

# Public Document Pack



Contact Officer:  
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To:

Councillors: David Cox, Paul Cunningham, Peter Curtis, Ron Davies, Ian Dunbar, Ron Hampson, Ray Hughes, Mike Reece, Sara Parker and David Roney

plus the following vacancies:

2 x Conservative

1 x Independent

2 x Independent Alliance

2 June 2016

Dear Councillor

You are invited to attend a meeting of the Community and Enterprise Overview & Scrutiny Committee which will be held at 2.00 pm on Wednesday, 8th June, 2016 in the Delyn Committee Room, County Hall, Mold CH7 6NA to consider the following items

## AGENDA

### 1 APPOINTMENT OF CHAIR

To confirm the appointment of a Chair for the Committee.

### 2 APPOINTMENT OF VICE-CHAIR

To appoint a Vice-Chair for the Committee.

### 3 APOLOGIES

**Purpose:** To receive any apologies.

### 4 DECLARATIONS OF INTEREST (INCLUDING WHIPPING DECLARATIONS)

**Purpose:** To receive any Declarations and advise Members accordingly.

5 **MINUTES** (Pages 3 - 20)

**Purpose:** To confirm as a correct record the minutes of the meetings held on 13 April and 9 May 2016 (copies enclosed).

6 **WELFARE REFORM – INCLUDING UNIVERSAL CREDIT** (Pages 21 - 44)

Report of Chief Officer (Community and Enterprise) enclosed. Portfolio of the Cabinet Member for Housing.

**Purpose:** To update Members on the impact and risks of Welfare Reform and the cost to the Council.

7 **APPROVAL OF LENDING TO NEW HOMES TO FUND A DEVELOPMENT OF 62 AFFORDABLE NEW HOMES ON THE WALKS, FLINT** (Pages 45 - 60)

Report of Chief Officer (Community and Enterprise) enclosed. Portfolio of the Cabinet Member for Housing.

**Purpose:** To seek support to develop affordable housing on The Walks, Flint as part of the Council's Strategic Housing and Regeneration Programme (SHARP)

8 **FORWARD WORK PROGRAMME** (Pages 61 - 70)

Report of Community and Enterprise Overview & Scrutiny Facilitator enclosed.

**Purpose:** To consider the Forward Work Programme of the Community & Enterprise Overview & Scrutiny Committee.

Yours faithfully



Peter Evans  
Democracy & Governance Manager

**COMMUNITY AND ENTERPRISE  
OVERVIEW AND SCRUTINY COMMITTEE  
13 APRIL 2016**

Minutes of the meeting of the Community and Enterprise Overview and Scrutiny Committee of the Flintshire County Council held at County Hall, Mold on Wednesday 13 April 2016

**PRESENT: Councillor George Hardcastle (Vice-Chairman in the Chair)**

Councillors: Paul Cunningham, Peter Curtis, Rosetta Dolphin, Ian Dunbar, Alison Halford, Brian Lloyd, Sara Parker, Mike Reece and Gareth Roberts

**SUBSTITUTION:**

Councillor Paul Shotton for Ron Davies

**APOLOGIES:**

Councillors: Ron Hampson Jim Falshaw and Ray Hughes

**CONTRIBUTORS:**

Councillor Helen Brown - Cabinet Member for Housing, Councillor Derek Butler - Cabinet Member for Economic Development and Chief Officer (Community & Enterprise)

Councillor Bernie Attridge (Chairman of NEW Homes Board), Service Manager – Housing Programmes and Ms. Jan Lysett (Independent NEW Homes Board Member) for minute number 89

Customer Support Manager for minute number 90

Enterprise and Regeneration Manager, Cluster Manager East, Lead Officer East Cluster and LIFT Mentor for minute number 91

**IN ATTENDANCE:**

Environment & Social Care Overview & Scrutiny Facilitator and Committee Officer

**87. DECLARATIONS OF INTEREST**

No declarations of interest were made.

**88. MINUTES**

The minutes of the meeting of the Committee held on 16<sup>th</sup> March 2016 had been circulated to Members with the agenda.

**RESOLVED:**

That the minutes be approved as a correct record and signed by the Chairman.

**89. NEW HOMES BUSINESS PLAN 2016/21**

The Service Manager – Housing Programmes introduced a report to update the Committee on the second full year of operation of North East Wales (NEW) Homes and the progress it had made against the 2015/20 business plan and growth strategy. He detailed the background to the report and introduced Ms. Jan Lysett who was an independent board member.

Councillor Bernie Attridge, who was the Chairman of the NEW Homes Board, commented on the exciting opportunities that had arisen for Flintshire County Council since the introduction of NEW Homes, which allowed an increase in the range of housing options for the “squeezed middle” housing market. He spoke of the realisation of the need for small steps at the beginning of the Company and the new learning experience for all concerned. He commented on approaches by other local authorities on the work undertaken by Flintshire County Council to set up the Company and to seek advice and guidance on best practice so they could also consider this as an option. . Flintshire County Council was the first in Wales to set up such a company and it was heartening to see a projected operating surplus of £33,000 for 2015/16, which he welcomed. He introduced Ms. Jan Lysett who was an Independent Board Member and asked her to explain her background and the way forward that had been agreed by the Board.

Ms. Lysett thanked the Committee for the opportunity to attend the meeting. She explained that she had been on the Board since its inception and detailed her background which had included 30 years in the area of social housing and her current work for a housing association in Cheshire. She welcomed the exciting opportunity to be part of the company and commended the Council for being forward thinking in meeting its housing obligations. Slow and steady progress had been made and the Board had recognised that this was the necessary approach. Ms. Lysett spoke of the other two independent board members (one had very recently been appointed). She also said that one of the key headlines was the opportunity to develop new homes. She added that the projected operating surplus was also to be welcomed.

The Service Manager – Housing Programmes spoke of the increase in the housing portfolio through Section 106 agreements and commented on one scheme which it had been intended would be delivered in 2015/16 but this had been delayed slightly. He also commented on the steady growth in the areas of management of properties for landlords through a management agreement and commented on the introduction of a Rent Smart Wales scheme which was a compulsory licensing and registration scheme for landlords; close working with local landlords was continuing. The introduction of the over 55’s scheme had not gone as well as had been hoped.

The Chief Officer (Community & Enterprise) spoke of the next 12 months and the consideration being given to borrowing against “gifted units” to produce more properties to let. A report was to be submitted to the Committee on The Walks scheme for 62 affordable properties being built on the site of the former council maisonettes in Flint as part of a joint

development with the Council. A skills analysis had been undertaken by the Board prior to the appointment of a new member to ensure that all necessary skills were in place to give the Board confidence to take the schemes forward. Councillor Attridge advised the Committee that there were three elected member vacancies on the board that they were hoping to fill soon.

Councillor Ian Dunbar welcomed Ms. Lysett to the meeting and the information contained in the report. He sought clarification on the scheme that had not come forward in 2015/16 under a Section 106 obligation and queried how this could be overcome in the future. The Service Manager – Housing Programmes said that there had been a delay and following a meeting on site with the developer, a more realistic timeframe had been agreed and it was now anticipated that the scheme would be delivered by November 2016. Cllr Attridge felt that there was a need to be clearer at the planning stage of when the Council expected any affordable housing gifted by a developer would be available to the Council and added that discussions would continue with planning colleagues.

Councillor Dunbar welcomed the housing standards in place and commended the work undertaken at the Connah's Quay site and the scheme at The Walks in Flint. He sought clarification on the criteria for people to move into properties and referred in particular to elderly council residents living in 3 bedroom properties that were too big for their needs which could be freed up for accommodation for families.

In response, the Chief Officer (Community & Enterprise) spoke of the Council and NEW Homes building programmes. She reminded the Committee that the scheme focused on housing options for the 'squeezed middle' and that it was important in the development of schemes to identify what was required to meet local need which could include looking at evidence on waiting lists. She added that the pressure areas were two bed homes and properties for aging residents and explained that there was also ongoing work to influence social house builders in the type of property that they developed. The Chairman suggested that further information on the issue be submitted to a future meeting of the Committee and in response, the Chief Officer (Community & Enterprise) said that she intended to bring an update report on how the Local Lettings Policy was progressing.

Councillor Paul Shotton said that this was an exciting opportunity and welcomed the projected operating surplus of £33,000 for 2015/16 to add to the surplus of £19,000 for 2014/15. He praised the scheme for NEW homes to manage properties on behalf of landlords which he felt was an exciting development and queried whether consideration had been given to identifying Council owned land to establish a retirement village which he felt would be a cost effective alternative for elderly residents. He asked if a report on this could be provided at a future date and Councillor Attridge responded that he would take the suggestion back to the Board for consideration. Ms. Lysett also said that the Board was to consider other opportunities and welcomed any suggestions of future projects that could be considered.

On the issue of New Homes not currently employing its own staff but using Council staff to setup and deliver the operational functions, Councillor Alison Halford asked how it could be calculated if the scheme was running at a profit or a loss. She referred to the first paragraph on page 21 where it was reported that the relative costs of running this service raised questions about continued investment in the service. The Chief Officer (Community & Enterprise) gave assurance that staff working on NEW homes completed time sheets and their work was charged to NEW Homes. She said that in the future the company would reach a point where there was sufficient activity for people to be employed full time by NEW homes. Currently there was a need for a wide range of skills but not on a full time basis and therefore in the short term it was best to use Council workers with the appropriate skills which was also delivering efficiencies for the Council but in the longer term the company was keen to employ its own full time workers.

Ms. Lysett agreed that there was a need for a wide range of skills and added that directors were mindful of costs and of the need to bring in external workers with skills that were not available within the Council. It was anticipated that a report would be submitted to the Board of the required resources to deliver the schemes in place. The company could not operate at a loss and Ms. Lysett gave assurance to the Committee that the Board was mindful of how the money was spent and added that resources implications had been factored into the business plan for the company.

Councillor Halford referred to page 39 on the increase in average let days due to delays from landlords supplying the correct paperwork for the Housing into Homes scheme and sought clarification on whether this could be improved. The Service Manager – Housing Programmes spoke of the work undertaken with landlords which would continue to alleviate such issues in the future.

Councillor Rosetta Dolphin felt that the confidence in the Company by the Committee should be taken back to the Board and she spoke of the importance to get it right and of the learning curve for all. She also welcomed the consideration of local need. She sought clarification on the Right To Buy scheme and whether this had been deferred and queried whether the company was considering the purchase of already built properties that could be adapted and converted to meet local needs, referring in particular to a property in Greenfield. On the issue of properties for the over 55's, she felt that they would prefer developments where they could live independently but which also had communal areas so that they could have company if they wanted it.

On this issue of the deferment of Right to Buy scheme, Councillor Attridge said that an application had been submitted to Welsh Government (WG) but a reply was still awaited. The over 55's scheme had not taken off as had been anticipated and he said that the Board was mindful of the need to give further consideration to this area. Councillor Helen Brown, said that some residents had come forward expressing an interest in the over 55's scheme but had decided for whatever reason to not progress their application.

Councillor Peter Curtis welcomed the report. He queried whether the over 55's scheme should be raised to a higher age and queried whether the scheme was attractive enough to attract interest. He also welcomed the work of the Board. Ms. Lysett advised that the Board was giving further consideration to a review of the over 55's scheme and how this could be progressed.

Councillor Gareth Roberts referred to the issue of landbanking by developers and spoke of the perception of the value of gifted units. He commented on the standards for the properties and referred to previously built Council properties in Holywell that had been developed to 'Parker Morris' standards. He welcomed the work of the Board and the frustration of a previous decision by WG to not allow Councils to build Council housing. He felt that the over 55's scheme was an excellent scheme and suggested that the programme undertaken by Clwyd Alyn Housing which allowed residents to buy the property for 70% of its value and that when they sold the property on, they would receive 70% of the value and the Council would receive the additional 30% of the value. He sought clarification on the criteria for residents who rented out their property through the Council allowing them to move into sheltered accommodation and whether their income would mean that they were below the threshold to pay for their sheltered property. The Chief Officer (Community & Enterprise) said that the idea was that the resident would use the income from renting out their property to pay for their sheltered accommodation which would mean that they would not be out of pocket.

Councillor Attridge spoke of the group that had been set up through Strategic Housing and Regeneration Project (SHARP) on Flintshire standards and suggested that these standards would also be applied to NEW homes properties too. On the issue of shared equity, he said that a scheme was in place and that he would put the suggestion forward to the Board for whether NEW homes could progress the scheme. On the issue of standards, Councillor Brown spoke of the significant amount of work that had been undertaken with the Tenants Federation representatives.

Councillor Paul Cunningham asked how much publicity had been given to the over 55's scheme. Councillor Attridge said that as much as possible had been done to advertise the scheme such as leaflets at the Flint fun day and added that the board were very mindful of how this could be progressed into the future. Councillor Cunningham also welcomed the work that had been ongoing to build new Council homes in Flintshire and spoke of the importance of making sure that the public were aware of the ongoing work.

Councillor Paul Shotton acknowledged that in the past there had been issues of differing standards for sizes of room and gardens in Council properties but welcomed the assurance that had been given about a Flintshire standard across all of the properties.

Councillor Halford asked if all Town & Community Councils had been made aware of the schemes available including the over 55's scheme and Councillor Attridge advised that he would raise this with the Board.

**RESOLVED:**

- (a) That the Committee welcomed the progress made by NEW homes to date against its business plan and the NEW homes future growth strategy projections and proposals; and
- (b) That the Committee were content that the appropriate governance arrangements were in place.

**90. HOUSING (WALES) ACT 2014**

The Customer Support Manager introduced a report to provide an update for Members on how the Council had met the requirements of the new homeless legislation including the focus on homeless prevention and support for more households.

She detailed the background to the report and explained that the Housing (Wales) Act 2014 had introduced new homeless legislation in April 2015. A year before the legislation had come into force, Flintshire County Council's Housing Options Team had agreed to pilot the delivery of homelessness prevention service aligned to the requirements within the new legislation. During the period April 2015 to March 2016, the Housing Options Team received 1,176 referrals of households in need of housing assistance and by the end of quarter 3 had successfully prevented or relieved homelessness in 91% of cases. The figures for the full year showed that the number of customers being referred to Housing Solutions had increased by 7% compared to 2014/15.

The Customer Support Manager provided a detailed update on the Triage & Housing Solutions. This included the launch of the new Single Access Route to Housing (SARTH) allocations policy and she explained that this service was a 'gateway' for all enquiries from people who were in housing need. The triage team identified whether someone was eligible to go on the register for social housing but all also identified if someone was at risk of homelessness or requiring housing advice and assistance. NEW Homes and the Bond Scheme had made available an increased supply of private sector options for families and in 2015/16 133 households accessed private rental properties through the Bond Scheme and of these 17 households were housed by NEW Homes. The triage services was also able to promote the affordable options available in the county and the team now had a list of schemes in development to ensure they could give accurate advice.

The Customer Support Manager commented on reducing the use of Bed and Breakfast (B&B) accommodation and advised that the new legislation required a Local Authority to provide a household with interim accommodation if there was reason to believe the household had a priority need; this was a



lower threshold than the threshold in the previous legislation. She commented on the use of B&B accommodation for families and single households and explained that in order to reduce B&B use for single households awaiting a permanent housing solution, the service set a target to bring on line 27 leased temporary units managed by the Housing Solutions Service. There were 21 units up and running and the final six would be available by the end of April. The Offender Pathway paid particular attention to the needs of people leaving custody to prevent them from becoming homeless, thereby improving their resettlement into society and reducing their risk of reoffending. Prisoners facing homelessness received support 56 days before their release and the Pathway clarified the roles and responsibilities of all agencies and organisations involved in the process.

