To: MEMBERS OF THE HOUSING COMMITTEE
Councillors Parker (Chair) Fitzgerald (Vice-Chair), Allen, Blake-Thomas, Gray, Jones, Langton, Mills, Morrow, Ridge, Steeds, C.White and Wren.

Substitute Councillors: Blackwell, Connolly, Orrick and Pursehouse.

c.c. All Other Members of the Council.

11th September 2019

Dear Sir/Madam,

HOUSING COMMITTEE
THURSDAY, 19TH SEPTEMBER 2019 AT 7.30 P.M.

The Agenda for this meeting of the Committee to be held in the Council Chamber, Council Offices, Station Road East, Oxted is set out below. If a Member of the Committee is unable to attend the meeting, please notify officers accordingly.

Should Members require clarification about any item of business, they are urged to contact officers before the meeting. In this respect, reports contain authors’ names and contact details.

If a Member of the Council, not being a Member of the Committee, proposes to attend the meeting, please let the officers know by no later than noon on the day of the meeting.

Yours faithfully,

Louise Round
Chief Executive

AGENDA

1. MINUTES OF THE MEETINGS HELD ON THE 20TH JUNE 2019 (previously circulated within the Council Book)

2. APOLOGIES FOR ABSENCE (if any)

3. DECLARATIONS OF INTEREST – All Members present are required to declare, at this point in the meeting or as soon as possible thereafter:
   (i) any Disclosable Pecuniary Interests (DPIs) and / or
   (ii) other interests arising under the Code of Conduct

in respect of any item(s) of business being considered at the meeting. Anyone with a DPI must, unless a dispensation has been granted, withdraw from the meeting during consideration of the relevant item of business. If in doubt, advice should be sought from the Monitoring Officer or his staff prior to the meeting.

continued…
4. TO DEAL WITH QUESTIONS SUBMITTED UNDER STANDING ORDER NO. 29(2)

5. HOUSING COMMITTEE DELIVERY PLAN 2019/20 – QUARTER 1 PROGRESS REPORT (page 3 and Appendix A)

6. COUNCIL HOUSE BUILDING PROGRAMME – UPDATE (page 18)

7. BUDGET MONITORING 2019/20 (page 31 and Appendices A to C)

8. TENANCY SUCCESSION POLICY (page 40 and Appendix A)

9. ANY OTHER BUSINESS WHICH THE CHAIRMAN IS OF THE OPINION SHOULD BE CONSIDERED AT THE MEETING AS A MATTER OF URGENCY
1. Background

1.1 Our Corporate Strategy provides a framework for us to deliver our vision for the district which is to be “aspirational for our people, our place and ourselves”. This vision encompasses the Council’s role in relation to Tandridge residents and business, its crucial responsibility in relation to the district’s physical environment (natural and built) and also says something about the kind of organisation we want to be.

1.2 The Corporate Strategy is comprised of key corporate objectives which are reviewed annually by the Council Administration, Strategy & Resources Committee and then agreed by Council. These objectives reflect a number of factors including key issues for residents, available resources, statutory requirements and demand for services.

1.3 The key corporate objectives for 2019/20 are:

A. Providing high quality, customer focused services.
B. Making a difference in our community by supporting those who need it most.
C. Creating a thriving economy while protecting the local environment.
D. Working in partnership with the community and other public services to create opportunities for all.
E. Improving the quality of our residents’ lives, including by enabling access to decent and affordable homes.
1.4 Shown visually, our vision, and key corporate objectives are:

- Providing high quality, customer focused services.
- Working in partnership with the community and other public services to create opportunities for all.
- Improving the quality of our residents’ lives by enabling access to decent and affordable homes.
- Being a proactive, flexible learning environment.
- Making a difference in our community by supporting those who need it most.
- Creating a thriving economy while protecting the local environment.

1.5 The key corporate objectives will be delivered through a single Corporate Delivery Plan which will be agreed by the Policy Committees. The Delivery Plan sets out the projects and programmes the Council will deliver in order to achieve the key corporate objectives. The Delivery Plan also sets performance indicators and risks so we can monitor how we are delivering our services.

1.6 Progress against the Delivery Plan is reported to each Policy Committee quarterly. The Overview and Scrutiny Committee also receives regular updates about the progress of the Delivery Plans.

1.7 Progress against the agreed 2019/20 Delivery Plan for this Committee for Quarter 1 is set out at Appendix ‘A’.

2. Quarter 1 Progress

2.1 Each Committee Delivery Plan identifies a set of key performance indicators (KPIs) and risks so the Committee can monitor how the Council is delivering its services. Where indicators are off target or below the same period in the previous year an explanation is provided.

3. Financial / Risk Implications

3.1 Costings for projects identified within the Delivery Plan will be individually costed as projects come forward.
4. **Legal Implications**

4.1 There is no regulatory service planning regime imposed by central government upon Local Authorities and the Council, therefore, has discretion about how to prioritise its services and monitor their effectiveness.

4.2 There is no regulatory performance management regime imposed by central government upon Local Authorities. The Council therefore, has discretion about how to measure the quality of key services / activities.

5. **Equality Impacts**

5.1 Consideration of impacts under the Public-Sector Equality Duty are as follows:

<table>
<thead>
<tr>
<th>Questions</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Do the proposals within this report have the potential to disadvantage or discriminate against different groups on the community?</td>
<td>Not at this point. All projects within the Delivery Plan will consider equality impacts.</td>
</tr>
<tr>
<td>What steps can be taken to mitigate any potential negative impact referred to above?</td>
<td>Not applicable</td>
</tr>
</tbody>
</table>

6. **Data Protection impacts**

Following the completion of a Data Protection Impact Assessment, consideration of potential data protection implications arising from this report are as follows:

<table>
<thead>
<tr>
<th>Questions</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Do the proposals within this report have the potential to contravene the Council’s Privacy Notice?</td>
<td>No</td>
</tr>
<tr>
<td>Is so, what steps will be taken to mitigate the risks referred to above?</td>
<td>N/A</td>
</tr>
</tbody>
</table>

--------- end of report --------
About this Committee

The Housing Committee is responsible for setting and reviewing the Council’s policies in respect of the housing and care needs of the district. This includes those relating to:

- Management (including repair, maintenance, improvements, sale, acquisition, allocation and control) of all housing stock, buildings and housing land. This includes garages, mobile homes parks, caravan sites and day centres;

- Management of the emergency alarm system for older people and those with disabilities;

- Private sector housing conditions, including standards of fitness, slum clearance, houses in multiple occupation, overcrowding, harassment, improvements on an individual or area basis, grants/mortgages for purchase, improvement or repair of property and the provision of a housing advisory service;

- The provision of affordable housing to meet local housing needs, both:
  - via the direct supply of new Council owned homes; and
  - as a housing enabler, supporting the delivery of homes by other agencies, e.g. housing associations.

Each year, the Housing Committee agrees a Delivery Plan. The Delivery Plan sets out how the Committee will deliver the Council’s corporate objectives and priorities for that year. It also sets performance indicators and risks so the Committee can monitor how the Council is delivering its services.

Progress against the Delivery Plan is reported to the Housing Committee quarterly. The Overview and Scrutiny Committee also monitors the work of this Committee and receives regular updates about the progress of the Delivery Plan.
Priorities

Vision

The Council’s vision is to be “aspirational for our people, our place and ourselves”. This will be fulfilled by the following corporate objectives and priorities for 2019/20:

Objectives

A. Providing high quality, customer focused services.
B. Making a difference in our community by supporting those who need it most.
C. Creating a thriving economy while protecting the local environment.
D. Working in partnership with the community and other public services to create opportunities for all.
E. Improving the quality of our residents’ lives, including by enabling access to decent and affordable homes.
F. Being a proactive, flexible learning environment.
Projects

The programmes and projects below set out how the Housing Committee will deliver the corporate objectives and priorities for 2019/20.

Each programme and project has a detailed plan and is overseen by a Board and Committee. This section provides a summary of each project. More detailed reports will be considered by this Committee during the year.

H1. HOUSING DELIVERY PROGRAMME

WHAT: This Programme will provide a range of housing tenures to address identified gaps in the local market and enable affordable housing to be constructed to meet current housing need within the district.

WHAT WE WILL DELIVER:
During 2019/20 the HRA development programme will start 43 homes and complete 40 homes.

KEY DATES:
- 7 homes started on site at Rochester Gardens and Town End Caterham – March 2020
- 26 homes started on site at Bronzeoak House Caterham – January 2020
- 10 homes started on site at the Greenway Hurst Green – May 2019
- 8 homes completed at Godstone Road Whyteleafe – July 2019
- 3 homes completed at Barnfield Way Hurst Green – January 2020
- 19 homes completed at the Court Warlingham – March 2020
- 10 homes completed at the Greenway Hurst Green – January 2020
- A further 17 homes to be secured via development opportunities
- New Housing Company Homes started – Autumn/Winter 2019

QUARTER 1 UPDATE:

<table>
<thead>
<tr>
<th>Outcomes</th>
<th>Timescale</th>
<th>Budget</th>
<th>Risks</th>
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- **Rochester Gardens and Town End Caterham** – The planning application will be submitted in July and work on the PQQ will start in August/September, but it is unlikely given the long tendering process that a start will be made on site in 2019/20
- **Bronzeoak House Caterham** – The planning application will be submitted in June and work on the PQQ has started on tendering, but it is unlikely, given the long tendering process that a start will be made on site in 2019/20
- **Greenway Hurst Green** – a contract is due to be signed in July 2019 with conversion work starting on site in September 2019. Work is due to complete in March 2020
- **Godstone Road Whyteleafe** – The homes are due to be handed over in September 2019
- **Barnfield Way Hurst Green** – Due for completion in November 2019
- **The Court Warlingham** – work is progressing to programme with a completion due in late March 2020 as planned
- **17 additional homes to be secured via development opportunities** – work to identify suitable opportunities is ongoing
- **New Housing Company Homes started** – An autumn start will not be achieved

During 2019/20 the HRA development programme will start 10 homes with the possibility of up to a further 33; and will complete 40 homes.
In terms of affordable homes provided by housing associations, one of our housing association partners is in advanced discussions with a developer to provide 32 x 1 and 2-bedroom homes for affordable rent which will be delivered in this financial year. The Council will benefit from initial and subsequent nominations to these homes.

H2. HOMELESSNESS STRATEGY

**WHAT:** The new Homelessness Strategy will complement and support the Council’s Housing Strategy, setting out the core objectives of the housing service in preventing homelessness with full regard to the provisions of the Homelessness Reduction Act 2017

**WHAT WE WILL DELIVER:** A new 5 year Homelessness Strategy.

**KEY DATES:**
- Draft Strategy considered by Housing Committee on 12 March 2019.
- Member feedback deadline 26 March 2019.
- New draft for consultation 9 April 2019.
- Final version prepared and published 5 June 2019.
- Adoption by Housing Committee 20 June 2019.

**QUARTER 1 UPDATE:**

<table>
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The 5 year Homelessness and Rough Sleeping Strategy was approved by Housing Committee at its June meeting. It is accompanied by a high-level action plan designed to ensure delivery of the key actions identified within the strategy. Some of these actions will require their own delivery or project plan to be developed and this will be reported back to the Committee as required.

H3. HEALTH AND WELLBEING PROGRAMME

**WHAT:** Our Health & Wellbeing Programme provides us with a framework to work with partners to improve the health and wellbeing of our residents.

Ongoing delivery of health and wellbeing programme, including the Wellbeing Prescription, working in partnership with the East Surrey CCG/STP and other agencies/organisations.

**WHAT WE WILL DELIVER:**
- Support the Tandridge Health & Wellbeing Board to deliver its priorities.
- Enable local organisations to provide health and wellbeing services & activities in our communities through our Tandridge Lottery and small grants scheme.
- Ongoing delivery of the Wellbeing Prescription social prescribing service.

**KEY DATES:** Ongoing throughout 2019/20 in relation to specific projects

**QUARTER 1 UPDATE:**

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At its meeting on 10th July the Tandridge HWBB will receive an update on Surrey’s new 10 year Health & Wellbeing Strategy for the County and will consider the formation of a new Health and Wellbeing Strategy for
Tandridge linking to the County objectives. A new Health & Wellbeing Strategy would identify priority areas for work and how the district can work more closely with other partners.

