

LOCAL GOVERNMENT AND HOUSING COMMITTEE

MINUTES OF COMMITTEE MEETING

Date: Wednesday 20 June 2001
Time: 9.30am to 11.30am
Venue: Committee Room 2, National Assembly Building

Attendance:

Members:

Gwenda Thomas Neath

(Chair)

Edwina Hart Gower

(Minister)

Peter Black South Wales West

(Deputy Minister)

Janet Davies South Wales West (not item 8)

William Graham South Wales East

Peter Law Blaenau Gwent

Dai Lloyd South Wales West

Janet Ryder North Wales

In attendance:

John Bader Director of Housing (items 1 to 8)

Francois Samuel Housing Directorate (items 4 and 6)

Stephen Phipps	Housing Directorate (item 5)
Maureen Haire	Housing Directorate (item 7)
John Rees	Housing Directorate (item 8)
Norma Barry	Community Regeneration and Social Inclusion Unit (items 9 and 10)
Trevor Samuel	Community Regeneration and Social Inclusion Unit (items 9 and 10)
Roger Bonehill	Office of the Counsel General
Dylan Hughes	Office of the Counsel General

Secretariat:

Martin Stevenson	Committee Clerk
Liz Wilkinson	Deputy Committee Clerk

Opening remarks

The Chair said that it was Martin Stevenson's last meeting as Committee Clerk. She thanked the Clerk for his work on behalf of the Committee and wished him well for the future. The Committee endorsed those comments.

Item 1: Apologies and substitutions

1.1 Apologies for absence were received from Tom Middlehurst.

Item 2: Declaration of interests

2.1 The following declarations were made:

- Peter Black said that he was a Member of Swansea City and County Council;
- Janet Davies said that she was a Member of Llanhari Community Council;
- William Graham said that he was a Member of Newport County Borough Council;
- Dai Lloyd said that he was a Member of Swansea City and County Council;
- Janet Ryder said that she was a Member of Ruthin Town Council.

Item 3: Minister's report

3.1 The Minister said that the Bellwin scheme to assist local authorities in combating the spread of foot and mouth disease had been extended beyond 30 June, until such time as the National Assembly declared the crisis over. The deadline for carrying out works eligible for grant would be fixed at two months after such date. The Committee felt that qualification for assistance should not be hindered by technicalities in the context of unconfirmed cases.

3.2 The Minister said that she had extended the deadline by which councils had to utilise the £12 million special grant available to assist businesses affected by the foot and mouth outbreak. Members felt it would be beneficial to disseminate best practice throughout local authorities to ensure that the money would be used efficiently and effectively. It was noted that consideration was being given to a survey of local authorities in order to collate information on the administration of the grant.

3.3 The Committee welcomed the consultation paper extending restrictions on the Right to Buy and Right to Acquire in rural areas, with the intention of safeguarding the accessibility of low cost housing for local people.

3.4 The Minister said that the interim arrangements for the operation of the Local Regeneration Fund had been reviewed taking account of experience in implementing European Structural Fund Programmes. There was a need to streamline the application process to avoid duplication and increase efficiency. She said that proposals were being developed to enable local authorities to apply for Local Regeneration Fund match-funding alongside their application for European Structural Funds. Changes in allocation arrangements to facilitate this would be consulted on shortly. The Minister undertook to provide further information, particularly financial data, on the recent announcement on the Local Regeneration Fund.

3.5 On *Communities First*, the Minister said that further to her announcement on 18 June, she had issued a written statement to the National Assembly which included the areas for inclusion in the programme. The Minister undertook to provide a copy of the statement on the *Communities First* programme to the Committee.

3.6 The Minister undertook to include a progress report on the study on councillors' allowances in her next written report.