The Welsh Government had made available transition funding to support the implementation of the new legislation. Flintshire was awarded £228,000 in 2015/16 and this had reduced to £140,000 in 2016/17 and would reduce again in the final year of allocation. Paragraph 1.32 of the report detailed how the funding had been used in the following areas:-

- Increasing the availability of suitable and affordable private rented properties
- Homeless Prevention
- Support for the Third Sector
- Regional Services

The funding had supported the creation of posts within the Environmental Health Service (to help prevent homelessness by working with landlords to address any issues in privately rented properties) and a post in the Private Sector Team had made available additional properties through NEW Homes and the Bond Scheme. The Customer Support Manager commented on the Regional Reviewing Service which had been set up to ensure that there was a consistent approach to the interpretation of the homelessness legislation across the Local Authorities. A review report had been circulated to demonstrate patterns within reviews to improve services and to ensure regional consistency in approach.

Councillor Rosetta Dolphin asked for a breakdown of the 1,176 referrals of households in need of housing assistance and spoke of a family in her ward who had been allocated a property that was unsuitable for their needs. She also referred to some hard-to-let properties in her ward. The Customer Support Manager agreed to provide the breakdown information and speak to Councillor Dolphin following the meeting about the individual case she had referred to. On the hard-to-let properties, Councillor Brown provided Members with details of a website that such properties were posted on which could be applied for.

Councillor Paul Shotton welcomed the report and in recognising that there were new arrangements in place, commended the team for the first class advice and care provided, particularly for the 91% of cases where the team had demonstrated that they had successfully prevented or relieved

homelessness. He spoke of the scheme for those offenders leaving custody and understood that they would be directed more to properties owned by private landlords. The Customer Support Manager explained that under the old legislation, offenders were automatically treated as a priority need but now prisoners received support 56 days prior to their release which allowed for the most suitable type of accommodation to be found. Following a question from Councillor Ian Dunbar about where prisoners that would be released would be housed, referring in particular to the new prison that was being built in Wrexham, Councillor Brown said that she had also raised similar concerns but had been advised that consideration would be given to housing the prisoners in the area that they were from.

Councillor Mike Reece congratulated the team for their hard work and commented on the stronger duties on Housing Associations to provide co-operation and support to local authorities in carrying out homelessness duties, when requested. He asked if it was possible for Ward Members to have a list of those residents who moved into Housing Association properties, similar to the information Members received for new residents who moved into Council properties in their ward. The Chief Officer (Community and Enterprise) said that she would discuss the request with the Housing Associations.

In response to a question from Councillor Paul Cunningham on whether there were properties available for single people who worked, the Community Services Support Manager provided details of a range of options that were available.

Councillor Gareth Roberts welcomed the report. He commented on an option of multiple occupancy of three bedroomed houses and whether this was still being explored. The Customer Support Manager said that a number of options for shared housing was being considered and advised that the 27 leased temporary units managed by the Housing Solutions Service would be shared accommodation.

Councillor Dolphin asked whether the Council accommodation would be held for a Flintshire resident who had been sent to prison. In response, the Customer Support Manager said that the new Offender Pathway provided guidance on the handling of short sentences but there were specific rules of how long a property could be held for.

**RESOLVED:**

That the update on the Housing Solutions Service and the management of the new legislation within the Housing (Wales) Act 2014 be noted.

**91. COMMUNITIES FIRST**

The Enterprise and Regeneration Manager introduced a report to provide a summary of the progress made in implementing the programme in Flintshire and an update on the future direction of the programme.

The Communities First programme was launched by Welsh Government in 2001 and supported activity in 52 clusters of deprived neighbourhoods across Wales including two in Flintshire (the East Cluster in Deeside and the West Cluster incorporating parts of Mold, Holywell and Flint). Each cluster prepared an annual delivery plan and community involvement plan which summarised the projects to be delivered and how local people would be engaged in the work of the programme. There were a number of significant changes expected to the Communities First programme in 2016/17 which included a review of the structure for the Communities First team and the launch by Welsh Government of a Communities 4 Work (C4W) programme across all 52 clusters in Wales. The Team currently operated across three offices but it was intended to reduce this to one with the savings used for project delivery which would continue across all areas. The fourth change was to increase the integration of Communities First, Flying Start, Families First and Supporting People to increase joint planning and commissioning in the future.

The Lead Officer East Cluster provided a detailed presentation which covered the following areas:-

- Communities First
- Learning activities
- Health activities
- Prosperous communities
- Job clubs
- Jobs, skills & training events
- Local labour market initiative
- Financial literacy
- Business entrepreneur network
- What's next

The Lift Mentor then provided additional information on the Lift initiative, which covered the following areas:

- What is Lift?
- How we work
- Contact details

Councillor Paul Cunningham thanked the team for their presentation. He welcomed the excellent work that Communities First was doing and referred in particular to the work being undertaken in the area of Dementia Support and the dementia friendly areas of Flint and Buckley. He spoke of a play that he had seen recently on the issue of dementia which he thought was excellent and commented on the work of Communities First in Flint to encourage those with dementia to come forward and seek advice and help.

Councillor Paul Shotton congratulated the team for their work and in recognising the work of Communities First, spoke of evidence of their work in his ward. He welcomed the introduction of the Dragon's Den and Business

Entrepreneur Initiatives which he felt was an exciting project and added that he had also seen the play on the issue of dementia. He commended the work of the team on the Lift initiative which he felt would provide exciting opportunities and chances for local residents. On the forthcoming jobs fair to be held later this month, he spoke of a previous event that had been extremely well attended and had been worthwhile for many. He sought clarification on how the profile of local industry was introduced into high schools in Communities First areas.

In response, the Cluster Manager East spoke of the initiatives with local schools and inspirational talks that were undertaken regularly. She commented on the work with local employers to put programmes together to create opportunities for local people as part of the Communities First programme.

Councillor Ian Dunbar welcomed the presentation and expressed his significant congratulations at the work undertaken by the team. He wished them well for the forthcoming jobs fair and reiterated the comments of Councillor Shotton about the success of a previous event.

Councillor Rosetta Dolphin asked for a list of contacts for the team to ensure that both members and residents were able to seek advice and guidance from the correct person. She commented on the number of community led courses and asked how many participants went onto the use the skills they had gained. She spoke of the food co-ops and in commenting on the Mindfulness course, suggested that all members should attend the course, but spoke of a course which had only had 8 participants. Councillor Dolphin indicated that she had not been aware of the job, skills and training events held by Communities First and suggested that further promotion of such events was required. In reply to a question from Councillor Dolphin about where the two Lift clusters were in North Wales, the Cluster Manager East advised that they were in Anglesey and Flintshire. She added that the jobs events were well advertised with leaflets promoting the event being available in jobcentres and in other suitable locations. She also spoke of a new role that was to be created as part of the structure review so that the issue of publicity could be fully addressed including the use of social media. She added that the list of contacts would be circulated by email to all Members following this meeting.

Councillor Gareth Roberts said that he would like to express his significant disappointment and spoke of the long experience with Communities First in Holywell. He commented on experiences of lack of resources and the poor conduct of officers and said that it had not been a case of 'once bitten twice shy' but there had been many bad experiences for those in the area and patience had finally run out. He spoke of unmitigating disasters and added that in the Holway, Communities First had done their damage.

Councillor Alison Halford congratulated the team for their work and the presentation and sought clarification on the course referred to by Councillor

Dolphin which had only been attended by eight people. The Cluster Manager East said that this had only been for one event and the overall numbers for attended at mindfulness courses had been much higher and added that she could provide information on the numbers that had attended, if required. Councillor Halford asked if issues such as diabetes and obesity would be covered and the Cluster Manager East advised that this would be included under the area of health and added that courses had been run in both clusters. She also spoke of the ongoing work with Betsi Cadwaladr University Health Board (BCUHB) including GPs and pharmacies. Councillor Halford asked whether 29 people into full time employment through the Lift programme out of the 114 on the scheme was a good return. The Cluster Manager East confirmed that this was a success and spoke of the intense mentoring for those on the Lift initiative and advised that for some this was a longer process than for others as the scheme was adapted to ensure that each individual's needs were met. In response to a further query from Councillor Halford, the Cluster Manager East spoke of the links with local businesses through the business team and the close work undertaken with the job centre.

The Chairman expressed his significant disappointment at the comments of Councillor Roberts and spoke of the fantastic work that the team had achieved. Councillor Derek Butler also expressed his significant disappointment at the comments made by Councillor Roberts and said that he was disgusted at his attitude towards the team. He acknowledged that there had been problems in the past but things had moved on and the scheme was progressing well. He spoke of the many positives of Communities First which had been welcomed by the committee and spoke of the very intensive programme undertaken as part of the Lift programme and the achievement of some people to gain employment following their inclusion on the scheme. He commended the team for their work and the recognition by WG of the work undertaken in the area.

Councillor Peter Curtis said that in the 21 years that he had been a Councillor, he had never witnessed such a vicious attack on members of staff whilst they were in the room. He felt that Councillor Roberts had bullied and harassed members of Communities First over a number of years. He added that he was disgusted at Councillor Roberts' behaviour and that he should be ashamed of himself. On the issue of reducing three offices to one, Councillor Curtis suggested that a location in Mold would be the most central area. The Enterprise and Regeneration Manager advised that each location would be considered and the outcome reported back to a future meeting of the committee.

**RESOLVED:**

That the progress in implementing the Communities First programme in Flintshire be noted.

**92. FORWARD WORK PROGRAMME**

The Environment and Social Care Overview & Scrutiny Facilitator introduced the report to consider the Forward Work Programme for the Committee.

The Facilitator detailed the items for consideration at the 9<sup>th</sup> May 2016 meeting of the Committee and advised that it had been suggested that the Review of the Fair Debt Policy be deferred to a future meeting to allow consideration of the Draft Improvement Plan at the 9<sup>th</sup> May 2016 meeting.

Councillor Alison Halford queried whether the Committee could receive an update on the issue of repairs to Council properties and times taken for such repairs. The Chief Officer (Community & Enterprise) advised that information on repairs could be circulated to the Members and that a report could be submitted to the Committee if further information was required. She added that the issue of repairs was a good news story.

The Facilitator also detailed the items for consideration at the 8<sup>th</sup> June and 13<sup>th</sup> July 2016 meetings of the Committee and added that during earlier discussions, it had been suggested that the Allocations Policy and Local Lettings Policy also be considered at a future meeting.

**RESOLVED:**

- (a) That the Forward Work Programme, as amended at the meeting, be approved; and
- (b) That the Environment and Social Care Overview & Scrutiny Facilitator, in consultation with the Chair, Vice-Chair and officers, be authorised to vary the work programme between meetings.

**93. MEMBERS OF THE PUBLIC AND PRESS IN ATTENDANCE**

There was one member of the public and no members of the press in attendance.

(The meeting started at 10.00am and ended at 12.26 pm)

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**Chairman**

## **COMMUNITY AND ENTERPRISE OVERVIEW & SCRUTINY COMMITTEE**

**9 MAY 2016**

Minutes of the meeting of the Community and Enterprise Overview & Scrutiny Committee of Flintshire County Council held in the Delyn Committee Room, County Hall, Mold on Monday, 9th May, 2016

**PRESENT: Councillor Ron Hampson**

Councillors: David Cox, Paul Cunningham, Peter Curtis, Ron Davies, Rosetta Dolphin, Ian Dunbar, Jim Falshaw, George Hardcastle and Gareth Roberts

**APOLOGIES:** Councillor Alison Halford, Ray Hughes, Brian Lloyd and Mike Reece

**ALSO PRESENT:** Councillor Tony Sharps

**CONTRIBUTORS:** Councillor Helen Brown, Cabinet Member for Housing; Chief Officer, Community & Enterprise; Senior Manager, Housing Programmes; Senior Manager, Council Housing Services; Senior Manager, Enterprise & Regeneration; and Finance Manager

**IN ATTENDANCE:** Community and Enterprise Overview & Scrutiny Facilitator and Committee Officer

**94. DECLARATIONS OF INTEREST (INCLUDING WHIPPING DECLARATIONS)**

There were no declarations of interest.

**95. SHARP - THE WALKS, FLINT COUNCIL HOUSING DEVELOPMENT**

The Service Manager - Housing Programmes presented a report to seek support to develop 30 new council homes on The Walks in Flint as part of the Council's Strategic Housing & Regeneration Programme (SHARP). The development of 62 affordable properties for the site, to be managed by NEW Homes, would be dealt with separately due to the different funding streams. Whilst the NEW Homes Board had agreed the principles of the scheme, the final proposals would require Cabinet approval.

Members were reminded of the background to the scheme, linked to the aims of the Flint 2012 Master Plan, to demolish the former maisonettes on the site and replace with a new improved housing and regeneration scheme with reinforced links between the town and castle. Information was shared on the proposed property mix for the scheme and some delay due to archaeological excavations.

The Finance Manager advised that the projected total cost of the scheme for the Council was £3.95M, which averaged £131K per property. She provided explanation on the calculations used to ensure the viability of the scheme through a return after 50 years. Based on the revised Rent Policy set by Welsh Government, the total gross annual rent was set at £144K with an allowance set aside to manage the properties, based on a range of intelligence. She agreed to

respond separately to a request from Councillor Gareth Roberts for clarity on the estimated monthly and annual rent figures appended to the report.

In welcoming the report, the Chairman praised the work carried out by officers to re-house tenants from the former maisonettes.

In response to a question from Councillor George Hardcastle, it was explained that the housing scheme was due for completion in March 2018. When asked about prioritising allocations for the scheme, officers explained the intention to develop a Local Lettings Policy to give flexibility on the allocation of properties on which the Committee and local Members would be consulted nearer the time.

The Chief Officer explained that residents with a local connection were already given priority under the Single Access Route to Housing (SARTH) policy and that the proposal for a Local Lettings Policy for Flint would enable the Council to give due consideration to those former displaced tenants of the maisonettes who wished to live at the new scheme.

Whilst Councillor Peter Curtis agreed that higher priority should be given to displaced tenants, he questioned whether this should apply to all Flint residents as this could appear unfair to people in other areas of the county where there was no capacity for new housing developments. He also made the point that after giving priority to displaced tenants, the new homes should benefit those in need who had not already been allocated housing.

Councillor David Cox described the proposals as a marvellous opportunity for Flint and hoped that this unique approach would be recognised. Responding to queries, officers advised that building work on extra care provision in Flint was likely to start around 20 June lasting approximately 18 months. Building work on the medical centre was expected to last for a year and would start as soon after negotiations on the sale of land had concluded.

In response to a question from Councillor Paul Cunningham on the nearby archaeological excavations, it was explained that this was due to commence later in the month.

Councillor Rosetta Dolphin agreed it was fair to prioritise displaced tenants of Flint ahead of those on the waiting list across the county. When asked about cost calculations, the Finance Manager explained that the interest rate was based on a consolidated rate for the Council as a whole and was currently 4.79% for this scheme. An allowance for major repairs had been set at 0.7% per annum of the build costs based on a benchmarking exercise of new build schemes and a schedule of future work.

