

Supplementary Committee Agenda



Communities Select Committee Monday, 24th September, 2018

Place: Committee Room 1, Civic Offices, High Street, Epping

Time: 6.00 pm

Committee Secretary: J Leither
Tel: (01992) 564243 Email:
democraticservices@eppingforestdc.gov.uk

4. CONSULTATION DOCUMENTS - SOCIAL HOUSING GREEN PAPER & USE OF RECEIPTS FROM RIGHT TO BUY SALES (Pages 3 - 16)

To consider the attached draft responses:

- (a) Social Housing Green Paper (draft response); and
- (b) Use of Receipts from Right to Buy Sales (draft response).

This page is intentionally left blank

**(Draft) Response by Epping Forest District Council
to the Ministry of Housing Communities & Local Government
on “A new deal for social housing” Green Paper**

Explanatory Note:

This response was agreed as the Council’s formal response – at the member level - at the meeting of the Council’s Communities Select Committee held on 24th September 2018.

Chapter 1 – Ensuring homes are safe and decent

1. How can residents best be supported in this important role of working with landlords to ensure homes are safe?

The Council welcomes Dame Judith Hackett’s *“Independent Review of Building Regulations and Fire Safety”* and it is important that the Government acts on her recommendations as quickly as possible.

At one level, residents should not have to check that their landlords are ensuring that their homes are safe, since this should be at the forefront of landlords’ minds – and most social landlords, including this council, take their responsibilities towards tenants and their safety very seriously. However, it is important that lessons are learnt from the Grenfell Tower tragedy and, as part of this, tenants should be provided with whatever information they feel they need to satisfy themselves that they live in safe accommodation and that their landlord is acting appropriately.

Since it is a requirement that Fire Safety Risk Assessments (FSRA) are undertaken and documented, the Council would support a requirement for all tenants to be provided with a copy of the FSRA for their accommodation, together with the proposed action plan to remedy any issues identified. Indeed, the Council believes that this would help to ensure that tenants understand the importance of keeping fire exit routes clear.

2. Should new safety measures in the private rented sector also apply to social housing?

Yes. The Council believes that the statutory safety measures that apply in the private sector, such as the provision of smoke alarms and carbon monoxide alarms (in rooms containing solid fuel burning appliances) and undertaking electrical checks in properties every five years should apply to social housing.

3. Are there any changes to what constitutes a Decent Home that we should consider?

It is the Council’s view that the Decent Home Standard should be seen as the minimum acceptable standard for social homes. Indeed, the Council met the Decent Home Standard many years ago, and has maintained this position ever since.

A property can still have a number of failing components and meet the Decent Home Standard. Therefore, if the Standard is reviewed, any review could consider a property requiring a lesser number of failing components to meet the Standard. Also, since the Decent Home Standard only relates to individual properties, it could be extended to communal areas as well. Although this could include fire safety requirements, the Council feels that this would be unnecessary, since it believes these are adequately covered by the existing Regulatory Reform (Fire Safety) Order 2005.

However, the main point the Council would like to make on this issue is that if the Decent Home Standard is increased, local authorities (and housing associations) must have sufficient resources available to them to be

able to meet the new requirements and meet other aspirations expected by the Government, such as increased council housebuilding. This can be facilitated in two ways, including allowing local authorities to increase their HRA Borrowing Headroom and ensuring that local authorities can charge tenants a sufficient rent in return for the increased investment in their home.

The importance of this can be illustrated by the Council's own experience. When HRA self-financing was first introduced, the Council took the decision to increase investment in its housing stock – and introduced its own "Modern Home Standard", at a much higher level than the Decent Home Standard. This was in addition to investing in the construction of new Council homes. However, the Council had to subsequently take the decision to abandon its Modern Home Standard last year, and revert to the Decent Home Standard, as a result of the Government's decision to force councils to reduce their rents by 1% per annum for four years.

4. Do we need additional measures to make sure social homes are safe and decent?

The Council has no further suggestions to make.

