

Notice of meeting of

Decision Session - Executive Member for Housing & Adult Social Services

To: Councillor Morley (Executive Member)

Date: Tuesday, 27 October 2009

Time: 4.00 pm

Venue: The Guildhall

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 26 October 2009 if an item is called in before a decision is taken, or

4.00pm on Thursday 29 October 2009 if an item is called in after a decision has been taken.

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

Any written representations in respect of items on this agenda should be submitted to Democratic Services by 5.00pm on Friday 23 October 2009.

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 3 - 6)

To approve and sign the minutes of the meeting of the Decision Session for the Executive Member for Housing and Adult Social Services held on 23 June 2009.

3. Public Participation - Decision Session

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 **5:00pm on Monday 26 October 2009**.

Members of the public may speak on an item on the agenda, an issue within the Executive Member's remit, or an item that has been published as an information report for the current session.

4. Former Tenant Arrears - Write Off (Pages 7 - 12)

This reports seeks the Executive Member's agreement to write off a number of former tenants arrears.

5. Local Authority Challenge - Building New Council Houses (Pages 13 - 18)

This report seeks the support of the Executive Member for a bid to the Homes and Communities Agency for grant to build approximately 18 new family council houses and for the submission of the bid to be delegated to the Director of Housing and Adult Social Services.

6. Urgent Business - Consultation Response - Reform of Council Housing Finance (Pages 19 - 26)

Any other business which the Chair decides is urgent under the Local Government Act 1972.

The Executive Member has agreed to consider under urgent business this report titled "Consultation Response - Reform of Council Housing Finance". This item is urgent as the deadline for responding to the consultation document is 27 October 2009.

Information Report:

Housing Strategy/Older People's Housing Strategy 2006-09 Final Progress Report

As the Information Log is not yet up and running the above report has been published on-line for information.

Democracy Officers

Catherine Clarke and Louise Cook (job share)

Contact details:

- Telephone – (01904) 551031
- Email catherine.clarke@york.gov.uk and louise.cook@york.gov.uk

(If contacting by email, please send to both Democracy officers named above).

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

Contact details are set out above.

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Further information about what's being discussed at this meeting

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The majority of councillors are not appointed to the Executive (38 out of 47). Any 3 non-Executive councillors can 'call-in' an item of business from a published Executive (or Executive Member Decision Session) agenda. The Executive 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 Executive 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

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City of York Council

Committee Minutes

MEETING	DECISION SESSION - EXECUTIVE MEMBER FOR HOUSING & ADULT SOCIAL SERVICES
DATE	23 JUNE 2009
PRESENT	COUNCILLOR MORLEY (EXECUTIVE MEMBER)
IN ATTENDANCE	COUNCILLORS SUE GALLOWAY AND SIMPSON-LAING

1. **DECLARATIONS OF INTEREST**

The Executive Member was invited to declare at this point in the meeting any personal or prejudicial interests he might have in the business on the agenda. No interests were declared.

2. **MINUTES**

RESOLVED: That the Minutes of the meeting of the Executive Member for Housing and Adult Social Services and Advisory Panel held on 16 March 2009 be approved and signed by the Executive Member as a correct record.

3. **PUBLIC PARTICIPATION - DECISION SESSION**

Councillor Simpson-Laing had registered to speak on Agenda item 4. She welcomed the report on the Progress on the Improvement Plans for Adult Social Care and stated that it was important to have regular updates and public discussion on this matter. Of the 20 recommendations and 12 areas for development noted in the report, she commented on the following areas:

- Safeguarding - that it was good to see that the recommendations were in place. She hoped that the leaflet on this would also be available in printed format for those who did not have access to the Internet.
- Personalisation - that she was pleased to see the pilot and asked the officer for an update on the pilot scheme.
- Prevention - the speaker welcomed the inclusion of services aware of ethnicity issues.
- Equality Standards - the speaker noted that some targets had been missed.
- Performance Management, she welcomed the better buddying with Sunderland Authority, but asked that a report on this be brought to a Scrutiny meeting or to the Decision Session – Executive Member for Housing and Adult Social Services at a later date. The speaker also

stated that she would welcome comments on this from the Executive Member.

- Welcomed the work of frontline staff working in this area.
- That she would like to see a further officer report on this to coincide with the next inspection.

4. PROGRESS ON THE IMPROVEMENT PLANS FOR ADULT SOCIAL CARE

The Executive Member considered a report on the progress on the Improvement plans agreed following the Independence, Well-Being and Choice Inspection by the former Commission for Social Care Inspection [CSCI] in June 2008) and the Annual Performance Assessment by CSCI in November 2008.