The mix of properties was welcomed by Councillor Ian Dunbar who asked about fluctuations in rent levels. The Finance Manager explained that rent was set according to the Rent Policy where, for example, the target rent for a 3-bedroom property in Flint was the same elsewhere in the county. It had been agreed to set a target rent of 105% due to the economic benefits offered by the new properties and to ensure payback of the scheme. In response to further comments, the Chief Officer could not foresee any impact on another scheme



planned in Connah's Quay and spoke about the different elements involved in determining housing schemes such as housing demand, site capacity and consultation with local Members. This prompted discussion on the allocation of housing where 2-bedroom properties were in high demand.

**RESOLVED:**

- (a) That the Committee support the development of 30 new Council homes on The Walks, Flint House for a total cost of £3.95M; and
- (b) That the Committee supports the development of joint Marketing and Estate Management Strategies (including Local Lettings Policy) with NEW Homes for The Walks.

**96. WELSH HOUSING QUALITY STANDARD COMPLIANCE POLICY - VERIFICATION AND MAINTAINING THE STANDARD**

The Senior Manager - Council Housing Services presented a report to seek support for the introduction of a proposed Compliance Policy and Certificate. This was a requirement from WG to verify the Council's interpretation and achievement of each element of the Welsh Housing Quality Standard (WHQS). Whilst priority was given to the primary elements of the Standard, the Council had given a commitment to achieve as many secondary 'desirable' elements as possible. The certificates incorporated a range of components in order to meet the WHQS and would be used for new tenants of council homes. A shared arrangement with Wrexham County Borough Council for the independent verification of submissions would result in cost savings. The policy was due to be implemented in the first quarter of 2016/17 and would be subject to ongoing review.

As mentioned on previous occasions, Councillor George Hardcastle felt it was important to consider the option of delaying programmed works for tenants with a history of recurring rent arrears, whilst separating genuine cases of hardship. The Senior Manager said that officers were currently exploring how this could be reviewed on a case by case basis, including consideration of court orders. Details on this approach would be shared with the Committee at a later date as part of the Rent Arrears Annual Report.

Councillor Paul Cunningham commended the work which had been done and said that Flintshire was leading the way.

Following similar comments from Councillor David Cox, the Senior Manager said that progress had been made in publicising the Council's work on achieving the WHQS, including discussions with tenant groups.

In response to remarks on the need for the Council to maintain the standards of housing beyond 2020, Councillor Peter Curtis also highlighted the responsibility of tenants in looking after their properties.

Councillor Rosetta Dolphin asked about the arrangements for private rentals and was informed of the requirements of the new WG initiative 'Rent Smart Wales' which applied to private landlords.

The Chairman took the opportunity to praise the team for their excellent work.

**RESOLVED:**

- (a) That the Committee support the introduction of the proposed Compliance Policy and Compliance Certificate; and
- (b) That the Committee support the proposed timescales for introduction of the Compliance Policy and review periods.

**97. IMPROVEMENT PLAN 2016/17**

The Chief Officer (Community & Enterprise) introduced a report on sections of the Improvement Plan 2016/17 which were relevant to the Committee. The Improvement Plan, to be finalised and endorsed at the Council meeting in June, had been updated to reflect the key priorities of the Council for next year and retained eight priorities and sub-priorities. Five of the eight priorities continued with a refresh of longer term projects or ambitions, whereas the remaining three had been reviewed to reflect local circumstances and priorities. A new section within each sub-priority referenced national policy issues which could potentially impact the delivery of the priorities.

The Senior Manager for Enterprise & Regeneration referred to the regional economy update given at the March meeting. He provided an overview of the main elements of the priority for 'Economy & Enterprise' which had undergone a major refresh, in particular highlighting the importance of devolution in England providing increased powers at local level which was a key risk. On the priority for 'Poverty', the Chief Officer reported on an additional area to encourage individuals to access employment, together with two risk areas on reduced funding streams and resources to help individuals to manage pressures from welfare reforms.

**RESOLVED:**

- (a) That the Committee accepts the content of the Improvement Plan and 'How we Measure Achievement' document for the 'Housing', 'Economy and Enterprise' and 'Poverty' priorities; and
- (b) That the Committee accepts the proposed targets for the national performance indicators.

**98. FORWARD WORK PROGRAMME**

In presenting the current Forward Work Programme for consideration, the Facilitator suggested the following changes which were agreed by the Committee:

- Items on the Purchase of ex-council stock and the Deeside Plan to be deferred to the July meeting.

- Affordable Housing Scheme - The Walks to be brought to the June meeting.
- Following earlier discussion, the Rent Arrears Annual Report and Local Lettings Policy for Flint to be scheduled for a future meeting.

The Chairman thanked Councillor George Hardcastle for chairing the previous meeting in his absence and sought clarification on comments which had been made. Councillor Gareth Roberts explained that he had voiced his dissatisfaction about historic work by Communities First in his ward but had also made the point that he was in no position to judge the work currently taking place. Councillor Hardcastle expressed his disappointment about the incident and suggested that Councillor Roberts apologise to the officers who had been present at the time, to which he declined.

**RESOLVED:**

- (a) That the Forward Work Programme be updated and noted; and
- (b) That the Facilitator, in consultation with the Chair and Vice-Chair, be authorised to vary the Forward Work Programme between meetings, as the need arises.

**99. MEMBERS OF THE PRESS AND PUBLIC IN ATTENDANCE**

There was one member of the public and no members of the press in attendance.

(The meeting started at 10.00 am and ended at 11.05 am)

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**Chairman**

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## COMMUNITY AND ENTERPRISE OVERVIEW & SCRUTINY COMMITTEE

<b>Date of Meeting</b>	Wednesday, 8 June 2016
<b>Report Subject</b>	Welfare Reform - Including Universal Credit
<b>Cabinet Member</b>	Cabinet Member for Housing
<b>Report Author</b>	Chief Officer – Community & Enterprise Portfolio
<b>Type of Report</b>	Operational

### EXECUTIVE SUMMARY

The welfare reforms will, by 2020, have reduced expenditure on social security benefits available to low income working-age households by around £31<sup>1</sup> billion per annum.

Since 2012, Flintshire County Council together with its partners have attempted to mitigate the full impacts of the reforms from falling upon vulnerable Flintshire residents and the report considers how to manage the impacts of the reforms being introduced under the provisions of the Welfare Reform and Work Act 2016.

An update on the progress being made to implement Universal Credit is also provided, alongside a consideration of issues that are emerging with aspects of the administration of the Universal Credit scheme, which, if unresolved, may have negative impacts for an increasing number of Flintshire households as Universal Credit is rolled out across the County during the next few years.

### RECOMMENDATIONS

1	That the Overview and Scrutiny Committee note the report and continue to offer their support to the ongoing work that is being undertaken by the Council, together with its partners, to manage the full impact of the present and future welfare reforms from falling upon Flintshire's most vulnerable households.
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<sup>1</sup> The Welfare Reform Act 2012 introduced reforms that reduced expenditure on social security benefits by £19 billion pa and the Welfare Reform and Work Act 2016 is introducing reforms which will reduce expenditure by a further £12 billion pa.

## **REPORT DETAILS**

<b>1.00</b>	<b>EXPLAINING THE WELFARE REFORMS &amp; UNIVERSAL CREDIT</b>
1.01	<p><b>Welfare Reforms</b></p> <p>The details of the latest phase of welfare reforms were announced in the Government's 2015 Summer Budget and in their Spending Review and Autumn Statement, delivered in November 2015. The legislation needed to implement the majority of the reforms is contained within the Welfare Reform and Work Act 2016.</p>
1.01.1	The welfare reforms being introduced during the next two years are listed below. Comprehensive information on the reforms is set out in the attached briefing paper. Please see appendix 1.
1.01.2	A Workshop for Members on the welfare reforms and their impacts, etc, will be held on the 8 July 2016. Further details on the Workshop will be provided to all Members.
1.01.3	<ul style="list-style-type: none"> <li>▪ Capping Housing Benefit payments for social housing tenants to Local Housing Allowance levels</li> <li>▪ Freezing most working-age social security benefits and tax credit at their 2015 payment rates for the next four tax years.</li> <li>▪ Reducing the benefit cap ceiling to £20,000 for lone parents/couples or £13,400 single claimants (£23,000 or £15,410 in Greater London)</li> <li>▪ Reducing the amount of earnings a claimant may earn before their Universal Credit award is reduced.</li> <li>▪ Limiting the amount of money provided by Universal Credit (and, until its abolition, Child Tax Credit) to meet the needs of children.</li> <li>▪ Increasing work related conditionality requirements for lone parents and responsible carers claiming Universal Credit.</li> <li>▪ Abolishing the additional payments included in Universal Credit and Employment and Support Allowance awards for some claimants who are assessed as being unfit for work.</li> <li>▪ Abolishing the automatic right for unemployed single people to receive money in their Universal Credit award to help them pay their rent.</li> <li>▪ Replacing current support for mortgage interest payments for benefit claimants with a recoverable interest-bearing loan.</li> </ul>
1.02	<b>Managing the Welfare Reforms – Flintshire's Response</b>
1.02.1	Flintshire County Council and its partners are committed to preventing poverty and maximising opportunity within the County. In 2012, the Council recognised that some of the welfare reforms, would, if not effectively and

	proactively managed, have significant negative impacts upon households who are in, or at risk of poverty.
1.02.2	In response to these concerns, the Council, together with its partners, developed a range of proactive initiatives that aimed to protect vulnerable households from the full force of these impacts.
1.02.3	Flintshire's response to the welfare reforms has been seen as a model of good practice by other Welsh Local Authorities and the Welsh Government. For example, Flintshire was the first authority in Wales to implement a Programme Board to coordinate its welfare reform mitigation responses, an approach which was later adopted by the majority of Welsh Local Authorities. Also, in June 2015, the Welsh Government awarded a tender to Flintshire County Council to deliver one of its mitigation activities (raising awareness of the welfare reforms amongst front line staff) throughout Wales.
1.02.4	The Housing Benefit service have carried mitigation work including a coordinated approach with Registered Social Landlords in order to offer assistance in individual cases where there is either a high level of rent arrears or where the pattern of rent payments is causing concern. This work has included options for awarding discretionary housing payments to help reduce rent arrears or ongoing assistance towards rent payments and helps to recognise additional support or advice requirements and enable customers to access to this via the advice and support gateways.
1.03	<b>Universal Credit – Update</b>
1.03.1	Universal Credit (UC) is the Government's 'flagship' welfare reform. It is being introduced to address a number of problems inherent within the current social security system, which result in many workless households developing a culture of benefit dependency.
1.03.2	The major programme to introduce UC commenced in April 2013 within four pathfinder areas in the North West of England. UC is being implemented across the United Kingdom much slower than was originally projected in May 2016, UC is being claimed by just under a quarter of a million households (247,801).
1.03.3	A milestone in the implementation programme has recently been attained as the UC 'Live Service' is now being delivered from every single Jobcentre in England, Wales and Scotland. Within the Live Service though, access to UC is controlled by an eligibility gateway and the vast majority of UC claimants throughout the United Kingdom are single people with relatively 'uncomplicated lifestyles'. Therefore, perhaps a more significant development in the UC implementation programme is the commencement, in May 2016, of the phased roll out of the UC 'Full Service' across the United Kingdom. In a Full Service area, 'all' working-age claimants will be able to make a claim for UC and claimants, receiving one of the current range of means-tested benefits such as Housing Benefit or Working Tax Credit, whose circumstances change, may 'naturally migrate' across to UC.

1.03.4	Opening access to UC for all working-age claimants is a substantial step forward in the UC implementation programme as there will be a large increase in the number of claimants, with more complex life circumstances, claiming UC. Managing the challenges that will be generated by these claimants will robustly test the effectiveness of the UC administration and safeguard processes. However, in advance of the roll-out of UC to claimants with more complicated lifestyles, there are concerns that elements of the UC administration processes is already creating problems for claimants. The concerns include:
1.03.5	<b>Housing Costs</b> – as an integrated means-tested benefit, tenants will receive the financial help towards the rent liabilities within their UC award. There are reports of delays with the money for a claimant’s housing costs being included within their UC award. The problem seems to be linked to difficulties that UC Service Centres are experiencing with establishing that a claimant is ‘legally liable’ to pay rent and/or ‘verifying’ the amount of rent that they are required to pay. In some cases, claimants have not received any money in their UC award to help them pay their rent until two to three months after they first claimed UC. Whilst the housing cost payments may be backdated to the claim start date, the delay will be creating problems for some tenants with their landlords.
1.03.6	A growing number of Social Landlords have also been expressing their concerns that they are not being advised, in a timely manner, that one of their tenants has started to claim UC. This prevents the Social Landlord from being proactive and providing their tenants with appropriate advice and support to prevent any problems with their rent payments arising. The Department for Work and Pensions has recognised that the data sharing procedure is not operating as effectively as they had hoped and announced that, to rectify the problem, they will implement a redesigned system.
1.03.7	<b>Alternative Payment Arrangements</b> – the Department for Work and Pensions recognise UC will bring many challenges for claimants. To protect vulnerable UC claimants a framework of safeguards is available, these include, paying a claimant’s housing costs paid directly to their landlord. However, there are concerns over length of time being taken by the UC Service Centre to determine if an alternative arrangement payment will be permitted (the majority of such decisions are ‘discretionary’). A report from the Resident Landlord Association <sup>2</sup> indicates that some Private Landlords, if the situation with requests for a claimant’s housing cost to be paid directly to their landlord is not significantly improved, will no longer be willing to rent their property to UC claimants.
1.03.8	As UC is becoming accessible to a wider group of claimants, many of whom will be vulnerable, it is important that the safeguard procedures are implemented effectively and efficiently, especially, housing cost payments directly to Private Landlords. It is equally important that the ‘Trusted Partner Status’, which is currently being piloted in areas of the United Kingdom, is rolled out to all Social Landlords, as soon as is practical. (As a Trusted Partner, a Social Landlord does not have to request that the UC Service Centre uses its ‘discretion’ to pay a vulnerable tenant’s housing

