

# **Social Justice & Regeneration Committee**

**SJR(2)-16-06(p.6)**

**Date: 23 November 2006**

**Venue: Newport Centre**

**Title: Update on Social Housing Issues**

## **Purpose**

To provide the Committee with an annual progress update on key issues relating to the provision of social housing.

## **Summary**

That the Committee notes the progress being made by housing association consortia, local authorities and the Welsh Assembly Government on the Social Housing Grant (SHG) programme, Welsh Housing Quality Standards (WHQS) and the regulation of housing associations.

## **1. Social Housing Grant Programme**

In May, I provided the Committee with programme outturn figures for 2005/2006 and outlined new arrangements for the allocation of SHG in 2006/2007 and 2007/2008.

As in recent years, it is anticipated that there will be full take up on the SHG budget. Traditionally, SHG expenditure has been concentrated in the last quarter of the year and it is expected that this will continue for the current year. Detailed programme delivery plans have been received from all housing association consortia and these show that there are sufficient schemes being developed to more than adequately utilise the available resources.

The recent introduction of multi-year forward allocations is intended to assist with smoothing the profile of the SHG programme so that over the coming years, expenditure will be spread more evenly throughout the year.

## **Homebuy scheme**

All bids from local authorities for the Homebuy scheme have been allocated in full for 2006/2007 and 2007/2008. Of the 265 properties allocated for 2006/2007, 162 have received grant approval by the end of September which represents a commitment of £6.9 million in SHG. The projected outturn grant figure for Homebuy is likely to be around £10.6 million

## **Housing for Older People**

In July, the Finance Minister announced an additional £875,000 is being made available for Extracare housing from capital savings identified in Central Administration. This, together with the existing £10 million top-sliced SHG allocation and resources from within the main SHG programme will allow work to commence on eight new Extracare schemes in Cardiff (2), Conwy, Denbighshire, Flintshire, Newport, Pembrokeshire and Torfaen. These will provide 357 additional units of accommodation. The additional £875,000 will free up grant resources originally programmed to be drawn down in 2007/2008 and accelerate the development timetable.

**Forward allocations amounting to £8 million for a further 3 schemes have been given for 2007/2008.**

## **Drugs and Substance Misuse Schemes**

I have previously advised the Committee that take up of allocated resources for these projects has been disappointing. Delays have been encountered by housing associations in identifying suitable properties, in obtaining planning consent and from local opposition to proposals. Of the 263 bedspaces allocated in 2004, grant approval has now been issued for 119 amounting to a grant commitment of £5.4 million. Recent programme returns received by officials indicate that the current year's allocation of £4 million will however be fully utilised. This will be used to complete projects currently on site and start around a further 100 bedspaces. In total this will still be fewer bedspaces than originally allocated reflecting the difficulties in delivering this programme.

## **2008/2009 Programme**

As mentioned previously, the introduction of multi-year allocations is one of the key changes that has been introduced for the SHG programme. It is intended that this will assist more efficient programme procurement and delivery by allowing housing association consortia to plan programmes in advance with contractors and suppliers.

Programmes for 2006/2007 and 2007/2008 are already in place. In July, bids were requested from local authorities for 2008/2009. The closing date for bids was 6<sup>th</sup> October. From an initial analysis by my officials, the budget has been significantly oversubscribed. Detailed consideration of the bids will be undertaken over the coming weeks with final allocations to be issued in February 2007. Priority will be given to those schemes that meet both local and national strategic objectives as well as providing assurance that they can be delivered in the specified timescale.

## **Housing Association Consortia**

Since the publication of "Developing Partnerships" in March 2005, six groups of housing associations have been working towards implementing collaborative procurement arrangements. All six have received provisional status and in consultation with officials they are now working to achieve full compliance with requirements by December 2006. Despite initial scepticism in some quarters, the majority of housing associations are now showing greater enthusiasm for changing the way they operate and in some cases have indicated that business benefits have already been experienced in

some areas.

## Setting Standards

Development Quality Requirements (DQR) applies to all housing funded with Social Housing Grant and sets the minimum standards for all types of accommodation provided. Revised requirements were issued in July 2005.

Further changes are under consideration to take account of new targets for sustainability to be contained in the Code for Sustainable Homes that will replace the current ECO Homes target and potential new requirements for Waste Management and Recycling proposed in response to the Clean Neighbourhood Act 2005.

Our commitment to require higher levels of energy efficiency will be further demonstrated by proposing the adoption of the new Energy Savings Trust Best Practice Standards to replace the current standard.

The proposed changes will further improve the quality of Welsh housing and confirm our commitment to building sustainable homes and communities.

## 2. Welsh Housing Quality Standard (WHQS)

The following matrix identifies the current position of each local authority in Wales with regard to progress towards the achievement of the Welsh Housing Quality Standard (WHQS).