The Director of Housing and Adult Social Services introduced the report. He reported that there had been 20 recommendations arising from the Commission for Social Care Inspection social inspections and 12 areas for development following the letter from the Annual Performance Assessment. He stated that the recommendations were themed and he addressed some of those key themes.

He noted that Safeguarding was the single biggest issue and the original inspection had recorded this as “Adequate”. He noted that the new Safeguarding Adults Board had attracted high-level representation from the Primary Care Trust (PCT), the police, fire and rescue, probation and others, and two subgroups to help in its work. The Director of Housing and Adult Social Services noted that there had been an increase in referrals in the 08/09 year from 88 to over 200, which was felt to be due to greater awareness, but was also a worrying trend. He stated that Safeguarding had an element of prevention and that a leaflet about this was available as a paper leaflet and also online.

On the issue of Personalisation, the Director stated that this was part of a national programme. He noted a successful year with regard to hospital discharges despite pressure with regard to admissions. He further stated that this was an area for coverage of the single information base through the Single Assessment Process (SAP) and that there had been agreement to help with GP groups, with the details to be confirmed with the Executive Member.

On the issue of Prevention, this had been rated as “Good”. However, other areas had now been included and the importance of making services more available and with more individualised responses to black and minority ethnic groups (though low in number in York) was being developed. He referred the Executive Member to table 1 on page 15 of the agenda with regard to this and also stated that City of York Council had a corporate focus on equalities issues.

In terms of Performance Indicators, the Director noted that City of York Council had looked outside to other authorities, including Sunderland and Bolton. A development day had been held with these authorities and staff

and managers had come away with improvement targets. Investment in a new manager had been made to get the new infrastructure in place, together with monthly meetings to look at performance and progress. He noted that improvements had been seen across the board, but stated that the “journey to excellence” would probably take more than one year.

The Director referred the Executive Member to pages 18 and 19 of the report, which showed an increase in demand and in performance. An area for concern was the timeliness of new assessments, as this had previously been operating at a low level and there was now a push to increase this to 80%. The Director reported that he received detailed weekly reports on this.

On the Workforce issue, the Director reported that a large training programme on Safeguarding was in progress, and with regard to Personalised Services that a plan was required to look at the future workforce. Team plans had also been developed. Improvements had been noted in staff attendance and over £1 million had been claimed in benefits due to the work of the welfare team.

The Executive Member was then asked to comment on and approve the progress on the improvement plans for adult social care set out in the report and to approve the proposed 6 broad areas for future improvement set out in paragraph 34 of the report.

The Executive Member for Housing and Adult Social Services then thanked the Director of Housing and Adult Social Services for outlining the report and Councillor Simpson–Laing for her comments on the report. He also thanked Councillor Sue Galloway, the former Executive Member for Housing and Adult Social Services, for her contributions as Executive Member.

The Executive Member stated that it was important that this progress report had been brought to public attention and that there was evidence that progress was being made towards some challenging targets. He particularly noted the progress with regard to Safeguarding, the Safeguarding Board and the training programme, together with the work being done with various parties, including York Health Group and the work on hospital discharges. He also noted the work on personalised budgets and self-assessment. The Executive Member commended the encouragement of a performance culture in the directorate and the importance of getting the Care Quality Commission (CQC) to recognise this. He also stated that improvement should focus on the major issues identified and commended the hard work and commitment of staff.

Decision of the Executive Member

RESOLVED: (i) That the Executive Member approves the progress on the improvement plans for adult social care as set out in this report.

Reason: So that the Executive Member is engaged in monitoring and approving the progress on the improvement plan for adult social care.

(ii) That the Executive Member approves the proposed six broad areas for future improvement set out in paragraph 34 of the report.

Reason: So that these can be incorporated in a refresh of the Directorate Plan and be used to drive future improvement.

Councillor Morley, Executive Member
[The meeting started at 4.00 pm and finished at 4.25 pm].