<sup>2</sup> Resident Landlords Association News Hub – 18 April 2016



	costs directly to the landlord, they are able to 'instruct' the UC Service Centre to make the payment.)
1.03.9	<b>In-work conditionality</b> - under the Working Tax Credit scheme, low paid workers, receiving money from the social security system to 'top-up' their earnings, do not have any requirement to try to increase their hours of work or find additional employment, etc. However, under the UC scheme, low paid workers, typically earning less than around £1,092pcm, will be subject to some level of 'in-work conditionality'. This means that they will be required to comply with reasonable job search activities to try to obtain more work hours, higher paid work, or a new job, etc. Low paid workers who fail to demonstrate that they are 'actively seeking' and 'available' for more work will have their UC award sanctioned.
1.03.10	However, anecdotal evidence is emerging from the Department for Work and Pensions (DWP) trials of the in-work conditionality scheme (in May 2016, around 15,000 people claiming UC are subject to in-work conditionality) that working people are having their UC award sanctioned for contentious reasons. For example, a working parent was sanctioned for taking their children on a holiday, outside of the United Kingdom. Other claimants have been faced with the prospect of sanctions for not being able to attend regular interviews with their Work Coach, due to their work commitments.
1.04	<b><u>Universal Credit – Preparing FCC Tenants</u></b>
1.04.1	There are 2,394 Flintshire County Council working-age tenants receiving Housing Benefit (HB) who will become Universal Credit (UC) claimants. The 'managed migration' of HB claimants across to UC is not scheduled to commence until January 2018 and will not be completed until 2021.
1.04.2	However, it is important to recognise that when Flintshire becomes a UC Full Service area (expected to be in 2017), some of the tenants receiving HB will, as a result of their circumstances changing, 'naturally migrate' across to UC. This is because in a UC Full Service area a law comes into force that prevents new claims being made for what are referred to as 'legacy' means-tested benefit. (For information: a legacy means-tested benefit is any of the six benefits being replaced by UC and this includes HB).
1.04.3	It is difficult to accurately predict how many of Flintshire's tenants, who are getting HB, will experience a change in their circumstances, which will mean they naturally migrate across to UC. For example, tenants will be affected if they are getting a sickness benefit and then are assessed as fit for work; or, if they have their first child; or, are unemployed and move into low paid work, etc.
1.04.4	Therefore, the Neighbourhood Housing Service, during this current year, will commence a programme of re-engagement with their tenants to refresh their understanding of the changes and challenges that being a UC claimant will bring. Additional training will also be provided to the staff within the Neighbourhood Housing Service to ensure that they have a good understanding of UC alternative payment arrangements and, perhaps more importantly, a knowledge of the UC conditionality

	framework. Understanding the UC conditionality framework will enable Housing staff to begin to have conversations with tenants, particularly working tenants, around the work related requirements that they will be compelled to undertake when they are a UC claimant and, hopefully, lessen the likelihood of a tenant being sanctioned.
1.05	<b>Housing Benefit Reforms</b>
1.05.1	Expenditure on Housing Benefit (HB) significantly increased from £11 billion pa in 2000 to around £21 billion pa in 2015. In order to try to control and constrain the overall cost of HB, the Government is introducing further reforms to the HB scheme. These reforms aim to manage HB expenditure and as the Government consider the HB scheme for social housing tenants is more generous than the HB scheme for private tenants, to closer align the two schemes.
1.05.2	The ongoing reform of the HB scheme for social housing tenants is continuing to create financial problems for Flintshire County Council tenants and, may in some cases, put the long-term sustainability of their accommodation at risk. The impacts of the Spare Room Subsidy and the latest reform, the HB cap on social housing tenants are briefly outlined below. (For information, all reforms being introduced in the HB scheme for social housing tenants will be mirrored in the Universal Credit scheme.)
1.06	<b>The Spare Room Subsidy</b> (commonly referred to as the Bedroom Tax)
1.06.1	Flintshire County Council has 2,394 working-age tenants claiming HB, of which 863 (36%) are affected by the Spare Room Subsidy with 194 are under occupying by two or more bedrooms and 699 by one bedroom. In total these tenants are losing HB payments totalling £12,341pw (£617,097pa). The total outstanding arrears for those households under occupying at the end of April 2016 was £212,000.
1.06.2	From the date the Spare Room Subsidy was introduced the Council has supported its tenants affected by the reduction in their HB award and, attempted to mitigate the full impact of the reduction in Central Government HB payments from falling upon the Council's Housing Revenue Account. For example, the Council's Housing Benefit service has paid out, during this current year, Discretionary Housing Payments to tenants of registered social landlords (which include Flintshire tenants) impacted by the Spare Room Subsidy totalling over £97,000.
1.06.3	The council also amended its rent arrears policy to ensure it had a sensitive approach to those tenants who accrued rent arrears wholly as a result of the Spare Room Subsidy. In 2015/16 under the new Single Access Route to Housing (SARTH) policy, 75 applicants listing financial hardship as their housing need were assisted to move to more affordable accommodation.
1.06.4	In 2013, Elected Members recommended that the Council should attempt to allocate its stock on the basis of an applicant's housing need and individual circumstances rather than on a strict adherence to the Department for Work and Pensions household bedroom size calculation. Since the beginning of 2016, Housing services have been undertaking pre-

	<p>tenancy assessments with applicants for social housing. Part of this assessment is to identify whether there will be any affordability issues in relation to a new tenancy. This is particularly important for people who will be affected by the spare room subsidy. In addition, as part of the Housing Solutions process, referrals are made to relevant support services to undertake work in relation to income maximisation and also assist with resolving any debt issues.</p>
1.07	<p><b>Restriction of HB Awards to LHA levels for Social Housing Tenants</b></p> <p>This reform will restrict the amount of rent that Housing Benefit will cover in the social housing sector to the tenant's relevant Local Housing Allowance amount.</p>
1.07.1	<p>The reform was introduced with the intent of applying to all social housing tenancies signed (or renewed) on or after 1 April 2016, with the HB entitlement being reduced from 1 April 2018. However, on 1 March 2016, the Government announced a delay of one year in applying the restriction to social housing tenants in 'supported housing'. Therefore, the restriction will only apply to a supported housing tenancy that commenced (or was renewed) on, or, after the 01 April 2017. However, the reduction in their HB award will still be implemented on the 01 April 2018.</p>
1.07.2	<p>Due to the higher rents, it has been very well documented that HB restriction will have the most significant impact upon more vulnerable tenants residing in 'supported accommodation'. The Government is currently undertaking a nationwide review of Supported Accommodation, though, there is no indication that the outcome of the review will be to exempt supported accommodation from the HB restriction.</p>
1.07.3	<p>However, what has been less well documented is the impact that the HB restriction will have for single people, aged under 35, whose social housing tenancy of a one-bedroomed property, commenced on, or, after the 1/04/2016. When the cap is applied from the 01 April 2018, their maximum HB award will be reduced to the Local Housing Allowance 'shared room rate'. For example, the average rent of a Flintshire County Council, one bedroomed property is £79.00pw and in Flintshire, the Local Housing Allowance shared room rate is £57.50pw. Thus, when the restriction is implemented an affected tenant can have their HB award reduced by up to £21.50pw.</p>
1.07.4	<p>All new tenants who will be under 35 on 01/04/2018 are being advised as part of the pre-tenancy assessment that their housing benefit will be significantly reduced from this date. Housing Services are currently undertaking work in relation to the number of people that will potentially be affected by this restriction and identifying support solutions in order to minimise the impact.</p>
1.07.5	<p>In advance of the restriction being introduced, a greater focus needs to be placed on a move towards employment and consideration given to planning alternative models for single people, aged under 35.</p>

1.08	<p><b>The Benefit Cap</b></p> <p>From the autumn of 2016, the benefit cap ceiling will be significantly lowered. The total amount of annual ‘out-of-work’ benefit income to which a ‘working-age’ household can receive will be set at (figures for households outside of greater London):</p> <ul style="list-style-type: none"> <li>▪ £20,000<sup>3</sup> for couples and lone parents (£383.56pw)</li> <li>▪ £13,400 for single claimants (£256.99pw)</li> </ul>
1.08.1	<p>The benefit cap tends to impact upon a relatively small number of claimants. However, the financial consequences for these households is often severe and many become at a risk of becoming homeless, if they cannot implement strategies to manage the reduction in their Housing Benefit awards.</p>
1.08.2	<p>The impact of the lowered benefit cap ceiling also has the potential to weaken a key aim of the Welsh Government’s new homelessness legislation in the Housing Act (Wales) 2014, i.e., the power given to a Local Authority to discharge a statutory homelessness duty by offering a household a suitable and ‘affordable’ private rented property.</p>
1.08.3	<p>This is because out-of-work households, with three or more children, who are renting in the private sector could face having their welfare benefit income reduced by around £100pw. Hence, the private sector, for these households, will become an unaffordable housing solution.</p>
1.08.4	<p>In advance of the reduced benefit cap ceiling being implemented officers from Council’s Housing Benefit service will, in partnership with staff from the local Jobcentre Plus hold face-to-face meetings with the Flintshire households who will be impacted. At these meetings the household will be able to discuss the measures which can be put in place to ensure that they household can manage their reduced income and sustain their accommodation, etc.</p>

<b>2.00</b>	<b>RESOURCE IMPLICATIONS</b>
2.01	<p>The ongoing welfare reforms will generate additional financial problems for low-income Flintshire households, many of whom will have been impacted by the previous reforms of their benefit entitlements. These households will require appropriate advice and support to help them to manage the difficulties the reduction in their household budget will generate. In addition, the latest welfare reforms will impact on new Flintshire households, for example, working households, who may also seek advice and support on how to manage their loss of income.</p>

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<sup>3</sup> For information - in Greater London area the benefit cap is set at £23,000 for couples/lone parents and £15,410 for single claimants.

2.02	To manage the increased demand from Flintshire households experiencing social welfare problems, the Council has supported the development of the Flintshire Local Advice and Housing Support Gateways. Both Gateways aim to reduce pressures on internal and external providers by effectively triaging referrals to ensure a person is referred to the most appropriate service provider.
2.03	However, as the impact of the welfare reforms are felt by an increasing number of Flintshire households, particularly the roll out of Universal Credit, providers will be under increasing pressures. The Government has recognised that Local Authorities will require additional funding when Universal Credit is claimed by more vulnerable households. During the coming year, the Council will continue to work closely with the Department for Work and Pensions to ensure sufficient levels of funding is provided for the development and implementation of a support framework that can provide support to all Flintshire households who experience problems whilst claiming Universal Credit.
2.04	The homelessness legislation within the Housing Act (Wales) 2014, places a much stronger emphasis on Local Authorities preventing homelessness. Since the legislation was implemented on the 27 April 2015, the Council's Housing Solutions Service has effectively embraced its new duties, helping people to identify and address the causes of homelessness and make informed decisions on finding solutions to their housing problem.
2.05	However, it has to be noted that the impacts of the welfare reforms, especially the continued reforms of Housing Benefit and the introduction of Universal Credit to more vulnerable households, has potential negative implications for the ability of the Housing Solution Service to prevent homelessness with the same level of effectiveness in the future.

<b>3.00</b>	<b>CONSULTATIONS REQUIRED / CARRIED OUT</b>
3.01	Not applicable with this report.

<b>4.00</b>	<b>RISK MANAGEMENT</b>
4.01	For some Flintshire households the financial impacts of the previous welfare reforms will be worsened by the next phase of reforms, It is not possible to cover all the impacts within the confines of this report (these will all be covered in the Member Workshop). Therefore, the main risks and the mitigating activities that will be implemented to attempt to manage the risk have been noted in the main report.
4.02	As part of the Capital Works Programme a small number of schemes have been remodelled to help mitigate the impact of Welfare reform and in particular bedroom tax issues. An ongoing budget provision of £100k has been made available each year within the programme to look at similar solutions.

4.03	A service review of Housing Management has been undertaken and a revised structure and delivery model agreed. A proposed structure has been designed which aims to transform service delivery making it more efficient, effective and better value for money by refocusing the service on letting homes, tenancy enforcement and sustainment, neighbourhood management and engagement. Within the revised model there is the addition of 2 new posts, to support the future development of the service. A Tenancy Sustainment Officer who will primarily be responsible for working with new customers supporting them to sustain their tenancy, which will have the long term benefit of reducing the 'high costs', often associated with tenancy failures. A Customer Inclusion Officer who will primarily be responsible for working with the Customer Engagement Officer to support digital and financial inclusion and supporting tenants back in to employment or training.
4.04	There is a need to test and evaluate a range of housing solutions in order to mitigate the impact of the next phase of reforms. Services are already considering opportunities for re-designation of stock and are working in partnership with local Housing Associations to scope other possible models including house sharing.

<b>5.00</b>	<b>APPENDICES</b>
5.01	Appendix 1 – Briefing Paper – Welfare Reforms

<b>6.00</b>	<b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>
6.01	<p>None.</p> <p><b>Contact Officer:</b> Paul Neave; Advice and Homelessness Manager  <b>Telephone:</b> 01352 – 703802  <b>E-mail:</b> <a href="mailto:paul.neave@flintshire.gov.uk">paul.neave@flintshire.gov.uk</a></p>

<b>7.00</b>	<b>GLOSSARY OF TERMS</b>
7.01	<p><b>Housing Benefit</b> - helps tenants pay all, or part of their rent if they have a low income. Housing Benefit is administered by Local Authorities.</p> <p><b>Local Housing Allowance</b> - is the maximum amount of housing benefit a claimant may get to help them pay the rent if they have a private landlord.</p> <p><b>Means Tested Benefit</b> - acts as a safety net for people who have a low income. Entitlement to a means-tested benefit is based upon the claimant (and/or their partner) satisfying the basic condition of entitlement, such as being unemployed or a pensioner, etc, and satisfying the income and capital rules.</p> <p><b>Supported Accommodation</b> - is an umbrella term which is applied to a whole range of housing based solutions for vulnerable people where housing, support and sometimes care services are provided as an</p>

integrated package.

**Universal Credit (UC)** – is an integrated means-tested benefit for people of working age whose income is below a specified minimum amount. UC can be claimed by working age people in and out of employment.

**UC Alternative Payment Arrangements** – alternative payment arrangements include, making weekly or fortnightly payments of a UC award, splitting an award between joint claimants and paying housing costs (rent) directly to a landlord - sometimes referred to as a managed payment.

**UC Full Service** – in a full service area, UC will be claimed by all working age claimants who make a new claim for a means-tested benefit.

**UC Live Service** - access to UC within a live service area is controlled by an 'eligibility gateway' which, predominantly, restricts new UC claims being made unless the claimant is a newly unemployed single person.

**UC Managed Migration** – a means-tested benefit claimant whose households circumstances do not change will be automatically transferred to UC by the DWP

**UC Natural Migration** - a claimant of a legacy means-tested benefit, who reports a change of circumstances which requires a new means-tested benefit claim to be made will be moved on to UC.

**Working Age** – for social security benefits 'working age' ends for both men and women at the female statutory retirement pension age. In May 2016 this is 63 years old The female statutory retirement age is gradually increasing to equalise with men (65 year old) in October 2018. The pension age for both men and women will then increase to 66 in 2020.

**Welfare Reforms** – changes being introduced to a range of social security benefits and tax credits, which aim to ensure that the United Kingdom has an affordable benefit system.

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## **INTRODUCTION**

1. In 2015, the Government announced that it was committed to continue with the programme of austerity measures, which include reducing public expenditure through further transformation of United Kingdom social security system. Throughout the period April 2016 to March 2021, the focus of the ongoing welfare reforms will be upon the continued implementation of Universal Credit across Wales and on reducing expenditure by £12 billion pa on the welfare benefits and tax credits available to working-age claimants.
2. The specific details of the welfare reforms were announced in the 2015 Summer Budget and Spending Review and Autumn Statement. The legislation needed to implement the majority of the reforms is contained within the Welfare Reform and Work Act 2016, which received Royal Assent on the 16 March 2016.

## **THE WELFARE REFORMS**

### **Freeze on Uprating of Social Security Benefits and Tax Credits**

3. The Welfare Reform and Work Act 2016 (section 11 & 12) has introduced new legislation which removed the Secretary of State from undertaking an annual review of the payment rates of non-disability related working age social security benefits and tax credits. The legislation also orders that these benefits/tax credits will be frozen at their 2015/16 payment rates for a period of four tax years from the 6 April 2016.
4. The Institute for Fiscal Studies estimates that the uprating freeze will affect 13 million families, 7.4 million of whom are in work, losing £280 a year on average.
5. The four year freeze is the latest reform of the annual uprating of the majority of working age welfare benefits and tax credits payments, which has been introduced during the last five years. For example, there were two significant developments under the previous coalition Government. Firstly, from April 2011, the measure of price inflation used for uprating benefits and tax credits changed from the Retail Price Index to the Consumer Prices Index (CPI) which tends to rise more slowly. Secondly, from April 2013, most working-age benefits were limited to 1% a year increase – regardless of the CPI figure. It is projected that by 2020, the value of the benefits affected by the uprating changes will have been cut by 8% as compared to their value in 2012.

