



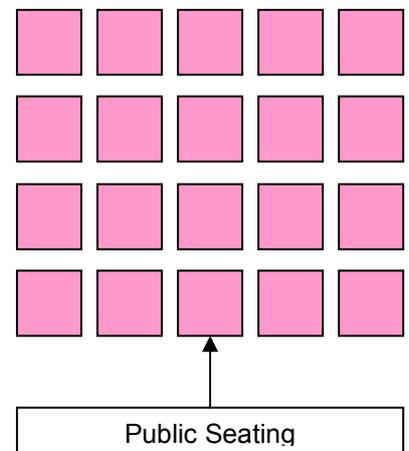
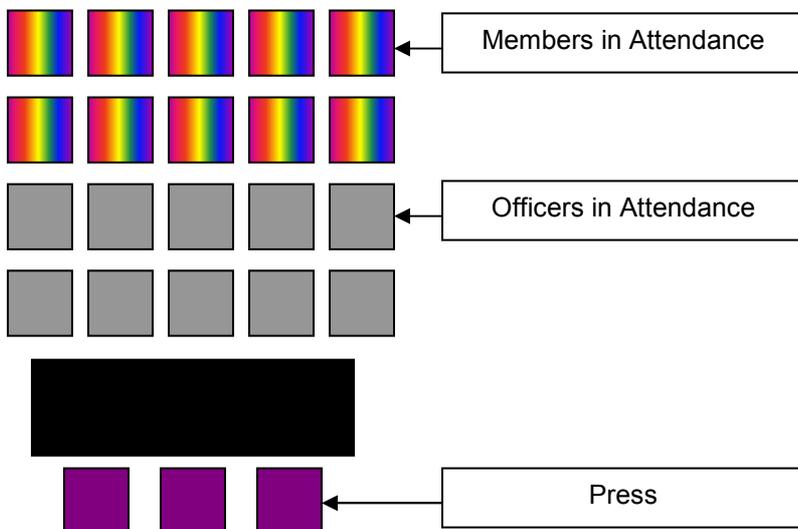
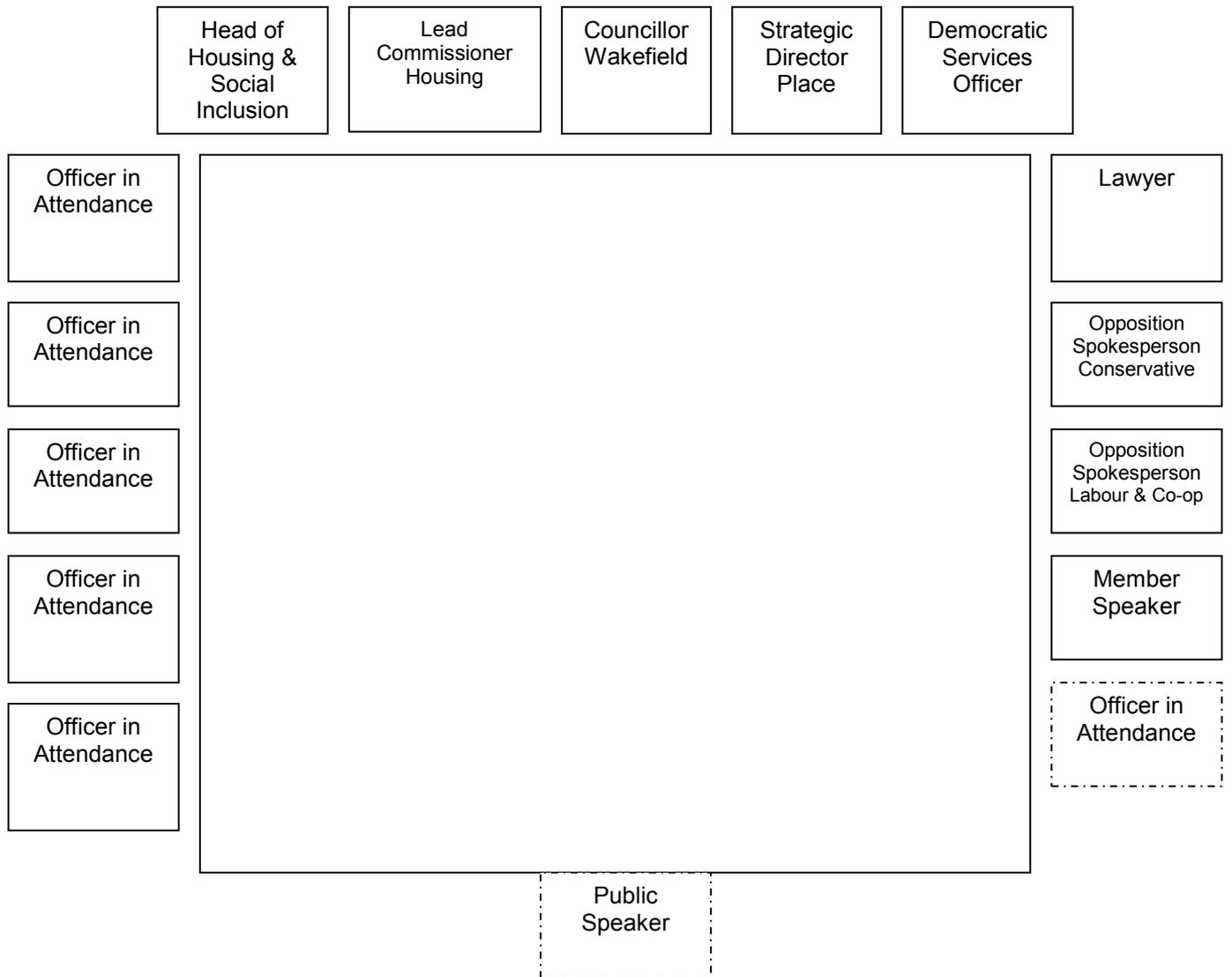
**Brighton & Hove  
City Council**

# Cabinet Member Meeting

Title:	<b>Housing Cabinet Member Meeting</b>
Date:	<b>18 April 2012</b>
Time:	<b>4.00pm</b>
Venue	<b>Council Chamber, Hove Town Hall</b>
Members:	<b>Councillor:</b> Wakefield (Cabinet Member)
Contact:	<b>Caroline De Marco</b> Democratic Services Officer 01273 291063 caroline.demarco@brighton-hove.gov.uk

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# Democratic Services: Meeting Layout



**AGENDA**

**87. PROCEDURAL BUSINESS**

- (a) Declarations of Interest by all Members present of any personal interests in matters on the agenda, the nature of any interest and whether the Members regard the interest as prejudicial under the terms of the Code of Conduct.
- (b) Exclusion of Press and Public - To consider whether, in view of the nature of the business to be transacted, or the nature of the proceedings, the press and public should be excluded from the meeting when any of the following items are under consideration.

*NOTE: Any item appearing in Part 2 of the Agenda states in its heading either that it is confidential or the category under which the information disclosed in the report is exempt from disclosure and therefore not available to the public.*

*A list and description of the categories of exempt information is available for public inspection at Brighton and Hove Town Halls.*

**88. MINUTES OF THE PREVIOUS MEETING**

**1 - 8**

Minutes of the Meeting held on 29 February 2012 (copy attached).

**89. CABINET MEMBER'S COMMUNICATIONS**

**90. ITEMS RESERVED FOR DISCUSSION**

- (a) Items reserved by the Cabinet Member
- (b) Items reserved by the Opposition Spokespersons
- (c) Items reserved by Members, with the agreement of the Cabinet Member.

*NOTE: Public Questions, Written Questions from Councillors, Petitions, Deputations, Letters from Councillors and Notices of Motion will be reserved automatically.*

**91. PETITIONS**

**9 - 10**

Report of Strategic Director, Resources (copy attached).

**92. PUBLIC QUESTIONS**

(The closing date for receipt of public questions is 12 noon on 11 April 2012)

## HOUSING CABINET MEMBER MEETING

No public questions have been received by the date of publication.

### 93. DEPUTATIONS

(The closing date for receipt of deputations is 12 noon on 11 April 2012)

No deputations received by date of publication.

### 94. LETTERS FROM COUNCILLORS

No letters have been received.

### 95. WRITTEN QUESTIONS FROM COUNCILLORS

No written questions have been received.

### 96. NOTICES OF MOTIONS

No Notices of Motion have been received by the date of publication.

### 97. MINUTES OF THE HOUSING MANAGEMENT CONSULTATIVE COMMITTEE 11 - 26

Minutes of the meeting held on 19 March 2012 (copy attached for noting).

### 98. PROMOTING FINANCIAL INCLUSION AMONGST COUNCIL HOUSING RESIDENTS 27 - 34

Report of Head of Housing & Social Inclusion (copy attached).

*Contact Officer:* Nick Hibberd *Tel:* 29-3756  
*Ward Affected:* All Wards

### 99. EXTENDING PAYMENT OPTIONS FOR COUNCIL LEASEHOLDERS 35 - 48

Report of Head of Housing & Social Inclusion (copy attached).

*Contact Officer:* Dave Arthur *Tel:* 29-3072  
*Ward Affected:* All Wards

The City Council actively welcomes members of the public and the press to attend its meetings and holds as many of its meetings as possible in public. Provision is also made on the agendas for public questions to committees and details of how questions can be raised can be found on the website and/or on agendas for the meetings.

The closing date for receipt of public questions and deputations for the next meeting is 12 noon on the fifth working day before the meeting.

Agendas and minutes are published on the council's website [www.brighton-hove.gov.uk](http://www.brighton-hove.gov.uk). Agendas are available to view five working days prior to the meeting date.

Meeting papers can be provided, on request, in large print, in Braille, on audio tape or on disc, or translated into any other language as requested.

## HOUSING CABINET MEMBER MEETING

For further details and general enquiries about this meeting contact Caroline De Marco, (01273 291063, email [caroline.demarco@brighton-hove.gov.uk](mailto:caroline.demarco@brighton-hove.gov.uk)) or email [democratic.services@brighton-hove.gov.uk](mailto:democratic.services@brighton-hove.gov.uk)

Date of Publication - Tuesday, 10 April 2012



**BRIGHTON & HOVE CITY COUNCIL**

**HOUSING CABINET MEMBER MEETING**

**4.00pm 29 FEBRUARY 2012**

**COUNCIL CHAMBER, HOVE TOWN HALL**

**MINUTES**

**Present:** Councillor Wakefield (Cabinet Member)

**Also in attendance:** Councillor Peltzer Dunn (Opposition Spokesperson - Conservative) and Farrow (Opposition Spokesperson - Labour & Co-op)

**PART ONE**

**74. PROCEDURAL BUSINESS**

**74(a) Declarations of Interests**

74.1 There were none.

**74(b) Exclusion of Press and Public**

74.2 In accordance with section 100A of the Local Government Act 1972 ("the Act"), the Cabinet Member considered whether the press and public should be excluded from the meeting during an item of business on the grounds that it was likely, in view of the business to be transacted or the nature of the proceedings, that if members of the press and public were present during that item, there would be disclosure to them of confidential information (as defined in section 100A(3) of the Act) or exempt information (as defined in section 100I(1) of the Act).

74.3 **RESOLVED** - That the press and public be not excluded from the meeting during consideration of any items on the agenda.