**H4. DOUGLAS BRUNTON CENTRE REVIEW**

**WHAT:** To find a sustainable outcome for the Douglas Brunton Centre so that services to reduce social isolation in older people are incorporated into a wider range of services offered from the premises.

**WHAT WE WILL DELIVER:** Implementation of Member’s preferred option for future delivery of services by working with partners and local organisations.

**KEY DATES:**
- Community Interest Company option recommended, in principle, to Housing Committee (March 2019)
- Detailed business plan agreed by Housing Committee 20 June 2019
- Proposed Community Interest Company services in place by Autumn 2019

**QUARTER 1 UPDATE:**

<table>
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Having considered the proposed business plan, Housing Committee agreed that the Council should proceed to enter into a contract with the Community Interest Organisation to deliver a wider range of services at the DBC, which would be re-named the Westway Centre. The proposed Trustee Board was in place and prospective Trustees had met with other tenants of the building to discuss a coordinated approach to future use of the building.
### Performance

The performance indicators below enable the Committee to monitor how the Council is delivering the services for which it is responsible. Where performance varies from the target, action is taken to address any issues.

<table>
<thead>
<tr>
<th>Code</th>
<th>Indicator</th>
<th>Q1 2019/2020</th>
<th>2018-19 Outturn</th>
<th>Higher / lower is better</th>
<th>Performance against annual target</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Actual</td>
<td>Period target</td>
<td>End of year target</td>
<td>Direction of travel</td>
</tr>
<tr>
<td>HO1</td>
<td>Local Council rent collection and arrears: proportion of rent collected</td>
<td>2.14%</td>
<td>2.5%</td>
<td>2.5%</td>
<td>N/A New Indicator</td>
</tr>
<tr>
<td>HO2a</td>
<td>Average time taken to re-let local authority housing (days)</td>
<td>26.7</td>
<td>25.0</td>
<td>25.0</td>
<td>Improved (27.4)</td>
</tr>
<tr>
<td>HO2b</td>
<td>Average time taken to re-let local authority sheltered housing (days)</td>
<td>25.9</td>
<td>30.0</td>
<td>30.0</td>
<td>Improved (28.3)</td>
</tr>
<tr>
<td>HO3</td>
<td>Number of cases where it is known that advice and/or support from the Council successfully prevented or relieved the threat of homelessness (as defined by the Homelessness Reduction Act 2017) that the household was under</td>
<td>29</td>
<td>15</td>
<td>60</td>
<td>Improved (20)</td>
</tr>
<tr>
<td></td>
<td><strong>This is the total number of cases considered as threatened with homelessness as defined by the Homelessness Reduction Act 2017.</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HO4</td>
<td>Number of households living in temporary accommodation</td>
<td>41</td>
<td>30</td>
<td>30</td>
<td>N/A New Indicator</td>
</tr>
<tr>
<td></td>
<td>These are only households who are accommodated following an acceptance of a homelessness duty or provided with accommodation under a relief duty as defined by the Homelessness Reduction Act 2017. Other households may be placed in temporary accommodation without us accepting a duty but by using our prevention or relief powers. This target has been increased to reflect an increase in demand for accommodation and low levels of available affordable homes.</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>HO5a</td>
<td>Number of affordable Council homes started on site each year</td>
<td>0</td>
<td>0</td>
<td>43</td>
<td>N/A</td>
</tr>
<tr>
<td></td>
<td>Affordable housing is defined as that for rent, shared ownership or fixed equity and is owned and managed by the Council.</td>
<td></td>
<td></td>
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<tr>
<td>Code</td>
<td>Indicator</td>
<td>Q1 2019/2020</td>
<td>Direction of travel (compared to same period last year)</td>
<td>2018-19 Outturn</td>
<td>Higher / lower is better</td>
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<tr>
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<td></td>
<td>Actual</td>
<td>Period target</td>
<td>End of year target</td>
<td></td>
</tr>
<tr>
<td>H05b</td>
<td>Number of affordable Council homes completed each year</td>
<td>0 0 40</td>
<td>N/A</td>
<td>12</td>
<td>Higher</td>
</tr>
<tr>
<td></td>
<td>Affordable housing is defined as that for rent, shared ownership or fixed equity and is owned and managed by the Council.</td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>H05c</td>
<td>Number of affordable homes started on site each year by Registered Providers</td>
<td>0 0 18</td>
<td>N/A</td>
<td>126</td>
<td>Higher</td>
</tr>
<tr>
<td></td>
<td>Affordable housing is defined as that for rent, shared ownership or fixed equity and is owned and managed by a Registered Provider (e.g. housing association).</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>H05d</td>
<td>Number of affordable homes completed on site each year by Registered Providers</td>
<td>0 0 56</td>
<td>N/A</td>
<td>47</td>
<td>Higher</td>
</tr>
<tr>
<td></td>
<td>Affordable housing is defined as that for rent, shared ownership or fixed equity and is owned and managed by a Registered Provider (e.g. housing association).</td>
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</tr>
<tr>
<td>H06</td>
<td>Number of people in ‘urgent need’ (bands A&amp;B) on the Housing Register.</td>
<td>372 275 275</td>
<td>Declined (280)</td>
<td>323</td>
<td>Lower</td>
</tr>
<tr>
<td>H07</td>
<td>The average cost of repairs per property for Council tenants (and leaseholders)</td>
<td>£45 (25%) £81 (100%)</td>
<td>£325 (100%)</td>
<td>£424</td>
<td>Lower</td>
</tr>
<tr>
<td></td>
<td>This is for responsive repairs that are funded from the revenue budget as opposed to the capital budget. For example, replacing a roof tile is a responsive repair whereas renewing the entire roof is capital works. This is a cumulative figure.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>H08</td>
<td>First time fix (responsive repairs)</td>
<td>81.0% 85.0% 85.0%</td>
<td>Stable (81.0%)</td>
<td>80.0%</td>
<td>Higher</td>
</tr>
<tr>
<td>H09</td>
<td>Recall Visits (responsive repairs)</td>
<td>1.6% 5.0% 5.0%</td>
<td>N/A</td>
<td>New Indicator</td>
<td>N/A</td>
</tr>
<tr>
<td>HO10a</td>
<td>Percentage of emergency responsive repairs completed within the timescales set for the contractor.</td>
<td>99.0% 98.0% 98.0%</td>
<td>N/A</td>
<td>New Indicator</td>
<td>N/A</td>
</tr>
<tr>
<td>Code</td>
<td>Indicator</td>
<td>Q1 2019/2020</td>
<td>Direction of travel (compared to same period last year)</td>
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<tr>
<td></td>
<td></td>
<td>Actual</td>
<td>Period target</td>
<td>End of year target</td>
<td></td>
</tr>
<tr>
<td>HO10b</td>
<td>Percentage of non-emergency responsive repairs completed within the timescales set for the contractor.</td>
<td>92.0%</td>
<td>90.0%</td>
<td>90.0%</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Commentary on indicators with performance below same period last year and/or off target

**HO2a - Average time taken to re-let local authority housing (days)**
This indicator is off target due to changes in the way that voids are now recorded, this indicator now includes some longer-term voids that were previously considered to be major works voids and, therefore, discounted.

**HO4 - Number of households living in temporary accommodation**
The definition of this indicator has changed slightly from that used in 2018/19 as it now includes households owed an interim accommodation duty under section 188 of the Housing Act 1996. This mainly relates to households currently accommodated at the Council’s hostel. Very low supply of affordable properties available for letting is significantly impacting on performance.

**HO5a – Number of affordable Council homes started on site each year**
Whilst the Council is likely to be in contract by the end of the financial year on the Bronzeoak and Rochester gardens/Town sites it is unlikely, given the 12-14 week lead in time, that a start will be made on site in 2019/20.

**HO6 - Number of people in 'urgent need' (bands A&B) on the Housing Register**
This indicator is off target and performance has declined from the same period in the previous year. It is clear that there is a continued upward trend due to very low supply of affordable properties available for letting.

**HO8 – First Time Fix (Responsive Repairs)**
This is based on customer satisfaction surveys. There was an extremely low number of surveys returned in Q1. 115 surveys were returned, compared to over 1000 jobs invoiced. The number of surveys returns reporting that the repair was not fixed on the first visit was 20, but due to the low number of surveys this equates to 19%. It is noted also that a more ambitious target of 85% has been introduced this year (the target for 2018/19 was 80%), and at 81% the figure is just over the old target.

Additional Commentary on Indicators

**HO1 - Local Council rent collection and arrears: proportion of rent collected**
This has been amended to only show the rent arrears owing. Previously, if a tenant not in arrears overpaid their rent, this would contribute to the collection rate but would not affect overall arrears which may be increasing. This excludes garages and the hostel. Performance in Q1 is better than the quarterly target as the overall arrears percentage is lower than the quarterly target of 2.5%.
# Risks

The risks below enable the Committee to monitor and manage service performance. All risks are assessed according to the Likelihood (or probability) that the risk will occur. This ranges from 1 (Rare) to 5 (Almost Certain). We also assess the Impact (or severity) on the Council that the risk will have if it were to occur. This ranges from 1 (Negligible) to 5 (Extreme). Combining both scores together establishes a risk rating and, if the risk is high-scoring, enables us to decide how we wish to manage it.

<table>
<thead>
<tr>
<th>Risk</th>
<th>Likelihood</th>
<th>Impact</th>
<th>Score</th>
<th>Controls/Mitigation</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>Inadequate supply of affordable housing to meet local needs</td>
<td>4</td>
<td>4</td>
<td>16 (Red) New homes development programme to increase supply of permanent rented family housing. Delivery of the Housing Strategy Delivery of the Local Plan Maximising the limited opportunities to release land for development Allocation scheme. Increase use of private sector housing to meet temporary accommodation demand and prevent homelessness Target staffing resources at increasing development of new affordable homes where possible through the Council and Registered Providers Monthly monitoring of supply and demand for affordable housing. Performance reporting to CMT and Housing Committee and regular (minimum monthly) monitoring of homelessness trends. Ongoing review of national / local issues affecting the service.</td>
</tr>
<tr>
<td>H2</td>
<td>Failure to manage maintenance contracts effectively and procure contracts within legal and audit requirements</td>
<td>2</td>
<td>4</td>
<td>8 (Amber) Robust contract management processes. Dedicated contract management resources. Detailed and robust procurement processes. Officers trained in procurement and use of contract database. Appointment of contractors decided as part of Committee process.</td>
</tr>
<tr>
<td>H3</td>
<td>Failings of housing asset management</td>
<td>2</td>
<td>4</td>
<td>8 (Amber) Staff training and resources. Health and safety risk assessments. Effective and responsive management of private sector housing queries. Monitoring repair and maintenance programmes within the HRA Business Plan. Stock condition surveys. Peer review to ensure appropriate risks are identified, scored and controls appropriate.</td>
</tr>
<tr>
<td>H4</td>
<td>Insufficient funds to deliver HRA Business Plan</td>
<td>2</td>
<td>4</td>
<td>8 (Amber) Robust financial management.</td>
</tr>
<tr>
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<td>Impact</td>
<td>Score</td>
<td>Controls/Mitigation</td>
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<td>Engagement with money advice workers to reduce tenant debts and arrears. Employment of extra administrative staff to secure income. Close monitoring of arrears. Monitoring of stock condition and quality assurance for all works and repairs. Planning advice and pre-application discussions. Employment of appropriate professional consultants. At least quarterly budget monitoring meetings. Quarterly reports to CMT and Housing Committee.</td>
</tr>
<tr>
<td>H5</td>
<td>Failure to deliver support services to vulnerable residents</td>
<td>2</td>
<td>3</td>
<td>6 (Green)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Additional HRA funding to support sheltered housing service and additional homelessness support funding to Parashoot floating support service. Strong commitment to partnership working. Service offers under constant review. Budget monitoring. Explore future partnerships to deliver and enhance services currently provided at the Douglas Brunton Centre Business continuity and emergency plans. Monthly budget monitoring. Project monitoring meetings with Surrey Adult Social Care. Customer satisfaction surveys. Quarterly reports to CMT and Housing Committee.</td>
</tr>
<tr>
<td>Impact</td>
<td>1 (Green)</td>
<td>2 (Green)</td>
<td>3 (Green)</td>
<td>4 (Green)</td>
</tr>
<tr>
<td>-------</td>
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</tr>
<tr>
<td>1</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>2</td>
<td>2 (Amber)</td>
<td>4</td>
<td>6 (Green)</td>
<td>8 (Amber)</td>
</tr>
<tr>
<td>3</td>
<td>3 (Green)</td>
<td>6 (Green)</td>
<td>9 (Amber)</td>
<td>12 (Red)</td>
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<td>8 (Amber)</td>
<td>12 (Red)</td>
<td>16 (Red)</td>
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<td>5</td>
<td>5 (Green)</td>
<td>10 (Amber)</td>
<td>15 (Red)</td>
<td>20 (Red)</td>
</tr>
</tbody>
</table>

