

MUNICIPAL YEAR 2018/2019 REPORT NO. 165

MEETING TITLE AND DATE:

**Cabinet – 13th February
2019**

REPORT OF:

Executive Director of
Place

Agenda – Part:1

Item: 10

**Subject: Better Council Homes Workplan
and Budgets 19/20**

Wards: All

Key Decision No: KD4830

**Cabinet Member consulted: Cllr
Lemonides**

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1. EXECUTIVE SUMMARY

- 1.1 The provision and growth of good quality, affordable Council homes is a key priority for the Council. The council manages a portfolio of c10,100 council homes and c5,000 leasehold homes.
- 1.2 This report sets out plans to secure improved outcomes for residents as measured through regular satisfaction testing. It will result in:
 - Investment in quality homes which will see up to 7,000 homes benefiting from improvements during the year and improved levels of Decent Homes achievement.
 - A new Operating Model and IT system to support staff in delivering an improved service to residents;
 - Housing stock information that will enable a more strategic and planned approach to investment over the life the HRA Business Plan. This will enable us to bring forward to Cabinet an accelerated programme during the year.
 - The development of plans to secure effective responsive repairs services with proposals on this to come to Cabinet in April 2019.
 - The delivery of additional social and affordable rented homes owned by the Council and further plans to bring forward estate regeneration proposals.
- 1.3 Proposals include reinvigorating the Housing Advisory Board to ensure that residents including tenants and leaseholders have a role in advising Cabinet on housing policy and performance issues.

2. RECOMMENDATIONS

It is recommended that Cabinet:

Better Quality Homes and Environments

- 2.1 Consider the recommendations from the Repairs Task Force regarding the preferred option for the delivery of the responsive repairs service at the Cabinet meeting in April.
- 2.2 Delegate authority to Cabinet Member for Housing in consultation with the Director of Housing and Regeneration to approve the Major Works programme for 19/20 based on a priority approach including fire safety works as outlined in Appendix 2.
- 2.3 Delegate authority to the Cabinet Member for Housing in consultation with Director of Law & Governance to approve the major works procurement plan noting that all such procurement activity will be carried out in accordance with the statutory OJEU framework and the Council's procurement rules to ensure that the programme delivers value for money for tenants and leaseholders and to note that arising from this process the Executive Director of Place will authorise the award of the contracts.
- 2.4 Note that in the light of the results of the stock condition survey an accelerated programme will also be considered and brought back to Cabinet as appropriate.

Better Council Housing Services

- 2.5 Note the review of the Council housing service Target Operating Model to be undertaken during 2019 and the aim to monitor and deliver an increase in resident satisfaction.
- 2.6 Recommend to Council to approve the capital and revenue budget of £1.3m on the Civica Cx project, Workflow 360, Choice Based Lettings module and the development of the Target Operating Model.

Building New Homes

- 2.7 Note the positive outcome of the Council's bid for grant funding and retention of right to buy receipts from the GLA "Building council homes for Londoners" programme.
- 2.8 Approve the 19/20, 20/21 and 21/22 Greater London Authority Building Council homes for Londoners programme and the Council Housing affordable housing programme as outlined in Appendix 1.
- 2.9 Delegate to the Cabinet Member for Housing in consultation with Director of Housing and Regeneration and Director of Finance to approve individual schemes included in the Building Council Homes for Londoners and affordable housing programme, and any substitute schemes as outlined in Appendix 1
- 2.10 Delegate authority to the Director of Housing and Regeneration in consultation with Director of Law and Governance to approve the procurement and award of works contracts and consultants in support of the development programme
- 2.11 Delegate authority to the Director of Housing and Regeneration in consultation with the Director of Finance to approve third party land and property acquisitions subject to due diligence and valuations.

2. RECOMMENDATIONS

Regenerating Estates

- 2.12 Approve the allocation of a feasibility budget of £450k in the HRA to develop additional proposals for Estate based regeneration schemes which increase affordable housing for Enfield.