**75. MINUTES OF THE PREVIOUS MEETING**

75.1 Councillor Farrow referred to paragraph 62.5 which related to the numbers of empty properties outside of the council's ownership. He asked for an updated position. The Head of Housing Strategy and Development and Private Sector Housing replied that 150 empty homes were being brought back into use every year. He would forward a written update on the latest position to councillors.

75.2 Councillor Peltzer Dunn referred to paragraph 62.1 – Ainsworth House Update. He asked if there was a timescale for completion. The Head of Housing Strategy and

Development and Private Sector Housing replied that there was a 54 week timescale for completion (contracted period).

- 75.3 Councillor Farrow asked for an update on paragraphs 62.7 and 62.8 – Empty properties – HCA/Co-op bid. The Head of Housing Strategy and Development and Private Sector Housing replied that the Homes and Community Agency had made provision for a 1.3 bid to fund a programme over three years. The council was currently supporting a Brighton and Hove Community Co-op bid which was due in early March. Councillor Farrow stated that other councillors would like to know the progress on this matter. The Cabinet Member stated that information could be sent to councillors.
- 75.4 Councillor Farrow asked for an update on the current position relating to paragraphs 71.4 and 71.5 (Procurement of Housing & Adult Social Care Adaptations Framework Agreement). Meanwhile, he was due to have a meeting with the Head of Property & Investment to discuss this issue.
- 75.5 The Cabinet Member stated that she was committed to equalities and was concerned at the current situation whereby someone with limited mobility could have a new kitchen followed by a new bathroom. However if they had had their bathroom adapted first there was some doubt about whether they could have a new kitchen. This matter was being investigated and a report would be brought back to a future meeting.
- 75.6 Councillor Peltzer Dunn referred to paragraph 72.4 and 72.5 – (Additional Licensing for HMO Consultation & Amendment of Standards for Licensed HMO's). He asked if there were examples of revised literature. The Head of Housing Strategy and Development and Private Sector Housing replied that there was an amended questionnaire and draft standard. This could be sent to all members.
- 75.7 **RESOLVED** – That the minutes of the Housing Cabinet Member Meeting held on 18 January 2012 be agreed and signed by the Cabinet Member.

## **76. CABINET MEMBER'S COMMUNICATIONS**

- 76.1 The Chair reported that the Innovation Group was ongoing and that she had been attending tenant meetings. She had recently opened a new lift at Tyson Place. The lift programme was being rolled out very quickly.

## **77. ITEMS RESERVED FOR DISCUSSION**

- 77.1 **RESOLVED** – That all items be reserved for discussion.

## **78. PETITIONS**

### **E-Petition – Hanover/Elm Grove & Student Housing**

- 78.1 The Cabinet Member considered the following e-petition from Ms Stephanie Watson. The e-petition was signed by 30 people. Ms Watson was not in attendance at the meeting.

“We the undersigned petition the council to Produce an effective policy that all multiple occupancy landlords and letting agents will have licences to rent to students withdrawn if they do not use a letting contract that prohibits unsocial disturbance (including noise and street rubbish) of other residents in a residential area.

I have lived in Hanover for 9 years and been disturbed each year by a multiple occupancy building close by rented to students. The letting agency say that their hands are tied and the council will only take action if there is a record of complaints/noise measurement etc. This is not acceptable when residents are paying council tax. The council and universities should be working together on this issue and local residents should be given the right to live their lives without this form of disturbance and students should be given better contact conditions/building conditions/fair rent from letting agencies.”

78.2 The Cabinet Member responded as follows:

“We work closely with both Universities as part of our Student Housing Strategy.

This has been developed in response to issues such as those raised by residents of Hanover & Elm Grove and other wards where we have identified the highest concentrations of multi occupied homes, including those occupied by students.

We welcome the many benefits the universities and student population bring to the City.

We support private sector landlords to supply high quality private rented accommodation, including homes occupied by students.

However, we are seeking a more strategic approach to the supply and management of student housing in the city.

In particular, we are:

- Currently consulting on proposals to extend licensing of Houses in Multiple Occupation (HMOs) with the aim of improving the standards and management of multi-occupied homes, for the benefit of occupiers and neighbourhoods
- Considering the option of introducing an Article 4 Planning direction to require Planning permission for conversion of family homes into multi-occupied homes
- Promoting the appropriate development of new purpose built student accommodation at suitable locations within the City

We are also working jointly with both universities on:

- Council & Universities head leasing schemes, our social lettings agency approach, where the Council or University lease and manage more homes
- A multi-disciplinary approach to anti-social behaviour, with both Sussex & Brighton University community liaison teams

**Additional licensing of multi-occupied homes**

We currently licence large multi-occupied homes across the City.

We are currently consulting on proposals to extend licensing of Houses in Multiple Occupation (HMOs) with the aim of improving the standards and management of smaller multi-occupied homes, including those occupied by students.

The proposed scheme would cover smaller HMOs of two or more storeys and three or more occupiers in the wards of Hanover & Elm Grove, Moulsecoomb & Bevendean and St Peters & North Laine, Hollingdean & Stanmer and Queen's Park.

The proposed scheme would require landlords / lettings agents to:

- Meet appropriate personal and professional standards of conduct
- Ensure poorer buildings meet minimum health and safety standards including fire and electrical safety
- Exercise appropriate management and supervision of the buildings to help reduce any adverse impact of the HMO on the neighbourhood.
- Meet current council standards for licensable HMOs

We propose to include your petition as part of our consultation process.

We would also invite petition signatories to complete our consultation portal questionnaire which you can access via the Council website.

<http://consult.brighton-hove.gov.uk/portal/bhcc/housing/hmo/proposed-additional-licensing-hmos>

Our consultation on additional licensing of HMOs ends on 31 March 2012. Following this a report will be brought back to Housing Cabinet for decision.

- 78.3 Councillor Farrow stated that the petition raised certain worries across the city. Many students were worried that when changes were introduced the council would have powers to close student housing and that if landlords had to make improvements they would pass on costs to students.
- 78.4 The Chair replied that the worries outlined by Councillor Farrow were balanced by concerns about standards/conditions. These matters were all being taken into consideration. A report would be submitted to Cabinet on Article 4 directions. The legal situation would be fully set out in the report.
- 78.5 Councillor Farrow stated that all councillors needed a further briefing as it was a crucial matter. He considered that councillors needed the information before the report went to Cabinet.
- 78.6 The Chair stated that information could be sent to all ward councillors across the city.
- 78.7 Councillor Peltzer Dunn referred to the specific point in the petition which stated that "the letting agency say that their hands are tied and that the council will only take action

if there is a record of complaints/noise measurement etc.” He asked how many cases of disturbance were happening in the Hanover Ward and wondered if the situation had been over emphasised. He stressed that there were noise patrols that registered levels of noise.

78.8 The Chair replied that officers could find out this information. She asked officers to prepare a report on the number of incidence of noise disturbance.

78.9 **RESOLVED** – That the petition be noted.

**79. PUBLIC QUESTIONS**

79.1 There were none.

**80. DEPUTATIONS**

80.1 There were none.

**81. LETTERS FROM COUNCILLORS**

81.1 There were none.

**82. WRITTEN QUESTIONS FROM COUNCILLORS**

82.1 There were none.

**83. NOTICES OF MOTIONS**

83.1 There were none.

**84. MINUTES OF THE ADULT SOCIAL CARE & HOUSING OVERVIEW & SCRUTINY COMMITTEE**

84.1 The Cabinet Member considered the minutes of the Adult Social Care & Housing Overview & Scrutiny Committee held on the 12 January 2012.

84.2 **RESOLVED** – That the minutes be noted.

**85. MINUTES OF THE HOUSING MANAGEMENT CONSULTATIVE COMMITTEE**

85.1 The Cabinet Member considered the minutes of the Housing Management Consultative Committee meetings held on the 19 December 2011 and the 6 February 2012.

85.2 Councillor Farrow referred to paragraph 63.3 of the minutes of 19 December 2011. He had not yet received a report on asbestos removal. The Chair replied that this matter would be investigated.

85.3 Councillor Farrow referred to paragraph 67.1 of the minutes of 6 February 2012. This stated that a final report of the Innovation Group would be presented on 21 March 2012.

He was not aware that a notice of that meeting had been sent out. He believed councillors should be invited to the meeting.

85.4 The Chair said she would chase this matter.

85.5 Councillor Farrow referred to paragraph 74.7 in relation to Decent Homes. He had not yet received the A4 paper clearly setting out the main points of the policy.

85.6 The Chair stated that the paper would be prepared.

85.7 **RESOLVED** – That the minutes be noted.

## **86. LETTING AGENTS ACCREDITATION SCHEME**

86.1 The Cabinet Member considered a report of the Strategic Director Place which sought a general authority for the Strategic Director to develop and launch a Letting Agent's Accreditation scheme in the city in partnership with local letting agents which would seek to recognise and reward letting agents who consistently offered a high standard of service to their tenants.

86.2 Councillor Peltzer Dunn asked how officers could ensure that letting agents submitted to the council's ethics. The Acquisitions & Accreditation Manager explained that a Private Sector Development Officer would seek reconciliation. The agreement to allow tenants surveys could not be carried out without the tenant's permission.

86.3 Councillor Peltzer Dunn referred to the section on Managing Repairs. He was worried that some of these standards were extremely stringent. He asked how they would be monitored. The Acquisitions & Accreditation Manager explained that the standard for repairs had been agreed by agents. The standards would be monitored by feedback. A great deal would be done on landlord trust.

86.4 Councillor Peltzer Dunn referred to the section on the tenancy agreement fee. He asked if this there would be a written document. The Acquisitions & Accreditation Manager explained that all fees should be transparent in marketing. Councillor Peltzer Dunn stated that marketing should be printed.

86.5 The Acquisitions & Accreditation Manager explained that any fees would be stated in writing. The holding fee was slightly different from a deposit. It was a down payment.

86.6 The Chair stated that the local accreditation scheme would be very reassuring to parents of students coming to the city.

86.7 **RESOLVED** – Having considered the information and the reasons set out in the report, the Cabinet Member made the following decisions

- (1) That the creation and launch of the Letting Agents Accreditation Scheme be approved.
- (2) That authority be delegated to the Strategic Director, Place to confirm the accredited status of Lettings Agents, upon achievement of the criteria for accreditation.

The meeting concluded at 4.50pm

Signed

Cabinet Member

Dated this

day of



# HOUSING CABINET MEMBER MEETING

## Agenda Item 91

Brighton & Hove City Council

<b>Subject:</b>	<b>Petitions</b>
<b>Date of Meeting:</b>	<b>18 April 2012</b>
<b>Report of:</b>	<b>Strategic Director, Resources</b>
<b>Contact Officer: Name:</b>	<b>Caroline De Marco Tel: 29-1063</b>
<b>E-mail:</b>	<b>caroline.demarco@brighton-hove.gov.uk</b>
<b>Key Decision:</b>	<b>No</b>
<b>Wards Affected:</b>	<b>All</b>

### FOR GENERAL RELEASE

#### 1. SUMMARY AND POLICY CONTEXT:

1.1 To receive any petitions presented at Council, any petitions submitted directly to Democratic Services or any e-Petition submitted via the council's website.