Decision Session – Executive Member for Housing and Adult Social Services

27 October 2009

Report of the Director of Housing and Adult Social Services

Former Tenants Arrears – Write off

Summary

1. To seek agreement to write off a number of former tenants arrears.

Background

2. The district auditor requires existing balances to be examined and uncollectable debts to be written off each year. In the Audit Commission's Housing Inspection report dated October 2002, the need to write off bad debts more promptly was highlighted.
3. Former Tenant Arrears (FTAs) have had a significant effect on the additional contribution made each year within the Housing Revenue Account (HRA) towards bad debts. This has had an adverse effect on resources available for expenditure.
4. Where a debt is written off this does not mean that it can never be recovered. The debt is written back on to a rent account if the customer is located. This may be because the customer has made contact again with Housing Services. Debts are written back on each month and this is reported on monthly. From 06.04.09 to 23.08.09 £48,322 was written back on to rent accounts.
5. In addition to this Housing Services has implemented two improvements in this area. The management of former debt for customers in temporary and permanent accommodation has been simplified and a formal system for checking on debts owed by newly accepted homeless customers has been implemented. In addition, a system for doing periodic traces on customers who have had their debt written off is now in place.
6. Officer delegated powers are restricted to writing off debts of £2000 or less.
7. As previously agreed by the Executive Member Advisory Panel (EMAP), write off reports will be brought to EMAP every 6 months. This will assist officers and Members in the monitoring process and should give a clearer view on performance throughout the year.

8. FTAs are monitored weekly. The level of activity involved in recovery is based on the size of the debt. The Authority makes use of a tracing database which conforms to Data Protection requirements to locate former tenants. Where a former tenant is found efforts are made to recover the debt in traditional ways, including; letters, phone calls and visits. Legal action is taken in appropriate cases. The Authority also employs debt collection agents to chase debts from people who have moved away from York.
9. Details of individual cases are set out in Annex A

Consultation

10. None

Options

11. Option A: Maintain these FTAs on accounts. This would lead to an increase in the bad debt provision and would go against good practice as commented on in the Housing Inspectors report of October 2002.

Option B: Write the debts off on the understanding that if necessary they can be reinstated at a later date.

Analysis

12. It is recommended that FTAs be written off totalling £20,719.28. This represents 0.08% of the total debit. These are cases where Housing Services have attempted a number of traces but have been unable to obtain a forwarding address or any information on the whereabouts of the former tenant. It also includes cases where the tenant has died and there were insufficient funds in the deceased's estate.

Corporate Objectives

- 13 This report supports corporate objective of improving the organisational effectiveness of the council through good financial management.

Implications

14. The implications arising from this report are as follows:
 - **Financial** - These write offs can be contained within the bad debt provision of the Housing Revenue Account. The current provision is £1,255,449
 - **Human Resources (HR)** - None
 - **Equalities** - None
 - **Legal** - None

- **Crime and Disorder** - None
- **Information Technology (IT)** - None
- **Property** - None
- **Other** - None

Risk Management

15. Writing off debts that cannot currently be recovered will help reduce the bad debt impact on the HRA. This reduces high risk financial implications for the HRA.
16. The risk of these debts never being recovered is high but has been improved due to the use of tracing IT package and more robust systems on checking for former debts when customers want rehousing

Recommendations

17. That the Executive Member:
 - Approves Option B which involves writing off FTAs of £20,719.28 as detailed in Annex A

Reason: This is in line with the recommendations of the audit report detailed in paragraph 1 and also for the financial implications listed above.

Contact Details

Author:
Denis Southall
Support Services Manager

Chief Officer Responsible for the report:
Steve Waddington
Head of Housing Services

Tel No. 1298

Report Approved **Date** 12/10/09

Report Approved **Date** 12/10/09

Specialist Implications Officer(s) - None

Wards Affected: None

All

For further information please contact the author of the report

Background Papers: None

Annexes: Annex A

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Oct-09

OVER £2,000.00					
NAME	ACCT NO	ADDRESS	TCD	ARREARS	REASON
	60124162		05/10/08	3365.83	no trace
	60031847		22/12/02	3168.82	no trace
	60035070		27/08/06	2646.14	no trace
	60040073		23/03/08	2568.60	no trace
	60101802		30/09/07	2430.08	no trace
	60041921		30/09/07	2205.49	no trace
	60140052		21/10/07	2009.96	insensitive
	60189445		13/09/09	2324.36	write off management transfer
				£20,719.28	

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Decision Session – Executive Member for Housing and Adult Social Services

27 October 2009

Report of the Head of Housing Services

Local Authority Challenge - Building new council houses

Summary

1. This report seeks the support of the Executive Member for a bid to the Homes and Communities Agency for grant to build approximately 18 new family council houses and for the submission of the bid to be delegated to the Director of Housing and Adult Social Services.

