Agenda Item No: **12**

Cabinet Meeting

11 March 2015

Report title	Improving the City Housing Offer	
Decision designation	AMBER	
Cabinet member with lead responsibility	Councillor Peter Bilson Economic Regeneration and Prosperity	
Key decision	Yes	
In forward plan	Yes	
Wards affected	All	
Accountable director	Nick Edwards, City Assets	
Originating service	Transportation	
Accountable employee(s)	Chris Hale Tel Email	Head of Housing 01902 551796 christopher.hale@wolverhampton.gov.uk
Report to be/has been considered by	Strategic Executive Board Key Members Vibrant, Safe and Sustainable Communities Scrutiny Panel Extended Leadership Team	27 January 2015 9 February 2015 19 March 2015 24 March 2015

Recommendation(s) for action or decision:

The Cabinet is recommended to:

1. Agree the proposed framework for the programme of activity to improve the city housing offer (Appendix 2)
2. Agree the revised governance arrangements to manage the delivery of activity to improve the city housing offer (Appendix 3)
3. Agree to the proposals regarding the future management of the Housing Revenue Account (HRA) and review of the HRA Business Plan and Asset Management Plan.
4. Agree to pursue the investigation of other public sector housing delivery models.
5. Agree the intention to review existing employee delivery arrangements and go live with new structure from September 2015.
6. Refer this paper to Vibrant, Safe and Sustainable Communities Scrutiny Panel on 19 March 2015.

1.0 Purpose

1.1 The purpose of this report is to summarise the challenges facing the Council in improving delivery of a "fit for purpose" city housing offer across all tenures and, building on the progress to date, to set out a framework for progressing this across the city.

2.0 The City Housing Offer

2.1 The housing offer in the city comprises many facets which, brought together provide the range of housing options on offer to support people and households who reside or wish to reside in the city to have their housing requirements fulfilled. The key outcomes include;

- delivering housing options via a wide range of housing types and tenure (social/council/affordable rent, private rent, owner occupation, shared ownership)
- building of market and aspirational housing to support the growing economy and regeneration agendas.
- supporting people considered as vulnerable households

2.2 There are numerous challenges to deliver against the above key outcomes including;

- to meet the estimated numbers in strategic plans, an increase of over 50% year on year of the delivery of new housing units to 2026 is required
- ensuring reasonable standards of housing are provided through the growing reliance on the private rented sector which is likely to make up circa 40% of provision
- addressing a 'council house' waiting list of over 11,500
- maximising external funding and innovative funding to deliver more council and housing association stock
- ensuring that suitable sites/land are not only available but are suitable for development.
- Considering how the housing offer needs to respond to the changing demographics of the city's population

2.3 To shape the Council's ability to deliver against these needs progress has been made since 2011 to bring together the delivery of all housing functions through a single service. This has been reaffirmed through the latest review of our working arrangements with the Head of Housing as part of City Assets in the Place Directorate providing a comprehensive approach to the development and delivery of the City Housing Offer and housing based solutions in the context of the wider regeneration of the city.

3.0 Current Position

3.1 The work undertaken since 2011 in developing the Housing Service has delivered significant progress in a number of areas e.g.

- further developing the Council's role as the Strategic Housing Authority and establishing some clear priorities for delivery
- establishing revised governance arrangements both within the Council and with external partners.
- re-establishing the importance of the housing offer in the delivery of the broader regeneration and economic growth priorities eg. City Centre and Bilston

- established a 15 year relationship with the Council’s Arms Length Management Organisation (ALMO), Wolverhampton Homes and the associated Strategic Construction Partners
- maximising the Council’s role through the Housing Revenue Account (HRA) in enabling the delivery of new social housing and the maintenance/improvement of the existing stock including the Decent Homes programme covering over 23,000 houses.
- recognising and re-invigorating the importance of the private rented sector in the overall housing offer
- recognising the housing needs of the most vulnerable have to be included in the overall housing offer of the city
- re-invigorating the relationship with key affordable homes partners and the Homes and Communities Agency
- commencing a process to encourage and facilitate market housing development

3.2 More recently we have also commenced a process to routinely report to key officers/Members on the scale of delivery across the city in respect to housing development. Whilst this is still subject to refinement and is likely to need to address a broader range of housing issues an example report is attached as Appendix 1.

3.3 Whilst much has been achieved to date it’s recognised however there remain some areas where further work is required. These include;

- establishing a specific accountability for working with the private market housing developers
- recognising and delivering on the totality of the issues that impact on the city housing offer, a specific example being the provision of a land supply for development
- establishing a more structured and systematic approach to enabling housing investment at all levels within the City and integrating this further in the economic regeneration and people agendas
- developing a more proactive approach to reporting and communicating on progress and marketing of the development opportunities.