Chapter 2 – Effective resolution of complaints

5. Are there ways of strengthening the mediation opportunities available for landlords and residents to resolve disputes locally?

The Council does not consider this to be necessary. Where considered appropriate, and with some likelihood of success, like many social landlords the Council is happy to fund and utilise existing mediation services.

However, if the Government sees a need and merit in increasing mediation opportunities for landlords and tenants to resolve disputes and complaints locally, the Council suggests that the Government should give consideration to either establishing and funding some form of new national mediation service or, alternatively, providing sufficient funding to existing independent advice organisations, such as Citizens Advice, to provide a mediation service, as part of the valuable services they already provide.

6. Should we reduce the eight week waiting period to four weeks, or should we remove the requirement for the "democratic filter" stage altogether?

The Council considers the "democratic filtering" of complaints before a complaint can be made by tenants to the Housing Ombudsman as cumbersome, unnecessary and simply delays the timely resolution of complaints by tenants - the process for which is not properly and understood by tenants, landlords or "designated persons". Indeed, the process appears contrary to the objectives of the Green Paper, since it dissuades and dis-encourages tenants to make complaints to the Housing Ombudsman Service (HOS).

In addition to responding to the occasional complaints made to the HOS, the Council also responds to occasional complaints on housing-related issues to the Local Government Ombudsman – and notes that no democratic filter applies to complaints made to the latter. Therefore, there currently appears to be a two-tier complaints process for complaints to these two Ombudsmen.

The Council supports the proposal in the Government's recent consultation "*Strengthening consumer redress in the housing market*" to bring together redress schemes into a single housing ombudsman service and, if this happens, urges the Government to ensure that no democratic filter is applied to any new service.

In the meantime, whilst noting that primary legislation would be required, the Council would strongly recommend that the democratic filter be discontinued at the earliest opportunity.

7. What can we do to ensure that the “designated persons” are better able to promote local resolutions?

The only way to make the existing process is to better promote and explain the current cumbersome process to all MPs and local councillors who are currently designated persons.

8. How can we ensure that residents understand how best to escalate a complaint and seek redress?

It is the Council’s view that the focus of informing tenants of their ability to escalate their complaint to the HOS should be placed on the point in time when the landlord has provided its last internal response to a complainant and advises them of their ability to make a complaint to the HOS.

In addition to providing leaflets provided by the HOS at this point in the resolution process, the Council would suggest that additional resources should be made available to the HOS by the Government to enable complainants to be able to contact the HOS by phone, or email, to informally discuss their complaint with a members of the HOS’s staff first, before the tenant assesses whether or not it is worth them making a formal complaint.

The Council would suggest that there is little point in promoting the HOS to tenants when they first take up a tenancy, since it is a requirement that tenants should first exhaust the landlord’s internal complaints process before they can make a complaint to the HOS. Therefore, the Council feels that this would only lead to more premature complaints made to the HOS, which would be referred to the relevant landlord anyway, which we feel is not only unhelpful and wastes time, it would also be confusing for complainants.

9. How can we ensure that residents can access the right advice and support when making a complaint?

The Council encourages any complainants to obtain support and assistance when making a complaint, since this usually ensures that complaints are focussed on the right issues and that the complaint, and how complainants feel and the redress sought is properly articulated and communicated.

The Council believes that the national network of Citizens Advice is best placed to provide independent support and advice to complainants, and could be promoted as a national organisation able and, hopefully, willing to assist tenants with their complaints. However, the Council is aware of how far Citizens Advice offices across the country are stretched and would suggest that additional Government funding would be required to enable Citizens Advice to undertake such a heightened and more prominent role.

10. How can we best ensure that landlords’ processes for dealing with complaints are fast and effective?

The Council is aware that, currently, landlords are able to make their own arrangements for their internal complaints processes. Whilst this flexibility is welcomed, it can lead to complaints from tenants of different landlords being treated quite differently, and with different response times.

