

## **Housing Review Working Group Issues Paper**

### **Localism Bill**

#### Context

For the government, the Localism Bill goes beyond just reforming the way councils work. It lays out its philosophy about the relationship between the state and the citizen.

The intention of the Bill is to see a radical shift in the balance of power and to decentralise power to the lowest possible level, including individuals, neighbourhoods, professionals and communities as well as local councils and other local institutions.

The Bill contains provisions which are geared to come into force from April 2012 and therefore the ultimate aim for the Bill is to receive Royal Assent in the autumn 2011.

Summary of most relevant housing related details include:

#### **Planning System**

##### Abolition of Regional Strategies

The Localism Bill will abolish top-down regional targets in favour of democratic local decision-making. Local Authorities will still be required to produce a plan for their administrative area. Beneath this, there may be a series of Neighbourhood Plans which would need to be in general conformity with the Authority's plan and local area vision. The changes will be underpinned by a national planning policy framework.

##### Community Infrastructure Levy

The Bill will require local authorities to allocate a proportion of Community Infrastructure Levy revenues back to the neighbourhood from which it was raised. This will allow those most directly affected by development to benefit from it.

##### Local Plan Reform

Intention to give local authorities and communities greater choice and control by removing the ability of the Planning Inspectorate to re-write local plans - and by removing procedures on timetabling and monitoring. The changes will be underpinned by a national planning policy framework.

##### Neighbourhood Planning

The Bill will radically reform the planning system to give local people new rights to shape the development of the communities in which they live.

#### **Social Housing Reform**

##### Social Housing Allocations reform

The Bill will allow councils the freedom to determine who should qualify to go on their housing waiting list. The rules on eligibility will continue to be set centrally but they intend to make it easier for existing social tenants to move, by giving Local Housing Authorities the option of removing transferring tenants who are not in housing need from the scope of the allocation rules – they will no longer have to compete with those on the waiting list in housing need. The bill includes a measure for creating a National Homewrap scheme to assist in this movement between social tenants.

#### Reform of Homelessness legislation

The Bill will give local authorities the flexibility to bring the homelessness duty to an end with an offer of suitable accommodation in the private rented sector without requiring the household's agreement. The private sector tenancy would need to be for a minimum fixed term of 12 months. The duty would recur if, within 2 years, the applicant becomes homeless again through no fault of his or her own (and continues to be eligible for assistance).

#### Reform of Council Housing Finance – see detail page 11

This reform will replace the current annual centralised system for subsidising council housing and replace it with a locally run system. Under the new system, councils will keep their rental income and use it locally to maintain their homes. To achieve this, the Bill will enable a one-off payment between Government and the council to pay off loans. This will put councils in a position where they can support their stock and housing debt from their own income in future.

#### Reform of Social Housing Regulation

Under the plans social housing tenants will receive tools to hold landlords to account and there will be a greater role for locally elected representatives in resolving problems in their area.

#### Social Housing Tenure reform

Currently, social landlords are normally only able to grant lifetime tenancies. The provisions in the Bill will enable local authority landlords to grant tenancies for a fixed length (the minimum length being five years, or two years where a Registered Provider can show exceptional circumstances). Landlords will retain the power to grant lifetimes tenancies.

The localism bill places a duty on LAs to produce a Tenancy Strategy for RPs to have regard to when formulating their own policies on:

- The kinds of tenancies they grant, and
- If they grant flexible tenancies, the lengths of the terms, and
- The circumstances in which RPs should renew a fixed term tenancy

In producing this Strategy, the LA must have regard to the Homelessness Strategy and to its Allocations Policy.

#### Facilitating moves out of the social rented sector

The Government is keen to see that support is given to help realise social tenants' ownership aspirations, which in turn can help to enable better housing outcomes for those in need through more effective use of social rented stock. The Bill will ensure that housing association tenants who are also members (e.g. share holders) of their landlord organisation are allowed to take up incentive schemes which facilitate moves out of the social rented sector into owner occupation.

Opportunities	Challenges
<p><b>CIL</b> To allocate resources to meet the localised need of the area to support the additional development</p> <p><b>Local Plan Reform</b></p>	<p><b>CIL</b> Need for co-ordinated planning at county and district level to identify infrastructure requirements at a localised area in relation to broader infrastructure requirements and deliverability to ensure sustainable development.</p> <p><b>Local Plan Reform</b></p>