Governance

- 2.13 Approve the establishment of a Housing Advisory Board effective from May 2019.

3. BACKGROUND

3.1 SUMMARY

- 3.1.1 The provision and growth of good quality, affordable Council homes is a key priority for the Council. This report sets out plans to secure improved services for residents, investment in quality homes and environments, and the growth of additional social and affordable rented homes owned by the Council. This report sets out the work programme for 2019/20 to achieve these aims.
- 3.1.2 The last tenants and leaseholder's satisfaction survey was carried out in January 2017 and indicated an overall level of satisfaction with the Council's housing service of 75%. This is a mid ranging level of overall satisfaction and is something we would want to increase as we implement our programme of improvement. The last stock condition survey was carried out in 2012 and as of December 2018, 70% of homes met the Decent Homes Standard. The Social Housing Green paper proposes the review of the Decent Homes standard which is likely to see higher standards being set including for safety. Enfield has been pro-active in establishing 3 pilots on high rise blocks to establish a new standard which incorporates safety, maintenance and management criteria.
- 3.1.3 A full council housing tenants and leaseholder's satisfaction survey has been commissioned which will give us an up to date view on levels and drivers of satisfaction. This is important to ensure that we target improvement activity to specifically address levels of dissatisfaction. We will undertake periodic testing to assess how the measures outlined in this report have impacted on satisfaction.
- 3.1.4 The present Housing Strategy, drafted in 2012, is being reviewed due to major changes in housing legislation, homelessness and the local population since then. The new Housing and Good Growth Strategy will clearly set out how the council will deliver the good homes in well-connected neighbourhoods that will enable Enfield to meet the aspirations in its corporate plan.
- 3.1.5 Proposals for the appointment of residents and independents will be considered during 2019 with the existing membership of the Housing Board forming the new Group. Member appointments will be agreed, as usual at Annual council.

3.2. BETTER QUALITY HOMES AND ENVIRONMENTS

- 3.2.1 The implementation of investment programmes is key to ensuring good quality housing. As we catch up with the investment required, we continue to face the

need to deal with a high volume of responsive repairs and the new MOT repairs service will be key to addressing this need. It will also have a role in ensuring that planned programmes address repeat and problem issues. As a result of the MOT service, we will, over time, allow for a reduced utilisation of contractors for responsive repairs and it will build our capability for further insourcing of services.

- 3.2.2 As described in November's Cabinet report (KD 4773), a review of the current provision of repairs services is currently underway as the current responsive repair's contracts are due to end April 2020. Options for consideration are being considered by the Repairs Task Force. What is clear from the Task Force is the need for the Council to have more control over the repairs service and a service which can deliver additional value into our local communities. We are focussing on reviewing future options, which can offer this and intend to report on proposals to Cabinet in April 2019.
- 3.2.3 To support the development of the review of our Homes Standard and longer-term investment programmes to be implemented from 2020/21 as part of an Asset Management Strategy we have commissioned a stock condition survey. In the light of the results of this survey we will advise Cabinet on the options to bring forward a further programme of priority works during the year.
- 3.2.4 In the meantime through information we have about the stock, responsive repair patterns and problem sites and having analysed complaints we propose a Capital Programme that delivers the following
- Addressing priority fire safety works in blocks – Brittany House, Bliss House, Purcell House and Walbrook House whilst also piloting a holistic high-rise homes standard in conjunction with residents.
 - Decent Homes on a priority needs basis
 - Interim fire safety measures to 24 higher risk high risk blocks pending the review of the pilots and roll out of a holistic programme over a 3-5-year programme
 - Environmental and energy improvements against which will seek match funding
- 3.2.5 We continue to develop our approach to identifying and tackling fire prevention works in our tower blocks. From our fire risk assessments and surveys, we have identified 30 blocks, which are considered high risk, needing intrusive planned works to bring them up to our standard. As identified above, we will be taking a holistic approach to tackling these in the short to medium term, dealing with both the fire risk works and failing infrastructure in a planned programme. We are also watching closely government advice on fire safety as it emerges.
- 3.2.6 The 2019/20 Capital programme can be seen at Appendix 2. This will benefit up to 7000 Council Homes and move our Decent Homes compliance rate from 70% to 78%. From a resident's perspective this programme will have some very real, positive benefits. Decent Homes including ground source heat pumps and new gas boilers provides homes that are cheaper to heat. New kitchens and bathrooms will be designed to reflect how residents live their lives – for example additional pipework connections for water filters and additional sinks. We will continue our commitment to help residents stay in their homes through making appropriate adaptations following OT

