

OVERVIEW AND SCRUTINY BOARD**5 APRIL 2011****SUMMARY OF THE ECONOMIC REGENERATION AND
TRANSPORT SCRUTINY PANEL'S FINAL REPORT:****SOCIAL HOUSING****THE REVIEW**

The overall aim of the Scrutiny investigation was to gain an understanding of the make up of Middlesbrough's overall housing market and to examine the desired mix of housing for the town. Members wanted to consider specifically the current level of demand for social housing compared with private sector housing and to assess whether there are sufficient properties to meet that demand. Members were also keen to find out whether there is an imbalance of housing within the town and whether this is in favour of social housing.

Following an initial 'setting the scene' presentation given by the Department of Regeneration the panel decided to consider a number of other areas, as part of this review. The areas selected by the panel are highlighted in the terms of reference set out below.

TERMS OF REFERENCE OF THE SCRUTINY INVESTIGATION

The terms of reference for the Scrutiny investigation were as follows: -

- a) To assess the impact, welfare and availability of social housing on tenants of Middlesbrough following the stock transfer of homes to Erimus in 2004
- b) To gain an understanding of how social housing is currently provided in Middlesbrough and to establish the level of demand and availability
- c) To examine the potential impact of the proposed cuts in housing benefit on Middlesbrough tenants coupled with reductions in the funding used to provide homelessness prevention services
- d) To consider how applicants for social housing are prioritised and subsequently allocated vacant properties within Middlesbrough

- e) To consider the work being undertaken by the Council and its partners to increase the supply of affordable housing, with specific regard to meeting the needs of an ageing population

CONCLUSIONS

Based on the evidence given throughout the investigation the Panel concluded that:

Erimus – Stock Transfer

- a) The panel is extremely pleased to note the success of the housing Stock Transfer and the level of investment that has been made in achieving the Decent Homes Standard. It is evident that Erimus has fulfilled all of its 75 promises to tenants and customer satisfaction levels are high. In addition, Erimus has delivered the Council's homelessness service to a very high standard enabling the Council to achieve top quartile performance for homelessness in 2009/10. Erimus has also directly funded the adaptation service with a total spend on adaptations of £3.103 million up to March 2010. In terms of future areas of work the panel recognises that there is a need for the Council to establish a more up to date service agreement with Erimus for the homelessness service and for a protocol to be agreed in respect of adaptation expenditure post 2014.

Provision of Social Housing

- b) It is clear that demand for social housing within Middlesbrough is high and even when only those assessed as being in urgent or high housing need are considered demand exceeds supply. The overall provision of social housing as a type of housing tenure in Middlesbrough is higher than the national average, and slightly higher than the sub regional average, yet demand for social housing remains strong. The panel is concerned that the impact of the recession, rising unemployment, difficulty in accessing mortgage finance and future cuts in housing benefit will only serve to further increase demand, at a time when funding to develop new affordable housing has also been cut significantly. The panel is of the view that there remains a continued need to develop social / affordable housing within the town, along with a need to increase the proportion of private sector housing tenure in line with sub regional averages.
- c) In light of the evidence presented the panel is concerned by the fact that the Government's proposal to introduce an intermediate market rent will not result in the provision of new affordable homes in Middlesbrough i.e. contribute to the 150,000 affordable homes the Government anticipates that the introduction of an intermediate market rent will help to fund. The options available to ensure the future development of affordable housing will therefore include; securing additional affordable units through section 106 agreements, the Council and / or its partners contributing land or assets at nil cost to reduce the grant rate required from the HCA, pooling any income generated from the New Homes Bonus scheme to invest in the delivery of affordable homes and RSL's generating funding through borrowing against future rental income from the banks. The panel appreciates that in the future affordable homes will be delivered differently from how they are now, and the Council will need to maximise its use of the aforementioned options.
- d) Owing to the significant reduction in the level of HCA grant funding that will be available in the future it is evident that section 106 agreements will become more

important, as through these agreements the Council has a direct influence on the number of new affordable homes secured. The New Homes Bonus Scheme will also play an important role due to the fact that it introduces a financial incentive for the Council to ensure that housing development takes place within the town, with an added bonus for the development of affordable housing. Empty homes that are returned to use will also qualify for the Council Tax element of the New Homes Bonus and therefore increasing the number of empty homes that are returned to use will also be important in helping to alleviate the high level of demand for social housing within the town.

