

Thurrock - An ambitious and collaborative community which is proud of its heritage and excited by its diverse opportunities and future

Housing Overview and Scrutiny Committee

The meeting will be held at **7.00 pm** on **11 January 2022**

South Essex College, High Street, Grays, RM17 6TF in room W1.24

Membership:

Councillors Lynn Worrall (Chair), Augustine Ononaji (Vice-Chair), Mike Fletcher, Maureen Pearce, Joycelyn Redsell and David Van Day

Carol Purser, Housing Tenant Representative

Substitutes:

Councillors Adam Carter, Steve Liddiard, Georgette Polley and Elizabeth Rigby

Agenda

Open to Public and Press

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1 Apologies for Absence	
2 Minutes	5 - 12
To approve as a correct record the minutes of the Housing Overview and Scrutiny Committee meeting held on 9 November 2021.	
3 Urgent Items	
To receive additional items that the Chair is of the opinion should be considered as a matter of urgency, in accordance with Section 100B (4) (b) of the Local Government Act 1972. To agree any relevant briefing notes submitted to the Committee.	
4 Declaration of Interests	

5	Housing Development Programme Update	13 - 18
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Queries regarding this Agenda or notification of apologies:

Please contact Grace Le, Senior Democratic Services Officer by sending an email to Direct.Democracy@thurrock.gov.uk

Agenda published on: **29 December 2021**

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DECLARING INTERESTS FLOWCHART – QUESTIONS TO ASK YOURSELF

Breaching those parts identified as a pecuniary interest is potentially a criminal offence

Helpful Reminders for Members

- *Is your register of interests up to date?*
- *In particular have you declared to the Monitoring Officer all disclosable pecuniary interests?*
- *Have you checked the register to ensure that they have been recorded correctly?*

When should you declare an interest *at a meeting*?

- **What matters are being discussed at the meeting?** (including Council, Cabinet, Committees, Subs, Joint Committees and Joint Subs); or
- If you are a Cabinet Member making decisions other than in Cabinet **what matter is before you for single member decision?**



Does the business to be transacted at the meeting

- relate to; or
- likely to affect

any of your registered interests and in particular any of your Disclosable Pecuniary Interests?

Disclosable Pecuniary Interests shall include your interests or those of:

- your spouse or civil partner's
- a person you are living with as husband/ wife
- a person you are living with as if you were civil partners

where you are aware that this other person has the interest.

A detailed description of a disclosable pecuniary interest is included in the Members Code of Conduct at Chapter 7 of the Constitution. **Please seek advice from the Monitoring Officer about disclosable pecuniary interests.**

What is a Non-Pecuniary interest? – this is an interest which is not pecuniary (as defined) but is nonetheless so significant that a member of the public with knowledge of the relevant facts, would reasonably regard to be so significant that it would materially impact upon your judgement of the public interest.

Pecuniary

If the interest is not already in the register you must (unless the interest has been agreed by the Monitoring Officer to be sensitive) disclose the existence and nature of the interest to the meeting

If the Interest is not entered in the register and is not the subject of a pending notification you must within 28 days notify the Monitoring Officer of the interest for inclusion in the register

Unless you have received dispensation upon previous application from the Monitoring Officer, you must:

- **Not participate or participate further in any discussion of the matter at a meeting;**
- **Not participate in any vote or further vote taken at the meeting; and**
- **leave the room while the item is being considered/voted upon**

If you are a Cabinet Member you may make arrangements for the matter to be dealt with by a third person but take no further steps

Non- pecuniary

Declare the nature and extent of your interest including enough detail to allow a member of the public to understand its nature



You may participate and vote in the usual way but you should seek advice on Predetermination and Bias from the Monitoring Officer.

Our Vision and Priorities for Thurrock

An ambitious and collaborative community which is proud of its heritage and excited by its diverse opportunities and future.

1. **People** – a borough where people of all ages are proud to work and play, live and stay
 - High quality, consistent and accessible public services which are right first time
 - Build on our partnerships with statutory, community, voluntary and faith groups to work together to improve health and wellbeing
 - Communities are empowered to make choices and be safer and stronger together

2. **Place** – a heritage-rich borough which is ambitious for its future
 - Roads, houses and public spaces that connect people and places
 - Clean environments that everyone has reason to take pride in
 - Fewer public buildings with better services

3. **Prosperity** – a borough which enables everyone to achieve their aspirations
 - Attractive opportunities for businesses and investors to enhance the local economy
 - Vocational and academic education, skills and job opportunities for all
 - Commercial, entrepreneurial and connected public services

Minutes of the Meeting of the Housing Overview and Scrutiny Committee held on 9 November 2021 at 7.00 pm

Present: Councillors Lynn Worrall (Chair), Augustine Ononaji (Vice-Chair), Mike Fletcher, Maureen Pearce, Joycelyn Redsell and David Van Day

Carol Purser, Housing Tenant Representative

In attendance: Councillor Martin Kerin, Ward Councillor for Grays Riverside
Dulal Ahmed, Housing Enforcement Manager
Susan Cardozo, Housing Asset Investment & Delivery Manager
Peter Doherty, Strategic Lead - Housing Operations
Kelly Myers, Housing Development Project Manager
Chris Seman, Intelligence and Performance Manager
Ewelina Sorbjan, Assistant Director of Housing
Ian Wake, Corporate Director of Adults, Housing and Health
Julian Wain, Strategic Place Advisor
Grace Le, Senior Democratic Services Officer

Before the start of the Meeting, all present were advised that the meeting may be filmed and was being recorded, with the audio recording to be made available on the Council's website.

The Chair stated that as this meeting was being held in The Beehive instead of the Council Chamber, there was a time limit for the use of this venue which is until 9.30pm. If the items on the agenda were not concluded by 9.30pm, the meeting would be adjourned and recommence at the next Housing O&S meeting.

The Chair stated that she had accepted Councillor Kerin's request to attend tonight's meeting for the Housing Development Programme Update item as he wished to contribute on this item in regards to Seabrooke Rise which was in his ward.

17. Minutes

The minutes of the meeting held on 14 October 2021 (postponed meeting of 21 September 2021) were approved as a true and correct record.

18. Urgent Items

There were no items of urgent business.

The Committee confirmed that they had received and read the Briefing Note - Void Numbers and Process Followed which was circulated on 26 October 2021.

19. Declaration of Interests

There were no declarations of interest.

20. Housing Development Programme Update

The report was presented by Julian Wain.

The Chair invited Councillor Kerin to speak.

Councillor Kerin noted that the report had not referred to the Portfolio Holder (PFH) for Housing's recent announcement in regards to the proposed building of 86 flats on the CO1 side of the Civic Offices. He said that the PFH had mentioned a viable financial model and sought further detail. He also asked when a full report on this would be brought forward. Julian Wain answered that a report would be brought to committee in January 2022 and that work on the proposal was still in progress so further details would be unveiled in that report.

Councillor Kerin requested to attend the committee in January 2022 to hear the report and the Chair agreed. He went on to ask whether parking and other mitigation measures would be considered to make the development sustainable as he was concerned of the impact that the development would have on Seabrooke Rise which was within his ward. Julian Wain said that these would be considered.

Councillor Kerin thanked the committee for allowing him to ask his questions and left the meeting.

