



HILLINGDON  
LONDON



# Social Care, Housing and Public Health Policy Overview Committee

## Councillors on the Committee

Ian Edwards (Chairman)  
Heena Makwana (Vice-Chairman)  
Nicola Brightman  
Judith Cooper  
Alan Deville  
Tony Eginton  
Janet Gardner  
Becky Haggar  
Paula Rodrigues

**Date:** THURSDAY 6 FEBRUARY  
2020

**Time:** 7.00 PM

**Venue:** COMMITTEE ROOM 6 -  
CIVIC CENTRE, HIGH  
STREET, UXBRIDGE

**Meeting  
Details:** Members of the Public and  
Media are welcome to attend.

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Putting our residents first

Lloyd White  
Head of Democratic Services  
London Borough of Hillingdon,  
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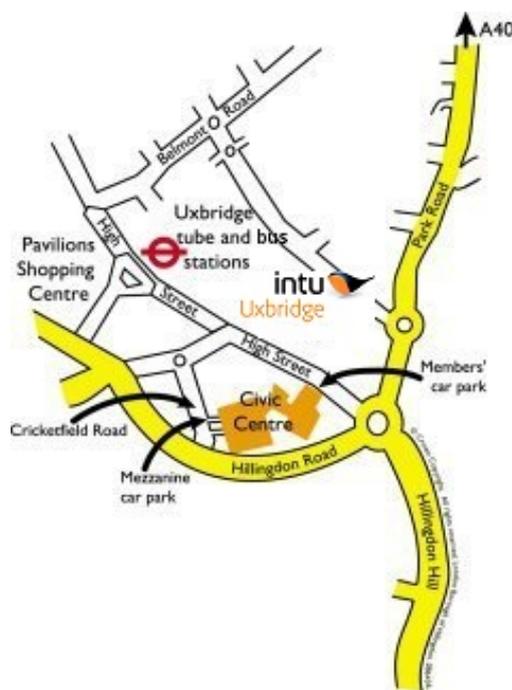
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## Terms of Reference

The Following Terms of Reference are common to all Policy Overview Committees (referred to as “The overview role”):

1. To conduct reviews of policy, services or aspects of service which have either been referred by Cabinet, relate to the Cabinet Forward Plan, or have been chosen by the Committee according to the agreed criteria for selecting such reviews;
2. To monitor the performance of the Council services within their remit (including the management of finances and risk);
3. To comment on the proposed annual service and budget plans for the Council services within their remit before final approval by Cabinet and Council;
4. To consider the Forward Plan and comment as appropriate to the decision-maker on Key Decisions which relate to services within their remit (before they are taken by the Cabinet);
5. To review or scrutinise decisions made or actions taken by the Cabinet, a Cabinet Member, a Council Committee or an officer.
6. To make reports and recommendations to the Council, the Leader, the Cabinet, a Policy Overview Committee or any other Council Committee arising from the exercise of the preceding terms of reference.
7. In accordance with the Local Government and Public Involvement in Health Act 2007, to consider ‘Councillor Calls For Action’ (CCfA) submissions.

To perform the overview role outlined above in relation to the following matters:

1. Social care services for children, young persons and children with special needs
2. Oversee the Council’s Corporate Parenting responsibilities
3. Adoption and Fostering
4. Family Services
5. Adult Social Care
6. Older People’s Services
7. Care and support for people with physical disabilities, mental health problems and learning difficulties
8. Asylum Seekers
9. Local Authority Public Health services
10. Encouraging a fit and healthy lifestyle
11. Health Control Unit, Heathrow
12. Encouraging home ownership
13. Social and supported housing provision for local residents
14. Homelessness and housing needs
15. Home energy conservation
16. National Welfare and Benefits changes

# Agenda

6 Housing Briefing

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## Social Housing Briefing

<b>Committee name</b>	Social Care, Housing and Public Health Policy Overview Committee
<b>Officer reporting</b>	Dan Kennedy, Director - Housing, Environment, Education, Performance, Health & Wellbeing
<b>Papers with report</b>	Social Housing Allocation Policy, November 2019
<b>Ward</b>	All

### HEADLINES

The purpose of this briefing note is to provide the Social Care, Housing and Public Health Policy Overview Committee with key facts and figures about the social housing tenancy management and landlord function provided by the Council.