The Council therefore suggests that it may now be appropriate for either the Government or the Housing Ombudsman Service to produce, in consultation with social landlords, a framework for landlords’ internal complaints procedures and, particularly, the introduction of timescales in which the internal complaints process should be completed – from the date of the initial receipt of the complaint to the final response from the landlord. Clearly, such timescales need to be reasonable and provide landlords with sufficient time to properly consider a complaint at at least 2 internal stages. It also needs to take account of the time taken for complainants to respond to queries and proposed resolutions – indeed, the Council is of the view that complainants should also be given timescales to respond to requests for further information from the landlord and the determination of complaints at different stages of the complaints process.

Moreover, and possibly more importantly, the Council notes with great concern that the Housing Ombudsman Service’s current average time taken to determine complaints, from the date they are referred to the Ombudsman, is eight months – which the Council considers to be a totally unacceptable period of time for tenants to have to wait until their complaint has been determined, especially since this period follows the period of time that their complaint has been with their landlord to determine at the local level.

We note the Government's recent target given to the Housing Ombudsman Service of 6 months, but consider that this is still far too long.

11. How can we best ensure safety concerns are handled swiftly and effectively within the existing redress framework?

Other than following the normal complaints process, the Council would suggest that the relevant Fire and Rescue Service could play a part in becoming involved in considering tenants' complaints and concerns about fire safety where the landlord is not dealing with the complaint as quickly as required, with appropriate powers to require the landlord to take appropriate action within specified timescales.

Chapter 3 – Empowering residents and strengthening the Regulator

12. Do the proposed key performance indicators cover the right areas? Are there any other areas that should be covered?

The Council is very concerned that the proposal appears to be returning to the days of national indicators (Best Value Indicators), which were generally considered to be unhelpful and riddled with practical difficulties. Indeed, the Conservative Government at the time considered that they provided little value and took up unnecessary time for landlords – which is the reason why they were discontinued.

In any event, apart from the potential to “name and shame” landlords who, on paper, may compare less favourably with other landlords in one or more areas, there appears little to point to having “league tables” since, in reality, most tenants have little choice in being able to change their landlord.

Social landlords already have a requirement to report annually to their tenants on a range of issues, as part of the Housing Regulatory Standard, and the Council believes that it is for landlords to explain their performance to their tenants and for tenants to form their own view from the information provided.

13. Should landlords report performance against these key performance indicators every year?

Please see the answer above. If national KPIs are re-introduced, it is suggested that there would be even less point collecting and publishing if they are not collected and reported annually. Otherwise, landlords who's performance has either improved or deteriorated would not be known until the next set of KPIs were next published which could be a number of years later.

For the avoidance of doubt, the Council does not believe that National KPIs should be collected and reported any more frequently than annually.

14. Should landlords report performance against these key performance indicators to the Regulator?

The Council does not have a view on which body should collect and publish any National KPIs, but would suggest that this could be a service undertaken by one of the existing and established data collection organisations (such as Housemark) under contract to either the MHCLG or the Social Housing Regulator.

15. What more can be done to encourage landlords to be more transparent with their residents?

If performance league tables are introduced, it would seem sensible that all social landlords are required to report on their National Indicators, through their Annual Report, also giving details of how their stated performance compares with other organisations in a consistent, standard and set way.

16. Do you think that there should be a better way of reporting the outcomes of landlords' complaint handling? How can this be made as clear and accessible as possible for residents?

The Council considers that it would be very difficult to report and compare landlords' complaints handling performance unless there is a nationally prescribed process/procedure for dealing with complaints at the local level, with nationally prescribed timescales, including:

- What constitutes a "complaint" ?
- How many internal stages there should be ?
- What levels are compensation are appropriate, in what cases ?

The Council does not think is it appropriate or necessary to do this.

17. Is the Regulator best placed to prepare key performance indicators in consultation with residents and landlords?

See (14) above.

18. What would be the best approach to publishing key performance indicators that would allow residents to make the most effective comparison of performance?

