

The impact of housing and other benefit changes

Background

1. The committee might like to consider the impact of changes in housing and other benefits arising from the Comprehensive Spending Review and contained in the Welfare Reform Bill.
2. The Welfare Reform Bill will:
 - Introduce a new **Universal Credit**, which will replace most working age benefits including Jobseekers Allowance, Working Tax Credit and Employment and Support Allowance.
 - Introduce a **cap on benefits** (£500 per week for a couple or lone parent and £350 per week for a single parent).
 - Introduce a **Personal Independence Payment** for disabled people, replacing Disability Living allowance.
 - Introduce up-rating of the Local Housing Allowance rates by the Consumer Price Index.
 - Introduce a new system of child support.
 - Introduce new powers to tackle fraud and error.
3. Some benefit changes came into force in April 2011. For example, in the private rented sector, new housing benefit claims are now based on “30th percentile” levels, that is those properties with the 30th cheapest rental value out of 100 properties. This has reduced from the 50th percentile.
4. Although it had been proposed that, from April 2011, working age people in receipt of Job Seekers Allowance who received full Housing Benefit would, after one year, have this reduced by 10%, this has now been dropped.

Scrutiny

5. The committee might want to explore the likely impact of benefit changes, including the provisions within the Welfare Reform Bill, on Lewisham residents. For example, the cap on benefits will affect households with high housing costs in particular. Provisions within the Bill indicate that national indices will be used to set Universal Credit rates, which do not reflect the actual cost of living in London, which is higher than the rest of the UK.
6. If the committee is minded to look at changes to housing and other benefits it will need to take care not to duplicate the work of the Housing Select Committee which receives an update on key housing developments, including benefit changes, at each meeting. A copy of the latest report received by that committee is attached overleaf (please see section 7 and appendix 1).

Timetable

7. It is likely that the Welfare Reform Bill will not conclude its legislative passage until late 2011. The Bill will enable the main policy proposals of the Government's welfare reform programme, but it does not specify the practical details. These will be set out in regulations to be made after the Bill receives Royal Assent, subject to parliamentary approval. It is unlikely that complete drafts of all regulations required for the Bill will be prepared before the Bill receives Royal Assent so it is

likely to be early 2012 before the full details of proposals are known and the full impact of the Bill on Lewisham residents can be accurately assessed. Should the committee be minded to scrutinise this issue, it may wish to timetable the item for the March 2012 meeting.

HOUSING SELECT COMMITTEE		
Report Title	Key Housing issues	
Key Decision	No	Item 7
Contributors	Executive Director for Customer Services, Head of Strategic Housing	
Date	30 March 2011	

1 Summary

- 1.1 This report provides information on the key housing issues facing Lewisham. It provides an update on the key issues coming from the Localism Bill white paper including the decent homes backlog funding/HRA settlement, new homes bonus, housing benefit changes and updates on major schemes.

2 Policy Context

- 2.1 The Council sets out its vision, principles and strategic priorities in Shaping Our Future – Lewisham’s Sustainable Community Strategy 2008-2020. Outlined below are the six priorities of Shaping Our Future:
- Ambitious and achieving – where people are inspired and supported to fulfil their potential
 - Safer – where people feel safe and live free from crime, antisocial behaviour and abuse
 - Empowered and responsible – where people are actively involved in their local area and contribute to supportive communities
 - Clean, green and liveable – where people live in high quality housing and can care for and enjoy their environment
 - Healthy, active and enjoyable – where people can actively participate in maintaining and improving their health and well-being
 - Dynamic and prosperous – where people are part of vibrant communities and town centres, well connected to London and beyond.

3 Purpose

- 3.1 To inform Members of the key housing issues currently facing Lewisham.

4 Recommendation

- 4.1 Members are requested to note the information contained in the report.

5 Localism Bill

5.1 Published in December 2010, the Decentralisation and Localism Bill sets out the Government's wider agenda and ambitions to create the "Big Society". The specific provisions in the Bill are designed to devolve more powers to councils and neighbourhoods and give local communities greater control over local decisions in areas such as governance, community empowerment, planning, housing and finance.

5.2 The Second Reading debate was held on 17 January 2011. The Public Bill Committee has been considering the detail of the Bill from that time. In March, the Committee will begin to look at the neighbourhood and housing elements in more detail. Results from this can be fed back verbally to the Housing Select Committee.

5.3 This is an update for Committee on previous briefings and following Lewisham's consultation response copied to Members in January 2011.