### RECOMMENDATION:

**That the Committee notes the information presented in this briefing note and questions officers.**

### SUPPORTING INFORMATION

#### Demand for Social Housing

As at the end of December 2019, the number of households registered and eligible to bid for social housing stood at 1,947. 496 required a 1 bedroom sized property, 1,451 required a family sized property (2+ bedrooms).

The Hillingdon Local Plan has a requirement for 35% affordable housing on sites of 10 dwellings or more with an indicative tenure mix of 70% social rent and 30% intermediate and with a need for larger family units.

The most recent strategic housing market assessment (SHMA) indicates that the appropriate size mix for affordable housing over the longer term is:

1 bed	7%
2 bed	45%
3 bed	38%
4 bed	10% (8% 4 bed and 2% 5 bed+)

The SHMA also indicates over the longer term that the majority (78%) of affordable housing need is for low cost rented dwellings and the remaining 22% intermediate dwellings.

The affordable housing delivery pipeline for 2019/20 is for 227 dwellings to be completed, 117 by the Council and 110 by Housing Association partners. The pipeline for subsequent years is 389 in 2020/21 (120 Council) and 488 in 2021/22 (138 Council). The longer the time frame, the less certainty there is for individual developments.

Work is currently underway to review and update the Housing Strategy for the Borough, working towards a consultation draft for July Cabinet. Cabinet Members will consider the draft of the strategy in the first instance. Work is progressing under the broad headings of:

- Housing standards
- Residents voice
- Affordable housing supply
- Place shaping
- Independent living

Work under the affordable housing supply section will include consideration of housing need and affordability; appropriate targets and mix in terms of size and affordable housing product; and plans for delivery by the Council and partner agencies. The Strategy will also consider housing nominations and making best use of existing housing.

There is some variation in the number of social lettings year to year and they can be affected by changes in numbers of new build dwellings and void properties becoming available in social housing for re-letting. On average there are around 550 to 600 social lettings in Hillingdon each year.

The number of households presenting that require a homelessness assessment is running at about 2,000 to 2,100 a year.

The number of homeless households in temporary accommodation fell from 681 at the end of 2017 to 538 at the end of 2018. The number has subsequently reduced further to 414 at 30 January 2020. This includes a significant reduction in the use of higher cost temporary accommodation over this time.

## **Social Housing Allocation Policy**

All lettings to available social housing properties must be in accordance with the Social Housing Allocation Policy. This Policy has been approved by Cabinet. A copy is attached for information and is published on the Council's website at:

[https://archive.hillingdon.gov.uk/media/41742/Social-Housing-Allocation-Policy/pdf/Social\\_Housing\\_Allocation\\_November\\_2019.pdf](https://archive.hillingdon.gov.uk/media/41742/Social-Housing-Allocation-Policy/pdf/Social_Housing_Allocation_November_2019.pdf)

## **Council housing stock**

The Council's housing stock consists of 4,268 houses, 3,608 flats, 505 bungalows, 627 maisonettes, 13 sheltered bungalows, 195 extra care flats, 824 sheltered flats and 2 sheltered houses. A total of 10,042 assets. These numbers change on a regular basis due to right to buys, acquisitions and redevelopment.

## **Maintenance & improvements**

The housing stock is maintained by the Council's in-house Repairs Team. In addition, the Council has an in-house Compliance Team that is responsible for ensuring the Council meets its statutory compliance obligations in areas such as fire, gas, water quality/legionella, asbestos and electricity.

The draft budget, to be approved in February 2020, contains £53.7m for planned works and improvements for the next five years. This includes new kitchens, bathrooms, wet rooms, windows, external decoration, roofing, structural work, sheltered housing upgrades and energy efficiency projects.

## **Rent Setting**

In summary terms, the Council applies a social rent to its managed housing stock using a Government formula. This creates a 'formula rent' for each property, which is calculated based on the relative value of the property, the size of the property and relative local income levels.

From April 2020, local authorities will be required to comply with the Social Housing Regulator's 'Rent Standard'. For the first time, the Government has directed the Regulator to apply its rent standard to all registered providers – i.e., to both local authority registered providers and private registered providers (the vast majority of which are housing associations). In general terms, registered providers may set the initial rent on properties to be let at social rent at a level that is no higher than formula rent. The basis for the calculation of formula rents is:

- 30% of a property's rent is based on relative property values
- 70% of a property's rent is based on relative local earnings
- a bedroom factor is applied so that, other things being equal, smaller properties have lower rents

Formula rent is subject to a rent cap. The rent caps apply as a maximum ceiling on the formula rent and depend on the size of the property (the number of bedrooms it contains). Where the formula rent would be higher than the rent cap for a particular size of property, the rent cap must be used instead.