### Local Authority Business Plans – Current Position

| Local Authority   | Current Position at 18 October 2006  |
|---|--|
| Bridgend  | Housing stock transferred to Valleys to Coast Housing Association in September 2003.   |
| Carmarthenshire<br>Denbighshire<br>Pembrokeshire<br>Powys | These Local Authorities have presented business plans indicating that they can achieve WHQS using their own resources. Initial concerns about their business plans have now been resolved. |

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| <p>Swansea</p> <p>Monmouthshire</p> <p>Rhondda Cynon Taff</p> <p>Torfaen</p> <p>Newport</p> <p>Conwy</p> <p>Merthyr Tydfil</p> | <p>Business plans demonstrate that resources available will be insufficient to meet the Welsh Housing Quality Standard and they have resolved to ballot.</p> <p>The Council has resolved to ballot in 2007 following further tenant consultation</p> <p>Stage 2 Notice approved -October</p> <p>Stage 2 Notice approved -October</p> <p>Anticipated ballot – Spring 2007</p> <p>Anticipated ballot – Summer 2007</p> <p>Anticipated ballot – Summer 2007</p> <p>Anticipated ballot – Autumn 2007</p> |
| <p>Blaenau Gwent</p> <p>Vale of Glamorgan</p>  | <p>Meetings held with officers, appraisal process being finalised – decision anticipated January or February 2007</p> <p>Meeting held with officers in July to discuss business plan financial viability issues – decision due end of October 2006</p>   |
| <p>Cardiff</p>   | <p>Awaiting response from the Council on business plan financial viability issues. Officials are pursuing this.</p>  |
| <p>Flintshire</p> <p>Ceredigion</p> <p>Caerphilly</p> <p>Gwynedd</p> <p>Isle of Anglesey</p> <p>Neath Port Talbot</p>          | <p>Latest advice is that both Flintshire and Ceredigion have embarked on a full options appraisal process. New stock condition surveys and business plans will be completed by March 2007</p> <p>No response received.</p> <p>A report to go to Cabinet in November 2006 and Council in December 2006</p> <p>Updated stock condition survey and options analysis completed and to go to Council in Autumn 2006</p>   |

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|---------|---|
|         | Council considering options appraisal report – decision anticipated in the near future.   |
| Wrexham | Latest advice is that the council is currently considering its position in the context of other upcoming tenant ballots in Wales. |

Local authorities who have resolved to ballot their tenants on the transfer of their housing stock to a Registered Social Landlord (RSL) are not required to submit annual Housing Revenue Account (HRA) business plans.

Local authorities who have indicated that WHQS can be achieved within their current resources will be required to produce annual HRA business plans. These business plans will be reviewed to ensure that agreed milestones for achieving the WHQS are met.

I have been following closely the progress of the pre ballot position in those local authorities that have decided to ballot their tenants to transfer their housing stock to an RSL to achieve the Welsh Housing Quality Standard.

There has been feedback that tenants want to know more about what will happen to rents after the five year guarantee period.

Previously, the Assembly Government would not normally agree to a rent guarantee for more than five years, however, I have decided to extend the period over which rent guarantees can be given in a transfer situation.

This will allow local authorities to offer guarantees to transferring tenants that rent increases post ballot will not exceed the rent increases they would have paid as council tenants if transfer had not taken place.

A key responsibility placed upon local authorities is to ensure that tenants are well informed about the implications of the achievement of the WHQS. Any information distributed by local authorities during the formal consultation stages in a stock transfer situation are approved by the Welsh Assembly Government. I am very concerned that literature presented to tenants and staff by other organisations, including those opposed to transfer, does not undergo such checks. I have asked my officials to consider what more can be done by the Welsh Assembly Government to address this.

My officials have produced a supplement to the stock transfer guidelines with answers to frequently asked questions to help clarify the position for tenants. A Heads of the Valleys WHQS support project has been established to assist local authority tenants, staff and members in the five heads of the valleys areas to establish good practice in information to tenants and to develop further the "Right to Know" concept.

The Assembly Government has commissioned the production of guidance and training modules which will provide social landlords with good practice and minimum standards in how to build

tenants capacity in order to contribute to the management and development of their homes. Whilst the modules are aimed at tenants they are designed to provide meaningful information to all interested parties. The modules aim to raise the level of understanding amongst tenants on what WHQS could mean for them and to provide guidance to local authorities and tenant bodies on ways to facilitate greater participation. They also seek to inform tenants so that they are able to have greater confidence in their understanding of a possible range of options. It is anticipated that the guidance and training modules will be published shortly.

### **3. Regulation of housing Associations**

#### **Inspection**

The first year inspection has now been completed and the Wales Audit Office (WAO) is in the process of finalising the inspection report. Two reports have already been issued and published on the WAO website. The second year inspection programme has been agreed with Inspectors and published on the Assembly Government's website and is currently underway.

#### **Regulation**

Section 36 of the Housing Act 1996 provided that the Assembly Government may issue guidance with respect to:

- The management of housing accommodation by housing associations
- The governance of associations
- The effective management of associations and;
- Establishing and maintaining the financial viability of associations

The Housing Act 2004 has extended powers available under the Housing Act 1996. This has enabled us to consolidate the legal footing of the regulatory guidance by issuing it as statutory guidance. The Regulatory Code for Housing Associations Registered in Wales was issued in March 2006

#### **Cross Cutting Themes**

The provision of additional and better quality housing impacts on a number of the Assembly Government's key strategic objectives. The changes to the way the SHG programme is allocated and delivered aims to take forward the objectives of "Making the Connections: Delivering Better Services for Wales"

#### **Action for Subject Committee**

The Committee is asked to note the progress made to date on these issues.

Edwina Hart AM

Minister for Social Justice and Regeneration

Contact point :

Melanie Davies, Housing Directorate. Telephone : 01685 729155