#### 2. RECOMMENDATIONS:

2.2 That the Cabinet Member responds to the petitions either by noting it or writing to the petition organiser setting out the Council's views, or where it is considered more appropriate, calls for an officer report on the matter which may give consideration to a range of options, including the following:

- taking the action requested in the petition
- considering the petition at a council meeting
- holding an inquiry into the matter
- undertaking research into the matter
- holding a public meeting
- holding a consultation
- holding a meeting with petitioners
- referring the petition for consideration by the council's Overview and Scrutiny Committee
- calling a referendum

#### 3. PETITIONS

##### 3. (i) Better Homes Scheme – Unfair Assessments

To receive the following e-Petition from Nicholas Wood and signed by 33 people:

"We the undersigned petition the council to Urge Mears to re-think their policy regarding the Better Homes scheme and the rewarding of new bathrooms or kitchens."

Myself and many council tenants are unhappy with the system for rewarding new kitchens or bathrooms in the 'Better Homes' scheme. We feel that instead of 'rewarding' council tenants who do not take care of

their flats for whatever reason with a new kitchen or bathroom is wrong and that tenants who do look after their flats and take pride in their homes should be the ones being 'rewarded'. I am aware of tenants who have deliberately damaged their kitchens so as to receive new ones. Also the judgements from Mears employees who assessed the kitchens and bathrooms seem to start from an uneven playing field with some people with excellent kitchens being told they could have new ones and yet other people who have ill-fitted and damaged kitchens are being turned down. We the tenants want fairness with the assessments and fairness in receiving home improvements.

**BRIGHTON & HOVE CITY COUNCIL**

**HOUSING MANAGEMENT CONSULTATIVE COMMITTEE**

**3.00pm 19 MARCH 2012**

**COUNCIL CHAMBER, HOVE TOWN HALL**

**MINUTES**

**Present:** Councillors Randall (Chair); Duncan, Farrow, Mears, Peltzer Dunn, Pidgeon, Robins and Summers

**Tenant Representatives:** Ted Harman (Brighton East Area Housing Management Panel), David Murtagh (Brighton East Area Housing Management Panel), Trish Barnard (Central Area Housing Management Panel), Stewart Gover (North & East Area Housing Management Panel), Heather Hayes (North & East Area Housing Management Panel), David Avery (West Hove & Portslade Area Area Housing Management Panel), Roy Crowhurst (West Hove & Portslade Area Area Housing Management Panel), John Melson (Hi Rise Action Group), Tony Worsfold (Leaseholder Action Group), Tom Whiting (Sheltered Housing Action Group) and Barry Kent (Tenant Disability Network).

Apologies: Councillor Wakefield (away on council business) and Jean Davis, Central Area Housing Management Panel.

**PART ONE**

**82. PROCEDURAL BUSINESS**

**82A Declarations of Substitute Members**

82.1 Councillor Mears declared that she was attending as a substitute for Councillor Wells. Roy Crowhurst declared that he was attending as a substitute for Beverley Weaver. Dave Avery declared that he was attending as a substitute for Tina Urquhart.

**82B Declarations of Interests**

82.2 Councillor Randall, Councillor Summers, Roy Crowhurst, Heather Hayes and Ted Harman declared a personal interest in any discussion on the LDV as they are Board Members of Brighton and Hove Seaside Community Homes (the Local Delivery Vehicle). Councillor Duncan declared a personal interest in any discussion on the Credit Union as he was a member of the East Sussex Credit Union.

**82C Exclusion of the Press and Public**

- 82.3 In accordance with section 100A(4) of the Local Government Act 1972, it was considered whether the press and public should be excluded from the meeting during the consideration of any items contained in the agenda, having regard to the nature of the business to be transacted and the nature of the proceedings and the likelihood as to whether, if members of the press and public were present, there would be disclosure to them of confidential or exempt information as defined in section 100I (1) of the said Act.
- 82.4 **RESOLVED** - That the press and public be not excluded from the meeting.

**83. MINUTES OF THE PREVIOUS MEETING**Amendments to the minutes

- 83.1 *Innovation Group – Paragraph 67.1* - Councillor Peltzer Dunn noted that the minutes referred to Friday 21 March. This should read Wednesday 21 March.

Comments on the minutes

- 83.2 *Detail of Flood Management Issues – Paragraph 66.7*- Rachel Chasseaud confirmed that she had emailed Tom Whiting about this subject and would be meeting with him on Friday 23 March. Councillor Farrow asked for any additional information to be sent to him.
- 83.3 *Closure of Public Toilets – Paragraph 66.8* - The Chair reported that Stewart Gover had been provided with a note about public toilet provision.
- 83.4 *Innovation Group – Paragraph 67.1* - Councillor Farrow informed the Committee that he had received an invitation to the meeting on 21 March as Local Action Team Chair of the Woodingdean Tenants' and Residents' Association. He had understood that that all councillors on the HMCC were to be invited to this meeting and stressed the importance of councillors having access to this information.
- 83.5 The Head of Housing and Social Inclusion reported that the meeting on Wednesday 21 March had been arranged for tenant representatives. Another meeting would be arranged for councillors before the next HMCC. A report on the Innovations Group would be submitted to the HMCC following these meetings.
- 83.6 *Decent Homes Standards – Paragraph 74.7* – An A4 paper explaining the Standard was circulated to Members. The Head of Housing and Social Inclusion informed members that in future, briefing papers would be circulated with the agenda. John Melson mentioned that he could only read electronic copies of papers. The Head of Housing and Social Inclusion undertook to send John an electronic version.
- 83.7 **RESOLVED** – That the minutes of the Housing Management Consultative Committee Meeting held on 6 February 2012 be agreed and signed as a correct record.

**84. CHAIR'S COMMUNICATIONS****CIH conference / Lunch reception**

- 84.1 The Chair informed the Committee that the Chartered Institute of Housing Conference had taken place in Brighton this month. After the conference there had been a reception at the Royal Pavilion which had been sponsored by Hyde Housing.

**Brighton & Hove Seaside & Community Homes**

- 84.2 The Chair reported that he was on the Board of BHSCCH and was pleased that the transfer of homes on 40 year leases from the Council to Seaside was proceeding apace and ahead of schedule. The first batch of properties was leased to Seaside on the 1<sup>st</sup> November with a second batch leased on the 1<sup>st</sup> February and a third batch being leased on 30<sup>th</sup> March. By the 1<sup>st</sup> April a total of 150 properties would have been leased to Seaside. The sale of the first two batches had produced a capital receipt of £5,124,550 for 48 fully refurbished homes for Brighton & Hove residents in need, almost all of which had now been leased.

**Affordable Housing Development Programme**

- 84.3 The Chair reported that the Council, Registered Providers & Homes and Communities Agency were supporting a programme of 515 new affordable homes in the council's development pipeline 2011 – 14. This included recent Planning permissions such as Brighton Station site J (53 new homes). The development pipeline included homes where funding & Planning agreed and some schemes were still subject to Planning permission.

**Estates regeneration / garage sites**

- 84.4 The Chair reported that as part of the council's aim to build more new council homes the HRA Capital programme included £5.3m to support building new Council homes over the next two years. As part of this, the council was seeking to develop a business case for the development of council housing on unused and derelict garage sites on Council estates. The council would be seeking to draw up to £417k of funding from the Homes and Communities Agency to cover the cost of preparing these sites for development. It was currently anticipated that this would deliver up to 35 new council homes.

**HCA Empty Homes Programme**

- 84.5 The Chair reported that the relationship the council had been building up with the Homes and Communities Agency over the last 10 months was paying off. The HCA had confirmed that the council were to receive £675k of funding from their Empty Homes programme to bring 45 empty homes back into use, which was a tremendous achievement given the HCA were 3 times over bid for funding to this programme. Work would be ongoing on bringing these homes into occupation over the next 2-3 years.

**HCA empty homes programme funding**

84.6 The Chair reported that the Homes & Communities Agency had previously indicated that they had £2m of unallocated funds from their Affordable Housing Programme available for investment in the South East Region which the council were eligible to bid for.

Whilst the council anticipated being successful in bidding for £417k of funds for garage sites, the HCA had indicated that no further funding would be made available to Brighton & Hove from this programme in the remainder of this financial year despite proposals from the council for further funding allocations. However, the HCA had expressed a very strong interest in supporting estate regeneration over the remainder of the current Spending Review period.

84.7 In addition to the Council's successful bid for HCA empty homes funding it was supporting a housing co-op bid under the Communities element of this programme..

**85. CALLOVER**

85.1 The Chair asked the Committee to consider which items listed on the agenda it wished to debate and determine in full.

85.2 **RESOLVED** - That all items be reserved for debate and determination.

**86. PETITIONS**

86.1 There were none.

**87. PUBLIC QUESTIONS**

87.1 The Chair reported that a public question had been received from Stewart Gover.

87.2 Stewart Gover asked the following question:

"Cyclists and disabled residents are dismayed at the proposal to forbid the secure storage of their bicycles and disabled conveyances in the council tenanted garages that they have rented, sometimes for years. My appreciation of the efforts of Councillor Davey and I suspect others in this chamber tells me that to approve the proposal mentioned above would be as illogical and unthinkable for them as it is to hundreds if not thousands of our cycling students and working people. We ask that you tell the department to leave well alone."

87.3 The Chair gave the following response:

"Thank you for your question which I understand is about potential changes to the letting of garages owned by Housing.

It appears that there might have been some confusion about the work currently being undertaken by the tenant Car Park & Garages Working Group. Within that group, tenants have been looking at the issue of using garages for storage. Some tenants have raised concern about garage licence holders using their garage to store

belongings, or for business purposes, when there is a waiting list of people wishing to use them for their intended purpose – ie storing a vehicle.

There has been no discussion about banning mobility scooters from council garages. In fact, officers and tenants have been looking at how the use of garages can assist our fire safety work by providing suitable storage for mobility scooters. There are currently some garages that have been rented specifically for the use of mobility scooters and wheelchairs where it is difficult for tenants to house them elsewhere. In addition, work is underway to convert some garages at Clarke Court for mobility scooter storage with recharging facilities.

We also have a situation where there many different licence agreements covering car park spaces and garages from both the former Brighton Borough Council and the former Hove Council as well as the Brighton & Hove licence agreements. The tenant Working Group have been looking at how these licences can now be harmonised and brought up to date. Draft licences have been produced and agreed within the group, and referred for advice to our colleagues in Legal. As part of this work we will also produce updated information for garage licence holders to clarify the circumstances when storage of a mobility scooter or a bicycle would be acceptable.

This work has not yet been completed, and it is intended to consult with tenants and prepare an equalities impact assessment once there is more clarity on the proposals.”

- 87.4 Ted Harman reported that at a Car Parks and Garages Working Group meeting, Stewart had been informed that bikes had to be removed from garages.
- 87.5 Tom Whiting suggested a recommendation that would support the inclusion of bikes as well as mobility scooters.
- 87.6 Councillor Peltzer Dunn suggested that pedal bikes, motor cycles, mobility scooters and wheelchairs should be included.
- 87.7 **RESOLVED** – That it is recommended that tenants should be allowed to store pedal bikes, motor cycles, mobility scooters and wheelchairs in council garages.