<p>Increased community involvement and ownership of local development plans and therefore positive interaction and engagement with communities of new developments</p> <p><b>Allocations and transfers</b> The enablement of social tenant transfers outside of the waiting list could facilitate an increase in the speed in which existing tenants could have their changing housing and wider social needs met</p> <p><b>Determining who goes onto the housing list</b> Removing from the housing list those households with no or little housing need could reduce the administrative burden on housing options team.</p> <p><b>Homelessness</b> To be able to discharge duty into private rented sector may alleviate pressure on social housing</p>	<p>Infrastructure and capacity to support community engagement, involvement and integration. Communities not supporting development at all and therefore limiting the opportunities for growth and economic viability.</p> <p><b>Allocations and transfers</b> The challenge is to ensure we support stronger communities whilst having a balanced approach to prioritising housing needs of both existing and non social tenants for the purposes of allocating and making best use of stock.</p> <p>Reducing the availability of housing stock for non-tenants in high housing need or who are homeless, is likely to place increased pressure on the homelessness service, increasing the use of inappropriate temporary accommodation (such as Bed &amp; Breakfast), particularly for homeless families seeking 3 bedroom or larger accommodation.</p> <p>Where tenants believe they will have an opportunity to move to alternative or 'better' housing, they may be less willing to invest – or feel a part of – their existing neighbourhood, potentially putting at risk the stability of these local communities.</p> <p>There will continue to remain a limited availability of housing stock, with a risk that tenants will be left with a false hope that they will be able to move. In reality, tenants will still need to be prioritised in some way to ensure fairness.</p> <p><b>Determining who goes onto the housing list</b> Refusing to allow some households onto the housing list is likely to lead to appeals and challenges against such decisions, increasing the administrative burden on the Housing Options Team.</p> <p>If households perceive that their only mechanism to apply for social housing is by worsening their housing circumstances, this may create a perverse incentive for them to do this.</p> <p>Many households who are 'adequately housed' apply for social housing because they are struggling financially and occupy relatively insecure housing. If housing lists were closed to these households the local authority would lose sight of housing need based on these reasons.</p> <p><b>Homelessness</b> The availability of private rented sector for homeless households to access and sustain is</p>
---	--

<p>and reduce use of temporary accommodation</p> <p><b>Flexible Tenancies</b></p> <p>The rationale behind flexible tenancies is to give LAs and RPs more options around how to respond to local housing needs, with a view to making best use of local social housing.</p> <p>In particular, it provides LAs and RPs with an opportunity to reconsider a tenant's position where that tenant's financial situation has improved significantly. In these circumstances, the RP might, with the tenant's agreement, convert the property to shared ownership.</p> <p>In addition, when a household is under-occupying accommodation at the end of the fixed term, a landlord could potentially choose not to renew the tenancy because of this under-occupation. This might be seen as a mechanism for overcoming the potential affordability issues resulting from the changes to how bedroom entitlement is to be calculated in the social housing sector, under the HB regulations see page 7</p>	<p>likely to be reduced in light of changes and impacts detailed in Welfare Reform section page 8</p> <p><b>Flexible tenancies</b></p> <p>Lifetime tenancies remain an option. If fixed term tenancies are introduced, then the shorter the fixed term the greater the likelihood of the following:</p> <p>There will be a disincentive for households to improve their financial circumstances, if they believe they will lose their tenancy as a result. This is likely to also have a wider community impact.</p> <p>Increased instability/loss of security of tenure, combined with Registered Providers evicting tenants from fixed term tenancies, will increase the turn around of households in neighbourhoods, which in turn will threaten the stability of those communities.</p> <p>Fixed term tenancies, combined with affordable rents (see page 6), if not carefully considered could lead to increased difficulties in letting certain tenancies; resulting in long-term voids and potentially increased anti-social behaviour within communities.</p> <p>Evicting tenants at the end of their fixed term tenancies is likely to lead to increased homelessness – whereby the responsibility of the landlord is simply <i>to inform the tenant on where they are able to seek advice and assistance</i>. (i.e. directing tenants at risk to the Housing Options Service). This is likely to increase demand on the housing list, as households seek to bid for alternative properties - as well as resulting in the LA ultimately picking up many of these households again as homeless. This will put further pressures on the use of temporary accommodation, which in turn will lead to increased financial costs to the Local Authority.</p> <p>Managing fixed term tenancies is likely to be bureaucratic, with landlords having to monitor and assess changes in circumstances, and tenants being able to request reviews on decisions to end tenancies. Plus, there will be additional court costs associated with enforcing evictions.</p> <p>Ending fixed term tenancies will be challengeable under the Human Rights legislation, unless the landlord can demonstrate it has acted proportionately</p>
--	---

	<p>Changes from rented tenure to shared ownership tenure could potentially result in staircasing to 100% ownership and the loss of an affordable housing unit.</p> <p>The introduction of flexible tenancies may restrict the ability of tenants with 'lifetime' tenancies to mutually exchange with those having 'flexible' tenancies, thereby limiting their ability to move.</p> <p><b>General</b> There is a challenge in ensuring that communities are kept informed of changes and reforms and the impact they might have.</p>
<b>Interdependencies/Impacts</b>	<b>Position to date</b>
<p>Built Environment Commissioning Project Joint Core strategy Homelessness Strategy Advice Services Supporting People Strategy Gloucestershire Homeseeker Policy (Choice Based Lettings system) Registered Providers Allocation policies &amp; tenancy agreements Homes and Communities Agency grant funding framework Housing revenue account</p>	<p>The county Health &amp; Well being joint commissioning card includes actions to ensure co-ordination at county and district level regarding identifying infrastructure needs.</p> <p>Joint working with districts and registered providers tentatively begun regarding scoping tenancy strategies.</p> <p>A review of Gloucestershire Homeseeker under current criteria for allocations completed.</p> <p>A private rented sector landlords forum has been established in Cheltenham.</p> <p>Working collaboratively with TBC/City on joint core strategy and infrastructure planning</p> <p>The Localism Bill is not yet finalised and some parts are still in development therefore it is difficult to set policy or strategy where there is such a void.</p>