4.0 The Scale of the Challenge

4.1 Housing Numbers/Growth

4.1.1 It is estimated that housing demand will require growth in the total number of housing units across the city by around 11% (between 2006-2026), driven by a (significant) increase in the number of people living alone and longer and 3% increase in population. The Black Country Core Strategy target for Wolverhampton is to build circa 13,400 new homes between 2006 and 2026 to accommodate these households i.e. an average of 670 new units/per year. The current rate of delivery is circa 500 units per year.

4.1.2 The Wolverhampton Strategic Housing Land Availability Assessment (SHLAA) indicates that there is sufficient land for housing to service a potential housing supply of circa 13,400 across the City by 2026. However, some of the land is challenging or costly to develop.

4.2 Affordable Housing (Housing Associations)

4.2.1 Within the total demand for new housing units a proportion of these need to be affordable homes. It's likely the demand for affordable homes was under-estimated in the totality of the Core Strategy estimate of an additional 13,400 units by 2026. A local target equating to an average of 115 affordable homes per year has been set based on the Core Strategy and historical build levels. The delivery of new affordable housing both through Affordable Housing Programme (AHP) grant and Section 106 remains challenging. Delivery against this target has fluctuated over recent years but around 100 units per year have been delivered on average across the period.

4.3 Social Housing (Council Houses)

4.3.1 The Council's housing stock currently consists of circa 23,000 units across the City. Until recently and in particular the introduction of the Decent Homes Programme, there had been a pattern of decline over a number of years. The Council with its partner Wolverhampton Homes has been amongst the most successful nationally in delivering the Decent Homes Backlog Programme which completes March 2015.

The Council is to take handover of 40 new council houses in Thompson Avenue in 2015 with a further 12 "infill" units proposed to be delivered through the first strategic construction partnership pilot scheme. Beyond this, a small new build programme is planned under the current HRA borrowing cap limitations.
Alternative methods of delivery and funding need to be explored if levels of provision of additional social housing units are to be significantly improved.

4.3.2 There are currently around 11,500 households on the housing register and whilst many of these applications are more aspirational than based on significant housing need it does demonstrate a demand or aspiration for social housing in the City. The current level of demand outstrips supply with less than 2,000 homes per year being let through Homes in the City. The impact of Welfare Reform has also changed the pattern of demand with some households, adversely impacted through benefit reductions due to accommodation requirements, seeking smaller accommodation. Demand for 2 bedroom stock has seen a significant increase.

4.3.3 The reinvigorated Right To Buy Scheme has seen a circa 4 fold increase in the number of homes bought under the scheme with over 200 sold per annum since its introduction in 2012. A percentage of the capital receipt is kept by the Council to invest in more affordable housing but the rate of new build/conversion of circa 50 additional units per annum cannot keep up with the numbers of properties sold leading to a net loss in the amount of Council housing.

4.4 **Private Rented Sector (Private Landlords)**

4.4.1 The reduced opportunity for social/affordable housing and increasing economic constraints affecting owner occupation have led to a significant expansion of the private rented sector, which has doubled in size since the last census to circa 13,500.

4.4.2 Due to the increasing demand for smaller accommodation there has been an increase in the number of conversions of houses to multiple occupation, with a consequent impact on living conditions and health. The worst housing conditions including energy efficiency are found in some of the private rented sector.

4.4.3 The private rented sector offers the least secure occupation of any housing option with the ending of private sector assured shorthold tenancies being the most significant reason for homelessness presentations.

5.0 Proposed Way Forward – Key Proposals in Principle

5.1 **Improving the City Housing Offer – Delivery Programme**
The key components of the city housing offer are summarised in Appendix 2 together with the current activity and delivery reflecting the progress to date.

5.2 It also identifies where there may be gaps/omissions which require further development and the proposals to improve performance and options and outcomes against these.

5.3 This is in effect the summary of the framework for the future delivery programme of actions that will be progressed to take forward this priority across the city. Further detail on some of these issues is set out below.

5.4 **Scope of Service**
In principle it is proposed to establish the development and delivery of the city housing offer around two specific but complementary themes.

- Housing development
- Vulnerable households

Both themes would be enabled by strong and comprehensive Strategy, Governance and delivery arrangements.

5.5 **Housing Development**
It is proposed this refocused service will include dealing specifically with developing and delivering the housing offer of new and existing Housing (all tenures in the city). It is intended to provide greater clarity and emphasis on delivering the market housing offer whilst still improving the existing housing estate (mainly but not exclusively, public sector housing) and ensuring the city has a housing offer that supports households in housing need.