**Risk matrix**

- **Green**: Low risk
- **Amber**: Medium risk
- **Red**: High risk

- **Impac**: Impact levels
- **Likelihood**: Likelihood levels
REPORT TO THE HOUSING COMMITTEE – 19TH SEPTEMBER 2019 – AGENDA ITEM 6

COUNCIL HOUSE BUILDING PROGRAMME – UPDATE

Report of: Peter Trowbridge - Lead Housing Development Specialist  
ptrowbridge@tandridge.gov.uk - 01883 732922

CMT Lead Director Jayne Godden Miller - Strategic Director of People  
jgoddenmiller@tandridge.gov.uk - 01883 732828

Purpose of Report: To update the Housing Committee on current progress with the Council’s House Building (CHB) programme and seek approval to:

- procure the Uplands development;
- proceed with new housing schemes at Auckland Road and Windmill Close;
- buyback former Council properties sold through the Right to Buy;
- revise the budgets in respect of Bronzeoak House, Uplands and Rochester Gardens;
- apply Section 106 affordable housing contributions from developers to the Uplands development; and
- seek grant funding from Homes England to support the Council’s Housing programme.

Publication status: Unrestricted

Recommendations: That, in accordance with its delegated powers, the Committee determines that:

A. officers proceed with the submission of planning applications and, subject to the outcome of the planning process, the development of the garage sites at Auckland Road and Windmill Close, Caterham for affordable rented housing with the £1.86m budget to be met from the £5.47m set aside in Council’s House Building programme for 17 new dwellings;

B. subject to planning consent being granted, approval be given for the developments at Auckland Road and Windmill Close to be added to any contract awarded for construction work at Rochester Gardens & Town End, and authority be delegated to the Strategic Director of People, in consultation with the Chair and Vice Chair of the Housing Committee, to agree the negotiated price for each of the two sites representing value for money;
C. delegated approval be given to the Strategic Director of People, in conjunction with the Chair and Vice Chair of the Housing Committee, to initiate the process of appropriation at Auckland Road and Windmill Close, and the Strategy & Resources Committee to consider responses arising from the consultation and determine whether or not to appropriate the land for planning purposes;

D. a revised budget of £1.875m for Rochester Gardens and Town End be approved (this excludes any costs relating to Auckland Road or Windmill Close garage sites were they to be added to this contract);

E. the budget for the Uplands site be revised to £5.144m, and authority be delegated to the Strategic Director of People, in consultation with the Chair and Vice Chair of the Housing Committee, to procure and award the contract for the construction work at Uplands to the most economically advantageous tenderer;

F. a revised budget of £9.695m for Bronzeoak House be approved;

G. approval is given to allocate £400,000 of Section 106 affordable housing contributions to fund affordable housing units on the Uplands development;

H. approval is given to an initial ‘buyback’ programme to repurchase ex-council owned properties initially purchased under the Right to Buy with a budget of £1.55m for 5 homes, subject to the requirements of Financial Regulation 17, and the criteria detailed in section 6.3 of this report; and

I. officers are authorised to apply for social housing grant from Homes England to support the Council’s Council House Building, with the outcomes being reported back to future meetings of this Committee.

Appendices: None

Background papers defined by the Local Government (Access to Information) Act 1985: None

1. **Background**

1.1 The Council’s House Building (CHB) programme has to date completed six developments that total 40 homes - Eldon Road, Caterham (2); Acorn Gardens, Oxted (6); Cleves Way and Greensand Close Bletchingley (14); Meadway Warlingham (10 – includes the repurchase of 2 leasehold flats); and Godstone Road Whyteleafe (8).
1.2 A further 86 homes within the programme are at various stages as detailed below:

On site: – The Court, Warlingham (19 homes - due for completion in March 2020); Barnfield, Hurst Green (3 homes – due for completion November 2019); The Greenway (10 homes - due for completion March 2020)

Tender stage: - (subject to Committee approval): Uplands, Warlingham (21 flats and houses)

Subject to a planning consent and Committee approval: - Bronzeoak House Caterham (26 homes); Rochester Gardens and Town End Caterham (7 homes).

1.3 This report seeks approval to include two further sites in the CHB programme; approval to increase budgetary provision in relation to the Uplands, Rochester Gardens/Town End and Bronzeoak House sites and approval to proceed with the procurement of construction for the Uplands site. It also seeks to increase the supply of affordable housing by buying back up to 5 ex-Council dwellings previously sold under the Right to Buy.

2. Additions to the CHB Programme – Auckland Road and Windmill Close

2.1 A sum of £5.47m was included within the CHB programme in the years 2019/20 – 2022 to support the provision of 17 additional homes which also allowed for the purchase of land. Work to identify suitable sites, including private sites, is being undertaken by the housing development team to fulfil this part of the programme, and also to support extending the programme into future years, which will be considered by this Committee as part of the 2020/21 budgetary process.

2.2 As part of this work, 2 garage sites in Caterham have been identified which have the potential to provide 6 additional dwellings – a garage site in Auckland Road and the larger of two garage blocks in Windmill Close, together with a small parcel of land adjacent to the garages. Both of these are in the ownership of the Council and details of each are given below. Further sites identified as having potential will be brought to this Committee for consideration, once initial discussions have taken place with ward Members.

Auckland Road

2.3 The garage site in Auckland Road comprises 16 garages constructed in the 1970s within an overall residential development. Only one of the 16 garages is used by a resident of the development it was designed to serve and, except for one other resident who lives close by, the remainder are either void or let to addressees who reside further away and who, by virtue of this distance, are unlikely to be using the garage to park a vehicle in everyday use. Where possible, we will seek to accommodate garage users on alternative sites.

2.4 The site has the potential to provide 2 x 2-bedroom houses and 1 x 3-bedroom house, however the projected cost at £920,000 is high as small sites are expensive to develop.
**Windmill Close**

2.5 The larger of the two garage sites at Windmill Close comprises 14 garages and is one of two blocks of garages constructed to serve a residential development built at the same time. Only 5 of the 20 garages in the two blocks are used by residents of the development it was designed to serve or by residents living nearby. The remaining garages are either void or let to addressees who reside further away and who, by virtue of that distance, are unlikely to use the garage to park a vehicle in everyday use.

2.6 The larger garage site and a small piece of undeveloped land to the rear could provide 1 x 2-bedroom house and 2 x 3-bedroom house, together with parking for the new development and four parking spaces for the benefit of Windmill Close residents. The projected cost of this site is £940,000.

2.7 It is proposed to retain the smaller of the two garage blocks (6 garages) and use this to accommodate the 5 local residents currently occupying the two garage blocks. Where possible, we will seek to accommodate other users at alternative garage locations.

**Development of the two sites**

2.8 With both the Auckland Road and Windmill Close sites, it must be considered whether development represents the most efficient use of HRA funds. The high scheme costs need to be balanced against the paucity of opportunities to develop, the pressing need for more affordable housing and the potential cost of temporary housing to meet our duties in relation to homelessness.

2.9 Subject to approval by this Committee, it is proposed to proceed with survey work on both sites and the submission of planning applications as soon as possible. This will be done in liaison with ward members and the Caterham Hill Parish Council. Initial consultation with ward Members has already taken place and the Parish Council made aware of the proposal.

2.10 Experience with the Barnfield Way site (3 homes) suggests that there is little appetite from contractors for small sites such as these and they are more expensive to develop. It is therefore proposed to include reference to both sites within tender documentation for the Rochester Gardens/Town End construction contract which will shortly be tendered and, make provision for the cost of the work for these two sites to be concluded by negotiation based on pricing in the Rochester Gardens/Town End contract, with due allowance for build cost inflation.

2.11 This is in line with the Council’s Standing Orders and is considered to have the potential to both secure a contractor for the works and, by making it part of a larger contract, provide the opportunity to obtain a better price for the works. This was previously undertaken successfully when reference to Coneybury B site in Bletchingley was included in the tender for Coneybury A. However, in the event that the negotiated price for these sites is not attractive, it is proposed that we consider not proceeding.
Appropriation

2.12 The Council acquires and holds property for various statutory purposes in order to perform its functions. If the Council wishes to change the purpose for which it holds land, it must transfer land from one statutory allocation to another using a statutory process called appropriation. The Council is authorised by virtue of section 122 of the Local Government Act 1972 to appropriate land within its ownership for any purpose for which it is authorised to acquire land by agreement.

2.13 Where land is appropriated for planning purposes, it is then held by the Council under the statutory provisions of Part 9 of the TCPA 1990, rather than in this case in the Housing Revenue Account.

2.14 In considering whether or not the Council-owned land should be appropriated for planning purposes, thereafter engaging the powers conferred by section 203 of the Housing and Planning Act 2016 (‘HPA 2016’), the Committee will need to consider:

- whether the land which is to be appropriated is already owned by the Council (this is a prerequisite to appropriation) which it is;
- whether the land which is to be appropriated is no longer required by the Council for the purpose for which it is currently held (again, this is a prerequisite to appropriation), from amenity use to planning use;
- whether the purpose for which the Council would be appropriating the sites is a purpose authorised by statute (in the case of the two parcels of land to be appropriated for planning purposes, the relevant purposes would be authorised by sections 226 and 227 of the Town and Country Planning Act 1990) (‘TCPA 1990’);
- whether the proposed redevelopment of the sites would be in the public interest;
- whether the public interest benefits which would arise from the redevelopment of the sites would be sufficient to justify interference with any private rights, such that the interference was proportionate;
- whether any related financial liabilities of the Council would be indemnified; and
- whether prior consultation had taken place (as outlined above).

2.15 Appropriation of the Auckland Road and Windmill Close sites for planning purposes would facilitate the carrying out of the proposed development. There is a compelling case in the public interest to appropriate these parcels of land for planning purposes, as developing them would serve the public interest by providing new and improved housing facilities and accordingly, such development outweighs the effect of the appropriation on any private rights of individuals. In addition, the carrying out of the proposed redevelopment, regeneration and improvement of land will ultimately contribute to the promotion and improvement of the economic and social wellbeing of the Council's area.

2.16 The Council has no record of any third-party rights affecting the Auckland Road and Windmill Close sites and has not, to this date, been made aware that any party might have acquired any rights over the property although this possibility cannot be ruled out. The application of Section 237 of Town and Country Planning Act 1990 (‘TCPA 1990’) (as amended) therefore mitigates the risk of there being unknown interests.
2.17 However, if a third-party is able to establish that it has an easement or a right over the Auckland Road and Windmill Close sites or over a part of the sites (such easements could include but are not limited to a right of way or a right to light) then the third party could potentially obstruct the redevelopment and regeneration of the sites by applying for an injunction to prevent the delivery of the development. The effect of appropriation, followed by the engagement of the powers in section 203 of the HPA 2016 which override such third-party rights that may exist within the Auckland Road and Windmill Close sites and convert them into a right to compensation only (as opposed to a right to apply for an injunction), is therefore to facilitate the re-development and improvement of the sites. It should be noted that third-parties may be entitled to compensation for loss of their rights. Such compensation would be awarded for injurious affection (compensating for any depreciation in the value of the land or property arising from the interference with the right) rather than on a reinstatement or ransom basis.

2.18 The Council is required to advertise its intention to appropriate the land in the local press. An advert would need to be placed inviting members of the public who wished to object to write in with their objections by a set date. Following consultation, the matter will be referred to Strategy & Resources Committee for its consideration and decision as to whether to appropriate the land for planning purposes.

