



Notice of meeting of Decision Session - Cabinet Member for Health, Housing and Adult Social Services

To: Councillor Simpson-Laing (Cabinet Member)

Date: Tuesday, 24 January 2012

Time: 4.30 pm

Venue: The Guildhall, York

AGENDA

Notice to Members - Calling In

Members are reminded that, should they wish to call in any item on this agenda, notice must be given to Democracy Support Group by:

10.00 am on Monday 23 January 2012 if an item is called in before a decision is taken, or

4.00pm on Thursday 26 January 2012 if an item is called in after a decision has been taken.

Items called in will be considered by the Scrutiny Management Committee.

1. Declarations of Interest

At this point Members are asked to declare any personal or prejudicial interests they may have in the business on this agenda. **2. Minutes** (Pages 1 - 6)

To approve and sign the minutes of the meeting held on 20 December 2011.

3. Public Participation

At this point in the meeting, members of the public who have registered their wish to speak at the meeting can do so. The deadline for registering is **5pm** on **Monday 23 January 2012.**

Members of the public may register to speak on:

- an item on the agenda;
- an issue within the Cabinet Member's remit;
- an item that has been published on the Information Log for the current session. Information reports are listed at the end of the agenda.

4. The Affordable Homes Framework and (Pages 7 - 24) Programme 2011-15: Opportunities and Challenges

This report advises the Cabinet Member of the framework under which the Affordable Homes Programme 2011-15 has been agreed by the Homes and Communities Agency. It outlines the opportunities and challenges the Framework brings for affordable housing delivery in York and gives details of the Affordable Homes Programme 2011-15 for York. The report also outlines the impact of the Affordable Rent model on homes managed by housing associations in York and seeks a steer from the Cabinet Member on potential changes to the council's affordable housing policy on private developments arising from the new Affordable Rent model.

5. A Revised Regulatory Framework for Social (Pages 25 - 40) Housing in England from April 2012

The Tenant Services Authority (TSA) have published a consultation document on a revised regulatory framework for social housing in England. This report outlines the proposed changes to the framework and asks the Cabinet member to approve the proposed response to the consultation document.

6. Urgent Business

Any other business which the Chair considers urgent under the Local Government Act 1972

No information reports have been published on the information log for this session.

For more information about any of the following, please contact the Democracy Officer responsible for servicing this meeting.

- Registering to speak
- Written representations
- · Business of the meeting
- Any special arrangements
- Copies of reports

Democracy Officers:

Names: Catherine Clarke and Louise Cook (job share) Contact Details:

- Telephone (01904) 551031
- E-mail <u>catherine.clarke@york.gov.uk</u> and <u>louise.cook@york.gov.uk</u>

For more information about any of the following please contact the Democracy Officer responsible for servicing this meeting Catherine Clarke or Louise Cook Democracy Officers

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Further information about what's being discussed at this meeting

All the reports which Members will be considering are available for viewing online on the Council's website. Alternatively, copies of individual reports or the full agenda are available from Democratic Services. Contact the Democracy Officer whose name and contact details are given on the agenda for the meeting. Please note a small charge may be made for full copies of the agenda requested to cover administration costs.

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Holding the Cabinet to Account

The majority of councillors are not appointed to the Cabinet (39 out of 47). Any 3 non-Cabinet councillors can 'call-in' an item of business from a published Cabinet (or Cabinet Member Decision Session) agenda. The Cabinet will still discuss the 'called in' business on the published date and will set out its views for consideration by a specially convened Scrutiny Management Committee (SMC). That SMC meeting will then make its recommendations to the next scheduled Cabinet meeting in the following week, where a final decision on the 'called-in' business will be made.

Scrutiny Committees

The purpose of all scrutiny and ad-hoc scrutiny committees appointed by the Council is to:

- Monitor the performance and effectiveness of services;
- Review existing policies and assist in the development of new ones, as necessary; and
- Monitor best value continuous service improvement plans

Who Gets Agenda and Reports for our Meetings?

- Councillors get copies of all agenda and reports for the committees to which they are appointed by the Council;
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City of York Council	Committee Minutes
MEETING	DECISION SESSION - CABINET MEMBER FOR HEALTH, HOUSING AND ADULT SOCIAL SERVICES
DATE	20 DECEMBER 2011
PRESENT	COUNCILLOR SIMPSON-LAING (CABINET MEMBER)

DECLARATIONS OF INTEREST 27.

The Cabinet Member was invited to declare at this point in the meeting any personal or prejudicial interests she might have in the business on the agenda.

No interests were declared.

28. **MINUTES**

RESOLVED: That the minutes of the last Decision Session

of the Cabinet Member for Health, Housing

and Adult Social Services held on 22

November 2011, be approved and signed as a

correct record.

29. **PUBLIC PARTICIPATION**

It was reported that there had been no registrations to speak at the meeting under the Council's Public Participation Scheme.

THE LOCAL ACCOUNT FOR ADULT SOCIAL CARE 2011 30.

The Cabinet Member considered a report which introduced her to the Local Account for Adult Social Care 2011.

RESOLVED: (i) That the Cabinet Member note the performance and improvements described in the Local Account for 2010/2011 information.

- (ii) That the Cabinet Member note the areas for development and improvement in the coming year.
- (iii) That the Cabinet Member approved the Local Account, with any relevant changes, for general publication on the Council website.
- (iv) That the Cabinet Member endorse the Priority Actions arising out the Local Account summarised in Section 5.1 of the Anmnex 1-Local Account City of York Council 2011. Namely;
 - To enable self funders to access financial advice through CYC by January 2012.
 - To undertake a flexible carers support scheme grant survey and carers' survey to look at the best way of distributing funds to make the most impact on carer's lives and wellbeing.
 - To further promote self assessments for adult social carer customers.
 - To promote personal budgets and proactively discuss the financial options with customers right from the first contact.
 - To improve our systems to help deliver information and advice about self directed support.
 - To make Quality Assurance reports available to all on request, in an appropriate format and to circulate to survey responders, prospective residents/relatives, customers and other professionals.
 - To carry out a survey of customers of our assessment and personalisation service in 2012 to obtain feedback on their experience and quality of: personalised support, assessment and support planning, individual

- budgets, self assessment, achievement of desired outcomes.
- To extend links into the voluntary sector especially for people who will not require formal ongoing support, to minimise social isolation and encourage continued independence.
- To work to reduce the levels of delayed transfers of care from hospitals in the city from 2011-12 rates.
- To support the development of community health capacity to deliver 'step down' care and make links to ensure this works in partnership with our reablement service.
- To develop "quality champions" within the service, to secure ownership of quality and to facilitate the sharing of good practice between teams.
- To undertake a Carers' Survey which will provide benchmarking for the national survey in 2013.
- To carry out a survey of relatives who are willing to talk to us about their relative's end of life care within the Council's residential care homes as part of the 2012/13 quality assurance programme.
- To carry out activity arising from the consultation on the proposed major changes in our residential care homes to drive our transformation programme.
- To establish a stand alone safeguarding adults team with staff members whose dedicated role is to investigate abuse.
- To develop an agreed safeguarding pathway with our providers to ensure all safeguarding

referrals are dealt with in a consistent manner.