## 88. DEPUTATIONS

- 88.1 There were none.

## 89. LETTERS FROM COUNCILLORS

- 89.1 There were none.

## 90. WRITTEN QUESTIONS FROM COUNCILLORS

- 90.1 There were none.

**91. HOUSING ALLOCATION POLICY REVIEW**

- 91.1 The Committee considered a report of the Strategic Director Place and the Strategic Director People which explained that the current Housing Register Allocations Policy was approved by the Housing Cabinet Member Meeting on 22 March 2011. Under the current policy young people leaving care (care leavers) were not automatically awarded Band A priority for social housing (Council & Registered Provider), but were assessed for housing depending on their housing need in the same way as other applicants. The current Allocation policy, however, did give the Lead Commissioner for Housing discretion to award priority in exceptional circumstances. There was also a quota system in place for Children's Services to grant up to 15 cases Band A status per annum as decided by Children's Services. This was normally used for re-housing young people from local families.
- 91.2 Care leavers and their representatives had raised concerns with the Council regarding the current policy and had suggested that automatic Band A status should be reinstated for young people leaving care.
- 91.3 To ensure that the council were reflecting both the need to make best use of limited housing resources and fulfil the corporate parent role to young people leaving care, a review of the policy had been undertaken including public consultation over 12 weeks (7 November 2011 - 29 January 2012). A list of consultees was attached in Appendix 1.
- 91.4 Consequently, the report set out recommendations for revising the Allocations policy and its operation reflecting a stronger consideration of the Council's role as corporate parent to young people leaving care.
- 91.5 An amendment to the recommendation was submitted by the Labour & Co-operative and Green Groups. This was circulated to members.
- 91.6 The amendment recommended amending recommendations 2.1 and 2.3 listed in the report, so that:
- (i) Paragraph 3.22 was replaced by a new paragraph 3.22;
  - (ii) Three new paragraphs at 3.23, 3.24 and 3.25 be inserted; and
  - (iii) The existing paragraphs 3.23, 3.24 and 3.25 become paragraphs 3.26, 3.27 and 3.28 as detailed below and shown in bold italics:

The new recommendation would be that Cabinet recommends to Council that:

- 2.1 *That the proposals set out in paragraphs 3.22 to 3.28 and also Appendix 3 to the report be approved;***
- 2.2 The Strategic Director; Place be authorised to amend the Council's Housing Allocations Policy to reflect the above changes; and
- 2.3 *The Strategic Director; Place and the Strategic Director; People be authorised to take all steps necessary or incidental to the implementation of the proposals in paragraphs 3.22 to 3.28.***

Paragraphs 3.22 to 3.28 to read as follows:

- 3.22** *That Band A priority should be available as one of a range of housing options offered to young people leaving care. Allocation of Band A priority should be based on individual need following a case conference involving the young person and all relevant parties.*
- 3.23** *That a case conference panel or board is set up to facilitate the above at 3.22.*
- 3.24** *That robust support packages are created with the involvement of the young person in advance of their leaving care.*
- 3.25** *That the implementation of support packages and the sustainability and success of tenancies on the part of care leavers is monitored by the newly created Corporate Parenting Sub-Committee.*
- 3.26** Where a care leaver seeks to appeal an assessment decision and/or agreement cannot be reached by professional assessors, the matter is to be referred to the Strategic Director; People to arbitrate as the delegated corporate parent for the Council.
- 3.27** In addition, the Strategic Director; People and the Strategic Director; Place, will provide an annual report to the Council through a proposed Corporate Parent (sub) Committee on the impact of housing allocations on the management of council housing stock and the well being of care leavers.
- 3.28** With regard to other issues raised as part of the consultation as set out in Appendix 3, officers recommend that these changes are also accepted by Cabinet and subsequently recommended by Cabinet to Full Council for approval **on 26 April 2012 to the nearest full-Council for approval.)**

- 91.7 It was agreed that 3.28 (last line) above should be amended to read “by Cabinet to the nearest full Council for approval.”
- 91.8 Councillor Farrow stressed that care leavers were among the most vulnerable residents of the city. He stated that he could not support the original recommendations in the report, which he felt did not give enough emphasise on a support package. He moved the above amendment.
- 91.9 Stewart Gover expressed concern that that every time a care leaver was placed in Band A, someone in poor accommodation was moved down the waiting list. He was concerned that there was no mention of people on the waiting list who were living in poor conditions.
- 91.10 Councillor Robins recounted his personal experience of coping as a young person without a family. He had been able live with friends and get work. He expressed concern for young people who did not have a job, friends or a community to help them. He stressed the need for robust support packages.

- 91.11 John Melson expressed concern about the way the Allocations Policy was being handled and stressed that there were people with desperate housing needs in the Band A category. He welcomed the amendment but felt that paragraph 3.22 was a bit vague. He considered that there was a need to look at packages available to care leavers and the provision made by the CYPT. Mr Melson noted that in Appendix 7, the only unitary authority that used Band A for Care leavers was Northumberland Council. Of the total number of authorities listed, only 5 allocated Band A automatically.
- 91.12 Councillor Mears expressed grave concerns about the proposals in the report. She noted that homeless people and people in hostels were placed in Band C. She considered that the proposal to place care leavers in Band A was worrying. Councillor Mears stressed that the current Allocations Policy was lawful and any suggestion that it was not lawful was factually incorrect.
- 91.13 Councillor Mears emphasised that Children's Services already had 15 allocations per year for Care Leavers and did not fill up their quota. She queried the funding of the proposals and asked if it was a budget cut. Councillor Mears referred to the Sustainability Implications in paragraph 5.4 and stated that this paragraph did not agree with the financial implications. Councillor Mears thought the paper was badly thought out and unnecessary and she would not support the proposals.
- 91.14 Roy Crowhurst stated that he failed to see how the proposals would help. The Care Leavers in question were people who needed other kinds of support in addition to housing. Mr Crowhurst stressed that there were many young people in their late 20s still living with their parents due to the shortage of housing.
- 91.15 Councillor Duncan supported the amendment. He stressed that the council were trying to improve the housing stock in order to offer more Band A property.
- 91.16 The Chair formally seconded the amended proposals. He considered that the Band A priority was one of a range of options and the amendment gave greater clarity.
- 91.17 A proposal was put that the tenants' representative should take a vote on the amended proposals and that councillors should accept their decision. The Senior Lawyer stressed that councillors on the Committee were required to use their own judgement when casting a vote.
- 91.18 An indicative vote from tenants was taken. 2 voted for the amended proposals and 8 voted against.
- 91.19 A vote of councillors was taken. The amended proposal was carried by 5 votes to 0.
- 91.20 **RESOLVED** – (1) That the comments of the HMCC as set out above be noted.
- (2) That Cabinet recommends to Council that:
- (i) That the proposals set out in paragraphs 3.22 to 3.28 and also Appendix 3 to the report be approved;

- (ii) That the Strategic Director; Place be authorised to amend the Council's Housing Allocations Policy to reflect the above changes; and
- (iii) The Strategic Director; Place and the Strategic Director; People be authorised to take all steps necessary or incidental to the implementation of the proposals in paragraphs 3.22 to 3.28.

**Paragraphs 3.22 to 3.28 to read as follows:**

- 3.22** *That Band A priority should be available as one of a range of housing options offered to young people leaving care. Allocation of Band A priority should be based on individual need following a case conference involving the young person and all relevant parties.*
- 3.23** *That a case conference panel or board is set up to facilitate the above at 3.22.*
- 3.24** *That robust support packages are created with the involvement of the young person in advance of their leaving care.*
- 3.25** *That the implementation of support packages and the sustainability and success of tenancies on the part of care leavers is monitored by the newly created Corporate Parenting Sub-Committee.*
- 3.26** *Where a care leaver seeks to appeal an assessment decision and/or agreement cannot be reached by professional assessors, the matter is to be referred to the Strategic Director; People to arbitrate as the delegated corporate parent for the Council.*
- 3.27** *In addition, the Strategic Director; People and the Strategic Director; Place, will provide an annual report to the Council through a proposed Corporate Parent (sub) Committee on the impact of housing allocations on the management of council housing stock and the well being of care leavers.*
- 3.28** *With regard to other issues raised as part of the consultation as set out in Appendix 3, officers recommend that these changes are also accepted by Cabinet and subsequently recommended by Cabinet to the nearest full-Council for approval.*

**92. 2011 SURVEY OF TENANTS AND RESIDENTS (STAR)**

- 92.1 The Committee considered a report of the Head of Housing and Social Inclusion which provided feedback from a satisfaction survey of a sample of residents carried out by the Council's Policy, Performance & Analysis Team on behalf of Housing & Social Inclusion.
- 92.2 The Chair reported that the feedback was positive news. The report showed that the general satisfaction with services had improved. This improvement was the result of a lot of hard work from tenant representatives and officers and demonstrated the positive impact that tenants' representatives had.

- 92.3 The Head of Customer Access & Business Improvement presented the report and informed members that the STAR survey, was discretionary, and replaced the formerly obligatory STATUS survey. The survey results provided an up-to-date and statistically significant indication of customer satisfaction on a range of housing services.
- 92.4 John Melson acknowledged that there was a great deal for which the council could be congratulated. Much of this work had been carried out over the last 3 or 4 years.
- 92.5 Tony Worsfold referred to the satisfaction percentages in the executive summary of the report. These were different from the percentages quoted in section 3.5.0 in report 96 – Housing & Social Inclusion Performance Report. The Head of Customer Access & Business Improvement explained that the two separate surveys were different in the questions and survey methodology.
- 92.6 The Head of Housing and Social Inclusion reported that the STAR survey had been carried out by Housemark, and had been taken from a sample of tenants.
- 92.7 Councillor Peltzer Dunn referred to paragraph 4.2 in relation to 16-24 year olds. He remarked that 16 & 17 year olds could not be tenants. The Head of Customer Access & Business Improvement explained that there were one or two tenants whose tenancy was held in trust.
- 92.8 Councillor Peltzer Dunn queried why the age range was not the same in paragraph 5 (age range) and paragraph 4.2 (age). The Head of Housing and Social Inclusion explained that in all of the figures, a number of questions had been completed but not all the questions had been answered. It was a random sample. If a question was unanswered it was not followed up.
- 92.9 Councillor Mears reported that 16 year olds were put into council tenancies and social workers were involved. It was a satisfactory report but she stressed that officers should not be complacent.
- 92.10 The Chair noted that tenants living in houses were less likely to be satisfied than tenants living in flats. David Murtagh suggested that this was because most flats were built in the 1960s and 1970s whereas most houses were pre-war. The Head of Housing and Social Inclusion stressed that flats were subject of visible investment and most tenants of flats were more aware of services due to the sharing of communal areas.
- 92.11 Tom Whiting referred to the statistic that 96% of tenants in sheltered accommodation were satisfied with housing services. He felt that this figure was too high. He stressed that there was a need to monitor the most vulnerable in sheltered housing. The Chair said he would speak to Mr Whiting about this issue.
- 92.12 Councillor Peltzer Dunn referred to paragraph 3 – Methodology. This stated that all leaseholders and empty properties had been excluded from the survey. Officers confirmed that the STAR survey did not include leaseholders. A satisfaction survey of leaseholders was carried out every two years. The last survey was carried out in 2010 and another survey would be carried out shortly.