The Government's policy recognises that registered providers should have some discretion over the rent set for individual properties, to take account of local factors and concerns, in consultation with tenants. As a result, the policy contains flexibility for registered providers to set rents at up to 5% above formula rent. If applying this flexibility, providers should ensure that there is a clear rationale for doing so which takes into account local circumstances and affordability.

#### **Average Council rents charged (social - formula rent) as at 20.1.20**

<b>No of bedrooms</b>	<b>Average rent [£]</b>
0	79.91
1	91.58
2	106.02
3	125.38
4	139.59
5	147.65
6	162.09
<b>Average</b>	<b>106.80</b>

The Welfare Reform and Work Act 2016 imposed an obligation on social landlords to actually reduce rents by 1% per year from April 2016 up to and including 2019/20.

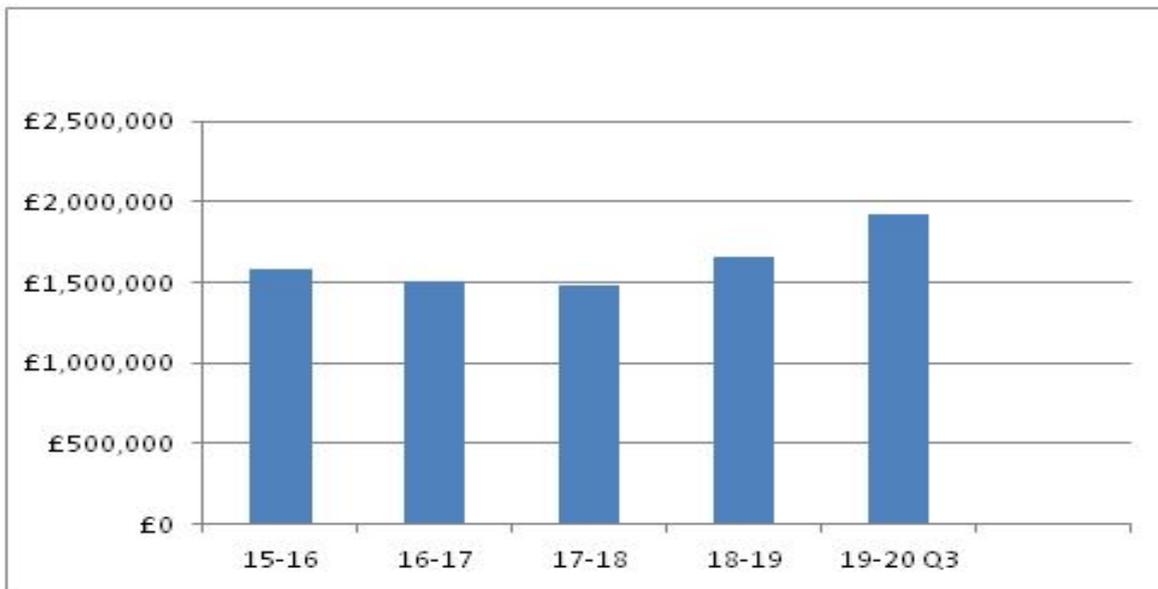
From 2020/21, the Government has confirmed that social housing rents will now rise by the consumer price index (CPI) measure of inflation plus 1% for a period of five years.

'Rent', for the purposes of the rent increase, excludes service charges. These charges, together with the rent, make up what is known as the 'gross rent' payable by the tenant. Service charges are variable and cover the reasonable cost of services provided to an estate which benefits the tenant. This includes services such as caretaking, grounds maintenance, communal door entry and communal electricity.

Assistance is available to tenants on low incomes to help them pay their housing costs. For the majority of tenants, this still includes Housing Benefit but, for an increasing number of tenants, help with their housing costs is now met through Universal Credit. There are currently 9,846 units of accommodation owned by the Council and let at a social rent. By the end of December 2019, there were 2,788 tenants in receipt of Housing Benefit and a further 1,274 tenants in receipt of Universal Credit.