- To continue to improve our safeguarding processes, including learning from safeguarding children's services, to provide better guidance to those investigated alleged abuse and those managing these cases.
- To undertake work through York Safeguarding Adults Board to develop a "York picture" to inform on safeguarding priorities for partners across the city.

REASON:

To enable Adults, Children and Education to meet its commitment to the Promoting Excellence in Councils' Adult Social Care Programme Board, in producing a Local Account in December 2011.

31. YORK ADULT CARE WORKFORCE DEVELOPMENT STRATEGY

The Cabinet Member considered a report which introduced the first York Adult Care Workforce Development Strategy.

RESOLVED: The Cabinet Member is asked to;

(i) Endorse the strategy and the establishment of a partnership group to oversee its implementation.

Reason: To demonstrate City of York

Council's ongoing

commitment to developing the adult care workforce.

(ii) Endorse the proposal to take a paper reflecting the priorities of the both the children's and adult's workforce strategies to the Health and Wellbeing Board.

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Reason: To ensure that leadership of

both strategies is on a partnership basis.

Councillor T Simpson-Laing, Cabinet Member [The meeting started at 4.30 pm and finished at 4.45 pm].

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Decision Session: Cabinet Member for Health, Housing and Adult Social Services

24 January 2012

Report of the Assistant Director, Housing and Public Protection

The Affordable Homes Framework and Programme 2011-15: Opportunities and Challenges

Summary

- 1. This report advises the Cabinet Member of the framework under which the Affordable Homes Programme 2011-15 has been agreed by the Homes and Communities Agency. It outlines the opportunities and challenges the Framework brings for affordable housing delivery in York and gives details of the Affordable Homes Programme 2011-15 for York.
- 2. The report also outlines the impact of the Affordable Rent model on homes managed by housing associations in York and seeks a steer from the Cabinet Member on potential changes to the council's affordable housing policy on private developments arising from the new Affordable Rent model.

Background

3. The coalition government's comprehensive spending review in October 2010 announced a £4bn (60%) reduction in grant funding for new social housing and an intention to bring rents for new tenants closer to private sector rents with the additional capital raised reinvested in building new affordable homes.

4. In February 2011 the Homes and Communities Agency (HCA) launched a 2011-2015 Affordable Homes Programme Framework to deliver 150,000 additional affordable homes (since increased to 170,000). The Framework set out the criteria by which Registered Providers (mostly but not exclusively housing associations)¹ could put investment "offers" to the HCA for the delivery of affordable

¹ For the purposes of this report the term "housing association" is used rather than registered provider

- housing over the next four years. Requests for HCA funding were to be at the minimum level necessary to make schemes viable.
- 5. The new framework represents a fundamental shift from the previous funding regime insofar as it is no longer based on a scheme by scheme approach to funding decisions. Instead, housing associations set out their programme of offers over a four year period 2011-15 including proposals on how they will use their existing assets alongside additional borrowing to generate the financial capacity to deliver the new homes with vastly reduced grant funding. In this respect the framework enables more flexibility to the development programme because it considers an organisation's capacity to deliver an agreed number and mix of housing outputs across a defined geographic area without the requirement to necessarily identify specific sites or locations where those homes will be built.
- 6. The framework is predicated on a number of key criteria of which the most significant is the tie in with the government's Affordable Rent tenure. This is a rent that is *up to* 80% of the gross market rent of an equivalent type of home. On any new homes built with grant funding the HCA policy is that only by exception can new rents be lower than 80% of market rents.
- 7. In York officers put forward a strong case with housing association partners to the HCA that high rents and low incomes mean for many households an Affordable Rent model set at 80% of market rents won't be affordable at all. The outcome has been that the new 'Affordable' rents accepted by the HCA are generally lower than 80% of market value. This is covered in more detail in paragraphs 16-22 and Table 2 of this report. It is important to remember that if housing associations want to access grant funding from the HCA their rents on new homes will have to be higher than social rents. The negotiation has been around just how much higher.
- 8. Other key criteria of the new funding framework include:
 - Evidence that funding/development proposals meet identified priorities in the local authority area.
 - Certainty of delivery within the programme timeframe

- An expectation that housing associations will consider disposal of some existing properties to generate capital that is used to cross-subsidise new development.
- A presumption that homes secured under Section 106 planning agreements will have no grant requirement.
- Acknowledgement that Affordable Rent properties can be offered to the same customer groups as social housing and that rents will be covered by housing benefit rather than local housing allowance.
- All homes must meet the HCA's Design Quality Standards including those on S106 sites if these are to be "counted" by the HCA. (sites already with a signed off S106, planning permission or under construction will not have this requirement)
- HCA grant payment will be made at the completion of homes rather than, as previously, in two tranches at start on site and completion.
- Any housing associations wishing to access public funding for new developments are also expected to convert a proportion of their existing stock (on re-lets) to an Affordable Rent.

Consultation

- 9. In March and April 2011 the Housing Development team met with every housing association that currently develops in York plus two more that have for a number of years expressed a wish to begin a development programme in the city².
- 10. The purpose of the consultation was to ascertain whether the associations' were planning to submit an "offer" to the HCA and to confirm that this correlated with the council's affordable housing priorities. We also wanted to know the associations' proposals for the Affordable Rent model and how many of their re-lets would be converted to this (higher) Affordable rent.

² Meetings were held with Yorkshire Housing, Home Group, Tees Valley Housing Group, York Housing Association, Broadacres Housing Association, Chevin Housing Association and Joseph Rowntree Housing Trust.

