

Safer and Stronger Communities Scrutiny and Policy Development Committee

Wednesday 26 March 2014 at 3.00 pm

**To be held at the Town Hall, Pinstone
Street, Sheffield, S1 2HH**

The Press and Public are Welcome to Attend

Membership

Councillors Chris Weldon (Chair), Penny Baker (Deputy Chair), David Barker, Simon Clement-Jones, Sheila Constance, Richard Crowther, Denise Fox, Rob Frost, Qurban Hussain, Sioned-Mair Richards, Roy Munn, Robert Murphy and Philip Wood

Substitute Members

In accordance with the Constitution, Substitute Members may be provided for the above Committee Members as and when required.

PUBLIC ACCESS TO THE MEETING

The Safer and Stronger Communities Scrutiny Committee exercises an overview and scrutiny function in respect of the planning, development and monitoring of performance and delivery of services which aim to make Sheffield a safer, stronger and more sustainable city for all of its residents.

A copy of the agenda and reports is available on the Council's website at www.sheffield.gov.uk. You can also see the reports to be discussed at the meeting if you call at the First Point Reception, Town Hall, Pinstone Street entrance. The Reception is open between 9.00 am and 5.00 pm, Monday to Thursday and between 9.00 am and 4.45 pm. on Friday. You may not be allowed to see some reports because they contain confidential information. These items are usually marked * on the agenda.

Members of the public have the right to ask questions or submit petitions to Scrutiny Committee meetings and recording is allowed under the direction of the Chair. Please see the website or contact Democratic Services for further information regarding public questions and petitions and details of the Council's protocol on audio/visual recording and photography at council meetings.

Scrutiny Committee meetings are normally open to the public but sometimes the Committee may have to discuss an item in private. If this happens, you will be asked to leave. Any private items are normally left until last. If you would like to attend the meeting please report to the First Point Reception desk where you will be directed to the meeting room.

If you require any further information about this Scrutiny Committee, please contact Matthew Borland, Policy and Improvement Officer, on 0114 2735065 or email matthew.borland@sheffield.gov.uk.

FACILITIES

There are public toilets available, with wheelchair access, on the ground floor of the Town Hall. Induction loop facilities are available in meeting rooms.

Access for people with mobility difficulties can be obtained through the ramp on the side to the main Town Hall entrance.

**SAFER AND STRONGER COMMUNITIES SCRUTINY AND POLICY
DEVELOPMENT COMMITTEE AGENDA
26 MARCH 2014**

Order of Business

- 1. Welcome and Housekeeping Arrangements**
- 2. Apologies for Absence**
- 3. Exclusion of Public and Press**
To identify items where resolutions may be moved to exclude the press and public
- 4. Declarations of Interest**
Members to declare any interests they have in the business to be considered at the meeting
- 5. Minutes of Previous Meeting**
To approve the minutes of the meeting of the Committee held on 30th January, 2014
- 6. Public Questions and Petitions**
To receive any questions or petitions from members of the public
- 7. Implementation of the Allocations Policy**
Report of the Assistant Director, Council Housing Service
- 8. Social Housing Repairs and Maintenance Contract**
Report of the Interim Director of Housing
- 9. Housing Revenue Account Business Plan Update 2014/15**
Report of the Manager, Housing Revenue Account Business Plan Team
- 10. Welfare Reform Update**
Briefing note for information
- 11. Right to Buy**
Briefing note for information
- 12. Date of Next Meeting**
The next meeting of the Committee will be held on a date to be arranged

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ADVICE TO MEMBERS ON DECLARING INTERESTS AT MEETINGS

New standards arrangements were introduced by the Localism Act 2011. The new regime made changes to the way that members' interests are registered and declared.

If you are present at a meeting of the Council, of its executive or any committee of the executive, or of any committee, sub-committee, joint committee, or joint sub-committee of the authority, and you have a **Disclosable Pecuniary Interest** (DPI) relating to any business that will be considered at the meeting, you must not:

- participate in any discussion of the business at the meeting, or if you become aware of your Disclosable Pecuniary Interest during the meeting, participate further in any discussion of the business, or
- participate in any vote or further vote taken on the matter at the meeting.

These prohibitions apply to any form of participation, including speaking as a member of the public.

You **must**:

- leave the room (in accordance with the Members' Code of Conduct)
- make a verbal declaration of the existence and nature of any DPI at any meeting at which you are present at which an item of business which affects or relates to the subject matter of that interest is under consideration, at or before the consideration of the item of business or as soon as the interest becomes apparent.
- declare it to the meeting and notify the Council's Monitoring Officer within 28 days, if the DPI is not already registered.

If you have any of the following pecuniary interests, they are your **disclosable pecuniary interests** under the new national rules. You have a pecuniary interest if you, or your spouse or civil partner, have a pecuniary interest.

- Any employment, office, trade, profession or vocation carried on for profit or gain, which you, or your spouse or civil partner, undertakes.
- Any payment or provision of any other financial benefit (other than from your council or authority) made or provided within the relevant period* in respect of any expenses incurred by you in carrying out duties as a member, or towards your election expenses. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.

*The relevant period is the 12 months ending on the day when you tell the Monitoring Officer about your disclosable pecuniary interests.

- Any contract which is made between you, or your spouse or your civil partner (or a body in which you, or your spouse or your civil partner, has a beneficial interest) and your council or authority -
 - under which goods or services are to be provided or works are to be executed; and
 - which has not been fully discharged.
- Any beneficial interest in land which you, or your spouse or your civil partner, have and which is within the area of your council or authority.
- Any licence (alone or jointly with others) which you, or your spouse or your civil partner, holds to occupy land in the area of your council or authority for a month or longer.
- Any tenancy where (to your knowledge) -
 - the landlord is your council or authority; and
 - the tenant is a body in which you, or your spouse or your civil partner, has a beneficial interest.
- Any beneficial interest which you, or your spouse or your civil partner has in securities of a body where -
 - (a) that body (to your knowledge) has a place of business or land in the area of your council or authority; and
 - (b) either -
 - the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or
 - if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which you, or your spouse or your civil partner, has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

If you attend a meeting at which any item of business is to be considered and you are aware that you have a **personal interest** in the matter which does not amount to a DPI, you must make verbal declaration of the existence and nature of that interest at or before the consideration of the item of business or as soon as the interest becomes apparent. You should leave the room if your continued presence is incompatible with the 7 Principles of Public Life (selflessness; integrity; objectivity; accountability; openness; honesty; and leadership).

You have a personal interest where –

- a decision in relation to that business might reasonably be regarded as affecting the well-being or financial standing (including interests in

land and easements over land) of you or a member of your family or a person or an organisation with whom you have a close association to a greater extent than it would affect the majority of the Council Tax payers, ratepayers or inhabitants of the ward or electoral area for which you have been elected or otherwise of the Authority's administrative area, or

- it relates to or is likely to affect any of the interests that are defined as DPs but are in respect of a member of your family (other than a partner) or a person with whom you have a close association.

Guidance on declarations of interest, incorporating regulations published by the Government in relation to Disclosable Pecuniary Interests, has been circulated to you previously, and has been published on the Council's website as a downloadable document at -<http://councillors.sheffield.gov.uk/councillors/register-of-councillors-interests>

You should identify any potential interest you may have relating to business to be considered at the meeting. This will help you and anyone that you ask for advice to fully consider all the circumstances before deciding what action you should take.

In certain circumstances the Council may grant a **dispensation** to permit a Member to take part in the business of the Authority even if the member has a Disclosable Pecuniary Interest relating to that business.

To obtain a dispensation, you must write to the Monitoring Officer at least 48 hours before the meeting in question, explaining why a dispensation is sought and desirable, and specifying the period of time for which it is sought. The Monitoring Officer may consult with the Independent Person or the Council's Standards Committee in relation to a request for dispensation.

Further advice can be obtained from Lynne Bird, Director of Legal Services on 0114 2734018 or email lynne.bird@sheffield.gov.uk

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Safer and Stronger Communities Scrutiny and Policy Development Committee

Meeting held 30 January 2014

PRESENT: Councillors Chris Weldon (Chair), Penny Baker (Deputy Chair), David Barker, Richard Crowther, Denise Fox, Qurban Hussain, Sioned-Mair Richards, Roy Munn, Keith Hill (Substitute Member) and Martin Lawton (Substitute Member)

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1. APOLOGIES FOR ABSENCE

1.1 Apologies for absence were received and substitutes attended the meeting as follows:

Apology

Substitute

Councillor Simon Clement-Jones
Councillor Sheila Constance
Councillor Philip Wood

Councillor Keith Hill
Councillor Martin Lawton
No substitute nominated

2. EXCLUSION OF PUBLIC AND PRESS

2.1 No items were identified where resolutions may be moved to exclude the public and press.

3. DECLARATIONS OF INTEREST

3.1 Councillor Penny Baker declared a personal interest in Agenda Item 9 (Safer and Sustainable Communities Partnership) as she was a member of the Sheffield First Safer and Sustainable Communities Partnership Board.