In the Annual Report to Tenants, which should be available on-line and, for those tenants specifically requesting only, as paper copies sent by post.

19. Should we introduce a new criterion to the Affordable Homes Programme that reflects residents' experience of their landlord? What other ways could we incentivise best practice and deter the worst, including for those providers that do not use Government funding to build?

The Council considers linking the provision of grant for new housebuilding to residents' perceptions of their landlord's performance to be very inappropriate.

It is in the national interest for as many social landlords as possible to build as much new affordable housing as possible. League tables and comparisons are riddled with discrepancies and anomalies that the Council does not believe should be used to determine grant levels. The Council believes that grant for new affordable housing should be allocated on the basis of housing need and value-for-money.

20. Are current resident engagement and scrutiny measures effective? What more can be done to make residents aware of existing ways to engage with landlords and influence how services are delivered?

Inevitably, the practice and effectiveness of landlords in respect of resident engagement and scrutiny varies significantly between landlords across the country. In the Council's experience, it is very difficult to encourage tenants to become engaged with the Council as their landlord especially if, generally, their landlord provides a good housing service.

If the Government is concerned about this issue, it could strengthen the Housing Regulatory Framework, but it is the Council's view that it should be left with individual social landlords to continue to engage with their tenants at the level and way in which their tenants want.

21. Is there a need for a stronger representation for residents at a national level? If so, how should this best be achieved?

There are already a number of good, representative national tenants' groups – such as TPAS, TAROE and the Tenants Group of the Association of Retained Council Housing (ARCH) – with committed, articulate and experienced tenants who willingly give up their time to represent tenants' views.

It therefore appears appropriate and sensible for the Minister and senior MHCLG officials to meet regularly, at least twice a year, with representatives of the main national tenant organisations, with agenda and minutes published and generally available, to discuss their issues and concerns.

22. Would there be interest in a programme to promote the transfer of local authority housing, particularly to community-based housing associations? What would it need to make it work?

The Council has consulted its tenants, on a number of occasions, on whether or not they would like to change their landlord from the Council to another social landlord – whether it be an existing social landlord or a newly-created one. However, our tenants have consistently said that they wish the Council to remain as their landlord – and to stop asking them.

The Council believes that tenants should have the benefit and opportunity to, collectively, transfer their landlord if they are dissatisfied with the service provided and believe that another landlord would provide a better service and/or increased investment in the housing stock. However, the Council strongly believes that tenants and landlords should not be incentivised to transfer their landlord by the offer of significant additional funding, or the repayment of debt, by the Government - at the expense of other tenants nationally who are satisfied with their landlord's service and investment in their housing stock - as has happened in the past.

The desire for tenants to, collectively, transfer their landlord should be solely driven by a genuine motivation to have a better landlord. In such cases, the Council believes that both the Council and tenants should be assisted by the Government to facilitate a transfer.

23. Could a programme of trailblazers help to develop and promote options for greater resident-leadership within the sector?

The Council does not have a view, as long as it is not at the expense of tenants who are not interested.

24. Are Tenant Management Organisations delivering positive outcomes for residents and landlords? Are current processes for setting up and disbanding Tenant Management Organisations suitable? Do they achieve the right balance between residents' control and local accountability?

The Council has no experience of Tenant Management Organisations, and therefore does not feel able to comment – other than to say that there has never been any interest locally for tenants to form a TMO.

25. Are there any other innovative ways of giving social housing residents greater choice and control over the services they receive from landlords?

The Council already has good structures and channels available to consult tenant and leaseholder representatives through the District-wide Tenants and Leaseholders Panel, which is consulted on all proposed new or amended housing policies and its views taken into account before decisions are made. It is the Council's experience that tenants do not want to have greater control over their housing services and prefer, instead, to get on with their lives – but perhaps that is because the Council's tenants are generally satisfied with the Council's service.

26. Do you think there are benefits to models that support residents to take on some of their own services? If so, what is needed to make this work?

The Council has not identified any desire or demand for resident to deliver their services themselves.