The Affordable Homes Programme 2011-15

- 11 The Affordable Homes Framework has a simple ambition; to reduce capital grant funding requirements for affordable housing by increasing rental streams that can be capitalised to enable investment in new homes and bridge the gap left by reduced grant funding. Although a straightforward premise the model carries risks and uncertainty for housing associations.
- 12. The financial viability of the model works best in high value areas where market rents are significantly greater than social rents. York is one such place where there is scope to use the Affordable Rent model to raise additional income or headroom for reinvestment. Nevertheless, as a revenue based model it carries risks for housing associations:
 - Rents that are adjusted on every re-let to a percentage of the current market rent can go down as well as up and this exposes housing associations to greater risk especially with their lenders. This makes long-term business planning and borrowing assumptions more difficult for housing associations.
 - The introduction of the model has occurred at the same time as a range of welfare benefit reforms. Proposals to introduce single room rates, universal capping of benefits to a weekly maximum, higher non-dependent charges and a proposed reduction in housing benefit for under-occupying households are some of the issues and uncertainties going into the next few years. The collective impact of these changes is that housing associations will be more cautious in setting their long-term investment plans.
 - With grant levels at around £22,000 per home (compared with recent levels of around £57,000) housing associations will need to borrow significantly more to fund developments. The social housing sector has traditionally been seen as a safe bet for lenders, but doubts about the demand for and stability of the Affordable Rent model is manifesting itself in higher costs attached to borrowing. The increased level of debt that housing associations are expected to take on is impacting on their loan covenants and interest rates; making both more expensive and potentially reducing the headroom created through increased rents.

13. Seven housing associations submitted offers to the HCA to deliver homes in York and five were successful. Those that were unsuccessful have indicated they will still have the financial capacity to deliver on S106 schemes without grant funding. Table 1 below shows the successful offers as they relate to York schemes specifically and to the wider geographic area of the Leeds City Region.

Table 1		
National Affordable Homes Programme 2011-2012		
Housing Association	York	Leeds City Region
Broadacres	29	0*
Chevin	0	0*
Fabrick	0	0*
(Tees Valley HA)		
Home Group	18	271
Joseph	99	0
Rowntree		
Housing Trust		
York Housing	12	0
Association		
Yorkshire	0	500*
housing		
Total homes	158	771

^{*}These housing associations have indicated a capacity to invest in affordable homes secured under nil grant S106 developments

- 14. This is an encouraging outcome for York and it should be remembered that this grant funded development programme is in addition to schemes already funded from the 2008-11 programme including Derwenthorpe, Lilbourne Drive, Seventh Avenue and Lea Way. Nor do the figures include private developments where affordable housing has already been agreed and which are already being built (for example Revival, Hungate) or waiting to be built. These include The Chocolate Works (Terrys) and Germany Beck.
- 15. The development programme of non site-specific schemes is particularly important. Housing associations had to make their offers at a "minimum geographic level". For York that meant either in York itself under our Local Investment Plan priorities agreed with the HCA or at the Leeds City Region level (which includes York). A

key priority for the council is to ensure as many as possible of the 771 homes Yorkshire Housing and Home Group have committed to delivering across the Leeds City Region are built in York.

Housing associations policy on Affordable Rent

- 16. Directly linked to the Affordable Homes Programme is the expectation that housing associations will charge Affordable Rents on new homes and a proportion of their existing stock.
- 17. York is an area where the Affordable Rent model will enable housing associations to continue developing new homes on much reduced public funding. This is because there is a substantial differential between the rent for a social rented home and the cost of renting an equivalent property privately. If Affordable Rents are set at 80% of market rents, the differential is approximately £40pw for a one-bedroom property £51pw for a two-bedroom and £81 for a three-bedroom. Taking the three bedroom home example, the rent differential would equate to £4,212 a year and this could service further borrowing that contributes to bridging the shortfall in grant funding on new homes.
- 18. However, increasing revenue funding to service capital borrowing is only one side of the equation. The genuine affordability of the Affordable Rent model is also a key issue and has been at the forefront of officer's discussions with housing associations and the HCA. The outcomes of the discussions are summarised in the Table 2 below.
- 19. There is no single agreed approach. Each housing association guided by our discussions, the direction of their Boards and informed by their investment programmes, have adopted different policies that have been agreed with the HCA. The policies do vary considerably, but very few associations are planning to charge Affordable Rents at 80% of market rents.

Table 2	
Housing Association	Policy on Affordable Rent
Broadacres	 Most re-lets at Affordable Rent (none currently in York). New build grant funded to be at Affordable Rents but will not be greater than Local Housing Allowance
Chevin HA	 Most general needs re-lets to be converted to Affordable Rent where this is financially viable. No immediate impact in York as very little stock and no development programme in the city. No grant funded new build in programme for York. Will work with CYC on S106 opportunities
Home Group	All re-lets and new build to be at Affordable Rent, but will benchmark property types against open market comparables and set affordable rents based on the lower of 80% of open market rents, the Local Housing Allowance or 25% of local household incomes.
Joseph Rowntree Housing Trust	 No plan to charge Affordable Rent on any re-lets. All phases of Derwenthorpe to remain as Social Rents On new build schemes will charge Affordable Rent but this total must be inclusive of any service charges
Fabrick (Tees Valley)	 Anticipate only a handful of conversions to Affordable Rent in York New Build to be at Affordable Rents unless dictated otherwise by conditions in S106 agreements
York Housing Association	 Approximately 24% of general needs only re-lets to be converted to Affordable Rent. All new build funded through the HCA to be at Affordable Rents.
Yorkshire Housing	 No blanket introduction of Affordable Rent. Instead a maximum ceiling of £10pw increases on re-lets (estimated to be 43% of re-lets having some increase) with an average of £7.43pw increase. On new build homes, 50% to be let at social rent plus £10 (maximum), 50% to be at Affordable Rent

20. A further consideration is the likely impact of the introduction of Affordable Rents on the profile of the housing association stock in York. In 2009/10 the eight largest housing associations had a combined general needs rented stock of 2,335 homes. In the same period there were 234 re-lets in this stock representing a turnover rate of 10%. It is clear from discussions with local housing associations that not every re-let will be suitable for conversion to an Affordable Rent. Financially the most attractive conversions are family houses, but these are also the homes with the lowest turnover. The differential in rent on flats is more marginal and they turnover more quickly meaning they have higher management and maintenance costs. Some properties may be in need of modernisation or harder to let and so are unlikely to be suitable for a rent increase. And some homes will be on developments where s106 agreements, leases or funding conditions restrict rent increases.

- 21. Although it is difficult to predict with certainty the numbers of re-lets that will be converted to Affordable Rents each year, it is likely to be no more than 25% based on our discussions with local housing associations. Using the 2009/10 figures this would equate to 59 homes representing 2.5% of the housing association general needs stock. Clearly this is an estimate only, but it does suggest the impact of Affordable Rent conversions on the social housing stock across the city will be limited in the short to medium term.
- 22. On new build homes the impact of Affordable Rent could be much more significant depending on the policy the council wishes to adopt on S106 planning gain sites. These developments will deliver large numbers of affordable homes and it is the area where the council can, if it chooses, have the most influence on rent levels.

