
HOUSING STRATEGY – BEST VALUE REVIEW

1 SUMMARY

- 1.1. This gives a synopsis of the housing strategy best value review. An action plan for improvement is attached to this report at [Appendix 2](#) for approval. In agreeing the action plan there will be a need to provide additional resources.
- 1.2. Full documentation of the review is available for inspection in the Members Rooms at Rayleigh and Rochford. An index of the papers is shown at [Appendix 1](#) of this report. (This Appendix will follow as it is still under formulation).

2 INTRODUCTION

- 2.1. Development of housing strategy is carried out within the Housing Health and Community Care Division of the authority. Elements of the strategy do impact upon the Revenues and Housing Management Division. The strategy also impacts on other areas of Council activity such as crime and disorder, employment, health, etc.
- 2.2. The scope of the review was to examine all elements of the housing strategy of the authority which forms the basis of the annual Housing Investment Programme bid. Government office had assessed our previous strategies as “below average”.
- 2.3. The review did not cover the management of the Council’s own housing stock, as this was covered by a separate exercise.
- 2.4. The review team consisted of eight members of staff working in conjunction with the Member level Housing Best Value Working Party.
- 2.5. At the last meeting of the Working Party on 21 January 2002, an action plan was agreed for consideration by this Committee.

3 METHODOLOGY

- 3.1. The review followed the generic methodology agreed in October 1999 (subsequently amended in September 2001).
- 3.2. The work undertaken comprised:-
 - Comparison of the current housing strategy with the Government assessment of best practice

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- Meetings with all stakeholders in order to assess the requirements of any new strategy
 - A stakeholder forum prior to the development of the new strategy
 - Challenge existing service and Council policies
 - Developing an action plan in order to improve the strategy and service provision over the next five years.

4 PRESENT STRATEGY AND ARRANGEMENTS

- 4.1. The current housing strategy was agreed by Community Services Committee at the meeting of 3 July 2001. Unfortunately, the best value review was not able to be concluded prior to the issue of the strategy which had to be presented to Government Office before the end of July 2001. The strategy is currently regarded as below average by Government Office.
- 4.2. The strategy, whilst reflecting much of what had been covered under the review, will therefore be revised in accordance with the review. The action plan contained within the strategy will now be superseded by the plan emanating from the best value review.
- 4.3. Housing strategy is the responsibility of the Head of Housing Health and Community Care. The staffing structure is shown at [Appendix 3](#) and the Division is responsible for the following housing functions:-

Housing strategy
Housing client function
Homelessness and housing advice
Private sector housing renewal, including grants
Home energy efficiency

- 4.4. In formulating the strategy it is necessary for staff within Revenues and Housing Management and Property Services to have an input. In addition, liaison is essential with crime and disorder, regeneration, planning, etc.
- 4.5. The revenue resource estimates for 2001/2 currently show the following resources:-

	£
Housing strategy	114,500
Private sector housing renewal	99,400
Housing advice	55,200
Registered social landlord liaison	30,400
Homelessness	87,500
TOTAL	<u>387,000</u>

4.6. The capital resource implications are:-

	£
Accommodation for homeless	375,000
PSRG and LA SHG	150,000
Private sector renewal grant	60,000
Disabled grant	109,000
TOTAL	<u>694,000</u>

4.7. Revenue costs are overseen on a day to day basis through manual budgetary control procedures. Capital costs are similarly managed and progress is monitored by the Capital Programme Officer Working Group.

5 STAKEHOLDER CONSULTATION

5.1. During the course of the review individual stakeholder meetings were held with the following groups or organisations:-

Neighbouring authorities
Registered social landlords
Private landlords
Council tenants
Health and Social Services
Parish Councils

5.2. On 23 May 2001, a stakeholder forum was held in order to obtain as wide a range of views as was possible in order to inform the formulation of the new strategy.

5.3. The main issues which arose from the group meetings and the forum centred around the need for more sharing of information and working together. Where issues could be resolved immediately they have been put in place. Private landlords were particularly anxious regarding the implementation of the Housing Benefit Verification Framework and the improvement of the rent guarantee scheme. Parish Councils urged the need for a gardening service for residents unable to maintain their gardens and allowing more social housing in rural areas.

