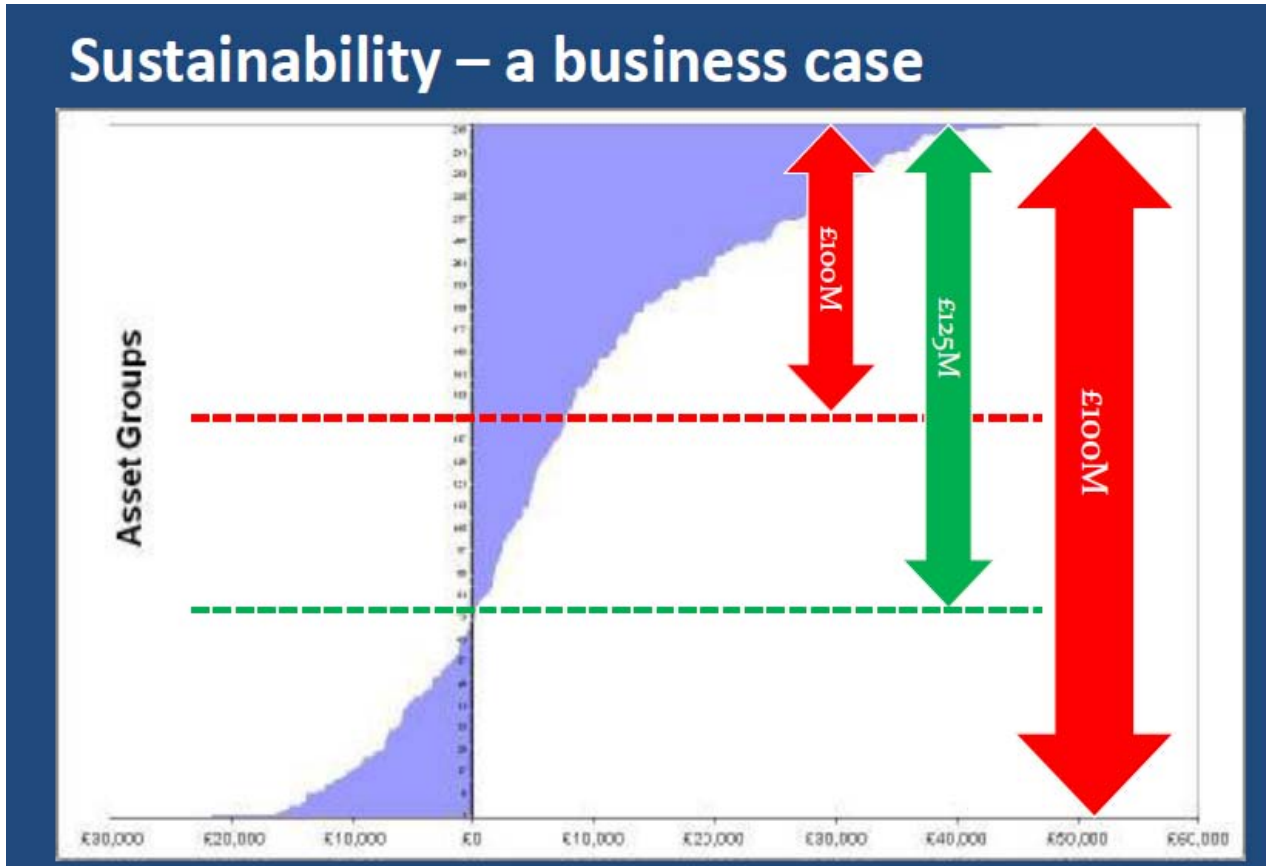
Timescale

14. The data sets required for this assessment could be entered into the keystone system by June 2014. Once data is input, analysis by area, estate and / or archetype is possible.
15. An assessment for High Rise administration units could be completed by the end of June 2014.