4. MINUTES OF PREVIOUS MEETING

4.1 The minutes of the meeting of the Committee held on 28th November 2013, were approved as a correct record, subject to the inclusion of an apology for Councillor Denise Fox at Item 1 (Apologies for Absence).

5. PUBLIC QUESTIONS AND PETITIONS

5.1 There were no petitions received or public questions submitted.

6. THE IMPACT OF WELFARE REFORM ON SHEFFIELD'S RESIDENTS - UPDATE JANUARY 2014

6.1 The Committee received a report of the Director of Policy, Performance and Communications, which provided Members with a summary of the key Welfare Reform changes, together with an analysis of the impact of these changes on Sheffield residents, an update on the work that the Council and its partners were

undertaking to support affected residents and an analysis of responses from other local authorities to Welfare Reform. Appended to the report was a table of Welfare Reform key changes and a series of case studies.

6.2 In attendance for this item were Councillor Mazher Iqbal, Cabinet Member for Communities and Inclusion, James Henderson, Director of Policy, Performance and Communications, Nicola Rees, Policy and Improvement Officer, Maxine Stavrianakos, Income Management Unit, and John Squire, Revenues and Benefits Client Team.

6.3 Members made various comments and asked a number of questions, to which responses were provided as follows:-

- 880 tenants across the City had been identified as being potentially affected by the exemption from the Under-Occupancy provisions (Bedroom Tax), which applied to tenants living in their property since 1990, with around 450 of these being Council tenants and the remainder being with social landlords. Work was ongoing to identify the actual numbers affected. It should be noted that the Department for Work and Pensions was looking to amend the regulations to remove this exemption.
- In 2015/16 the Local Assistance Scheme funding was to be included in the Revenue Support Grant.
- A Project Group had been established in the Council to prepare for the introduction of Universal Credit. One of the areas of concern about the introduction of Universal Credit was that payments would be made directly to residents, rather than landlords, so that individuals would have to manage their own budgets and take responsibility for paying their own rent.
- Nationally, pilots were showing that there were huge problems with the introduction of Universal Credit. The pilots had focused on tenants in receipt of benefits in social housing and there had been little work nationally on how the introduction of Universal Credit would affect private tenants. Any provisions which would safeguard payments to vulnerable tenants would be transferred across and so would also apply to private tenants.
- Steps were being taken in Sheffield to proactively help residents with budgeting, for example by enabling those who needed assistance with managing their finances to set up budgeting or 'jam jar' accounts.
- A network of Work Clubs operated across the City and a list of these would be sent to the Committee's Policy and Improvement Officer for circulation to Committee Members.
- The Council had been approached by a private company to set up a self-service website, like the one operated by Manchester City Council, which brought private landlords and people looking for a home together and enabled potential tenants to calculate their likely benefit entitlement to see

which properties they could afford, so they could then choose from a list of homes that matched their circumstances.

- Tenants in social housing were being encouraged to consider moving to private rented accommodation, as the Council did not have enough one-bedroomed properties.
- Approximately 30% of those in private rented accommodation now had their benefits paid directly to their landlord. This represented a big shift from the 90% figure in 2008.
- The Council helped to administer the Mortgage Rescue Scheme, which assisted households which were struggling to make their mortgage payments, by transferring ownership of the property to a Housing Association whilst allowing the resident(s) to continue living there. It was important to note that this scheme, which was a Government scheme, was due to cease at the end of March 2014.

6.4 RESOLVED: That the Committee:-

- (a) thanks the Cabinet Member and attending officers for their contribution to the meeting;
- (b) recognises the excellent work undertaken by the Revenues and Benefits Client Team in supporting Members with regard to this complex area of work;
- (c) notes the contents of the report and the responses to questions;
- (d) acknowledges the transition to Universal Credit and requests that the Committee be provided with a quarterly update on progress;
- (e) notes the aspects of good practice operating in Bristol and Manchester and requests that consideration be given to adopting these measures in Sheffield;
- (f) requests that the report be circulated to all Council Members and all Sheffield Members of Parliament, with a request for their comments;
- (g) agrees to wait for further information on the ending of the Mortgage Rescue Scheme before writing to the appropriate Government Minister in this regard; and
- (h) requests that a further report on the Impact of Welfare Reform on Sheffield's Residents, be presented to the Committee in 6 months' time.

7. SHEFFIELD'S PRIVATE RENTED HOUSING SECTOR

7.1 Michelle Slater, Service Manager, Private Housing Standards, gave a presentation

on Sheffield's Private Rented Housing Sector which provided an overview of this sector in Sheffield, highlighted the changing views involved, outlined issues for consideration, provided details of Council actions and celebrated some of the successes. The presentation was supported by a handout which was circulated to the Committee.

7.2 Members made various comments and asked a number of questions, to which responses were provided as follows:-

- The Council has established good contacts with the two landlord associations in the City which covered a large part of the private sector. There was not a lot of contact with letting agents apart from where problems arose. The focus was on developing relationships with landlords rather than letting agents and it should be noted that letting agents were not yet regulated.
- The importance of the work being undertaken by Council staff in this area had been recognised by the Courts as two custodial sentences had been imposed on landlords in the past year. It was felt that the Courts now had a better understanding of this work but problems were being experienced in recovering the Court costs of taking prosecutions.
- There were 8,000 houses in multiple occupation in the City, with about three quarters of these being occupied by students. Such properties containing five or more people needed to be licensed with the Council. The SNUG Partnership between the Council, the Sheffield Hallam University and the Hallam Union was aimed at improving the quality of student properties, with the Hallam University not accepting properties for their students unless they were registered with this partnership. The University of Sheffield had its own inspection regime but it didn't regulate up to minimum legislative standards. Student houses comprised one third of the private rented sector in Sheffield and one tenth of customer referrals were from students. SNUG properties were inspected by the Council and, once a property had been passed as being up to standard, it enabled officers to look at properties which were of more concern.
- It was noticeable that landlords had had to improve their standards due to the new modern blocks of flats which had been built in the City. The Council inspectors had a good picture of what was happening, with the aim being to eliminate the poor landlords and substandard properties from the market.
- 25% of referrals resulted in an ongoing case but most could be rectified almost immediately.
- Inspectors would pick up on tenants who were in difficulties, for instance with Housing Benefits. Where anti-social behaviour or cultural issues were a problem, the Council would negotiate with the landlords.
- The Council would not normally get involved where people were renting out

bedrooms in their own houses unless these were student related.

7.3 RESOLVED: That the Committee:-

- (a) thanks Michelle Slater for her contribution to the meeting;
- (b) notes the contents of the presentation and the responses to questions; and
- (c) requests that a report on the introduction of Selective Licensing in the Private Rented Sector be presented to the Committee in December 2014.

8. SAFER AND SUSTAINABLE COMMUNITIES PARTNERSHIP

8.1 The Committee received a report of the Interim Director of Housing and Neighbourhoods, which outlined how the co-ordinated work undertaken by the Safer and Sustainable Communities Partnership was contributing to reducing the number of people experiencing crime and anti-social behaviour and helping to build stronger communities.

8.2 The report was supported by a presentation given by Sarah Banks, Head of Safer and Sustainable Communities, and Inspector Phil Shaw, South Yorkshire Police, which provided a background to the Safer and Sustainable Communities Partnership, outlined its strategic priorities, reported on the annual Joint Strategic Intelligence Assessment and its priorities for 2013, gave details of performance and crime costs, made reference to the work of the Police and Crime Commissioner and highlighted other changes and challenges. Inspector Shaw provided up to date detailed information on Police Performance which showed an overall decrease in crime of 7.9% with 2,200 fewer victims than in the previous 12 months. Most areas of crime showed decreases, but specific mention was made of an increase in religiously or racially motivated crime which had increased by 30%, but it was emphasised that this involved very low numbers and that an increase in reporting could be a positive sign of increased confidence in the Police. Robbery and violent crime had shown an increase, but this was largely down to a series of robberies in one geographical area of the City. Historical figures showed that there had been reductions in most crimes continuously over the last 10 years.

8.3 Members made various comments and asked a number of questions, to which responses were provided as follows:-

- Any discussions with private security firms would be held at Chief Officer level within the South Yorkshire Police.
- The importance of the Police working with communities was emphasised.
- The long term trend in relation to burglaries was heading in the right direction.
- Further statistics would be obtained and sent to Councillor Keith Hill.