5.4 Local Decision Implications

5.4.1 The results of the consultation were published on 1 March 2011. 697 responses were received, the majority of which were from social landlords. The consultation has now concluded that:

- Local housing authorities will have a duty to prepare and publish a tenancy strategy. The overwhelming majority of local authorities said that they would consult widely before publishing their tenancy strategy, with many also stressing the need to conduct an analysis of the local housing market and carry out an impact assessment. Some respondents underlined the need to adopt a sub-regional approach, to ensure that policies among neighbouring authorities and landlords, who were for example part of a single sub-regional choice based lettings scheme, were consistent.
- A new flexible tenure will be created for local authorities with similar rights to a secure tenancy and with a minimum fixed term of two years. Around two-thirds of landlords said they expected to take advantage of the new flexibilities. Better use of stock was the main reason given although a large majority of respondents expressed the view that two years was not long enough, except possibly in specific circumstances like for young people to help them enter employment.
- Existing secure tenants will keep their security including, in most cases, when they exchange their property with a tenant with a fixed term tenancy. An overwhelming majority of respondents supported this view, especially as they did not want to hamper efforts to combat under-occupancy.
- New secure and assured tenants will have an automatic right of one succession to a partner or spouse.
- Local authorities will get a new power to determine who will qualify to join their waiting list. Around two-thirds of local authorities welcomed the proposed flexibility, or indicated that they would consider setting restrictive

qualification criteria. Around three-quarters of local authorities who were considering a restricted list indicated that, subject to their own local consultation, they would place a strong focus on those in housing need. Most indicated that this would be linked to some form of local residency criteria. Other qualification criteria included financial circumstances; tenancy history; and supporting those in low paid employment locally.

- The Government will introduce a national home swap register.
- Local authorities will now be given a new power to fully discharge the main homelessness duty with offers of accommodation in the private rented sector without the agreement of the person owed the duty. Three-quarters of local authorities who commented welcomed the proposed new flexibility and believed they would use it.
- The private sector offer must be to accommodation for a minimum fixed term of 12 months, although the homelessness duty will recur if the applicant becomes homeless again within two years through no fault of their own. There was a variation in the views of the respondents on the suitability of one year.

5.4.2 Introduction of the new “affordable rent” product for housing associations to offer to new tenants from April 2011 did not form part of the consultation.

5.4.3 The next steps are:

- The Localism bill will proceed through the committee stage and is expected to receive royal assent in November 2011.
- A full technical draft of the directions on tenure and mobility will be published for consultation later in the year.
- Housing associations wishing to market the affordable rent product must reach agreement with the Homes and Communities Agency on the number of homes to become affordable rent homes and the percentage of market rent they are to be set at.
- Locally officers will begin to develop the tenancy strategy for the borough.

5.5 HCA Framework

5.5.1 The HCA published a “framework document” on 15 February 2011 setting out the details of the new Affordable Homes Programme of Investment, and inviting registered providers to put forward proposals to bid for £2.2bn of funding for affordable housing during the 2011-15 Spending Review period. The key message coming from this document was that available grant levels have drastically reduced and so new homes will be largely delivered through an increase in the rents payable by new social housing tenants.

5.5.2 Key issues summarised:

- Nationally, there is £2.2 billion of uncommitted funding for the development of new affordable housing for the period 2011-2015, this compares to £8.4bn over the previous 3 year period;

- The HCA will no longer allocate funding on a scheme by scheme basis. Instead, providers will be invited to set out proposals for a four year development programme, giving indicative proposals for the later years of their programme. Top line commitments on the number of homes to be delivered will be agreed with each association although funding for years 3 and 4 will be much more uncertain;
- Affordable rents should be set at up to 80% of the gross market rent including service charges to ensure that the 150,000 new homes target will be delivered;
- It will be for providers to decide what proportion of their re-lets they propose to convert to Affordable Rent to fund new supply. Financial pressure is to convert a minimum of 50% of re-lets;
- Housing associations will use income generated from higher rents on new and existing supply to cross subsidise schemes in different Boroughs, so Lewisham rents could be subsidising developments in other Boroughs or even out of London;
- The HCA have been clear that requests for grant funding should be for the minimum necessary to make developments viable. Providers will be expected to supplement any HCA funding with other sources of revenue, including the new Affordable Rent product but also shared ownership, outright sale and disposals;
- The pressure on regeneration schemes is more acute as housing providers can not support the projected lower grant levels through the higher affordable rents. Initial soundings from the HCA are that there will be no regeneration funding if there are not existing commitments around decanting. Lewisham has a number of priority regeneration schemes including Excalibur, Heathside and Lethbridge and Catford Town Centre;
- RSLs need to only “have regard” to Local Authorities’ strategic tenancy policies in deciding tenancy lengths, and Boroughs will have little influence over the level of rents charged if associations continue to develop new housing.