Affordable Rent on Section 106 developments

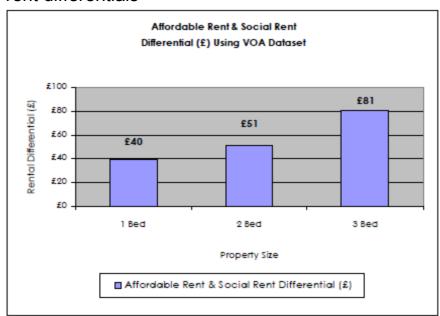
- 23. The government and HCA expect that affordable homes on planning gain (S106) sites will be delivered without grant. However, in making their 'offers' to the HCA for 2011-15 housing associations have been encouraged to include nil grant S106 schemes in what is being termed a blended grant calculation. The nil grant homes will be counted in the 'offer' thereby reducing the 'blended' average grant rate across all the homes in the programme.
- 24. For any S106 nil grant, homes to be 'counted' by the HCA, the homes must meet the HCA's Design Quality Standards. These relate primarily to internal space within the home, the external environment and sustainability. They are higher standards than those required in the private house building industry. In York there is no current requirement for housing association homes on private developments to meet the Design Quality Standard beyond

- sustainable homes code level 3. However, to introduce this will add some additional cost to the developer and may therefore also have some impact on the financial viability of developments. Overall, it is considered that meeting Design Quality Standards can form part of the detailed negotiations housing associations have with developers when they are taking homes on private developments.
- 25. All S106 homes are delivered through local authority planning policies and are therefore outside of the HCA funding and Affordable Rents framework. It is for local authorities to stipulate rent levels, design standards and set any other parameters in S106 agreements. In York the current policy is for these to be social rents with homes exactly the same as those developed for the private market. A proportion of homes (generally 30%) are identified for Discounted Sale. These are unaffected; it is only the rented homes that are under consideration here. There are two aspects to this discussion around policy. Firstly the potential for re-lets on *existing* S106 schemes to be at new Affordable Rents, and secondly the rent setting policy on *new* S106 developments.
- 26. Most existing S106 agreements have definitions that require homes to let at "affordable rents" or "target rents" in line with housing association rent setting policies or the current definitions of the Housing Corporation/HCA. At the time these S106 agreements were drafted the term "affordable rent" was generally agreed to be a social rent and there have never been any problems in negotiating agreements on this basis. However, the introduction of a specific rent model called 'Affordable Rent' that is supported by the HCA, soon to be embedded in housing association rent setting policies and included in a revision to the government's Planning Policy Statement 3, may muddy the waters. It is quite likely that the definitions in existing S106 agreements will be open to wider interpretation and perhaps challenge.
- 27. On new S106 agreements that have not yet been negotiated any change to the current policy will need to be included in supplementary planning guidance as well as the emerging LDF.
- 28. It is therefore important that the council establishes a clear policy around Affordable Rent both on new S106 developments and on the conversion of homes on existing developments. The same policy decisions should also apply to existing and new affordable housing developments on land owned by the council. Lease agreements with housing associations generally have the same

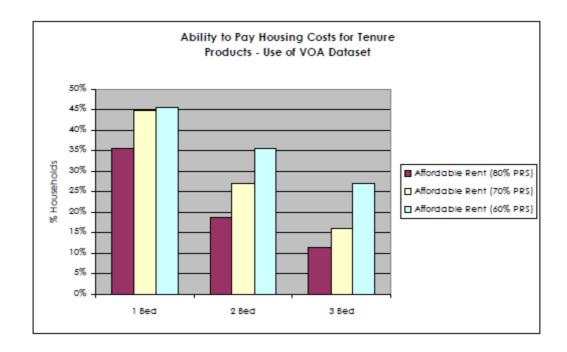
- definitions and clauses relating "affordable rents" as S106 agreements. It will therefore be prudent for policy to cover these sites too.
- 29. Evidence gathered for the council's new Strategic Housing Market Assessment is helpful in establishing the affordability of the Affordable Rent model and informing policy options.

Affordability of Affordable Rent dwellings in York

- 30. The 2011 Strategic Housing Market Assessment (SHMA) which will be presented to Cabinet in early 2012 for adoption as an evidence base - includes an analysis of the affordability of Affordable Rents in York.
- 31. The SHMA considers the income profile of household in housing need and the cost differentials between open market rent, Affordable Rent and social rent. The table below, taken from the SHMA illustrates the Affordable Rent (at 80% of market) and social rent differentials



32. The study then considers the proportions of households in housing need able to afford Affordable Rent housing (at 80%, 70% and 60% of open market). The analysis is based on household expenditure on rent not exceeding 25% of total income.



- 33. The analysis shows that 35% of households in housing need could afford Affordable Rent at 80% of market rent for a one bedroom property, increasing to 46% of households if the Affordable Rent is at 60% of market rent.
- 34. For two bedroom homes only 18% of households in housing need could afford a home at 80% of market rent, rising to 35% per cent of households if the Affordable Rent is set at 60% of market rent. For three bedroom homes affordability falls to just 12% of households at 80% of the market rent rising to 27% of households if the Affordable Rent is set at 60% of market rent.
- 35. The SHMA concludes there is potential for Affordable Rent homes to 'plug' a gap in the rental market between those who require traditional social housing and those who could afford to rent on the open market. Nevertheless, it is clear that at 80% of market rent very few families in housing need could afford the rents without recourse to housing benefit.

Options

36. Taking into account the evidence emerging from the SHMA, the views of housing associations and the pragmatic reality of reduced grant funding for new development, four options are presented to the Cabinet Member for consideration.

37. The options all relate to the provision of affordable housing on private developments and on sites sold or leased by the council to housing associations. There remains the possibility that the council may build new council homes directly. Should such opportunities arise it is assumed that subject to funding or other constraints, these would be set at social rent levels and so align with the existing council housing stock.

38. Option One

- Existing S106 and lease agreements: No change rented homes remain on re-let as social rented.
- New S106 and lease agreements: No change to current policy rented homes to be at social rents.

Analysis: This would seek to maintain the status quo. On new S106 sites it would mean that housing associations could not raise additional capital by increasing rents. However, discussions with housing associations suggest that few if any are reliant on new S106 schemes for this and instead are relying on a proportion of relets to raise rents and thus investment headroom. On existing S106 sites it is possible that some housing associations may therefore seek to increase rents on re-lets. The council can make clear in its Tenancy Strategy (and before publication of that, in correspondence with housing associations) this is not supported. The definitions used in existing S106's may not be helpful given the term "affordable rent" now has a very different interpretation to that first intended. Legal advice would be needed on this, but in any event a voluntary agreement with each housing association to confirm that rents are to remain at social rent levels would seem the most pragmatic way forward.