- e) It is evident that new affordable housing units have recently been delivered in wards of the town where there is already a relatively high percentage of social housing. If the town wishes to create sustainable communities rather than having social housing that is clustered in estates then efforts must be made to ensure that new affordable housing is delivered in areas of the town where there is currently a low proportion of social housing. It is vital that new affordable housing is delivered alongside private housing, and this will be particularly important in increasing the attractiveness and take up of intermediate housing products.
- f) It is clear that intermediate housing products will become more important in the future provision of affordable housing. However, there is a need for people to understand what these products are and how these products can help them to access home ownership. The panel is of the view that sustained efforts must be made to secure additional intermediate housing products in Middlesbrough, in an effort to help people to access low cost home ownership, rather than just affordable rent.

Impact of the cuts in Housing Benefit

- g) The cuts in housing benefit, as detailed in the report, are of real concern to the panel and will have a significant impact on the town, with an estimated potential loss in benefit to the town of £4.1million. The panel is particularly concerned by the fact that if the cuts came into effect as of today almost 60% of people in Middlesbrough, whose full rent is currently covered by housing benefit, would experience a short fall in their rent. The panel is therefore extremely concerned about the impact that the cuts will have on families within the town, as there is a real potential that if private sector rent rates are not reduced, in line with the new LHA rates, people will fall behind with their rent resulting in increased levels of debt, homelessness and poverty. It may also be the case that an increasing number of landlords decide not to accommodate families on LHA.
- h) During the course of the panel's investigation it was advised that the average weekly reduction per claimant in Middlesbrough is estimated to be £8.22 per week, which although is below the national average of £12 a week still equates to over £425 per year. This is against a backdrop of increasing unemployment within the town, 13 of the towns 23 wards being sited within the 10% most deprived nationally and amongst the most financially excluded in the UK, and evidence suggesting that 18% of children in the town are living in severe poverty. The panel is aware that efforts are being made by officers and Members of the Council to highlight to the Government the impact that the spending review cuts, coupled with cuts in WNF funding and housing benefit, will have on the town but to date few concessions have been made. The panel is therefore of the view that there is an urgent need to

communicate with those in receipt of housing benefit to advise them of how much less they can expect in 2011/12 to help them plan for the future.

- i) It is important that people are made aware of what options are available to them if they can no longer afford to pay their rent and where they can access help and support. People need to know what options are available to them prior to the lower LHA rates being introduced and good information is crucial in helping to support people through what will be a difficult time. It will also be important to engage with landlords in an effort to encourage them to reduce their rents and bring them in line with the new LHA rates.

Future provision of homelessness prevention services

- j) It is acknowledged by the panel that Erimus has delivered the Council's homelessness service to a very high standard reducing the number of homelessness acceptance cases from 454 in 2004/5 to 8 in 2009/10. Of particular success has the provision of the Sanctuary Scheme, undertaken in partnership with My Sisters Place, to reduce the number of cases accepted, as a result of domestic violence. The panel is pleased to note that following the cessation of WNF funding main stream funding has been secured to continue provision of the Sanctuary Scheme. The panel recognises, however, that pressures on the homeless and housing advice service are increasing.
- k) The panel is very concerned by the fact that Erimus has seen a significant increase in the number of people presenting as threatened with homelessness in 2010/11, when compared with 2009/10. A 51% increase in people approaching the service as a result of domestic violence, a 39% increase in young people being asked to leave the family home, a 30% increase in mortgage arrears and a 29% increase in landlord notice to quit has, at the end of quarter three, already resulted in the number of accepted homeless cases being higher than last year's full out turn. The panel is particularly concerned about the increase in the number of young people being asked to leave the family home and is firmly of the view that the Council must ensure that there is sufficient supported accommodation available for vulnerable young people within the town.
- l) The placing of young people in temporary accommodation (B&B or Hostel at the age of 16 and 17) must be avoided and measures need to be put in place to ensure that young people are not being placed in emergency accommodation. The panel is aware that there is a lack of social housing within the town for under 25's and that age restrictions are placed on many properties. The panel is encouraged to hear about the work that has been undertaken with Erimus to introduce a pre tenancy course for young people to help them to access specific properties. The panel would like to see these courses being promoted with other social landlords within the town to ensure that there is sufficient move on accommodation for young people.