5.5.3 The table below gives a break down of the 150,000 new homes target that the government is seeking to deliver by the end of the 2001-15 funding period. It shows there is already 67,000 homes funded from historic grant commitments that will be delivered largely in 2011/12, with some completions in 2012/13. Beyond that there is only £1.8bn available **nationally** to deliver the 56,000 new Affordable Rent and shared ownership homes over the period 2011–15, which equates to approximately £32,000 per home. The table also highlights that there remains 19,700 homes which need to be delivered to meet the overall target for which there is currently no funding identified.

	Total Homes:
National Affordable Housing Programme commitments	67,000
Affordable Rent and Affordable Home Ownership	56,000
Mortgage Rescue	2,500
Empty Homes	3,300
Homelessness Change Programme	900

Traveller Pitch Funding	600
Affordable Homes Programme	130,300
Other including grant free and local authority funded homes	19,700
Total	150,000

5.5.4 Housing providers are working in tandem with the HCA on developing their bids for final submission by 3 May 2011. The HCA intends that initial contracts will be signed in July 2011. Providers will be looking to respond to local priorities where they can within the strictly defined HCA development framework.

5.6 Registered Provider Feedback:

5.6.1 As part of the quarterly LB Lewisham and Housing Association liaison meetings, officers have been gathering feedback on the position of associations on affordable rent and fixed term tenancies. Most associations are still in the modelling phase and therefore there has been very limited access to any specific worked through models. However what has become apparent is that the position of the associations seems to be “hardening” over the last few months in some areas with more associations supporting the 2 year fixed term tenancy, moving back from 5 years or longer. All providers confirm that it is their intention that it is a rolling tenancy, and most (if not all) tenancies will roll forward if possible. This is the current position on introductory tenancies which have a 98% conversion rate to an assured tenancy after the first year. The main reasons given for supporting a fixed term are to “deal more effectively with anti social behaviour”, or to “manage risk around changes in housing benefit”. None have cited funding reasons as a driver to determine their decision on tenancy length.

5.6.2 Some providers have considered retaining lifetime tenancies for vulnerable households such as older people or people with long term disability, which matches the position that the Council took in the response to the consultation.

5.6.3 Most associations still support a “blended rent approach” to rents that will fit between an average of 65% to 80% of market rents. The actual level of rent to be charged will however vary depending on what is required to support the financial viability of the scheme.

5.6.4 The approach to the rent levels for existing stock on re-lets ranges from one provider wanting flexibility to charge higher rents on 100% of relets to as low as 20%. Again these are not commitments on specific costed schemes. One association confirmed that they have committed to prioritise properties remaining at targets rents for their own transfers.

5.6.5 There is also a real divergence on the requirement to support the development of new homes through a programme of disposals. Some associations report they will continue to dispose in line with their asset management strategies

and value for money assessments and there will be no or little increase in the number of disposals. Other associations are looking to include disposals as part of their financial viability assessments on individual schemes. LBL Officers have added a disposals measure to the Borough wide Key Performance Indicators that are under development to ensure we track any movement in property disposals in the Borough.

5.6.6 Generally the actual financial appraisals and scheme detail, especially at individual scheme and Borough level, is not available as associations work to develop their modelling to meet the HCA May deadlines.

5.6.7 The impact on actual rents and affordability can be seen in the following table:

Bed size	LHA based on 30 th percentile		80% median market rents (based on SELHP)	60% median market rents (based on SELHP)	50% median market rents (based on SELHP)	Average Council rents (inc service charges)	Average HA target rents (inc service charges)
	Inner SE London BRMA*	Outer SE London BRMA					
One bed s/c	173	146	149	112	93	73	86
Two bed	209	173	203	152	127	83	97
Three bed	265	207	237	178	148	94	107
Four bed	345	265	370	277	231	102	121

Highlighted cells represent rent levels that will exceed Local Housing allowance levels for the Outer SE London BRMA based on 30th percentile.

NB. 90% of Lewisham properties are in the Inner London BRMA. (BRMA = Broad Rental Market Area
^ SELHP = South East London Housing Partnership)

5.6.8 Family Mosaic, one of our top local housing associations, have just published a report called "Mirror, Signal, Manoeuvre: Our Drive to provide more social housing" which looked at the impact on 50 of the new tenancies that had been granted within its stock in November and December had they been let at 80% or 60% of market rent. They found that the housing benefit bill for these 50 tenants would have increased by 151% at 80% and by 68% at 60% of market rents. The research found that the impact on Family Mosaic's tenants will vary by location, with those living in inner London the hardest hit. At 80% of market rent, seven inner London properties in the study would have seen increases of over £200 a week. Outside London, however, these increases would have been less than £50 per week. In contrast, most of the sample properties in Essex had social rents that are already at 60-80% market rates. The report concludes that, for those tenants receiving benefits, the proposed new

affordable housing model creates, or worsens, the poverty trap, acting as an additional disincentive to gain employment.