92.13 Councillor Mears referred to the financial implications in paragraph 5.1. She asked how much the survey had cost. The Chair stated that costs could be provided over the last 5 years. This would be provided for members of the HMCC.

92.14 **RESOLVED** - That the contents of this report and the views of the HMCC as detailed above be noted.

### **93. PROMOTING FINANCIAL INCLUSION AMONGST COUNCIL HOUSING RESIDENTS**

93.1 The Committee considered a report of the Head of Housing and Social Inclusion which outlined proposals for investment in services to promote financial inclusion amongst council housing residents. The report built upon the successful financial inclusion work undertaken by the Housing & Social Inclusion delivery unit and outlined proposals for delivering a step change in the availability of services which promoted financial inclusion amongst council housing residents.

93.2 Councillor Duncan welcomed the proposals and stated that he would like to see a further report in a year's time.

93.3 Councillor Mears questioned whether the report was appropriate to housing as only 25% of residents lived in council housing. She thought that it should be considered in a more corporate context.

93.4 The Chair stressed that housing organisations were taking these initiatives to protect rents and help people in arrears. There was separate funding allocated from last year's budget for non council tenants in the city.

93.5 Councillor Farrow considered the report was excellent. He drew attention to paragraph 3.5 of the report and stressed that when universal credit was introduced, it would result in benefit payments for housing costs being paid directly to tenants. Councillor Farrow referred to paragraph 4.4 which related to specialist debt and money advice. He considered that £80,000 was not enough money for specialist caseworker interventions. He hoped this could be reviewed in a year's time.

93.6 John Melson referred to paragraph 3.3 in the report and stressed that the proposal for a financial inclusion strategy needed to be implemented in a sensitive manner.

93.7 Roy Crowhurst thought the report was excellent. He asked if the council had spoken to any banks in the city and pointed out that some banks were very choosy about who received bank accounts.

93.8 The Head of Housing and Social Inclusion reported that officers had been speaking to Barclays and the Co-operative Bank. Both carried out financial inclusion work. It was important to target interventions.

93.9 Stewart Gover noted that there was no mention of pensioners or people on fixed incomes in the report. Many people on pensions paid through Paypoint who were not quick in transferring money.

93.10 **RESOLVED** - That the approach proposed for the delivery of new services to promote financial inclusion in Council housing, as outlined in the report, be endorsed.

#### **94. EXTENDING PAYMENT OPTIONS FOR COUNCIL LEASEHOLDERS**

94.1 The Committee considered a report of the Head of Housing and Social Inclusion which set out the financial assistance that was currently available to leaseholders and recommended that the council extended the payment options available, for high cost works where there were payment difficulties.

94.2 The Leasehold Manager confirmed that loans would only be available to council leaseholders who were resident in their properties. 40% of properties were sub let at the moment and owners of these properties would be excluded from the scheme.

94.3 Councillor Peltzer Dunn referred to paragraphs 1.1, 1.3 and 3.9 in the report. He queried whether leaseholders should be responsible for improvements to a property in addition to the repair of a property. Over cladding for example was an improvement. He considered that if the council was carrying out works to improve a block to meet Decent Homes Standards, that was a responsibility to tenants and should not be the responsibility of leaseholders.

94.4 The Leasehold Manager reported that Brighton & Hove leases allowed for works of improvement. Costs must be reasonably incurred.

94.5 Councillor Peltzer Dunn asked what would be considered reasonable. The Head of Housing and Social Inclusion explained that some blocks required some cladding to ensure the property was water tight and met Decent Homes Standards. The council would need to prove that the cost to leaseholders was reasonable.

94.6 Councillor Duncan asked why there were already loans of up to 10 years for non resident leaseholders. He asked if it was reasonable that tenants should subsidise leaseholders.

94.7 The Leasehold Manager explained that 10 year loans had been a feature of what the council gives in its payment options. The council was not looking to reduce options for leaseholders. All costs were recovered with interest bearing loans.

94.8 Tony Worsfold thanked the Leasehold Manager. He stated that leaseholders wanted to see the proposals implemented. However, Mr Worsfold said he would like to discuss the proposals with his members before they became council policy.

94.9 Councillor Mears expressed concern about the 12 month period proposed for an interest free loan (for amounts up to £2,000). She felt this should be extended. She stressed that many of the council's leaseholders were elderly and works had a major implication on their finances. Councillor Mears considered that some of the contracts were not best value for money.

94.10 John Melson considered the report to be excellent. He reported that Hi Rise welcomed it. However, he had reservations about interest free loans. He had doubts about the 5 year period and said he would like to see interest free loans of 2 years or less.

- 94.11 Councillor Peltzer Dunn suggested that the wording of paragraph 3.14 should be changed to read “It is also proposed that Brighton & Hove extends the interest-free repayment period, *for leaseholders who are residents only*, from 12 months to the periods set out in the table below”. This was agreed.
- 94.12 Councillor Robins asked about the fitting of fire doors for leaseholders. The Leasehold Manager explained all exterior doors had to be fire and smoke proof for 30 minutes. With regard to the fitting of fire doors there were different situations for leaseholders in Brighton and Hove. It was agreed that a written note on this matter should be made available to all HMCC members.
- 94.13 **RESOLVED** – (1) That the following proposals are noted.
- (2) That the Cabinet Member for Housing or the relevant committee be recommended to agree the following proposals after they have been considered by the Leaseholder Action Group.
- (i) Brighton & Hove City Council offers additional payment options in the form of equity loans, maturity loans, and monthly repayment loans over 25 years to leaseholders who are in financial difficulty and struggling to pay high major works bills as outlined in this report.
- (ii) The council increases the interest-free repayment limit from 12 months to a sliding scale with a maximum of 5 years for resident leaseholders. (See table at 3.14 of the report).
- (iii) The specific criteria to be met when offering these additional loans will be agreed by the Head of Housing & Social Inclusion and the Chief Finance Officer after consultation with the Cabinet Member or relevant committee chair.

## 95. REPAIRS AND IMPROVEMENTS HANDBOOK

- 95.1 The Committee considered a report of the Director of Place and Head of Housing and Social Inclusion which presented an updated proposal for a new “Repairs and Improvements Handbook”. The handbook gave details and advice to all tenants on the repairs service and improvements to their homes and had been designed to complement the existing tenant handbook.
- 95.2 Members were informed that the Property & Investment Team had involved residents in a number of different ways whilst developing, producing and agreeing the revised Repairs and Improvements Handbook. Further to recommendations made at a previous HMCC meeting on 19 December 2011, the draft handbook was discussed at all Area Housing Panel meetings and the Repairs and Maintenance Monitoring Group.
- 95.3 David Murtagh recommended that the handbook be accepted. John Melson reported that Hi Rise Action Group welcomed the revised handbook.
- 95.4 Councillor Robins mentioned that the advice about condensation was often contradictory. For example, people were advised to keep a constant level of heat throughout the home, and to open windows. Councillor Robins thought that washing

mould off with bleach was not a good solution. Councillor Peltzer Dunn suggested that the reference to bleach should be re-worded.

95.5 The Head of Property & Investment explained that tenants were advised to keep windows open for short periods to deal with condensation. The Condensation and Damp Working Group would be revived to discuss this matter.

95.6 **RESOLVED** – (1) That the new updated version of the Repairs and Improvements Handbook as attached at appendix 1 to the report be agreed.

## **96. HOUSING & SOCIAL INCLUSION PERFORMANCE REPORT (QUARTER 3)**

96.1 The Committee considered a report of the Head of Housing and Social Inclusion which presented the performance report for Housing & Social Inclusion for the third quarter of the financial year 2011-2012. The report followed the format for presenting information agreed at previous meetings and incorporated changes suggested at the last meeting.

96.2 An amended page setting out paragraph 3.5.0 was circulated to members before the meeting.

96.3 Councillor Mears referred to the appendix relating to empty properties requiring major repairs. She stated that the HMCC should have a clear report on what was happening to these properties.

96.4 Councillor Peltzer Dunn referred to paragraph 3.3 – Rent Collection and Current Arrears. He noted that the percentage of households evicted because of rent arrears was 0.10%, whereas 494 tenants had been served with a Notice of Seeking Possession for rent arrears. The Head of Housing and Social Inclusion explained that each indicator was provided with a definition and they were each measuring different areas.

96.5 **RESOLVED** – (1) That the report and the above comments be noted.

## **97. MOBILITY SCOOTER STORAGE AND OTHER FIRE SAFETY WORK**

97.1 The Committee received a PowerPoint presentation from Tom Gillham, Head of Property & Investment and Rachel Chasseaud, Head of Tenancy Services. Slides of the presentation were circulated to members.

97.2 The presentation informed members that fire safety was a legal requirement. Work on fire safety was reported along with specific fire safety measures in sheltered schemes.

97.3 Members were informed of pilot schemes in Leach Court and Clarke Court. A planning application had been submitted for a scooter storage scheme in Leach Court. The scheme at Clarke Court was completed.

97.4 Agreement was required for further schemes, and consultation would be carried out with local residents.

- 97.5 Barry Kent mentioned that he was a member of the Tenants Disability Network and a Mobility Scooter Group. He reported that there had not been a meeting of the Mobility Scooter Group for some time.
- 97.6 The Head of Tenancy Services replied that consultation with the Mobility Scooter Group needed to continue. There was a need to ensure that more frequent updates were brought to the Group.
- 97.7 Councillor Robins mentioned that one of the most combustible items in common ways was the build up of paint coats on walls. He was able to give advice on fire retardant coatings/paints if necessary.

The meeting concluded at 6.55pm

Signed

Chair

Dated this

day of



# Housing Cabinet Member Meeting

## Agenda Item 98

Brighton & Hove City Council

<b>Subject:</b>	<b>Promoting Financial Inclusion amongst Council housing residents</b>		
<b>Date of Meeting:</b>	<b>19<sup>th</sup> March 2012 (HMCC) 18<sup>th</sup> April 2012 (CMM)</b>		
<b>Report of:</b>	<b>Head of Housing &amp; Social Inclusion</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Nick Hibberd</b>	<b>Tel:</b> 29-3756
	<b>E-mail:</b>	<b>nick.hibberd@brighton-hove.gov.uk</b>	
<b>Key Decision:</b>	<b>No</b>		
<b>Wards Affected:</b>	<b>All</b>		

### FOR GENERAL RELEASE

#### SUMMARY AND POLICY CONTEXT:

- 1.1 This report outlines proposals for investment in services to promote financial inclusion amongst council housing residents. The report builds upon the successful financial inclusion work undertaken by the Housing & Social Inclusion delivery unit and outlines proposals for delivering a step change in the availability of services which promote financial inclusion amongst council housing residents.
- 1.2 Tackling inequality is a key priority for the city council as outlined in the Corporate Plan. One of the strategic commitments is a strong focus on tackling financial exclusion. It is also a key aspect of the city's Sustainable Community Strategy with its own chapter; 'Providing Quality Advice and Information Services' setting out a range of actions that the Advice Partnership has been tasked with delivering which contribute to promoting financial inclusion.
- 1.3 The Commissioning framework for the Housing Revenue Account (HRA) aims to reduce management unit costs to enable re-investment in services to tackle inequality (support) and improvements to homes and neighbourhoods (investment). The HRA 2012/13 budget report outlined how identified savings would be reinvested in areas to tackle inequality and promote financial inclusion.