Councillor Redsell asked whether the designs of the housing development Loewen Road could be shared with the Committee. She also asked how the houses would be allocated to residents. Kelly Myers answered that the designs of the properties were in keeping with the character of the houses on the street and met planning and parking standards. She said that the application was due for consideration at Planning Committee on 2 December 2021 and that she would share the development designs with the committee. Regarding housing allocations, Ewelina Sorbjan said that the properties would be prioritised for local residents through the Local Lettings Plan.

Councillor Fletcher asked whether the properties on Loewen Road were affordable housing or social housing. Ewelina Sorbjan answered that she would look into the details of this.

Referring to 3.4 of the report, Councillor Fletcher said that the proposal of the revised process was good but it did not give an indication of the number of social homes planned or the issues in delivering these. He felt that the Committee needed to know these details. Julian Wain explained that the service was working on the wider strategy and was a work in progress which could end up as a 5 to 10 year strategy. He said that the service aimed to

bring a report to the Committee on the strategy in January 2022 or March 2022.

Referring to 3.12 of the report, Councillor Ononaji asked whether there was a solution for the antisocial behaviour (ASB) mentioned. Ewelina Sorbjan said that ASB Teams were investigating the complaints and regularly visiting the area. She explained that the best solution in tackling ASB was to focus on growing a strong community.

The Chair said that the process on the Site Options List needed to be refreshed with an agreement on which sites should be on that list to ensure that there was no deviation from it. She felt the old list should no longer be used. She sought assurance that other council departments were communicating with each other as she had experienced a recent issue in regards to Richmond Road. She also pointed out that new homes needed to be Thurrock affordable and of a good quality. Julian Wain said that Members would be updated on sites. He went on to say that the aim of the strategy was to provide a clear process and a clear pipeline of sites.

The Committee asked that future reports needed to have more 'meat on the bone' as some Members felt the report was not detailed enough.

RESOLVED:

Commented on the revised approach to consider the suitability of Council owned sites for redevelopment of new Council housing involving engagement with Councillors, stakeholders and communities.

21. Fees and Charges Pricing Strategy 2022-23

The report was presented by Dulal Ahmed.

Councillor Redsell sought clarification on where the 212 HMOs were and said that Ward Councillors needed to be made aware of these in their ward as there were a number of concerns with HMOs. Referring to page 25, she pointed out that the traveller site on Gammon Field was moving 100 yards away from its current site and not 'elsewhere in the borough' as the report stated. Dulal Ahmed answered that the Council's website highlighted where HMOs were. He advised that concerns with HMOs should be emailed to officers and for the Planning department to be notified. The Chair requested that the link be included in the minutes ([Register of licensed HMOs | Houses in multiple occupation | Thurrock Council](#)).

The Chair asked if the service was aware of any hidden HMOs in Thurrock. Dulal Ahmed answered that the service was investigating up to 2,500 unlicensed HMOs. There had been a delay in this due to Covid-19 but was now reinstated.

Councillor Ononaji sought clarification on what were considered discretionary charges. He also asked whether a consultation took place for these. Dulal

Ahmed explained that these were services that the Council provided such as Housing Enforcement Notices as it required time to carry out and a reasonable charge for the cost incurred was allowed. He said that before a notice was served, the service consulted with the landlord and gave time for the landlord to resolve the issue. A number of considerations were taken into account and enforcement was usually served as a last resort to ensure that residents were not at risk of harm.

Councillor Pearce asked if the service benchmarked their fees against neighbouring authorities. Dulal Ahmed answered that the service compared and regularly reviewed their fees against neighbouring authorities to ensure that the service was not expensive.

The Chair questioned what the penalty charge for energy efficiency on paragraph 9 was. Dulal Ahmed explained that the law had changed so that properties with an Energy Performance Certificate (EPC) that had a rating lower than E could not be let. The service had identified properties with an EPC lower than E and had notified these properties. If these properties continued to be let with an E EPC, the service would need to take enforcement action but landlords were given the opportunity to improve their EPC rating to ensure that it could be legally let.

The Chair asked why discretionary charges had increased by 10%. Dulal Ahmed explained that there had been an increase in the amount of time that staff spent in removing hazards with part 1 actions. There was an increase in complaints from tenants living in poor homes with hazards of damp and mould, structure, sanitation and pest problems. The charges had increased to meet demand and the money was ring-fenced to the Private Housing Team.

The Chair mentioned that at last year's Fees and Charges report, Members had been informed that carbon monoxide alarms would be installed in all council homes by this year's Fees and Charges report. She sought confirmation of this. Susan Cardozo confirmed that this had been done.

Councillor Fletcher noted the increased charge for the 'Sheltered Housing Visitor's Room' in the appendix and queried why this had increased by 25%. Ewelina Sorbjan explained that this fee did not fall within the remit of the Fees and Charges report for Housing O&S and would look into this. The Committee said that they did not agree with the increase in this charge.

Councillor Redsell highlighted concerns of a doorbell entry charge on Jesmond Road and Springfield Road. She would email this information to officers to look into.

RESOLVED:

That Housing Overview and Scrutiny Committee noted the revised fees, including those no longer applicable, and that Housing Overview and Scrutiny Committee comment on the proposals currently being considered within the remit of this committee.

22. Damp and Mould in Council Housing Properties

The report was presented by Susan Cardozo.

Councillor Redsell said that damp and mould would reappear after a paint job. She pointed out that flats in Blackshots were not built for dryers and that there was nowhere for clothes to dry. She said that the problem was persistent and tenants were moved out but new tenants would also move in and face the same issues. She referred to 3.4 and said that damp and mould could be identified as 'no area to dry clothes' and that people could not be blamed.

Councillor Fletcher commented that the service was not explaining the issue to residents properly. He referred to 4.6 and noted that over 500 homes had a reoccurrence of damp and mould. He asked how long a treatment to damp and mould lasted for. He also noted that mould reoccurred in a third of the properties after two years.

Susan Cardozo said that damp and mould issues were identified from repairs data but did not indicate how damp and mould occurred. She said that the consultation for the Blackshots flats was due to end soon. Regarding damp and mould complaints to the service, she said that scripts had been revised to help call centre staff understand the complaints. Training had been provided to Quality Assurance and Tenancy Officers on fuel poverty as well. She went on to say that some properties were older and required more maintenance and the aim was to improve thermal efficiency of buildings that was affordable. Regarding treatments for damp and mould, this was dependent on the cause so the length of time that each one lasted differed but the service needed to address the problem and stop the mould from spreading. Referring to section 5, she said that 4.46% of the housing stock had two or more reoccurrences of mould which was quite low although Councillor Fletcher felt that this was high. She said that the service was focussing on the underlying problems for those properties.

The Chair noted that planning permission had been granted for the cladding to be replaced in some of the Council's flats and felt that this was 'a waste' as the flats could be 'pulled down'. Susan Cardozo explained that if the consultation was positive, then minimum repair would be carried out before the flats were decanted. She stated that the cladding needed replacing as well as the roofs which were leaking to ensure that residents in the flats were safe.

Councillor Pearce queried the Council's partner for the ECO. Susan Cardozo explained that there were a number of grants available that the Council could bid on and the Council had bid on the Social Housing Decarbonisation Fund. She said that there would be another round of funding for ECO in the new year.

The Chair commented that services in the Council were not 'linking up' and that more needed to be done. She sought more detail on the new heating system for flats in Chadwell. Susan Cardozo explained that Cabinet had

granted approval in March and the system design had taken place since then. The tender process was due to end next week and work would begin as soon as possible. She stated that residents needed to report any repair issues with current storage heaters in the meantime as the new system would not be up and running this winter.