Background

2. In response to the national slowdown in housebuilding the government introduced a £1.5 billion programme of incentives through the Homes and Communities Agency to unlock stalled private sector sites and encourage the building of new public sector homes. Included in this was an initial £100 million Local Authority Challenge Fund to build new council homes.
3. The Local Authority Challenge Fund is broadly split 50:50 between social housing grant and cover for prudential borrowing which will be raised by local authorities and serviced by rental income from the properties built. A first bidding round was held in July and allocations have been made to 49 local authorities. The government announced further funding of £180m and has invited local authorities to bid for this with a closing date of 30 October. Successful bids will be announced in December 2009.
4. Following Communities and Local Government's (CLG) recent consultation on the Housing Revenue Account (HRA), it has been agreed that rental income received from homes built through this programme will be outside the current HRA subsidy system. This means that all of the income from rents will be retained by the council and can be used to service the additional prudential borrowing.
5. Local Authorities that bid for funding are expected to produce a simple model that can deliver quickly. This means contributing land at nil value and borrowing prudentially against the future rental stream. The HCA will provide a reciprocal amount of grant funding. Schemes which can achieve an early start on site (and which meet the other criteria outlined) and completed by March 2011 will be prioritised and all homes funded from the second bid round *must* be completed by March 2012.

6. Housing and Adult Social Services are proposing to submit a bid for funding under the scheme.
7. The bid covers the cost of building approximately 18 homes for rent on one site in the Clifton Ward. There is a small proportion of land adjacent to the site where the new homes will be built where it is proposed to provide improved communal facilities which is in the Skelton Rawcliffe & Clifton Without Ward. Details of the site are:
 - Land off Lilbourne Drive. (see annex one for site plan)
8. The site is in the ownership of the Housing Revenue Account (HRA). Historically when the council has utilised its HRA land assets for the development of new affordable housing, this has been through the sale of the land, at a reduced value to a Registered Social Landlord. Given that the council will be the owner of the new homes, the site will remain in the ownership of the council as an asset as well as providing much needed affordable family housing.

Consultation

9. At a meeting on 16th September between the leaders of the three main political groups, Hugh Bayley MP and representatives from the Homes and Community Agency (HCA) the principle of building new council houses was discussed and received all-party support.
10. The suitability and deliverability of the proposed site has been appraised through discussions with Development Control officers. Although these discussions have, of necessity, been based on the *principle* of residential development they give confidence that, notwithstanding unforeseen difficulties, the site is deliverable within the HCA timescales and at a cost which makes the scheme financially viable.
11. Consultation has taken place with the Head of Finance in HASS and with the Head of Corporate Finance regarding the feasibility of meeting prudential borrowing through the rental stream and the level of social housing grant that is needed. Further details of this are given in the implications section of this report.
12. The issues relating to the specific site are being discussed with the relevant Ward Members whose comments will be provided verbally at the meeting.
13. Detailed consultation on the designs / layouts will take place as part of the formal planning process.

Options

14. Option One - The Executive Member supports the council making a bid for HCA funding to develop the site proposed in this report for affordable housing
15. Option Two - The Executive Member does not approve the council submitting a bid to the HCA for grant to enable the building of council houses.

Analysis

16. Option One - Subject to HCA approval this will deliver the largest number of new affordable homes and the first new council housing since the mid 1990's. It will send a strong message to the HCA that the council is committed at the highest level to finding innovative ways of reducing the gap between demand and supply of affordable homes. It will increase the asset base and value of the council's housing stock. Approval of this option will also result in the development of much needed affordable family housing.
17. Option Two - This would be an opportunity missed for the council to increase its council housing asset base and value and to directly provide much needed affordable housing. Whether in due course there will be further funding opportunities for council house building is unknown.

Corporate Priorities

18. The council's corporate strategy clearly identifies providing more affordable homes as a key priority under its Inclusive City theme. This is further emphasised by the choice of National Indicator target 155 (Number of affordable homes delivered) as one of York's Local Area Agreement (LAA) priorities. The delivery of more affordable socially rented housing will also have a positive impact on the council's ability to meet NI156 (Number of people in temporary accommodation), which is also a LAA priority.
19. The development of new council houses will also support the Housing and Adult Social Services Directorate vision, which is:

'to enable people in York to live independent, healthy lives in decent, affordable homes'

Implications

20. The implications arising from this report are:
21. **Financial** - The general principle is that the project needs to clearly demonstrate value for money. It is expected that rental income from any new build properties will cover the council's cost of borrowing and all other running costs. At the time of writing this report the detailed financial implications are still being finalised. Should the proposed scheme not deliver value for money, as assessed by the Head of Finance, it will not progress without further discussion with the Executive Member.
22. **Equalities** - The council has an active waiting list of 2,827 households (Sept 09) with an average of 116 new applications every month. A successful bid for funding and the support of the Executive Member to release this site will enable the council to reduce the gap between affordable housing need/demand and supply.
23. **Information Technology (IT)** - Registration with the HCA to access their Investment Management System has been completed. This is necessary in order to submit any bids for funding.