5.6 **Vulnerable Households**
This service theme will bring together those housing services supporting households/people facing vulnerability due to their housing situation. This will provide or commission services to assist vulnerable households. Crucially this will support the joint work with Public Health on developing and delivering housing and health outcomes and tackling the wider determinants of health including the impact of poor housing on health.

5.7 A key driver for work streams will be the positive impact housing interventions and development can have on making provision for the transformation of adult and children's care.

5.8 The delivery of housing based solutions can have a significant impact on reducing the need for primary care and social care interventions including:-
- ➢ Admission to long-term care settings;

- Prevent hospital admissions;
- Enable timely discharge from hospital and prevent re-admissions to hospital;
- Enable rapid recovery from periods of ill-health or planned admissions
- Allow people to remain in their own home for as long as they choose.

5.9 **Revised Governance**
It is considered essential the service delivery is underpinned through sound governance and support which provides the evidence base for the housing priorities and the proper challenge and decision making framework for housing strategy actions. It is also intended to address improving the mechanisms for reporting and communicating on performance both internally and externally.

Appendix 3 sets out a proposed new governance arrangement which establishes for the first time a WCC Improving the City Housing Officer Board and improved Member, partner and employee reporting and communications.

5.10 **HRA Management**
As part of the revised governance/decision making, the overall Housing Revenue Account (HRA) management and asset investment needs to be revised.

It is proposed that two further pieces of work are progressed in the short term. These relate to the overall management of the HRA and secondly a review of the existing HRA business plan and Asset Management Plan. The detailed scope will be agreed with the Strategic Director, Place and relevant Portfolio holders.

5.11 **Alternative Public Sector Housing Delivery Models – Housing Companies**
As part of the development of services going forward, the Council will explore, including utilising external advice, the potential to utilise alternative delivery models for the development of new housing including its own stock eg. establishing a separate housing company.

This may enable developments to be resourced in a variety of ways including General Fund Capital rather than HRA. This process will inevitably involve challenge of some existing areas/arrangements of service provision including the current/future role of its ALMO.

5.12 Subject to Cabinets consideration of this report, it is intended to take a short briefing to the Vibrant, Safe and Sustainable Communities Scrutiny Panel on the proposed way forward on improving the city housing offer.

6.0 Financial implications

6.1 The development of a total housing offer including the proposed proactive approach to housing development across all tenures will have reasonably significant staff resourcing implications and/or their realignment. Whilst some of this will be able to be contained within the existing budgets any growth in service provision is likely to require additional resources potentially in respect of both general fund revenue and HRA.

6.2 Opportunities to maximise additional funding through recharges to the Housing Revenue Account, Capital programmes and other funding streams such as Public Health funding, the New Homes Bonus etc, will be explored as part of the overall delivery of the total housing offer. [CF/22012015/D]

7.0 Legal implications

7.1 The development of innovative delivery models for housing development may require the Council to set up separate legal entities.

7.2 Wolverhampton City Council has a number of housing related statutory duties. These include implementing strategies for the promotion of well-being, reflecting housing outcomes in sustainable communities, introducing measures to promote the prevention and reduction of homeless and accessing the quality, condition and management of the housing stock in social and private sectors. The recommendations in this report, if approved, must align with the Council's statutory duties and functions. Specific support will be provided by the Council's Legal Services.[JA/23022015/P]

8.0 Equalities implications

8.1 The restructuring of the Housing Service will have equalities implications and a full Equality Impact Analysis will be undertaken.

8.2 The delivery of an improved city housing offer will have equality Implications in that it should improve the housing opportunities and outcomes for residents and households across the City.

9.0 Environmental implications

9.1 The delivery of an improved city housing offer should provide the opportunity to significantly enhance the physical environment in parts of the city and address matters of poor environmental performance of both the housing stock and neighbourhoods.

10.0 Human resources implications

10.1 The restructuring of the Housing Service will have human resources implications to ensure the service is properly resourced with the correct skills and competencies.

11.0 Corporate landlord implications

11.1 The improvement and increase of the city housing stock could have implications for the Corporate Landlord and the Council's managing agents. These will be subject to further reports to the Strategic Land and Property Board, Strategic Executive Board and subsequently Councillors as required.

12.0 Schedule of background papers

12.1 Cabinet Report Improving the City Housing Offer 11 April 2012
Report to Education and Enterprise and Community Directorate Management Teams - Options for Relocation of Housing Related Services March 2014

Appendix 1

Housing Development in Wolverhampton (as at 01/11/2014)
Of the 13,400 homes planned to be developed in the City through the Black Country Core Strategy, there remains circa **11,000 new homes** to be built in the period up to 2026.