assessments. These works range from wet rooms to access ramps, reconfiguring kitchens to grab rails and raised toilet seats.

- 3.2.7 Environmental improvements introducing works which will help reduce crime and anti-social behaviour and will work closely with resident groups to ensure those living in the areas have a genuine input into local solutions.

3.3. BETTER QUALITY HOUSING SERVICES

- 3.3.1 During 2019 we intend to fully implement the Civica CX housing management IT system, which will give us increased capability to serve customers in an efficient way. In conjunction with the implementation we intend to review the housing Target Operating Model, which will give us the opportunity to, working with residents, members and staff review the priorities of the service, enable efficiencies to be made and consider our service model. Again, this new model will be informed by the feedback we get from residents.

- 3.3.2 In May 2018 the Strategic Delivery Board made a decision to transfer the Civica CX programme & project management function to Transformation to ensure that the corporate change management approach was adopted as well as significantly reducing the number of external consultants. In April 2018 Cabinet approved an initial budget of £237,600 to fund this team for 6 months to re-baseline and re-plan the programme, and its projects to ensure more effective delivery and progress. As such Transformation became Council Housing's project & programme management delivery partner.

- 3.3.3 It is proposed that the established programme team deliver the design and support implementation of a new Target Operating Model, Civica Cx and Workflow 360 systems. A budget of £1.3m is required to implement the Civica Cx project, Choice Based Lettings system, Workflow 360 and the Target Operating Model.

3.4. DELIVERING MORE AFFORDABLE HOMES

- 3.4.1 Council Housing has a multi-million pounds programme of mixed tenure/mixed use housing development of 2046 homes out of which 632 will be affordable rent. Our current projection of future new supply is 3,711 homes (1,822 affordable) plus new homes delivered through estate regeneration proposals estimated to achieve circa 5,000 new homes. In 2018/19 the Council completed 133 homes (affordable rent). Affordable homes here are defined as a mix of social rent, affordable rent, and shared equity products following the GLA's grant funding definition.

- 3.4.2 Work on expanding the development pipeline is currently underway. This involves bringing together and assessing all existing known sites, identifying opportunities arising from the HRA stock condition survey – e.g. garages and infill sites and results of work to review rooftop conversion. Additional opportunities arising from wider initiatives such as the care village, supported housing and homes for keyworkers are also being considered.

- 3.4.3 In September 2018 cabinet approved a report, KD 4747 which set out proposals to submit bids to the GLA for affordable housing grant additional headroom borrowing and Right to Buy ring fence offer. This package supports our expansion of the development pipeline.

- 3.4.4 The Council submitted bids for HRA Additional Headroom and Affordable Housing grant on identified sites. On the 23rd October 2018 the GLA announced the results of the bids and the Council secured **£18,108,000** of grant. The bid amount reflects our bid and development strategy which will focus primarily on using our RtB receipts and additional HRA headroom borrowing (supported by the grant) to fund the housing programme which will deliver a minimum of 600 homes in the next 3 years. This approach maximises the viability of our programme meeting the corporate objectives of increasing the supply of affordable, quality housing for ownership, social rent and private rent.
- 3.4.5 This allocation ushers in a new season of opportunity for the Council will allow us to lever other development opportunities (grant funded, and non-grant funded) as part of the Council's overarching housing growth strategy. Officers are now focusing on the programme governance and controls, the delivery strategy, procurement of additional resources, establishing the process to ensure success in this endeavour.
- 3.4.6 To support the pace of delivery the GLA has announced a Capacity Building Fund which we are bidding for, the results of which will be known in the spring. In the meantime, it is a high priority for the right capability and skills set to be acquired for the development and regeneration service at a time of high competition for these skills both amongst other Council's and Housing Associations.