2.19 As the intention is to appropriate the land for affordable housing purposes and in advertising the intention, there is no requirement to supply further details or allow for greater consultation outside of the planning process.

3. Rochester Gardens and Town End

3.1 Planning applications for both the Rochester Gardens and Town End sites were submitted in July and a decision is anticipated in November. The scheme comprises 2 x 2-bedroom houses, 2 x 2-bedroom flats and a 3-bedroom house on the Rochester Gardens site; and 2 x 1-bedroom bungalows on the adjoining Town End site. Authority to proceed with tendering the construction work and approval of a preliminary budget of £1.718m was given by the Committee at its meeting on 21st June 2018 [Minute 29 2018/19.]

3.2 Our cost consultants have recently advised us that the cost of the construction work has risen and in the light of their advice and increased survey and fee costs incurred in establishing an acceptable drainage solution for the site, the total budget price for the project has had to be revised from £1.718m to £1.875m. This budget includes a contingency.

3.3 Increases in the construction costs have arisen principally because of build cost inflation and higher costs following detailed survey and design work. This report seeks approval to increase the budget for this project by £157,000.

3.4 Subject to the Committees approval of a revised budget cost, invitations to tender will be issued in November with a view to being in contract in March/April 2020 and work starting on site in June/July 2020. The work will take 9-12 months to complete.
4. **The Court & Uplands Way sites**

4.1 At its meeting on 15th June 2017, this Committee agreed to seek planning consent for the redevelopment of parts of The Court and Uplands – two sheltered housing developments in Warlingham - and gave authority to tender and award the construction contract in respect of The Court (Minute 24 2017/18). At the time authority was not sought for procuring the construction work for the Uplands site as there was no accurate start date for the development; it being dependent upon the completion of The Court project, which was providing the replacement homes for some Uplands tenants required to move from the two blocks identified for redevelopment.

4.2 Works at The Court are proceeding both to time and budget and are anticipated to complete in late March 2020. Tenants are expected to move from Uplands in the early weeks of April, thus releasing the two blocks at Uplands for redevelopment in May 2020.

4.3 Planning consent has been granted for the redevelopment of two blocks of flats at Uplands to provide 21 family dwellings, comprising 13 x 2-bedroom flats, 4 x 2-bedroom houses and 4 x 3-bedroom houses, together with parking and landscaping. Whilst this may be a lesser number of units than are currently present on the site (22 x 1 bedrooms and 1 x 2 bed scheme coordinator flat) all new dwellings are of a family size and represents an increase of 18 bedrooms over the existing.

4.4 The two remaining blocks of 1-bedroom flats will revert to general needs housing in April 2020 under proposals approved as part of the Sheltered Housing review.

4.5 At the time of the original approval in 2017 a preliminary budget of £4.152m was given for the project, the greater part of which relates to construction work. However, our cost consultants advise that the construction cost has risen significantly since that time and, as a result, the revised budget for the project is now £5.144m. The cost increase has arisen due to design changes and the number and type of dwellings being different from that originally proposed, as well as the rising cost of construction since 2017.

4.6 To meet planning requirements, the location of dwellings and parking on the site had to be changed significantly; an additional dwelling has been added, and all the 1-bedroom flats originally proposed have changed to 2-bedroom flats. In addition, the cost increase reflects build cost inflation since 2017 (3 years will have passed by the time construction work starts in May/June 2020) through to completion of the project (September 2021.) Broadly the cost changes are: increased costs due to changes in dwellings – 40%; increased costs arising from more detailed survey and design work – 36%; and build cost inflation September 2021 – 24%. As with every development scheme, the budget also includes a contingency.

4.7 Whilst every effort is made to provide the Committee with an accurate budget at inception, inevitably as the project moves from a feasibility stage and the design is fully developed, changes are made to meet planning requirements, and survey work is undertaken to establish such matters as foundation design and drainage solutions. In this case the passage of time is also a factor. Therefore, this report seeks approval to increase the overall budget by £992,000 and to proceed with procurement on a revised budget of £5.144m.
4.8 Subject to approval to proceed with tendering and to the revised budget, the Invitation to Tender (ITT) will be issued in November with a view to the contract being awarded in early March 2020, and work starting on site in June 2020, after a 3-month contractor mobilisation period. Because of the long lead in times for tendering a construction contract, particularly ones such as this which is required to be EU compliant, initial expressions of interest are already being sought. This does not oblige the Council to proceed but should this Committee agree to procure, it will allow us to proceed to tender stage more quickly.

5. Bronzeoak Site

5.1 Following the acquisition of the Bronzeoak House site earlier in the year, at its meeting on the 20th November 2018 [minute 177 2018/19] this Committee agreed to proceed with a scheme of 26 flats, with adjacent general needs and sheltered housing. A planning application was submitted in late June and it is expected to be determined by the Planning Committee in October 2019. Once again, because of the long lead-in times for tendering construction contracts, work is proceeding to prepare tender documentation and initial expressions of interest are already being sought. As stated previously, this does not oblige the Council to proceed but should this Committee agree to procure, it will allow us to proceed to tender stage more quickly.

5.2 Considerable work has been undertaken to arrive at a design that both meets the Council’s housing requirements, is acceptable in planning terms and a good fit for a town centre site. Given the local factors around flooding, considerable attention has also been given to drainage requirements. This further survey work has been used to better establish costs and inform the tender documentation.

5.3 A revised estimate of the construction cost has been provided by our cost consultants and this indicates that construction costs for the project have risen. This has led to an increase in the required budget for the project to £9.695m, which also allows for the purchase of the land. This is a rise of £375,000 from the figure reported to this Committee in November last year. This revised budgetary figure includes a substantial contingency, construction risk provision and allowance for build cost inflation to November 2021.

5.4 Subject to the revised budget being approved, the invitation to tender will be issued in October with a view to being in contract in February/March 2020 and on site in June 2020. The works is expected to take 15-18 months to complete.

6 Additions to the CHB Programme – Purchase of ex-Right to Buy properties

6.1 The value of housing within the district makes the repurchase of former Council properties purchased through the right to buy generally prohibitive. However, some flats within existing Council blocks are comparatively lower priced and, in the face of very high land costs locally and the difficulties of securing development sites, the ‘buy-back’ of former Council homes originally purchased through the Right to Buy may provide an alternative means of the adding properties to the Council’s housing stock.

6.2 Subject to approval it is proposed to undertake a small initial programme of 5 homes with a budget of £1.55m to include the purchase price, legal costs (including Stamp Duty Land Tax) survey and other similar costs, works to the property and a small contingency. It is anticipated that the 5 homes would be purchased within this financial year, although this is subject to suitable properties being identified. Funding for this programme of ‘buy-backs’ would need to be funded from the budget of £5.47m approved to support the provision of 17 additional homes.
6.3 It is proposed that any properties purchased under this initial scheme would meet the following criteria:

Be former Council owned general needs properties;

Preference given to flats with 2 bedrooms where the Council remains the freeholder;

The cost of remedial works to bring a property up to the Council's lettable standard not being significant;

The Council's legal team would need to be satisfied that the properties had a good and marketable title; and.

The negotiated price being acceptable in valuation terms.

6.4 The properties will be purchased for the benefit of the Housing Revenue Account in order to provide an additional means of increasing the Council's stock. Under the current constitution Financial Regulation 17 delegates the acquisition of land and buildings up to the value of £5 million to the Chief Executive, in consultation with the Leader or Deputy Leader and the Chair or Vice Chair of the Housing Committee. The upper limit on purchases is that funding is contained within the agreed Council House Building programme for the year. As detailed in 6.2, there is sufficient provision within the HRA capital programme to allow for up to five buy backs.

7 Environmental Issues

7.1 The Council's new homes programme seeks to maximise the energy efficiency of our homes so far as budgetary provision will allow with an emphasis on minimising heat loss through improvements to the external fabric of the building, as this approach has both a low capital cost and a low future maintenance cost; but also to use photovoltaic panels, energy efficient boilers and in the case of Bronzeoak House Combined Heat and Power.

7.2 The Council's contractors seek to maximise the amount of waste materials that are either used on site (demolition materials) or are recycled, in the case of the Barnfield site this is to date in the region of 80-90%.

7.3 Provision for cycle storage is always provided either within a shed or in the case of flatted developments wherever possible within individual stores.
8  Funding to Support the CHB Programme

Use of commuted sums to support the Council’s house building programme

8.1 The Council’s preference is always for on-site provision of affordable housing on planning policy sites (those of more than 14 homes) in order to increase the supply, however, this is not always possible and reluctantly it will accept a commuted sum in lieu of the housing. These sums are held exclusively for affordable housing, either to fund the Council’s own programme or to help fund housing association development and have to spent within 5 years or returned to the developer. The Council currently has £685,770 of funding ring-fenced for this purpose, of which £244,000 is already committed to a new affordable housing development in Whyteleafe. A further £1.034m in lieu of affordable housing is due in future years if developers build out consented developments.

8.2 Given that the Council now has an active affordable housing programme, it is appropriate that part of the cost of this programme is funded from the affordable housing contributions made by developers. It is therefore proposed, subject to the necessary approvals, that a sum of £400,000 be used to fund the Uplands development, particularly as RTB 1:1 receipts cannot be used. Unfortunately, Government regulations in respect of the use of RTB 1:1 receipts preclude their use where no additional dwellings are created, notwithstanding any other benefits the redevelopment may bring.

Homes England Grant

8.3 The Council has £1.418m of RTB receipts available to fund its house building programme in this financial year including £1.077m generated from RTB receipts arising in 2018/19. The forecast for receipts from RTB in 2019/20 is £0.861 and that projected for future years is £0.787m per annum. This level of receipts is insufficient to support the Council’s growing housing programme and it is therefore proposed, subject to approval, that the Council applies for grant funding from Homes England to support its programme.

8.4 It will be necessary to comply with Homes England standards for any homes funded through Social Housing Grant and to be audited for those schemes to ensure compliance. However, considering that the Council already meets the standards and compliance requirements, this should not create any additional issues for the Council. The outcome of any applications to Homes England will be reported back to this Committee at a future meeting.

9  Financial / risk Implications

9.1 The current approved Council Housing Building(CHB) capital budget programme totals £24,724,200, spread over 3 years 2019/20 to 2021/22:

<table>
<thead>
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<th>Year</th>
<th>Amount</th>
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<tr>
<td>2019/20</td>
<td>£9,815,300</td>
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<tr>
<td>2020/21</td>
<td>£13,372,300</td>
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<td>2021/22</td>
<td>£1,536,600</td>
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9.2 The above capital budgets include £5,470,100 relating unallocated schemes, profiled as shown in Table 1 below. Table 1, shows the proposed reallocation of the unallocated schemes budgets to the proposed new three schemes, and the estimated balance at the end of each year.
TABLE 1

<table>
<thead>
<tr>
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<td>Unallocated Schemes</td>
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<td>budget (approved)</td>
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<td>3571,000</td>
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<td>Proposed Schemes</td>
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<td>Auckland Road</td>
<td>50,000</td>
<td>690,000</td>
<td>180,000</td>
<td>920,000</td>
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<td>Windmill Close</td>
<td>50,000</td>
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<td>Buy-backs</td>
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<td></td>
<td>1,340,000</td>
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<td>Revised Unallocated</td>
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<td>Scheme Budget</td>
<td>281,350</td>
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<td>206,100</td>
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9.3 Table 2 below shows that the current CHB capital budget will need to increase by £1,524,000 (because of the changes to the existing schemes which are detailed above in sections 3 to 5) on the current approved capital budget (2019/20: 2021/22).

TABLE 2

<table>
<thead>
<tr>
<th></th>
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<th>2020/21</th>
<th>2021/22</th>
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<tr>
<td>Proposed changes to</td>
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<td>existing schemes:</td>
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<tr>
<td>Uplands</td>
<td>744,000</td>
<td>248,000</td>
<td>992,000</td>
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<tr>
<td>Rochester Gardens/Town End</td>
<td>157,000</td>
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<td>Bronzeoak House</td>
<td>375,000</td>
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<td>0</td>
<td>901,000</td>
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<td>Requirement</td>
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9.4 It proposed to fund the proposed increase in the CHB capital budget programme of £1,524,000 to fund £400,000 from the S106 receipts balances of £441,770, and the balance to be funded from a combination of available Right to Buy capital receipts, HRA reserves balances and or borrowing, and potentially any grant funding that could be secured from Homes England. The cost of any borrowing (interest charges and repayment of the loan) will be met from additional net rental income which will be generated from letting of these new affordable houses when completed.