- The performance figures quoted were checked and audited appropriately and there was no reason to believe these were inaccurate. The Safer and Sustainable Communities Partnership Board was presented with the performance statistics and any dramatic changes would be picked up there.

8.4 RESOLVED: That the Committee:-

- (a) thanks Sarah Banks and Inspector Shaw for their contribution to the meeting;
- (b) notes the contents of the report and the responses to questions; and
- (c) endorses the Safer and Sustainable Communities Partnership Plan priorities for 2014/17 as set out in the report.

9. REVIEW OF THE PARTNER RESOURCE ALLOCATION MEETING (PRAM)

9.1 RESOLVED: That the Committee notes the contents of the report on the Review of the Partner Resource Allocation Meeting (PRAM).

10. COUNCIL HOUSE SALES UNDER THE RIGHT TO BUY SCHEME

10.1 RESOLVED: That the Committee notes the contents of the Update Report on Council House Sales under the Right to Buy Scheme.

11. WORK PROGRAMME 2013/14

11.1 The Committee received a report of the Policy and Improvement Officer which outlined the Committee's Work Programme for the remainder of the Municipal Year 2013/14.

11.2 RESOLVED: That the Committee:-

- (a) approves the Work Programme as detailed in the report; and
- (b) notes that further information on the Mortgage Rescue Scheme was to be provided as part of the Welfare Reform briefing note to be circulated with the papers for the meeting of the Committee to be held on 27th March 2014.

12. DATE OF NEXT MEETING

12.1 The next meeting of the Committee will be held on Thursday, 27th March 2014, at 2.00 pm in the Town Hall.



**Report to the Safer and Stronger
Communities Scrutiny & policy development
Committee
26th March 2014**

Report of: Jasper South

Subject: Implementation of the Allocations Policy

Author of Report: Jasper South, Assistant Director, Council Housing Service
Contact 27 35493

Summary:

The information presented has been requested by the Committee to provide an update on the implementation of the new policy.

The new allocations policy was agreed by Cabinet in March 2013 and authority was delegated to the Executive Director for Communities to –

- Draw up a scheme of authorisation for Allocations Policy decision making prior to implementation;
- Fully implement the new policy at the point when the necessary updating of the Choice Based Lettings Information technology system is completed, with full implementation expected to be 1st April 2014

Full scoping of the requirements for implementation have now been considered with recommendation to extend timescales and budgets to ensure an effective implementation.

Type of item: The report author should tick the appropriate box

Reviewing of existing policy	
Informing the development of new policy	√
Statutory consultation	
Performance / budget monitoring report	
Cabinet request for scrutiny	
Full Council request for scrutiny	
Community Assembly request for scrutiny	
Call-in of Cabinet decision	
Briefing paper for the Scrutiny Committee	
Other	

The Scrutiny Committee is being asked to:

Comment on progress to date

Background Papers:

Category of Report: OPEN

Report of the Sponsor of Allocations Policy Implementation

Progress of implementation

1. Introduction/Context

- 1.1 An update on the progress of the allocations policy implementation has been requested by the committee.
- 1.2 The new allocations policy was agreed at cabinet in April 2013, with an initial commitment to implement by April 2014. This report outlines the activities undertaken since cabinet agreement, and highlights the reasons for the requirement to delay implementation

2. Main body of report, matters for consideration, etc

- 2.1 Following agreement at cabinet of the new policy, it was quickly established that it would be essential to ensure the new Choice Based Lettings web site (CBL) was implemented and embedded prior to making further large scale changes for staff and customers. The CBL project was commenced in 2011 and originally planned to go live in April 2013. The new CBL web site was fully implemented in October 2013, following this and subsequent learning a comprehensive assessment was undertaken to establish the scale of changes required to successfully implement the new policy. It was reported to the Cabinet Member for Homes and Neighbourhoods in November 2013 that implementation by April 2014 would not be possible due to the extent of the further IT system changes, procedural work and change management required to deliver the new policy on top of the implementation work for the new Choice Based Lettings system.

Further work has been completed to fully assess the resources and timescales to complete implementation of the policy effectively.

Timeline

The implementation timeline has been scoped and planned, again based on the learning from the CBL implementation and a realistic timeline for full implementation of the revised policy is 18 months, the main reasons for this extended timeline are:

- The initial scoping in 2012 was not informed by full knowledge of the IT issues
- Based on learning from CBL the IT changes need to be fully developed, delivered and tested, which will require a minimum of 9 months

- All new processes require mapping 3 months either side of the 9 months IT changes
- Training plans and scripts need to be developed and delivered
- To reassess all applicants and allocate to the correct new band is a much more intensive task than originally envisaged and will take approximately 3 months

Budget

Before completion of the review and agreement of the final policy the cost of implementation was initially estimated at £140,000. Now more detailed understanding is available this sum is insufficient.

To put this in context, this figure was a 'rough cost' estimated in December 2011 before the new policy had been finalised, with limited knowledge of the IT and process changes required. These figures have now been revisited to take account of:

- The final policy being agreed and understanding what this means for implementation
- The outcomes and legacy from the implementation of the CBL project
- The requirement for a dedicated staff team
- Level of support required for customers

Summary of estimated costs

Activity	Cost
Advertising and communications	£40,409
Support for customers at 'go live'	£36,168
Abritas and IT changes (estimated)	£60,000
Project team staffing	£108,528
Documentation scanning	£3,600
Re assessment of applicants	£27,300
Sub total	£276,005
Contingency 20%	£55,201
Total	£331,206

The contingency is in place to account for the following:

- Unknown IT system change costs
- Any additional customer support, communications or advertising that may be required
- Any other unforeseen cost

A project board and dedicated project manager are in place to lead the implementation which is proceeding to plan. However it should be noted that a number of risks remain that could affect the implementation, and these will be closely monitored with remedial action taken where necessary to keep the project on course.

3 What does this mean for the people of Sheffield?

3.1 Impact of the New Policy for Housing Applicants

The policy review focused on seven key challenges and led to changes that affect customers as follows –

	Issue	Impact for Customers	Implementation Date
1	Bedroom Size Eligibility	More restrictive eligibility with less scope to bid for accommodation with “spare bedroom”	April 2013
2	Choice Based lettings	CBL retained with an enhanced system for better customer information and access	October 2013
3	Bidding	Bids restricted to 3 per week – with better information about properties and outcomes	October 2013
4	Age Designation	More options for younger applicants, end of 40+ designations and review of all 60+ designation	September 2014
5	Priority Banding	Assessed for one of three priority bands so more urgent housing need leads to quicker rehousing	June 2015
6	Registration	Required to provide more information up-front including references, and keep their registration updated annually. Customers with poor tenancy history will be unable to register or have reduced preference	June 2015
7	Adapted Properties	More flexibility to allocate directly, making it easier for disabled customers to access the most suitable properties	June 2015

It can be seen from the table that a number of the key changes proposed in the new policy have been implemented, or will be before the full implementation of the new policy. It was agreed that changes to eligibility rules would apply from April 2013, to align with changes to Housing Benefit entitlement with the introduction of the bedroom tax. Other changes are being introduced, where possible, in advance of implementation of the full policy.

Implementation later than anticipated may mean that the policy is affected by changes in statutory guidance or the local housing market. It is proposed to establish a mechanism for a standing review of the policy so that it is reviewed on a regular basis and can be updated more swiftly in response to changes. Delays to the implementation mean that some of the expected benefits will not be achieved as soon as originally expected. The Equality Impact Assessment for the project is being revised to take account of this.

4. Recommendation

- 4.1 The Committee is asked to note the progress made so far and comment on the progress to date



Report to Safer & Stronger Communities Scrutiny & Policy Development Committee 26th March 2014

Report of: **Janet Sharpe** (Interim Director of Council Housing – Communities Portfolio)

Subject: **Social Housing Repairs and Maintenance Contract**

Author of Report: **Jon Lovibond** (Projects Director – Place Portfolio – Tel: 27 36936)

Summary:

The Council has agreed a new contract for repairs and maintenance services to tenants' homes with Kier Services which will start on 1 April 2014 and run for 3 years (with the option to extend by up to 2 more years). This will replace the current contract with Kier Sheffield LLP which began in April 2003.

The new contract is based on value for money in the rates, continuous service improvements, and joint working with Council teams to achieve the successful integration with the Council Housing Service at the end of the contract.

The information presented has been requested by the Committee to enable it to scrutinise the progress made to implement the procurement strategy that was detailed in the Cabinet Report of 10 April 2013, and that has been shaped and monitored by tenants and leaseholders over the past 18 months.