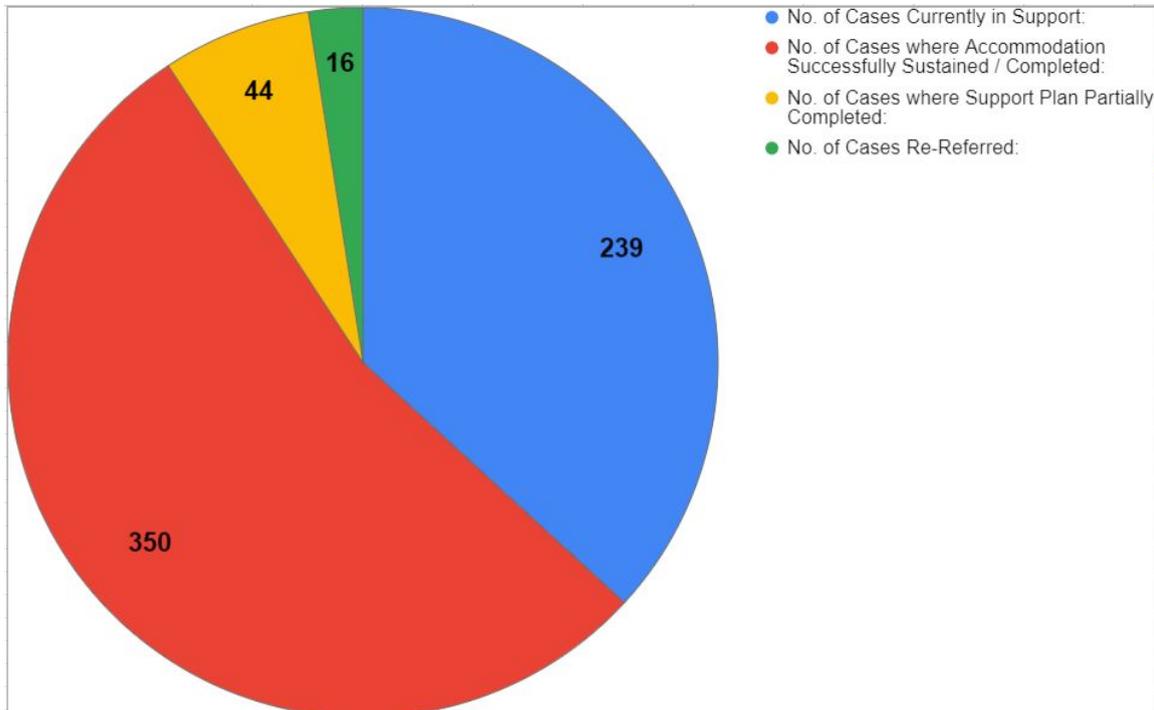
All staff groups across Tenancy Services have a role to play in ensuring that tenants meet their tenancy obligations and this includes payment of rent. This 'rent first' ethos is central to the work of the income collection teams and the Welfare Reform & Tenancy Support Team. Rent arrears prevention and recovery processes have a clear focus on early intervention, income maximisation, money management and addressing underlying needs which can impact upon ability to pay.

**Figure 1 - Total HRA Arrears trend 2015/16 to Q3 2019/20**



During Q3 2019/20, the Welfare Reform & Tenancy Support Team effectively sustained 350 high risk tenancies. Over 90% were referred-in with financial [arrears] risks in addition to underlying social and medical vulnerabilities.

**Figure 3 - Welfare Reform & Tenancy Support Team activity Q1 to Q3 2019/20**



An eviction is estimated to cost a Registered Social Landlord £10k [Data from the Consortium of

