

CABINET (HOUSING) COMMITTEE

4 APRIL 2012

DISCRETIONARY WORKS SCHEME FOR COUNCIL TENANTS

REPORT OF HEAD OF LANDLORD SERVICES

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RECENT REFERENCES:

CAB 2287 - HRA Business Plan and Budget - 1st February, 2012.

EXECUTIVE SUMMARY:

This report sets out proposals, and seeks member approval, for a new Discretionary Works Scheme for Council tenants. This scheme will be managed and administered within Property Services.

The proposals are to introduce a new and broader discretionary works scheme by using a small proportion of the total annual works budget as a contribution or allowance towards “tenant chosen” minor repairs and improvements. The scheme will empower tenants to focus that money on property improvements which are personal, and of high priority, to them.

The initial focus of any works will be internal redecoration of one or two rooms in accordance with the existing programme for older people, which is currently suspended. However, it is now proposed to offer the programme to all tenants once every five years, and to allow them to select alternative improvements if they so wish.

RECOMMENDATIONS:

- 1 That the proposals set out in this report be approved.
- 2 That, subject to a satisfactory equality impact re-assessment, the Head of Landlord Services be authorised to finalise and roll out detailed policy and procedures in respect of this scheme.
- 3 That, subject to funds being available, up to 5% of the total repairs and maintenance works budget in any one year be earmarked for this scheme.

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DETAIL:

1 Introduction

- 1.1 This report set out proposals for a new Discretionary Works Scheme (DWS) which will be managed and administered within Property Services.
- 1.2 The purpose of the scheme is to give tenants direct access a small proportion of the annual repairs and maintenance budget and empower them to focus that money within their home on items personal, and of high priority, to them.
- 1.3 These new proposals should not be confused with the tenants existing “Right to compensation for Improvements”, or the Council’s existing “Tenant Improvement Scheme”. The former is a statutory right which allows a tenant to claim compensation from the Council when they vacate the property for certain specified tenant funded improvements. The latter is a scheme which was set up by the Council several years ago to assist tenants with minor home improvements by providing the tenant with access to a reliable contractor (Serco) to carry out certain work items at a pre-determined fixed cost. Both these existing schemes rely on the tenant being able to fund the works themselves.
- 1.4 These proposals should also not be confused with the Government’s latest initiative in respect of the Tenant Cashback Scheme. In short, these Government proposals, which have emerged under the “localism” agenda, seek to empower tenants to carry out their own minor repairs and for them then to be reimbursed by local authorities. The initiative is at an early stage and there are currently no plans to introduce such a scheme ahead of existing trials across the country being completed and reviewed.

2 Background

- 2.1 Members will be aware that the Council used to carry out decorations for pensioners, and/or for those incapable of carrying out decorating works themselves. This scheme was administered and managed by the Landlord Services team and originally (mid 1980's) offered these tenants the option of having two rooms decorated every five years at no cost to themselves. Over time, this had been reduced to offering only one room every five years and, more recently (2008/9), shelved altogether due to budgetary constraints. This scheme has always been fondly regarded by tenants and members alike, and

therefore the intention has always been to re-introduce the scheme at the earliest opportunity should at any time the Council's financial position improve.

- 2.2 An Equality Impact Assessment (EIA) for all the property related services managed and administered by Landlord Services was carried out in 2008. This assessment concluded that the work carried out was generally considered to have a very positive impact for most customers, and that it had not found any evidence to suggest that any of the customer groups were negatively impacted by existing policy and procedures. However, one of the recommendations suggested that the overall components of the then OAP scheme should be reviewed "to establish if there is a more equitable way of using discretionary elements". The proposals under this new scheme seek to address and satisfy this EIA recommendation by effectively opening up eligibility to all households, save for the exceptions in para.6.1 below.
- 2.3 The proposals contained in this report have been further subjected to Impact Assessment screening and a further detailed full impact assessment is not considered necessary. This decision is subject to validation.

3 Generally

- 3.1 Now that the Council's housing financial position has improved, the proposal is to introduce a new and broader discretionary works scheme by using a small proportion (up to 5%) of the total annual works budget as a contribution or allowance towards "tenant chosen" minor repairs and improvements. It is hoped that this scheme will fill a gap between the Council statutory repairing obligations, other repair and maintenance imperatives (e.g. as determined and prioritised by stock condition surveys etc.) and those other schemes mentioned in paras 1.3 and 1.4 above.
- 3.2 Internal decoration will remain the key focus of any offer to tenants and support with this work has been highlighted through regular surveys and focus groups as important to tenants.