Councillor Fletcher commented that there were issues with cavity wall insulation that had not been carried out well in the past. He asked whether engineers were more experienced in this work now. Susan Cardozo explained that technology had improved since then. She said that where the service was replacing windows in properties now, these included trickle vents for improved ventilation. She said that the service had also started to roll out an external painting programme and were also looking at further external wall insulation programmes to make use of any available eco funding. She also advised the committee that the report had now been released by the Housing Ombudsman on this subject with a number of recommendations and the Housing Service were assessing the current position against these. She offered to bring a report back next year to update on this.

RESOLVED:

The Housing Overview and Scrutiny Committee were invited to comment on the Council's approach and performance in relation to the management of damp and mould within the housing portfolio.

23. Garage Project Update

The report was presented by Peter Doherty.

Councillor Redsell sought clarification on when the garages would be painted and which garages had been painted. Peter Doherty answered that the garages have had the doors replaced with some painted. He would find out which garages had been painted so far.

The Chair questioned why a consultant was needed to look into the condition of the garages. She also sought more detail on renovating garages into bungalows. Susan Cardozo answered that the stock condition survey had highlighted issues with some of the garages and required a specialist structural engineer to assess the best solution for these. Ewelina Sorbjan explained that the service was checking which garages would be viable as a bungalow. Delargy Close had been a pilot scheme which had received positive reactions and would have an ongoing review to assess how habitable it was.

Councillor Redsell pointed out that most of the garages were not faulty but needed to look aesthetically good. The Chair sought clarification on the legal implications. Ewelina Sorbjan explained that the Council's legal team were advising that each asset had a purpose and that a process was needed to change this purpose such as the case of converting a garage into a bungalow.

Councillor Pearce questioned whether garage plots would be needed in 2030 as petrol cars could be phased out by then and electric cars would be in use. Peter Doherty answered that the service would need to review their provision in the future if this happened.

Councillor Redsell asked whether a survey could be conducted to look into whether garages were used for cars or storage. She mentioned that Claire Harvey had been looking into this before. Peter Doherty explained that this could not be verified as garages were rented out for private use but would look into this. He commented that a large number was likely used for storage purposes as the garages were small for today's large cars.

RESOLVED:

It was recommended that Housing Overview and Scrutiny Committee receive this report for information and comment.

The Committee raised concerns over the recommendations of reports and felt that many were still for 'noting' following on from the Scrutiny Review Project of last year. They felt that recommendations needed to show actions and outcomes as discussed in the project's workshop. They stated that comments from scrutiny committees were not added into Cabinet reports. Grace Le answered that she would look into this with her team.

24. Work Programme

The following reports were added:

- Housing Development Strategy – 11 January 2022.
- Garage Project Update – next municipal year.
- Damp and Mould Ombudsman Feedback – June 2022.
- Council Stock Condition Survey – next municipal year.

The meeting finished at 9.15 pm

Approved as a true and correct record

CHAIR

DATE

**Any queries regarding these Minutes, please contact
Democratic Services at Direct.Democracy@thurrock.gov.uk**

11 January 2022		ITEM: 5
Housing Overview and Scrutiny Committee		
Housing Development Programme Update		
Wards and communities affected: All	Key Decision: N/A	
Report of: Keith Andrews, Strategic Lead – Housing Development		
Accountable Assistant Director: Keith Rumsey, Interim Assistant Director – Regeneration and Place Delivery		
Accountable Director: Sean Clark, Corporate Director of Resources & Place Delivery		
This report is Public		

Executive Summary

This report seeks to update members on progress on various sites currently being actively considered for housing development.

1. Recommendation

Housing Overview and Scrutiny Committee are asked to:

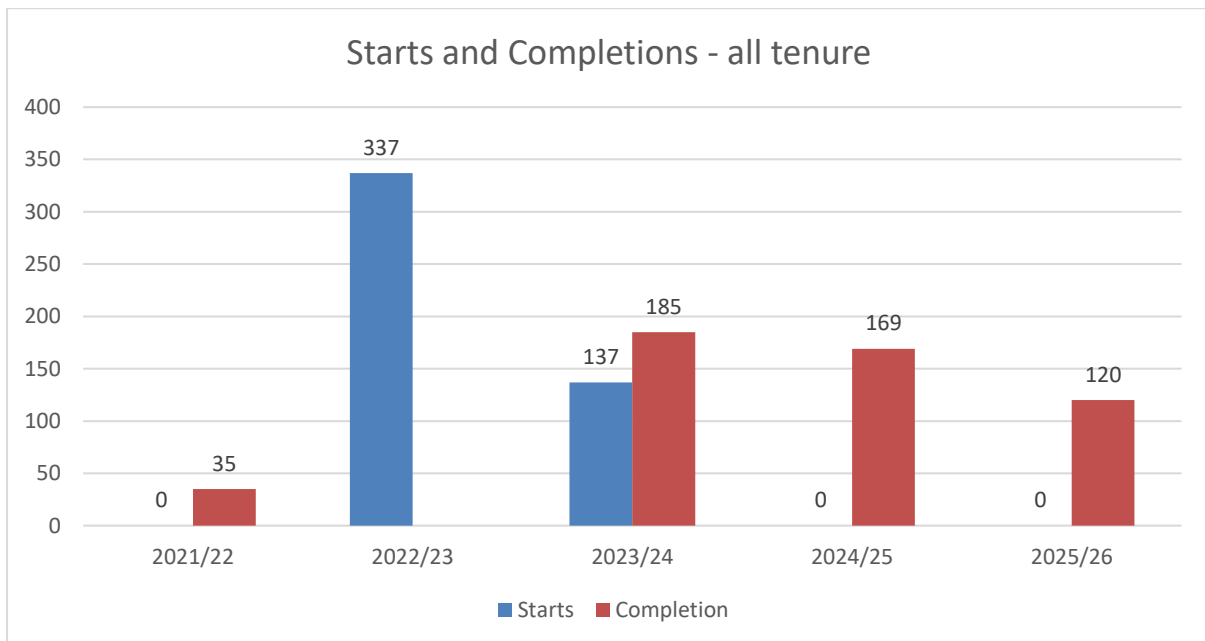
1.1 Note the updates on sites being considered for housing development.

2. Introduction and Background

2.1 Reports are presented regularly to Housing Overview and Scrutiny Committee on the progress of the Councils housing development programme and projects. At November 2021 Housing Overview and Scrutiny Committee Members requested more detail on each site currently under consideration.

2.2 This report makes reference to locations within both the Housing Revenue Account and General Fund. Currently it can be expected that sites held in the Housing Revenue Account (HRA) will, if agreed for development, be for HRA housing, typically let in line with the Council's current policy of letting new homes at 70% of market rent or the Local Housing Allowance for the area. Further work regarding affordability in Thurrock – and what affordable means in Thurrock to those who live in the borough – will be picked up as part of the Housing Strategy 2022-27, which will also specifically consider social rent setting.

- 2.3 Any sites that become approved for housing development and are held within the General Fund may be offered to Thurrock Regeneration Limited (TRL), subject to Cabinet approval. Those sites will generally be required to deliver 35% affordable housing in line with planning policy with the affordable housing offered for sale to the HRA.
- 2.4 The total number of potential dwellings on new build projects under consideration is 474 of which 285 are anticipated to be HRA. The chart below shows anticipated starts and completions for sites actively being considered.