On the sites where construction is underway - **over 1,600 homes** are to be built out in the short to medium term (1-8 years depending on size).
The following table gives a summary of the current housing development on larger sites in the City as of November 2014.

Individual Sites

Site	Developer	Planning Stage	Total number of units	Built so far/ Delivery against target	Affordable Housing	Date Completion due
Bankfield Road, Bradley,	Redrow	Completed	166	166	11 (HA)	2014
Thompson Avenue	Wolverhampton City Council with Kier	On Site	120	30	40 (WCC)	2015
All Saints adjoining the Royal Hospital site	Keepmoat	On Site	100	45	26 (HA)	2015
Former Goodyear, Stafford Road	Persimmon	On Site	685	148	4 (HA)	2024
Ward Street, Ettingshall	Persimmon	On Site	543	145	51 (HA) depending on viability	2022
Great Bridge Road, Bradley	Barratts	On Site	152	136	0	2015
Craddock St, Whitmore Reans	Bellway Homes	On Site	145	64	11 (HA)	2017
Compton Park	Redrow	On Site	55	51	0	2014
Wergs Road	Charles Church	On Site	62	6	0 – off site contribution	2016
Former Jennie Lee, Wednesfield	Taylor Wimpey	On Site	217	4	54 (HA)	2017

Site	Developer	Planning Stage	Total number of units	Built so far	Affordable Housing	Date Completion due
Low Level Station	Barratts	On Site	208	187	0	2015
Bilston Urban Village	TBC	Site works due to commence	500+	0	125+	2024 (1st phase of 70 in 2015/16)
Former Farndale School, Whitmore Reans	TBC	Full Permission	45	0	0	2017
Former G & P Batteries site, Heath Town	TBC	Full Permission	35	0	8 (HA)	2018
Former Bilston College, Mount Pleasant	TBC	Full Permission	44	0	11	2017
Former Chubb Site, Wednesfield Road	TBC	Outline permission	69	0	17	2017
Former Polypipe Factory,	TBC	Outline permission	52	0	13	2017
The former Tap Works, Showell Road	TBC	WCC own site	92	0	23 (WCC)	2017
Fort Works / Tower Works	TBC	WCC ownership	70	0	17	2018
Former Danesmore School	TBC	WCC ownership	50	0	13	2017
Former St Luke's School	TBC	WCC ownership	90	0	23	2018
Former Pennfields School	TBC	WCC ownership	40	0	10	2017
Former Ettingshall Primary School	TBC	WCC ownership	40	0	10	2017

Site	Developer	Planning Stage	Total number of units	Built so far	Affordable Housing	Date Completion due
Wednesfield School Playing Fields	TBC	WCC ownership	240	0	60	2020
Part former Parkfields School	TBC	WCC ownership	100	0	25	2020
Northicote School	TBC	WCC ownership	170	0	43	2020
Heath Town Estate	TBC	WCC ownership	160	0	40	2021

The table below shows a comparison with the other Black Country authorities using data currently available (rounded figures, including small sites)

	Wolverhampton (April 2014)	Dudley (April 2013)	Walsall (April 2012)	Sandwell (April 2012)
Homes under construction	300	410	Not known	350
Homes with planning permission	3,200 (Of which 1,400 are on sites which are under construction, and 900 are on small sites of <15 homes)	2,000	> 3,000	2,400

Notes

(i) The Council is confident that there is a ready supply of sites available for housing development in the short to medium term to take advantage of the upswing in the housing market which is currently underway.

(ii) Accelerating the delivery of these sites further is one of the key priorities in the Black Country Strategic Economic Plan (SEP), which could potentially provide access to significant funding.

(iii) Local housing developers have been extremely positive about a ‘buoyant’ Black Country housing market, with strong housing demand particularly for family housing. There is a commitment to increasing development, including on brownfield land and in the City Centre.

(iv) Developers reported a vast improvement in the approach to planning in Wolverhampton in recent years and are keen to work with the Council to release more land and take advantage of external funding opportunities and schemes such as Help to Buy, which have been exploited successfully to get the market moving during the downturn.