4 Funding and allowances

- 4.1 Within the 2012/13 repairs and maintenance budget (CAB 2287 HRA Business Plan and Budget 1 February, 2012 refers), £400,000 has been earmarked to re-launch a discretionary works scheme. Whether or not this sum is deemed sufficient, and/or appropriate, longer term will depend on the uptake and the number meeting the eligibility criteria. This initial estimate is based on each household benefiting by up to £400 (excl VAT) on a 5-yearly rolling cycle (i.e. up to 1000 no. households per year, similar to the original OAP decoration scheme).
- 4.2 Consideration has been given to whether or not the allowance per property should be adjusted to reflect different types of property i.e. should the allowance for a 3 bedroom house be different to that for a flat or bungalow?

Although this could be argued either way on a number of fronts (practicalities; administration; equality), the conclusion is that the allowance should be the same for all.

- 4.3 To keep the value of the allowance fair in real terms, the intention is to start the allowance at £400 for year 2012/13, and adjust it up or down in accordance with the prevailing RPI and rounded to the nearest whole £10 (e.g. allowance for 2013/14 will be determined by applying the RPI % increase/decrease for period Feb '12 to Feb '13 to the £400 and rounded accordingly).
- 4.4 It should be remembered that this remains a discretionary scheme. So, whilst the future looks bright for housing in funding terms for the foreseeable future, the continuance of this scheme (like the OAP decoration scheme before it) always remains subject to funds being available.
- 4.5 If a tenant wants the Council to procure the works, and the allowance does not cover the full cost, then the tenant will be expected to pay the difference before any works are procured (e.g. if fitting a new PVCu front door is going to cost £450 then the tenant must pay £50 to WCC before any works are procured).
- 4.6 For obvious reasons, a tenant will not be permitted to bring forward and use their allowance from a future year. Tenants will generally only have access to this property allowance in its allotted year, but exceptions will be dealt with on a case by case basis and subject to funds being available.

5 Procurement

- 5.1 The intention is to set up a scheme that allows maximum accessibility and with as few, as reasonably possible, barriers to uptake. To this end, tenants will be given the option to procure the works themselves (either directly or indirectly), or for Landlord Services to procure and manage the works for them. The former will require self-funding by the tenant initially, because any contribution from the Council will only be forthcoming on satisfactory (in terms of quality and reasonable value) completion of the works.
- 5.2 In addition, those that decide to physically carry out the works themselves (i.e. competent DIYers) will only be reimbursed for the non-DIY labour elements of the costs (i.e. similar to the re-imbusement criteria for claims under the Right to Compensation for Improvements). Not only does this avoid complications with any benefit/income tax arrangements, but it could also allow the allowance to go further for the tenant. However, as the Council would be unable to reclaim the VAT, this would mean that in such cases the allowance available to tenant would be a maximum of £400 inclusive of VAT.
- 5.3 Where the work is to be procured and managed by Landlord Services then, wherever possible, use will be made of existing contractual arrangements to procure the works as seamlessly as possible. For example, the current

external repairs and painting contract (expires April, 2013) already allows for a significant element of internal redecoration because it included the original OAP internal redecoration which were subsequently deleted when funds became limited. Any internal decorations carried out under this new scheme will be completed with the existing five year external cycle so that all decorating (internal and external) is carried out during the summer months - this should ensure least disruption for tenants and make best use of resources - both for contractors and Landlord Services.

- 5.4 Whilst it is envisaged that internal decoration will form the majority of works under this scheme, it is also intended to make use of, or append to, existing contracts (e.g. the Osborne contract) to minimise unnecessary tendering exercises. Where this is not possible, the works will be procured in accordance with the Council's Financial Procedure Rules and Contract Procedure Rules.

6 Eligibility

- 6.1 Those tenants wishing to take part in the scheme will need to satisfy the following requirements:-

- Your rent account must not be in arrears.
- You must not have an active "right to buy" application.
- Your property must not have had received any benefit under this scheme within the last five years
- You must not have an outstanding/active Notice of seeking Possession against you.
- You must allow reasonable access to your property to allow the completion of a full condition survey at least once every five years and prior to the agreement of any works under this programme.

7 Acceptable Items

- 7.1 The following list gives an indication of common items where tenants have either previously funded works themselves or , given assistance with funding, have expressed a desire for these works:-

- Internal decoration
- Condensation control measures
- Security measures
- Additional lighting/power points
- Replacement internal/external doors
- Minor structural alterations
- Central heating improvements
- Fencing
- Kitchen/bathroom/bathing improvements
- Insulation improvements

The above list is not exhaustive, and any reasonable request from the tenant to use their allowance to improve/enhance the structure or fabric of the property should be positively entertained.