9.5 In November 2018 the government abolished the Housing Revenue Account (HRA) borrowing cap to provide councils with the flexibilities to borrow for house building. This means the Council HRA can borrow to build new affordable houses in line with local authority prudential rules.
Risk

9.6 The principal financial risks to the Council arise from construction costs at the tender stage, changes in construction cost once in contract, the failure of an appointed contractor and the quality of build. The Council seeks to mitigate each of these in several ways. To ensure the Council obtains value for money and minimises cost, construction work is competitively tendered; the successful contractor being chosen only after an exhaustive review of tender prices, checks on the quality of build and, a review of programme length. Contract award is to the most economically advantageous tenderer but with an overall emphasis on price and value for money. The Council also undertakes a series of financial checks to minimise the risk of appointing a contractor that subsequently goes into administration.

9.7 Design & Build contracts are used for new build construction which places much of the risk with the contractor rather than the Council thus giving the Council greater certainty of price. Significant survey and design work is included in the tender documentation to reduce risk to the contractor and thus reduce the level of pricing risk.

9.8 Whilst risk can be minimised, it cannot be wholly eliminated, so a contingency sum is included within each project budget to allow for unknowns that may arise during the contract. The Council will also work with the appointed contractor to value-engineer elements of the construction with the aim of making cost savings.

10 Legal Implications

10.1 Officers consider that the development of the Rochester Gardens/Town End, Uplands, Bronzeoak, Auckland Road and Windmill Close sites is best achieved through the use of a JCT agreement with a third party. Under the Council’s Contract Procedure Rules, the Council and the successful tenderer will need to enter into a written contract to document the terms for the provision of the works/services. This is the JCT Contract.

10.2 The Council will need to invite tenders pursuant to the Public Contracts Regulations 2015 (the “PCR 2015”). As noted in the report, the value of the works contract falls below the threshold requiring compliance with the full EU tendering rules.

10.3 ‘Most economically advantageous tender’ (which often goes by its acronym of MEAT) is a specific term introduced by the European Parliament in 2014. This is incorporated in the UK through the Public Contracts Regulations 2015 (‘PCR 2015’) and Regulation 67 states that contracting authorities must award public contracts on the basis of MEAT. Under Reg 2 of the PCR 2015 the definition of a ‘contracting authority’ include local authorities. Although price or cost will always comprise some part of the MEAT assessment, there are other aspects of the tender submission that can be taken into consideration.

10.4 The Council in appropriating the land under Section 122 of the Local Government Act 1972 for planning purposes needs to be satisfied that the land is no longer required for the purposes for which it is currently held (i.e. amenity purposes) and that there is a compelling case in the public interest for doing so. Once appropriated, work carried out on that land pursuant to Section 237 of the Town & Country Planning Act is akin to compulsory acquisition and permits the carrying out of development if done in accordance with a planning permission, notwithstanding that it involves interference with interests or rights to which the provision applies, namely restrictive covenants and easements adversely affecting other land. This power extends to those deriving title from the Council. In effect it protects the development from restraint by injunction although compensation remains payable for the interference.
10.5 The Council when appropriating land for planning purposes needs to be satisfied that it will facilitate the carrying out of development, redevelopment or improvement on or in relation to land and that it is likely to contribute to the achievement of namely the promotion or improvement of the economic, social or environmental well-being of the whole part of its area and that there is a compelling case in the public interest for doing so.

10.6 Provided that the land is validly appropriated then under section 203 of the HPA 2016 the private rights or interests of third parties will be overridden (and converted into a right to claim compensation), provided that planning permission has been obtained and used for the building or maintenance work to be undertaken on the sites and the maintenance or building work is for a purpose related to the purpose for which the land was acquired, vested or appropriated, and that purpose must be in the public interest.

10.7 Using section 203 to override easements such as rights to light, rights of way and restrictive covenants, allows the construction or maintenance work to be carried out even if it interferes with such a right; compensation (for injurious affection) will need to be paid to the parties whose rights have been interfered with (if any).

11. Equality Impacts

11.1 Consideration of impacts under the Public-Sector Equality Duty are as follows:

<table>
<thead>
<tr>
<th>Questions</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Do the proposals within this report have the potential to disadvantage or discriminate against different groups on the community?</td>
<td>No</td>
</tr>
<tr>
<td>What steps can be taken to mitigate any potential negative impact referred to above?</td>
<td>N/A</td>
</tr>
</tbody>
</table>

12. Conclusion

12.1 Due to the continued demand for affordable accommodation and the very low supply of affordable properties, there are currently over 1650 applicants on the Council’s Housing Register. Over 350 of these are in the highest 2 priority bands. Therefore, the Council’s House Building programme plays a vital role in seeking to address housing need within the District. The Council has delivered 40 homes to date and currently has a further 86 at various stages in its pipeline. The approvals sought in this paper will help to implement this pipeline and see the delivery of more homes.

---------- end of report ----------
REPORT TO THE HOUSING COMMITTEE - 19TH SEPTEMBER 2019 - AGENDA ITEM 7

BUDGET MONITORING 2019/20

<table>
<thead>
<tr>
<th>Report of:</th>
<th>Brian Thompson – Chief Finance Officer S151 Officer – 01883 732718 <a href="mailto:bthompson@tandridge.gov.uk">bthompson@tandridge.gov.uk</a></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Jayne Godden-Miller - Strategic Director of People – 01883 732828 <a href="mailto:jgodden-miller@tandridge.gov.uk">jgodden-miller@tandridge.gov.uk</a></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Purpose of Report:</th>
<th>To report upon monitoring of the Committee’s budgets for the period 1st April 2019 to the 30th July 2019 – Period 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Publication status:</td>
<td>Unrestricted</td>
</tr>
<tr>
<td>Recommendation:</td>
<td>That the Committee notes the position of its budgets.</td>
</tr>
<tr>
<td>Appendices</td>
<td>Appendix A: Budget monitoring report for the period 1st April 2019 to the 31st July 2019 (page 36)</td>
</tr>
<tr>
<td></td>
<td>Appendix B: Capital monitoring report for the period 1st April 2019 to the 31st July 2019 (page 38)</td>
</tr>
<tr>
<td></td>
<td>Appendix C: Revised Capital Programme for Housing including 2018/19 slippage carried forward (page 39)</td>
</tr>
<tr>
<td>Background papers*</td>
<td>None</td>
</tr>
</tbody>
</table>

*defined by the Local Government (Access to Information) Act 1985

1. **Background**

1.1 This report provides information on spending compared to the approved budget for Housing Committee, highlighting any significant variances. The aim of this process is to provide regular and consistent information for each Committee on monitoring of income and expenditure within the relevant General Fund (GF), Housing Revenue Account (HRA) and Capital budgets.

1.2 The Strategy & Resources Committee will receive a summary of each Committee’s key highlights grouped together to provide a Council-wide perspective, along with details of any overspends referred to it by other Policy Committees.

1.3 The Committee is advised that this is the first budget monitoring report of the financial year 2019/20. The variations contained within this report are based on estimates of expenditure and income as at 31st July 2019 which is the third way point in the financial year and may change as the financial year unfolds.

2. **Monitoring Report for 2019/20**

2.1 The revenue budget key highlights for this Committee to the end of July 2019 for the Housing General Fund and Housing Revenue Account are shown in the tables, and in the attached Appendix A (i) and A(ii). The key highlights for the Capital Programme budget for this Committee is attached at Appendix B. The presentation is standardised across all Committees.
2.2 With regards to Housing General Fund, the net revenue budget for 2019/20 amounts to £885,260 and is forecast to be £46,240 underspent at the year end, as set out in Appendix A(i), based upon latest forecast data at the end of July 2019. The capital budget for 2019/20 amounts to £526,000 and this is forecast to be underspend by (£100,000) at the year end, as set out in Appendix B.

2.3 With regards to the Housing Revenue Account, the net expenditure budget for 2019/20 amounts to (£1,320,600), a net transfer to reserves, and is forecast to be underspend by (£192,340) at the year end. The capital budget for 2019/20 amounts to £13,135,300 and this is forecast to be (£1,600,200) under budget at the year end.

2.4 Each Committee is required to manage its services within the overall value of its approved budget. If the budget is expected to be overspent at year-end, this will need to be reported to and approved by the Strategy & Resources Committee. Before referring any such overspends to the Strategy & Resources Committee, Members should be content that all options to accommodate the situation within the ‘parent Committee’s’ net budget have been reviewed.

3. 2018/19 Capital Programme Slippage

3.1 At the end of the 2018/19 financial year, the overall capital outturn was underspent, which was reported to Strategy and Resources on the 13th June 2019, which agreed in principle that the 2018/19 underspend should be incorporated within the Capital Programme 2019-2022. A detailed summary of the position for Housing Committee schemes are set out in Appendix C, which shows the capital slippage arising in 2018/19. It is proposed to request Strategy and Resources Committee to confirm the carry forward of this Committee’s slippage and the incorporation in the revised approved Capital Programme.

4. Comments of the Strategic Director of People

4.1 Several variances have been identified in the Housing General Fund budgets. These have resulted in a projected year end underspend of (£46,240). The key variances are summarised below:

**Housing General Fund – Revenue**

- **Underspend on Salaries of (£28,110)**

  The underspend on salaries arises from offsetting an overspend following the introduction of Customer First being offset by underspend on the salary element at the Douglas Brunton Centre.

- **Overspend on Douglas Brunton Centre (DBC) of £7,920**

  The DBC will be run by the Council until the end of September, after which a Community Interest organisation will take over the running of the services, together with associated costs. The operational budget is predicted to be £7,920 overspent at the point of handover due to loss of income on Centre meals and the need to carry out essential repairs or replace equipment.
• **Underspend on Meadowside Mobile of (£18,900).**
  
  There has already been 4 sales on Meadowside and it is anticipated that additional sales will take place later this year.

• **Underspend on Syria Refuge scheme of (£12,000)**
  
  This is due to Government grant income now being received and aligned to expenditure.

**Housing General Fund - Capital**

• The Housing General Fund capital budget is forecast to underspent by (£100,000) due to underspend on Social Grant budget. At present the grant is unallocated but this position could change if a housing association presents a viable opportunity to increase the supply of affordable housing.

4.2 The Housing Revenue Account is predicted to be underspent by (£192,340) at the year end. The key variances are:

**HRA - Revenue**

• **Overspend on salaries of £62,700.**

  Forecast overspend due to spending on agency staff on housing management, offset by forecast underspend in the Sheltered Accommodation service due to staff vacancies created as part of the Sheltered Housing Review.

• **Underspend on Service costs of (£25,523)**

  The underspend is mainly due to reduced spend on electricity and gas bills, due to improved management of the billing administration process following implementation of the new management service contract with Inspire in October 2018, and a one-off overpayment refund of £15,000 from our previous electricity supplier (Npower).

• **Underspend on Repairs and Maintenance of (£162,120)**

  Forecast underspend of Repairs and Maintenance budget is mainly due to envisaged underspend (£14,000) on void repairs due to lower volume of works and (£26,000) less spend on decoration repairs, and a budget savings of (£118,000) on the call handling service of the responsive repairs service with Tandridge Commercial Services. The call handling service has now been reorganised into the Case Services team, as part of the implementation of Customer First, and as a result the service is no longer provided by TCS.

• **Underspend on Interest charges payable on HRA Loan of (£79,200)**

  Forecast underspend of (£79,200) on the Interest charges payable on the outstanding HRA Loan with the Public Work Loan Board (PWLB) is due to expected spend based on actual existing HRA Loan and interest rates profiles being less than the budgeted amount which was based the updated 2019/20 30-year HRA Business Plan Model.
• **Additional rental income from Council Dwellings of (£37,200)**

Forecast additional rental income of (£37,177) from Council dwellings based rental income actual performance to date. There is an opportunity to bring in additional rental income of about £40,000 (not reflected in the July budget monitoring report) from new 8 units of affordable build when completed and let in the next few months. The additional rental income will be reflected in future HRA budget monitoring reports in the current financial year (2019/20).