3. Issues, Options and Analysis of Options

- 3.1 Sites currently being reviewed for housing development are set out below.
- 3.2 A revised planning application for 4 new Council homes at **Loewen Road, Chadwell St Mary** was approved at Planning Committee on 2nd December 2021. This application was resubmitted with a reduced number of homes following refusal at Planning Committee earlier in the year and subsequently deferred from the October Planning Committee due to time constraints. Once constructed these new homes with associated parking are to be let in line with the Council's Housing Allocation policy. The scheme has been designed to a high quality and seeks to make use of renewable and low carbon technologies by being a zero gas development and providing vehicle electric charging points. The homes will be designed to Part M Category 2 of the Building Regulations which means they are accessible and adaptable and must meet the needs of occupants with differing needs, including some older or disabled people, and allow adaptation of the dwellings to meet the changing needs of the occupants over time.
- 3.3 Planning permission was granted, subject to conditions, for the development of 173 new homes including 62 affordable homes on the site of the former

Culver Centre and Field in South Ockendon at Planning Committee on 23rd September. Subject to Member approval this site is to be offered for sale to TRL and the HRA will be invited to purchase the affordable housing units to be constructed.

- 3.4 **Broxburn Drive** is held within the HRA in South Ockendon. The proposal is to develop up to 38 new Council homes, being a mix of flats and houses. An online consultation and another onsite have been conducted closing on 25th October 2021. Residents expressed a preference for improved green space and concerns were noted over parking and how the current estate layout can contribute to anti-social behaviour. At the time of writing design proposals are being amended as a result and in addition to the construction of new homes it is proposed that various estate improvements be carried out at the same time as the new development to improve the estate layout together with upgrading of communal areas.
- 3.5 The Council has for some time supported the principle of residential development of the part of the Civic Offices known as **C01**. Subject to approval this site could accommodate c80 new homes within the HRA for affordable rent.
- 3.6 **Vigerons Way** is a small garage site located in the ward of Chadwell St Mary, and held within the HRA. The site suffers from anti-social behaviour. The proposals are to develop 8 two bedroomed houses for rent within the HRA with allocated car parking and an upgraded access road. An existing footpath to the rear of the site will be kept so that neighbouring resident access is retained and with lighting added to improve safety.
- 3.7 Resident consultation was carried out in July 2021 with a drop in session on site together with on-line, written and telephone options for responses available. Concerns expressed by residents included parking, impact on neighbouring residents, management of construction traffic and increased pressure on local services. The design team are revising plans and subject to further discussion with residents whose vehicular rights will be impacted by development and approvals to proceed a planning application could be made in spring 2022.
- 3.8 The 35 unit Council sheltered housing **Calcutta Road** project in Tilbury for older people has been designed to the HAPPI standard which provides generous internal space, plenty of natural light in the home and circulation spaces, avoids single aspect design apartments and promotes the use of balconies and provision of outdoor space for the residents. Progress towards completion has been significantly delayed by Covid related matters and the availability of materials, in particular, concrete, tiles and paving. Final handover and completion is planned for January 2022.
- 3.9 The site of the former **Aveley Library and Hall** is held within the General Fund but is being considered for development as affordable housing within the HRA. The site is now vacant and demolition is anticipated in January

2022. The current proposal is to develop low rise 16 flats for rent. A technical team have been appointed to carry out the necessary investigative and design work. Local resident consultation is programmed to follow in spring 2022. Approval will be required to allow the land to be appropriated from the General Fund to the HRA.

- 3.10 **Darnley & Crown Road Car Park** in Grays is being considered for development of 64 flats. The land is held in the General Fund and is one of the sites that could be offered to TRL for development. The S106 requirement for affordable housing would be 35% equal to 22 flats.
- 3.11 The site is a short walking distance to the town centre, rail and bus stations and is in an area of high accessibility. This means that lower parking requirements could apply subject to detail pre-application planning consultation with the Councils planning service. A consultant team has been appointed and scheme design is underway. As with all projects wide officer and resident consultation will be carried out as the proposal develops.
- 3.12 **Argent Street Car Park in Grays** is also under consideration for development for residential accommodation. Current designs could see 17 flats located at this site. The land is again held in the General Fund but has been considered to be too small for a TRL project and is being reviewed as a HRA site.
- 3.13 The site will require diversion and build over of existing Anglian Water drainage which will place pressure on the financial viability of the project. This will be considered further as the project develops.
- 3.14 At **Richmond Road** in Grays is the site of the former Thurrock Adult Community College together with adjacent cleared back land, but excluding the scout hall at the Alf Lowne Scout Centre. The site is being reviewed for residential development but early indications are that it could accommodate a mix of around 55 houses and apartments. The former College is to be demolished. The housing development project is at feasibility and viability stage. This includes architectural and cost consultancy to determine site capacity and tenure options and provide cost information.
- 3.15 It is recognised that there are logistical constraints to developing this site and that construction activity will impact on neighbouring residents. In particular the arrangements for deliveries and construction traffic will need to be carefully considered with any scope for deliveries from Bridge Road fully examined. These discussions will form part of resident consultation should the site progress to that stage. The land is currently held in the General Fund. Any TRL or private development would be required to provide up to 35% affordable housing in line with planning policy.
- 3.16 **Lyndhurst Road** garage site in Corringham which has been identified by the Housing service as potentially suitable as a housing development site. The site

is made up of 67 garages there have been historic ASB issues on the site and several are derelict.

- 3.17 An initial capacity study has been carried out highlighting potential opportunities on the site for up a 17 unit flatted development or a smaller number of houses.
- 3.18 TRL is currently considering its approach to delivery of new housing at **Belmont Road, Grays**, a site in its ownership. Planning policy would require that a project of 80 homes would require 28 of them to be made available as affordable housing.
- 3.19 Work is ongoing to assess the potential redevelopment of existing HRA assets that would require major works to extend their lifespan at **Blackshots** and **Teviot Avenue, Aveley**. Initial resident consultation has taken place and following full assessment of options a report will be made to Committee at a future meeting alongside a comprehensive programme of resident consultation.

4. Reasons for Recommendation

- 4.1 Committee has requested an update on the progress of individual projects under active consideration.

5. Consultation (including Overview and Scrutiny, if applicable)

- 5.1 This paper provides opportunity for Members of this Committee to review progress on the delivery of the Housing Development Programme.

6. Impact on corporate policies, priorities, performance and community impact

- 6.1 The development of housing aligns closely with the Council's Vision and Priorities adopted in 2018. In particular it resonates with the "Place" theme which focuses on houses, places and environments in which residents can take pride.

7. Implications

7.1 Financial

Implications verified by: **Mike Jones**
Strategic Lead – Corporate Finance

There are no financial implications directly arising from this update report. The financing of the schemes are considered as part of the HRA 30 year business plan.

7.2 Legal

Implications verified by: **Courage Emovon**
Principal Lawyer / Contracts Team Manager

There are no direct legal implications as it is an update report.

7.3 Diversity and Equality

Implications verified by: **Roxanne Scanlon**
**Community Engagement and Project
Monitoring Officer**

There are no equalities implications to this update report.