Risk Description <b>Localism Bill</b>	Original risk score (impact x likelihood)		Managing risk			Deadline	Lead Officer	Partners
	I	L	Score	Control	Action			
<p><b>Allocations and Transfers</b></p> <p>If existing tenants are to be given priority outside of the allocations system our ability to make best use of stock to meet housing need and support stronger communities may be detrimentally affected.</p>	3	4	<b>12</b>	Reduce	The Gloucestershire Homeseeker Choice Based Lettings system has been evaluated and a policy review undertaken (via GHP). Further review to be undertaken with particular regard to the localism bill and benefit changes.	June 2012 tbc	Martin Stacy	Gloucestershire Homeseeker Partnership (GHP)
<p><b>Flexible tenancies</b></p> <p>Fixed term tenancies may create a range of issues such as disincentivising households to improve their financial situation, generating more demand for social housing from those coming to the end of their fixed term tenancies, increasing homelessness, and producing bureaucratic and costly challenges for Registered Providers in enforcing the termination of these tenancies.</p>	3	3	<b>9</b>	Reduce	The LAs Tenancy Strategy should address the challenges and risk identified, with a general focus on supporting lifetime tenancies and/or long-term fixed tenancies on larger properties, and potentially avoiding the recommendation of short term tenancies	April 2012	Martin Stacy	Registered Providers  Gloucestershire Homes and Communities Group

<p>As the localism bill is still in development, there is a risk to the local authority in setting its strategic direction or policy whilst there is an opportunity for emerging legislation to change it.</p>	<p>3</p>	<p>3</p>	<p>9</p>	<p>Reduce</p>	<p>Monitor the progress of the Localism Bill,  Prepare a strategic direction based on what is known and proposed in legislation but ensure there is flexibility within working practices to allow for legislative changes.</p>	<p>April 2012</p>	<p>Martin Stacy</p>	<p>Gloucestershire Planning Officers Group &amp; JCS Group  Gloucestershire Homes and Communities Group</p>
--	----------	----------	----------	---------------	--	-------------------	---------------------	---

## Affordable Homes Programme 2011-2015

The Homes and Communities Agency's (HCA) Affordable Homes Programme supports that Registered Providers of social housing (RPs) will be able to set an 'affordable rent' on almost all new build and will be able to convert a percentage of their existing stock from social rent to affordable rent. The affordable rent can be set at up to 80% of the market rent and RPs will be able to determine themselves the proportion of their existing stock that is to be converted to affordable rent tenure.

Affordable rent tenure can provide an alternative funding stream for RPs that can be used to support the development of more new affordable homes in the future. Local Authorities will still be required to allocate these properties under the Allocations Policy.

The Localism Bill supports that LAs will have a choice to continue with lifetime tenancies or to introduce flexible tenancies (minimum term of 2 years) on new tenancies from April 2012. It also places a duty on LAs to produce a Tenancy Strategy to which RPs will need to give due regard when formulating their own tenancy policies.

Opportunities	Challenges
<p><b>Affordable Rent</b></p> <p><b>Development</b> Opportunities to generate income to support future affordable housing development where government grant funding is no longer available.</p> <p>The resources generated by increasing rents to affordable rent levels are intended to be reinvested to finance the development of further units of social housing.</p> <p>Additional development will help to increase the opportunity to raise income for the Local Authority and community from New Homes Bonus scheme.</p> <p>The Affordable Rent model is the HCA's preferred rent tenure where HCA grant funding is required to deliver a scheme. LA support for this tenure will assist in maximising the opportunity and levels of grant funding for the LA area.</p> <p><b>Affordability</b> Introduction of affordable rents will provide tenure choice for customers and access to another type of affordable housing tenure that could help to meet a range of needs and support mixed income households.</p>	<p><b>Affordable Rent</b></p> <p>The resources generated at a district level are not ringfenced for reinvesting in the same district area and can be used to finance developments elsewhere.</p> <p>A registered provider's ability to reinvest in the same local area from where revenue is raised could be restricted due to:</p> <ul style="list-style-type: none"> <li>- the RPs own strategy and business case</li> <li>- the amount of increased rents – determined by volume of stock in any area</li> <li>- the ability to 'financially stack' any development which is determined on availability/cost of land, subsidy arrangements etc</li> </ul> <p><b>Affordability</b> 'Affordable rents' may not be affordable to all households in housing need (particularly those requiring larger family homes and single room dwellings) and may result in households becoming increasingly dependent upon housing and other benefits. The Welfare Benefit Cap/benefit reforms will impact upon the affordability of rents in general.</p>