Private housing developers may challenge this policy. They could view Affordable Rent as meaning housing associations can afford to pay more for the homes on S106 sites. In the emerging LDF it is proposed that the council fix prices at which affordable homes are transferred to housing associations. If it is decided that rents can be higher than social rents, a decision will need to be made on whether that increase is reflected in the transfer prices (which may help with scheme viability and meeting affordable housing targets) or if the transfer prices remain the same with the increase in rents

used to create headroom for the housing associations to reinvest in their development programmes.

39. Option Two

- Existing S106 and lease agreements: Agree for a proportion of re-lets to be at Affordable Rent in line with each housing associations rent setting policy. The remainder to be at social rents.
- New S106 and lease agreements: Agree for a proportion of rented homes to be Affordable Rent in line with each housing associations rent setting policy with the remainder at social rent.

Analysis: On existing S106 agreements this would enable housing associations to create some funding headroom for investment in new homes. The numbers of conversions to Affordable Rent are likely to be low and most of the housing associations have agreed Affordable Rent levels much below the maximum 80% of market value. A Cabinet member agreement on the exact proportions of homes that could be converted to Affordable Rent would be needed. For example, 'a maximum of xx% of social rented homes on any existing S106 development may at the discretion of the housing association be converted from social rents to Affordable Rent in accordance with the housing associations rent setting policy'

On new S106 sites a similar agreement would be needed. This would potentially assist in the financial viability of schemes and could increase the mix of households and range of household incomes on developments. There would need to be a clear policy decision on whether Affordable Rent homes were let to a different customer group (i.e. intermediate market) rather than as now to those in the highest housing need. These issues can be covered in the Tenancy Strategy that the council will be producing in spring 2012 and before that in individual agreements with housing associations and through marketing through the choice based letting scheme.

40. Option Three

• Existing S106 and lease agreements: Agree for a proportion of re-lets to be at Affordable Rent in line with each housing

associations rent setting policy. The remainder to be at social rents.

 New S106 and lease agreements: Agree for all homes to be at Affordable Rent in accordance with each housing associations policy.

Analysis: As with Option Two above; only the proportions of Affordable Rent homes changes.

41. Option Four

- Existing S106 and lease agreements: No change. Rented homes remain on re-let as social rented.
- New S106 and lease agreements: Stipulate Affordable Rent levels that are higher than social rent, but capped at no more than 60% of market rents for 1 bedroom homes and 55% for two, three and four bedroom homes.

Analysis: On existing agreements the analysis is the same as that for Option One above. On new agreements this option would acknowledge the reality of the new Affordable Rent model being integral to raising borrowing for new investment but would balance that against the need for rents to remain meaningfully affordable.

There would need to be a clear policy decision on whether Affordable Rent homes were let to a different customer group (i.e. intermediate market) rather than as now to those in the highest housing need. These issues can be covered in the Tenancy Strategy that the council will be producing in spring 2012 and before that in individual agreements with housing associations.

42. Taking all of the factors around affordability, the reality of the new capital funding regime and local circumstances it is recommended that Option Four is supported.

Council Plan

43. The Affordable Housing Framework considered in this report is directly relevant to the Council Plan priorities of *Building Strong Communities* and *Protect Vulnerable People*. The Council Plan recognises the need to deliver the right type and mix of housing to meet the city's needs and highlights the affordability of housing as being crucial in this respect given the gulf between average

incomes and average house prices. The new Affordable Rent product will directly impact on the council's ability to deliver homes for rent that are meaningfully affordable to lower income households.

44. Implications

- Financial. There are no immediate financial implications on the council. It is a matter of policy changes only under consideration.
- Human Resources (HR). None
- Equalities. Any change to the affordability of homes to rent will have adverse equalities impacts and we know vulnerable groups including disabled people, young people and minority ethnic groups can be disproportionately affected. In the context of the Affordable Rent product these impacts are mitigated to some degree by the new rents being eligible for housing benefit. Also, if Affordable Rent homes are targeted/prioritised for the intermediate rather than social rented market this may increase opportunities for housing. An Equalities Impact Assessment will be undertaken as part of the councils Tenancy Strategy in 2012 and it is anticipated this will identify those groups most affected by the changes including recommendations on how this can be addressed.
- Legal. The interpretation of the rent setting definitions in existing S106 Agreements may be open to challenge if housing associations intend to re-let any of these homes at an Affordable Rent. If the council wishes to oppose this it will be necessary probably on a scheme by scheme basis to establish the strength of legal grounds for doing so. However, it is expected that agreements can be reached with housing association partners without the need for a formal legal intervention. If developers were to challenge a policy of charging social rather than Affordable Rent on new developments legal advice would be needed to determine the strength of grounds for doing so with, if necessary, a further report brought to the Cabinet Member.
- Crime and Disorder. None
- Information Technology (IT). None

 Property. None immediately. There may be a need for Property Services involvement in the re-drafting of existing or new leasehold disposal of land to housing associations to reflect the council's policy on Affordable Rent both on initial and subsequent letting of homes

Risk Management

45. There are no significant risks associated with the recommendations of this report. There is some risk that the council's policy regarding affordable rents on S106 could be challenged by developers and/or housing associations. Were this to happen there could be a cost to the council in legal fees and officer time in defending the council's interests, but overall this is felt to be a low risk.

Recommendations

- 46. The Cabinet Member is asked to:
 - Note the introduction of the national Affordable Homes funding framework.
 - Note the impact of the Affordable Rent model on existing and new housing association homes in the city
 - Welcome the investment in new affordable housing in York by housing associations during 2011-15
 - To agree option 4, to make changes to the affordable housing policy. In particular;
 - Existing S106 and lease agreements, stipulate no change to current policy for social rented homes to remain on re-let as social rented.
 - New S106 and lease agreements, stipulate that Affordable Rent levels are capped at no more than 60% of market rents for one bedroom homes and 55% of market rents for two, three and four bedroom homes.

Reason: To give a clear and consistently applied policy steer so that housing associations, developers, the Homes and Communities Agency, council officers and other interested parties have clarity on the council's policies regarding the Affordable Rent model and it's application in York especially on S106 developments and on schemes developed on council owned land.