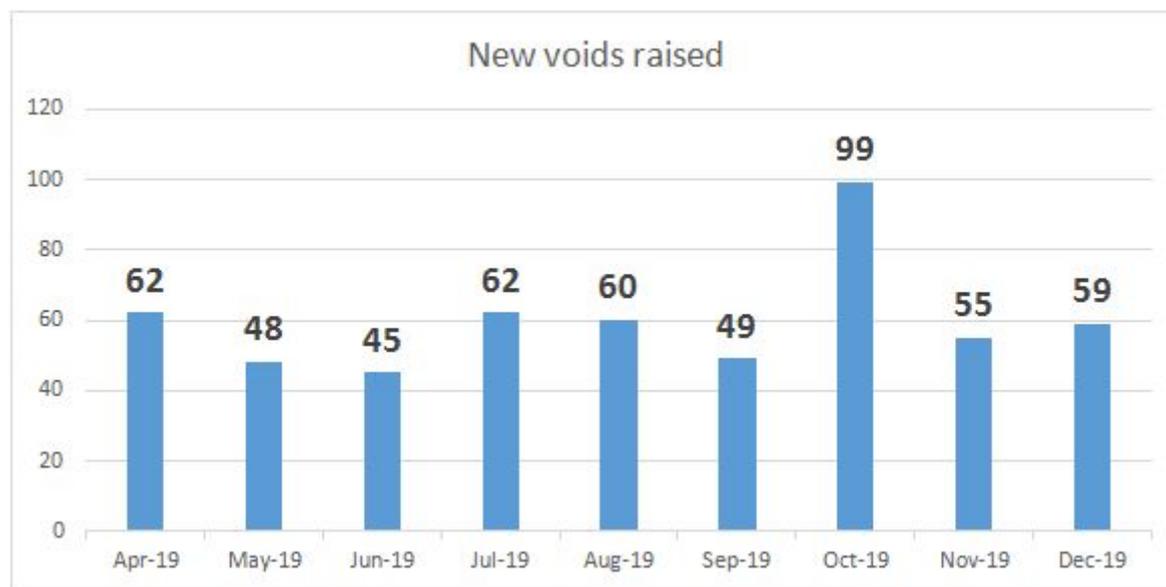
Associations from the South East - CASE]. The figures for a Local Housing Authority are far higher and the MHCLG [Evidence Review of the Costs of Homelessness 2012] suggests the unit cost is in the region of £24k to £26k. Using the lower unit costs of tenancy failure from CASE, the cost avoidance associated with sustaining these 350 tenancies during the period April to December 2019 is in the order of £3.5m. Taking into account the wider costs incurred by local authorities, the potential cost avoidance across the organisation is significant.

### Void Properties / Re-Lets

The voids process consists of a number of stages and key tasks including:

- **Property inspection** - including pre-vacation inspection, void property inspection and 'snagging' / post-work 'sign-off' inspection
- **Repairs & re-servicing** - including all necessary compliance checks and certification to meet the Minimum Lettable Standard
- **Advertising** - placing the Locata advert
- **Short-listing** - bringing forward a list of eligible applications following closure of the advert
- **Verification** - ensuring that applicants are verified in line with the Social Housing Allocation Policy, i.e., they are eligible in all respects to be granted a tenancy of the subject property
- **Viewing** - accompanied viewings undertaken by dedicated Viewings Officers
- Formal **offer** and **sign-up**
- Creation of **new tenancy** and **rent account**

### New Voids raised April 2019 to December 2019



The number of new voids entering the void management process has averaged 60 per month since the start of the year. The uplift in October was not associated with any one single event

but does reflect the dynamic nature of workflow.

The sector 'benchmark' is for no more than 1% of housing stock to be void at any one time. This recognises that there will always be routine voids presenting and exceptional circumstances associated with voids requiring more major works.

## **Finance / Housing Revenue Account**

### **Background:**

The Housing Revenue Account (HRA) is intended to record expenditure and income on running a council's own housing stock and closely related services or facilities, which are provided primarily for the benefit of the council's own tenants. The main items of expenditure included in the account are management and maintenance costs, major repairs, loan charges, and depreciation costs. The main sources of income are from tenants in the form of rents and service charges. It is often described as a ring-fenced account which recognises the prescribed nature of the income and expenditure.

The key statutory requirements are as follows:

- Credits and Debits are prescribed by statute,
- There is no general discretion to breach the ring-fence,
- A deficit budget cannot be set,
- All borrowing within the HRA is in line with the [CIPFA Prudential Code](#).

### **HRA Self-financing:**

This was implemented in 2012, replacing the previous subsidy system. The HRA self-financing system aimed to solve a number of weaknesses associated with the previous HRA subsidy system, specifically annual settlements, which caused funding uncertainty and discouraged long term strategic decision-making. Other issues included:

- The costs of debt were largely met by subsidy and so there was a lack of incentive for authorities to manage their debt actively
- It was an increasingly unpopular national redistribution of resources, which saw the vast majority of authorities paying into a national pot
- The system was not transparent and was very difficult to understand

The self-financing settlement abolished the subsidy system and redistributed debt between authorities on the basis of a Government assessment of their ability to service the debt. This had the effect of increasing the debt held by most authorities, but largely dealt with the issues highlighted above. Hillingdon had an original settlement debt of £199 million and has been able to reduce this to £127 million as at 31 March 2019.