	<p>With affordable rent levels being higher than social rent, this may create a disincentive for households to seek employment however the Coalition Government is seeking to provide employment incentives and this may help to mitigate this issue. There may also be an increase in the number of households requiring debt advice in the longer term.</p> <p>Conversions from social rent to affordable rent in existing affordable housing stock may exacerbate levels of social deprivation in areas that are already experiencing it.</p> <p>Homelessness presentations may increase with the impact of higher affordable rents. This in turn may increase the burden on existing Housing Options staff.</p> <p><b>Increased void times and impact on revenue streams</b></p> <p>A high conversion rate from social rent to affordable rent and the provision of shorter-term tenancies, may lead to increased void times due to applicants being reluctant to move into such properties and pay more than social rent levels for similar property tenure types in the same area.</p> <p>The turnover of social housing stock may slow down or tenant's movements to certain areas may be restricted with the higher rent levels. This may adversely impact on the ability to move tenants in order to complete a regeneration scheme.</p> <p>With increased rents to 'affordable rent level' there may be an increased need for debt and financial advice especially where tenants have acquired loans and debts based on their current income and social rent outgoings.</p> <p>The above issues are likely to be exacerbated if combined with flexible, particularly short-term, tenancies.</p>
<b>Interdependencies</b>	<b>Position to date</b>
Welfare Reform Bill Homelessness Strategy Allocations Policy Supporting People Strategy Investment in Financial Inclusion & Financial Capability Services	The first round of the new HCA funding has been announced and we are working with RPs on the implications of this. The tenancy strategy will need to reflect the proposed changes to tenancy arrangements..

Risk Description	Original risk score (impact x likelihood)		Managing risk			Deadline	Lead Officer	Partners
	I	L	Score	Control	Action			
<p><b>Affordable rents</b></p> <p>If affordable rents on new build and % conversion rates from social rents to affordable rents are calculated without sufficient regard to local market forces, there is a heightened risk of households experiencing affordability issues, falling into arrears and becoming homeless. RPs may experience an increase in void times, with a resulting loss in revenue, plus an increased risk of crime/anti-social behaviour in these areas.</p>	3	3	9	Reduce	<p>Support a targeted early intervention and prevention approach to tackling housing related support needs via the Supporting People Strategy.</p> <p>Increase the focus on financial inclusion and capability work, seeking collaborative working opportunities wherever possible</p> <p>Influence Registered Providers' rent setting on new build (particularly for larger properties)</p> <p>Influence decision-making amongst the HCA and RPs to moderate % conversion rates on existing housing stock - particularly in areas of high densities of social</p>	<p>April 2011 and ongoing?</p> <p>April 2012 (and ongoing)</p> <p>Now and ongoing</p> <p>Now and ongoing</p>	<p>Martin Stacy</p> <p>Martin Stacy</p> <p>Tracey Crews</p> <p>Tracey Crews</p>	<p>SP Core Strategy Group</p> <p>County Homelessness Implementation Group</p> <p>Financial Inclusion &amp; Capability Forum</p> <p>Benefit Take-up Forum</p> <p>RPs/HCA</p> <p>Gloucestershire Homes &amp; Communities Group</p>

<p><b>New Build</b> RPs are not obliged to generate new build in this district using any increase in revenue they receive from affordable rents. Market forces may put pressure on them to finance new build outside the district.</p>	3	4	12	Reduce	housing and on certain dwelling types where demand is already low.	April 2012	Martin Stacy	County Tenancy Strategy Working Group
					Ensure Tenancy Strategy takes account of the challenges presented above when considering its position on fixed term tenancies			
					Influence RPs to ensure new build is proportionate to increased revenue coming from the district as a result of affordable rents			
					Enable new development in the LA area to support identified affordable housing needs so that PR's have sufficient opportunity locally to use the revenue funding they generate from local affordable rents	April 2011 and ongoing	Tracey Crews	Gloucestershire Homes and Communities Group

## Welfare Reforms

The welfare reform bill will legislate for the biggest change to the welfare system for over 60 years. The purpose of the bill is to make the benefits and tax credits systems fairer and simpler by:

- creating the right incentives to get more people into work by ensuring work always pays
- protecting the most vulnerable in our society
- delivering fairness to those claiming benefit and to the taxpayer.

In addition, the government are making significant changes to the Local Housing Allowance scheme, which began to take effect from 1<sup>st</sup> April 2011, with a view to reducing the overall cost of welfare benefits leading up to the introduction of Universal Credit in October 2013.

Another significant impact in relation to the private rented sector specifically is the ending of Private Sector Renewal funding from central government. Last year nationally PSR was £317m and this year it is zero. Traditionally this money was used for regeneration programmes, improvement grants, home improvement loans and energy efficiency grants.

Opportunities	Challenges
<p>The main elements of the Bill are:</p> <ul style="list-style-type: none"> <li>• the introduction of Universal Credit to provide a single streamlined benefit that will ensure work always pays</li> <li>• a stronger approach to reducing fraud and error with tougher penalties for the most serious offences</li> <li>• a new claimant commitment showing clearly what is expected of claimants while giving protection to those with the greatest needs</li> <li>• reforms to Disability Living Allowance, through the introduction of the Personal Independence Payment to meet the needs of disabled people today</li> <li>• creating a fairer approach to Housing Benefit to bring stability to the market and improve incentives to work</li> <li>• driving out abuse of the Social Fund system by giving greater power to local authorities</li> <li>• reforming Employment and Support Allowance to make the benefit fairer and to ensure that help goes to those with the greatest need</li> <li>• changes to support a new system of child support which puts the interest of the child first.</li> </ul>	<p><b>Impact in the private rented sector</b></p> <p>The scale of the impacts of the benefit changes in relation to private rented accommodation and social housing in Cheltenham are detailed in the supplementary document: <a href="#">Scale of benefit change impact 2011.06.28.doc</a></p> <p>Summary of significant challenges are: Single room rent levels extended to single under 35 year olds means that many more people will be living together in houses of multiple occupation – which in turn raises issues of stability of those individual properties and the knock on effect this can have on the wider community in terms of transitional residents and anti social behaviour issues.</p> <p>The Local Housing Allowance is to be calculated based on the 30<sup>th</sup> percentile of market rents – a reduction from 50<sup>th</sup> percentile, as was calculated previously. This change has been effective from April 2011 for new tenants, and raises challenges regarding the affordability of the</p>