7.4 Other implications (where significant) – i.e. Staff, Health Inequalities, Sustainability, Crime and Disorder or Impact on Looked After Children

None

8. Background papers used in preparing the report (including their location on the Council's website or identification whether any are exempt or protected by copyright):

None

9. Appendices to the report

None

Report Author:

Keith Andrews
Strategic Lead Housing

11 January 2022	ITEM: 6
Housing Overview and Scrutiny Committee	
Thurrock Regeneration Ltd – Proposed Development of Culver Centre and Field, South Ockendon	
Wards and communities affected: All	Key Decision: Key
Report of: Julian Wain – Strategic Place Advisor	
Accountable Assistant Director: Keith Rumsey, Interim Assistant Director – Regeneration and Place Delivery	
Accountable Director: Sean Clark, Corporate Director of Resources & Place Delivery	
This report is Public.	

Executive Summary

The Culver Centre and Field in South Ockendon is a cleared site which has been earmarked by the Council for development. Following preparation of a proposed scheme a planning application was submitted and determined on 23rd September 2021. The route to development now needs to be determined.

Thurrock Regeneration Ltd, the Council’s housing development company, is seen as the most appropriate developer for this scheme and it is proposed that this site should be offered to the company for development. TRL has informally indicated its willingness to purchase the land for development, subject to legal and financial due diligence and the final approval of the Board.

It is proposed that delegated authority be given to the Corporate Director of Resources and Place Delivery, in consultation with the Portfolio Holder for Finance, to finalise the terms of the transfer to TRL including, subject to independent assessment the valuation of the land, approve the scheme funding to TRL and related amendment to the Council’s finances. This delegated authority will be subject to the scheme meeting key financial parameters.

1. Recommendations

That Housing Overview and Scrutiny Committee are asked to:

- 1.1 Comment on the proposal that that Thurrock Regeneration Ltd develop the Culver Centre and Field, South Ockendon site in accordance with the consented planning application.**

1.2 Notes that authority will be delegated to the Corporate Director of Resources and Place Delivery, in consultation with the Portfolio Holder for Finance, to agree the transfer value of the land, final funding to TRL, and to enter into legal agreements including appropriation of land, as required to enable this development, subject to the financial parameters as set out in the report.

2. Introduction and Background

2.1 Scheme details

2.2 The site is positioned between Daiglen Drive and Broxburn Drive, South Ockendon and bounded by Shaw Primary Academy to the North and Danbury Crescent to the south. Surrounding properties and residential developments are mainly from the mid-20th century including terraced, semi-detached and 1950s Council Housing.

2.3 The site is 4.53 ha (11.197acres) with a flat topography. The Culver Centre has been demolished and there is open space to the east of the site.

2.4 The consented scheme includes 173 new homes including 62 affordable homes comprising a mix of one and two bedroom apartments and two and three bedroom houses alongside the re-provision of public open space with associated landscaping and public realm, private and communal amenity space, car and cycle parking provision and access improvements

2.5 The proposed tenure mix is planning policy compliant with 35% affordable housing, a mix of affordable rented (43 or 25%) and shared ownership (19 or 11%) with the remaining housing being for the private market.

2.6 Tender documentation and drawings are currently being prepared and will be submitted to the market shortly, subject to the final governance and approval of the TRL Board.

2.7 The Council is currently preparing the site for transfer including ensuring a clean title, this includes the appropriation of land for planning purposes.

2.8 Following Scrutiny consideration the report is intended to go to Cabinet. Assuming Cabinet approval is forthcoming, the next step is that following independent valuation, the Land Transfer, Management and Funding Agreements between the Council and TRL are entered into and TRL completes its' procurement and enters into a construction contract.

3. Issues, Options and Analysis of Options

3.1 The development scheme received planning permission on 23rd September 2021. The alternative options for the Council to consider are to sell off the

land with planning permission to a private developer, or the possibility of the HRA investing in or building out the site.

Summary of key risks and opportunities;

Option	Opportunities	Risks
Transfer the land to TRL to develop	<ul style="list-style-type: none"> • Articulating the vision • Control of design and place making • Long term investment • Generation of returns / pursuit of mutual objectives • Revenue receipts • Dividend at the end of the development • Cross subsidy for affordable housing • Certainty in the delivery of homes • Potential opportunity for Council to own affordable units 	<ul style="list-style-type: none"> • Market uncertainty • Competing demands (company vs corporate)
Disposal to a private developer	<ul style="list-style-type: none"> • Up front capital receipt 	<ul style="list-style-type: none"> • Risk of different scheme coming forward due to viability • Uncertainty of delivery • Less control over the development
HRA	<ul style="list-style-type: none"> • Increased Council housing units 	<ul style="list-style-type: none"> • Consented scheme includes market sale units and capital receipt for land together with return to general fund from borrowing on TRL behalf will be financially advantageous for the Council • Inappropriate for HRA to take risk of market sale

3.2 Agreement to the recommended option for TRL to gain the funding and land transfer would provide the Council with a revenue stream via the repayment of interest on the loan over several years as well as a dividend at the end of the

business term.

- 3.3 The consented scheme includes market sale property which it is not appropriate to develop through the HRA as the HRA should not be taking sales risk.
- 3.4 A number of joint venture options with partners outside the Council would be feasible, however the Council does not currently have the partners or infrastructure to make this effective. In isolation such partnerships will not be more financially advantageous than the preferred route.

Risk Assessment

- 3.5 The key risk at this stage is the volatility in construction costs. The position with regard to this will be determined by the market tendering exercise and is a matter for TRL. In compiling their due diligence the costs of building will be taken into account.
- 3.6 Sales risk on market sale is always present. However market indications are that there is healthy demand for new build properties of this type and location in Thurrock and this is expected to continue.
- 3.7 Subsidy Control (formerly state aid) regulations are complex and intrinsically related to the financial viability. Legal due diligence will be undertaken by the Council and TRL to ensure the scheme will not proceed unless the scheme is subsidy control compliant. It is unlikely that this will be an issue.

Financial Implications

- 3.8 TRL's financial advisers have developed a financial model to assess whether TRL and its developments can be established on a viable basis. This model considers the cash flow, tax and accounting implications of TRL's proposed developments and also considers the cash flow and accounting entries impacting the General Fund. It can be used for each scheme on a stand-alone basis to examine whether the viability tests are met.
- 3.9 This model will be rerun by TRL as part of its due diligence to assure that this scheme is viable and deliverable.
- 3.10 The inputs and assumptions for Culver will be continuously reviewed. This will include:
- Monitoring of overall development costs for the scheme in light of price increases in the construction sector referred to above.
 - Scenarios with regards to sales and market rent will be tested to ensure the most financially viable option. Prudent assumptions throughout the modelling will be used.
 - Borrowing costs and interest rate projections will be monitored.