Right to Buy Programme

- 3.4.7 In March 2015 Cabinet approved a report that set out proposals for how RTB receipts would be spent on a range of schemes over short to long term time periods. The report approved expenditure of £19.771,000 to the end of the 2016-17 and £87,725,000m between 2017-18 and 2019-2020.
- 3.4.8 Right to Buy Expenditure 2015/19 (schemes set out below have been funded to date)

Scheme	2015-16	2016-17	2017-18	2018-19
Brought Forward from Last year	0	1,414,912	3,751,317	2,444,919
Dujardin Mews	2,549,343	1,839,517	661,241	34,746
New Avenue	176,541	25,517	3,510,451	27,760
Ordnance	0	1,096,120	1,909,635	417,179
Feasibility Work	0	785,440	636,591	248,243
New Rooftops	0	1,444,783	1,449,997	250,000
Buying Street Properties	1,353,205	2,306,652	16,476,170	12,362,041
Small sites 1	3,883,571	0	613,639	2,311,096
Payments to RPs	842,381	7,221,000	4,068,629	6,871,889
Less Carry Forward to Next Year	-1,414,912	-3,751,317	-2,444,919	0
Total spend	7,390,129	12,382,624	30,632,751	24,967,873

- 3.4.9 In the years 19/20, 20/21, 21/22 the receipts will be used to fund estate renewal schemes, buying properties and land to add to our current stock and,

funding Registered Providers to assist in either developing sites or acquiring properties. Appendix 1 attached outlines RTB expenditure, which supports the GLA programme and the Council Housing affordable housing programme.

3.5. REGENERATING ESTATES

3.5.1 The development of plans for the Joyce and Snells estate regeneration is underway and, subject to viability, during 2019/20 we shall be bringing forward plans to take forward this regeneration programme which will be of substantial benefit to existing residents.

3.5.2 We are assessing other opportunities for estate regeneration programmes and are proposing a feasibility budget of £450k during 2019/20 to be funded from the HRA to bring forward new schemes that will increase our housing supply and enhance residents' quality of life.

3.6. Rent Levels and Rent Increases for 19/20

Cabinet report KD4741 - Housing Revenue Account (HRA) Business Plan Budget 19/20, Rent Setting and Service Charges presents the levels of rents including garages, community halls service charges and heating charges to be operative with effect from 1st April 2019 for HRA Council Tenants and Leaseholders.

3.7. Revised 30 Year HRA Business Plan

The report elsewhere on the Cabinet agenda brings together the HRA Business Plan and budget for 2019/20. This demonstrates that our short-term plans as described in this report can be accommodated.

We will revise the HRA Business Plan during the year in the light of the stock condition survey results, the costs of the housing operating model and with a view to maximising our capacity to deliver new council owned homes.

3.8. Review of Governance Arrangements

3.8.1 As part of the Council's restructure process Council Housing, Homelessness and Estate Regeneration became a new division known as Housing & Regeneration. As part of a review of the Governance process it has been proposed that a group called the Housing Advisory Group will replace Housing Board and will consider the range of housing issues that the Council is responsible for including homelessness prevention, the temporary accommodation service, the council housing service, the Housing Gateway service and the quality of new build council housing.