	<p>private rented sector and the council's ability to access it for the purposes of discharging our homelessness duties as the intention of the changes in the localism bill see page 2</p> <p>These LHA changes will have an greater impact on those households requiring larger accommodation further increasing pressure on larger social rented accommodation</p> <p><b>Impact in the social housing sector</b></p> <p>The rules relating to how HB is calculated for tenants of working age who are under-occupying social housing is changing. From 2013 social housing tenants of working age will only be entitled to HB for the bedrooms they are entitled to under the HB regulations. This means that those tenants whose households do not meet the HB criteria for bedroom entitlement will be deemed to be under-occupying their accommodation. This will raise challenges for rent payments and/or debt for tenants and increase movement and pressures within social housing. The scale of the issue is currently unknown as data is not held on the benefits system regarding size of social housing property.</p> <p><b>Cross tenure impact</b></p> <p>The way in which non-dependent deductions are calculated is changing, meaning that non-dependents lodging from a tenant who is claiming LHA will have to pay more to that tenant in order to meet their reduction in LHA entitlement</p>
<p><b>Interdependencies</b></p>	<p><b>Position to date</b></p>
<p><b>Supporting People</b></p> <p>The increased financial pressure, particularly on more vulnerable households, will put an increased pressure on Supporting People services. The SP Strategy will need to be continually influenced at district level to ensure a targeted early intervention and prevention approach is taken to tackling housing related support needs.</p> <p><b>Ending the homelessness duty by placing households into the private rented sector</b></p> <p>The localism bill proposes to introduce the ability for housing options to discharge its</p>	<p>Housing Options are currently reshaping their service to more closely meet the needs of private landlords, with a view to maintaining their success in preventing homelessness by continuing to house some homeless households in the private rented sector.</p> <p>Housing Options are already targeting those most likely to be affected by the LHA changes to support them in moving into more affordable alternative accommodation.</p> <p>Changes to the Allocations Policy have</p>

<p>housing duty to households accepted as homeless by offering them a 12 month tenancy in the private rented sector.</p> <p>This move will support key efforts covered below to continue to utilize the private rented sector as a means for tackling housing demand</p> <p><b>Affordable Rents and the Benefit Cap</b></p> <p>To consider what impact, if any, Affordable Rents could have, if implemented at the maximum levels on larger properties, on for those families who could potentially be affected by the proposed Benefit Cap.</p> <p><b>HRA changes</b></p> <p>Consider the potential for new HRA flexibilities to support and potentially commission the increased need for financial inclusion and financial capability, and also potentially support a strengthening of tenants incentive schemes to enable households affected by the underoccupation issues to move more easily.</p> <p><b>Allocations Scheme</b></p> <p>The localism bill will give LAs an opportunity to close waiting lists for those with no perceived housing need. If implemented, those who are struggling financially, but are otherwise adequately housed, could be excluded from the housing lists.</p> <p><b>Private Sector Renewal Funding</b></p> <p>The private sector house condition survey currently being undertaken will identify the extent of unsafe private sector housing in the borough. Detail obtained may provide the basis for future bidding exercises, if alternative replacement funds are identified.</p>	<p>been agreed via the county-wide group, ensuring that sufficient priority will be given to those who need to move because of their under-occupation in social housing, and those changes will be implemented as soon as possible.</p> <p>Further changes to the Allocations Policy on bedroom entitlement cannot be made until there is further clarity from central government on what the bedroom entitlement criteria will be for claiming HB for those households in social housing.</p> <p>Housing Options and CBH are working with Gloucestershire Credit Union with a view to potentially supporting collection points within Cheltenham, and to promote the use of them thereafter.</p> <p>The advice contract expires end March 2012.</p> <p>The cutting of this financial aid will impact</p>
---	---

	<p>on the most vulnerable in society, especially those vulnerable owners who are living in unsafe conditions. This will increase pressure on access to other forms of housing tenure, as vulnerable owner occupiers are increasingly unable to stay in their unsafe housing accommodation. The challenge in Cheltenham will be to identify other sources of funding and to prioritise remaining funds to help safeguard the most vulnerable households including the old and frail</p>
--	--