#### 2. RECOMMENDATIONS:

- 2.1 That the Cabinet Member for Housing approves the commissioning of new services, as outlined in this report, to promote financial inclusion amongst council housing residents using the Community Banking Partnership model.

#### 3. RELEVANT BACKGROUND INFORMATION

- 3.1 The current working definition of Financial Inclusion, as developed by the Council and others through the city's Advice partnership, is *'having enough resources to meet basic need adequately and to be able to make choices*

*over a prolonged period to maintain physical and mental wellbeing and participate in community life*'. In practice, financial exclusion is generally indicated by:

- no bank account
- low household income
- debt, including rent arrears
- no access to money advice
- no savings
- no access to affordable credit
- no insurance
- fuel poverty
- limited financial awareness
- lack of confidence, aspiration, mobility

3.2 Those without bank accounts to pay bills pay more for goods and services. Low income cash payers are commonly on prepayment meters, which are normally the most expensive form of payment. Moneylenders and pawnbrokers are alternative sources of finance for cash payers but interest rates are significantly higher.

3.3 Key to eliminating financial exclusion is a financial inclusion strategy which has at its heart a focus on supporting residents who face financial difficulties. As the largest social landlord in the city, the Housing & Social Inclusion delivery unit is in a prime position to identify those council housing residents who are financially excluded and provide access to the necessary advice and support to help them towards financial inclusion. Through the Housing Management Financial Inclusion Action Plan 2009-2012, good progress has been made towards promoting financial inclusion for our residents through a number of services and initiatives. These include:

- Working with local specialist advice providers to refer tenants for money and debt advice
- Introduction of eBenefits, an on-line claims system which prevents rent arrears by reducing the time it takes to process claims to two days.
- Piloting the Housing Pre-action Advice Scheme in 2009/10, a project managed in partnership with Brighton County Court and BHT (Brighton Housing Trust) which aims to avoid possession action and prevent evictions and homelessness.
- Carrying out a Financial Health Check for all new tenants, covering advice and information on bank accounts, welfare benefits, affordable credit and savings; low-cost insurance; low-cost furniture; and energy efficiency.

3.4 There is now a need for a step change in the delivery of services which support residents who are in financial difficulty. The introduction of self-financing for the Housing Revenue Account from April 2012 makes it more important to ensure that income collection is maintained at the current high level. At the same time, the sharp downturn in the economy, unprecedented rises in household energy bills, rising unemployment and increasing debt levels are contributing to an increase in financial exclusion and fuel poverty, and impacting upon tenants' ability to pay rents and service charges.

- 3.5 This pressure upon tenants with low incomes is likely to be further exacerbated by the reforms proposed through the government's Welfare Reform Bill. The Bill aims to simplify and cap some welfare benefits. The following proposed reforms will have a particular impact upon council housing tenants:
- In April 2012 reduction in benefit called non-dependant deductions for other adults (normally adult children) who live in claimants households will be increased above inflation for the second year. These deductions can be up to £73 per week.
  - From April 2013, it's proposed that under-occupying social housing tenants of working age will be affected by a reduction in their housing benefit entitlement of up to 14 per cent if they have one spare room and up to 25 per cent for two spare rooms.
  - From April 2014, the proposed introduction of Universal Credit will result in benefit payments for housing costs being paid directly to tenants.
  - Changes to benefit eligibility and entitlement such as time limited claims for non-contributory ESA/JSA claims, benefit capping at a household level, mandatory engagement in work programmes/skills conditionality

A working group is currently investigating the impact of the proposed welfare reforms to ensure that any financial inclusion interventions are initially targeted at those who are most affected by the proposed changes.

#### 4. A PROPOSED INTEGRATED FINANCIAL INCLUSION DELIVERY MODEL

- 4.1 This report proposes the commissioning of a joined-up solution for financial inclusion, involving the co-delivery of 'one-stop' services for financially excluded Council housing residents.
- 4.2 The aim is to provide financially excluded households with a seamless service offer through a 'Community Banking Partnership'<sup>1</sup> model, which will integrate the 'ABCDEs' of Financial Inclusion:

<b>Advice</b>	specifically specialist advice casework to assist tenants to deal with problems related to debt, money and fuel poverty
<b>Banking</b>	access to basic banking, bill and debt repayment services
<b>Credit</b>	access to affordable loans
<b>Deposits</b>	access to savings facilities and incentives to save
<b>Education</b>	Improving financial capability and budgeting skills, increased awareness of the dangers of loan sharks and illegal money lending, payday loans and loans with extortionate interest rates

- 4.3 The commissioning process will aim to bring together a range of local partners and services through a local partnership structure to provide low income households with a range of services through a holistic approach. Preliminary discussions with representatives from the city's Advice Partnership indicate a willingness to utilise their Big Lottery Funded strategy project to support the development of such a partnership structure.

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<sup>1</sup> [http://neweconomics.org/sites/neweconomics.org/files/Community\\_Banking\\_Partnership.pdf](http://neweconomics.org/sites/neweconomics.org/files/Community_Banking_Partnership.pdf)

4.4 Through this approach, it is proposed that the following specific services would be commissioned as separate elements which will co-ordinate together in a Community Banking Partnership model:

(a) Advice: *Specialist debt and money advice*

It is proposed that a specialist debt and money advice service is commissioned. Funding of £80,000 would provide 480 in depth specialist casework interventions during the year of the project and, depending on the delivery model, a range of other lower level interventions.

The commissioning of this element of the service will help mitigate the impact on tenants of the legal aid reforms and support tenants to develop personal strategies to mitigate the impact of welfare reform. Service provider(s) will be required to evidence tangible impacts related to tenancy sustainment and sustained rent account income.

We intend to commission this element of the work so that it is aligned with the Council's corporate commitment to work with the Advice Sector to reconfigure services into a sustainable 'hub and spoke' model of provision.

(b) Banking

It is proposed that funding of £20,000 for the development to improve access to affordable community finance products (such as basic bank accounts, savings and affordable loans). This may include enabling customer access points (such as housing offices and libraries) to become community finance information points, delivered by trained staff in partnership with a community finance provider.

(c) Credit and Deposits (Savings): *Affordable loans project*

It is proposed that £35,000 is allocated to work that will increase access to affordable credit and incentivise saving amongst tenants. It envisaged this will include funding to support the provision of low cost loans to tenants in particular circumstances.

(c) Education: *Financial Capability project*

It is proposed that a sustainable financial capability training model is developed which builds individual and community capacity through the development of trainers, mentors, and advocates. The approach will aim to maximise the use of free learning resources that are available from specialist organisations. The aim will be to raise awareness of frontline staff and residents through the delivery of targeted engagement initiatives, which will integrate with advice, information, and support services (the ABCD elements).

The financial capability element will build upon the Learning Cities Project, which has Interreg funding to provide an outreach resource (2x Learning and Participation Workers) to work alongside Housing staff and the Bridge Community Education Centre and Portslade Adult Learning to engage, support and promote progression into learning. The partnership with these two organisations and the other community hubs across the city such as the Whitehawk Inn, Friends Centre, and Hangleton and Knoll Project will provide a

seamless route into the other strands of the Financial Inclusion Project. The Learning Cities funding also provides a Basic skills tutor one day per week at the Housing Centre. It is proposed that funding of £10,000 is allocated for the financial capability offer to cover one to one support and group training initiatives.

- 4.5 The commissioning of a coordinated package of support would, in addition, offer real opportunities for intelligence gathering in relation to loan shark activity on the estates. We therefore envisage close working with the Trading Standards investigative team from the outset.
- 4.6 It is anticipated that the new services will be commissioned during the first quarter of 2012/13, subject to Cabinet Member approval, with the aim of establishing the new services during the summer of 2012

## **5. PROPOSED BENEFITS AND OUTCOMES:**

- 5.1 Delivery of the integrated financial inclusion model will have the following impact for residents:
- easier access to bank accounts
  - access to specialist debt advice when they need it in the format that suits their needs
  - improved knowledge/understanding of available financial products/services
  - improved access to affordable credit and reduced reliance on doorstep or payday lenders
  - ability to maintain their tenancy by prioritising rent payments
  - increased confidence to access to use of financial products and services, including increased take up of the Council's low cost home insurance scheme
  - improved health and well being
- 5.2 Delivery of the integrated financial inclusion model will have the following benefits to the council:
- reduced rent arrears levels and sustained income collection for the Housing Revenue Account
  - reduced income collection costs
  - increased use of more efficient collection methods
  - reduced number of court actions/evictions due to rent arrears and the resulting cost of homelessness to the local authority

## **6. INTERGRATING WITH A BROADER STRATEGIC APPROACH TO FINANCIAL INCLUSION**

- 6.1 The proposals in this report compliment with the broader strategic approach to Financial Inclusion that is currently being developed by the council in partnership with The Advice Partnership (a sub-group of the Brighton and Hove Strategic Partnership). This work includes building a strategic and long term cross sector partners approach to finding solutions to financial inclusion that recognises, but goes beyond 'fixing problems now' and looks towards a sustainable and coherent approach to deep and systemic issues facing the city.

- 6.2 Targeting of resources through the new 'intelligent commissioning' process is necessary for the long term viability of social welfare advice and a new 'financial inclusion' commission has been prioritised within the council's new commissioning calendar for 2012-13.
- 6.3 The 15 March 2012 'Financial Inclusion' Cabinet report outlines the various corporate initiatives that are underway in relation to promoting financial inclusion, as part of the citywide financial inclusion commission.

## **7. CONSULTATION**

- 7.1 Financial inclusion was a key theme of the council housing City Assembly in November 2011. A presentation was delivered to tenants on the services of East Sussex Credit Union and workshops were held on money matters.
- 7.2 Discussions with residents during consultation on the HRA Budget 2012/13 proposals at Area Panels and Housing Management Consultative Committee during January and February 2012 highlighted the need for targeted support for residents who may be experiencing financial difficulty as a result welfare reform, increases in energy costs and rent increases.
- 7.3 A presentation on the proposed delivery model was delivered on 09<sup>th</sup> March to residents of the Housing Income Management Monitoring Group. Residents will be involved in the design and delivery and monitoring of the service as part of an ongoing process to monitor commissioning, implementation, and review of the first year of the project.
- 7.4 The Advice Partnership facilitated a series Financial Inclusion themed consultative working groups, workshops and events throughout 2011 involving over 30 local agencies and services and over 300 local residents. The Advice Partnership Co-ordinator has been closely involved in preliminary discussions related to the development of these proposals from the outset and has agreed to facilitate further wider consultation as appropriate.

## **8. FINANCIAL & OTHER IMPLICATIONS:**

### Financial Implications:

- 8.1 The HRA Budget 2012/13 approved at Cabinet on 9 February 2012 included the creation of an earmarked reserve of £0.400 million to fund commissioning priorities in tackling financial exclusion and inequality, promoting access to services and improving support for vulnerable families and adults on low incomes. This report provides spending plans for £0.145 million of the reserve which will be included in the 2012/13 Targeted Budget Management Report to Cabinet requesting approval for the release of this sum.
- 8.2 These projects currently require one off funding, however if any funding is required on an ongoing basis these pressures will need to be built into the HRA Budget Strategy for 2013/14.