3.8.2 The purpose of this group is to act as a Sounding Board for the Cabinet by working alongside residents for which we have a housing responsibility. It is a Group, which can provide feedback to officers on the development of strategy, policy and service delivery issues and can make recommendations as appropriate to Cabinet.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 Not spending the GLA external funding of £18m will restrict the delivery of affordable housing on key housing sites and damage the council's reputation as an investment partner with the GLA.
- 4.2 If the council does not spend the Right to Buy Receipts on Council Homes in the specified period it will be required to repay receipts plus interest to government. Although the GLA Right to Buy offer will give us longer to spend any returned receipts we will be given less flexibility on the projects we can fund.

5. REASONS FOR RECOMMENDATIONS

- 5.1 This report sets out how Council Housing will improve services for our residents by improving the quality of existing and new homes and increasing the delivery of affordable homes for those in housing need.
- 5.2 The Council has signed up to participate in the RTB expenditure scheme and is committed to retaining receipts to address the growing demand for affordable rented homes in the borough.
- 5.3 To ensure that RTB receipts are being spent with the appropriate authorisation, approval is needed to cover the next 3-year period.
- 5.4 In October 2018 the GLA announced the outcome of the bids for grant which totalled £18m. Failure to spend the grant in the required timescales would mean a loss of affordable housing and the need to return the allocation.

6. COMMENTS FROM OTHER DEPARTMENTS

6.1.1 Financial Implications

6.1.1 Major Works Programme

As set out in Appendix 2 the major works programme for 19-20 is expected to cost £41m. This will fund existing and proposed projects including £6.5m for fire safety works. This will be funded from HRA reserves.

6.1.2 IT Project

This report is requesting funding of £1.3m to deliver the design and support implementation of a new Target Operating Model, Civica CX and Workflow 360. This will be funded from HRA reserves.

6.1.3 GLA Funding

The council was successful in securing £18m of GLA grant as part of the Building Council Homes for Londoners scheme. Funding is based on £100k per home for social and affordable rent and £38k for shared ownership in 2019-20 then £28k thereafter. Rents will be set at social or the London Affordable rent. The new London Affordable Rent cap will be introduced from April 2019 to ensure the Council's Affordable Rent policy is in line with the London Affordable Rent cap.

Appendix 1 sets out the proposed GLA funded programme with the required headroom, this will be funded from additional HRA borrowing.

6.1.3 RTB Expenditure

In the next 3 years the receipts will be used to fund estate renewal schemes, buying properties and land to add to our current stock and, funding Registered Providers to assist in either developing sites or acquiring properties. The benefit of funding Registered Providers is that there is no obligation for the HRA to match fund and avoids repayment of receipts plus interest (4% compounded interest rate).

Appendix 1 sets out the proposed GLA funded programme with the required headroom, this will be funded from additional HRA borrowing.

6.2 Legal Implications

- 6.2.1 The Council has a statutory duty to arrange for the proper administration of its financial affairs and a fiduciary duty to local taxpayers with regards to the use of and accounting for public funds. This report assists with the discharge of those duties.
- 6.2.2 The Council has a statutory duty under the Landlord and Tenant Act 1985 to ensure repairs to its properties are carried out effectively and in a timely manner. The Council also has the power (contained in the Housing Act 1985) to alter, repair or improve its housing stock. Furthermore, under the terms of the leases granted under the right to buy scheme, the Council has a legal obligation to leaseholders to repair and maintain its housing stock.
- 6.2.3 The Council has power under s.111 Local Government Act 1972 to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions. The Council also has a general power of competence under section 1(1) of the Localism Act 2011 to do anything that individuals generally may do, provided it is not prohibited by legislation and subject to Public Law principles. The recommendations set out in this report are consistent with the Council's powers and duties.
- 6.2.4 In relation to any procurement of goods or services envisaged by the subject matter of this report, the Council must comply with its Constitution (including the Contract Procedure Rules) and, where applicable, the Public Contracts Regulations 2015. The Council must also be mindful of its obligation to comply with the Public Services (Social Value) Act 2012 (where applicable) and of the duty to obtain best value, under the Local Government (Best Value Principles) Act 1999.
- 6.2.5 Any extension or variation of contracts envisaged by the subject matter of this report must also comply with the Council's Contract Procedure Rules and, if applicable, Regulation 72 of the Public Contracts Regulations 2015.
- 6.2.6 Any acquisition of property envisaged by the subject matter of this report must comply with the Council's Constitution (including the property Procedure Rules).
- 6.2.7 Any resultant contract must be in a form approved by the Director of Law and Governance.