Risk Description	Original risk score (impact x likelihood)		Managing risk			Deadline	Lead Officer	Partners
	I	L	Score	Control	Action			
<b>Welfare Reform</b>								
Local Housing Allowance changes: If existing tenants that are to be affected by the changes are not aware of the impact on them and their requirements than we will see an increase in people struggling to afford their properties and conversely an increase in debt issues and homelessness cases	3	4	12	Reduce	Develop and deliver an action plan between benefit departments, advice agencies and all related housing and appropriate support agencies to ensure people are made aware of impact and are supported appropriately.	April 2012	Martin Stacy/ Paul Aldridge	Housing Benefit dept  Registered providers  Benefit Take-Up Forum  Housing & Support Forum
Affordability of the Private Rented Sector: Changes to the LHA and other welfare reforms will lead to private rented accommodation becoming less affordable and less accessible. This will create more demand for social housing and will lead to increased homelessness and use of temporary accommodation, leading to increased financial costs to the Local Authority.	3	4	12	Reduce	Develop new Homelessness Strategy and review the role of the Housing Options Service. Increase the focus on financial inclusion and capability, particularly through collaborative working opportunities.	April 2012	Martin Stacy	Financial Inclusion & Capability Forum  Gloucestershire Homeseeker Partnership
The implementation of the Universal Credit will heighten the risk of vulnerable households mismanaging their financial affairs, as lump sum payments	3	4	12	Reduce	Review priorities for the forthcoming Advice Contract  As above	April 2012  April 2013	Martin Stacy  Martin Stacy	Registered Providers  Housing & Support Forum

<p>will be made directly to them. It is expected that all will have access to basic bank accounts.</p>								
<p>Changes to HB calculations on bedroom entitlement in the social housing sector will lead to accommodation being less affordable for those under-occupying social housing</p>	<p>3</p>	<p>4</p>	<p><b>12</b></p>	<p>Reduce</p>	<p>Ensure Allocations Policy minimises the impact of the HB changes relating to under-occupation.</p>	<p>June 2012</p>	<p>Martin Stacy</p>	<p>Gloucestershire Homeseeker Partnership</p>

<p>There is likely to be an increase in houses of multiple occupation as under 35s become affected by the single room rent, which heightens the risk of lower accommodation standards within the district</p>	<p>3</p>	<p>4</p>	<p><b>12</b></p>	<p>Reduce</p>	<p>Support the development of tenants incentive schemes to facilitate moves for those unable to afford to remain in underoccupied social housing, by aligning bedroom eligibility criteria to HB and maximising priority given to those needing to downsize</p>	<p>April 2013 (and ongoing)</p>	<p>Martin Stacy</p>	<p>Gloucestershire Homeseeker Partnership  Registered Providers</p>
<p>Low income households who do manage to access private rented accommodation are more likely to be forced into poorer standard accommodation, which will be compounded further by the loss of Private Sector Renewal Funding</p>	<p>3</p>	<p>4</p>	<p><b>12</b></p>	<p>Reduce</p>	<p>Increased private sector housing enforcement action to meet statutory duties in respect of HMOs and health hazards. Increase in HMO licences issued/administered.  Incentivise the take up of the Accreditation Scheme in the private rented sector, to improve standards.  Seek alternative funding to help meet statutory duties in respect of dealing with category 1 hazards (HHSRS).</p>	<p>April 2013 (and ongoing)  Now (and ongoing)  Now (and ongoing)</p>	<p>Mark Nelson  Mark Nelson  Mark Nelson</p>	<p>Private Sector Housing Group  Private Landlords Forum</p>

## Self Financing Housing Revenue Account

Context

### Background

The existing system for council housing finance has been criticised by local authorities, tenants and housing professionals for some years. It is based on an impenetrable and volatile subsidy system that is underfunded and redistributive and does not give a stable basis for long term business planning.

The Government acknowledged these issues and commissioned a comprehensive review which culminated in a consultation process with all stakeholders in 2009. The Labour Government then published a “prospectus for the future of council housing” in March 2010 as a second stage consultation document which proposed the dismantling of the subsidy system through a self financing debt settlement. This was accompanied by a financial model to be used for the calculation of debt settlements, the assumptions used in the model and indicative figures for each authority. The deadline for consultation responses was 6<sup>th</sup> July 2010.

Following the change in Government in May 2010, the new Housing Minister allowed the consultation process to continue and indicated the Coalition would support the completion of HRA reform. In February 2011 DCLG published their proposals for the implementation of self financing with revised assumptions. This is not a consultation document as the Localism Bill currently passing through Parliament provides for the change to be compulsory for all local authorities in April 2012.

CIPFA has also published a consultation document which seeks to resolve accounting issues arising from the introduction of self financing.

### Recap on March 2010 proposals

Scrap the current subsidy system through a one off debt settlement for each authority with future borrowing controlled by a debt cap. Rent increases continue to be controlled by the Government.

In the actual HRA the current annual subsidy payment would be replaced by interest charges on additional debt. The balance of those 2 figures determines the initial net impact on the authority. The key variables looking forward are assumptions about future rent levels, interest rates and need to spend.

The settlement figure for each council to be calculated as the net present value of 30 year notional cash flows using the following modelling assumptions:-

- Rent income to increase in accordance with rent restructuring policy (completion in 2015/16) followed by annual increases thereafter at RPI + 0.5%
- Management, maintenance and major repairs expenditure based on existing subsidy allocations but uplifted to provide additional funding. No provision was made for the funding of disabled adaptations.
- A base discount rate of 6.5% but also options to model 6% and 7%. The higher rate was said to provide “additional headroom to finance new build”
- No allowance for future stock losses.