6 CHALLENGE EXISTING SERVICE AND COUNCIL POLICIES

6.1. With regard to challenge the requirement to produce a housing strategy is statutory. With the limited resources included in formulating the strategy the current position of using in house staff and appointing specialist consultants as necessary is deemed to be the best way of carrying out this duty.

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- 6.2. In a District such as Rochford which has so few Council owned dwellings, we are extremely dependent upon the private sector to achieve our objectives. The main thrust of the strategy must be aimed at the private sector.
 - 6.3. One of the key problems in providing social housing within the area is the high cost of land. The review identified that the new local plan should make provision for ensuring that affordable social housing was included within any major housing developments that come forward.
 - 6.4. A constant requirement of all local housing authorities is to review the viability of Large Scale Voluntary transfers (LSVT) of their housing stock. Rochford was one of the first authorities in the country to test this issue in 1998/9. The tenants voted overwhelmingly to retain the Council as landlord.
 - 6.5. The financial forecasts on the Housing Revenue Account do show that there is a reducing working balance. All efforts are being taken to ensure that calls on the balances are kept to a minimum. At the current estimated rate of usage, the balances will run out in two years. This will result in reduction in the level of service or high rent increases. As Members are aware, the Council is penalised for any rent increases above Government Guidelines in that there is a claw back of rent rebate subsidy. This means that the Council only retains a very small percentage of rent increase. Accordingly, rents have to rise to a far greater level than is actually needed to meet the expenditure requirements.
 - 6.6. At the present time it would not be in the Council's financial interest to transfer the stock. The current level of debt outstanding is very similar to the capital receipt that would be received under an LSVT. Our current average interest is 9¼% and ranges from 4⅞% to 13%. The higher interest loans do not mature until 2009. Current investment interest rates are at historically low levels.
 - 6.7. The result of the above is that, if we sold the stock and attempted to repay the loans, we would be charged a significant premium to reflect the loss of interest suffered by the lender. This would be charged against the General Fund. If we did not repay and invested the capital receipt, the interest earned would be insufficient to meet the interest payments due on the outstanding debt. The excess interest would be chargeable to the General Fund. However, should the Council decide to progress towards LSVT, the Council's advisors on treasury management will consider what options can be taken to protect the General Fund in the time between the decision and the transfer of properties.
 - 6.8. The review team has therefore come to the conclusion that the issue is medium term and should be discussed sensitively with tenants to ascertain their views on the issues surrounding LSVT.

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- 6.9. With regard to partial transfer, the council is now actively considering this type of option with regard to sheltered units in need of upgrading. One scheme has already been agreed in principle and bids for funding have been put forward to the Housing Corporation.
- 6.10. Arms length management companies were also considered. In the Housing Green Paper it was stated that this means of managing stock would be restricted to those authorities which gained three star inspection results. As Rochford has a housing strategy that is regarded as below average, it was considered that this option was not possible in the short to medium term.
- 6.11. One further factor affecting the strategic issues of managing the Council's stock is the introduction of the Supporting People initiative in April 2003.
- 6.12. This will have a fundamental impact on the manner in which the Council currently manages the sheltered accommodation. Work is already well under way in examining alternative methods of providing services to these units and reports are expected to be made to Members in the summer.

7. ACTION PLAN

- 7.1. A proposed action plan is attached as Appendix 2 for approval.

8. RESOURCE IMPLICATIONS

- 8.1. The action plan contains estimates of officer time required to implement the plan. As Members will see, the time requirements are significant, but efforts will be made to achieve these within existing resources.
- 8.2. There are a small number of actions requiring additional budget provision, which are:-

General Fund:	
Rent deposit scheme	£8, 000
Housing Revenue Account:	
LSVT consultation	£8,000.

This will be considered as an officer bid as part of the budget process.

9 RECOMMENDATION

It is proposed that the Committee **RESOLVES**

To agree the action plan contained in Appendix 2 of this report.

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