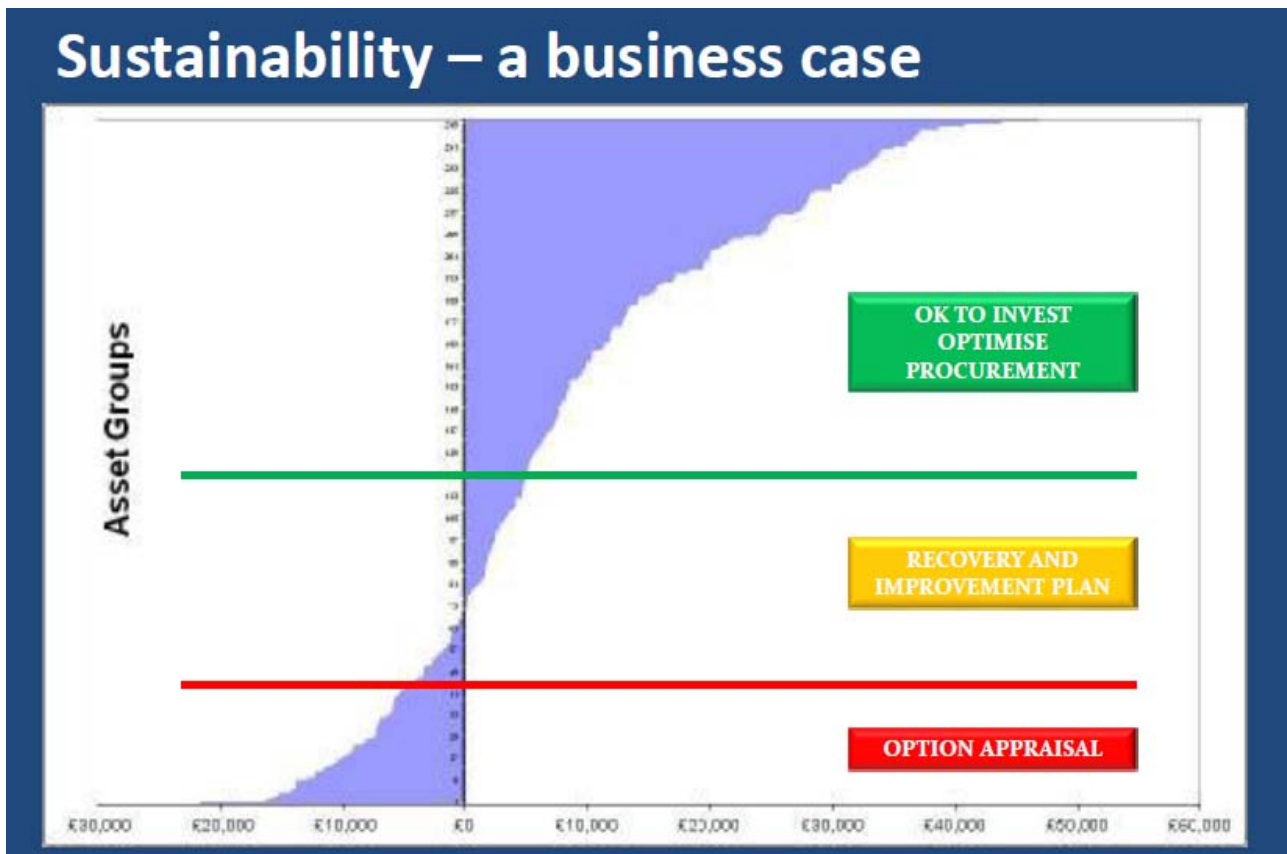
Recommendations

16. Housing Futures Board are asked to :
 - a. Consider and comment on the outline sustainability proposal
 - b. Endorse the use of Keystone to undertake initial sustainability modelling
 - c. Agree that the working group continue to progress the criteria for sustainability modelling with a report back to a future meeting

Appendix A1 – Net Present Value Example 1



Appendix A2 – Net Present Value Example 2



Appendix A3 – Net Present Value Vs Demand Example 1



Appendix A4 – Net Present Value Vs Demand Example 2



Appendix B - Sustainability model to be used to assist in determining remodelling/demolition options

Purpose

1. To outline proposals for sustainability modelling to identify and measure council housing stock performance and inform stock investment and remodelling opportunities and considerations.

Background

2. Housing Futures Board received an initial report in April 2014 outlining how Keystone Asset Management Solutions, Housing's integrated asset management system, could be used to model the sustainability of the council housing stock based upon a simple RAG (Red Amber Green) scorecard of user definable criteria and data.
3. The sustainability model will assist the justification and prioritisation of investment targeted at properties most in need of investment on both a cost and demand basis, and conversely can assist in identifying those properties, or clusters of properties (by area, archetype or whatever sub-category we choose to evaluate) where even with investment, local estate, economic and environmental issues would be unlikely to increase demand.
4. The process is a tool to guide decision making, and should not necessarily define solutions. It is envisaged that the process would trigger action, identifying where interventions (investment or estate management based) may be required to increase demand and sustainability, or inform other more radical options.

Proposal

5. A working group of officers established proposed criteria and weightings on which to assess properties, including representation from Asset Management, Housing Management, Housing Options, Housing Strategy, Finance and Construction.
6. An initial assessment has been made for high rise properties as an archetype suitable for modelling, and best demonstrating how the model could work.
7. Appendix B1 outlines the demand and cost criteria.
8. Data regarding each criteria needs to be collected or collated and be capable of being assigned to individual properties Demand is scored in 12 categories, weighted to provide a total maximum score of 100. Some criteria is not proposed to be scored, but this has been left in to aid discussion. Scored 'demand' criteria includes:
 - a. Crime statistics (from the DCLG Indices of Multiple Deprivation)
 - b. Number of leaseholders
 - c. Tenant turnover rates
 - d. Living Environment
 - e. Anti-Social Behaviour
 - f. New demand
9. Cost is the net present value countering income against investment need over a 5 year time horizon (to identify the current position). Income is the potential rent (with an adjustment for current levels of bad debt / void loss based on 2013/14) and aerial money income.