*Finance Officer Consulted: Sue Chapman*

*Date: 01/03.12*

Legal Implications:

- 8.3 The council as local housing authority has wide powers to manage properties within the HRA, and to do anything which is calculated to facilitate, or is conducive to or incidental to the discharge of its functions. The proposals in the report will assist the council to reduce rent arrears levels and improve income collection. They are therefore within the council's powers. Procurement of the advice services must comply with all relevant procurement legislation, including the council's own Contract Standing Orders.

*Legal Officer Consulted: Liz Woodley Date: 01/03/12*

Equalities Implications:

- 8.4 The equalities impact assessment budget screening documents for the Housing Revenue Account identified the impact of rising fuels costs and rents upon council housing residents on low income. The development of services which promote financial inclusion amongst council housing residents aims to mitigate these impacts. A full equalities impact assessment of the new service will be developed as part of the service development process.

Sustainability Implications:

- 8.5 Advice on fuel poverty will link to wider work taking place within housing to improve the energy efficiency and sustainability of the housing stock

Crime & Disorder Implications:

- 8.6 None in relation to this report

Risk & Opportunity Management Implications:

- 8.7 A risk register in relation to this project will be maintained by the project board as part of the project management arrangements.

Corporate / Citywide Implications:

- 8.8 The Corporate Plan (2011/15) sets out 3 key priorities, one of which is to 'tackle inequality and work to create a fairer city', with a focus on tackling financial inclusion. This is also one of the priorities set out in the City's Sustainable Community Strategy through which the Advice Partnership (one of the family of partnerships of the Local Strategic Partnership) has been tasked with delivering on a range of actions to promote financial inclusion.

The proposals in this report compliment the broader strategic approach to Financial Inclusion that is currently being developed by the council in partnership with The Advice Partnership (a sub-group of the Brighton and Hove Strategic Partnership). This work includes building a strategic and long term cross sector partners approach to finding solutions to financial inclusion that recognises, but goes beyond 'fixing problems now' and looks towards a sustainable and coherent approach to deep and systemic issues facing the city.

**9. EVALUATION OF ANY ALTERNATIVE OPTION(S):**

- 9.1 The proposal is based on a mixed delivery model with some in-house and some externally funded services. A new financial inclusion co-ordinator within Housing & Social Inclusion will co-ordinate activities and report outcomes to residents, the Housing & Social Inclusion management team, and The Advice Partnership.

**10. REASONS FOR REPORT RECOMMENDATIONS**

- 10.1 To seek Housing Management Consultative Committee's endorsement for the development of new services which promote financial inclusion amongst council housing residents through the commissioning of an integrated financial inclusion delivery model.

**SUPPORTING DOCUMENTATION**

**Appendices:**

None

**Documents in Members' Rooms**

None

**Background Documents**

Financial Inclusion, Report to Cabinet. 15 March 2012

# HOUSING CABINET MEMBER MEETING

**Agenda Item 99**  
Brighton & Hove City Council

<b>Subject:</b>	<b>Extending Payment Options for Council Leaseholders</b>		
<b>Date of Meeting:</b>	<b>18 April 2012</b>		
<b>Report of:</b>	<b>Head of Housing &amp; Social Inclusion</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Dave Arthur</b>	<b>Tel:</b> 293072
	<b>Email:</b>	<b>dave.arthur@brighton-hove.gov.uk</b>	
<b>Ward(s) affected:</b>	<b>All</b>		

## FOR GENERAL RELEASE

### 1. SUMMARY AND POLICY CONTEXT:

1.1 Brighton & Hove City Council is responsible for keeping our residential blocks of flats in repair including, where necessary, carrying out high cost major works. The leasehold owners are responsible for meeting the costs of works so long as:

- The costs are reasonably incurred
- The works are carried out to a reasonable standard
- The consultation requirements have been complied with

1.2 Significant works of repair and improvement are currently planned for a number of blocks of flats and the potential charges for leaseholders are considerable.

1.3 This report sets out the financial assistance that is currently available to leaseholders and recommends that the council extends the payment options available for leaseholders in residence, for high cost works where there are payment difficulties, to include:

- Equity loans
- Maturity loans
- Long-term interest bearing loans up to 25 years
- Extending the interest-free repayment option from 12 months to a sliding scale with a maximum of 5 years (see 3.14)

1.4 This will increase the options available to the council to help leaseholders who are in residence throughout the term of the loan or arrangement, and where there is financial difficulty or vulnerability when faced with high major works bills. These options will not be available for leaseholders who sub-let their properties. They will be of particular benefit where there is sufficient equity in the home but low or fixed incomes.

### 2. RECOMMENDATIONS:

2.1 That the Cabinet Member for Housing agrees the following proposals for leaseholders in residence throughout the term of the loan or arrangement only:

- (1) Brighton & Hove City Council offers additional payment options in the form of equity loans, maturity loans and monthly repayment loans over 25 years to leaseholders who are in financial difficulty and struggling to pay high major works bills as outlined in this report.
- (2) The council increases the interest-free repayment limit from 12 months to a sliding scale depending on the amount with a maximum of 5 years. (See table at 3.14).
- (3) The specific criteria to be met when offering these additional loans will be agreed by the Head of Housing & Social Inclusion and the Chief Finance Officer in consultation with the Cabinet Member.

### **3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:**

- 3.1 Brighton & Hove City Council manages around 2,250 leasehold flats across the city. Under the terms of their leases, leaseholders are responsible for paying the service charge which is a proportion of the costs incurred by the council for the works and services at their building. This includes but is not limited to:
  - Repairs to the exterior, structure or common parts
  - Major works and improvements, e.g. lift replacement, window replacement, refurbishment or over-cladding
  - Services to their building such as cleaning or grounds maintenance
  - Management
- 3.2 The term 'major works' normally refers to works that cost individual leaseholders more than £250. Where this applies the council is legally required to undertake a formal consultation process.
- 3.3 It is recognised that many leaseholders struggle to pay their contribution for large major works projects. In response to this the council adopted a Service Charge Collection Strategy in June 2010 which provides procedures that seek to identify leaseholders who are vulnerable or have payment or financial difficulties.
- 3.4 The options currently available to leaseholders in financial difficulty are:

From bodies external to the council:

- A mortgage lender (if any) may add the amount to an existing mortgage
- A loan from a private lending institution such as a bank or building society
- Leaseholders over 60 may be entitled to help from the Pension Centre
- Leaseholders of working age may be entitled to help from Income Support

From the council:

- An interest-bearing council loan to spread the cost for up to ten years for any major works bill over £1,000 or five years for over £500
- An interest-only loan from the council for those of pension age

- A formal agreement can be made to spread the payment over a maximum of 12 months
- 3.5 In cases of extreme hardship and where none of the above options can help, a financial assessment can be undertaken with a resident leaseholder, and a voluntary legal charge considered. Once secured, this would offset payment (and interest) until the property is sold or assigned. There must be sufficient equity in the property and any mortgagee must consent.
- 3.6 The Social Landlords Discretionary Reduction of Service Charges (England) Directions 1997 gives the council the discretion to reduce major works charges costing more than £10,000 in any five year period. This is again for cases of extreme hardship. The government has issued guidance on how to comply with these directions.
- 3.7 If a leaseholder makes an application under this discretion, the case needs to be considered on its merits, taking into account whether the dwelling is the leaseholder's only home, their financial resources, their ability to pay over a longer period of time, the impact on the value of their home and other matters.
- 3.8 A formal report in each case with supporting documentation goes to the Head of Service for a decision in consultation with the Cabinet Member for Housing.

### **The Impact of the Decent Homes Programme on Major Works Charges**

- 3.9 Because structural repair issues are being addressed at the same time as seeking to achieve the Brighton & Hove Decent Homes Standard by 2013, some blocks will be subject to a number of large scale works occurring either at the same time or in quick succession. For example, works may include lift replacement, over-cladding and common way re-wiring. In some cases charges in excess of £20,000 are liable to be incurred.
- 480 leaseholders in high rises have been consulted on contributions of between £3,000-£10,000 each for proposed lift replacements over the next decade
  - 20 leaseholders have been notified they are facing bills of between £23,000-£30,000 each for over-cladding, windows and roof renewal
  - 120 leaseholders are to contribute costs ranging from £2,000-£5,000 for external refurbishment
- 3.10 In the circumstances of high charges the existing financial assistance to a leaseholder may not always be helpful. This is emphatically the case when dealing with charges of more than £10,000 and potentially three or four times that figure. The table below shows the monthly repayments on a 10-year council loan at the current rate of interest. The rate for the 6 months from 1 April 2012 is 5.07%.

<b>Amount</b>	<b>Monthly repayments: 10 years</b>	<b>Monthly repayments: 10 years (interest only)</b>
£2,500	£27	£11
£5,000	£54	£21
£10,000	£108	£42
£20,000	£216	£84
£30,000	£324	£126

3.11 Even the interest-only option (for those of pensionable age) may be impossible for some leaseholders on a low fixed income.

### **Extending the Payment Options**

3.12 In recent years the government has introduced new powers to local authorities to add to the ways in which they could assist leaseholders in financial difficulties. The use of these powers is wholly at the discretion of the authority and also entirely at the discretion of the leaseholder whether to enter into any such agreement.

3.13 This report proposes that Brighton & Hove extends its range of payment options as a last resort for those leaseholders faced with large major works bills of £5,000 or more, by offering equity loans, maturity loans and 25-year interest-bearing loans to households meeting the following criteria:

- Where the leaseholder is resident in the property throughout the term of the loan or arrangement
- There is sufficient equity in the property (if applicable)
- Where all other options to meet the cost of the works have failed, with evidence provided of refusal of a loan from at least two specialist mortgage lenders

Each case will be subject to an individual financial assessment at the time an application to make such an arrangement is received.

3.14 It is also proposed that Brighton & Hove extends the interest-free repayment period, for leaseholders in residence throughout the term of the arrangement only, from 12 months to the periods set out in the table below.

<b>Amount</b>	<b>Interest-free repayment period</b>
Up to £2,000	12 months
£2,000 - £5,000	24 months
£5000 - £10,000	36 months
£10,000 - £15,000	48 months
£15,000 +	60 months

3.15 The council will determine with the leaseholder the most appropriate type of loan or payment arrangement to offer. A risk appraisal of the four options is included at Appendix 1.

#### **4. COMMUNITY ENGAGEMENT AND CONSULTATION**

- 4.1 A presentation and discussion on equity loans was well received by Housing Management Consultative Committee on 7 March 2011.
- 4.2 A report on these proposals was discussed at HMCC on 19 March 2012 at which the Cabinet Member for Housing or the relevant committee was recommended to agree the proposals after they have been considered by the Leaseholders Action Group.
- 4.3 The proposals have been discussed and welcomed by the Leaseholders Action Group committee in the drafting of the proposals. A committee meeting has been called for 16 April 2012 specifically to discuss and consider the final proposals.
- 4.4 Workshops undertaken at the Annual General Meeting of the Leaseholders Action Group on 26 November 2011 on payment options have fed into the proposals set out in this report.