• **Reduction in income from garages of £51,500.**

Forecast decrease on rental income of £51,514 from garages based on garages rents actual performance to date. The forecast spend shortfall in garages rent is line with previous years trend (garage rent voids have always been high). The garage rents will form part of the planned strategic review of HRA income as it will include focus on the best use of the existing garages.

• **Underspend on other miscellaneous budgets of (£2,600)**

Net underspend of net £2,558 on other budget variances of less than £10,000

**HRA - Capital**

Underspend on the HRA Capital Budget of £1,600,200.

• The main variances are due to underspend on the capital budget of underspend Council House building project of £1,469,700 due to slippages detailed elsewhere on this Agenda and underspend of £130,450 on the improvement works to Council Dwellings due to lower expected spend on capital voids works.

5. **Financial / risk Implications**

5.1 At the current time a net underspend on the Housing General Fund revenue budget as detailed in 3.1 is forecast due to the reasons highlighted above.

5.2 The HRA is forecast to underspend by (£192,340), however any underspends lead to a increased transfer to reserves at the year end.

5.3 The capital budgets for the Housing General Fund and the HRA are forecast to be under budget by (£100,000) and (£1,600,200) respectively.

6. **Legal Implications**

6.1 Section151 of the Local Government Act 1972 requires all Councils in England and Wales to make arrangements for the proper administration of their financial affairs. This report satisfies the requirements of that legislation in terms of monitoring the Council's budgets.
7. **Equality Impacts**

7.1 Consideration of impacts under the Public Sector Equality Duty are as follows:

<table>
<thead>
<tr>
<th>Questions</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Do the proposals within this report have the potential to disadvantage or discriminate against different groups on the community?</td>
<td>No</td>
</tr>
<tr>
<td>What steps can be taken to mitigate any potential negative impact referred to above?</td>
<td>Not applicable</td>
</tr>
</tbody>
</table>

8. **Data Protection Impacts**

8.1 Following the completion of a Data Protection Impact Assessment, consideration of potential data protection implications arising from this report are as follows:

<table>
<thead>
<tr>
<th>Questions</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Do the proposals within this report have the potential to contravene the Council’s Privacy Notice?</td>
<td>No</td>
</tr>
<tr>
<td>Is so, what steps will be taken to mitigate the risks referred to above?</td>
<td>Not applicable</td>
</tr>
</tbody>
</table>

------- end of report -------
**APPENDIX A(i)**
to Agenda Item 7

### KEY HOUSING GENERAL FUND VARIANCES

<table>
<thead>
<tr>
<th></th>
<th>Annual Budget 2019/20</th>
<th>Forecast Variance at year end (31/3/2020)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Housing Committee-General Fund</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries</td>
<td>843,960</td>
<td>(28,110)</td>
</tr>
<tr>
<td>Douglas Brunton Centre</td>
<td>95,564</td>
<td>7,920</td>
</tr>
<tr>
<td>Meadowside</td>
<td>(68,622)</td>
<td>(18,900)</td>
</tr>
<tr>
<td>Syrian Refugees</td>
<td>14,600</td>
<td>(12,000)</td>
</tr>
<tr>
<td>Other Variances less than £10k</td>
<td>(137,486)</td>
<td>4,850</td>
</tr>
<tr>
<td><strong>Housing General Fund Revenue Total</strong></td>
<td>885,260</td>
<td><strong>(46,240)</strong></td>
</tr>
</tbody>
</table>
## KEY HRA REVENUE HIGHLIGHTS

<table>
<thead>
<tr>
<th>Description</th>
<th>Annual Budget 2019/20</th>
<th>Forecast Variance at year end (July)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>1,664,315</td>
<td>62,727</td>
</tr>
<tr>
<td>Services costs</td>
<td>982,708</td>
<td>(25,523)</td>
</tr>
<tr>
<td>Corporate Support Services- Internal Recharges</td>
<td>1,146,378</td>
<td>0</td>
</tr>
<tr>
<td>Repairs and Maintenance</td>
<td>2,650,285</td>
<td>(162,124)</td>
</tr>
<tr>
<td>Interest Charges payable on HRA Loan</td>
<td>1,757,315</td>
<td>(79,200)</td>
</tr>
<tr>
<td>Rental Income from Council Dwellings</td>
<td>(14,043,060)</td>
<td>(37,177)</td>
</tr>
<tr>
<td>Garages</td>
<td>(322,830)</td>
<td>51,514</td>
</tr>
<tr>
<td>Other Variances less than £10k</td>
<td>4,844,294</td>
<td>(2,558)</td>
</tr>
<tr>
<td>Transfer to Reserves</td>
<td>1,320,596</td>
<td></td>
</tr>
<tr>
<td><strong>Housing Revenue Account Total</strong></td>
<td>0</td>
<td>(192,341)</td>
</tr>
</tbody>
</table>
Capital Budget Monitoring at 31/07/2019

<table>
<thead>
<tr>
<th>Scheme Name</th>
<th>Annual Budget 2019/20</th>
<th>Budget YTD</th>
<th>Actual YTD</th>
<th>Variance YTD</th>
<th>Forecast Variance 31/08/20</th>
<th>Scheme Total Budget</th>
<th>Forecast Total Scheme Variance</th>
<th>Budget Manager</th>
<th>People</th>
<th>Place</th>
<th>Resources</th>
<th>Narrative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing General Fund</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social Housing Grants</td>
<td>100,000</td>
<td>41,667</td>
<td>0</td>
<td>(41,667)</td>
<td>(100,000)</td>
<td>300,000</td>
<td>(100,000)</td>
<td>Peter Trowbridge</td>
<td>People</td>
<td></td>
<td></td>
<td>No Social Housing Grant allocations identified at this time, contingency budget.</td>
</tr>
<tr>
<td>Disabled Facilities Grants Mandatory</td>
<td>426,000</td>
<td>177,500</td>
<td>50,596</td>
<td>(126,904)</td>
<td>0</td>
<td>1,278,000</td>
<td>0</td>
<td>James Devonshire</td>
<td>People</td>
<td></td>
<td></td>
<td>Significant demand this budget will be fully expended</td>
</tr>
<tr>
<td>Total Housing GF</td>
<td>526,000</td>
<td>219,167</td>
<td>50,596</td>
<td>(168,571)</td>
<td>(100,000)</td>
<td>1,578,000</td>
<td>(100,000)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Housing Revenue Account</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Council House Building</td>
<td>9,815,300</td>
<td>4,089,708</td>
<td>1,136,908</td>
<td>(2,772,800)</td>
<td>(1,468,710)</td>
<td>34,732,200</td>
<td>0</td>
<td>Peter Trowbridge</td>
<td>Resources</td>
<td></td>
<td></td>
<td>Slippage in the Council House Building Programme</td>
</tr>
<tr>
<td>Structural Works</td>
<td>655,000</td>
<td>275,833</td>
<td>221,348</td>
<td>(54,486)</td>
<td>(10,000)</td>
<td>1,930,000</td>
<td>0</td>
<td>Robert Preedy</td>
<td>Place</td>
<td></td>
<td></td>
<td>Demand substantially committed, with some budget retained for unforeseen demand led works</td>
</tr>
<tr>
<td>Modernisation &amp; Improvements</td>
<td>514,000</td>
<td>234,167</td>
<td>284,066</td>
<td>69,899</td>
<td>1,706,000</td>
<td>0</td>
<td>0</td>
<td>Robert Preedy</td>
<td>Place</td>
<td></td>
<td></td>
<td>Demand substantially committed, with some budget retained for unforeseen demand led works</td>
</tr>
<tr>
<td>Energy Efficiency Works</td>
<td>393,000</td>
<td>163,756</td>
<td>12,734</td>
<td>(130,908)</td>
<td>0</td>
<td>1,322,000</td>
<td>0</td>
<td>Robert Preedy</td>
<td>Place</td>
<td></td>
<td></td>
<td>Demand substantially committed, with some budget retained for unforeseen demand led works</td>
</tr>
<tr>
<td>Internal Service Renewals</td>
<td>628,000</td>
<td>261,667</td>
<td>302,582</td>
<td>40,916</td>
<td>(23,000)</td>
<td>1,689,000</td>
<td>0</td>
<td>Robert Preedy</td>
<td>Place</td>
<td></td>
<td></td>
<td>Demand substantially committed, with some budget retained for unforeseen demand led works</td>
</tr>
<tr>
<td>Works to Void Properties</td>
<td>490,000</td>
<td>204,167</td>
<td>251,335</td>
<td>(35,000)</td>
<td>0</td>
<td>1,333,000</td>
<td>0</td>
<td>Robert Preedy</td>
<td>Place</td>
<td></td>
<td></td>
<td>Lower level of voids at this time of year requiring works</td>
</tr>
<tr>
<td>Health &amp; Safety</td>
<td>175,000</td>
<td>72,917</td>
<td>13,919</td>
<td>(58,998)</td>
<td>(33,442)</td>
<td>556,000</td>
<td>0</td>
<td>Robert Preedy</td>
<td>Place</td>
<td></td>
<td></td>
<td>Demand substantially committed, with some budget retained for unforeseen demand led works</td>
</tr>
<tr>
<td>Adaptations for the Disabled</td>
<td>225,000</td>
<td>93,750</td>
<td>102,657</td>
<td>8,907</td>
<td>0</td>
<td>675,000</td>
<td>0</td>
<td>Robert Preedy</td>
<td>Place</td>
<td></td>
<td></td>
<td>Anticipated based on current demand</td>
</tr>
<tr>
<td>Essential Structural Works</td>
<td>135,000</td>
<td>56,250</td>
<td>25,847</td>
<td>(30,403)</td>
<td>(5,000)</td>
<td>395,000</td>
<td>0</td>
<td>Robert Preedy</td>
<td>Place</td>
<td></td>
<td></td>
<td>Demand substantially committed, with some budget retained for unforeseen demand led works</td>
</tr>
<tr>
<td>Communal Services</td>
<td>75,000</td>
<td>37,500</td>
<td>0</td>
<td>(57,500)</td>
<td>(9,000)</td>
<td>235,000</td>
<td>0</td>
<td>Robert Preedy</td>
<td>Place</td>
<td></td>
<td></td>
<td>Demand substantially committed, with some budget retained for unforeseen demand led works</td>
</tr>
<tr>
<td>Housing Management Software</td>
<td>30,000</td>
<td>25,000</td>
<td>0</td>
<td>(5,000)</td>
<td>0</td>
<td>65,000</td>
<td>0</td>
<td>James Beach</td>
<td>Place</td>
<td></td>
<td></td>
<td>Ongoing IT development works progressing</td>
</tr>
<tr>
<td>Total HRA</td>
<td>13,135,340</td>
<td>5,502,200</td>
<td>2,336,868</td>
<td>(1,168,342)</td>
<td>(1,468,710)</td>
<td>34,732,200</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Housing Committee</td>
<td>13,663,380</td>
<td>5,721,375</td>
<td>2,287,456</td>
<td>(1,431,919)</td>
<td>(1,700,152)</td>
<td>36,213,200</td>
<td>(100,000)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
**Approved Capital Programme 2019-2022 - Slippage incorporated in Capital Programme**