- 5.6.9 Work continues on responding to this agenda. The quarterly meetings with the associations will continue and the main housing association liaison meeting which attracts much higher representation now will be used as opportunities to emphasize our commitment in the Borough to deliver as many new and existing properties on social, target rents as possible with tenancy lengths being long enough for residents to feel a sense of security. These principles will be developed into Lewisham's strategic tenancy policy.

6 Decent Homes Funding and HRA Settlement

- 6.1 The HCA announced the allocations for Decent Homes Backlog Funding in February 2011. Lewisham was awarded £94.5 million over 4 years and received the second highest settlement at 94.5 million. It should be noted that the allocations for 13/14 and 14/15 are provisional allocations which are not guaranteed and could be subject to change.
- 6.2 Lewisham originally bid for £186m backlog funding. The HCA wrote agreeing to commit to £153m in March 2010 but following the comprehensive spending review councils were invited to re submit bids. The government decided to open access to Decent Homes Backlog Funding to all council landlords including all ALMOs and those retaining stock management, and to remove the 2* Audit inspection barrier. Any council landlord therefore became eligible to bid for funding.
- 6.3 Lewisham's revised bid under the new criteria was for £126m. The £94.5m awarded therefore represents 75% of the revised bid. This shortfall is compounded by the fact that the award has been "back loaded". Lewisham's bid contained a funding profile across the four years of the programme of £30.2m, £31.1m, £32m and £33m. The £11m allocation for 11/12 is only 36.5% of the actual request for the year.
- 6.4 Other London Authorities allocations (£m):

Authority	11/12	12/13	13/14	14/15	Total
Lambeth	7	11.5	30	52	100.5
Lewisham	11	14.5	24	45	94.5
Tower Hamlets	11	12.5	25	46	94.5
Southwark	0	11.25	15	50.7	76.9
Hackney	15.8	18.25	16	11.5	61.5
Camden	8	9.5	10	27.5	55

The HCA received bids from 70 council landlords. The bids received had a total value of £2.7bn, against the available budget of £1.6bn.

6.5 HRA Self Financing

- 6.5.1 The government has set out the rationale, methodology and financial parameters for the reform of the Housing Revenue Account (HRA). The reform replaces the current subsidy system with a funding mechanism based on a calculation of the individual values of each local authority's housing business.
- 6.5.2 Between June and August, local authorities will submit stock figures and data (B1 and B2 forms, premiums on early debt redemption planned demolitions etc) to the Department for Communities and Local Government. Details of draft settlement payments will be issued in late 2011 and the final determinations in January 2012.
- 6.5.3 Local authorities will prepare long term business plans informing strategic choices such as whether to invest in stock or to pay off debt. Officers within the Council are currently working on projections of debt and business models in preparation for the new funding regime. Further updates will be given to members as the position becomes clearer.

7 **Housing Benefit Update**

- 7.1 Some of the changes proposed by the government to housing and welfare benefit will come into force from April 2011. The most immediate impact of these changes will be on new applicants to the private rented sector, where rents will now be based on the "30th percentile" levels, that is those properties with the 30th cheapest rental value out of 100 properties. This has reduced from the 50th percentile. It is not known at this stage the numbers of residents who will be affected as this change relates to new claims only from April. However residents that have current claims in payment will also be affected 9 months after the anniversary of their annual review. This is only a short one off "respite" for existing claimants from the full impact of these changes.
- 7.2 All residents affected will be written to with various options for the support that can be offered depending on the level of impact. These letters will also aim to ensure that claimants do not enter into tenancies they cannot afford. It is planned to send out leaflets, a basic benefit guide and a landlord handbook.
- 7.3 There has been one major change to the proposals since the initial announcement. From April 2011 it had been proposed that working age people in receipt of Job Seekers Allowance who received full HB would, after one year, have this reduced by 10%. This has now been dropped.
- 7.4 A full and up to date briefing on all the proposed welfare benefit changes and recent amendments that have been announced are attached at **appendix 1**.