Using the 6.5% discount rate the debt settlement for Cheltenham was £29.1m, taking total notional debt to £54.6m which would also be the debt cap for the authority. Actual HRA debt at April 2012 would be £47.9m giving initial borrowing headroom of £6.7m.

This debt settlement was input into our financial forecasts for Cheltenham and headline figures were presented to a joint CBC/CBH workshop on 29th June 2010. When compared to a continuance of the current subsidy system our projections indicated the settlement was affordable and provided additional resources from year 1 with the financial position improving year on year. Our need to spend on the existing stock, then estimated at a current cost of £30,500 per unit over 30 years, could be financed and still leave significant resources to finance proactive asset management or new build and/or repay debt.

### **February 2011 proposals**

The principles of the March 2010 proposals have been confirmed but the following changes have been made to the modelling assumptions used for the debt settlement calculation:-

- The debt settlement is to be based on the 6.5% discount rate – the previous option to use 7% which would give Councils more borrowing headroom for new build has been dropped.
- The notional expenditure included in the model reflects updated subsidy allowances and now includes funding for disabled adaptations.
- The model also makes allowance for stock losses from Right to Buy (but only using DCLG forecasts of numbers) and will also exclude demolitions planned for the first 3 years after implementation (we have already responded to DCLG within their deadline of 31<sup>st</sup> March).

The principle of an HRA borrowing limit is confirmed, set at the level of the self financing valuation.

DCLG reserves the power to re-open the settlement in the future but says it will only be used if there is a major change in policy which would have a substantial, material impact on the value of the business.

No further guidance on HRA ring fence will be published – continue to operate under existing guidelines using principle of “who benefits pays”.

### **Impact on Cheltenham**

In the notional model Cheltenham’s allowances for management, maintenance and major repairs have been uplifted by 16.73% from the current subsidy levels (the national average is 14.24%).

The revised debt settlement figure is now £28.4m increasing total notional debt to £53.9m. This represents a debt per dwelling of £11,712 (national average £18,679). Actual HRA debt at April 2012 will be £47.2m giving initial headroom for further borrowing of £6.7m.

The changes to the model have produced significant variations in the debt settlements for individual authorities, some having increased by more than 30%. However for Cheltenham the net change is a reduction of only £0.7m.

There are accounting issues to resolve, particularly the allocation of currently pooled debt to the HRA, depreciation and impairment.

In summary the deal continues to look good for Cheltenham, slightly improved on the previous proposals issued last year. We have benefited substantially from the subsidy settlement for 2011/12.

Opportunities	Challenges
<p>In addition the plan should determine a strategy for the use of surplus resources with options for new build, improvement of current stock and debt repayment.</p>	<p>We now have confirmation HRA reform will be in place by April 2012 and it is unlikely there will be any further significant changes to the methodology. It is therefore essential that we have a robust implementation plan which recognises the need for the involvement of all stakeholders.</p> <p>A new HRA business plan is being progressed and will be informed by 30 year financial forecasts. As indicated above the key variables, which will be the subject of sensitivity analysis, are:-</p> <ul style="list-style-type: none"> <li>• Future rent increases (controlled by Government policy)</li> <li>• Interest Rates</li> <li>• Need to spend on management, maintenance and major repair</li> </ul>
Interdependencies	Position to date
<p>There are significant treasury management implications arising from these proposals and it is essential that early advice on funding decisions is obtained.</p> <p>There are accounting issues to resolve, particularly the allocation of currently pooled debt to the HRA, depreciation and impairment.</p>	<p>A joint CBC/CBH Workshop was held on 15 June to discuss more detailed elements of the situation.</p> <p>Emphasis was made that key policy decisions will have to be made to ensure implementation from April 2012.</p> <p>Consultation of tenants is planned between September and December 2011 before which key principles will need to have been agreed by Cabinet/Council.</p>

Risk Description	Original risk score (impact x likelihood)		Managing risk			Deadline	Lead Officer	Partners
	I	L	Score	Control	Action			
<p>DCLG reserves the power to re-open the settlement in the future but says it will only be used if there is a major change in policy which would have a substantial, material impact on the value of the business.</p> <p>There are significant treasury management implications arising from these proposals and it is essential that early advice on funding decisions is obtained.</p>	3	3	9	Reduce	Any investment decision should take into account the council's current view on interest rates. ArlingClose Ltd, the council's treasury advisors, have been appointed to advise on the impact that the HRA subsidy reform will have in respect of Cheltenham. The council has signed up to their Debt	December 2011	Paul Jones	

<p>Rental income is still subject to Government policy. The surpluses shown are primarily driven by rent increase assumptions in line with current policy.</p>					<p>Allocation After Transfer (DAAT) service to ensure any borrowing limits are correctly allocated to the HRA.</p>			
--	--	--	--	--	--	--	--	--

## Supporting People

### Context

Supporting People pays for much of the housing support that is provided to vulnerable people to help them live as independently as possible. The County Council is the Administering Authority for the programme and leads the Supporting People Partnership Board and Core Strategy Group.

The national Supporting People programme began on 1 April 2003, bringing together seven housing-related funding streams from across central government. It is now a wholly decentralised programme, administered through 152 top-tier authorities who have complete discretion over where to direct their funds to best meet local needs. From 2011/12, all Supporting People funds have been rolled into Formula Grant and allocated via the Local Government Finance Report. Services are largely delivered by the voluntary and community sector, and housing associations.