6. A long-running research project funded by the Joseph Rowntree Foundation produces regular estimates of “Minimum Income Standards” (MIS) for different household types. The latest report was published on 1 July 2015<sup>1</sup>. The analysis suggests that most people reliant on out-of-work benefits do not reach the Minimum Income Standard. For example, single people, receive benefit income less than 50% of their MIS (net of rent and Council Tax). For families with children, their out-of-work benefits cover around 60% of the MIS. However, a pensioner couple in receipt of Pension Credit, has benefit income which is just short of their MIS (96%).
7. In total, the benefit uprating freeze will save £3.9 billion per year from 2016.

### **Benefit Cap**

8. When the benefit cap was introduced in 2013, the law required that the cap had to be set at a figure aligned to ‘average net earnings’. The Welfare Reform and Work Act 2016, has now removed the legal requirement for the benefit cap ceiling to relate to average earnings. Thus, when the new benefit cap ceiling is introduced, in a phased approach across the United Kingdom from the autumn of 2016, the total amount of annual ‘out-of –work’ benefit income to which a ‘working-age’ household, outside of Greater London, can be entitled to is
  - £20,000<sup>2</sup> for couples and lone parents (£383.56pw)
  - £13,400 for single claimants (£256.99pw)
9. A cap of £20,000 is equivalent to typical pre-tax earnings of around £25,000.
10. The Welsh Government have projected that around 5,000 households across Wales will be impacted when the new benefit cap is introduced. This is a 300% increase on the number of households impacted by the benefit cap at its current ceiling of £26,000pa.
11. The lowering of the benefit cap will have a significant impact upon households with three or more children who are renting in the private sector. This has the potential to weaken one of the key aim of the Welsh Government’s new homelessness legislation in the Housing Act (Wales) 2014, i.e., power given to a local authority to discharge a statutory homelessness duty by offering a

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<sup>1</sup> Donald Hirsch, A minimum income standard for the UK in 2015 - JRF, July 2015

<sup>2</sup> For information - in Greater London area the benefit cap is set at £23,000 for couples/lone parents and £15,410 for single claimants.

household a suitable private rented property. Simply because some out-of-work households will not be able to afford private rented properties.

12. Concerns have been raised to the potential impact of the benefit cap on Local Authority expenditure in respect of their statutory homelessness duties, e.g., provision of temporary accommodation, etc. However, when challenged on the issue of 'savings versus costs', the Government said that the wider ramifications of the cap had been considered and that the message the Government was sending "is a behavioural one much more than a cost-based one".
13. Some households are protected from having their out-of-work benefit income restricted by the benefit cap. For example, the cap will not apply if someone in the 'benefit household' (claimant, partner, and a child under 18) receives a disability benefit. A household is also exempted from the benefit cap for a period of 39 weeks if the claimant, or their partner has worked for 50 weeks out of the 52 weeks preceding their last day of work.
14. Following a High Court decision in January 2016, which found that the failure to exempt those on Carer's Allowance, looking after a disabled adult, amounted to unlawful discrimination, the Government has announced that it intends to exempt households in receipt of Carer's Allowance from the benefit cap. The Government has decided to exempt Carer households when the new benefit cap ceiling is introduced in the autumn of 2016. In the meantime, the Government has said it has amended the 'Discretionary Housing Payments Local Authority Good Practice Guide' to reflect that carers should be considered as a priority group for an award of a Discretionary Housing Payment, ahead of the exemption being introduced.
15. The lower of the benefit cap ceiling is projected to saving £405m a year.

### **BENEFITS FOR THE LOW PAID AND FAMILIES**

16. The United Kingdom social security system has provided financial support to low paid working households since 1971, when Family Income Supplement was introduced. Over the last 46 years, the social security payments available to low paid working households have gone through numerous transformations - the latest payments being delivered through the Universal Credit scheme.
17. However, the Government are now of the opinion that addressing the root cause of low pay is no longer a role for the social security system. They maintain that low pay will be more effectively eradicated through the promotion of a 'higher wage' economy (i.e., the introduction of the National Living Wage in April 2016 is the commencement of a move to higher wage for employees aged 25 or over) and a more generous tax system.

## **Universal Credit – Work Allowances**

18. From the commencement of the programme to introduce Universal Credit the Government made it clear that, along with the unified, responsive benefit structure and single taper, the work allowances, set at a more generous level than the existing earnings disregards in legacy benefits, were integral to the offer under Universal Credit that “work pays” by allowing claimants to keep more of their earned income before their award begins to be reduced.
19. However, from the 11 April 2016<sup>3</sup> the range of work allowances, available to Universal Credit claimants was reduced from seven to two, with the remaining two work allowances being reduced (as compared to their pre-April 2016 amounts).
20. A Universal Credit work allowance is now only available where the claimant is responsible for a child, or has a Limited Capability for Work (LCW).
21. The abolition of the working disregards for childless, non-disabled, claimants mean all their (net) earnings will be taken into account when their Universal Credit award is calculated. Previously, they could earn £111 pcm before their award started to be tapered away by £0.65 for every single pound they earned. There is no transitional protection for people in employment who were receiving Universal Credit prior to April 2016.
22. The Department for Work and Pensions has not produced an Impact Assessment on the work allowance changes. However, analysis by the Resolution Foundation<sup>4</sup> suggests that, taking into account the broader package of tax and benefit changes and the introduction of the National Living Wage, from 2020, working households receiving Universal Credit are set to lose between £1,000pa and £1,300pa.
23. The reduction/abolition of the work allowances are projected to achieve savings of £3.1bn a year from 2020.

## **Universal Credit & Child Tax Credit – Child Elements**

24. Since its introduction in 2013, the benefit cap has restricted the social security benefit income payable to some ‘out-of-work’ families. However, the Government believe all families, who receive financial assistance from the social security

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<sup>3</sup> The change was introduced by the Universal Credit (Work Allowance) Amendment Regulations 2015

<sup>4</sup> Resolution Foundation - Low-income working families on Universal Credit set to lose income – press release – 26/11/2015

system, should “face the same financial choices about having children as those supporting themselves solely through work”.

25. Therefore, the Government has introduced a series of provisions within the Welfare Reform and Work Act 2016, which from April 2017, will reduce the amount of social security income payable to some families. These provisions will:

- i) limit the number of child elements included for **each** child or qualifying young person<sup>5</sup> included in the calculation of a Universal Credit (UC) or Child Tax Credit (CTC) award to a maximum of two (see ‘important note’ below)
- ii) remove the family element from the calculation of CTC awards in new claims (continues to be included for families entitled to CTC who are responsible for a child born before that date)
- iii) remove the higher child element rate payable for the first child in new UC claims (in essence, echoing the abolition of the CTC family element)

26. In the debate on the Summer Budget 2015, the Secretary of State for Work and Pensions, stated the changes to the financial help available to families from CTC and UC were “about getting fairness back into the system”. However, the National Institute of Economic and Social Research, said, “while there is some evidence of (limited) incentive effects (that is to say, generous child tax credits did indeed raise the birth rate slightly) we shouldn’t delude ourselves that poor people will stop having children, or that the living standards of low income families, and children in particular, won’t suffer”.

27. The limiting of the child element will apply to new claims for Universal Credit or Child Tax Credit made on, or after, the 6 April 2017. However, the restriction will not apply in respect of a child who is recognised by the social security system as being disabled<sup>6</sup>. Multiple births will also be protected, as will a child born as the ‘result of exceptional circumstances’.

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<sup>5</sup> A qualifying young person is a person who is aged 16 or over but under 20 years old and is in full time non advanced education or undertaking approved training which is not provided by means of a contract of employment. Where ‘child’ is noted in the main text, it also includes a qualifying young person.

<sup>6</sup>Child in receipt of DLA middle/higher care component, PIP standard/enhanced daily living component or registered blind.

28. Existing claimants<sup>7</sup>, who are already receiving child elements in respect of more than two children on the 6 April 2017, will continue to receive a child element in respect of each child they are responsible for. However, they will not be entitled to any further child elements in their award for children for whom they become responsible for after the 6 April 2017. Also, if their current benefit claim ends, and at a later date (at least six months later) they make a new claim for Universal Credit, they will only have two child elements included in this claim.
29. The restriction will be on a "rolling basis" so when the eldest child ceases to be included in the claimant's benefit household, if there is a third child, born on or after 6 April 2017, a child element will then be included for that child.

### **Extending Work Conditionality – Responsible Carers**

30. Universal Credit (UC) is underpinned by a 'conditionality framework' that sets out the responsibilities for claimants to engage in reasonable activities which increase their chances of obtaining paid work, or more/better paid work. Claimants are placed in one of four "conditionality groups" depending on their individual circumstances, such as, any disabilities or health problems they have, or whether they are responsible for children, etc. The four UC conditionality groups are:

- i) No Work-Related Requirement
- ii) Work-Focused Interview
- iii) Work Preparation
- iv) All Work-Related Requirements

31. The UC conditionality framework is backed up by a sanction regime for claimants, who, without good reason, have not complied with their reasonable activities.

32. Currently, a "responsible carer<sup>8</sup>" in receipt of UC is not subject to "work preparation" requirements until their youngest child reaches three, and they do not have to be available for and actively seeking work until the youngest child reaches five.

33. In the Summer Budget 2015, the Government announced that from September 2017, free childcare entitlement will be doubled from 15 hours to 30 hours a week

<sup>7</sup> At April 2015, just under 900,000 families (of whom 590,000 were in work) were receiving tax credits for three or more children.

<sup>8</sup>A "responsible carer" is a lone parent or, in the case of a couple with children, the partner who has been nominated as the carer of the child/children (couples can agree between themselves who should be the nominated carer).

for working parents of 3 and 4 year olds. It is estimated that the free childcare is worth around £5,000 a year per child. The Government went on to announce that, 'in the context of the extensive free childcare for parents of 3 and 4 year olds, the conditionality for a responsible carer claiming UC will change'.

34. Therefore, from April 2017, a responsible carer (including a lone parent) will be expected to prepare for work from when their youngest child is aged two years old and to actively seek and be available for work when their youngest child turns three years old<sup>9</sup>.

## **BENEFITS FOR CLAIMANTS UNFIT FOR WORK**

### **Universal Credit/Employment & Support Allowance**

35. Until 1971, the weekly benefit rates for claimants were the same, regardless of the reason they were out-of-work, e.g., unemployed, incapacitated or retired. With the introduction of Supplementary Benefit the benefit rates for different categories of claimant began to differ with weekly benefits paid at significantly higher rates, for disabled claimants than for unemployed claimants. Whilst numerous changes to welfare benefits have occurred since Supplementary Benefit was abolished in 1988, the basic principle of disabled claimants receiving higher basic rates of benefits has remained.
36. Currently a Universal Credit (UC) or Employment and Support Allowance claimant who is assessed through the Work Capability Assessment as having a 'limited capability for work' (this means that they don't have to be actively seeking work but do have to undertake work preparation activities in readiness for when their health improves) will have an additional amount included in the calculation of their UC or ESA award.<sup>10</sup>
37. In the Summer Budget 2015, the Government expressed concern that while the Jobseekers Allowance caseload had fallen by 700,000 since 2010, over the same period the numbers on sickness benefits had fallen by just 90,000. It was also noted that it was a "perverse incentive" that sickness benefit claimants with a limited capability for work received more money than Jobseeker's Allowance claimants "but get nothing like the help to find suitable employment."
38. To address the perceived financial incentive, the Government introduced regulations, within the Welfare Reform and Work Act 2016, which will for new claims from April 2017, align UC/ESA payment rates for claimants assessed as

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<sup>9</sup>Until 2008, a lone parent could claim Income Support and not be not required to seek work as a condition of receiving their benefit until their youngest child reached 16 years old. However, from November 2008, the age threshold for the youngest child has been progressively lowered.

<sup>10</sup> UC claimants have £126.11pcm included and ESA claimants have £29.05pw

having a limited capability for work with the rate received by Jobseeker's Allowance claimants. The Government have confirmed that "new funding will be made available (£15 million pa) and this will ensure the right incentives and support are in place to help sick/disabled people to return to work when they are ready.

39. Claimants who, on the 05 April 2017, are in receipt of the additional payment in their UC/ESA award, due to having a limited capability for work, will continue to receive their additional payment for as long as their circumstances don't change.

40. The abolition of the additional benefit payments to claimants assessed as being incapable for work is projected to save £640pa by 2020

## **BENEFITS FOR TENANTS & OWNER OCCUPIERS**

### **Housing Benefit**

41. Housing Benefit (HB) expenditure has significantly increased from £11 billion in 1999/2000 to around £21 billion in 2014/15. Thus, since 2011, the previous and present Government, have introduced a range of reforms in order to control and constrain the overall cost of HB,

42. The latest reforms were announced in the Summer Budget 2015 and within the Spending Review and Autumn Statement 2015. The Government maintain these reforms will continue the process of ensure fairness between those receiving HB and those paying for the system; secure behaviour changes amongst social housing tenants; and align the HB system for social and private tenants.

43. The HB reforms are:

#### **a) Capping HB Awards for Social Housing Tenants to LHA levels**

44. The reform will cap the amount of rent that HB will cover in the social housing sector to the tenant's relevant Local Housing Allowance (maximum amount of HB paid to private sector tenants). This includes tenants living in specialist 'supported accommodation' and the 'Shared Accommodation Rate' for single claimants aged under 35, who do not have dependent children living with them.

45. It is important to recognise that the Local Housing Allowance rate includes the 'rent' for the property and also any 'eligible service charges'. This reform will also



be mirrored in the maximum 'housing cost element' available to social housing tenants claiming Universal Credit<sup>11</sup>.

46. **Important Note:** This reform was introduced with the intent of applying to 'all' social housing tenancies signed (or renewed) on or after 1 April 2016, with the HB entitlement changing from 1 April 2018.
47. However, on 1 March 2016, the Government announced a 'delay of one year' in applying the cap to social housing tenants in 'supported housing', whilst they undertook a nationwide review of support accommodation. Therefore, the cap will only apply to a tenancy in supported accommodation that commences (or was renewed) on or after the 01 April 2017. However, the reduction in the tenants HB award will still be implemented on the 01 April 2018.
48. The cap will impact upon all social housing tenants. However, due to the higher rents, it will be more 'vulnerable' tenants residing in supported accommodation that will be hardest hit. Since the announcement was made in the Autumn Statement and Spending Review, numerous social housing providers who manage 'supported accommodation' schemes have expressed serious concerns that the cap will mean their existing schemes will no longer be financially viable. In addition, some providers reported that they will be forced to make decisions not to proceed with plans to develop new supported accommodation (should the cap be applied in its current format.)
49. In response to these concerns, the Government have announced that, when the reform is implemented, they will provide significantly increased funding to Local Authorities (within their Discretionary Housing Payment budgets) so they can protect the most vulnerable social housing tenants, particularly disabled people in supported accommodation through an award of a Discretionary Housing Payments.

#### **b) HB Claim Backdating**

50. From the 6 April 2016, a person, who has continuous good cause for not claiming at an early time, may now only have their HB award backdated for a maximum period of four weeks.