8 New Homes Bonus Consultation Paper

- 8.1 The formal consultation on the Government's proposed design for the New Homes Bonus closed on 24 December 2010. 480 responses were received including a response from Lewisham. The New Homes Bonus final scheme design was issued in February 2011. It will provide local authorities with a bonus equal to the national average for the council tax band on each additional property and paid for the following 6 years as an unringfenced grant.
- 8.2 According to the updated New Homes Bonus calculator Lewisham will receive £705,698 in year one, escalating to £4,234,185 at the end of 6 years. The Bonus will be paid through section 31 of the Local Government Act 2003 as an unringfenced grant.
- 8.3 Local authorities will be able to decide how to spend the funding in line with local community wishes. The Government sees this scheme working through local councillors and the communities they represent, in particular the neighbourhoods most affected by housing growth, to understand their priorities for investment and to communicate how the money will be spent. Suggestions made in the document include offering council tax discounts to local residents, the supporting of front line services such as bin collections and improvement of local facilities like parks and play areas.
- 8.4 The CLG want to ensure that the new homes bonus achieves maximum impact and will be working closely with local authorities to monitor and evaluate the effectiveness of the scheme.

9 The Crown Estate Transfer to Peabody

- 9.1 To update the Committee following previous briefings, the transfer of 73 properties known as the Lee Green Estate from The Crown Estate to Peabody has been agreed and is due to complete by 31 March 2011 (sales have been completed for the majority of the properties at 28 February 2011). Both The Crown Estate and Peabody have met with representatives of Lewisham during the proposed sale of these units and have provided copies of the consultation documents sent to their residents.
- 9.2 As a consequence of the sale the tenants, who are currently on a regulated tenancy, will become either secure or assured tenants. Legal proceedings are underway to determine the status of the tenants post sale. The Crown Estate believes that the regulated tenants would become secure tenants after the sale however the legal advisors to the Residents Association are of the view that they would become assured. The Crown Estate have issued proceedings in the High Court for this to be decided but whatever the result the existing specified rights of the tenants would be protected by an addendum to their tenancy agreement which covers rents, security of tenure, succession, consultation by their landlord or the right to take in lodgers.

10 Affordable Homes Target

- 10.1 The annual target for delivery of affordable homes is 429 (NI155). With several schemes due to complete in the next few weeks, we are currently forecasting an end of year figure of 541. As performance against an annual target this can be considered good. However, looking at the 3 year funding period of 2008-2011, it is likely that the total target of 1,287 will fall short by 100 units. The recession during this period caused some projects to stall and therefore deliver completions at a later point in time than originally anticipated.
- 10.2 Given the implications of the HCA Framework, outlined in an earlier section, it will be difficult to estimate a target for the coming years.

11 Major Schemes Update

11.1 Heathside & Lethbridge:

- 11.1.1 Heathside & Lethbridge consists of 474 tenanted units. Family Mosaic is the RSL partner and it is a demolition and rebuild scheme. Lewisham successfully received £14m of gap funding from the HCA to progress Phase 1 of the scheme.
- 11.1.2 Phase 1 and 2 demolition is now completed. Rydon have been appointed as the Phase 1 builder and are currently on site and works have commenced to build 138 new units of which 57% will be affordable rent. Some initial delays were experienced due to the bad weather, however practical completion of first units is expected in spring 2012 and phase completion is still due in autumn 2012.
- 11.1.3 Family Mosaic submitted a detailed planning application in October 2010 for Phase 2 and as there were no objections lodged, the decision was made under delegated authority on 27 January 2011. As the Council and Family Mosaic carried out other required tasks of Secretary of State approval for the disposal of the land and selection of the builder by the end of arch 2011, the HCA funding of £10.3m for Phase 2 has been agreed and drawn down.
- 11.1.4 Phase 2 will consist of 190 units and at least 37% will be affordable rent. Other units will be a split between shared ownership and private sale. The phase 2 land assembly costs are expected to be paid back to the Council's capital programme in spring 2011.
- 11.1.5 Family Mosaic selected Ardmore Construction as the Phase 2 builder who started on site on 31st January 2011. Family Mosaic are required to reach practical completion of 50 affordable rented units by March 2012. The build programme for this is very tight but Ardmore are confident about meeting the required completion. If this condition is not met Family Mosaic will be required to pay back the grant with interest.

11.2 Excalibur Regeneration Scheme:

11.2.1 Excalibur consists of 151 tenanted properties, and 27 freeholders. 6 of the prefabs were listed by the DCMS in 2009. The Council is working with L&Q to redevelop the estate. A ballot of Excalibur residents showed that 56% are in favour of L&Q's proposals and so the Council are proceeding on this basis.

11.2.2 The Council started the decant and buy back process of Phase 1 households in November 2010. A report went to M&C on 23 February 2011 that agreed that the Phase 2 decant start in April 2011 and these phases will now be undertaken together. It is envisaged that construction of new homes start in late 2012.

