

THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA**HOUSING AND PROPERTY SCRUTINY COMMITTEE****- 5 NOVEMBER 2015****LIVE ISSUES REPORT BY THE DIRECTOR OF HOUSING**

The purpose of this report is to inform Members of recent policy and practice developments, which are likely to impact on the future work of the Business Group and to update Members on progress of current projects.

FOR INFORMATION**1. The Housing and Planning Bill 2015-16**

- 1.1 The Bill was published and had its first reading in the parliament on 13 October 2015.
- 1.2 The bill contains a number of measures Planning, CPO, tackling rogue landlords and recovering empty properties abandoned by tenants, areas that will impact on Housing are contained in:

Chapter 1**Clauses 1-7: Starter Homes**

Starter Homes are defined as new homes available for first time buyers under 40 at 20 per cent less than the market value, with an initial price cap at £450,000 in London and £250,000 outside. Councils will have a duty to promote Starter Homes, with an option for the Government to introduce regulations to determine that councils only grant planning permission if a specific Starter Home requirement is met. Regulations may vary this requirement for different areas. The Bill enables the Secretary of State to make a compliance direction if a local planning authority is judged to have failed to carry out these functions.

Chapter 2**Clauses 8-11: Self-build and custom housebuilding**

There will be a new duty on councils to grant planning permission for enough sites to meet the demand for custom-build and self-build in a local authority area arising from the local self-build and custom build register. It will include a clause to enable the Secretary of

State to make regulations about how and when authorities can apply for an exemption from the duty.

Part 4: Social housing in England

- i) Right to acquire – extending Right to Buy to housing association tenants.

The Bill gives the Secretary of State, the Homes and Communities Agency (HCA) and the Greater London Authority (GLA) the power to give grants to housing associations for Right to Buy discounts and sets out the role of the Regulator (HCA) in monitoring the compliance of housing associations on re-provision of properties sold under the extended RtB. However further details are awaited on how the voluntary agreement reached between government and the National Housing Federation on a range of issues such as the extension of the RtB, nominations from local authorities and permitted development rights, will be taken forward as there is no details in the Bill.

- ii) Vacant high value local authority housing – local authorities will be required to manage their housing assets more efficiently, with the most expensive vacant properties sold and replaced with new affordable housing in the area.

The Bill enables the Government to require a payment from councils with housing stock each financial year. This will be equivalent to the sum of xx number of disposal of vacant high value council homes, less any costs or deductions. High value is not defined in the Bill, nor is the amount that local authorities would have to pay each year; this and other details will be set out in further determinations by the Secretary of State.

- iii) Pay to Stay:

1. The Housing Bill includes a policy to charge higher rents to those who can afford to pay them. The Pay to Stay Consultation has been issued to gather social housing providers' views to help inform the detailed design of the policy in relation to work incentives and administration. The consultation runs for 6 weeks from 9 October and closes 20th November 2015.
2. The Government has decided that social housing tenants with household incomes of £40,000 and above in London, and £30,000 and above in the rest of England, will be required to pay an increased level of rent for their accommodation if their rent is currently being subsidised below market rent level.

3. A household means the tenant or joint tenants named on the tenancy agreement, and any tenant's spouse, civil partner or partner where they reside in the rental accommodation. Where several people live in the property the highest two incomes should be taken into account for household income.
4. Where a HIST tenancy comes to an end, and the property is vacated, and it is expected that properties be re-let in line with their previous lower rent – be it at social rent or Affordable Rent – to a household in housing need.
5. Money raised by the increased rent will be returned to the exchequer by local authorities to contribute to the deficit reduction and money raised by registered providers will be retained to deliver new housing.
6. The Government will also consider what additional powers could be useful, for example, to require the provision of information by tenants.
7. Primary legislation will be used to bring forward powers to implement the policy and ensure it is in place from April 2017 onwards. The detail of the policy will be set out in regulations but it will also need to be guided by the overall level of savings that have been set out at Budget and will need to ensure that the design of the policy is able to deliver those savings
8. The consultation focuses on how the scheme can support incentives to work, suggesting a gradual increase in rent for social tenants as their incomes rise may be a fairer system. This could be achieved through a system that would ensure that households earning in excess of minimum income thresholds would pay increasing amounts of rent as income increases, for example in the form of a simple taper.
9. There will be different options for how this could be implemented, and there will be trade-offs between ensuring rent closely reflects income and simplicity and certainty for both the tenants and the landlord. It is not expected that rents will be adjusted frequently. However there will be choices over how social landlords respond to changed tenant circumstances, for example, where a household is subject to a sudden and ongoing loss.
10. Social landlords will also be asked to evidence administrative costs. The proposal is that local authorities will be allowed to recover any reasonable administrative costs before they are required to return

additional income from increased rents to the exchequer. The types and level of costs that can be retained will be prescribed. As housing associations will be retaining the income they receive from higher rent payments to invest in new housing, they will be expected to absorb the administrative costs.