#### **c) HB Payments & Temporary Absence from UK**

51. At present, claimants can go abroad for up to 13 weeks (as long as they have an intent to return) and continue to receive their HB award. The Government are now of the opinion that the benefit system should not subsidise those on benefits

<sup>11</sup>Please note UC claimants residing within 'supported accommodation' will have their housing costs met outside of the UC scheme. In the short term housing costs will be provided under the HB scheme and in the longer term, the Government will develop a localised funding system.

to go abroad for extended periods. Therefore, HB will not be paid, for most claimants, who go abroad for more than 4 weeks at a time. Expected to be introduced in the summer of 2016.

#### **d) HB Calculation**

52. From the 6 April 2017, the number of child personal allowances that can be included in the calculation of HB applicable amount will be restricted to a maximum of two unless the child has a disability.

#### **Universal Credit**

##### ***Restricting the Housing Cost Element***

53. The Summer Budget of July 2015 confirmed the introduction of a policy that had been trailed in speeches in different forms for several years - the removal of the automatic entitlement to the welfare benefit system providing financial assistance to help young people pay their rent.

54. From April 2017, a claimant who is unemployed, aged 18 to 21 years old, and making a new claim for Universal Credit will no longer be automatically entitled to the have an amount, in respect of their eligible housing costs, included in the calculation of their UC maximum amount.

55. The removal of automatic rights to welfare benefits for young people is an established principle within the social security system. For example, Income Support and Jobseekers Allowance, cannot be claimed by most 16 & 17 year olds. However, within the regulations there are a series of exemptions which permit some 16/17 year olds the legal right to claim both of these benefits.

56. Following the same principle, exemptions have been announced which will protect some young Universal Credit claimants and they will be eligible for help towards their rent liabilities. The exemptions include, vulnerable young people; those who may not be able to return home to live with their parents, and those who have been in work for six months prior to making a claim. It is to be expected, as with enforcing a young person's right to be allowed to claim Income Support, a young person will require advice and support to ensure their Universal Credit award does include a housing cost element. This reform is projected to save around £40 million a year from 2020.

#### ***Mortgage Interest Payments***

57. Owner occupiers getting specific out-of-work means-tested benefits are able to receive some help towards their mortgage interest payments. From 1 April 2016, the 'waiting period' before any help toward mortgage interest can be paid increased from 13 to 39 weeks. A further change is to be introduced from April 2018, when all new claims for help with mortgage interest payments will be paid as an "interest accruing loan, which will be repaid when claimants return to work, or upon sale of their property.

## **OTHER REFORMS**

### **Youth Obligation**

58. From April 2017, young people will participate in an intensive regime of support from day one of their Universal Credit claim, and after six months, they will be expected to apply for an apprenticeship or traineeship to gain work based skills, or go on a 'mandatory' work placement to give them the skills they need to move into sustainable employment.

59. It is to be assumed that a young person who, without good reason, does not engage with their mandatory work placement will have their Universal Credit award sanctioned. It is also to be expected that the system of hardship payments, which are available for claimants subject to a benefit sanction, will not be available. The Department for Work and Pensions will justify the lack of hardship payments on the grounds that the young person will be able to get themselves out of financial hardship by taking up the mandatory work placement available to them.

### **National Living Wage**

60. From 1 April 2016, the mandatory National Living Wage<sup>12</sup>(NLW) was introduced, but only for employees aged 25 and over. On its introduction, the NLW has been set at a rate of £7.20. This is a rise of 50p per hour as compared to the previous National Minimum Wage rate for employees in this age bracket. The Government's ambition is for the national living wage to rise to 60% of median hourly pay for over-25s by 2020, which is currently projected to be £9.00ph.

61. The Government view the introduction of the NLW as an integral step to their aim to move from a low wage, high tax, and high welfare society to a higher wage, lower tax, and lower welfare society. Employees not eligible for the NLW, i.e., aged under 25 years old, will continue to receive their appropriate National Minimum Wage rate.

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<sup>12</sup> The National Living Wage is not the same as the living wage rate. This is a voluntary rate, proposed by the 'Living Wage Foundation, which currently recommends employers pay £9.40ph in London and £8.25ph elsewhere.

## **Conclusion**

62. For further information on any of the topics covered within this paper, please contact – [paul.neave@flintshire.go.uk](mailto:paul.neave@flintshire.go.uk)



## COMMUNITY AND ENTERPRISE OVERVIEW & SCRUTINY COMMITTEE

<b>Date of Meeting</b>	Wednesday, 8 <sup>th</sup> June 2016
<b>Report Subject</b>	Approval of lending to NEW Homes to Fund a Development of 62 Affordable New Homes on The Walks, Flint
<b>Cabinet Member</b>	Cabinet Member for Housing
<b>Report Author</b>	Chief Officer (Community & Enterprise)
<b>Type of Report</b>	Strategic

### EXECUTIVE SUMMARY

This report updates the Community and Enterprise Overview and Scrutiny Committee following Cabinet's recommendation on the 17<sup>th</sup> of May 2016 to support the development of 62 new affordable homes on The Walks, Flint, and to on lend capital finance to NEW Homes to facilitate the development.

The NEW Homes Business Plan 2015/20 identifies growth through the development of 300 affordable homes between 2016 and 2020. Each new development scheme requires individual Cabinet approval.

NEW Homes has been analysing the available capital funding options to develop 62 affordable homes on the site of The Walks, Flint and has identified that the preferred option would be to request approval to borrow the capital finance needed from the Council.

### RECOMMENDATIONS

1.	Scrutiny Committee notes Cabinet support for NEW Homes to develop 62 affordable properties on the Walks at Flint at a build cost of £7.397M and that its board has agreed to seek approval from the council to provide capital finance to fund the development.
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2	<p>Scrutiny Committee supports Cabinet decision to delegate responsibility to the Section 151 Officer and the Monitoring Officer:</p> <ul style="list-style-type: none"> <li>• Approval of the terms of the loan as described in paragraph 1.50 of this report</li> <li>• Approval of the terms of the loan agreement and any associated documents following satisfactory due diligence.</li> </ul>
3	Scrutiny Committee supports the inclusion of the NEW Homes The Walks development costs in the Council's Fund capital programme in 2016/17 to be funded by prudential borrowing.
4	Scrutiny Committee notes Cabinet recommendation to Council changes to necessary strategies and policies including; Treasury Management Strategy, Prudential Indicators, Minimum Revenue Provision Policy and Accounting Policies.
5	Scrutiny Committee notes Cabinet recommendation to dispose of HRA land at the Walks to NEW Homes (Subject to Welsh Government consent) for c£187K, subject to final valuation of abnormal costs.
6	Scrutiny Committee notes that NEW Homes will develop a joint Marketing and Estate Management Strategy (including a Local Lettings Policy) with the Council for The Walks.

## **REPORT DETAILS**

<b>1.00</b>	<b>EXPLAINING THE DEVELOPMENT OF 62 AFFORDABLE NEW HOMES IN FLINT</b>
1.01	<p>The NEW Homes approved Business Plan sets out key elements of the company's future growth strategy to increase the number of properties owned by the company as affordable housing over the next five years. The Cabinet has approved the NEW Homes business plan.</p> <p>This plan includes the development of 300 new build properties, through the Council's Strategic Housing and Regeneration Programme (SHARP). The first proposed scheme is at The Walks, Flint which will see the provision of 62 new affordable houses and apartments.</p>
1.02	In June 2015 following an extensive procurement exercise, Wates Living Space were appointed as the Council's preferred Development partner for delivering the SHARP over the next five years.
	<b>CONSIDERATIONS</b>
1.03	The proposed re-development of The Walks will bring to the town a significantly improved housing offer for Flint town centre, utilising traditional construction methodology which will provide thermally efficient, well planned and secure properties for the current and future residents of Flint. It is widely recognised that the re-development of The Walks is a once in a generation opportunity to re-plan this key town centre site.
1.04	Appendix 1 shows the overall layout of the total proposed scheme for The Walks, Flint. In preparing the overall design, the primary consideration has

	been to compliment the Flint Conservation Area and also deliver the objectives of the Flint 2012 Master Plan in reinforcing the linkages between Flint Castle and the town centre. The proposed new road pattern and estate layout reflects the historic urban grid and suggests a recreation of John Speed's original town map and town perimeter fortification.																		
1.05	As Flint was originally constructed as a planned town based around a cruciform of streets, the design intent of the architectural proposals seeks to recreate this street pattern. Clwyd-Powys Archaeology Trust (CPAT) have a long-standing interest in Flint with excavation works already being undertaken to the neighbouring Leas Site.																		
1.06	The design and layout of the scheme has also been informed by the panel of the Design Commission for Wales (DCW). The Design Review Service allows development plans and proposals throughout Wales to be considered by the Design Commission for Wales' independent, expert multi-disciplinary team. A positive report was received from the DCW on the proposed scheme design and layout.																		
1.07	The proposed overall development provides a total of 92 No. residential properties. This comprises 30 social rented homes (the subject of a separate report on this agenda) and 62 affordable rented properties. The affordable rented properties will be let at 90% of market rent.																		
<b>1.08</b>	<b>NEW Homes Property Mix</b>																		
1.09	NEW Homes will deliver the following property mix on the site: <table border="1" data-bbox="284 1153 1401 1384"> <thead> <tr> <th>Property Type</th> <th>No.</th> <th>Rents (Monthly)</th> </tr> </thead> <tbody> <tr> <td>1 Bed Apartment</td> <td>6</td> <td>£405.00</td> </tr> <tr> <td>2 Bed Apartment</td> <td>18</td> <td>£495.00</td> </tr> <tr> <td>2 Bed House</td> <td>23</td> <td>£495.00</td> </tr> <tr> <td>3 Bed House</td> <td>15</td> <td>£562.00</td> </tr> <tr> <td><b>Total</b></td> <td><b>62</b></td> <td></td> </tr> </tbody> </table>	Property Type	No.	Rents (Monthly)	1 Bed Apartment	6	£405.00	2 Bed Apartment	18	£495.00	2 Bed House	23	£495.00	3 Bed House	15	£562.00	<b>Total</b>	<b>62</b>	
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<b>1.10</b>	<b>Demand for Affordable Housing in Flint</b>																		
1.11	There are currently 30 applicants who have applied to NEW Homes indicating a desire to live in Flint, the table below shows the break down by demand for number of bedrooms. <table border="1" data-bbox="284 1668 1348 1863"> <thead> <tr> <th>Number of Bedrooms</th> <th>Number of Applicants</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>9</td> </tr> <tr> <td>2</td> <td>12</td> </tr> <tr> <td>3</td> <td>9</td> </tr> <tr> <td><b>TOTAL</b></td> <td><b>30</b></td> </tr> </tbody> </table>	Number of Bedrooms	Number of Applicants	1	9	2	12	3	9	<b>TOTAL</b>	<b>30</b>								
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1.12	NEW Homes is receiving regular enquiries from customers interested in The Walks, AND whilst they are encouraged to complete application forms, to increase the likelihood of being successful in securing a property, many do not. They indicate that they will contact NEW Homes when the properties are advertised. This would indicate that the demand for these properties is significantly higher than indicated by the number of active applications.
1.13	The register maintained by Grwp Cynefin also shows a further 8 households requiring 2 bed properties and 2 households requiring 3 bed properties. Increasing the number of identified applicants looking for properties in Flint to 40. These figures do not include applicants who are in contact with other letting agents in Flint. These people are likely to register an interest when the properties are marketed.
<b>1.14</b>	<b>Housing Market Assessment of The Walks</b>
1.15	An independent Housing Market Assessment (HMA) report was undertaken for The Walks in Spring 2015 to inform and assess the proposed tenure mix, unit mix and rent levels for the scheme. The report indicates that the level of demand for rented properties in Flint remains strong. There is a shortage of good quality housing stock within Flint, in particular 2 and 3 bed semi / terraced houses that fall within the affordability means of the local market.
1.16	<p>Currently, there are only 7 properties being advertised for rental on Rightmove of which:</p> <ul style="list-style-type: none"> <li>• 1 x 2 Bed Semi / End Terrace properties range from £550 – £600 p.m.;</li> <li>• 1 x 2 Bed Cottage at £475 p.m.;</li> </ul> <p>There are currently no 3 bed houses or 1/2 Bed apartments currently advertised as being available to rent in Flint on Rightmove.</p>
1.17	This would suggest there is a shortage of property across the size range, particularly for 2 and 3 Bed properties which is a demand the proposed housing mix meets.
<b>1.18</b>	<b>Marketing of the Scheme</b>
1.19	The overall vision for marketing The Walks will be to create a united marketing strategy that reinforces the partnership between the Council and NEW Homes. The marketing of The Walks will encompass developing a single brand that is easily recognised by local people.
<b>1.20</b>	<b>Key Design Features of the development</b>
1.21	<p>All of the properties proposed have been designed in strict compliance with the NEW Homes approved Flintshire Housing Standard as follows:</p> <ul style="list-style-type: none"> <li>• All properties proposed, including apartments and houses, are elevated, designed and positioned to be tenure blind and are designed and architecturally detailed in an identical manner irrespective of the form of tenure proposed.</li> <li>• The scheme fully complies with the space standards and room layouts outlined and in many instances the properties are provided and proposed at the upper level of the anticipated and required square metre age</li> </ul>



	<ul style="list-style-type: none"> <li>• All properties proposed in 'The Walks' development contain an element of internal storage in order to comply with the requirements of modern day living.</li> <li>• External storage is proposed to the houses</li> <li>• To all houses on the development gardens have been designed to be private, secure and to have minimal overlooking from adjacent properties. In all instances private amenity garden spaces are in excess of 30 sq. m, with the house type layouts providing immediate and direct access to the garden spaces from the property. Most rear gardens are accessible from the rear of the properties through private and secure footpaths featuring lockable gates to the garden entrances in order to fully comply with the requirements of Secured by Design.</li> <li>• The design approach to the car parking solution is to ensure that each dwelling is provided within curtilage parking with the overall development providing 153 car spaces, giving an overall ratio in excess of 150%. In most instances car parking to individual dwellings is clearly overlooked from primary habitable rooms within the dwelling in order to provide secure and controlled car parking facilities for the residents. The car parking spaces provided for the apartment block and Castle Heights are also visually controlled from the proposed and existing dwellings in order to provide safe and secure car parking facilities.</li> </ul>
<b>1.22</b>	<b>Management of The Walks</b>
1.23	The Council properties will be managed within the Housing Revenue Account (HRA), whilst the affordable properties will be managed by NEW Homes. A joint Local Lettings Plan will be developed to ensure good management of the stock for the sensitive allocation of properties. Joint working arrangements will also be developed around tenancy management and repairs services.
<b>1.24</b>	<b>Land Value</b>
1.25	Flintshire County Council has commissioned an independent valuation for The Walks from the District Valuer. The open market value of the proportion of the site to be developed by NEW homes is £771k.
1.26	<p>There are projected abnormal site costs of £584K. These have been deducted from the valuation, leaving a net sale price to NEW Homes of c£187K. (This is the same process which was utilised for land disposed of recently to Pennaf Housing Group and Betsi Cadwaladr University Health Board for their development sites in Flint).</p> <p>An application for consent to transfer the land to NEW Homes has been made to Welsh Government with a formal response expected shortly.</p>
<b>1.27</b>	<b>Build Costs</b>
1.28	The current anticipated build cost for the scheme is £7.397M. These costs have been subject to on-going value engineering and challenge. The costs have been broken down as follows:

	<b>Build Costs for The Walks Site</b>	<b>NEW Homes</b>
	Build Cost for the Walks site (Affordable provision)	£7.21M
	Land purchase Costs	c£187K
	<b>Total Projected Build Costs</b>	<b>£7.397M</b>
1.29	<p>Planning approval for the scheme was received on the 22<sup>th</sup> February 2016. The build for the scheme will commence in September 2016. The handover of the properties to NEW Homes will be phased over an 18 month period, with a projected completion in March 2018. Appendix 2 shows the proposed phasing sequence for The Walks.</p>	
1.30	<p>It is envisaged that the construction of The Walks will deliver a number of positive community benefits to the town including increased trade to local contractors and local supply chain.</p>	
<b>1.31</b>	<b>Funding Options Available to NEW Homes</b>	
1.32	<p>A number of different funding solutions have been identified and reviewed to finance the development. These options include NEW Homes borrowing privately itself from the market; leasing finance and the Council lending directly to NEW Homes. The detailed financial modelling undertaken for each option has utilised NEW Homes Development Scheme Assumptions about rental income and management and maintenance costs to assess the level of risk for NEW Homes in meeting the finance costs for each option.</p>	
1.33	<p>New Homes Board met on 26<sup>th</sup> April and agreed in principle to proceed with The Walks development in Flint, with the preferred funding provider being Flintshire County Council. The options available and an appraisal of each is described in the paragraphs below.</p>	
1.34	<p>There are 2 phases to funding any new development. The first being the construction phase during which the properties are built and the second the operational phase once the properties are built and let out.</p> <p>During the construction phase there is no income generated from renting the properties to fund interest and capital repayments. Therefore loans or lease agreements are normally structured so that no repayments are made during the construction phase and interest is accrued and paid over the life of the second phase.</p>	

1.35	<p>Whilst the private sector will offer finance during the development phase, their terms and conditions require the development land to be transferred into the ownership of the private funder from the outset as security for the loan. This places risk on NEW Homes (and the council as strategic partner) as should the development stall during construction for any reason, neither NEW Homes nor the Council would own the land and would not have sufficient control to be able to resolve the situation.</p> <p>To avoid this scenario, during the SHARP tender process proposals were received from bidders to provide construction phase funding (i.e. cash flow the development until the first property handovers are received). This funding would be repaid by commercial lending on completion. Wates can therefore provide funding for the development phase if required.</p>
1.36	<p>NEW Homes does not currently have enough credit history to borrow directly from the market to fund The Walks scheme independently. External funders would be willing to lend but require the Council to provide a financial guarantee to step in and pay loan or lease repayments in the unlikely event that NEW Homes defaults. In providing the financial guarantee the Council will incur a charge in the Council's revenue account, which the Council would need to recover from NEW Homes.</p> <p>The cost of The Walks scheme at c£7.397m is also considered a barrier to sourcing funding directly from the market, being too small to attract investment from institutional lenders such as pension funds etc, but with insufficient free equity in its unencumbered assets, to support a loan to cover the full scheme costs.</p> <p>Interest rates charged by the private market would be reflective of the perceived risk.</p>
<b>1.37</b>	<b>Private Sector Leasing</b>
1.38	<p>Under leasing arrangements, the ownership of the properties passes to the funder on completion and the funder leases the properties back to the Council or NEW Homes (again a financial guarantee from the Council is required by the funder). Title to the properties would revert to NEW Homes or the Council at the end of the term.</p> <p>Leasing finance costs are covered by net rents, which is gross rental income less an allowance for management and maintenance costs. Leasing charges increase (by CPI) each year.</p>
1.39	<p>Two models were provided by Wates as part of their tender: Octopus - QSH and Legal &amp; General. (These offers were representative of those received during the tender process and are assured as offering best value on this basis). Both funders provided proposals to NEW Homes to fund the scheme.</p>

<b>1.40</b>	<b>Octopus-QSH</b>
1.41	Octopus-QSH is a company which connects private investors with local authorities in order to provide and manage new affordable housing for the benefit of sustainable local communities. The company maintains an Investor Panel which draws upon a number of different investors which look for a minimum level of rental yield from the outset. The properties on The Walks would be leased under a Head Lease to the purchaser over a minimum of 125 year period. Development funding would be provided by Octopus via a Joint Venture partnership between QSH and Octopus. Long term finance following practical completion will be provided in due course by the raising of a new fund with the potential to grow further investment over 5-10 years.
1.42	The Octopus-QSH model is predicated on a minimum funding commitment of c10m, meaning that should this option be selected by NEW Homes, the company (council as guarantor) would be contractually bound to also utilise this funding for future schemes worth circa £3m. This ties NEW homes (and the council) in a way which the board were uncomfortable with at this stage, as there can be no guarantees about the future pipe line programme coming to fruition.
<b>1.43</b>	<b>Legal &amp; General</b>
1.44	The Legal & General (L&G) standard leaseback model is also compliant with the model approved by the Council during the SHARP tendering process. This model would involve L&G funding both the development of the affordable units and making available long term leasing finance over 30, 40 or 50 years if required. Under this model, L&G would own a long leasehold (minimum 140 years) or freehold interest which would revert to NEW Homes for £1 at the end of the lease.
1.45	This leaseback model is predicated on a requirement that the developed properties are not impaired by a covenant restricting them to affordable rent, in case of default by NEW homes (the council). This would mean that L&G could re-let the properties at market rent and/or sell on the open market. Whilst the scenario of default is unlikely, the provision of a covenant would not be acceptable to the council, which as part of the disposal of the site to NEW Homes wishes to impose a covenant restricting use of the land to affordable housing in perpetuity.
<b>1.46</b>	<b>Council lending to NEW Homes</b>
1.47	The Local Government Act 2003 provides the council with the powers to lend finance to NEW Homes. This option, if agreed, could provide the council with a new revenue income stream alongside enabling NEW Homes to help the council meet the identified need for more affordable properties in the County. (The Housing Market Assessment 2015).
1.48	The process for lending would be that the council would borrow from the market and on lend to NEW homes. The loan would be organised into 2 phases. The first a short term development phase during construction, at a higher rate of interest reflecting that no security can be offered during construction other than the land value. During the development phase the

	<p>loan would be structured so that NEW Homes would not make any repayments and the interest would accrue but not be payable.</p> <p>The second phase, on completion would see the loan refinanced into a long term loan secured against the properties. The principal to be repaid would be the total build costs plus the interest accrued from the 1<sup>st</sup> phase of the loan. The term could be varied to suit NEW Homes requirements subject to a maximum of 50 years.</p>
1.49	<p>In lending to a private company such as NEW Homes the Council must consider State Aid rules. These prevent the Council providing a competitive advantage to NEW Homes over other companies in the market place, (even though NEW Homes is wholly owned by the Council.)</p> <p>The Council can either lend at commercial interest rates and therefore provide no State Aid to NEW Homes, or it can consider lending at interest rates lower than commercial rates which would constitute State Aid. Lending at lower than commercial rates is lawful provided that the purpose of the loan qualifies for a State Aid exemption and certain criteria are not breached.</p> <p>The Council has received legal advice indicating that the provision of homes for rent (to those for whom the local housing market has failed) qualifies for a lawful state aid exemption. An application would need to be made to the European Commission for an exemption.</p>
1.50	<p>It is recommended that delegated authority is given to the council's Section 151 Officer in conjunction with the Monitoring Officer to agree the terms of a loan and the rate of interest to be charged to NEW Homes, after receiving external specialist advice. The level of interest rate charged will be higher than the rate the council will borrow at (so that the council can make a return), but not so high that NEW Homes cannot meet its own development scheme assumptions for a viable development.</p> <p>The loan would qualify as capital expenditure and therefore need to be included within the Council's Capital Programme funded from prudential borrowing, also requiring Cabinet approval. The loan would also have implications for policies set by full Council which would require amendment to the Treasury Management Strategy, Prudential Indicators, policy for Minimum Revenue Provision and accounting policy for capitalising interest costs.</p>
1.51	<p>NEW Homes board agreed that Council borrowing would be their preferred route. It would be quicker to secure, enabling an earlier start on site. It also provides greater flexibility to agree interest rates and both the leasing finance options tie NEW Homes (and the council) to longer term commitments which could be high risk or unacceptable.</p> <p>For the council, the provision of capital finance to a wholly owned company for the provision of housing, is low risk and provides a new income stream which could be replicated in future for other strategic priorities.</p>
1.52	<p>The loan repayments from NEW Homes would consist of:</p> <ul style="list-style-type: none"> <li>• Capital repayments, which will be classed as capital receipts, and will be set aside to repay debt. Amounts will equal the Council's loan repayments (Minimum Revenue Provision) therefore offsetting any costs to the Council;</li> </ul>

	<ul style="list-style-type: none"> <li>Interest receivable, which will be a source of revenue income to the Council contributing to the forecast deficit in the Medium Term Financial Strategy. The interest charged to NEW Homes will be at a higher rate than the Council pays, therefore the loan to NEW Homes will generate a financial return for the Council.</li> </ul>
1.53	The Council will also benefit from the additional Council Tax that the tenants living in the new properties will pay.
	<b>Conclusion</b>
1.54	NEW Homes was set up by the Council in April 2014 to improve the housing opportunities for those households which the local housing market has failed. Increasing the range of housing options for the “squeezed middle” is a key corporate objective for NEW Homes. The squeezed middle refers to those households whose income levels are too high to qualify for social housing, but do not earn sufficient income to be able to access, or service a mortgage independently.
1.55	This development will support delivery of a key strategic objective in the council's improvement plan.

<b>2.00</b>	<b>RESOURCE IMPLICATIONS</b>
2.01	<p>The anticipated build cost for the scheme is £7.397M. Costs have been subject to on-going value engineering and challenge by the Council's Design and Consultancy Team who will act as Employers Agent for the construction of the scheme.</p> <p>The Council will receive a new revenue income stream through on lending. The level of income received will be finalised once the final interest rate has been set.</p>
2.02	In addition to an additional 62 Affordable properties being provided and a broad range of community benefits delivered, the Council will also receive a new annual revenue stream of £64k from Council Tax payable on the site.

<b>3.00</b>	<b>CONSULTATIONS REQUIRED / CARRIED OUT</b>
3.01	There has been significant community consultation throughout the regeneration of Flint town centre. The proposed scheme was subject to a community consultation on Friday 9th October at Flint Church from 2pm till 7pm. The consultation was attended by staff from Flintshire County Council Halliday Clark Architects and Wates Living Space. A register was taken with 73 names signed.
3.02	Consultation has also been undertaken with Design Commission Wales (DCW) on the proposed design and layout of The Walks.

3.03	A Business Consultation Event was held on Tuesday 22 March at St Mary's and St David's Church, Flint for businesses based in Flint.
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<b>4.00</b>	<b>RISK MANAGEMENT</b>
4.01	An overall Strategic Risk Register has been established for the SHARP Housing Programme. This is in addition to the scheme specific Risk Register for The Walks which is regularly updated in relation to emerging and changing risks.
4.02	The SHARP team continues to develop a framework for managing risk and opportunities the programme generates. Further work is on-going in order to improve the robustness in risk identification and management as part of the new CAMMS system which will contain Development Framework procedures.

<b>5.00</b>	<b>APPENDICES</b>
5.01	Appendix 1 - Site Layout Plan The Walks, Flint
5.02	Appendix 2 - Proposed Phasing of Properties The Walks, Flint

<b>6.00</b>	<b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>
6.01	None.  <b>Contact Office: Clare Budden</b> <b>Job Title: Chief Officer, Community and Enterprise</b> <b>Telephone: 01352 703800</b> <b>E-mail: <a href="mailto:clare.budden@flintshire.gov.uk">clare.budden@flintshire.gov.uk</a></b>

<b>7.00</b>	<b>GLOSSARY OF TERMS</b>
7.01	<b>Strategic Housing And Regeneration Programme (SHARP)</b> – Flintshire County Council House Building Programme which will build 500 new homes (200 Council) and 300 (affordable).  <b>North East Wales Homes, (NEW Homes)</b> - is a Housing company based in Flintshire and owned by Flintshire County Council. NEW Homes owns, leases and manages properties across Flintshire. The company was established to increase the quantity and quality of affordable housing available across the county; increasing housing choice for those who may not qualify for social housing but for whom market housing is unaffordable or difficult to access.  <b>Welsh Housing Quality Standard (WHQS)</b> - Flintshire County Council will be spending £111 million over six years on a major refurbishment and

maintenance programme of works bring its 7,200 Council homes up to the Welsh Government's Welsh Housing Quality Standard (WHQS) new properties across the Council during the next five years.

**Flintshire House Standard** - The Standard will form a benchmark to ensure consistent, good quality of internal layout, and fixtures and fittings, high standards of energy efficiency and external appearance in keeping with local circumstance, low maintenance product specifications, adequate parking and a public realm designed to promote cohesive and inclusive communities.

**Standard Development Scheme Assumptions** - agreed allowances for voids; maintenance costs; rental income levels (including CPI etc.) and will be used to assess all potential future development schemes to determine scheme feasibility and viability.

**Community Benefits** – the SHARP has contractualised Community Benefits which must be delivered as part of the programme. The Council sees an important outcome of the programme is the promotion of quality of life for Flintshire residents through improved employment, training and education opportunities.

**Meet the Buyer** – Event organised by the Council and Wates Living Space to engage with local SMEs to maximize local supply chain opportunities with Flintshire.

**Flintshire Future Works** - Training Academy established by Flintshire County Council to ensure that sustainable and meaningful apprenticeship opportunities are created for young people to not only work on the SHARP, but also other major Council construction programmes including the 21<sup>st</sup> Century Schools Programme and the Welsh Housing Quality Standard (WHQS).



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**NOTES**

This drawing was produced using third party topographical survey data. Any discrepancies to be reported to the architect.



**NOTES:**

DO NOT SCALE FROM DRAWING.

LAYOUT AND LEVELS ARE BASED ON A PROMAP SURVEY & ARE SUBJECT TO A FULL MEASURED TOPOGRAPHICAL SURVEY. ANY DISCREPANCIES TO BE REPORTED TO THE ARCHITECT.

**AREA SCHEDULE (SUBJECT TO TOPO SURVEY)**

**SITE 1 AREA** - 17 174m<sup>2</sup>  
 - 1.7 Hectares  
 - 4.2 Acres

HOUSING	Area	No.
Type 1 - 2 BED	69m <sup>2</sup> / 742ft <sup>2</sup>	41No.
Type 2 - 3 BED	85m <sup>2</sup> / 915ft <sup>2</sup>	21No.
<b>APARTMENTS</b>		
Type 3 1 BED	45m <sup>2</sup> / 484ft <sup>2</sup>	6 No.
Type 4 2 BED	57m <sup>2</sup> / 614ft <sup>2</sup>	6 No.
Type 5 2 BED	62m <sup>2</sup> / 667ft <sup>2</sup>	4 No.
Type 6 1 BED	50m <sup>2</sup> / 538ft <sup>2</sup>	4 No.
Type 7 2 BED	57m <sup>2</sup> / 613ft <sup>2</sup>	6 No.
Type 8 2 BED	80m <sup>2</sup> / 861ft <sup>2</sup>	3 No.
Type 9 2 BED	79m <sup>2</sup> / 850ft <sup>2</sup>	1 No.
<b>TOTAL</b>		<b>92No.</b>

**CAR PARKING SPACES**

19 No. - Allocated to Castle Heights  
 113 No. - 125% car parking of the 93 dwellings  
**TOTAL: 145 No.**

Observational 600mm wide windows looking onto / over link footpath

20 Dwelling numbers denoted in red are designated Council homes

REV G 17.03.2016  
 Apartment key annotation revised.