Meeting the needs of an ageing population

- m) The panel is of the view that the Older People's Housing Strategy (2007) sets out clearly the housing needs of Older People within Middlesbrough. The Strategy was finalised in October 2007 and one of the main aims of the Strategy was to increase extra care provision within the town. Unfortunately, however, within the 2007/08 to 2010/11 period the Council has been unable to secure the necessary funding to develop any additional extracare units, despite funding bids having been submitted.

- n) It is acknowledged that in the current economic climate the likelihood of securing the level of funding needed to develop another extra care facility, similar to Pennyman House, is remote. The lack of extra care provision within the town therefore remains a real concern, particularly when it is resulting in unnecessary admissions to residential care at additional cost to the Council. The panel is therefore of the view that if funding for the development of additional extra care units cannot be secured in the current climate alternative options must be prioritised. Emphasis must be placed on upgrading sheltered accommodation within the town to extracare sheltered accommodation, together with increased investment in the provision of virtual extracare. The possibility of developing a retirement village at Middlehaven is a longer term plan and progress needs to be made on this issue in the short to medium term.
- o) The panel is concerned that an updated version of the Council's OPHS has not been published and nor has a recent refresh of the strategy or an updated action plan been submitted to the Older Persons' Partnership Board for monitoring / review purposes. The panel is unclear whether the Older Person's Partnership Board views the monitoring and reviewing of the OPHS within its remit and whether as a body it is best suited to fulfil this role.
- p) The panel is pleased to note the development of Fabrick's older people's strategy and in particular Fabrick's proposal to develop a social enterprise that will enable older tenants to access a handyman, decorating and gardening service.

RECOMMENDATIONS

That the Economic Regeneration and Transport Scrutiny Panel recommends to the Executive:

- a) That a more up to date service contract agreement for the homelessness service be established with Erimus and that a protocol be agreed in respect of adaptations expenditure post 2014.
- b) That efforts to deliver new affordable housing within the town be continued and supported, with an increased focus on securing new affordable housing in areas of the town where there is currently a low proportion of social housing. All mechanisms available to the Council will need to be maximised in the current economic climate including securing additional units through section 106 agreements, contributing land or assets at nil cost and investing income generated from the New Homes Bonus Scheme in the delivery of affordable homes.
- c) That the success of securing affordable housing through section 106 agreements be monitored and annual update provided to the panel detailing the amount of on-site, off-site and financial contributions to affordable housing that have been secured. A 3-4 year programme to also be established to bring a targeted amount of empty homes back into use across the town.
- d) That a focus on increasing the number of intermediate housing market products on offer within the town be prioritised in an effort to help more people to access the housing market and become owner occupiers.

- e) That work is undertaken to increase peoples understanding of the various intermediate housing market products on offer and to ensure that people within the town are aware of what is currently available and what is planned for the future. A central register to which people can submit their details if they are interested in receiving information on intermediate housing products to be developed.
- f) That LHA claimants be advised in writing of the changes in housing benefit introduced by the Government along with a comprehensive guide on where they can access help in Middlesbrough if they have concerns about being unable to meet their rent payments in the year ahead. Efforts to also be undertaken via the landlords' forum to encourage landlords to reduce their rents in line with new LHA rates.
- g) That the placing of young people in emergency accommodation be avoided at all costs and that efforts be made to secure additional supported accommodation and move on accommodation for vulnerable young people within the town. The use of pre tenancy courses is to also be promoted with social landlords in the town to help increase the amount of move on provision.
- h) That an updated version of the Older People's Housing Strategy (2007) be published and a progress report on the action plan contained therein be reported to the Panel on an annual basis.
- i) That continued efforts be made to deliver additional extracare units in the town in order to address the current shortfall in provision. If this objective cannot be achieved in the short to medium term then the upgrading of sheltered accommodation to extracare sheltered accommodation and investment in virtual extracare must be prioritised.
- j) That an agreement be reached with providers of social housing within the town on how many upgraded extracare sheltered accommodation units can be provided in the next 3 years and how the Council can help to support deliver this objective within that period.

**COUNCILLOR JOHN COLE
CHAIR OF THE ECONOMIC REGENERATION AND TRANSPORT SCRUTINY
PANEL**