11.2.3 The Council is in discussion with L&Q about how the scheme will be funded in the new funding regime. The scheme remains a priority to both the Council and L&Q.

11.2.4 The scheme will go to the Planning Committee on 21 April 2011. A verbal update can be given to Committee at the time of the meeting.

11.3 Convoys Wharf

11.3.1 The outline planning application for Convoys Wharf was submitted late last year. As it was such a large scheme it was referred to the GLA. The GLA has now responded and made the following comments with regard to affordable housing:

"At this outline stage, the applicant has indicated that the level of affordable housing may be 25% by habitable rooms. The Mayor will need to see further evidence to justify this level of affordable housing and given the scale of the development and likely phasing, a review mechanism is would be required if that level were to be accepted at present. Details of the proposed tenure split and any discussions with the Homes & Communities Agency about future grant funding should be provided".

"Policy 3.12 of the draft replacement London Plan states that within affordable housing provision, priority should be accorded to family housing. Also relevant is policy 1.1C of the London Housing Strategy, which sets a target for 42% of social rented homes to have three or more bedrooms. Given the outline stage of this application the applicants have not submitted a mix of unit sizes. This will need careful consideration at the more detailed application stages in order that an appropriate mix is achieved."

11.4 Catford Stadium

11.4.1 The land at the former Greyhound Stadium in Catford has been owned by the Homes and Communities Agency (HCA) for several years. It was part of a portfolio of land purchases originally intended to deliver a mix of tenures including homes for the London Wide Initiative aimed at key workers, affordable rented housing and private sale. Countryside and Hyde HA were

selected by the HCA to deliver the scheme in Catford and they successfully obtained planning permission in 2009.

11.4.2 In 2010, market changes led the HCA to re-evaluate the initiative and they concluded that market conditions were adversely affecting the delivery of the homes resulting in poor value for money and insufficient affordable housing delivery. The HCA subsequently withdrew from the partnership arrangements and by covering the abortive costs of the partners now have ownership of the planning permission.

11.4.3 After considering options for the site, the HCA opted to take it to their Delivery Partner Panel (DPP). There are three panels - London is included in the South Panel. The panel has been procured to provide public sector agencies with access to a broad range of works and services related to all stages of the development process, it can also be used to procure physical construction or development works through standard forms of building contract.

11.4.4 A brief has been drafted by the HCA and shared with Lewisham and will be sent to the companies on the panel imminently asking for expressions of interest. The current planning permission expires towards the end of 2011 therefore the HCA would encourage any selected partners to start on site before this time, however it is recognised that if amendments are required to the planning application then this may not be possible. Further updates will be provided at future meetings.

12 Public Accounts Select Committee's (PAC) Review of the Council's obligations to leaseholders – Progress Update

12.1 The PAC report on the Council's obligations to leaseholders made 22 recommendations to Mayor and Cabinet on 20 January 2010, some for the Council to action and others for Lewisham Homes (LH) and Regenter B3 (RB3) to follow through.

12.2 The Mayor requested that officers respond to the recommendations with a report back to a future Mayor and Cabinet meeting. This happened on 24 March 2010 where the Mayor agreed to introduce the extended repayment policy, develop a suite of performance indicators and to implement the rest of the 22 recommendations.

12.3 An action plan was developed to ensure the implementation of the 22 recommendations and this was presented to Housing Select Committee on 15 September 2010. Part of the action plan called for a Review Group to be established to investigate specific recommendations made to PAC:

- Reducing the annual service charge due to poor performance by the Housing Provider
- Consider radical options as part of the payment review, such as on-line billing for each leasehold property
- Provide clearer and more complete breakdown of costs for service charges and major works bills

- Consider benchmarking and reducing major works management fees
- Consider harmonising leaseholder consultation questions between providers to enable effective benchmarking

12.4 Officers from the Council, Lewisham Homes and Regenter B3 have been meeting to investigate the actions detailed in 11.3 as well as defining the performance indicators. The findings and a draft report will be presented to the Leaseholder Review Group (made up of Brockley and Lewisham Homes leaseholders plus councillors including Councillor Susan Wise) on 11 April 2011. Their comments will be considered before the report is finally submitted to the Housing Select Committee for their consideration.

13 Tenant Services Authority - Local Offers

13.1 Lewisham Homes are progressing their local offer and will be ready to implement by 1 April 2011. In consultation with residents, they have reviewed their current service standards which cover estate services, anti-social behaviour, major works and customer care to ensure that they are still relevant and tailored to residents requirements. The revised set of service standards will be launched by 1 April 2011. Regenter B3 are still consulting with residents on their local offer, which also concentrates on service standards and will be ready to launch by 1 April 2011.