3.11 A narrative summary of the current position is set out below:

Input	Commentary
Tenure Mix	65% of the development will be for the private market. 35% will be affordable housing a mix of affordable rent and shared ownership.
Construction Programme	To be determined
Land Cost	Independent valuation prior to land transfer.
Construction Costs	Based on advisers latest cost estimates and include planning and design costs. At this stage it is considered that the scheme is still viable to TRL.
Sales Values & Overall Sales Income	Sales values are based on recent market information and will be uplifted by house price inflation to the sale date.
Rental Income	Rents are based on recent market information. Affordable rents, are set at up to 80% of current market rents and are in all cases within current Local Housing Allowance figures.
Operating Costs	Management and operating costs reflect the cost of the services provided by the Council to TRL on a full commercial basis. Therefore this arrangement should lead to a small net income within the General Fund resulting from the margin charged on top of direct costs to TRL. Maintenance and lifecycle costs reflect industry norms.
Bad Debts & Void Losses	This reflects a prudent allowance and is informed by the Council's experience of managing its own stock and experience of other providers.
Central running costs	An annual sum is included to cover accounting, insurance, IT and other central support costs which will be payable to third parties.
Inflation	Factors general inflation (CPI) and other inflation factors including house price inflation assumptions are based on relevant independent data.
Interest Rates	The interest rate which the Council is assumed to pay on its borrowing reflects the rate that the Council will be borrowing at. Funds on-lent to TRL will attract a margin which is based on current prescribed margins for subsidy control compliancy.

Financial Parameters

3.12 The following underlying principles and parameters were agreed in relation to TRL:

- **Impact on General Fund.** Interest payable in the General Fund, as a result of the PWLB loans taken out to provide loans and equity finance to TRL, should be covered by interest receivable from the loans to TRL.
- **Council equity return.** From a commercial perspective the Council needs to be satisfied that best value is generated by investing cash and land within TRL and that the return reflects a position that does not involve the provision of unlawful subsidy.
- **TRL financial viability.** TRL will be consolidated into the Council's group accounts and, therefore, the Council must be satisfied of TRL's overall financial position and ability to repay its loans.

3.13 At this position, the financial implications are as follows, taking each parameter in turn:

- The financial model shows that the interest payable by the Council, in respect of loans taken out to fund TRL, will be met from interest payable by TRL to the Council. In summary, this parameter is met.
- The returns which the Culver Centre site can be expected to generate are at the lower end of the acceptable range, reflecting the high cost of developing given the market conditions. However, this is not out of line with market trends. The current development estimates, with an element of contingency included, does meet this parameter. When TRL receives the final tender for the scheme the projected return must meet subsidy control requirements and this will be a key parameter in relation to approval to proceed.
- The latest projections confirm TRL's financial viability and also that it will be able to operate as a going concern and repay its loan from the Council based on current known information and assumptions utilised within the model. The final parameter is therefore met.

3.14 In summary, when the final financial position is known following valuation of the land and receipt of the construction tender, the above three parameters will be re-assessed and all three will need to be satisfied for the scheme to proceed.

4. Reasons for Recommendations

4.1 Development of the Culver Centre site will provide quality housing to meet housing needs and improve the lives of Thurrock residents. The development

will also contribute to place making and enhancing South Ockendon regeneration. Therefore contributing to the Council's objectives of:

- Place - a heritage-rich borough which is ambitious for its future with roads, houses and public spaces that connect people and places and clean environments that everyone has reason to take pride in

The recommendation in this report is designed to allow there to be minimal delay to the scheme start.

- 4.2 It is proposed that Council give delegated authority to the Corporate Director of Resources and Place Delivery, in consultation with the Portfolio Holder for Finance, to agree the final financial position when valuation is received and the construction tender is submitted but subject to meeting the financial parameters set out in this report.
- 4.3 The estimated cost of construction and thus the level of borrowing that the Council will have to undertake will be re- analysed and the final figures will be shared with decision makers for the delegated authority process for approval.
- 4.4 TRL will provide an income return to the Council which can support regeneration projects which can meet the aspirations and desires of local people.

5. Consultation

- 5.1 This paper provides opportunity for Members of this Committee to comment on the proposal.

6. Impact on corporate policies, priorities, performance and community impact

- 6.1 TRL will support the Council's place shaping agenda and will help deliver a range of housing tenures and other projects. By enabling TRL to develop quality housing on land that it owns the Council will provide an alternative route to private sector led regeneration which may otherwise be constrained by market conditions. Such housing will contribute to improving, and creating great places where community pride, good health and wellbeing and economic prosperity will thrive.

7. Implications

7.1 Financial

Implications verified by: **Jonathan Wilson**
Assistant Director, Finance

The financial implications are set out in the main body of the report. Within the Council's medium term financial strategy, an assumption of £1.5m of net income, generated through the lending mechanism between the general fund and TRL, has been included.

The Council will receive a capital receipt for the land which will be determined by independent valuation. Modelling to date has been carried out on an assumption of £2million

7.2 Legal

Implications verified by: **Courage Emovon**
Principal Lawyer / Contracts Team Manager

Delegation of Authority as proposed in Sec 1.2 of this report are within the Council's powers. The Council will need to comply fully with the provisions of the Public Contracts Regulations 2015 and the Council's Contract Procedure rules in relation to any proposed development of the site. Legal Services will be on hand to advise on any issues arising from the Council's proposals and this report and where external legal support is sought, Legal services will co-ordinate this support.

7.3 Diversity and Equality

Implications verified by: **Roxanne Scanlon**
Community Engagement and Project Monitoring Officer

Development of this site will have a positive impact on the locality in terms of tenure mix. TRL's developments will follow Council policies in relation to diversity and equality and, in particular, will ensure that contractors bidding for work from the Company will follow the Council's Equality Codes of Practice on Procurement.

Contractors and developer partners will be required to have relevant policies on equal opportunities, be able to demonstrate commitment to equality and diversity and to supporting local labour initiatives that achieve additional social value.

7.4 Other implications (where significant) – i.e. Staff, Health Inequalities, Sustainability, Crime and Disorder or Impact on Looked After Children

None

8. Background papers used in preparing the report

None

9. Appendices to the report

None

Report Author:

Julian Wain

Strategic Place Advisor

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11 January 2022	ITEM: 7
Housing Overview and Scrutiny Committee	
C01 - Redevelopment Update	
Wards and communities affected: All	Key Decision: N/A
Report of: Keith Andrews, Strategic Lead – Housing Development, Mike Jones Strategic Lead Corporate Finance, Julian Wain – Strategic Place Advisor	
Accountable Assistant Director: Keith Rumsey, Interim Assistant Director – Regeneration and Place Delivery	
Accountable Director: Sean Clark, Corporate Director of Resources & Place Delivery	
This report is Public	

Executive Summary

This purpose of this note is to give an update on work to date and seek agreement for approximately 82 new homes to be built at the site of C01 to be owned and managed by the Council and held for affordable rent within the Housing Revenue Account (HRA).

1. Recommendations

Housing Overview and Scrutiny Committee are asked to:

- 1.1 Comment on the proposed redevelopment of C01 to be 100% funded through the HRA.**
- 1.2 Note that the scheme is to be directly delivered by the Council and the properties to be owned and managed by the Council through the HRA.**
- 1.3 Note that consultants are appointed to take the scheme through to planning submission subject to approval and consultation.**

2. Introduction and Background

- 2.1 The purpose of this report is to give an update on work to date and seek agreement for approximately 82 new homes to be built at the site of C01 to be owned and managed by the Council and held for affordable rent within the Housing Revenue Account.

- 2.2 Cabinet have previously approved a report in December 2018 that recommended development of a residential scheme. A project of approximately 80 units is considered to be the most financially viable and has the best fit with planning requirements.
- 2.3 The existing use of CO1 as office space will be discontinued from early 2022.
- 2.4 The proposed outcome for this scheme needs to meet the place shaping requirements for the Council given its ambitions for Grays, current planning policy and provide an additional £2.8m financial benefit to the general fund in support of the Civic extension project.
- 2.5 The proposal to develop C01 for residential accommodation is consistent with ambitions in the Grays Town Centre Framework with regard to bringing forward new development in this area with the increased residential population supporting the vitality of the shopping centre and local business. Design development through the planning process will recognise the relationship of this proposal to nearby Seabrook Rise estate to ensure the proposal is compatible in overall design, scale and massing.