The government has advised that authorities should consider the most appropriate local arrangements, provided that they are consistent with the core requirements and objectives of the Supporting People programme. In all cases this means the Supporting People programme needs to harness a range of skills, knowledge and resources from across the Administering Authority and its partners.

### Gloucestershire arrangements

The Core Strategy Group is the key policy development group within the Supporting People decision-making structure. It is also responsible for developing new policies and practices for the operation of the programme in Gloucestershire.

The Core Strategy Group Membership includes:

- Representatives from the six district housing authorities;
- Gloucestershire County Council;
- Gloucestershire Partnership NHS Trust;
- The Primary Care Trust;
- Gloucestershire Probation;
- Two representatives from provider organisations

Partnership Board - this is the decision making group for the Supporting People Programme and membership comprises:-

- Gloucestershire County Council
- Forest of Dean District Council
- Cheltenham Borough Council
- Tewkesbury Borough Council
- Stroud District Council
- Cotswold District Council

- Gloucester City Council
- Gloucestershire Probation Trust
- 2Gether NHS Foundation Trust
- Gloucestershire PCT

Housing support includes helping vulnerable people to learn the basic skills to remain in their own homes, while achieving their aspirations such as becoming a more active member of their local community. It also helps them:-

- Gain access to education, training or employment;
- Contact other services such as social care, health, doctors and colleges;
- Make sure their home is safe and secure.

Failure to sustain accommodation has considerable social costs, not only in terms of the individual affected, such as interruption from education, employment, health services, community activities, loss of informal and formal support networks, to being unsafe; but also wider community costs whereby a volume of transient residents can destabilise an otherwise strong and cohesive community. Accommodation failure also carries significant costs to the public purse, with a potential requirement for interventions from housing authorities in terms of housing options and estate management; safeguarding and critical health services.

The Supporting People programme has always been Central Government funded and although the national level of funding has largely been protected, its redistribution now as part of formula grant means that central funding for the programme is substantially reducing. The Budget Forecast agreed by the county council confirmed that a total of £7 million savings would need to be made from the recurring base budget over the 4 financial years from 2011-2 to 2014-5.

Whilst a significant reduction, this is actually a higher level of investment in the programme than the County Council is actually receiving from central government, reflecting the positive impact of much of the expenditure on the budget for adult social care, which is an agreed County Council priority.

A county wide strategy has been consulted upon and endorsed by the County Council<sup>1</sup>

Opportunities	Challenges
<p>The Supporting People Partnership Board has committed to taking a strategic response to these changes, which involves work needed to reshape services to be more effective and efficient, by investing in early intervention and prevention. Make best use of resources by enabling access to timely and targeted brief interventions to prevent problems from becoming housing or care crises which will make better use of intensive accommodation based services.</p>	<p>Helping partners to achieve a strategic shift to Early Intervention and Prevention in line with the Personalisation agenda requires a “corporate” response from all the partners to implementing a prevention strategy for vulnerable people, via increased early intervention and developing social capital to build greater community resilience. Need to inform and influence integrated strategic planning.</p> <p>To bring some long term stability to the core</p>

<sup>1</sup> <http://glostext.gloucestershire.gov.uk/mgConvert2PDF.aspx?ID=4299>

<p>The strategy seeks to address the misalignment of services informed by needs analysis – to reduce over supply and meet gaps in provision.</p> <p>Development of integrated pathways to help deliver the priority prevention outcomes of the Health and Care services, as well as Housing and Communities agendas</p> <p>To develop personalised flexible services to enable individuals to achieve positive outcomes personally and at a neighbourhood level.</p>	<p>services whilst managing the radical transformation of some sectors</p> <p>To have a stable supply of quality services whilst also managing change and budgetary turbulence</p> <p>To safeguard vulnerable people during transition</p> <p>To ensure accurate and consistent communications with service users</p>
<p><b>Interdependencies/Impacts</b></p>	<p><b>Position to date</b></p>
<p>Budgetary pressures, strategic plans and commissioning frameworks of other statutory partners</p> <p>The ability of individuals to sustain their accommodation has implications for services provided by the council and CBH; most notably Housing Options services, Private sector housing, Disabled adaptations and estate management.</p>	<p>A joint workshop with SP Partnership Board, Core strategy group and providers was held in May 2011 to discuss issues regarding implementing the strategy to inform project planning</p>

Risk Description Supporting People	Original risk score (impact x likelihood)		Managing risk			Deadline	Lead Officer	Partners
	I	L	Score	Control	Action			
If we fail to agree a county wide approach to implementing the Supporting People strategy then it would result in an inability to effectively manage the budget which would result in reduction of services and/or failure to provide appropriate and integrated housing related support services. This in turn would impact disproportionately on the most vulnerable members of our community and may increase demand on homelessness budget.	4	4	16	reduce	Influence implementation of strategy via consultation and partnership planning processes to secure robust programme of delivery that meets local and county wide needs	To be determined by SP Partnership Board	Mike Redman/ Martin Stacy	SP Partnership Board  SP Core Strategy Group  SP Provider Fora  Cheltenham Housing and Support Forum