- 7.2 The foremost purpose of the scheme is to provide an allowance to the household to improve or enhance a “fixed” element of the property that is a priority to them. Having said that, and even though a requirement of the scheme will be for the tenant to leave all part/s of the improvement at the property when they vacate, clearly some tenants may try to take the benefit with them if it is easily transferable. To that end, the list concentrates on common items that are mostly likely to remain in-situ when the property is vacated.
- 7.3 Where, for example, the Council has determined that a tenant’s front door is serviceable and can therefore wait for replacement at a later date; the tenant may choose to use their allowance to change that door now. This allows the tenant to exercise their choice in terms of their own priorities, while at the same time making a very direct and positive contribution to Decent Homes by replacing one of the key external components. In this case, the discretionary allowance has been used to double effect by reducing other standing maintenance liabilities.

8 Pooling of “allowance”

- 8.1 Where tenants can come to a common agreement on where they would like their allowance spent (e.g. tenants in a block of flats may want a door entry provision), then tenants will be allowed to “pool” the allowance and use the cumulative value on the block.

9 Right to Compensation for Improvements

- 9.1 Under the statutory Right to Compensation for Improvements, tenants can claim compensation from the Council when they vacate the property for certain specified tenant funded improvements. Where such claims are made in respect of items benefiting from any allowances given under this discretionary works scheme, then appropriate adjustments will be made to any final sums paid as compensation by taking into consideration both Tenant and Council contributions.

10 Approvals and on-going maintenance

- 10.1 Tenants who make use of this scheme will be deemed to have obtained landlord permission for carrying out the works and will therefore not have to obtain separate permission from their Area Housing Manager. However, where applicable (i.e. particularly on larger scale tenant led home improvements) , the tenant will still be required to gain all other necessary statutory approvals (e.g. planning permission; building control etc.) and to ensure restricted works (gas; electrics etc.) are properly certified and appropriate paperwork forwarded to the Council.

- 10.2 As a general rule, works carried out under this scheme will then be maintained by the Council throughout the tenancy or until they are beyond economic repair. Where, in time, items (or part-funded items from this scheme) become beyond economic repair the Council reserves the right to replace that item with whatever it deems appropriate, and/or to remove the item altogether.

OTHER CONSIDERATIONS:

12 SUSTAINABLE COMMUNITY STRATEGY AND CHANGE PLANS (RELEVANCE TO):

- 12.1 Relevant to the strategic priority of being an efficient and effective Council.
- 12.2 Statutory requirements and deliverance of best value in services provided by Winchester City Council.

13 RISK MANAGEMENT ISSUES

- 13.1 The key risks associated with delivering this programme have been assessed as part of the existing service contracts for responsive repairs, painting and gas servicing.

14 RESOURCE IMPLICATIONS:

- 14.1 The works cost (i.e. the allowance) of this discretionary scheme will be met from the annual HRA and capital repairs budget.

The full management and administration costs of running such a scheme are likely to be proportionately very high. The management and administration costs of this discretionary scheme for 2012/13 will be met initially from within existing resources, but whether or not that is sustainable long term will depend very much on the level of tenant uptake and procedural detail which still has to be worked up.

- 14.2 Unlike the number of claims for compensation (Right to Compensation for Improvements), and the uptake for the Council's Tenant Improvement Scheme (virtually zero), we are expecting there to be great interest in this scheme - primarily because the tenant will not have to finance any up-front costs and, unless a tenant wants an improvement costing more than £400, the improvement will be completely free to them.
- 14.3 The scheme will be managed and administered within Landlord Services by Property Services staff. The intention longer term is to collect tenant "wishes and wants" for this scheme when carrying out the rolling stock condition surveys. We are unlikely to be in a position to do this for 21012/13, so will be investigating other interim arrangements for completing this year's programme.

15 Tact Comments

- 15.1 TACT was consulted in the general proposals for this scheme at their January meeting. We have long argued for the reintroduction of the internal decorating programme and many older tenants have really struggled without this scheme.
- 15.2 TACT wholeheartedly supported the proposals. Ensuring that existing tenants get at least some value for the high rents they are expected to pay is really important.

BACKGROUND PAPERS

Background papers held in the Landlord Services Teams (other than papers which are exempt under paragraph 3 of Schedule 12A of the Local Government Act 1972 (as amended)).

APPENDICES:

None