6.3 Property Implications

- 6.3.1 Strategic property Services supports the provision and growth of good quality, affordable Council homes and acknowledges this is a key priority for the Council.
- 6.3.1 The acquisition of land and property to increase the supply of homes, which is assumed within the business plan, is subject to the requirements of the Council's constitution and in particular the Property Procedure Rules, sections 4.1 4.3.5 apply in this regard.

7. KEY RISKS

- 7.1 Failure to receive the appropriate approval for expenditure of right to buy receipts risks the Council handing unspent receipts back to the Government.
- 7.2 Approval is required to ensure that a continuing programme is agreed for identified Council schemes and with external partners.
- 7.3 Failure to deliver the Building Council Homes programme in timescales would result in the allocation being returned to the GLA.
- 7.4 Delays in the capital programme will have significant effects on the delivery of new homes and decent homes works. Close working relationships with the contractors and developers is essential.

8. IMPACT ON COUNCIL PRIORITIES – CREATING A LIFETIME OF OPPORTUNITIES IN ENFIELD

8.1 Good homes in well-connected neighbourhoods

This programme will increase the supply of a range of housing tenures including affordable housing and create thriving neighbourhoods and places

8.2 Sustain strong and healthy communities

Developing and sustaining good quality housing in areas where people desire to live will help to create and maintain strong sustainable communities and increase the portfolio of stock it has to discharge its statutory housing responsibility to households that live in the borough.

8.3 Build our local economy to create a thriving place

Support residents to take more responsibility to increase the local economy and improve their communities by more active engagement in project delivery.

9. EQUALITIES IMPACT IMPLICATIONS

All affordable housing schemes proposed within this report either have been or will be subject to Equalities Impact Assessments. However, providing good quality, affordable housing within the Borough is targeted at those most in need of a home and least able to afford property on the open market.

10. PERFORMANCE AND DATA IMPLICATIONS

- 10.1 The proposals contained in this report will increase the portfolio of stock that is available to assist the Council to discharge its statutory housing obligations i.e. decanting of households directly affected by the Councils regeneration proposals and supporting those in need of temporary accommodation.
- 10.2 The delivery of housing within the schemes will be subject to strict performance management to ensure that timelines are adhered to and ability to retain RTB receipts maximised.

11. HEALTH AND SAFETY IMPLICATIONS

All properties owned and rented by Enfield and RP partners are subject to rigorous health and safety checks as a matter of course. The proposed fire safety programme is supported as a means of tackling various fire safety concerns that have been raised in Fire Risk Assessments completed on the blocks in recent years. The safety benefits and learning experiences from the project will be valuable and shared with the London Fire Brigade to continue our good working relationship.

12. HR IMPLICATIONS

Additional resources will be required to deliver programme included within this Cabinet report, funding coming from the HRA Business Plan. A capacity study of the Development & Estate regeneration team to ensure they have the skills and resources to deliver the ambitions housebuilding programme has commenced.

13. PUBLIC HEALTH IMPLICATIONS

The provision of safe, clean affordable housing has a clear connection to individuals' health and wellbeing. Providing new affordable housing on the scale proposed in this report will have a positive impact on health outcomes.

Background Papers

Cabinet Report KD4742 - Housing Revenue Account (HRA) Business Plan Budget 19/20, Rent Setting and Service Charges (elsewhere on this agenda)