27. How can landlords ensure residents have more choice over contractor services, while retaining oversight of quality and value for money?

It is good practice for tenants' representatives to be consulted over specifications for works and services, and the Council considers that the Housing Regulatory Framework could be strengthened to encourage greater involvement in this respect.

28. What more could we do to help leaseholders of a social housing landlord?

In the Council's experience, we receive very few responses from leaseholders when we consult on proposed works and tenders received.

Indeed, for many years we have attempted to keep a district-wide Leaseholders Association going, comprising Council leaseholders, to provide a forum where senior council officers can meet with leaseholders to discuss issues of concern. However, despite numerous attempts to publicise the Association and meetings, it has been necessary to disband the group due to a lack of interest.

We believe that the existing legislation is sufficient in terms of consultation. The main issues we tend to have from leaseholders is in relation to final service charges, in terms of queries about costs of minor and major works on blocks. The Council feels that this is the area where energy should be expended on trying to improve the clarity and level of detail provided to leaseholders.

29. Does the Regulator have the right objective on consumer regulation? Should any of the consumer standards change to ensure that landlords provide a better service for residents in line with the new key performance indicators proposed, and if so how?

The objective set out in the Green Paper seems appropriate.

30. Should the Regulator be given powers to produce other documents, such as a Code of Practice, to provide further clarity about what is expected from the consumer standards?

The Council would always welcome guidance to help clarify any of the standards, providing that they do not fall into the trap of becoming prescriptive and allow landlords the flexibility to meet the standards in a way that is most suitable at the local level.

31. Is "serious detriment" the appropriate threshold for intervention by the Regulator for a breach of consumer standards? If not, what would be an appropriate threshold for intervention?

The Council is concerned that if the threshold for the Regulator to become involved in individual complaints from tenants is lowered, it will not only start to duplicate the work of the Housing Ombudsman, it will also become confusing for tenants as to where they should direct their complaint.

The Council feels that the current "serious detriment" threshold, above which the Regulator becomes involved, is appropriate. We feel that the Regulator should only become involved, as a regulatory matter, if there appears to be a systemic failure by a landlord on a serious issue. The Council notes that there already appears to be liaison between the Housing Ombudsman and the Regulator on complaints and we suggest that it is in this area where the relationship could be strengthened, so that the Regulator is alerted to concerns about complaints received by the Housing Ombudsman that indicate there could be a systemic failure by a landlord.

32. Should the Regulator adopt a more proactive approach to regulation of consumer standards? Should the Regulator use key performance indicators and phased interventions as a means to identify and tackle poor performance against these consumer standards? How should this be targeted?

It is not felt that key performance indicators will be able to form a robust basis for monitoring by the Housing Regulator, or for determining interventions – since there are so many external factors affecting performance. The Council would re-iterate its earlier point that the Housing Ombudsman should be alert to concerns about failures in the service provided to housing customers and notify the Regulator if it appears that there may be a systemic failure to meet the consumer standards.

33. Should the Regulator have greater ability to scrutinise the performance and arrangements of local authority landlords? If so, what measures would be appropriate?

The Council does not think this is necessary, since local authorities are already scrutinised by its external auditors and complaints about service failures are dealt with by the Housing Ombudsman Service.

34. Are the existing enforcement measures set out in Box 3 adequate? If not, what additional enforcement powers should be considered?

The list of enforcement measures in Box 3 is extensive and wide-ranging. The Council therefore considers that the list is adequate

35. Is the current framework for local authorities to hold management organisations such as Tenant Management Organisations and Arms Length Management Organisations to account sufficiently robust? If not, what more is needed to provide effective oversight of these organisations?

The Council does not have any experience of TMOs or ALMOs and therefore does not feel sufficiently informed to comment.

36. What further steps, if any, should Government take to make the Regulator more accountable to Parliament?

The Council considers the current accountability arrangements appropriate.