REV F 25.02.2016  
 Alteration to scale (1:500)

REV E 18.02.2016  
 Ramp near plot 16 removed as per Highways request, along with moving ramp forward for driveway access to plot 42

REV D 10.02.2016  
 Garden and front access fencing & wall amendments throughout the scheme

REV C 10.02.2016  
 Service margin run behind visitor parking (plot 12).

REV B 09.02.2016  
 Bin strategy which was agreed with FCC & Cllr Roberts on 4th Feb 2016 implemented throughout the scheme.

Rear gates to plots 5,22,23,31,32,44,49,54 moved to rear of gable feature windows.

Rear access path to Castle Heights indicated.

Footpath to rear of block 18 width increased to 2m with boundary fence.

Block 9 set off new estate road 3.6m as per block 2.

Ramp positions brought in line with engineers layout.

Ramp access to bin store added to plot 18.

2 way traffic indicated on Sydney Street

Visitor car parking spaces increased to 6m x 2.4m surrounding plot 12. Mews court visitor space & service margin altered to increase to 6m x 2.4m.

REV A 16.10.2015 SJ  
 For Approval

**FOR APPROVAL**

RESIDENTIAL DEVELOPMENT  
 THE WALKS  
 DUKE STREET  
 FLINT  
 FOR  
 FOR WATES LIVING SPACE

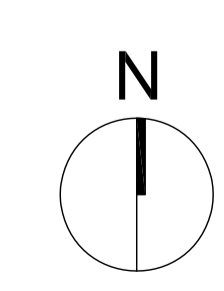
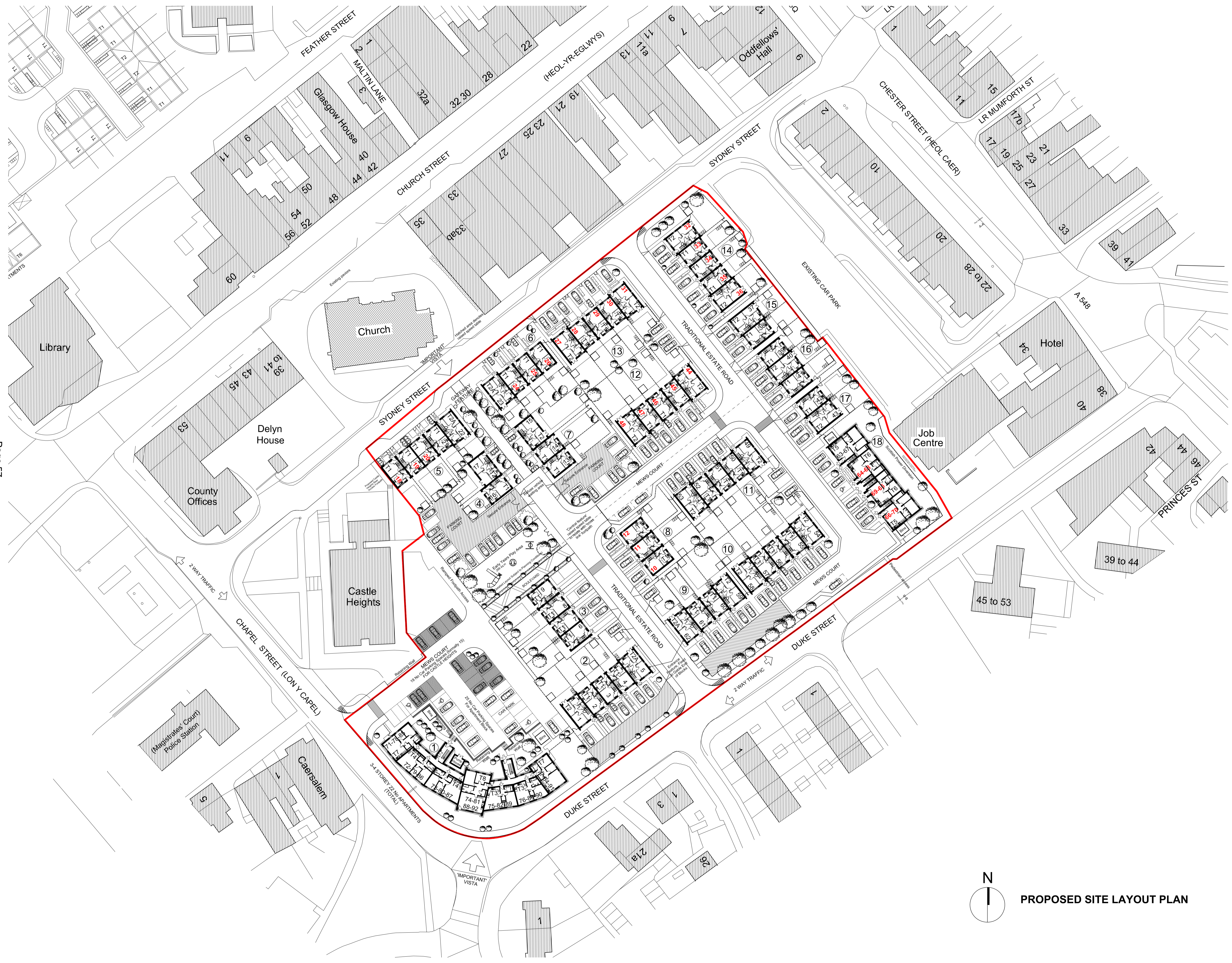
**PROPOSED SITE PLAN**

Date	FEB 2015
Scale	1:500
Drawn	SJ
Checked	



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**PROPOSED SITE LAYOUT PLAN**

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The Walks - Proposed plot hand over schedule

Block Ref	Plot No's	Tenure		Construction start	Hand over date
		Council	New Homes		
15	37-38		2	02/03/2017	07/09/2017
14	32-36	5		02/02/2017	21/09/2017
16	39-41		3	16/03/2017	15/10/2017
17	42-43		2	12/04/2017	18/10/2017
18	63-70	6	2	22/03/2017	15/11/2017
1	71-92		22	15/01/2017	19/11/2017
10	54-58		5	19/04/2017	06/12/2017
9	59-62		4	17/05/2017	20/12/2017
12	44-48	5		24/05/2017	22/01/2018
11	49-53		5	07/06/2017	05/02/2018
13	27-31	5		28/06/2017	26/02/2018
6	23-26	3	1	26/07/2017	12/03/2018
7	13-15		3	23/08/2017	26/03/2018
2	1-5		5	09/08/2017	09/04/2018
8	10-12	3		20/09/2017	23/04/2018
3	6-9		4	20/09/2017	07/05/2018
4	16-17		2	25/10/2017	14/05/2018
5	18-22	3	2	04/10/2017	04/06/2018

Tenure totals	30	62
Site Total	92	

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## COMMUNITY & ENTERPRISE OVERVIEW & SCRUTINY COMMITTEE

<b>Date of Meeting</b>	Wednesday 8 <sup>th</sup> June, 2016
<b>Report Subject</b>	Forward Work Programme
<b>Cabinet Member</b>	N / A
<b>Report Author</b>	Community & Enterprise Overview & Scrutiny Facilitator
<b>Type of Report</b>	Operational

### EXECUTIVE SUMMARY

Overview & Scrutiny presents a unique opportunity for Members to determine the Forward Work programme of the Committee of which they are Members. By reviewing and prioritising the Forward Work Programme Members are able to ensure it is Member-led and includes the right issues. A copy of the Forward Work Programme is attached at Appendix 1 for Members' consideration which has been updated following the last meeting.

The Committee is asked to consider, and amend where necessary, the Forward Work Programme for the Community & Enterprise Overview & Scrutiny Committee.

### RECOMMENDATION

1	That the Committee considers the draft Forward Work Programme and approve/amend as necessary.
2	That the Facilitator, in consultation with the Chair and Vice-Chair of the Committee be authorised to vary the Forward Work Programme between meetings, as the need arises.

## REPORT DETAILS

<b>1.00</b>	<b>EXPLAINING THE FORWARD WORK PROGRAMME</b>
1.01	Items feed into a Committee's Forward Work Programme from a number of sources. Members can suggest topics for review by Overview & Scrutiny Committees, members of the public can suggest topics, items can be referred by the Cabinet for consultation purposes, or by County Council or Chief Officers. Other possible items are identified from the Cabinet Work Programme and the Improvement Plan.
1.02	<p>In identifying topics for future consideration, it is useful for a 'test of significance' to be applied. This can be achieved by asking a range of questions as follows:</p> <ol style="list-style-type: none"><li>1. Will the review contribute to the Council's priorities and/or objectives?</li><li>2. Is it an area of major change or risk?</li><li>3. Are there issues of concern in performance?</li><li>4. Is there new Government guidance of legislation?</li><li>5. Is it prompted by the work carried out by Regulators/Internal Audit?</li></ol>
<b>2.00</b>	<b>RESOURCE IMPLICATIONS</b>
2.01	None as a result of this report.
<b>3.00</b>	<b>CONSULTATIONS REQUIRED / CARRIED OUT</b>
3.01	Publication of this report constitutes consultation.
<b>4.00</b>	<b>RISK MANAGEMENT</b>
4.01	None as a result of this report.
<b>5.00</b>	<b>APPENDICES</b>
5.01	Appendix 1 – Current Forward Work Programme
<b>6.00</b>	<b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>
6.01	<p>None.</p> <p><b>Contact Officer:</b> Ceri Shotton Overview &amp; Scrutiny Facilitator</p> <p><b>Telephone:</b> 01352 702305</p> <p><b>E-mail:</b> <a href="mailto:ceri.shotton@flintshire.gov.uk">ceri.shotton@flintshire.gov.uk</a></p>

7.00	<b>GLOSSARY OF TERMS</b>
7.01	<b>Improvement Plan:</b> the document which sets out the annual priorities of the Council. It is a requirement of the Local Government (Wales) Measure 2009 to set Improvement Objectives and publish an Improvement Plan.

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**CURRENT FWP**

Date of meeting	Subject	Purpose of Report	Scrutiny Focus	Report Author	Submission Deadline
13 July, 2016	<b>Quarter 4/Year End Improvement Plan Monitoring Reports</b>	To enable Members to fulfil their role in relation to performance monitoring.	Assurance/Monitoring	Community & Enterprise Facilitator	<b>6 July 2016</b>
	<b>Housing Regeneration Programmes</b>	To update the Committee on the Housing Regeneration Programmes.	Assurance/Monitoring	Service Manager, Enterprise, and Regeneration Programmes	
	<b>Deeside Plan</b>	To enable the Committee to consider the Deeside Plan.	Consultation	Service Manager, Enterprise, and Regeneration Programmes	
	<b>Hardship Rate Relief Policy</b>	To consult with the Committee on the proposed Hardship Rate Relief policy for 2016 - 17 and future years.	Consultation	Income Manager	
	<b>Discretionary Rate Relief</b>	To consult with the Committee on the proposed new policy for 2017-18 and future years following the review of the affordability of the current policy of rate relief for charities, voluntary groups and not for profits organisations.	Consultation	Income Manager	

<b>14 September, 2016</b>	<b>Strategic Housing and Regeneration Project (SHARP)</b>  <b>Purchase of ex council stock</b>	To review progress on the Strategic Housing and Regeneration Project (SHARP).  To consider proposals and criteria for the repurchase of ex council properties.	Assurance/Monitoring  Consultation	Service Manager, Housing Programmes  Service Manager, Housing Programmes	<b>7 September 2016</b>
<b>19 October, 2016</b>	<b>Town Centre Regeneration</b>	To review the work of the Council in relation to Town Centre Regeneration.	Monitoring	Service Manager, Enterprise, and Regeneration Programmes	<b>12 October 2016</b>
<b>23 November, 2016</b>					<b>16 November 2016</b>
<b>15 December, 2016</b>  <b>(Budget meeting)</b>	<b>Draft 2017/18 Revenue Budget and Housing Revenue Account (HRA)</b>	To enable the Committee to consider the draft 2017/18 Revenue Budget and Housing Revenue Account (HRA).	Consultation	Chief Officer (Community & Enterprise)	<b>8 December 2016</b>

<p><b>21 December, 2016</b></p>	<p><b>Service Charges for Gardening Service</b></p>	<p>To enable the Committee to consider proposed service charges and their implementation for gardening services.</p>	<p>Consultation</p>	<p>Senior Manager, Council Housing Services</p>	<p><b>14 December 2016</b></p>
<p><b>23 January, 2017</b> <b>(Budget meeting)</b></p>	<p><b>Draft 2017/18 Revenue Budget and Housing Revenue Account (HRA)</b></p>	<p>To enable the Committee to consider the draft 2017/18 Revenue Budget and Housing Revenue Account (HRA).</p>	<p>Consultation</p>	<p>Chief Officer (Community &amp; Enterprise)</p>	<p><b>16 January 2017</b></p>
<p><b>4 February, 2017</b></p>	<p><b>Update report on partnership working between the Council and Travis Perkins</b></p>	<p>To receive a report on the partnership working between the Council and Travis Perkins following 12 months of the new contract and arrangements.</p>	<p>Assurance/Monitoring</p>	<p>Senior Manager, Council Housing Services</p>	<p><b>25 January 2017</b></p>
<p><b>8 March, 2017</b></p>					<p><b>1 March 2017</b></p>

5 April, 2017					29 March 2017
14 June, 2017					7 June 2017
19 July, 2017					12 July 2017

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**Items to be scheduled**

- Work of the Economic Ambition Board
- Review of Fair Debt Policy
- Local Lettings Policy, Flint – to be brought nearer the completion of the housing development in Flint

**REGULAR ITEMS**

<b>Month</b>	<b>Item</b>	<b>Purpose of Report</b>	<b>Responsible / Contact Officer</b>
<b>Quarterly / Annual</b>	<b>Performance Reporting</b>	To consider performance outturns for improvement targets against directorate indicators.	Chief Officer (Community and Enterprise)
<b>Six monthly</b>	<b>HRA Business Plan &amp; WHQS</b>	To update Members on progress made in meeting the WHQS and HRA business plan budget efficiencies	Chief Officer (Community and Enterprise)
<b>Six monthly</b>	<b>Welfare Reform Update – including Universal Credit</b>	To update Members on the impact of Welfare Reform and the cost to the Council.	Chief Officer (Community and Enterprise)
<b>Six monthly</b>	<b>Update on North East Wales Homes &amp; Property Management</b>	To update Members on the work of the North East Wales Homes & Property Management	Chief Officer (Community and Enterprise)
<b>Annually</b>	<b>Delivery of the Regeneration Programmes</b>	To seek Member support in the delivery of the Vibrant and Viable Places programme, Communities First programme and how European funding is spent	Chief Officer (Community and Enterprise)
	<b>HRA Efficiencies</b>	To enable the Committee to monitor progress in meeting proposed HRA Efficiencies.	Chief Officer (Community and Enterprise)
	<b>HRA Subsidy Risk Register</b>	To enable the Committee to monitor ongoing risks following the introduction of self-financing for the HRA.	Chief Officer (Community and Enterprise)

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