<table>
<thead>
<tr>
<th>Current Continuing Capital Schemes</th>
<th>Approved Capital Programme</th>
<th>Revised Capital Programme reflecting 2018/19 Slippage</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Current Budget 2018/19</strong></td>
<td><strong>Capital Outturn 2018/19</strong></td>
</tr>
<tr>
<td>Structural Works</td>
<td>705,000 655,000 480,000 795,000 2,635,000</td>
<td>705,000 708,350 0 655,000 480,000 795,000 1,930,000</td>
</tr>
<tr>
<td>Modernisation &amp; Improvements</td>
<td>866,000 514,000 800,000 392,000 2,572,000</td>
<td>866,000 662,720 189,560 703,560 800,000 392,000 1,895,560</td>
</tr>
<tr>
<td>Energy Efficiency Works</td>
<td>118,000 393,000 448,000 481,000 1,440,000</td>
<td>118,000 102,710 15,290 406,290 448,000 481,000 1,337,290</td>
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<tr>
<td>Service Renewals</td>
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<td>667,000 667,200 0 628,000 620,000 445,000 1,693,000</td>
</tr>
<tr>
<td>Void Works</td>
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<td>495,100 480,520 14,580 504,580 450,000 395,000 1,349,580</td>
</tr>
<tr>
<td>Health &amp; Safety</td>
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<td>143,500 114,740 28,760 203,760 175,000 200,000 578,760</td>
</tr>
<tr>
<td>Adaptations for the Disabled</td>
<td>289,203 225,000 225,000 225,000 964,200</td>
<td>289,203 261,400 27,800 252,800 225,000 225,000 702,800</td>
</tr>
<tr>
<td>Essential Structural Works</td>
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<td>122,203 132,370 0 135,000 135,000 125,000 395,000</td>
</tr>
<tr>
<td>Communal Services</td>
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<td>20,200 8,790 11,410 86,410 90,000 70,000 246,410</td>
</tr>
<tr>
<td>Council House Building</td>
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<td>6,783,300 6,674,600 108,700 8,345,600 13,363,000 3,124,300 24,832,900</td>
</tr>
<tr>
<td>Meadoway Roof Repairs</td>
<td>0 0 0 0 0</td>
<td>0 0 0 0 0</td>
</tr>
<tr>
<td>Housing Management Software</td>
<td>70,000 30,000 20,000 20,000 140,000</td>
<td>70,000 18,880 51,120 81,120 20,000 20,000 121,120</td>
</tr>
<tr>
<td>Total: Housing HRA</td>
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<td>10,279,500 9,832,280 477,220 12,004,120 16,696,000 6,272,300 35,882,420</td>
</tr>
<tr>
<td>Housing GF</td>
<td>426,900 426,000 426,000 426,000 1,704,900</td>
<td>475,970 462,890 13,080 439,080 426,000 426,000 1,291,080</td>
</tr>
<tr>
<td>Disabled Facilities Grant</td>
<td>174,400 100,000 100,000 100,000 474,400</td>
<td>174,400 0 174,400 274,400 100,000 100,000 474,400</td>
</tr>
<tr>
<td>Total: Housing GF</td>
<td>501,300 526,000 526,000 526,000 2,179,300</td>
<td>650,370 462,890 187,480 713,480 526,000 526,000 1,765,480</td>
</tr>
</tbody>
</table>
1. Background

1.1 Succession is a legal term used to describe the passing of a secure tenancy to another person on the death of the tenant. The person who takes on the tenancy is called a ‘successor’.

1.2 The majority of council tenants are secure tenants. The rights of occupiers of council housing to succeed to a secure tenancy, that was originally granted before 1 April 2012, in England are governed by sections 88 and 89 of the Housing Act 1985. The persons entitled are:

- Spouse
- Civil Partner
- Person living with the tenant as if husband or wife or civil partner (i.e. including same sex couples)

A member of the family listed below who has been resident with the deceased secure tenant at the premises throughout the 12 months prior to the death of the tenant:

- parent, grandparent
- child, grandchild,
- brother, sister,
- uncle, aunt, nephew or niece;
1.3 Succession will only take place when all of the following apply:

- The deceased tenant was not him/herself a successor
- The deceased tenant had been using the property as their only or principal home before their death
- The person wishing to succeed to the tenancy is qualified to succeed.

1.4 Amendments made to the Housing Act 1985 by the Localism Act 2011 removed the entitlement to succeed to tenancies created on or after 1 April 2012 from family members other than spouse/civil partner or partner. Thus, statutory succession to a secure or flexible tenancy entered into after 1 April 2012 in England only applies to the spouse or civil partner.

2. The Policy

2.1 The Tenancy Succession Policy as attached at Appendix ‘A’ sets out which persons are qualified to apply to succeed to a secure tenancy on the death of the existing tenant, circumstances in which a tenancy of a different property will be offered, and reasons why a succession application will be declined. Some sections of the Policy should be considered in conjunction with the Council’s Allocation Scheme.

2.2 In summary the Policy sets out:

- The circumstances where a tenancy succession may arise
- Who is qualified to succeed to a tenancy depending on the date that the tenancy was created
- The position where more than one person qualifies to succeed
- The circumstances where a successor may be required to move to alternative accommodation
- Where succession is not permitted
- The circumstances where the discretionary allocation of a new tenancy may be considered

3. Discretionary Allocation of a New Tenancy

3.1 Where there is no statutory right of succession to a tenancy, the Council is able to consider whether to offer a new tenancy, instead, to someone left in occupation on the death of a tenant (of the existing property or an alternative property). However, in exercising this discretion it is essential to ensure that the Council’s Allocation Policy is not undermined e.g. by the allocation of a property to someone left in occupation who does not have as high a level of housing need as someone on the housing register.

3.2 Due to the continued demand for affordable accommodation and the very low supply of affordable properties that have been available for allocation recently, there are currently over 1650 applicants on the Council’s Housing Register. Over 356 of these are in the highest 2 priority bands.
3.3 Where succession is refused because of a prior succession or assignment, the Council will use its discretion to consider whether to grant a new tenancy. As any such new tenancy would constitute an allocation of accommodation under Part VI of the Housing Act 1996, it can only be granted in accordance with the Council’s Housing Allocation Scheme. Therefore, in order to be considered for the grant of a new tenancy, an applicant must be fully eligible to join the Council’s Housing Register. The criteria for eligibility for the register are defined in section 4 of the Housing Allocation Scheme.

4. Financial / risk Implications

4.1 The report is about a proposed Tenancy Success Policy.

4.2 There are no financial implications. If approved, the proposed Tenancy Succession Policy will be published online at no additional cost to the Council.

5. Legal Implications

5.1 The Tenancy Succession Policy outlines the Council’s approach to succession in the light of the legislative changes introduced through the Localism Act 2011. There are no legal implications arising from a decision to implement such a policy.

5.2 Consequently, the legal aspects of this matter are set out in the proposed Tenancy Succession Policy itself.

6. Equality Impacts

6.1 Consideration of impacts under the Public Sector Equality Duty are as follows:

<table>
<thead>
<tr>
<th>Questions</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Do the proposals within this report have the potential to disadvantage or discriminate against different groups on the community?</td>
<td>No</td>
</tr>
<tr>
<td>What steps can be taken to mitigate any potential negative impact referred to above?</td>
<td>Not Applicable</td>
</tr>
</tbody>
</table>
7. **Data Protection impacts**

Following the completion of a Data Protection Impact Assessment, consideration of potential data protection implications arising from this report are as follows:

<table>
<thead>
<tr>
<th>Questions</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Do the proposals within this report have the potential to contravene the Council’s Privacy Notice?</td>
<td>No</td>
</tr>
<tr>
<td>Is so, what steps will be taken to mitigate the risks referred to above?</td>
<td></td>
</tr>
</tbody>
</table>

8. **Conclusion**

8.1 The amendments to the rights of succession introduced by the Localism Act 2011 have increased the complexity of the statutory position.

8.2 The Tenancy Succession Policy has been developed to ensure that all potential cases of succession that arise are managed consistently and in compliance with statutory requirements.

------- end of report -------
1. **Purpose of the Policy**

1.1 The purpose of this policy is to clarify the circumstances in which the law entitles a person to take over a tenancy following the death of a secure tenant.

1.2 The policy sets out which persons are qualified to apply to succeed to a secure tenancy on the death of the existing tenant, circumstances in which a tenancy of a different property will be offered, and reasons why a succession application will be declined.

1.3 It also describes the process to be followed where a person might be entitled to succeed to a tenancy had a previous succession not already taken place.

1.4 This policy statement has been prepared so that Council staff have a reference point for making decisions and to formalise any discretionary areas of legislation and practice.

2. **Legal Background**

2.1 It is possible for a resident spouse, civil partner or family member to apply for the right to succeed to the tenancy of a deceased tenant.

2.2 Succession is a legal term used to describe the passing of a secure tenancy to another person on the death of the tenant. The person who takes on the tenancy is called a ‘successor’.

2.3 The Localism Act 2011 introduced new legislation in relation to the succession of a secure tenancy and the Housing Act 1985 was amended to reflect those changes.

2.4 The majority of council tenants are secure tenants. In England the rights of occupiers of council housing to succeed to a secure tenancy depend upon whether the tenancy was originally granted before or after 1 April 2012. Such rights of succession were amended by Section 160 of the Localism Act 2011, but subsection 160(6) limits the amendments made by this section, meaning that they do not apply in relation to a secure tenancy that was granted before 1 April 2012, that being the day when the section came into force.

2.5 Rights of succession to a tenancy granted before 1 April 2012 are governed by sections 87, 88 and 89 of the Housing Act 1985 and apply to the tenant's spouse or civil partner, or to another member of the tenant’s family who has resided with the tenant throughout the period of twelve months ending with the tenant’s death.

2.6 Rights of succession to a secure or secure fixed-term tenancy entered into on or after 1 April 2012 in England are governed by Section 160 of the Localism Act 2011 which provides that statutory succession only applies to the spouse or civil partner of the deceased tenant (including a person living with the tenant as if husband or wife or civil partner).
3. **The Right of Succession**

3.1 The right of succession will be approved if the conditions are met:

- The deceased tenant was a secure tenant;
- The deceased tenant was not him/herself a successor;
- The deceased tenant had been using the property as their only or principal home before their death; and
- The person wishing to succeed to the tenancy is qualified to succeed.

4. **Joint tenancy**

4.1 On the death of one of two (or more) joint tenants the tenancy will pass automatically “by survivorship” to the surviving joint tenant(s). Whether it remains a secure tenancy will depend upon whether the surviving joint tenant(s) (or one of them) was/were resident in the premises as their only or principal home at the date of death. In such case, the statutory rules of succession do not apply. Even if the surviving joint tenant is not resident, but there is an otherwise qualifying relative (not a joint tenant) who is resident, the joint tenant takes the tenancy, not the resident qualifying relative.

4.2 A joint tenant who becomes the sole tenant (whether or not secure) by survivorship is treated as a successor.

4.3 Normally, when one surviving tenant remains, and where that tenant was formerly a joint tenant under the same tenancy, he or she is deemed to be a successor in the case of a secure tenancy by S.88 Housing Act 1985. Therefore, on the death of the sole survivor there is no statutory succession to the tenancy. Even if a member of the deceased tenant’s family still lives in the property the tenancy ceases to be secure and can be terminated by the landlord giving notice to quit.

4.4 Note however that if a joint tenant died and a sole tenant remained before 3rd October 1980, the succession rights are not used up. Secure tenancies and succession did not exist until that date when the Housing Act 1980 first gave rights to local authority tenants.

5. **No succession if the deceased tenant is a successor**

5.1 If the deceased tenant him/herself was a successor, no further succession can take place.

5.2 A tenant is a successor if s/he:

- Became the tenant by an assignment permitted by the Act (but see below); or
- Became entitled to the tenancy as a surviving joint tenant; or
- Succeeded to the tenancy under these statutory rules

5.3 Assignments by mutual exchange or under property adjustment orders (on divorce or dissolution of civil partnership) are ignored. In the case of a mutual exchange, the deceased tenant is a successor where s/he was a successor in relation to their original tenancy; in the case of property adjustment orders, the deceased tenant is a successor if the spouse/civil partner from whom the tenancy was transferred was him/herself a successor.
6. **Who qualifies to succeed?**

6.1 To be a 'successor' the applicant has to meet certain criteria set out below.

6.2 **For tenancies granted before 1 April 2012** – The rules describing who is qualified to succeed to a tenancy on the death of a tenant are set out in the former section 87 and in s113 of the Housing Act 1985. The persons entitled are:

6.3 Partners:

- Spouse
- Civil Partner
- Person living with the tenant as if husband or wife or civil partner (i.e. including same sex couples)

6.4 A member of the family listed below who has been resident with the deceased secure tenant at the premises throughout the 12 months prior to the death of the tenant:

- parent, grandparent
- child, grandchild,
- brother, sister,
- uncle, aunt, nephew or niece;

6.5 It should be noted that a foster child is not counted as a child for the purposes of succession. Only blood relations (including step-children and illegitimate children) or those by legal adoption are entitled to succeed.