#### **5. FINANCIAL & OTHER IMPLICATIONS:**

##### Financial Implications:

- 5.1 The Housing Revenue Account funds the Housing capital programme and an assumption is made that a share of these costs will be recouped from leaseholders as they have to pay for their share of capital works. In normal circumstances, the bills are paid within months of the demands being made. However, it is recognised that some leaseholders will have difficulty paying their share of these costs, given that some costs will be very high as investment increases to meet the Decent Homes standard. Therefore, there is a need to offer more innovative types of loans to ensure that the HRA maximises its recovery of costs. Without these measures there is a risk that large amounts will remain unpaid, leading to the costs being met from the HRA.

The financial implications associated with each loan type are set out in Appendix 1.

*Finance Officer Consulted:* Monica Brooks, Principal Accountant

*Date:* 19 December 2011

##### Legal Implications:

- 5.2 Local Housing Authorities have long been required to provide mandatory loans on terms which required them to charge interest. They also had powers to give discretionary loans – but it was unclear whether they had the flexibility to offer a discretionary loan on terms other than those requiring interest to be charged.

By virtue of section 308 of Housing and Regeneration Act 2008, and the Housing (Service Charge Loans) (Amendment) (England) Regulations 2009 local housing authorities were given express powers to make loans that do not require the payment of interest or that require the payment of interest on only part of the

loan. The proposal to offer equity loans is therefore clearly within the council's powers. Under the 2009 Regulations, loans may be on such terms as the lender may determine. There is therefore no legal limit as to the period of any loan.

*Lawyer Consulted:* Liz Woodley

*Date:* 24 January 2012

Equalities Implications:

- 5.3 An Equalities Impact Assessment has been carried out on introducing these options. The additional options will enable some leaseholders on low or fixed incomes the chance to agree a payment option that will allow them to remain in their home should they wish to do so rather than selling on or facing problems in a market or location where selling may be extremely difficult. This is likely to benefit those on low incomes, for example older people on fixed pensions or those in receipt of state benefits.

The options are intended to secure some debts where the council would otherwise be in the position of issuing court proceedings for a money judgement and enforcement action in cases of resident lessees who are not well off, are disadvantaged or vulnerable.

Sustainability Implications:

- 5.4 Enabling people to remain in their homes prevents the possibility of homelessness arising and potential statutory duties to re-house.

Crime & Disorder Implications:

- 5.5 There are none.

Risk and Opportunity Management Implications:

- 5.6 There are competing risks. There is a need to balance the risk to the council of not securing the money it is owed and the danger of default with the more controlled risk of ensuring there are enough options to secure these debts with payment along with maximising any interest due in the longer term. The risks associated with each option are set out at Appendix 1.

Public Health Implications:

- 5.7 There are none.

Corporate / Citywide Implications:

- 5.8 The proposal aims to help those lessees on low incomes to remain in their homes and thus prevent the possibility of homelessness arising, along with giving the council enough options to resolve these high debt cases with the minimum recourse to unnecessary and distressing court actions.

**6. EVALUATION OF ANY ALTERNATIVE OPTION(S):**

- 6.1 The alternative is to leave the payment options for leaseholders as they are. The council would be unable in some cases to secure a debt with consequent risk of

default. Some leaseholders on fixed or low income who otherwise might be helped will face the prospect of court, money judgements and potential loss of their home.

## **7. REASONS FOR REPORT RECOMMENDATIONS**

- 7.1 To give the council more options to work with leaseholders to secure and collect debt which would otherwise be at risk of default. To give council leaseholders who reside in their own properties as many options as possible to meet high major works costs without having to sell their home or face legal proceedings instigated by the council for debt.

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

1. Appendix 1 – Financial risk assessment of the four options

### **Documents in Members' Rooms**

None

### **Background Documents**

None



**APPENDIX 1 – Financial risk assessment of proposed payment options**

	<b>Equity Loans</b>	<b>Maturity Loans</b>	<b>Interest-Free Repayment in Instalments</b>	<b>25 Year Loans</b>
<p>How does the loan work?</p>	<p>The loan will be secured on the property to which the service charge relates and charged at the Land Registry.</p> <p>The charge on the property is expressed as a percentage of the value of the property.</p> <p>It will be paid either when the property is sold or by the leaseholder in situ in agreement with the council.</p> <p>The amount paid back is dependent upon the valuation at the time of sale of the property. The council will need to rely on expert advice from its Right to Buy valuer in order to determine the best consideration in the property.</p> <p>This percentage will depend on factors such as predicting the future value</p>	<p>This is where a loan is taken out to fund the value of the works and a charge is placed on the property.</p> <p>The loan will attract interest which will be rolled up with the principal and when the property is sold the value of the loan plus interest is repaid to the Council.</p> <p>There is no maturity date for the loan so it can carry on indefinitely. It will be paid either when the property is sold or by the leaseholder in situ in agreement with the council.</p> <p>Each case will be considered on an individual basis and consideration will be given to any other loans secured against the property.</p>	<p>This is where the Council makes a formal agreement with the leaseholder to repay in monthly instalments over a specified period without adding interest.</p> <p>The leaseholder would only be liable to repay the principal sum over the period outlined in paragraph 3.14.</p>	<p>These are interest bearing loans over 25 years offered by the council and work in the same way as any other commercial mortgage.</p>

	<b>Equity Loans</b>	<b>Maturity Loans</b>	<b>Interest-Free Repayment in Instalments</b>	<b>25 Year Loans</b>
<p>What are the annual costs to the leaseholder, assuming a £10,000 debt?</p>	<p>of the property and the potential length of the loan. This is to ensure when the property is sold there is sufficient equity to cover both the original loan and the accumulated interest. Each case will be considered on an individual basis and consideration will be given to any other loans secured against the property.</p>	<p>The leaseholder will not need to pay anything until the property is sold. The charge on the property will mean that the council will get first call on the sale proceeds. If the £10,000 loan lasted for 10 years, say, the charge on the property would be £15,981 at current interest rates.</p>	<p>To repay £10,000 over 3 years, the leaseholder would need to make instalment payments of £277 per month. Therefore, it is unlikely that this option would be taken up for large sums.</p>	<p>A £10,000 loan over 25 years would cost £57.95 per month at current interest rates.</p>

	<b>Equity Loans</b>	<b>Maturity Loans</b>	<b>Interest-Free Repayment in Instalments</b>	<b>25 Year Loans</b>
	to ensure that property market risks are covered and that the principal, interest and administration fee are repaid in full.			
What are the Administration fees or set up costs chargeable to the Leaseholder	<p>Professional costs of conveyance including valuation, solicitors and Land Registry fees will be recharged to applicants by consolidation in the equity share.</p> <p>These fees could be substantial (in the region of £500) and would therefore need to be assessed prior to any decision to take up an equity loan.</p>	An administration fee of approximately £200 would be added to the loan.	Not applicable.	An administration fee of approximately £200 would be added to the loan.
Transfer of property ownership (for non-repayment options)	<p>It is proposed that a property with such a loan on it may only be transferred once on the death of a leaseholder. This transfer would be to either a spouse or long term partner living in the property. In all other cases the property would have to be sold or the debt otherwise cleared prior to the property being</p>	<p>A property with a maturity loan secured on it may only be transferred once on the death of a leaseholder. This transfer would be to either a spouse or long term partner living in the property.</p> <p>In all other cases the property would have to be sold or the debt otherwise</p>	Repayment arrangement	Repayment loan

	Equity Loans	Maturity Loans	Interest-Free Repayment in Instalments	25 Year Loans
	<p>inherited.</p> <p>Any instance of repurchase of the loan share or further granting of a loan will be at the current market value with all associated interest, fees and costs.</p>	<p>cleared prior to the property being inherited.</p>		
Risks to the council	<p>There is a risk that due to the unpredictability of the social housing market over the longer term, the equity percentage applied will not fully recover the costs of principal, interest and administrative costs.</p> <p><b>An example is given in the footnote to this appendix.</b></p>	<p>There is a risk that, if the loan period is long, insufficient equity will exist in the property to pay back the loan sum and the interest accrued. This type of facility may be more suitable where the loan period is likely to be short.</p>	<p>This method is relatively low risk to the Council if the instalment arrangement is considered affordable to the leaseholder.</p> <p>Although interest is foregone, there is a benefit of the whole principal sum being repaid in the agreed period.</p>	<p>Given that these leaseholders are likely to be on low or fixed incomes as they are unable to fund the major works in any other way, there will be a high risk of default on these loans.</p> <p>Careful assessment of the individual's ability to pay will be necessary prior to the offer of such a loan.</p>
Financial implications	<p>The percentage charge put on the property would have to ensure that the loan, interest and administration fees were paid back.</p> <p>Any shortfalls resulting</p>	<p>If the loan sum plus interest is paid back when the property is sold, there are no cost implications for the HRA over the term of the loan.</p>	<p>The cost to the HRA is the interest foregone. For a £10,000 arrangement over 3 years, the interest foregone would be £771 at current</p>	<p>If the principal and interest is paid back monthly there are no cost implications for the HRA.</p> <p>If the leaseholder does</p>

	<b>Equity Loans</b>	<b>Maturity Loans</b>	<b>Interest-Free Repayment in Instalments</b>	<b>25 Year Loans</b>
	<p>from incorrect assessment of the equity share would have to be paid by the HRA and a provision for this risk would have to be made.</p> <p>However, it is also the case that the HRA could gain if the agreed equity share paid back more than the outstanding debt in a rising housing market.</p> <p>The delay in receiving this income may lead to increased temporary borrowing by the HRA. This may result in other projects being delayed due to the application of borrowing restrictions under the new self financing regime.</p>	<p>However, the delay in receiving this income may lead to increased temporary borrowing by the HRA. This may result in other projects being delayed due to the application of borrowing restrictions under the new self financing regime.</p> <p>As mentioned above there is a risk that insufficient equity will exist in the property to pay back the loan sum and the interest accrued, especially if the loan period is long.</p> <p>Future budget and business plan assumptions will need to take account of this risk and provisions made for any potential shortfalls.</p>	<p>interest rates. An average of £257 per annum for each £10,000 arrangement. A £5,000 repayment interest-free over 2 years would cost £249 in lost interest to the HRA. Current estimates for the take-up of this option during the next 2 years means the interest foregone is estimated to be approximately £14,500. This will be met from current HRA budgets.</p>	<p>default on the loan there are other options open to the council to pursue the debt, including legal action for recovery.</p> <p>However, given the risks mentioned above, provision for default will need to be made.</p> <p>The delay in receiving this income may lead to increased temporary borrowing by the HRA. This may result in other projects being delayed due to the application of borrowing restrictions under the new self financing regime.</p>

Footnote: Examples of equity share on £10,000 for property currently worth £100,000 showing changing market values

<b>Change in value</b>	<b>Value after 10 yrs £</b>	<b>Admin Fee £</b>	<b>Total owed £</b>	<b>Equity share required</b>
No change	100,000	300	16,281	16.7%
+10%	110,000	300	16,281	15.2%
+20%	120,000	300	16,281	13.9%
+30%	130,000	300	16,281	12.8%
-10%	90,000	300	16,281	18.6%
-20%	80,000	300	16,281	20.9%