Type of item: The report author should tick the appropriate box

Reviewing of existing policy	
Informing the development of new policy	
Statutory consultation	
Performance / budget monitoring report	
Cabinet request for scrutiny	
Full Council request for scrutiny	
Community Assembly request for scrutiny	
Call-in of Cabinet decision	
Briefing paper for the Scrutiny Committee	✓
Other	

The Scrutiny Committee is being asked to:

The Committee is asked to consider the outcome of the council housing repairs contract procurement process, and the medium-term objectives for the service, and provide views and comments on progress to date.

Background Papers:

Cabinet Report 10 April 2013: Construction and Building Services Re-Tender for Social Housing Repairs and Maintenance (Author – Jed Turner)

Category of Report: **OPEN/CLOSED** (please specify)

Report of the Interim Director of Council Housing

Social Housing Repairs & Maintenance Contract : 2014 to 2017

1. Introduction/Context

- 1.1 The current contract for repairs and maintenance and other construction work for all council owned buildings will end on the 31st March 2014. The provider is Kier Sheffield Limited Liability Partnership (the LLP). The LLP provides the repairs and maintenance service to council housing as well as other council buildings and, through the jobs compact, capital works and projects.

The LLP is a tax efficient vehicle (in which the Council has a 19.9% stake) with a profit share mechanism that met the needs and ambitions of the council when the current contract commenced in April 2003.

- 1.2 In preparation for the end of the current contract a project started in 2011 to examine the options for the repairs and maintenance service from April 2014. The option appraisal stage of the process concluded with a report to Cabinet on 10 April 2013 which examined the issues and options in detail and made a series of recommendations that were approved.

- 1.3 The main recommendations were:

- a) The new council housing repairs service should be provided by an external provider (not brought in house at this point or delivered through a joint venture arrangement), and that it should last for 3 years with the option to extend by up to 2 more years. However, bidders would be invited to submit a variant bid for a contract of 5 years with the option to extend by up to 2 more years to test out whether that longer contract would offer significant cost savings to the council.
- b) The service should be focussed solely on council housing repairs and maintenance, with repairs to other council buildings, and 'capital' works delivered through separate contracts to ensure the best skills matches and to maximise value for money.
- c) The explicit objective of the council was to consider the in-source of the repairs service option at the end of the next contract period if this achieved value for money and to integrate it as far as possible with the Council Housing Service, and other related council services. Bidders would be asked to address the challenges of preparing for this future vision in their method statements.

- 1.4 During the summer of 2013 five national contractors who had submitted a Pre-Qualification Questionnaire were shortlisted and invited to tender for the contract. One of the contractors withdrew early on. The other four submitted their bids which were evaluated by specialist officer groups, and volunteer tenants/leaseholders for the quality sections.

Following the completion of tender evaluation (a combination of price, quality and compliance with minimum council requirements) Kier Services were selected as the preferred bidder for the new social housing repairs and maintenance contract.

The contract was signed and sealed in early March 2014.

2. The new contract and the new service

2.1 The bid from Kier Services was within the budget envelope set within the Housing Revenue Account Business Plan. It fully recognised the council's strategic objective for the service and committed to working with the council to achieve it. The Method Statements also committed to a series of organisational and service changes to address those few areas where performance under the current contract can be significantly improved, including communications around planned works and complaints management.

2.2 A key feature of the new service will be reorganisation of the service around the new housing areas, with local operatives with local knowledge providing the Community Technician service, with reduced travel time, faster delivery of materials to site (sometimes through local suppliers) and improved communication and IT.

Kier employees will be empowered to make more decisions in tenants' homes to achieve a 'right first time' repair on first visit. They will be provided with tablets to access a wider range of estate and tenancy information as well as repairs diagnostics. They will also co-ordinate repairs services with other council and public service providers through local liaison meetings and use of new local community bases.

Kier Sheffield LLP has already begun this change by starting pilot schemes in South West and North West Housing Areas in advance of the start of the new contract.

2.3 The terms and conditions of many employees of the Kier Sheffield LLP have been regarded as a barrier to flexibility and empowerment. Most operatives are paid salary and bonus, with the bonus driven by the target job times in the Schedule of Rates and on job tickets, sometimes seen as creating a perverse incentive to maximise bonus rather than achieve the right repair for tenants.

Terms and conditions are planned to change during the first 21 months of the new contract so that all Kier Services employees are on 100% salary with no bonus.

2.4 Other planned improvements to the repairs service include better control and communication of planned works, and expansion of the popular Handyperson Service from two vans working only in East and South West Housing Areas when launched in March 2013 to six vans working city-wide from April 2014..

2.5 The new repairs and maintenance service from April 2014 will build on the partnership working that was established under the current Kier Sheffield LLP contract. That involves joint management of budgets and performance, joint service planning, tenant and leaseholder scrutiny

through Action Planning Groups and co-location of council and Kier staff in combined teams based at Manor Lane and SOLPRO.

- 2.6 A joint council-Kier Communications Plan is in place to ensure that all stakeholders are kept informed and involved in the run up to the new contract in April 2014, and after as the service evolves and changes as described above. Tenants, leaseholders and elected members are the key stakeholders.

Kier Services have committed to improve communications with elected members through a repairs bulletin and ward-based liaison meetings.

Consultation and communication with tenants and leaseholders will continue via In Touch, The Bridge, Local Area Housing Forums, the Leaseholder Forum, City Wide Forum, the Investment & Repairs Partnership Group, Action Planning Groups and through Viewpoint telephone surveys and other regular 'customer feedback'.

- 2.7 The repairs call centre will move into the council's contact centre at Howden House by April 2014 and be managed by the Council not Kier Services.

3 What does this mean for the people of Sheffield?

- 3.1 The outcome of the procurement process for a new repairs and maintenance contract for Council housing in Sheffield will be:
- A service that provides value for money and savings on previously projected costs in the Housing Revenue Account Business Plan – allowing the council to invest more in tenant services and home/estate improvements
 - A service that builds on the achievements of the existing contract, but also addresses acknowledged areas where improvements were needed such as planned works communication and complaints management.
 - A strong partnership between Kier Services as the provider, the Council, and tenants and leaseholders, to achieve efficiencies, effective communication and continuous service improvements
 - A service that is refocused and restructured and fit to be integrated with the Council Housing Service at the end of the contract period, if that remains the councils' ambition.

4. Recommendation

- 4.1 The Committee is asked to consider the outcome of the Council housing repairs contract procurement process, and the medium-term objectives for the service, and provide views and comments on progress to date.

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Report to Safer and Stronger Communities Scrutiny Committee 27th March 2014

Report of: Executive Director, Communities

Subject: The Housing Revenue Account (HRA) Business Plan Update 2014/15

Author of Report: Liam Duggan, HRA Business Plan Team Manager, 30240

Summary:

This report provides a summary of the City Council's Housing Revenue Account (HRA) Business Plan and the principles that underpin it.

Government reformed the funding of council housing in 2012 by introducing a system of local 'self-financing' for all Local Authorities with council housing. This was positive for Sheffield but also brought with it risks.

In order to realise the benefits and manage the risks associated with self-financing the City Council developed an HRA Business Plan which sets out how all council housing activity would be funded from the income which can be raised through rent and charges set by the Council as landlord.

The financial viability of the plan is assessed through its capacity to repay debt over a 30 year planning horizon. At the 2014/15 update the forecasted long term health of the plan had weakened as a result of changes to the national social rent policy guidance, the emergence of cost pressures and the council's forecasts for key risks such as welfare reform and Right to Buy.

The plan is reviewed and updated annually. It proposes rents and charges for the year ahead together with a revenue budget and a medium term plan for investment and repair, tenant services, debt and treasury management and value for money initiatives.

The annual update of the plan is a product of an annual consultation process with tenants which typically includes three City Wide Forum meetings and the Annual Tenant Conference although some specific proposals within the plan have been developed from more targeted consultations such as service design groups, partnership groups, challenge for change and Local Housing Forums.

The 2014/15 update was approved by Council on 5th February 2014 and will be implemented from 7th April 2014.

Type of item: The report author should tick the appropriate box

Reviewing of existing policy	x
Informing the development of new policy	x
Statutory consultation	
Performance / budget monitoring report	
Cabinet request for scrutiny	
Full Council request for scrutiny	
Community Assembly request for scrutiny	
Call-in of Cabinet decision	
Briefing paper for the Scrutiny Committee	x
Other	

The Scrutiny Committee is being asked to:

The Scrutiny Committee is asked to provide feedback on the activity currently being prioritised through the HRA Business Plan and on key priorities for the future.

The Committee is asked to provide feedback on how the involvement of tenants in the annual review of the business plan might be improved.