- 24. **Property** - The Corporate Landlord has been involved in discussions that have led to the proposal and is supportive of the bid.
- 25. There are no **Human Resources (HR), Legal, Crime and Disorder, or Other** implications.

Risk Management

- 26. The risks associated with the proposals in this report are low and score less than 16. In compliance with the Council’s risk management strategy there are no direct risks, although failure to take advantage of this opportunity may risks associated with Option’s 1 or 2 of this report

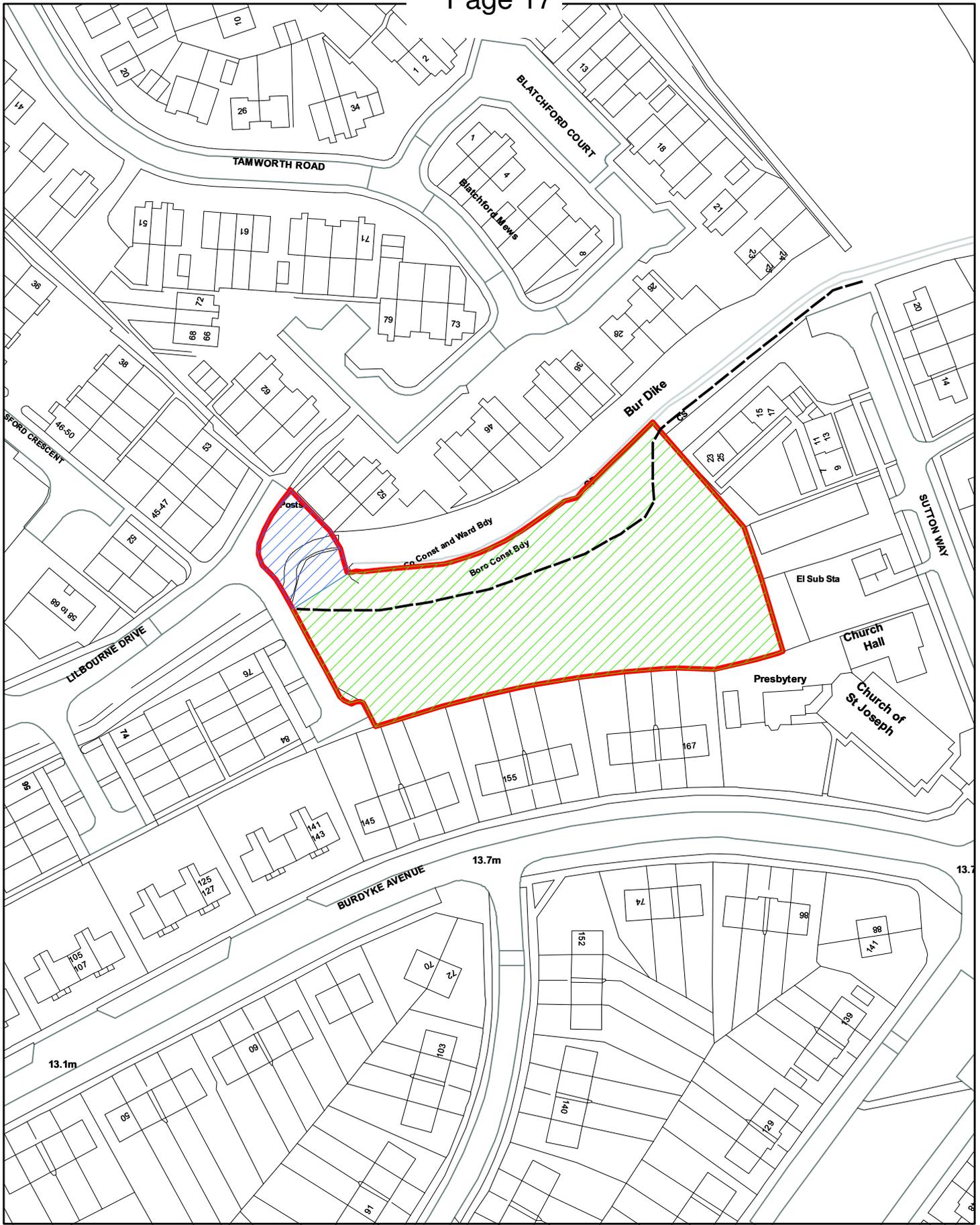
Recommendations

- 27. That the Executive Member supports a bid for HCA funding to develop the site proposed in this report for affordable housing. (Option 1)
- 28. That the Director of Housing and Adult Social Services be given delegated authority to submit the final bid.