Appendix 2

Framework of Programme of activity to improve the City Housing Offer

Key component	Current Activity	Issues for Improvement	Proposed Actions	Responsible Officer/Timetable
Housing and Homelessness Policies and Strategies	• Fit for purpose Policies	• Realism of some delivery strategies • Reporting achievements • Integrating outcomes with People adult/children services	• Implement new Governance including Improving the City Housing Offer Board • Re-prioritisation of delivery strategies	Nick Edwards/ Chris Hale April 2015
Estate Regeneration	• Completion of Decent Homes backlog programme • Low Hill "Pod" properties • Heath Town Master Plan	• Heath Town Master Plan Delivery • Absence of "estate" regeneration strategy • Private Sector Housing Renewal	• Implement Heath Town Master Plan • Develop intelligent approach to estate regeneration • Review existing Private Sector renewal approach	Jane Trethewey September 2015 Kenny Aitchison September 2015 Chris Hale/ Lesley Williams September 2015

Key component	Current Activity	Issues for Improvement	Proposed Actions	Responsible Officer/ Timetable
Housing New Build	• 40 New Council Houses in Thompson Avenue • 15 Further Council Houses Planned through the Strategic Construction partners • Increased Market Housing activity Affordable Housing delivery through Registered Providers	• Increase number of Council Houses built • Increase overall Market housing • Increase overall affordable housing delivered	• Review HRA/ Asset Management Plan to maximise existing borrowing "headroom" • Increase level of Council housing new build through the HRA and consideration of innovative "Housing Company" models • Proactively engage with market house builders, land owners, registered housing providers and funding partners to improve the attractiveness of Wolverhampton for Housing development	Chris Hale/ Kenny Aitchison July 2016 Chris Hale/ Kenny Aitchison March 2016 Chris Hale/Kenny Aitchison March 2016
Empty Properties	• Empty Properties Strategy • Right To buy "buy back" programme Commercial conversions	• Review the EPS in the context of the City and Housing priorities • Potentially increase scale of interventions	• Actions coming out of the EPS review including market positioning of opportunities in the private housing sector	Lesley Williams April 2016

Key component	Current Activity	Issues for Improvement	Proposed Actions	Responsible Officer/ Timetable
Housing Options	• Homelessness decisions • Prevention • Temporary Accommodation • Rent Deposit Scheme	• Increase prevention work to reduce homelessness • Review of use of temporary and bed and breakfast • Establish full "Council" processes across Place/People	• Continuing Peer Review to improve best practice • Appraisal of existing Temporary accommodation and contracts/commissions to improve resilience and reduce demand led costs	Richard O'Leary/ Anthony Walker/ Mike Yates September 2015
Private Rented Sector (PRS) Housing Offer	• Houses in Multiple Occupation (inc. Licensing) • Housing Standards enforcement • Licensing Strategy • Landlord Accreditation • Private Sector Leasing • Right to Rent	• Improve access and marketing of PRS property • Enforcement policy review	• Implement "Rent with Confidence" Proposals including revised accreditation schemes • Improve enforcement delivery • Implement appropriate Licensing strategy to underpin housing standards and an appropriate PRS offer. • Increase role of PRS in addressing homelessness	Lesley Williams September 2015
Vulnerable Owner Occupiers	• Handy Person Scheme • Small Works Programme • Fuel Poverty and Affordable Warmth	• Limited action for vulnerable households • Enhance affordable Warmth and fuel poverty measures	• Improve delivery/VFM through Surefire Framework in Partnership with British Gas • Enhance Wolverhampton Home Improvement Service (WHIS)	Lesley Williams April 2015 Chris Hale June 2015

Key component	Current Activity	Issues for Improvement	Proposed Actions	Responsible Officer/ Timetable
Housing Revenue Account Management	• 30 year business/asset management plan	• Housing direction of HRA • Need robust review of existing AMP	• Housing Services to lead on HRA/business plan management • Review of the existing HRA Business Planning and Asset Management Plan • Introduction of proactive housing asset management to ensure best use of housing stock and resourcing opportunities	Chris Hale June 2015 Kenny Aitchison March 2016 Kenny Aitchison March 2016
Governance	• Housing Executive Board / operational group • Performance monitoring of Managing Agents (WH)	• Limited commitment/impact by external partners • Limited intelligence to inform housing market interventions • Reporting of outcomes • Active performance management of WH	• Revised Governance arrangements (see Appendix 3) • Undertake research and housing intelligence programme to shape housing need/demand and future strategy • Revised management approach to Managing Agents and policy compliance and decision making	Chris Hale April 2015 Kenny Aitchison/Mila Simpson September 2015 Kenny Aitchison/Mila Simpson September 2015
Employee Delivery	• Existing team established 2012 and extended June 2014	• Review to reflect learning to date and increased priority of Housing	• Deliver review of employee delivery arrangements and go live by September 2015	Chris Hale September 2015

Appendix 3

Proposed Governance Framework