Background Papers:

Report to Cabinet: Housing Revenue Account (HRA) Business Plan update report, HRA Budget and Rent Increase 2014/15, 15th January 2014

<http://sheffielddemocracy.moderngov.co.uk/ielssueDetails.aspx?IId=12818&PlanId=0&Opt=3#AI7171>

Report to Cabinet: Housing Revenue Account (HRA) Business Plan 2012-17 update report, HRA Budget and Rent Increase 2013/14, 16th January 2013

<http://sheffielddemocracy.moderngov.co.uk/ieDecisionDetails.aspx?Id=791>

Report to Cabinet: Housing Revenue Account (HRA) Business Plan 2012-17 and HRA Budget and Rent Increase 2012/13, 25th January 2012

<http://meetings.sheffield.gov.uk/council-meetings/cabinet/agendas-2012/agenda-25th-january-2012>

Category of Report: **OPEN/CLOSED** (please specify)

Report of the Director of Communities

The Housing Revenue Account (HRA) Business Plan Update 2014/15

1. Summary

- 1.1 This report provides a summary of the City Council's Housing Revenue Account (HRA) Business Plan and the principles that underpin it.
- 1.2 Government reformed the funding of council housing in 2012 by introducing a system of local 'self-financing' for all Local Authorities with retained stock. This was positive for Sheffield but also brought with it risks.
- 1.3 In order to realise the benefits and manage the risks associated with self-financing the City Council developed an HRA Business Plan which sets out how all council housing activity would be funded from the income which can be raised through rent and charges set by the Council as landlord.
- 1.4 The financial viability of the plan is assessed by its capacity to repay debt over a 30 year planning horizon. At the 2014/15 update the health of the plan had weakened as a result of changes to the National Social Rent Policy, the emergence of cost pressures and the council's forecasts for key risks such as welfare reform and Right to Buy.
- 1.5 The plan is reviewed and updated annually to set rents and charges for the year ahead together with a revenue budget and a medium term year plan for investment and repair, tenant services, debt and treasury management and value for money initiatives.
- 1.6 The annual update of the plan is a product of an annual consultation process with tenants which typically includes three City Wide Forum meetings and the Annual Tenant Conference although some specific proposals within the plan have been developed from more targeted consultations such as service design groups, partnership groups, challenge for change and Local Housing Forums.
- 1.7 The 2014/15 update was approved by Council on 5th February 2014 and will be implemented from 7th April 2014.

2. The Housing Revenue Account (HRA)

- 2.1 The Housing Revenue Account is the Council's landlord account that covers all aspects of council housing including day to day housing management, investment and repairs services, rental income from tenants and all related expenditure.
- 2.2. The Housing Revenue Account is ring-fenced for expenditure on the provision of housing accommodation by the Local Authority.

3. HRA Reform ('self-financing')

- 3.1 From April 2012, all Local Authorities with council housing in England moved from a national subsidy system of council housing to a new system of local 'self-financing'.
- 3.2 The transition to self-financing involved a one-off adjustment to the debt of each stock owning local authority to a level the Government considered affordable for that authority given a set of assumptions around future rental income and need to spend on stock and services.

- 3.3 Under self-financing all aspects of Council Housing in Sheffield have to be funded from the income which is generated through Council Housing in Sheffield. The introduction of self-financing has been positive for Sheffield as it has meant more resources for council housing than under the old subsidy system and the capacity for long term planning.
- 3.4 The introduction of a self-financing Housing Revenue Account has also brought with it greater flexibility as there is essentially now only one source of funding for council housing in Sheffield- rents. This means the decisions about how we allocate council housing resources between disciplines (assets, services and debt) are ours for the first time, and not Government's.
- 3.5 However, self-financing has brought with it a transfer of risk, particularly interest rate risk, from government to the local authority. The long term viability of the plan is therefore assessed through the plan's capacity to repay debt and in so doing mitigate interest rate risk (see section 5)
- 3.6 In order to realise the benefits and manage the risks associated with self-financing a business plan is produced by the City Council and updated each year.

4. The HRA Business Plan in Sheffield

4.1 The HRA Business Plan is divided into 6 main chapters.

Income:	How all aspects of council housing will be funded. This includes rents and other charges made to tenants by the council as landlord.
Homes:	The budgets and priorities for the investment in and repair to council homes
Tenant Services:	The budgets for the delivery of services to council tenants such as rehousing, rent collection, tenancy support etc
Debt:	The Council's approach to managing the debt portfolio of the HRA and how these costs can be minimised over the long term
Value for Money:	Efficiency initiatives particularly in relation to back office functions
Governance:	How tenants, elected members and officers influence policy and assure the integrity of the plan

4.2 For 2014/15 HRA Business Plan budgets have been set as follows:

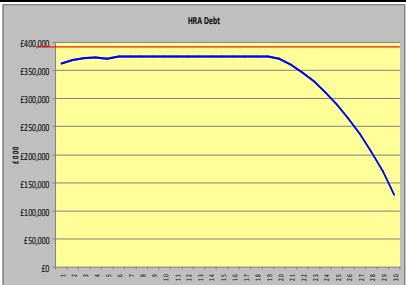
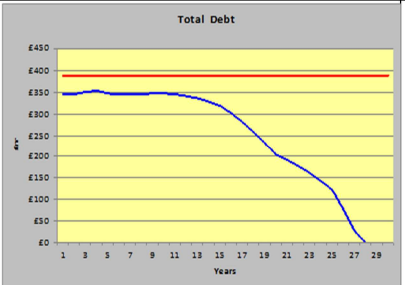
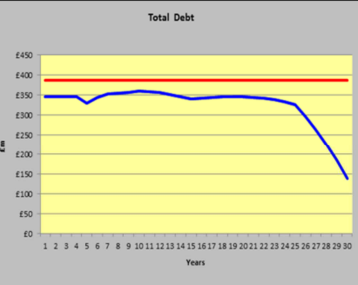


	Budget heading		£m	Chapter containing the detail
Income	Rents		147.7	Income
	Other		5.9	
	Total		153.6	
Expenditure	Repair		37.0	Homes
	Investment		38.0	
	Tenant Services		53.7	Tenant Services/ VfM
	Interest on debt		15.3	Debt
	Other cost		2.2	
	Total		146.2	
Balance	Transfer to Capital reserve*		7.4	

*Cashflow budget- required to fund investment programme in coming years

5. Business Plan – 30 year viability assessment

- 5.1 With the self-financing arrangements the sustainability of council housing in Sheffield over the long term is now the responsibility of the City Council and not central Government. Because of this responsibility it is crucial that the City Council has an indicator of the long term viability (health) of the business plan. This is assessed by use of a 30 year affordability profile.
- 5.2 All aspects of council housing have to be funded by income generated by council housing in Sheffield. Some of these expenses such as replacement kitchens, bathrooms, roofs etc run over long lifecycles so in order to ensure the plan will have the required resources to fund all activity when it is needed a long term 30 year forecast of income and expenditure is required.
- 5.3 Self-financing has also brought with it a transfer of risk from Government to the Local Authority, of which perhaps the most significant is interest rate risk. Under self-financing, the cost of borrowing has to be met by the business plan. The HRA supports around £350m borrowing (the value of the original debt settlement which signalled the transfer to self-financing in March 2012) and debt costs around £15m in interest payments each year. Each loan is like a mortgage in that after a fixed period it matures and has to be repaid. As each loan matures the council can choose to repay it either from rental income, or by taking out a new loan (refinancing). If the council chooses to repay through refinancing the new loan may either be cheaper or more expensive than the original, depending on interest rates at the time. In order to mitigate the risk of having to take on new debt at high interest rates it is preferable to ensure the council can always afford to *choose* whether to pay off newly maturing debt from rent or refinancing and is never held to ransom by high interest rates.
- 5.4. The 30 year affordability profile measures the *capacity* of the plan to repay debt over a 30 year planning horizon after the cost of investment and repair, tenant services and overheads, and interest on debt have been taken into account. If the plan does not have this capacity it is more exposed to interest rate risk. The greater the exposure to interest rate risk the higher the likelihood that rising interest rates would impact on the ability of the plan to fund commitments. And if the plan is unable to fund key commitments such as the repair of stock or the delivery of essential services then the sustainability of the plan might be affected and ultimately the plan could destabilise.
- 5.5 At the 2014/15 update presented to Council in February 2014 the forecasted long term financial health of the business plan has weakened since the 2013/14 review and no longer has the capacity to repay debt in full over a 30 year planning horizon.
- 5.6 Council was recommended to note this change, to understand the assumptions which underpin it and to make decisions subsequently which will secure a long term, secure and balanced business plan in the future.
- 5.7 Despite the weakening of the business plan over 30 years, a decision was made to stay true to existing commitments, to continue to invest in key aspects of the business in order to make the plan more sustainable over the long term and to ensure continued prudent financial decision making to return the plan to full vigour.