Chapter 4 – Tackling stigma and celebrating thriving communities

37. How could we support or deliver a best neighbourhood competition?

Whilst the Council agrees that, sometimes, there is a stigma attached to being a Council tenant, we do not feel that holding competitions will go any way to removing any stigma.

38. In addition to sharing positive stories of social housing residents and their neighbourhoods, what more could be done to tackle stigma?

Again, the Council feels that “sharing positive stories” at the national level will do little to remove any stigma. The Council does agree, though, that councils can help to promote positive messages about their housing service and the tenants who live in their housing. This can be through local media releases or housing newsletters to tenants, to show the benefits of being a Council tenant.

39. What is needed to further encourage the professionalism of housing management to ensure all staff deliver a good quality of service?

The Council supports the proposal within the Green Paper to introduce housing customer service courses for housing staff, through the Chartered Institute of Housing. Another suggestion could be to introduce a national awards scheme for customer service, which would provide a positive mechanism to promote good customer service.

40. What key performance indicator should be used to measure whether landlords are providing good neighbourhood management?

Neighbourhood management is a very important service provided to tenants. However, the Council does not feel that one, or even a small number of, indicators could adequately reflect the full scope services provided through neighbourhood management. Services include dealing with ASB, grounds maintenance and communal repairs.

However, if neighbourhood management is to be measured through a performance indicator, it is suggested that it should be based on tenant satisfaction of neighbourhood management in their area, which could form part of the tri-ennial STAR tenant satisfaction survey undertaken by most social landlords.

41. What evidence is there of the impact of the important role that many landlords are playing beyond their key responsibilities? Should landlords report on the social value they deliver?

Whilst many councils provide additional social value beyond their key responsibilities – and often promote and explain such social value locally – the Council does not feel that there should be a requirement placed on social landlords to formally report on this, not least for the many different forms that this can take. For example, our Council contributes financially to the local Citizens Advice to enable them to fund two debt advisers who work around the District. We also provide a garden maintenance scheme for older and vulnerable tenants; other landlords will provide different social value schemes that are required locally.

42. How are landlords working with local partners to tackle anti-social behaviour? What key performance indicator could be used to measure this work?

Our Council tackles anti-social behaviour in a very co-ordinated way, through joint working between housing officers, community safety officers and the Police. Indeed, the Council has recently introduced a Community Safety Hub to bring services together in a co-ordinated way.

However, again, the Council does not think that an appropriate performance indicator could be introduced that can adequately capture this information and used to compare between landlords.

The Council also has concerns over the time involved in seeking to collect data to inform this performance indicator.

43. What other ways can planning guidance support good design in the social sector?

The Council feels that the design of housing in the social sector is best left with the professional development management staff in local authorities to ensure compliance with the recently revised NPPF, overseen by local councillors who very often represent the views of local residents. This can be supplemented by the use of Quality Review Panels for larger developments. For example, our Council has introduced a policy, through its latest version of its Local Plan, where the proposed design of larger developments (in excess of around 50 dwellings) must be externally reviewed by a Quality Review of external representatives with backgrounds in urban design.

44. How can we encourage social housing residents to be involved in the planning and design of new developments?

Our Council has recently introduced “development management forums” for larger developments, whereby public meetings are held by the Council and the developer to enable local residents to become involved at the earliest stage of the planning process – as part of the pre-planning application process - which enables residents to provide comments direct to developers and development management officers in order to influence designs before they are finalised for the subsequent planning application.

Chapter 5 – Expanding supply and supporting home ownership

45. Recognising the need for fiscal responsibility, this Green Paper seeks views on whether the Government’s current arrangements strike the right balance between providing grant funding for housing associations and Housing Revenue Account borrowing for local authorities.

The Council does not feel that the right balance is currently being struck between the provision of grant funding and HRA borrowing. This is simply because there is potentially no limit for the provision of grants, predominantly provided to housing associations, whereas there is a borrowing cap for all local authorities’ HRAs.

The Council would strongly urge the Government to remove the HRA Borrowing Caps and enable local authorities to borrow for the HRA in accordance with the principles of prudential borrowing.