Item 4: 'Rethinking Construction': LGH-09-01 (p.1)

4.1 The Minister said that 'Rethinking Construction' was a joint venture between the government and the construction industry to assist in improving UK construction performance. She said it was important for the National Assembly to support and implement the 'Rethinking Construction' principles in public sector construction and procurement in Wales. This would improve the quality and cost effectiveness of its investment and assist in the delivery of 'best value' construction

projects in the future.

4.2 The Minister said that genuine progress had been made in raising awareness of 'Rethinking Construction' and that there was an expectation that the National Assembly would produce guidance on how these principles could be built into procurement methods.

4.3 The following points were raised in discussion:

- The Committee welcomed the report and the progress made thus far in raising awareness and implementing the principles of 'Rethinking Construction' in the public sector.
- Members endorsed the proposal that the Housing Directorate in consultation with the Welsh Local Government Association should ensure that local authorities in Wales were advised of guidance produced by the Local Government Task Force. Furthermore, the Committee endorsed the recommendation that the Housing Directorate should convene a Construction Forum made up of representatives from the National Assembly and other public sector bodies.
- There was some discussion about how the implementation of the principles of 'Rethinking Construction' could be extended into the private sector. It was suggested that the public sector should exemplify the adoption of the principles and, in doing so, illustrate to private firms the benefits to be gained. Furthermore, it was suggested that any equal opportunities policy issued to local government regarding construction procurement should be extended to include the private sector. The Minister undertook to arrange informal meetings between the Committee and construction firms, in the context of 'Rethinking Construction'.
- The Committee felt that changes in Building Regulations were required to secure improvements within the construction industry in the private sector. It was suggested that representations should be made to the UK Government for the transfer of responsibility of Building Regulations in Wales to the National Assembly.
- One Member expressed concern that highways maintenance in England and Scotland had been contracted to the private sector. The Committee noted that in Wales the National Assembly's Transport Directorate was responsible for motorway and trunk road maintenance.

4.4 The Chair invited the Minister to take account of the Committee's views on 'Rethinking Construction' and welcomed a further progress report in January 2002. The Minister undertook to bring forward a paper in the autumn on the impact of equal opportunities policy on local government purchasing and construction activity.

Item 5: Local Housing Strategies: LGH-09-01 (p.2)

5.1 The Minister thanked the Working Group for producing the report and to the organisations that contributed to the Review of the Local Housing Strategy process.

5.2 The review examined the fundamental purpose of Local Housing Strategies in the wider strategic planning context. Some stakeholders had expressed concern about the value of Local

Housing Strategies and identified a need to bring them into line with the wider local government modernisation agenda, the strengthening of local authorities' community leadership role, and the strategic plans of the National Assembly.

5.3 The Minister said that the report would be issued for consultation at the end of June, that final proposals and guidance would be considered in November with a view to issuing guidance to local authorities by the end of January 2002.

5.4 The following points were raised in discussion:

- The Committee welcomed the report and endorsed the recommendations of the Working Group, particularly the suggestion that local authorities carry out housing assessments prior to the development of Local Housing Strategies. It felt that these assessments should take account of both housing and planning issues and be framed within the context of the overarching Community Strategy.
- Members felt that further importance should be given to private sector housing as well as social housing in formulating Local Housing Strategies and that local authorities should make greater use of existing powers to facilitate private sector involvement in meeting local strategic housing objectives. It was vital to address housing needs and demands identified in all tenures and to avoid the speculative provision of housing.

5.5 The Chair invited the Minister to take account of the Committee's views in taking forward the consultation on Local Housing Strategies. She said that the Committee would consider the responses to the consultation exercise at the 7 November meeting.

Item 6: Consumer protection in house building and repair: LGH-09-01 (p.3)

6.1 The Minister said that the paper outlined the responsibilities, both nationally and regionally for consumer protection in house building and repair, including the legislative framework surrounding this. It examined the services provided by local authorities and the private sector in relation to building control, and detailed new proposals and initiatives.