Assessment of the plan's viability over the first 3 years of self-financing

	2012/13	2013/14	2014/15
	Original business plan	First update	This year's update
Viability			
	£130m debt outstanding in y30	Debt repayable by year 28	£140m debt outstanding y30
Reason?	<ul style="list-style-type: none"> Investment backlog 	 <ul style="list-style-type: none"> Future of Council Housing efficiencies Improved interest rate forecast 	 <ul style="list-style-type: none"> Change to national social rent policy Cost pressures RTB and Welfare Reform forecasts

6. Income and resources

Risks – Welfare Reform

- 6.1 A key risk to income and one of biggest risks to the business plan overall continues to be welfare reform which is due to be phased in nationally by 2017/18.
- 6.2 The restriction of housing benefit to under-occupying social housing tenants was introduced in April 2013. Arrears resulting from the new under-occupancy rule will be higher than assumed in the 2013/14 update report. However, the number of households affected is reducing with 4,261 council households affected in October 2013, down from 5,130 in April 2013. There is also a risk that these rules will impact on the popularity of some property types thereby impacting rent loss.
- 6.3 The benefit cap was introduced in Sheffield during August 2013 and affects around 48 households in council housing accommodation. This is unlikely to have a significant impact on arrears.
- 6.4 Universal Credit may be introduced in Sheffield from April 2015 and the national direct payment Demonstration Projects are being monitored closely to understand the possible impact of this change. The analysis of the Council to quantify the risk posed by the welfare reforms has resulted in significant increases in forecasted arrears. Welfare reform will also continue to affect other HRA costs such as transaction costs, payment card costs and eviction costs.

Risks- Right to Buy

- 6.5 The Government 'reinvigorated' the Right to Buy policy in April 2012 by increasing the maximum discounts available to tenants and since then announcements have been made to stimulate sales further. Any receipts generated by this policy, additional to those factored into the self-financing settlement of 2012 by Government, are ring-fenced for re-investment in affordable housing.

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
Government assumption of RTB sales in 2012 self-financing settlement	85	100	112	117	118	119
RTB sales projected in Jan 2014	149 (actual)	243	265	290	250	210

- 6.6 The impact of increased Right to Buy sales on the business plan are:
- A reduction in rental income over the long term as a result of increased sales, which is only partly offset by savings in repairs, depreciation and interest costs
 - The availability of receipt income (£15m) ringfenced for the delivery of new affordable homes, but which is insufficient to replace RTB losses on a one for one basis. This is because of the low market value of homes in Sheffield relative to the £75k maximum discount and the cost of new build

Rents – Social Rent

- 6.7 Rent for council housing has historically been social rent. Social rent is set for individual properties in accordance with a Government formula. The formula is based on a 1999 property valuation, the number of bedrooms and average income locally.
- 6.8 The annual rent increase is also based on policy set by Government. For the period 2002 – 2014 weekly rents have increased by the Retail Price Index inflation + 0.5% annually, plus up to £2 where the current rent is below the formula (or 'target') rent for that property. This process has been known as rent restructuring/ convergence.
- 6.9 At the 2013 Spending Round it was announced by Government that for the period 2015-2024 all social rents would rise by the Consumer Price Index +1%. This announcement signals the end of rent restructuring one year earlier than planned. It also had the effect of reducing the long term forecast for income into the plan in the 2014/15 update.

Rents- Affordable Rent

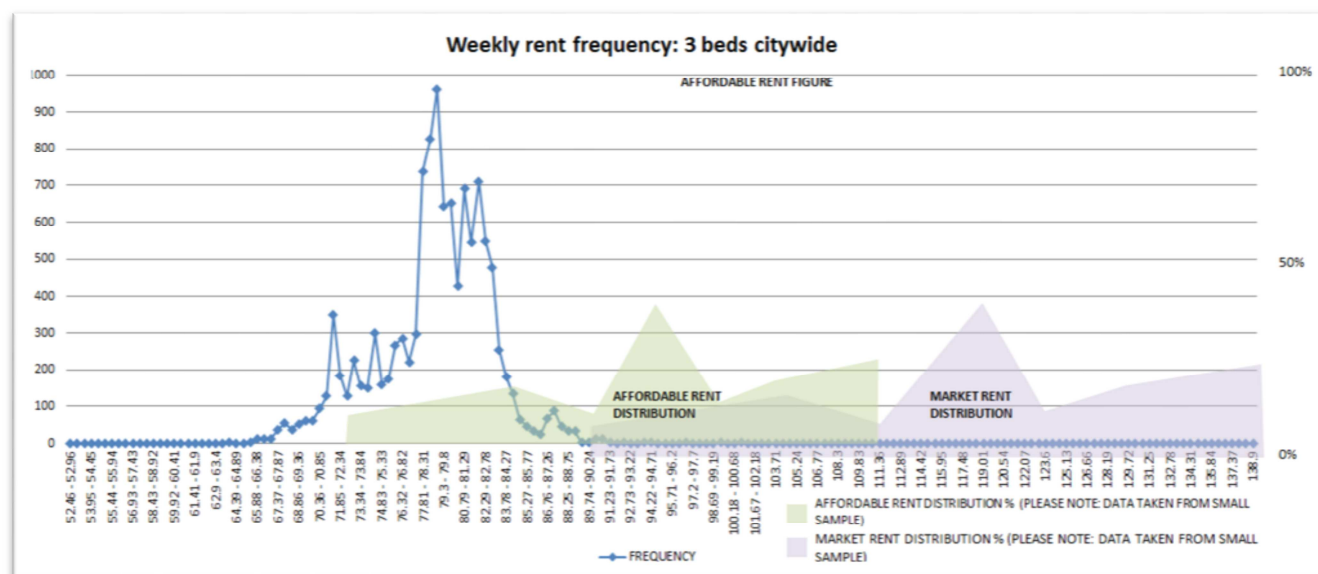
- 6.10 Affordable Rent is a new rent level introduced by Government in 2010. It is defined as up to 80% market (private) rent so is typically between social rent and market rent. It was introduced to enable Registered Housing Providers to generate additional capacity for investment in new affordable housing.
- 6.11 Sheffield City Council is in receipt of grant funding from the Homes and Communities Agency to bring 31 long term empty properties back into use as council housing. The terms of this agreement are that these new council homes must be let at Affordable Rent. Affordable Rent will also be required for most other new council homes delivered in the coming years in order that these schemes can be self-financing and so not be at the detriment to existing commitments or the wider business plan.

Current rent levels

- 6.12 Average rent levels in Sheffield, based on a 50 week figure for ease of comparison, are set out in the following table. The Affordable Rent (80% Market Rent) and Market rent figures are based on a small and informal survey of unfurnished *ex-council homes* for rent in Sheffield in November 2013.

Size	Social Rent	Affordable Rent	Market Rent
1 bed	£61.99	£86.40	£108
2 bed	£70.29	£91.20	£114
3 bed	£78.86	£95.04	£118.80
4 bed	£85.39	£96.00	£120

6.13 Whilst this table shows average rent figures the reality is that there is a spectrum of rents at Social Rent for each property size just as there is for market and Affordable Rents. The graph below overlays the actual frequency distribution of Sheffield City Council's social rents in 2013/14 with an indication of the distribution of affordable rents and market rents for ex council homes of a similar size, to serve as comparison. The graph shows that not all social rents for similarly sized property are the same.



Other Charges

- 6.14 Tenants connected to the Community/ District Heating network receive a charge separate to their rent for heating and hot water and related operational running costs. The account is ringfenced but is allowed carry forward a deficit/ surplus between years such that annual energy price changes can be smoothed for the benefit of tenants.
- 6.15 Tenants in Sheltered Housing receive charges separately from their rent to reflect the additional support provided. The council has made a decision that supported housing subsidy which funds this cost for eligible tenants can no longer be afforded. Work is currently underway to remodel the service in order that the impact of this on the tenant is minimised. General needs properties with burglar alarms owned and serviced by the Council also attract an additional charge. This will be adjusted in 2014/15 to reflect the costs of the new contractor following procurement.
- 6.16 Sheffield City Council has not de-pooled charges for services such as caretaking, communal cleaning, communal lighting and grounds maintenance to communal gardens, which benefit a minority of tenants but which are effectively paid for through the rent of all tenants. A commitment has been given to consult on the de-pooling of service charges; this would improve transparency and could be used to generate income. Consultation will take place once the arrangements for the regulation of service charges/ rents under Universal Credit are known.