11. It is expected that local authorities already have systems and processes in place that could be modified to operate the pay to stay policy. The additional administrative resource that is likely to be required is staff time in operating the scheme.
12. Housing associations may incur additional costs in setting up systems. However, as the policy is going to allow those associations to keep the additional rent money to reinvest in social housing, they should be able to cover those costs.
13. The Government will be publishing an impact assessment in due course that will outline the scale of the administrative costs for housing associations and is using this consultation to ask for evidence and views on the operation of the policy.
14. The full consultation document can be found at:
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/467086/Pay_to_Stay_consultation_doc.pdf
15. The Housing Department will also need to consider how its new Intermediate Rent policy will interface with the Pay to Stay legislation and decide if the policies can be aligned.

2. Grenfell Tower

The programme for refurbishment of Grenfell tower continues:

- New double glazed windows have been installed
- The communal boilers and distribution system is in place and connection of individual homes on to the system is underway
- The fit out of the 9 new flats, the boxing club and the nursery is underway.

There have been some recent delays to the programme as two subcontractors that were responsible for the steelwork to form the new entrance area and the external cladding, have gone into liquidation. Rydon, the main contractor, has been proactive in getting an alternative supply chain in place as quickly as possible however, this has added additional time to the programme.

The current, revised programme indicates a completion date of the contract at the end of January 2016. The consultant team reports that the scheme is within the agreed budget of £10.3m (inclusive of fees).

An additional piece of work is currently being priced and programmed to complete the environmental works and installation of play equipment that was omitted from the KALC project because of its close proximity to the Grenfell Tower site. This work would be in addition to the current approved contract sum and the works would be programmed to follow at the end of the current contract period with an anticipated completion of March 2016.

3. Temporary accommodation

- Number of homeless applications decreasing from peak of 1629 in 2012/13 to 1342 in 2013/14 and 1167 in 2014/15.
- Numbers in temporary accommodation have remained steady for a lengthy period of time now, and have in fact reduced slightly in the last 15 months.
- TA numbers currently (30/09/2015) stand at 1825 compared to:
1869 at the end of July 2014,
1871 at the end of October 2014,
1873 at the end of January 2015,
1862 at the end of March 2015, and
1844 at the end of June 2015.
- Use of bed and breakfast accommodation has remained unchanged for many years now. We continue to use it primarily for singles or couples, thus negating the legislative pressure of ensuring that families only remain in shared accommodation for up to 6 weeks. At the last count, 7 of the 115 households placed in bed and breakfast accommodation were families, and 2 were over the 6 week ruling.
- Major supply pressures continue as boroughs compete to secure quality properties at affordable rates.
- Increasingly difficult to contain costs - wider housing market pressures, the dominance of nightly lets and the increased costs of private rented accommodation across the capital.
- £10m agreed to acquire properties.

4. Managed Services Programme

- 4.1 The Managed Services Programme (MSP) was set up to introduce an external managed service delivering finance, payroll and HR processes. The winning bidder for the contract was BT and their bid was based on delivering the service using the Agresso application.
- 4.2 These changes had significant implications for Housing as both systems and processes changed. Officers in both the Housing Department and the TMO have worked closely with the MSP to embed these new arrangements. This has had a considerable impact on staff resources. However, there have been a number of issues arising and some of the new processes have yet to be fully implemented within Housing Services.
- 4.3 Currently, the key issues are:
- The use of purchase orders for procuring goods and service has yet to be fully rolled out within Housing Services, in particular within the Temporary Accommodation service. This is preventing an efficient and reliable way of paying landlords from being adopted;
 - Difficulties in tracking payments made by tenants and leaseholders. This is making the debt management process more difficult and is likely to impact on the TMO's performance indicators. Officers in the TMO continue to pursue debts. However, there is a risk to income targets being achieved, but at this stage the risk has not been quantified.
 - The Accounts Receivable module (billing and pursuance of debt) has not been implemented for the Temporary Accommodation service. The current Housing Management System (Open Housing) continues to be used for these functions and
 - Work is needed to realign budgets and expenditure within the General Ledger. This work needs to be undertaken by officers familiar with the service. It is scheduled to be completed within the next 3 months. This presents a risk to our budget monitoring processes.
- 4.4 Officers in Housing continue to work with colleagues in the MSP and BT to address these issues. However, realistically the new arrangements are unlikely to have fully bedded in until later in the financial year.
- 4.5 Regular updates regarding issues and progress will be provided to the Cabinet Member.

FOR INFORMATION

Laura Johnson
Director of Housing

Background Papers used in the Preparation of this Report:

The Housing and Planning Bill

<http://www.publications.parliament.uk/pa/bills/cbill/2015-2016/0075/16075.pdf>

Pay to Stay consultation

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/467086/Pay_to_Stay_consultation_doc.pdf

Contact Officer: Mr Tony Heavey, Senior Housing Policy Officer.

Tel: [REDACTED] and E-mail: tony.heavey@rbkc.gov.uk