6.2 The Minister said that although these consumer issues were not a devolved responsibility, the National Assembly ensured that Wales had an active input into this area via the Housing Directorate, Ministerial contacts and Welsh representation on advisory bodies. Complaints concerning four South Wales private housing developments meant that the National Assembly had become increasingly involved with quality control issues. Officials had pursued these with the National House Building Council (NHBC), the Department of Transport, Local Government and the Regions and the Office of the Secretary of State for Wales and work would be continuing to rectify the problems that had been identified.

6.3 The following points were raised in discussion:

- The Committee welcomed the report and expressed concern about the serious nature of complaints that the Housing Directorate had received from homeowners regarding poor quality house building and repair work, particularly the cases of soft mortar.
- The Committee expressed disappointment with the reluctance of the NHBC to fully address the problem of defective mortar in sites in South Wales. In addition, the lack of certification by the NHBC that these houses, once repaired would conform to Building Regulations, would inevitably lead to a devaluation in house prices causing problems in the resale of property. It noted that remedial works to some properties had failed and that this raised concerns about future structural problems.
- Members were concerned about the level and adequacy of building inspection. The Committee felt that the dual function of the NHBC as both inspector and warranty provider, was unacceptable and could result in a conflict of interests. It noted that the NHBC had been responsible for inspection of housing developments experiencing problems with soft mortar. There was some support for an increase in the role of local authorities in the provision of building control services.
- One Member suggested that it was vital to ensure that adequate advice was made available to complainants via local authorities.
- There was strong support for the Quality Mark initiative involving a practical certification scheme allowing consumers to identify honest, competent builders and allied traders. The pilot schemes in Birmingham and Somerset had been heavily publicised to increase awareness within the construction industry and to encourage participation. However, some builders had shown reluctance to enrol in the scheme due to its perceived bureaucratic nature and cost of registration. Enrolment in the scheme was dependent upon an assessment of professional skills.
- One Member highlighted the need to regularly update information regarding membership of the Quality Mark to ensure the validity of the scheme. The Minister undertook to provide a note setting out the National Assembly's powers in relation to consumer protection in house building, as well as details of the pilot Quality Mark scheme.

6.4 The Chair invited the Minister to take account of the Committee's views on consumer protection in house building and repair. She said that the Committee would welcome the opportunity to receive a progress report early next year.

Item 7: Social Housing – Emerging models for access and allocation:

LGH-09-01 (p.4)

7.1 The Minister said that the paper provided a summary of the way in which social housing should be allocated. It included the development of policy on lettings for the social sector and the encouragement of good practice and innovation in this area.

7.2 The emerging views highlighted the need to provide tenants with a wider choice of homes and

to offer them a greater say in where they lived. In developing choice based systems, much attention had been given to the 'Delft Model' pioneered in the Netherlands. Another theme in the allocation of social housing involved the development of initiatives to allow for a mixture of household type and socio-economic profile to encourage sustainability within communities. The Minister said that funding had been provided for various pilot projects to test policy principles within this area.

7.3 The Minister said that a 'Lettings Sounding Board' had recently been established to assist in the development of policy for social housing lettings. The Sounding Board would adopt an inclusive approach and consult statutory and voluntary organisations in addressing key policy areas. Feedback would be used in the design of Regulatory Requirements and the Code of Guidance on the allocation of housing and homelessness.