7. Homes

Tackling the backlog

7.1 One of the original commitments in the business plan 2012/13 was to focus the investment programme on reducing the investment backlog (investment to homes which is now due). Whilst the investment backlog has reduced massively over the last 10 years it remains a key risk because any delay to the work increases costs in the plan. This is because delayed investment leads to increased need for responsive repairs which are more expensive than undertaking the same work through a planned programme. The different elements of the backlog are prioritised in the business plan as follows:

- Priority 1: Completion of the Decent Homes forward programme
This is to meet a commitment made to tenants to complete the forward programme by March 2014 and this commitment is on track. Homes omitted from the programme will be brought to standard through an elemental replacement programme with the top priority being those properties which were omitted in full and those with new or transferring tenants.
- Priority 2: Investment in obsolete heating systems
This alleviates fuel poverty as well as reducing the high repair costs associated with boiler breakdowns. This commitment is on track and around 90% existing and emerging heating backlog will have been addressed by March 2017.
- Priority 3: Investment in high priority roofing
Homes which are not watertight can have health implications for tenants as well as being expensive to repair due to water damage. All roofs with a higher priority will be tackled by 2018/19.

Delivering new council homes

- 7.2 A commitment is made in the business plan to make full use of the capacity of the HRA to deliver the maximum number of new/ additional council homes possible under the current borrowing rules. In order to make the schemes viable, and so as not to compromise existing investment priorities and the wider business plan, all new homes must be self-financing (viable) over the long term.
- 7.3 At an individual property level this means that the rental income generated by a new property over 30 years must be equal to or exceed the cost of delivering that unit plus the 30 year maintenance costs of that property. The key factors determining viability are
1. The purchase/ build cost of the home
 2. Rental income from the home once it is delivered and
 3. The availability of match funding to part fund the scheme and so reduce the need for HRA borrowing
- 7.3 Schemes will only be brought forward when there is sufficient match funding to make them viable. Initially around 600 homes are forecast in the coming 6 years. This is the maximum number which might be delivered with current forecasts of match funding (mostly ring-fenced Right to Buy receipt). This number will be updated as forecasts of match funding evolve.

- 7.4 At least 120 of these homes will be new build council houses, 75 of which will be delivered by March 2016 and the remainder by 2020. In 2013 the Council agreed the purchase of 30 new homes from the Sheffield Housing Company. Procurement for the remaining 45 will be undertaken in late summer 2014 with an expected start on site of Spring 2015. The property types to be built will be determined by the needs of the local area. Local consultation will be undertaken later in 2014.
- 7.5 The remainder of the 600 new homes will be acquisition of existing property for use as council housing. An acquisition strategy is currently under development which will set out the council's priorities for delivering these homes. Factors to consider when acquiring property might include the quality of the home, cost and likely rental income, supply and demand data for social housing and whether the council has any other interest in buying the home. It is expected that an acquisition strategy will be in place by the summer of 2014.

Five year investment programme

- 7.6 The current 5 year investment programme is set out below. In 2014/15 around 93% of the programme will be funded from the revenue account (predominantly rents). The remainder is from capital contributions such as Right to Buy receipts.

HRA Capital Programme	2013-14 Expected outturn £m	2014-15 £m	2015-16 £m	2016-17 £m	2017-18 £m	2018-19 £m	2014-19 5 year total £m
Essential work (H&S, fire safety etc)	1.609	3.191	3.547	2.326	1.663	0.800	11.527
Adaptations & Access	2.204	2.305	2.225	2.225	2.300	2.200	11.255
Regeneration	1.585	3.270	1.340	1.012	0.000	0.000	5.622
Waste	0.090	0.490	2.006	0.911	0.000	0.000	3.407
Other (community heating, programme mgt)	0.722	1.466	2.505	1.805	1.255	0.605	7.636
Area Investment Enviromentals	21.790	2.665	1.008	0.000	0.000	0.000	3.673
Heating & boilers	6.880	11.312	11.080	9.651	4.598	6.000	42.642
Roofs & externals	0.072	13.172	26.727	27.926	25.184	28.989	121.998
Communal areas	0.000	0.500	4.500	4.900	5.000	3.500	18.400
Electrics	0.000	0.030	4.500	4.500	4.970	5.000	19.000
Kitchens, Windows, Bathrooms & Doors	0.000	0.250	6.654	10.025	9.217	7.970	34.116
Other planned elementals	0.301	0.300	0.000	0.000	0.000	5.000	5.300
Sub total	35.253	38.951	66.092	65.281	54.187	60.064	284.575
75 New build	2.310	3.597	3.810	0.000	0.000	0.000	7.407
Long Term Empty Acquisitions	0.681	2.414	0.000	0.000	0.000	0.000	2.414
New stock increase	0.000	1.800	10.881	10.736	19.153	11.270	53.840
Total HRA Expenditure	38.244	46.762	80.783	76.017	73.340	71.334	348.236

Revenue Repairs

- 7.7 The repairs and maintenance service was procured on the open market in 2013 and the new contractor from April 2014 will be Kier Services. This will bring savings to the HRA over the life of the contract.

8. Tenant Services

Supporting Tenants through Welfare Reform

8.1 The business plan sets out how additional resources are allocated to the support of tenants affected by welfare reform for the benefit of those tenants and the wider business plan.

8.2 In 2014/15 additional funding* has been set aside for:

- Additional staff (£455k)
- Debt advice (£80k)
- Smartmove (£80k)
- Hardship Fund (£500k)
- Payment methods (£46k)
- Texting (£20k)
- Enhanced downsizing support (£14k)

**Funding in 2014/15 compared with 2011/12 pre self-financing baseline budgets*

Best use of homes

8.3 One of the central features of a successful self-financing business plan is the timely rehousing of tenants and the sustainability of tenancies.

8.4 The business plan has made funding proposals and savings assumptions for the Lettings Policy Review and the implementation of a Choice Based Lettings ICT System. The new Lettings Policy was approved in March 2013 and the ICT System went live in October 2013.

8.5 In 2012 the business plan included an ambition to improve the sustainability of tenancies over the long term by linking up support services to more effectively prevent tenancies failing. In 2013 the Future of Council Housing service design process developed a vision for wholesale change in how housing services are delivered. As a result the 'successful tenancies' initiative was adapted to test out new ways of working that would assist in the preparation of a business case for a 'Housing Plus' model of housing management. On 19th March 2014 Cabinet approved the implementation of Housing Plus which is currently scheduled to begin in April 2015.

Attractive Neighbourhoods

8.6 A key aim for the business plan is to reduce the high cost of estate services whilst ensuring neighbourhoods continue to be attractive and pleasant places to live. This is to be achieved in two ways.

- a) Tackling Fly-tipping - Taking a coordinated approach to the prevention of fly tipping through investment in education and enforcement. This is funded through savings made on bulky waste.
- b) Green and Open Space - Reviewing green and open space management on council housing land, including a 10% efficiency target for Council Housing Service and Parks staff in relation to the work they undertake on council housing land.

Tenant Services Budget breakdown

8.7 The following table shows the budget breakdown of cost associated with tenant services.

Tenant Services Budget	£	53,720,851
Council Housing Service	£	38,071,586
Non- Council Housing Service	£	11,355,484
Other costs	£	4,293,781

9. Debt & Treasury Management

- 9.1 Since the transition to self-financing in 2012 the overall debt strategy of the HRA has been to externalise its internal borrowing by taking fixed-rate loans to mitigate some of the interest-rate risk inherent in the HRA portfolio.
- 9.2. Loans are being taken at a rate that is budgeted for within the HRA Business Plan, and with maturities that provide the HRA with the flexibility it needs to make financing choices to support its wider plans. This means the business plan is establishing a sound borrowing platform on which to make long term investment decisions at the expense of short term interest rates savings.

10. Value for Money

- 10.1 The value for money section of the business plan highlights emerging cost pressures and monitors efficiency targets for the redistribution of resources into areas of higher strategic priority.
- 10.2 Current business plan efficiency targets are:
- Support Cost Efficiencies - Efficiency savings of 10% in 2012/13 and 7.5% in 2013/14 on Council Housing support costs are being delivered as planned.
 - Future of Council Housing efficiencies - £1.2m savings resulting from the Future of Council Housing integration are on track to be delivered as planned.
 - Repairs and Maintenance Service Design – 2% efficiencies to be generated through the procurement of a new provider are expected to be realised.
- 10.3 Significant cost pressures emerging in 2013/14 included the Council's pension liabilities, insurance costs and Council Tax liability.