REASON: To enable the council to reduce the gap between affordable housing need/demand and supply

Contact Details

Author:	Chief Officer Responsible for the report:		
Paul Landais- Stamp Housing Strategy Manager Housing Services HASS Tel: 4098	Steve Waddington Head of Housing Services Housing Services HASS Tel: 4016		
	Report Approved	✓	Date 13/10/09
	Bill Hodson Director of Housing and Adult Social Services Tel 01904 554000		
	Report Approved	✓	Date 13/10/09
Specialist Implications Officer(s) Debbie Mitchell, Head of HASS Finance, Tel: 4161			
Wards Affected: Clifton, Skelton Rawcliffe & Clifton Without Wards			All <i>tick</i>
For further information please contact the author of the report			



Resources
Property Services

Land at Lilbourne Drive



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27 October 2009

Decision Session – Executive Member for Housing and Adult Social Services**Report of the Director of Housing and Adult Social Services****Consultation Response - Reform of Council Housing Finance****Summary**

1. The Government is consulting on a proposal to dismantle the current Housing Revenue Account subsidy system and replace it with a devolved system of self financing for all local authorities. The system will depend on a national reallocation of housing debt, after which council's will be able to retain all their rental income and capital receipts.

Background

2. The current Housing Revenue Account (HRA) is a national housing finance account and HRA subsidy is the current system for redistributing resources between council's based on an assessment of each council's notional deficit or surplus. York is in negative subsidy in that it's notional income exceeds it's notional expenditure. As a result we pay money to the Government (expected to be £5.8m in 2009/10), which then redistributes this to those authorities who are in positive subsidy. Currently some 75% of councils pay in to the system with the remaining 25% receiving subsidy.
3. The problems with the current system are that
 - It is complex and not easy to explain to tenants
 - The fairness of the system depends on the accuracy of government assumptions about the spending needs of over 200 councils.
 - It doesn't allow for long term financial planning as there are changes made at short notice (such as the change in rent increase this financial year)
 - There is no local accountability as so much of the decision making is undertaken by central government
 - The overall national housing account is in surplus, which means rents are being used to subsidise other government departments
4. The council currently produces a 30 year business plan for the landlord service, and reviews this on a regular basis. Although a viable investment plan is in place to deliver the Decent Homes Standard by 2010/11, it has always been apparent from the business plan that there would be longer term problems in sustaining the capital investment needed in the fabric of the homes. The investment profile in future years shows a significant increase in the investment needed to maintain the stock beyond 2010. This creates a funding problem, as the revenue surpluses that have supported the achievement of the Decent

Homes Standard will not be available in the longer term, as the business plan takes into account increasing costs such as job evaluation and the rising costs in relation to gas servicing.

5. Whatever the final outcome of this consultation we will need to thoroughly review the assumptions in the current business plan. There is a need to update both the estimate of the spending required to maintain the stock at the Decent Homes Standard or above and the revenue streams to ensure we continue to provide a level of service in line with tenant expectations. The current More For York blueprint for Housing Services includes a major project to integrate Building Maintenance in to the housing service which will generate substantial savings and these will also need to be factored into the overall assessment of the resources available to support council housing.

Consultation

6. None undertaken at this time.

Options

7. Not applicable

Analysis

8. Supplemented by several background reports, the consultation paper proposes that the Government moves forward to implement a self-financing model for councils with a start date of April 2012. In order to achieve this it will be necessary for debt to be redistributed by assessing the present value of the cash flows in the business, excluding any existing housing debt, and either making a payment to each LA, or requiring a payment from each LA, depending whether its current debt is higher or lower than the assessed value.
9. The paper also recognises that management and maintenance allowances should be 5% higher than current levels and major repairs costs should be based on an uplift of 24% for newly arising need. It concludes that the national ongoing post-decent homes backlog of works is £6 billion and that the non-decency backlog is between £1.4 billion and £2.9 billion and acknowledges that this backlog will need to be funded from additional capital grants.
10. Other key principles include
 - the current ring-fence be retained and strengthened
 - abolition of pooling so that 100% of capital receipts are retained locally, with 75% having to be spent on housing.