6.6 **For tenancies granted on or after 1 April 2012** – Amendments made to the Housing Act 1985 by the Localism Act 2011 removed the entitlement to succeed to tenancies created on or after 1 April 2012 from family members other than spouse/civil partner or partner. Statutory succession to a secure or flexible tenancy entered into after 1 April 2012 in England only applies to the spouse or civil partner (including a person living with the tenant as if spouse or civil partner of the deceased tenant). The Act gave councils power to extend succession rights by making provision for this in their secure tenancy agreement. The Council has chosen not to do so.

7. **Where more than one person is qualified to succeed**

7.1 Only one person may succeed to the tenancy, and joint succession is not possible.

7.2 Statutory preference for the succession is given to the spouse or civil partner of the tenant (including a person living with the tenant as if husband or wife or civil partner of the deceased tenant). This means that if the spouse or civil partner of the tenant is occupying the dwelling as his or her only or principal home at the time of the death, the tenancy will vest in the them automatically and there will be no possibility of a statutory succession to another member of the family.

7.3 In the unusual event that there is more than one such person qualified to succeed, they shall decide between them which one shall have the tenancy. If they cannot decide then the decision will be made by the Council.
7.4 If there is no spouse or civil partner who occupies the dwelling-house at the time of the tenant's death, and there is more than one other family member qualified to succeed (having been resident with the deceased secure tenant at the premises throughout the 12 months prior to the death of the tenant), they shall decide between them which one shall have the tenancy. If they cannot decide then the decision is made by the Council. There is no statutory provision for a joint succession.

8. Statutory Succession and under-occupation

8.1 Where an occupier (with the exception of a surviving spouse/civil partner) succeeds to a secure tenancy on the death of the previous tenant, and the accommodation afforded by the dwelling is deemed to be more extensive than is reasonably required, e.g. a single person succeeds to a two-bed property or larger, the Council can seek to move the new tenant to another suitable property. Despite the fact that the surviving family member may have lived in the property for many years, local authorities will generally seek to recover repossession of under occupied properties in order to ensure the best use of their stock; this is particularly the case in areas of high housing demand.

8.2 Schedule 2 to the Housing Act 1985 sets out the “Grounds” on which a council can seek to evict a secure tenant. Only a court can decide whether a particular Ground is established and whether to issue a possession order. Ground 15A of Schedule 2 (the successor Ground) provides a Ground for possession that can be used by an authority where there is a statutory right to succeed but where the property in question is deemed to be too large for the successor’s needs. This Ground can never be used where the successor is the spouse/civil partner of the deceased secure tenant.

8.3 A local authority wishing to use Ground 15A against a successor must serve notice or begin proceedings no sooner than six months after the death of the previous tenant and not later than 12 months after the death. Before a court will issue a possession order under Ground 15A it must be satisfied:

(i) that it is reasonable to order possession; and
(ii) that suitable accommodation will be available for the tenant when the order takes effect.

9. Where succession is permissible and the successor is able to remain in existing accommodation

9.1 Once established that there is a spouse, civil partner or person living with the deceased tenant as if husband or wife or civil partner

9.2 Once established that there is another family member who has a statutory right to succeed to the tenancy and their continued occupation of the property would not result in any under-occupation of the property (as defined by the Council’s Housing Allocation Scheme)

9.3 If an application to succeed the tenancy is received, the household member claiming succession will need to provide satisfactory evidence of their relationship to the deceased tenant and/or any qualifying period of residence at the property.

9.4 If the household comprises additional persons, satisfactory evidence that they are permanent members of the applicant's household will also need to be provided for each additional person;
9.5 Once entitlement to succession is accepted, succession to the tenancy is from the date of death of the previous tenant, not the date that the Council confirms an entitlement to succeed.

9.6 If the succession to the tenancy is via survivorship (where an existing joint tenant succeeds to the tenancy), the tenancy should be changed to the name of the remaining joint tenant. However, the succession to the tenancy should be clearly recorded on all relevant systems as no further succession will be possible.

9.7 In all cases where the succession is to a person who is not an existing tenant, a new tenancy will need to be created in the name of the successor. The reason for the grant of the tenancy (succession) should be clearly recorded on all relevant systems as no further succession will be possible.

10. Where succession is permissible but the successor is required to move to alternative accommodation

10.1 If the spouse or civil partner of the deceased tenant (or, where the tenant died on or after 1 April 2012, a person living with the deceased tenant as such) succeeds to the tenancy, they have a right to stay in the property on a permanent basis (even if the property is larger than they need), subject to the terms and conditions of the tenancy. If the successor is under-occupying a home, they could nevertheless be subject to Welfare Reform measures e.g. reduced housing benefit entitlement due to the under-occupancy penalty/charge. In such circumstances, the Council’s Resident Support Service will provide further assistance, which may include the award of discretionary housing payments.

10.2 There is currently a severe shortage of family-sized and specially adapted accommodation available to applicants on the Council’s Housing Register. This means that many households in unsuitable or temporary accommodation are having to wait for excessive periods of time before the Council is able to offer them suitable housing. Therefore, where members of the deceased tenant’s household (including, where the death occurred before 1 April 2012, partners who are not civil partners and have not married) have succeeded and their existing home is bigger than they need or it has been specially adapted and they do not require those adaptations, unless there are exceptional circumstances, the Council will expect them to move, where possible, to an alternative home that is more suited to their assessed needs.

10.3 Where the Council decides that the applicant should move to alternative accommodation, the applicant will be requested to join the Housing Register and bid for accommodation through Tandridge Home Choice, the Council’s choice-based lettings scheme. As the transfer is at the Council’s initiation, rather than at the request of the applicant, any offer of alternative accommodation would not constitute an allocation of accommodation under Part VI of the Housing Act 1996. However, to assist their early rehousing and to provide them with as much choice as reasonable about their future accommodation, their housing application will be placed in Band A of the register.

10.4 If the applicant does not secure alternative accommodation within six months, the Council will review their situation and bidding history and may decide to make a ‘direct offer’ of accommodation.
10.5 If the applicant has not moved to alternative accommodation six months after the 'relevant date' i.e. the date previous tenant was deceased or if the court so directs, the date on which, the landlord became aware of the previous tenant's death; a Notice of Seeking Possession on ground 15A (where the accommodation is more extensive than required) of the Housing Act must be served. This Notice can only be served no earlier than six months after the 'relevant date' and no later than twelve months after that date. A Ground 13 notice (in the case of specially adapted property) can be served earlier than 6 months after the relevant date but should not usually be served within 6 months of the date of the tenant's death. The Notice does not require the successor to move out but does give notice of the Council's intention to repossess the property.

10.6 If a suitable offer is made and refused, or if the applicant refuses to join the Housing Register, or fails to bid, the Council may commence possession proceedings. On a claim for possession the Council would have to secure suitable alternative accommodation for the applicant and also satisfy the Court that it was reasonable to make an order for possession.

10.7 In determining whether it is reasonable to make an order under this ground, the court must take into account:

(a) the age of the tenant;

(b) the period during which the tenant has occupied the dwelling as his only or principal home; and

(c) any financial or other support given by the tenant to the previous tenant.

11. Where succession will not be permitted

11.1 Succession will therefore not be allowed when:

The deceased tenant was a successor to the tenancy.
The deceased tenant had been living alone.
The deceased tenant had left the property and was not using it as their only or principal home. This would include where the deceased tenant had left the property and been admitted to hospital or a residential home for long-term care or treatment with no prospect of return.
There had previously been an assignment of the tenancy to a person who would have been qualified to succeed to the tenancy.
The person asking for succession is unable to prove their relationship to the deceased tenant, or their residence at the address at the date of death or (where relevant) throughout the 12 months prior to death.

11.2 If the applicant does not meet the criteria, the application for succession will be refused and the applicant notified of the decision in writing. The Council will seek to recover the property in order to make it available for those on the Housing Register. There is no statutory right of appeal. Where a person is not satisfied with a decision made in relation to their succession request or with the level of service they receive in relation to the implementation to this policy, the Council’s complaints procedure should be followed.
12. Discretionary Allocation of a New Tenancy

12.1 Where there is no statutory right of succession to a tenancy, social landlords can exercise their discretion to offer a new tenancy to people left in occupation on the death of a tenant (of the existing property or an alternative property), but in exercising this discretion they need to ensure that their allocation policies are not undermined, e.g. by the allocation of a property to someone left in occupation who does not have as high a level of housing need as someone on the housing register.

12.2 The Code of Guidance on the Allocation of Accommodation for Local Authorities (2002) contained guidance on when it might be appropriate to grant a new tenancy to those members of the household who had been living with a deceased tenant but who did not have a legal right to succeed:

"Where a tenant dies and another household member (who does not have succession rights to the tenancy) has:

(a) been living with the tenant for the year prior to the tenant’s death; or
(b) been providing care for the tenant; or
(c) accepted responsibility for the tenant’s dependants and needs to live with them in order to do so,

housing authorities should consider granting a tenancy to the remaining person or persons, either in the same home or in suitable alternative accommodation, provided the allocation has no adverse implications for the good use of the housing stock and has sufficient priority under the allocation scheme. In the case of (a) and (b), the accommodation in question must be the principal or only residence of the survivor at the time the tenant dies."

12.3 The replacement Code of Guidance, Allocation of accommodation: guidance for housing authorities in England (June 2012), which was issued after the enactment of the Localism Act 2011, does not contain equivalent guidance. Nevertheless, the Council considers that it is appropriate to continue to deal with such situations, relating to tenancies granted before April 2012, sympathetically and to consider the grant of a new tenancy in the circumstances suggested in the earlier guidance.

12.4 Where succession is refused because of a prior succession or assignment, the Council will use its discretion to consider whether to grant a new tenancy. As any such new tenancy would constitute an allocation of accommodation under Part VI of the Housing Act 1996, it can only be granted in accordance with the Council’s Housing Allocation Scheme. Therefore, in order to be considered for the grant of a new tenancy, an applicant must be fully eligible to join the Council’s Housing Register. The criteria for eligibility for the register are defined in section 4 of the Housing Allocation Scheme.

12.5 In the case of tenancies originally granted after 1st April 2012, on the death of the tenant, the presumption will generally be against the discretionary allocation of a new tenancy to another family member. This is because the family member would no longer be entitled to succeed to the tenancy in the absence of a previous succession. However, each case will be considered on their own merits and, in exceptional cases, which might include where a household is considered to be in priority need, a new tenancy may be granted.
12.6 The procedure for considering additional priority for an application to enable the grant of a tenancy on this basis is detailed in Section 7.2 of the Allocation Scheme, with particular reference to paragraph 7.2(a). Such a tenancy will be a new tenancy and carry new succession rights.

13. Enforcement and recharge

If the applicant is not successful and refuses to vacate the property when informed of this, Resident Support Services will take action to recover the property. They will also arrange for an “Unauthorised Occupant / mesne profits” account to be established and will collect an unauthorised occupant (use and occupation) charge equal to the weekly rent for the period of recovery action.

14. Roles and responsibilities

14.1 The Resident Support Lead Specialist will have overall responsibility for the implementation, monitoring and review of the Policy.

14.2 The Council’s Resident Support Service is responsible for the operational delivery of policy and will assess each application against the relevant criteria. This includes sufficient verification to confirm the identity of an applicant and their residency. They will deal with succession claims with sensitivity at a time of grief and loss for the family or household involved. The Council’s Resident Support Service will work to determine whether applicants are eligible to succeed to the tenancy as swiftly as possible. If an applicant is not eligible to succeed, they will inform them as soon as possible and explain the reasons for refusing the claim. If a claim for succession is rejected, The Council’s Resident Support Service will always provide a detailed explanation of their reasons for rejection.

14.3 All decisions about whether to offer or renew a tenancy will be made in writing

15. Monitoring, review and evaluation

15.1 Regular monitoring will take place to ensure that the Council is dealing with applications for succession in line with this policy. This policy will be reviewed every two years or in line with legislative or regulatory changes.