7.4 The following points were raised in discussion:

- The Committee supported the development of alternative approaches to improve the access and allocation of social housing, in order to promote housing choice for applicants and the creation of more balanced communities.
- Members welcomed the development of pilot projects to assist in improving lettings policies. The Committee agreed it was important to support innovative schemes which met the needs of applicants and increased housing choice. It felt that robust monitoring and evaluation of pilot projects would be required.
- There was some discussion on the 'Delft Model' which used open-market advertising once applicants satisfied a basic test of housing needs. Some Members felt that although the use of date order to determine allocation where more than one applicant had been received was a fair method, it would not necessarily guarantee that houses were allocated to those in greatest need. One Member suggested that a dual approach would be more effective which also took account of the current point system.
- There was some concern that applicants with special needs, such as those with literacy difficulties, could be at a disadvantage if required to make housing applications in response to adverts under this system. It was felt that further consideration should be given to address equal opportunities issues within the allocation process.
- One Member expressed concern that the 'Delft Model' failed to address sufficiently the problem of low demand for housing on estates regarded as less desirable.
- There was some discussion on the ability of social lettings to assist in the creation of balanced and sustainable communities. Most Members welcomed the introduction of an engineered approach to estate development which allowed the consideration of the needs of the community in addition to the housing needs of the applicant. It recognised that creating mixed communities was a complex task and would vary considerably according to local circumstances. The Committee noted that Swansea City and County Council had adopted a similar approach in tackling the problems of low demand and redressing the socio-economic balance on large council estates.

7.5 The Chair invited the Minister to take account of the Committee's views in preparing the

revised Code of Guidance on Lettings and Homelessness and the new Regulatory Requirements.

Item 8: Low Cost Home Ownership schemes: LGH-09-01 (p.5)

8.1 The Minister said that the Low Cost Home Ownership (LCHO) programme helped people on relatively modest incomes into home ownership and that this, in itself had been deemed sufficient justification for the operation of schemes. However, housing built specifically for potential LCHO customers may have resulted in a more marked distinction between public and private sector housing.

8.2 The Minister said that since local authorities had been given control of the Social Housing Grant budget, the proportion of the programme devoted to LCHO had declined sharply. Local authorities regarded LCHO as separate from mainstream social housing and an ineffective tool to meet priority housing needs. She said that LCHO could contribute to broader policy aims by helping to meet the need for affordable housing in areas of shortage by assisting tenants in the purchase of their own home; promoting tenure diversity on estates; and helping to meet rural housing needs.

8.3 The Minister said that possible ways forward in LCHO included making Homebuy more flexible; dispensing with Shared Ownership; and making all social housing 'tenure neutral'.

8.4 The following points were raised in discussion:

- The Committee felt that the Homebuy scheme was largely under-utilised. It felt that there was a need to further raise awareness of Homebuy to increase take up. It was suggested that Social Housing Grant available to finance the scheme should be used by local authorities, as part of their strategic overview to promote Homebuy. An increase in participation of the scheme would result in a decrease in demand for new homebuild.
- One Member suggested that local authorities should be actively encouraged to make funds available to occupants who were unable to secure mortgages from mainstream financial institutions as their houses had been designated as defective.
- The Committee supported the introduction of flexible Homebuy which would enable people to move between tenures without moving house. It agreed that the ability to staircase down tenures would offer increased security to those facing domestic difficulties.
- Members welcomed the success of Homebuy in rural areas since the reduction of the equity threshold from 70 per cent to 50 per cent. John Bader said that to date, bids of £1.3 million had been received from the £1.5 million made available to rural authorities throughout Wales. The Committee welcomed the additional £1.5 million, which would double the programme to 140 dwellings in the current financial year.
- One Member felt that the maximum discount of 25 per cent available under the Right to Acquire was not sufficient to encourage participation. John Bader said that the scheme, which had been introduced in 1998 was still in its infancy and that it was not yet possible to quantify whether the low level of discount had had a significant effect on its take up.
- The Committee noted that when properties were purchased via Right to Acquire, capital

receipts were used to redeem the debt of registered social landlords with the balance retained in a specifically designated reserve to be used for reinvestment in social housing.

8.5 The Chair invited the Minister to take account of the Committee's views on the development of Low Cost Home Ownership schemes. The Minister undertook to provide a note on the action being taken by local authorities to support people on modest incomes into home ownership.