## LBH Reserves Policy and forecast:

The projected 2019/20 closing HRA General Balance as at month 8 budget monitoring is £17,047k. The Council's MTFF has set a minimum level of balances of £15,000k which represents approximately 25% of total resources. In addition to General Reserves, the HRA has a Major Repairs Reserve (£31,878k as at 31/3/2019) which is utilised to support capital investment and it is not planned to retain any uncommitted MRR balances over the medium term.

## HRA Borrowing Headroom & Cap:

The HRA was subject to a cap on the overall level of borrowing. As part of the Government's Budget on 29 October 2018, the HRA borrowing cap was abolished with immediate effect. However, as before, the primary constraint on borrowing to support further investment in new stock remains the affordability and sustainability tests within the Prudential Code, whereby it is necessary to demonstrate that future rental income and growth in asset values will be sufficient to repay borrowing related to specific new projects.

## 2019/20 HRA (Revenue and Capital) Month 8 Budget Monitoring position

Table 2 below summarises the 2019/20 HRA (Revenue) Month 8 budget monitoring position. Table 3 below summarises the 2019/20 HRA (Capital) Month 8 budget monitoring position.

**Table 2 - HRA 2019/20 Month 8 Budget and Forecast Outturn position**

HRA Service	Month 8		Variance (+ adv / - fav)		
	Revised Budget	Forecast Outturn	Variance (As at Month 8)	Variance (As at Month 7)	Movement from Month 7
	£'000	£'000	£'000	£'000	£'000
Rent Income	(56,186)	(55,434)	752	752	0
Other Income	(5,224)	(5,397)	(173)	(173)	0
<b>Net Income</b>	<b>(61,410)</b>	<b>(60,831)</b>	<b>579</b>	<b>579</b>	<b>0</b>
Housing Management	13,230	13,222	(8)	2	(10)
Tenant Services	4,411	4,576	165	144	21
Repairs	5,294	5,523	229	241	(12)
Planned Maintenance	4,255	3,258	(997)	(997)	0
Capital Programme Funding	18,820	18,637	(183)	(183)	0
Interest & Investment Income	15,385	15,568	183	183	0
Development & Risk Contingency	1,260	1,260	0	0	0
<b>Operating Costs</b>	<b>62,655</b>	<b>62,044</b>	<b>(611)</b>	<b>(610)</b>	<b>(1)</b>
<b>(Surplus) / Deficit</b>	<b>1,245</b>	<b>1,213</b>	<b>(32)</b>	<b>(31)</b>	<b>(1)</b>
General Balance 01/04/2019	(18,260)	(18,260)	0	0	0
<b>General Balance 31/03/2020</b>	<b>(17,015)</b>	<b>(17,047)</b>	<b>(32)</b>	<b>(31)</b>	<b>(1)</b>

**Table 3 - HRA (Capital) 2019/20 Month 8 Budget and Forecast Outturn position**

HRA Capital Programme	2019/20 Revised Budget	2019/20 Forecast	2019/20 Cost Variance Forecast V Revised Budget	2019/20 Project Re-Phasing	Total Project Budget 2019-24	Total Project Forecast 2019-24	Total Project Variance 2019-24	Movement 2019-24
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Total Major Projects	54,713	34,473	(259)	(19,981)	166,290	166,031	(259)	(300)
Total HRA Programmes of Work	20,406	15,813	0	(4,593)	69,867	69,867	0	0
Total HRA Capital	75,119	50,286	(259)	(24,574)	236,157	235,898	(259)	(300)
Movement on Month 7	0	(3,408)	(300)	(3,108)	0	(300)	(300)	(300)

### Implications on related Council policies

A role of the Policy Overview Committees is to make recommendations on service changes and improvements to the Cabinet who are responsible for the Council's policy and direction.

### How this report benefits Hillingdon residents

None at this stage, pending any findings approved by Cabinet.

### Financial Implications

None at this stage.

### Legal Implications

None at this stage.

### BACKGROUND PAPERS

NIL.