11. Governance and involvement

- 11.1 The annual update of the HRA Business Plan is the product of an annual consultation process with tenants which in 2013/14 included items at 3 x City Wide Forum meetings and the Annual Tenant and Resident Conference.
- 11.2 Some elements of the business plan were developed from more targeted consultations such as the Service Redesign Groups and the Partnership Groups, Challenge for Change and Local Housing Forums.
- 11.3 Tenants have been involved in overseeing the delivery and review of the business plan through the Interim Sheffield Council Housing Board which is chaired by the Cabinet Member for Homes and Neighbourhoods.
- 11.4 The HRA Business Plan is scrutinised annually by this committee and has been each year since the start of self-financing.

12 What Does This Mean For The People Of Sheffield?

- 12.1 The Council's 41,000 dwellings are home to around 48,000 people as tenants. In addition, approximately 2,200 leaseholders receive housing services from the Council.
- 12.2 The HRA is a statutory account that includes the resources that provide council housing services to tenants. It is the Council's current tenants and future tenants who will be affected by the on-going choices that are made through the HRA Business Plan.
- 12.3 One of the aims of the business plan is to assure the long term sustainability of council housing as a vital service for Sheffield people. The foundation of the HRA Business Plan is to ensure that council homes are occupied because letting homes generates the rental income which funds all aspects of council housing.

13 Future direction for the HRA

- 13.1 The most recent business plan update report suggests that the first priority for the business plan should be to return the plan to full vigour by taking a cautious approach to resource allocation to secure a long term, secure and balanced business plan in the future.
- 13.2 Some of the key benefits of the 'new' self-financing regime are that the HRA has greater flexibility in use of its resources, the capacity for long term planning and real financial incentives to deliver sustainable communities. These are attributes to be optimised for the benefit of the Council and the city in the coming years.
- 13.3 In 2013 the City Council's Housing Strategy and the Strategic Housing Market Assessment have both articulated the need for more affordable housing in the City. With strong tenant support together with an increase in the level of forecast 'additional' Right to Buy receipts the delivery of new council housing through the HRA is becoming an emerging priority.
- 13.4 Feedback from tenants suggests that not only should the delivery of new/ additional council housing be a priority for the future but that the ambition of the Business Plan should be to see numbers of new council houses reach the same levels as the numbers being lost through Right to Buy, thereby stabilising the number of council homes in the city.
- 13.5 Also for consideration might be the HRA's response to the ongoing reductions to budgets in the General Fund. In a self-financing environment it is more important than ever that the Business Plan has the flexibility to invest in services/functions that will minimise its costs overall. In the current economic climate, when some tenants are likely to find it more difficult to afford to remain in their own homes and public sector budgets are reducing, the sorts of services which could potentially have the greatest beneficial impact on HRA repair, vacant and rehousing budgets might include those not traditionally regarded as essential landlord activities. In future there may be a need to evaluate to what extent the HRA should provide the support that council tenants need to sustain their tenancy and in doing so secure best value for all rent-paying council tenants.

14. Recommendations

- 14.1 The Scrutiny Committee is asked to provide feedback on the activity currently being prioritised through the HRA Business Plan and on key priorities for the future.
- 14.2 The Committee is asked to provide feedback on how the involvement of tenants in the annual review of the business plan might be improved.

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Report to Safer and Stronger Communities Scrutiny & Policy Development Committee

27 March 2014

Report of: Director of Policy, Performance and Communications

Subject: Welfare Reform – March 2014 Update

Author of Report: Nicola Rees, Policy and Improvement Officer

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Summary:

At the meeting of the Safer and Stronger Communities Scrutiny & Policy Development Committee in July 2013, members requested that a one-page update on progress with Welfare Reform issues be provided to Committee Members bi-monthly. This report provides the update for March 2014.

Type of item:

Reviewing of existing policy	
Informing the development of new policy	
Statutory consultation	
Performance / budget monitoring report	
Cabinet request for scrutiny	
Full Council request for scrutiny	
Community Assembly request for scrutiny	
Call-in of Cabinet decision	
Briefing paper for the Scrutiny Committee	
Other	X

The Safer and Stronger Communities Scrutiny & Policy Development Committee is asked to note the contents of the update report.

Category of Report: OPEN

Welfare Reform in Numbers

4,076

Sheffield council tenants are affected by under-occupancy rules ('bedroom tax')



44 less than two months ago

25%

have paid in full the shortfall in their benefit resulting from under-occupancy without receiving a DHP* payment



down from 30% two months ago

5%

have paid nothing towards the shortfall in their benefit resulting from under-occupancy

compared with 6% two months ago

33,000

working age tax payers in Sheffield receive council tax support



All of whom must now pay 23% of their Council Tax

19,836

summonses have been issued to Council Tax Support customers since April 2013 for non payment of Council Tax



£5.28m

= value of summonsed debt for Council Tax Support customers



Average amount of debt = £266**

1,772

Local Assistance Scheme grants have been awarded since 1st April 2013

7,857

Council Tax Hardship Scheme awards have been made since 1st April 2013

1,225

Local Assistance Scheme loans have been awarded since 1st April 2013

6,617

Discretionary Housing Payment awards have been made since 1st April 2013



155 households in Sheffield are subject to the Benefit Cap

=

837 children



All figures are to 31 February 2014

* DHP = Discretionary housing payment

** At this stage the full annual outstanding debt is summonsed, not the unpaid debt to that date

Welfare Reform: Key Updates March 2014

Universal Credit:

- The Council's Universal Credit Project Group is continuing to oversee work to enable the Council and its customers to prepare for the introduction of Universal Credit (UC). Current work is focussed on mapping access points in the city to enable and support people to get online.
- The Council is still expecting that the earliest that UC will be introduced in South Yorkshire will be April 2015, and that it is more likely that we will not see UC in Sheffield until 2016.
- The Council has yet to receive details from DWP on how the Government intends to fund local authorities to support Universal Credit claimants. This information is expected to be received between April and October 2014; until this is received there is a limit to what the Council can do in terms of preparation for the introduction of UC.
- National roll out of the 'Claimant Commitment' is due to be completed 'by spring 2014' for new claimants to Jobseeker's Allowance. The Claimant Commitment is a fundamental part of Universal Credit and benefit will not be paid unless claimants sign up. DWP states that: *"The new commitment is an important part of the cultural transformation that Universal Credit will bring and will place a strong focus on the responsibilities that claimants must fulfill."*

Other Updates:

- At the meeting of the Scrutiny Committee on 30 January 2014, after consideration of the report on Welfare Reform, members agreed to 'note the aspects of good practice operating in Bristol and Manchester and request that consideration be given to adopting these measures in Sheffield'. A full update on progress will be provided to the Scrutiny Committee in July 2014.
- In January 2014 DWP confirmed that Sheffield's allocation of funding for the Local Assistance Scheme (LAS) for 2014/15 would be the same as the indicative figure - £2,071,098 for 'Programme Funding' and £401,143 for administration. DWP informed the Council that the resources for 2014/15 will be paid in quarterly instalments, starting at the beginning of April. DWP have stated that: *'whilst we do not intend to withhold money, if evidence comes to light that the money is not being spent we will have to revisit that decision during the course of the year'*.
- DWP have confirmed that 2014/15 will be the last year of separate funding for LAS; from 2015/16 onwards local authorities will be expected to use general funds if they wish to continue with a local welfare provision scheme.
- The Council Tax Scheme for 2014/15 has now been agreed; the scheme will stay the same, at 23%. The Council Tax Hardship Scheme will continue in 2014/15.

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Right to Buy Update

March 2014

Government initiatives

There is still a planned increase in the total maximum % discount allowable for freehold houses. This was announced in January and is still scheduled to be introduced in May. This will apply to all current and new applications, at present there are approximately 40 cases where tenants would benefit from an increased discount and subsequent lower selling price.

Further to the increase in % discount the Government also announced the maximum cash discount of £75,000 would also be raised in line with CPI inflation. The amount that it is to be raised by is still to be confirmed.

The final part of the January announcement was that the current qualification criteria of 5 years tenancy will be reduced to 3 years. This is part of the deregulation bill which looks likely to be implemented in November of this year. More details of how this will work are yet to be released. At present a qualifying tenant gets 1% discount for every year of tenancy if they live in a house and 2% if they live in a flat or maisonette. This means that someone with 5 years tenancy would have a discount of 35% in a house and 50% in a flat (you automatically get 30% discount in a house and 40% in a flat)

The Government proposal was tenants with the minimum qualifying period of 3 years would still get a 35 or 50% discount, in affect giving the tenant a bonus 2 years additional discount.

Statistics and future projections.

The current financial year continues to see an increase in the number of sales compared to recent previous years. As at the end of February the total sales figure is 225, (full year projection 243)

With the changes highlighted above the forecasted sales for the next two years are 265 and 290 respectively. However if the general housing market continues to pick up this in turn normally leads to increase in right to buy sales.

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