Contact Details	Chief Officer	Responsible	for the report:
Author: Paul Landais-Stamp Housing Strategy Manager Housing Services, CANS 554098	Steve Waddi Assistant Dir Protection	•	ig and Public
	Report Approved	Yes Date	09 Jan 2012
	Report Approved	tick Date	Insert Date
Specialist Implications Office	r(s)		
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Wards Affected: All √

For further information please contact the author of the report

Background Papers:

Affordable Homes Framework. Homes and Communities Agency, February 2011

North Yorkshire Strategic Housing Market Assessment – Annex 7: York Specific SHMA Analysis. (Draft) November 2011

Annexes - None



Decision Session: Cabinet Member for Health, Housing and Adult Social Services

24th January 2012

Report of the Assistant Director of Housing and Public Protection

A revised regulatory framework for social housing in England from April 2012

Summary

- 1. The Tenant Services Authority (TSA) have published a consultation document on a revised regulatory framework for social housing in England. The consultation period ends on the 10th February 2012. Major revisions include the current standards being reclassified into Economic and Consumer Standards (the Economic Standards do not apply to local authorities). Whilst the majority of the Consumer Standards have remained unchanged including the requirement to publish an Annual Report, there have been revisions to the Tenant Involvement and Empowerment standard and to the Tenancy Standard in relation to tenure.
- 2. Changes are also proposed with regards the regulators role concerning compliance to the Consumer Standards. The regulator will take a back seat approach to compliance expecting members, MP's and tenants to self regulate. The regulator may only intervene in cases of serious detriment. An area of concern of this approach shared by both the Chartered Institute of Housing and the Housing Quality Network is the whole approach of setting standards with no checking by the regulator and little likelihood of intervention unless the serious detriment test is applied to establish if a very serious harmful outcome has occurred. A summary of the key changes are:
 - Split of standards into economic standards and consumer standards
 - Economic standards only apply to 'private registered providers', i.e., housing associations and registered private companies.
 They do not apply to local authorities or ALMOs (unless an ALMO owns property and is separately registered)

- Consumer standards apply to all registered providers including housing associations, local authorities, ALMOs and registered private companies
- The social housing regulator will only have a minimal backstop role in regulating consumer standards and will intervene only where there is serious detriment or harm to a number of tenants
- Significant increased focus on value for money in private sector providers (not applicable to local authorities)
- More focus on local mechanisms to resolve issues (i.e., not by the social housing regulator). There is an expectation that members, MP's and tenants self regulate.
- New detailed requirements on tenant mobility and involvement in repairs and maintenance
- 3. The consultation questions in relation to the revisions are limited to
 - Do the proposed changes reflect the direction outlined in the Localism Act and
 - Do the revisions express requirements of providers in a way that is clear, succinct and as outcome focussed as possible.
- 4. This report outlines the proposed changes to the framework and asks the Cabinet member to approve the response to the consultation document at Annex 1.

Background

- 5. The TSA published a consultation document in the later part of November 2011 highlighting the proposed changes to the regulatory framework and asking for responses to the consultation questions. The proposed new framework reflects both the recommendations made in the Government's review of social housing regulation and the requirements being introduced in the Localism Bill.
- 6. The Localism Bill gives local authorities more control over the funding of social housing, helping them to plan for the long term, introduces the opportunity for flexible tenancies and paves the way for a national home swap scheme. It reforms the way that social housing is regulated, providing social tenants with stronger tools to

hold their landlords to account by supporting tenant panels - or similar bodies - in order to give tenants the opportunity to carefully examine the services being offered. It also changes the way that complaints about social landlords are handled. Currently, there are two separate ombudsmen (the Local Government Ombudsman and the Independent Housing Ombudsman) handling social tenants' complaints about their landlord. In the future, a single watchdog (the Independent Housing Ombudsman) specialising in complaints about social housing will ensure greater consistency across the sector.

7. The Localism Act leaves some fundamental parts of the April 2010 regulatory framework unchanged. It reinforces the commitment to co-regulation – that is, that the regulator still expects robust self-regulation by the boards and councillors who govern the delivery of housing services, incorporating effective tenant involvement. There is still a requirement to produce annual reports and to monitor and revise local offers.

Economic Standards

- 8. Some TSA standards have been revised and in compliance with the Localism Act the standards have been reclassified into economic and consumer standards. Economic Standards are not applicable to local authorities and cover:
 - Governance and Financial Viability
 - Value for Money and
 - Rent.
- 9. The regulator will continue to have a proactive role with those organisations where these standards apply on ensuring that the economic standards are met, and will engage with providers to obtain assurance that they are being met.

Consumer Standards

10. Consumer standards apply to all registered providers, including local authorities. The consumer standards support co-regulation. In future, the regulator's role is limited to setting these standards and not having a proactive role in monitoring compliance, intervening only where failure of the standard could lead to risk of serious harm to tenants (the 'serious detriment' test). Consumer standards are outlined in the table below.

Tenant involvement	Customer service, choice and complaints
and empowerment	Involvement and empowerment
	Understanding and responding to diverse
	needs of tenants
Home	Quality of accommodation
	Repairs and maintenance
Tenancy	Allocations & mutual exchange
	Tenure
Neighbourhood and	Neighbourhood management
community	Local area co-operation
	Anti-social behaviour

Proposed Changes

Tenant and Empowerment Standard

- 11. This standard has been significantly revised due to government direction on local mechanisms to involve tenants, scrutinise performance and resolve problems. However, there has been no change to the standard in relation to sections on customer service, choice, complaints, and understanding diverse needs of tenants. The section on involvement and empowerment has been strengthened to include:
 - Supporting the formation and ongoing activities of tenant scrutiny panels
 - Provision of information to support effective scrutiny
 - Support for tenants to build capacity.

The revised outcomes and specific expectations to the Tenant and Empowerment Standard are outlined in the table below.

Outcome	Specific Expectations
Registered providers shall	Additional Specific Expectations
ensure that tenants are given a	for Local Authorities:
wide range of opportunities to	
influence and be involved in:	supporting their tenants to
	exercise their Right to
 the formulation of their 	Manage or otherwise
landlord's housing related	exercise housing
policies and strategic	management functions,
priorities	where appropriate supporting
 the making of decisions 	the formation and activities of
about how housing related	tenant panels or equivalent

- services are delivered, including the setting of service standards
- the scrutiny of their landlord's performance and the making of recommendations to their landlord about how performance might be improved
- the management of their homes, where applicable
- the management of repair and maintenance services, such as commissioning and undertaking a range of repair tasks, as agreed with landlords, and the sharing in savings made,
- agreeing local offers for service delivery

- groups and responding in a constructive and timely manner to them
- the provision of timely and relevant performance information to support effective scrutiny by tenants of their landlord's performance in a form which registered providers seek to agree with their tenants.
 Such provision must include the publication of an annual report which should include information on repair and maintenance budgets, and
- providing support to tenants to build their capacity to be more effectively involved

Consultation Question

Does the revised Tenant Involvement and Empowerment standard:

- Effectively take into account the Government's direction to the regulator and amendments required by the Localism Act?
- Express requirements of providers in a way that is clear, succinct and as outcome focussed as possible?