3. Issues, Options and Analysis of Options

- 3.1 A range of options have been considered as below
- 3.2 **Refurbished or new Offices.** The principle of the use of C01 for redevelopment as residential accommodation was established at Cabinet in December 2018. It was noted at that time that the CO1 building had undergone very few modifications and upgrades to its plant and services. It noted that the buildings fabric and services were approaching 'end of life' and that even if refurbishment costs estimated at £5.75m were completed the building would still have an inefficient layout and have unviable floor space. It is considered that replacement of new office accommodation on the CO1 site is not required in the current market.
- 3.3 **Residential Accommodation Options.** The position on redeveloping C01 for residential accommodation and the benefits of providing a new council facility in the Civic Office extension were further agreed at Cabinet in September 2019 with the benefits of developing C01 for residential accommodation being a contributory factor in bringing the Civic Offices Project forward. Options for a market sale or private rented sector development are not financially viable as considered in the section on financial viability
- 3.4 **Design process of residential accommodation to date.**
- 3.5 An initial range of designs and cost plans were developed that considered options from refurbishing the existing accommodation as apartments through to a range of demolition and new build alternatives of differing levels of height and density. Following review the preferred option was for a new build project

of c80 units.

- 3.6 A technical team was then appointed to take the project to RIBA stage 1 which was completed with 3 proposed design options varying in height and layout considered by officers.
- 3.7 The current stage of design has been developed following consultation with the Council's urban design team, taking into account planning policy, to:
- limit design height having regard to the locality.
 - minimise overshadowing and encourage dual aspect to the apartments,
 - Consider ways to activate the street frontage, ideas such as street facing duplex apartments or mixed use space
 - Promote the use of roof garden areas to maximise private amenity space.
 - Consider design of car parking provision
- 3.8 It is recognised that car parking provision is one of the key determinants of design. The Council's planning design team advise that proposals should be based on a requirement for flats with high public transport accessibility of between 0 and 1 spaces per dwelling together with secure cycle storage and electric charging point provision. These requirements meet the proposed Parking Policy and Strategy and Parking Design Development being considered at Cabinet in January 2022. The design currently proposes 0.5 spaces per dwelling given the proximity of the Civic Offices to the rail station and bus station.
- 3.9 Appointments of the Tier 1 consultants of project management, cost consultancy, mechanical, electrical, plumbing & heating engineers (MEPH) and structural and civil engineers have been completed. In addition LSI architects have been appointed who conducted the existing work to RIBA stage 1 and also provided the architectural service for the new Civic Office extension. Their appointment ensures consistency in approach across the Civic estate.
- 3.10 Discussions will continue with the Councils design and planning service and work is underway to review issues and constraints arising.
- 3.11 Design and delivery risks and dependencies associated with this project include.
- As with all development adjacent to rail lines an asset protection agreement will be required with Network Rail to safeguard their assets. The proximity of passenger and goods trains to the building will also require careful consideration of the impact of vibration on foundation design, and acoustic impact on the residents. The impact of this to the project timeline and cost will be dependent on Network Rails assessment given the requirement to negotiate the asset protection agreement with them

- A detailed assessment of works is required to separate C01 and C02 (there is some interdependency) and associated servicing and power strategy. The current cost plan makes provision for the reinstatement of the wall separating C01 and C02 and a full assessment is yet to be made on the current UKPN substation/transformer.
- There are two tenants who have space within C01. The NHS and the Community Rehabilitation Company (CRC). The NHS have agreed a new lease for space in C02 and are expected to complete that and move in late January 2022. The CRC are now operating on a tenancy at will and are very unlikely to remain within the Civic Offices. The Councils Property team are currently assisting in relocation.
- The land currently remains within the general fund and would need to be appropriated to the HRA with the accompanying debt transfer if that delivery route is agreed.
- The new development will meet all existing building control and planning requirements in relation to sustainability standards. To exceed these standards, such as zero carbon development, would increase cost.

Financial Viability

- 3.12 The key financial objectives of this project are to deliver a financially viable scheme and provide the planned £2.8m financial contribution to the general fund to support the financing of the new Civic Offices building. The projected construction cost is shown in the table below is based on a proposal of 56 one bedroom apartments and 26 two bedroom apartments.
- 3.13 Although the design and cost plan are still at an early stage in its development there are factors that contribute towards costs higher than would be expected for a greenfield site, including:
- The site is technically challenging being adjacent to a rail line and a road bridge – both of which bring cost in relation to sound transmission and air quality and protection of existing assets.
 - It is tightly constrained – so that public amenity space and may need to be on a podium deck.
 - The site location makes demolition complex and costly
 - The current stage of design assumes some undercroft parking and also includes a full sprinkler system for fire safety reasons
 - The approach to design is aspirational given the proximity to the Civic Offices. This includes activation of the street frontage and to foster a sense of place.
 - The current construction cost estimate is based on a RIBA 1 design and will evolve over time until the final design is fixed. Cost and inflation

estimates have responded to construction market nervousness.

- A provisional requirement of £1.7m 'client side' cost has also been estimated in addition in order to take the project through to planning approval, procurement of a main contractor and to manage the development process.

Current Construction Cost Estimate	£m
Land Costs	£ 2.8
Build Contract Costs including Inflation projection and contingency	£ 21.6
Total	£ 24.4

3.14 Financial modelling for the project was initially considered on a mix of sale, private rented and 35% affordable housing to be delivered through Thurrock Regeneration Ltd (TRL). Essentially on a build and sell basis the construction cost per unit is significantly higher than the associated market sales value and hence there is no viable sales scheme. The construction costs which drive the interest costs relating to the scheme mean that a rental period will not bridge the funding gap as the rents will not cover the borrowing costs.

3.15 Market Sales Option

3.16 Under the TRL model with a s.106 planning agreement requiring a policy compliant provision of affordable housing, the sales receipt value would decrease by circa 15% in comparison to a scheme with all units sold at the open market rate. For comparative purposes the modelling for a TRL led development also provides a proxy to a private development option. The costs profile remains relevant but the expectation is this would attract a higher targeted profit margin for the developer which would not be achievable.

3.17 A private developer would typically require a developer's profit margin of 20% for the open market sales element of a residential development and 6% as a constructor's profit on the affordable housing element required under a S106 planning agreement. This delivers a blended profit rate of 15% for a scheme with 35% affordable housing.

3.18 TRL's profit margin is targeted at 8% and consequently it can be seen that if the market sales option for TRL fails to achieve financial viability then a private developer's profit margin in excess of TRL's would only make viability worse. The conclusion is that a private sales option is not viable.

Private Rented Option under TRL

3.19 A market rented option would also not be viable based on assumed rental income. This is because the cost of construction is the driver for the associated interest costs.

- 3.20 As set out in the table below, a rental scheme on this basis would not be financial viable for TRL. Using an estimated income figure, based on 100% market rent, the project would not generate sufficient revenues to be able to service the cost of the borrowing.
- 3.21 Applying the same profit considerations as market sale to a private sector developer would lead to the same outcome that the project would not be viable as a private rented project with an affordable housing element.