Particular issues for York

11. As a relatively low debt council it is likely that we would be taking on additional debt. Provided the debt can be managed and serviced, this would not necessarily be a problem. However, there is a considerable amount of detail

required in order for us to effectively assess the financial implications on both the HRA and the General Fund. Concerns include

- how would this debt redistribution work in practice
- would it fit with our treasury management policy
- what would the impact be on the General Fund

12. Initial assumptions suggest that the HRA could be better off under a self financing option, as despite the high probability of us taking on additional debt, it is unlikely the cost of servicing this would be as high as the current negative subsidy payment.
13. The current situation with Right To Buys (only 1 in total last year, and 1 so far this year) means the abolition of pooling has limited impact, although should sales pick up this would be an additional source of funding.

Corporate Priorities

14. The consultation relates to the Council as a landlord and it's ability to improve the quality and availability of decent, affordable homes in the city.

Implications

Financial

15. The financial implications of this paper could be significant for, but it is too early to calculate the potential impact. The treatment of debt will be a key issue for York.

Human Resources (HR)

16. There are no HR Implications for the council in this report.

Equalities

17. There are no equalities implications.

Legal

18. The Government has made it clear that all councils will need to agree the proposals and that they will not be negotiating individual settlements. The redistribution of debt is likely to cause some difficulties, especially if there is to be an actual transfer of debt from one authority to another. If not all council's sign up to the national settlement it is likely that the system will need primary legislation which would delay implementation.

Crime and Disorder

19. There are no crime and disorder issues

Information Technology (IT)

20. There are no IT implications

Property

21. There are no property implications.

Other

22. There are no other implications.

Risk Management

23. There are no risk management issues associated with this report.

Recommendations

24. That the Executive Member agrees that the attached document (Annex 1) be submitted as the Council's response to the Government's consultation paper.

Reason: In order that the Council is able to contribute towards the consultation exercise.

Contact Details

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Wards Affected: *List wards or tick box to indicate all*

All

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Annexes:

Annex 1 – City of York Council response to CLG consultation on the reform of council housing finance

Background Papers:

Reform of Council Housing Finance

CITY OF YORK COUNCIL RESPONSE TO CLG CONSULTATION –
REFORM OF COUNCIL HOUSING FINANCE

Q1

We propose that the HRA ring fence should continue and, if anything, be strengthened. Do you agree with the principles for the operation of the ring fence set out in paragraph 3.28?

Agree that the HRA ring fence should continue and be strengthened, although further guidance as to what can and can't be charged to the HRA would be welcome. The principle that council rents fund council housing is important to prevent tenants double funding services through rent and council tax.

Q2

Are there any particular ambiguities or detailed concerns about the consequences?

Clarity is required on the potential for the TSA to set additional standards, and how these might be funded if rent setting continues to be controlled centrally. How will the TSA "take into account the consequences for tenants, for new supply and for public expenditure" as described in paragraph 3.28? The impact of any changes on the funding balance between the HRA and the general fund needs to be understood and reflected appropriately.

Q3

We propose funding the ongoing maintenance of lifts and common parts in addition to the Decent Homes Standard. Are there any particular issues about committing this additional funding for lifts and common parts, in particular around funding any backlog through capital grant and the ongoing maintenance through the HRA system (as reformed)?

The extension of decent homes funding to include lifts and common parts is welcomed. However, the mechanism for identifying the costs associated with this and allocating any resources is key. Again, it is important to understand what tenants can reasonably expect in terms of general environmental works as a council tax payer and what is particular to the landlord function.

Q4

Is this the right direction of travel on standards and do you think the funding mechanisms will work or can you recommend other mechanisms that would be neutral to Government expenditure?

Agree in the direction of travel on standards, however would argue that the current decent homes standard is too low and therefore the real funding gap (between current standards and tenant expectations) is much higher. The funding mechanism is irrelevant if the pot being distributed is not sufficient to deal with the actual costs.

Q5

We propose allowing local authorities to set up sinking funds for works to leaseholders' stock and amending HRA rules to permit this. Will there be any barriers to local authorities taking this up voluntarily, or would we need to place an obligation on local authority landlords?

This should be taken up voluntarily with no need for an obligation to be placed on local authority landlords.