Investment need is based on stock information data and is provisional at present, with costs still being firmed up. Aerial income is also excluded at present.

10. Appendix B2 highlights the results on a five year cost horizon.

Recommendations

11. Housing Futures Board are asked to :

- a. Comment on the sustainability modelling proposal
- b. Agree further work be undertaken for other architypes and estates
- c. Agree to adopt the principle for establishing investment or disposal options for high cost voids and properties with major structural problems.

Appendix B1 - Demand and cost criteria

Demand			
Assessment Criteria	Weighting	Scoring	Source
Crime	0.5	-10 to +10 to give equal distribution of properties in 11 bands 2 points apart	Indices of Multiple Deprivation as Published by the Department for Communities and Local Government
No. dwellings in admin unit		Not Scored	As Per Northgate Housing
Number Leaseholders in Admin unit	0.25	0= -10, >3=10, any value =0, no data = 0	As Per Northgate Housing
% Leaseholders in Admin unit		Not Scored	As Per Northgate Housing
% tenancies < 2 years	1.5	0%=10, <20%= 5, <30%=0, <40%=-3, <60%=-6, Any value=-10, No data 0	% of tenancies of current council owned dwellings in the admin unit, on Northgate housing over last 10 years that have lasted less than 2 years
% tenancies < 6 months	2	0%=10, <5%= 5, <10%=0, <20%=-5, Any value=-10, No data 0	% of tenancies of current council owned dwellings in the admin unit, on Northgate housing over last 10 years that have lasted less than 6 months
% tenancies < 2 years	1	scored from -10 to +10	% of tenancies of current council owned dwellings in the Lettings area, on Northgate housing over last 10 years that have lasted less than 2 years
% tenancies < 6 months	1	scored from -10 to +10	% of tenancies of current council owned dwellings in the Lettings area, on Northgate housing over last 10 years that have lasted less than 6 months
No. bids per advert	1	0 bids=-10, <2=-6, <4=-3, <6=0, <8=3, <10=6, any value= 10, no data =0	Taken from Dudley at Home, number of bids averaged for the asset type of flats/bedsits within the Lower Super Output area for the property
% void per year	0.5	<5=10, <10=5, <20=0, <30=-3, <40=-6, any value = -10, no data = 0	Average % for last 2 years, in the Admin unit
SAP	1	>70=10, > 65=5, >55=0, >50=-3, >45=-6, any value = -10, no data =0	As per Keystone Averaged for the Admin Unit
Health & Disability		Not Scored	Indices of Multiple Deprivation as Published by the Department for Communities and Local Government
Barriers to Housing & Services		Not Scored	Indices of Multiple Deprivation as Published by the Department for Communities and Local Government
Living Environment	0.5	-10 to +10 to give equal distribution of properties in 11 bands 2 points apart	Indices of Multiple Deprivation as Published by the Department for Communities and Local Government
Education Skills & Training		Not Scored	Indices of Multiple Deprivation as Published by the Department for Communities and Local Government
Employment		Not Scored	Indices of Multiple Deprivation as Published by the Department for Communities and Local Government
Income		Not Scored	Indices of Multiple Deprivation as Published by the Department for Communities and Local Government
Net Present Value Result		Not Scored	Result of the Net Present Value Calculation below
ASB Reported	0.5	<100=10, <150=5, <200=0, <250=-5 any value =-10, no data=0	Number of ASB cases reported in the estate
New Demand	0.25	0= -10, >200 =10, any value =0, no data =0	New Demand for Flats in district as per housing survey (not split by beds)
Construction Type		Not Scored	As Per Northgate
% 2 bed properties		Not Scored	As Per Northgate % of properties in block that are 2 Bed
Total Score (+/-)	100		

Net Present Value			
Rental Income		Positive Value	Rental Income for all council owned dwellings within the admin unit
Aerial Income		Positive Value	Income from Mobile Masts to be provided by Cath Ludwig
Routine Repair Cost		Negative Value	Repair Cost 1/4/2009-31/3/2014 as per northgate excluding planned & Void priority Jobs (Minus proportion Leaseholders responsibility)
Major Repairs Cost		Negative Value	Forecast Repair cost from Keystone (Minus proportion Leaseholders responsibility)
Structural Inspection & Repairs		Negative Value	Forecast including structural inspection, Repairs & Painting as per Dave Nicholls
Void Cost		Negative Value	Using Average void cost of £2629 * anticipated number of voids within admin unit adjusted asset type and No. Beds
Servicing Cost		Negative Value	Based on current communal Equipment servicing costs (Minus proportion Leaseholders responsibility)
Management Cost		Negative Value	No Costs Currently allocated
Communal Utility Costs		Negative Value	To be provided by Cath Ludwig per block
Anticipated Void Rent Loss		Negative Value	To be provided by Cath Ludwig per block
Anticipated Bad Debts		Negative Value	To be provided by Cath Ludwig per block

Appendix B2 – Highlights the results on a five year cost horizon