46. How we can boost community-led housing and overcome the barriers communities experience to developing new community owned homes?

The Council welcomes the provision of Government funding to assist with the promotion of community-led housing and the various national studies that have been produced on the establishment of, for example, community land trusts.

The Council encourages the Government to continue to provide funding and advice on the role that community led housing can play to involve local communities in the development of housing

47. What level of additional affordable housing, over existing investment plans, could be delivered by social housing providers if they were given longer term certainty over funding?

One of the current inhibitors to the provision of additional affordable housing is the ongoing uncertainty over future rent levels, which have a direct effect on the amount of additional affordable housing that can be provided. The Council welcomes the certainty given by the Government on rent increases of CPI + 1% for 5 years from 2020. However, the original rent guarantee provided to landlords in 2012 was for a 10 year period, and the Council encourages the Government to consider extending the period of the latest rent guarantee for at least 10 year period as well.

48. How can we best support providers to develop new shared ownership products that enable people to build up more equity in their homes?

The Council supports shared ownership products as an excellent way for first time buyers to access the home ownership market.

One of the barriers that many applicants for shared ownership experience, though, is that the predominance of shared ownership occurs on new developments or on relets, which may not be in a suitable or preferred area for many applicants. However, it is the Council's view that shared ownership could be more attractive to a larger range of potential applicants if applicants were given greater choice over where they could be purchased, through the re-introduction of "Do it yourself shared ownership (DIYSO)". DIYSO was very popular a number of years ago, whereby housing associations were given grant to purchase properties off the open market chosen by applicants, which were then sold to them on shared ownership leases.

The Council introduced a scheme a number of years ago, called Open Market Home Ownership, whereby the Council gave an interest-free loan to a housing association partner to part-fund the purchase of an existing property on the open market, chosen by an applicant, which was then sold to the applicant on a shared ownership lease. The rent paid by the applicant met the housing association's loan costs for the share of the property not funded by the Council's interest free-loan. When additional tranches of equity were purchased by the applicant, the capital receipt was shared between the Council and housing association, with both the Council and housing association benefitting from the increase in property values. From the Council's point of view, the return has been far greater than the return that would have been received from investment. However, the scheme had to be discontinued due to a lack of capital resources.

However, it is the Council's view that a similar scheme could be operated nationally to boost shared ownership, through interest-free loans being provided to housing associations by Homes England and operated in a similar way to the Council's Open Market Shared Ownership Scheme.

**(Draft) Response by Epping Forest District Council
to the Ministry of Housing Communities & Local Government
on the "Use of receipts from Right to Buy sales" Consultation Paper**

Explanatory Note:

This response was agreed as the Council's formal response – at the member level - at the meeting of the Council's Communities Select Committee held on 24th September 2018.

Question 1:

We would welcome your views on extending the time limit for spending Right to Buy receipts from three years to five years for existing receipts but keeping the three year deadline for future receipts.

The Council welcomes the proposal to extend the time limit for the use of existing receipts from three years to five years, and the flexibility that this gives.

However, the Council would strongly urge the Government to apply the five year time limit to future receipts as well. Like the Government, local authorities want to utilise their RTB receipts quickly too. However, it is not always possible to have the resources available to provide the required funding for the balance of the costs – especially whilst borrowing caps are in force for housing revenue accounts (HRAs). Moreover, it is likely that the current high number of existing properties purchased off the open market will continue, in order to ensure that receipts are spent before they have to be handed to the Government.

The Council would also suggest that local authorities that have already passed RTB receipts to the Government that could not be used within 3 years, as a prudent approach to avoid paying interest, should have these RTB receipts returned if they could have been spent within the proposed 5 year period.

Question 2:

We would welcome your views on allowing flexibility around the 30% cap in the circumstances set out in the consultation paper, and whether there are any additional circumstances where flexibility should be considered.