Proposed Response

Yes- The Localism Bill clearly articulates the strengthened role expected for tenants. The revised standard reflects this and gives clarity in terms of what is expected

Home Standard

12. The current 2010 Home standard has two elements: quality of accommodation and repairs and maintenance. There are no substantive changes proposed to the repairs and maintenance element of the home standard. Some minor change is proposed to the section on quality of housing to reflect government direction and the fact that compliance with the Decent Homes standard is an ongoing requirement now the original deadline has been passed.

Consultation Question

Does the revised Home standard:

- Effectively take into account the Government's direction to the regulator and amendments required by the Localism Act?
- Express requirements of providers in a way that is clear, succinct and as outcome focussed as possible?

Proposed Response

Yes- The Localism Bill clearly requires that homes are of a decent standard and it is appropriate to remove the deadline date so that this process is continuous. The revised standard reflects this and gives clarity in terms of what is expected.

Tenancy Standard

- 13. The current 2010 Tenancy standard contains requirements in relation to rents, allocations and tenure. The rent element of the standard has been reclassified as an economic standard and has been moved from the Tenancy standard and is therefore not applicable to local authorities. The allocations element of the standard is retained without further change.
- 14. However it is proposed to make significant changes to the Tenure Element of the Tenancy Standard to reflect the Localism Act and include:
 - Introduction of flexible tenancies
 - Protection for existing tenants
 - Requirements for tenancy policies
 - Mutual exchanges.
- 15. The standard requires the use of internet-based mutual exchange systems. The standard does make it clear that where fixed-term tenancies are granted they should be for at least five years, apart from in exceptional cases when they can be as short as two years. The revised Tenure Standard is outlined below.

Revised Tenure Standard

16. Outcome - Registered providers shall enable their tenants to gain access to opportunities to exchange their tenancy with that of another tenant, by way of internet-based mutual exchange services

Specific Expectations

- 17. Registered providers shall subscribe to an internet based mutual exchange service which allows:
 - a tenant to register an interest in arranging a mutual exchange through the mutual exchange service without payment of a fee
 - the tenant to enter their current property details and the tenant's requirements for the mutual exchange property they hope to obtain
 - the tenant to be provided with the property details of those properties where a match occurs
- 18. Registered providers shall ensure the provider of the internet based mutual exchange service to which they subscribe is a signatory to an agreement, such as Home Swap Direct, under which tenants can access matches across all (or the greatest practicable number of) internet based mutual exchange services.
- 19. Registered providers shall take reasonable steps to publicise the availability of any mutual exchange service(s) to which it subscribes to its tenants. Registered providers shall provide reasonable support in using the service to tenants who do not have access to the internet.

Outcome

20. Registered providers shall grant tenancies which are compatible with the purpose of the accommodation, the needs of individual households, the sustainability of the community, and the efficient use of their housing stock. They shall meet all applicable statutory and legal requirements in relation to the form and use of tenancy agreements.

Specific Requirements

21. Registered providers shall publish clear and accessible policies which outline their approach to tenancy management. They shall develop and provide services that will support tenants to maintain their tenancy and prevent unnecessary evictions. The approach should set out how registered providers will make sure that the home continues to be occupied by the tenant they let the home to.

22. Registered providers should set out:

- The type of tenancies they will grant.
- Where they grant tenancies for a fixed term, the length of those terms.
- The circumstances in which they will grant tenancies of a particular type.
- Any exceptional circumstances in which they will grant fixed term tenancies for a term of less than five years in general needs housing following any probationary period.
- The circumstances in which they may or may not grant another tenancy on the expiry of the fixed term, in the same property or in a different property.
- The way in which a tenant or prospective tenant may appeal against or complain about the length of fixed term tenancy offered and the type of tenancy offered, and against a decision not to grant another tenancy on the expiry of the fixed term.
- Their policy on taking into account the needs of those households who are vulnerable by reason of age, disability or illness, and households with children, including through the provision of tenancies which provide a reasonable degree of stability.
- The advice and assistance they will give to tenants on finding alternative accommodation in the event that they decide not to grant another tenancy.
- Their policy on granting discretionary succession rights, taking account of the needs of vulnerable household members.
- Registered providers must grant general needs tenants a
 periodic secure or assured (excluding assured short hold)
 tenancy, or a tenancy for a minimum fixed term of five years, or
 exceptionally a tenancy for a minimum term of no less than two
 years, in addition to any probationary tenancy period.
- Before a fixed term tenancy ends, registered providers provide notice in writing to the tenant stating either that they propose to grant another tenancy on the expiry of the fixed term or do not propose to do so.
- Where registered providers use probationary tenancies, these shall be for a maximum of 12 months, or a maximum of 18 months where reasons for extending the probationary period have been given and where the tenant has the opportunity to request a review.
- Where registered providers choose to let homes on fixed term tenancies (including under Affordable Rent terms), they shall

- offer reasonable advice and assistance to those tenants where that tenancy ends.
- Registered providers shall make sure that the home continues to be occupied by the tenant they let the home to for the duration of the tenancy period allowing for regulatory requirements about participation in mobility schemes.
- Registered providers shall develop and provide services that will support tenants to maintain their tenancy and prevent unnecessary evictions.
- Registered providers shall grant those who were social housing tenants on the day on which section 150 of the Localism Act 2011 comes into force, a tenancy with no less security where they choose to move to another social rented home. (This requirement does not apply where tenants choose to move to accommodation let on Affordable Rent terms).
- Registered providers shall grant tenants who have been moved into alternative accommodation during any redevelopment or other works a tenancy with no less security of tenure on their return to settled accommodation.

Consultation Question

Does the revised Tenancy standard:

- Effectively take into account the Government's intended direction to the regulator and amendments required by the Localism Act?
- Express requirements of providers in a way that is clear, succinct and as outcome focussed as possible?

Proposed Response

The proposed standard does reflect the Governments direction required by the Localism Act and the requirements of the standard are clear and succinct.