13.2 Lewisham Council received some funding from the TSA to develop a local offer. The Council along with its main housing providers worked on developing a Housing Safeguarding Agreement, which was launched in July 2010, to ensure that all staff and their contractors are safeguarding aware and minimise the risks of harm to the welfare of children, young people and vulnerable adults. The Council is currently developing a bespoke safeguarding training programme for housing providers, which will be delivered by May 2011.

14 Legal & Human Rights Implications.

14.1 There are no direct additional legal implications to insert at this stage, save to note that the Localism Bill was last considered on 10 March 2011 at a Public Bill Committee and the intention behind the Bill is to give local communities more control over housing and planning decisions. The principal provisions concerning housing are contained in Pts 6 and 7 of the Bill. Part 6 deals primarily with allocations and homelessness, tenure reform and housing finance. Part 7 deals with housing and regeneration in London.

14.2 The European Convention on Human Rights states in Article 8 that "Everyone has the right to respect for his private and family life, his home and correspondence". The Human Rights Act 1998 incorporates the Convention. Whilst it does not, however, necessarily mean that everyone has an immediate *right* to a home, (because Article 8 is a "qualified" right and therefore is capable in certain circumstances, of being lawfully and legitimately interfered with,).

15 Financial Implications.

- 15.1 This report is intended to inform members of current issues and, therefore, has no direct financial implications .
- 15.2 The financial implications of each issue will be considered in specific reports as matters progress.

16 Equalities Implications

- 16.1 There are no specific equalities implications contained within this report.

17 Environmental Implications

- 17.1 There are no specific environmental implications contained within this report.

18 Crime and Disorder Implications

- 18.1 There are no specific crime and disorder implications contained within this report.

19 Conclusion

- 19.1 Housing has been hit with many changes over recent months as a result of the Localism Bill, with some changes to be implemented from April 2011. Work with housing providers will continue to ensure that the impact on residents of the borough is minimised.

20 Background Information and report author

- 20.1 For further information on this report please contact Louise Spires on 020 8314 6649 or via email at louise.spires@lewisham.gov.uk

Appendix 1

Local Housing Allowance Changes – April 2011 onwards

Update – March 2011

1. Background

Since details of the welfare reform were announced a number of amendments have been made. This briefing note sets out the changes and their impact based on the latest information available.

2. The changes

The table below sets out the changes being introduced and, where appropriate, the impact for residents:

Proposed change	Impact for tenants	Date
Setting the LHA levels for new HB claims at the 30 th percentile i.e. changing from setting rates at the 50 th cheapest rental value out of 100 properties to the 30 th	Not known, this will depend on the numbers of new claims made and levels of rent charged	April 2011 onwards
Setting the LHA levels at the 30th percentile for existing tenants i.e. changing from setting rates at the 50 th cheapest rental value out of 100 properties to the 30 th	Clarification has recently been received regarding which existing cases will be protected, this has resulted in significant changes to the numbers of households affected. A projection of the current caseload indicates that 5,111 households will be affected, the total loss of benefit will be £3.44m and the average weekly reduction £12.97. However, continuous protection will apply to 1,906 existing cases in payment prior to April 2008 until there is a change in their circumstances. For claims in payment after 7 April 2008 the change will only be implemented after their annual claim review and they will be given a further 9 months protection.	Effective from April 2011 but the earliest a new rate would be implemented is the 7 January 2012
Allowing an additional bedroom for a non-resident carer where the claimant needs overnight care	Not known, we will be reliant on the claimant confirming where this applies	April 2011 onwards

Non-dependant deductions have not been increased for 10 years, they will be increased by a higher amount than normal for a period of three years to "catch up"	941 cases are affected, letters have now been sent to all households advising them accordingly.	April 2011 onwards
Extending "single room rent restrictions" to all single claimants and couples under 35 (currently under 25). Their HB will be restricted to the "shared room" rate (as opposed to the rate for self-contained one bedroom property)	896 single residents aged between 25 and 34, annual projected reduction of £3.52m	April 2012
LHA rates up-rated by The Consumer Price Index (currently RPI) removing the link between local rents and LHA rates	Details of the impact will only be available once the revised LHA rates are known / available	April 2013
Restricting HB for social sector residents (Council and RSL) who are under occupying their properties i.e. occupying properties that are larger than they need	2,138 properties are under-occupied but it has not yet been possible to estimate the effect of this yet	April 2014 onwards

3. The 30th percentile change

This is the most significant change being introduced, with 5,111 households being affected and a reduction of £3.44m in LHA being awarded.