Item 9: Annual report on social inclusion: LGH-09-01 (p.5)

9.1 The Minister said that the paper detailed the future format of the National Assembly for Wales Annual Report on Social Inclusion in Wales. The proposed format of the report included the setting of specific, measurable, achievable, realistic and timed targets to enable evaluation of progress made in tackling poverty and social disadvantage.

9.2 The policy areas to be covered in the report provided the basis for its structure. The inclusion of 'Community Economic Development' as a distinct policy area highlighted the need to differentiate between main stream economic development and that required as part of the wider social inclusion agenda.

9.3 The Minister said that the Community Regeneration and Social Inclusion Unit would be further consulting with relevant policy divisions to discuss the format of the report and to ensure that all policy areas were covered.

9.4 The Committee welcomed the proposals for the future format of the report and made the following suggestions:

- A separate section was required for housing and homelessness given the importance afforded to the housing agenda and the contribution it made to tackling social disadvantage;
- Designated sections should be included to cover older people and those with disabilities;
- The section on transport should be divided into sub-sections and include information on accessibility;
- Further information was required on the proposed targets to be used to measure progress.

9.5 The Minister said that consideration would be given to cross-referencing issues relating to older people where separate sections were impracticable due to difficulties in collating information.

9.6 The Committee noted that the Community Regeneration and Social Inclusion Unit had written to relevant policy divisions regarding the development of targets and were awaiting responses. It was envisaged that first year targets would be set and that medium (5 years) and long term (10 years) targets would be considered where appropriate. The Minister undertook to provide a paper

in the autumn setting out proposals for targets for inclusion in the National Assembly's Annual Report on Social Inclusion.

9.7 The Chair invited the Minister to take account of the Committee's views when preparing the report for 2002.

Item 10: Policy review of community regeneration: LGH-09-01 (p.7)

10.1 The Chair said that she was keen to draw up appropriate terms of reference for the review of community regeneration, in order for the Committee to add value to the policy process. She said that it was important to achieve a focus in the review, so that the key issues could be identified and a well-defined outcome achieved. It was vital to avoid duplicating work that had already been undertaken, particularly in the context of *Communities First*.

10.2 The suggestions made for the review were either a narrow focus on the policy and funding framework for community regeneration, or a broader approach to consider the whole community regeneration agenda. The Committee agreed that a compromise approach would include an initial focus on the policy and funding framework, with any necessary subsequent work to be identified as part of the first phase of the review.

10.3 The Chair said that the Secretariat would draw up the terms of reference and project plan to reflect the Committee's views on the phased approach to the review.

Item 11: Minutes of the 6 June meeting: LGH-08-01 (min)

11.1 The minutes of the 6 June meeting were agreed.

Committee Secretariat

June 2001

Annex 1

SUMMARY OF ACTION POINTS FROM 20 JUNE MEETING

1. The Minister undertook to provide further information, particularly financial data, on the recent

announcement on the Local Regeneration Fund (LAPD/WEFO).

2. The Minister undertook to provide a copy of the statement on the *Communities First* programme to the Committee (CRSIU).

3. The Minister undertook to include a progress report on the study on councillors' allowances in her next written report (LGM).

4. The Minister undertook to bring forward a paper in the autumn on the impact of equal opportunities policy on local government purchasing and construction activity (PEP/HD/LGM).

5. The Minister undertook to arrange informal meetings between the Committee and construction firms, in the context of 'Rethinking Construction' (HD/Com Sec).

6. The Minister undertook to provide a note setting out the National Assembly's powers in relation to consumer protection in housebuilding, as well as details of the pilot Quality Mark scheme (HD).

7. The Minister undertook to include in her next written report details of the pilot projects to test the new models for allocating social housing (HD).

8. The Minister undertook to provide a note on the action being taken by local authorities to support people on modest incomes into home ownership (HD).

9. The Minister undertook to bring forward a paper in the autumn setting out proposals for targets for inclusion in the National Assembly's annual report on social inclusion (CRSIU).