The Council welcomes the proposed flexibility set out in the Consultation Paper. However, it is noted that the main flexibility is in relation to the provision of homes for social rent. For its Council Housebuilding Programme, the Council has adopted the use of affordable rents, in line with the Government's previous policy that new homes could only be developed for affordable rent, and not social rent. The Council would therefore welcome the flexibility and ability for the proposed 50% cap on the use of replacement receipts to be applied to affordable rented properties too.

This would provide much-needed flexibility to councils and is likely to facilitate additional Council housebuilding, since only the remaining 50% of the cost would need to be funded from other sources, as opposed to 70% as at present. This will be particularly useful where a council is at its spending cap and does not have the ability to fund the other 70% from other sources. In such cases, less Council homes would be provided and it could also place even greater pressure on the Council's ability to spend all of its RTB receipts within the current and proposed (for new receipts) 3 year timescale.

Question 3:

We would welcome your views on restricting the use of Right to Buy receipts on the acquisition of property and whether this should be implemented through a price cap per unit based on average build costs.

The Council does not agree that restrictions should be applied to the use of RTB receipts on the acquisition of property, especially based on average build costs – since costs vary significantly within the proposed regional areas.

For example, the Council is located in the South East region, in the commuter belt around London, where acquisition, build and land costs are very high. This can be compared to other parts of the region, for example Norfolk, where the costs are so much lower.

The Council would suggest that flexibility be given to local authorities to determine for themselves whether it is the best use of their resources to purchase properties off the open market and not apply any price cap, as is the case at present.

Question 4:

We would welcome your views on allowing local authorities to use Right to Buy receipts for shared ownership units as well as units for affordable and social rent.

The Council welcomes the proposal to allow receipts to be used for shared ownership homes, which provides local authorities with maximum flexibility to utilise receipts for the form of tenure they consider most appropriate on different sites.

Question 5A:

We would welcome your views on allowing the transfer of land from a local authority's General Fund to their Housing Revenue Account at zero cost.

The Council supports this proposal, provided that local authorities are given the flexibility to transfer the land at any cost between zero cost and full market value.

Question 5B:

We would also welcome your views on how many years land should have been held by the local authority before it can be transferred at zero cost, and whether this should apply to land with derelict buildings as well as vacant land.

Since the proposal to enable local authorities to transfer land at zero cost is to help increase the delivery of housing, the Council cannot see any reason for restricting this to a specific number of years. We also feel that this ability should apply to land with derelict buildings, as well as to vacant land.

Question 6:

We would welcome your views on whether there are any circumstances where housing companies or Arm's-Length Management Organisations should be allowed to use Right to Buy receipts

Since ALMOs and housing companies are owned by local authorities that generate the RTB receipts, and often undertake new building on behalf of the local authority, the Council feels that it is appropriate for local authorities to allow such bodies to use RTB receipts.

Question 7:

We would welcome your views on allowing a short period of time (three months) during which local authorities could return receipts without added interest.

The Council welcomes this proposed allowance.

Question 8:

Do you have any other comments to make on the use of Right to Buy receipts and ways to make it easier for local authorities to deliver replacement housing?

The issues that the Consultation Paper raises are the main issues on which the Council wants to comment.

Question 9:

Should the Government focus be on a wider measurement of the net increase in the supply of all social and affordable housing instead of the current measurement of additional homes sold and replaced under the Right to Buy? If the target were to change, we would welcome your views on what is the best alternative way to measure the effects of Government policies on the stock of affordable housing.

The Council agrees that the focus of the measurement of the net increase in the supply of all social and affordable housing should be widened.

The Council agrees the proposal set out in the consultation paper that suggests that Government drops the current target and measures all the social and affordable housing that has been sold or lost against the total number of additional social and affordable housing provided - so that it is clear whether there has been an increase rather than a loss overall. This would mean that all properties sold under the Right to Buy would be included rather than just those above the baseline forecast in 2012, as well as new social housing bought or built by local authorities and housing associations, regardless of how this has been funded.

This page is intentionally left blank