Q6

We propose calculating opening debt in accordance with the principles set out in paragraphs 4.22- 4.25. What circumstances could lead to this level of debt not being supportable from the landlord business at the national level?

The proposal for valuing the landlord business seems reasonable. However, the cash flows would need to be calculated using the actual need to spend otherwise business plans will not be sustainable.

The mechanism to redistribute the debt has not been included anywhere in the paper. Paragraph 4.22 mentions the idea of how debt would be distributed but does not describe if this will be new debt that the authority takes, if it has to be from the PWLB or can be taken from the market, if the debt is distributed from one authority to another, if the debt taken is new - who will pick up the debt to be redistributed from another authority, will the government pick up the premia / discount cost for repaying the debt early, will local authorities have a choice of when they can take the debt on the basis of their Interest rate forecast view?

Q7

Are there particular circumstances that could affect this conclusion about the broad level of debt at the district level?

Paragraph 4.28 is concerning in that the paper confirms that there would be a need to reopen the debt settlement if there were policy changes on rent or standards. This would lead to authorities not being able to continue to use their business plans as the goal posts are changing. If debt were re-opened the way to finance this debt would also have to be looked at.

It should also be noted from a treasury management view that the best option overall for the this Council is that the HRA and GF debt are managed as one. It would not be financially viable and it would create different administration burdens to hold the debt separately.

Q8

We identified premia for repayment and market debt as issues that would need to be potentially adjusted for in opening debt. How would these technical issues need to be reflected in the opening debt? Are there any others? Are there other ways that these issues could be addressed?

The Government may choose to restructure this debt prior to redistributing it to local authorities. If this occurred, the government could then choose to include the premia impact as part of the debt (under new one off regulations) before it redistributed the debt to local authorities.

If new debt is not taken by a local authority and it is just pass-ported through via the government from another authority, the interest rate on that debt may be higher than a local authorities current Consolidate Rate of Interest. If that is the case restructure of that debt will be necessary, as the local authority will not want a higher level of interest rate debt on its books. Will the government be prepared to pay future premia costs in relation to the restructuring of this debt? Will there be a time limit that the government would be prepared to fund the first restructure. Potentially, local authorities should be able to choose the most beneficial time on the market in which to repay debt in accordance with their treasury management strategy.

Q9

We propose that a mechanism similar to the Item 8 determination that allows interest for service borrowing to be paid from the HRA to the general fund should continue to be the mechanism for supporting interest payments. Are there any technical issues with this?

A mechanism similar to Item 8 determination is an OK solution. However, the cost of debt will be different in each council, due the differing CRI's in each council. Using an assumed interest rate for the life of a 30 year business plan leaves the interest rate risk with the HRA and any one off settlement made should reflect this risk.

Q10

Do you agree the principles over debt levels associated with implementing the original business plan and their link to borrowing?

The borrowing should remain inside the regulations of the prudential code. There would be no reason to do otherwise as even if borrowing were to increase it would still be affordable, sustainable and prudent.

Q11

In addition to the spending associated with the original business plan, what uncommitted income might be generated and how might councils want to use this?

Tenants should be allowed to determine the of use any additional income generated within the HRA ring fence.

Q12

We have set out our general approach to capital receipts. The intention is to enable asset management and replacement of stock lost through Right to Buy. Are there any risks in leaving this resource with landlords (rather than pooling some of it as at present)?

Agree with the ending of the pooling arrangement and do not believe there are any risks to leaving this resource with landlords. The receipts should be able to be used for housing expenditure in it broadest sense, including all aspects of local authority housing responsibilities.

Q13

Should there be any particular policy about the balance of investment brought about by capital receipts between new supply and existing stock?

There should be no specific policy as RTB receipts are volatile and no reliance can be placed on them.

Q14

Are there concerns about central Government giving up receipts, which it currently pools to allow their allocation to the areas of greatest need?

No.

Q15

Would any of our proposed changes have a disproportionate effect on particular groups of people in terms of their gender or gender identity, race, disability, age, sexual orientation, religion or (non-political) belief and human rights?

AND

Q16

What would be the direction (positive or negative) and scale of these effects and what evidence is there to support this assessment?

AND

Q17

What would be necessary to assemble the evidence required?

Without a final detailed proposal it will be difficult to carry out a proper equalities impact assessment. The decisions on debt redistribution and capital receipts could adversely impact on disabled tenants if it results in the council unable to afford to carry out disabled adaptations to it's stock.