Neighbourhood and Community Standard

23. The proposed Neighbourhood and Community Standard remains largely unchanged from the current standard. One minor terminology change is proposed. The current 2010 standard includes a specific expectation under 'local area cooperation' that registered providers should 'co-operate with Local Strategic Partnerships and strategic housing functions of local authorities where they are able to assist them in achieving their objectives.' More general wording is now

proposed, to reflect cooperation with local partnerships rather than with Local Strategic Partnerships specifically.

Consultation Question

Does the revised Neighbourhood and Community standard: Express requirements of providers in a way that is clear, succinct and as outcome focussed as possible?

Proposed Response

Yes

Regulating the standards

- 24. The consultation reinforces the principles of co–regulation and makes it clear that regulation of consumer standards will depend on tenant panels and third party regulation such as the Ombudsman or elected officials. There is no change in the regulation of economic standards, and indeed there's an increased focus on value for money.
- 25. In relation to regulation on the consumer standards the consultation paper identifies that the social housing regulator may intervene in consumer standards if there is evidence of serious detriment and there is evidence of harm to a number of tenants in areas such as:
 - Loss of home
 - Unlawful discrimination
 - Loss of legal rights
 - Financial loss.
- 26. Examples given which illustrate that only the most serious issues will be investigated

Standard	Example
Tenant involvement and empowerment standard	Failure to consult tenants on a substantial variation to how services are provided, which has a material detrimental impact on, for example, the condition of their homes, or the terms and the security of their tenancies
	Failure to operate an effective complaints or scrutiny system, which results in the risks of

	harm noted above not being addressed.
Home standard	Provision and maintenance of accommodation, or failure to meet statutory requirements, that endangers the health and safety of tenants. This would include such issues as fire safety, asbestos, gas servicing, electrical testing and legionella Failure to provide an effective emergency
	repairs service which places the health and safety of tenants at risk.
Tenancy Standard	Discrimination in the allocation of tenancies resulting in the unlawful denial of the rights of groups of tenants or potential tenants Breach of tenancy terms resulting in actual or potential loss of home or an unlawful denial of rights.
Neighbourhood and community standard	Failure to deal effectively with anti-social behaviour affecting a large proportion of tenants in a locality, or which could lead to the death of, or serious harm to the physical or mental health of, an individual tenant Failure to manage the clearance and regeneration of an estate to the extent that the security of remaining tenants is at risk, or the condition of their housing places their health and safety at risk.

- 27. The main sources of intelligence about potential cases of serious detriment will be information provided by third parties. These include the housing ombudsman, recognised tenant panels, MPs, local authority councillors, the Health and Safety Executive or a fire and rescue authority. Additionally, the regulator may also consider relevant information it receives directly, for example through whistle blowing.
- 28. Where the regulator believes the serious detriment threshold has been crossed in relation to consumer standards it will then seek to determine whether this is the case through examining the evidence and the nature and extent of the impact or potential impact on tenants.

- 29. The regulator retains the right to conduct, or agree that the provider commissions, appropriate investigations in order to determine whether there is evidence of a breach of standard and serious detriment. The regulator may need to consider the use of its regulatory, enforcement and general powers in some cases, and may need to intervene directly to address the problem(s) identified.
- 30. In order to bring about improvements, the regulator may propose an action plan setting out the key corrective actions it requires and will work with the provider to agree how best to implement the plan. When the regulator is satisfied that the key corrective actions have been completed it will notify the provider. Given the high threshold for intervention in relation to the consumer standards, the materiality of the problem is likely to provide grounds for the regulator not to follow a self-improvement approach.

Consultation Questions

Does the proposed approach to regulating the consumer standards seem reasonable, taking into account the regulator's future statutory duty to minimise interference and the serious detriment test introduced in the Localism Act?

Do the proposed principles underpinning the use of the regulator's intervention and enforcement powers, and the associated guidance notes for each power seem reasonable

Proposed Response:

Whilst the approach proposed is in line with the change in approach for the regulator to take more of a back seat approach to regulation and complies with the duty to minimise interference except in the case of the application of the serious detriment test. The application threshold of this test is high and the application of this approach could allow poor performing landlords to exploit the situation leading to a 'regulatory gap' where failures to meet the standards will in effect, be tolerated if they do not pose a risk of serious detriment

Consultation

31. Consultation on the proposed revision to the regulator framework has been undertaken with senior housing managers.

Options

32. The following options are put forward for consideration:

- a. Option 1: To approve the consultation response attached at Annex 1 in order that CYC's response can be considered prior to the regulatory framework being finalised.
- b. **Option 2**: Not to approve the consultation response. However this would exclude feedback from CYC prior to the regulatory framework being finalised.

Council Plan

33. In responding to the consultation this supports the Council's priority area of 'Our core capabilities – a relentless focus on our priorities and completely in touch with our communities.

Implications

34. There are no implications arising from this report.

Risk Management

35. There are no risks associated with responding to the statutory consultation document 'A revised regulatory framework for social housing in England from April 2012'.

Recommendations

36. The Cabinet Member is asked to:

Agree option 1 – to submit the letter at Annex 1, to ensure CYC's consultation response is considered prior to the new social housing regulator's approach being finalised

Reason: to ensure CYC's consultation response is considered prior to the new social housing regulator's approach being finalised

Contact Details

Author: Chief Officer Responsible for the

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Communities and

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Report
Approved

✓ Date 12th Jan 12

For further information please contact the author of the report

Background Papers:

A statutory consultation The revised regulatory framework for social housing in England from April 2012 – Social Housing Regulator November 2011

A new approach to regulation; The social housing regulator's proposals for revised regulatory standards – Housing Quality Network Summary December 2011

Annexes

Annex 1 – Consultation response letter



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COMMUNITIES AND NEIGHBOURHOODS

City of York Council 10/12George Hudson Street York

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Ask For: Sharon

Brown **Ext:** 4362

Date: 24th January

2011

Dear Amanda

Re: Consultation response to 'A revised regulatory framework for social housing in England from April 2012'.

Thank you for the opportunity to respond to the above consultation. After considering the consultation document I can confirm that overall the City of York Council support the proposed revisions in that they reflect the direction of the Localism Bill, support the Government's revised role for the housing regulator and give clarity around outcomes and expectations required of the standards.

However an area of concern is the application of the serious detriment test which must be applied and found to be complied with before any intervention by the regulator. Since the threshold of the test is high before any intervention can take place by the regulator this approach could allow poor performing landlords to exploit the situation. This could lead to a 'regulatory gap' where failures to meet the standards will in effect, be tolerated if they do not pose a risk of serious detriment

Yours sincerely

Steve Waddington
Assistant Director Housing and Public Protection

Director: Sally Burns

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