All new claims received from private-sector residents after April 2011 will be subject to new local housing allowance (LHA) rates. These rates will be based on the "30th percentile" levels i.e. based on the 30th cheapest rental value out of 100 properties (reduced from the 50th). It is not known at this stage what the impact will be as this will only relate to new claims but we will publicise details of the amounts to ensure tenants and landlords are aware of what the maximum LHA rate is.

For existing claimants (1,906) with claims in payment prior to April 2008 the current award will not change until there is a change in their circumstances.

For claims in payment after 7 April 2008 (8,594) the LHA rates will be set at the 30th percentile after their annual claim review and they will be given 9 months protection at the old rate. For example, a claim made on the 1 June 2008 will be reviewed on the 1 June 2011 and go to the 30th percentile rate but will be protected at the old LHA rate until 1 March 2012.

4. Direct payment

In a London Councils survey, 46% of landlords recorded that they would reduce the rent charged to the 30th percentile rate if they could receive direct payment to themselves. DWP guidance states that we can make direct payments to the Landlord if this secures the tenancy. Consideration needs to be given to how best this could be implemented for existing claims and a different approach will be needed for new claims;

5. Discretionary Housing Payments

The Council's annual allocation has increased from £136k to £253k for 2011/12. The challenge for the Council will be to ensure the additional funding is directed at those most in need.

6. Communication

Communication will be undertaken for each "change" because timing, content, audience etc. will differ for each one. The communication should ensure that claimants do not enter into tenancies they cannot afford. The communication will include leaflets, a basic benefit guide, fact-sheets, FAQ and a landlord handbook. All the information will also be added to the Council's web-site.

Targeted Activity – Much is already under way including cross-referencing HB data to vulnerable households including children at risk, claimants with disabilities, households with children with special educational needs and people leaving care. We will continue to work closely with colleagues from other Directorates to ensure we use the information effectively.

Claimants - Personalised letters have been drafted for tenants of affected households which will be sent out with fact-sheets and FAQ. Similar versions will be made available for landlords, staff and stakeholders. The web-site will be updated with all necessary information.

We have also produced a detailed analysis of the entire private-rented sector caseload which includes details of loss through reduced LHA rates aligned to property size, whether or not payment is direct and the date of change. From this, we will determine the amount and date of the reduction which will enable us to provide the necessary information now and immediately prior to the change. We are also focussing on "prevention", ensuring that all claimants and landlords are aware of the need to avoid new tenancy agreements that exceed the new LHA rates.

We have focused on households of 4 bed properties and above where there are children and the losses are greater. We have concentrated on contacting landlords directly with very positive outcomes and we need to continue with this approach as this will influence the qualifying criteria for discretionary hardship payments. We are also using this information to target households where the loss is greatest or other factors apply e.g. we currently have 186 households where the loss is greater than £40 p/w.

Landlords - A forum took place on 22nd February, 150 of our biggest landlords – by property portfolio size – were invited of which 45 attended. The forum included a presentation from HB managers covering the LHA reform changes and their impact and a Q&A session. Landlords were encouraged to complete a questionnaire, the findings from this are continuing to be analysed. These findings will enable us to better understand what their likely behaviour will be when the changes start. Meetings have been held with three landlords who have tenants with exceptionally high rent levels ie those for 5 bed+ properties. All of those we have met with have confirmed that they will accept reduced rent levels in line with LHA rates apart from one household who they had "different issues" with and would not be looking to extend their tenancy.

6. Emerging findings

Extensive analysis has been undertaken with the following findings;

- 26 households in the private-rented sector with “children at risk”, of these 9 households will have a loss of up to £10 per week, 9 between £20 and £30 per week and 2 in excess of £40;
- 42 households have been identified as having children subject to “Child in Need” plans;
- 5,111 households will have their weekly LHA reduced of which losses for 2,085 are up to £10 and for 1,884 between £10 and £20. 186 households will have a reduction of £30 or more;
- Provisional arrangements have been made with 3 of our biggest landlords to restrict rents charged to the new LHA rates.

Information from a number of sources is pending including;

- Details of HB claimants in receipt of disability living allowance or attendance allowance or where they are exempt from Council Tax due to mental impairment;
- Households with children with special educational needs.

A lot of information is now available, we have details of claims by amount of loss, property size and date and will be able to show who will be affected, when and by how much which will enable us to personalise and target information. We are also continuing to gather details of other circumstances that apply to households that may affect the action we would take e.g. children at risk, disabilities etc.

Once we have a full picture of the impact of the reforms some options for action will be drawn up for discussion and agreement.

For more information on the LHA changes please contact Ralph Wilkinson, Head of Public Services, on telephone number 020 8314 6040.