Private Sector Rent delivery option under TRL

Market Rents

1 Bed	(588,000)
2 Bed	(296,400)
Rental Income	(884,400)

Annual Interest	1,308,602
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Deficit on Rental Income	424,202
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In light of the assessment above and in recognition of greater funding flexibility within the HRA further consideration has been given to development within the HRA. This uses a different costing model, and considers the project cash flow implications over a 30 year period to assess financial viability.

- 3.22 The other key points where an HRA scheme differs from a private sector / TRL option are as follows:
- There is no requirement in the HRA to make a minimum revenue contribution, as the HRA has a legislative obligation to maintain dwellings through its capital programme, and must make revenue contributions to capital in order to meet the depreciation costs of its stock
 - The HRA can borrow funds using the PWLB, currently estimated using a long term borrowing rate of 2.2%
 - The HRA can contribute up to 40% of the development cost from retained right to buy receipts
- 3.23 On the basis of the considerations above, the financial modelling for an HRA scheme has a positive long term cash flow project. This is detailed below:

HRA long term cash flow projections

Expenditure	£m
Land Costs	£ 2.8
Build Contract Costs including Inflation projection and contingency	£21.6
Project development costs	£ 1.7
Total	£26.1
Funding	
Retained Right to Buy Receipts	£10.5
HRA borrowing	£15.6
Total	£26.1
HRA Borrowing supported by:	
Net rental income	£20.4
Less Maintenance and Management costs	£ 6.0
Pre-Financing Income	£14.4
HRA interest costs against borrowing	£10.7
Net HRA Surplus	£ 3.7

- 3.24 The table above is based on a January 2020 cost plan for RIBA stage 1 development costs, with an inflationary uplift provided to take into account the estimated commencement date of the project. Whilst this 30 year HRA model produces a surplus it should be noted that this is a moderate amount 92,000 per annum.
- 3.25 The HRA income assumptions are using a rent level of 70% Local Housing Allowance + £1000 pa which is within the national definition of affordable housing and is consistent with other Thurrock Council HRA new build financial assumptions. This ensures that the rent level will be lower than the 80% of market rent level, which is the ceiling for a scheme to be classified as affordable housing.
- 3.26 The level of RTB receipts which is applied to the scheme is flexible. This has been allocated at 40% contribution. At this stage, this has been used to illustrate that a positive long term cash flow can be achieved.
- 3.27 In lieu of RTB receipts, it would also be possible to apply for Homes England fund, but this cannot be used in addition. The estimate for Homes England funding could be around £50,000 per unit, which would be generate £4.1m. However, this would not be sufficient to reduce the prudential borrowing requirement to a level where the scheme would be affordable.
- 3.28 Key financial risks using this approach include:

- Risk of increasing borrowing rates from the Public Works Loan Board
- Risk of changes that reduce Local Housing Allowances thereby reducing income
- Risk of reintroduction of a national cap of affordable housing rental inflation
- Impact of Right to Buy (RTB) sales subject to the cost floor rules limiting RTB discount entitlement during the first 15 years after construction
- Accelerating building construction industry inflation
- The current cost plan excluding client side costs shows high individual construction costs of an average of circa £298,000 per unit. This will be continually reviewed as the design progresses and contingency or provisional sums are replaced by more accurate pricing.

Programme and Next Steps

3.29 The table below shows the current indicative programme.

	Start	End
RIBA 2 Design	November 21	May 2022
Planning Application	June 2022	August 2022
RIBA 3 Design	September 2022	December 2022
Main Contractor Procurement	December 2022	August 2023
Construction	September 2023	September 2025

4. Reasons for Recommendation

4.1 This paper proposes C01 is redeveloped as a 100% HRA project delivered by the Council because it is the most financially viable option and resources can be made available through a combination of HRA borrowing and retained Right to Buy Receipts.

5. Consultation (including Overview and Scrutiny, if applicable)

5.1 This paper provides opportunity for Members of this Committee to review the proposal.

6. Impact on corporate policies, priorities, performance and community impact

6.1 The development of housing aligns closely with the Council's Vision and Priorities adopted in 2018. In particular it resonates with the "Place" theme which focuses on houses, places and environments in which residents can take pride.

7. Implications

7.1 Financial

Implications verified by: **Mike Jones**
Strategic Lead – Corporate Finance

The financial implications are contained within the body of the report. The financing of this scheme is affordable within the HRA 30 year business plan and generates a small surplus for reinvestment.

7.2 Legal

Implications verified by: **Courage Emovon**
Principal Lawyer / Contracts Team Manager

This is an update report and the project proposal will be developed as part of the Housing development programme of the Council. The tender proposals for this project must comply with the Council's Contract Procedure rules and the Public Contracts Regulations 2015 and Legal services will be on hand to advice on any implications arising from the project proposal

7.3 Diversity and Equality

Implications verified by: **Roxanne Scanlon**
Community Engagement and Project Monitoring Officer

Development of this site will have a positive impact on the locality by increasing the amount of affordable housing in the locality. Contractors will be required to follow Council policies in relation to diversity and equality and, in particular, contractors bidding for work will be required to follow the Council's Equality Codes of Practice on Procurement.

Contractors and developer partners will be required to have relevant policies on equal opportunities, be able to demonstrate commitment to equality and diversity and to supporting local labour initiatives that achieve additional social value.

7.4 Other implications (where significant) – i.e. Staff, Health Inequalities, Sustainability, Crime and Disorder or Impact on Looked After Children

None

8. Background papers used in preparing the report (including their location on the Council's website or identification whether any are exempt or protected by copyright):

- Grays South Regeneration: Civic Offices Update, 12 December 2018
- Grays Town Centre Regeneration: Civic Offices Project Statement, September 2019

9. Appendices to the report

None

Report Author:

Keith Andrews

Strategic Lead Housing

11 January 2022		ITEM: 8
Housing Overview and Scrutiny Committee		
Housing Revenue Account – Rent Setting and Budgets 2022/23		
Wards and communities affected: All	Key Decision: Key	
Report of: Cllr Luke Spillman – Portfolio Holder for Housing		
Accountable Assistant Directors: Ewelina Sorbjan – Assistant Director for Housing, Jonathan Wilson – Assistant Director for Finance		
Accountable Directors: Ian Wake – Corporate Director of Adults, Housing and Health, Sean Clark – Corporate Director of Resources and Place Delivery		
This report is public		

Executive Summary

This report sets out the high level base budget position for 2022/23 following the review and update of the 30 year Housing Revenue Account (HRA) Business Plan. The Business Plan is a statutory requirement used to assess the ongoing financial viability of the HRA and its ability to deliver the Council's Housing priorities.

The Business Plan considers whether the revenue streams from all sources (principally rents and service charges) are sufficient to finance anticipated expenditure on housing stock (both revenue and capital), service delivery, debt management cost and recharges.

Local authorities and registered providers have the ability to increase social and affordable rents in line with the Governments policy statement on Rents for Social Housing 2018. This report sets out the proposed rent increase for 2022/23 and the impact on the HRA. In brief, this uses the formula of the September 2021 CPI rate of inflation (3.1 per cent) plus 1 per cent. This equates to a maximum level of increase applicable to a dwelling of 4.1 per cent. This provides the resources to meet the projected increase in cost demands in order maintain the service provision.

The transforming homes programme, which is intrinsically linked to the stock condition survey has identified the investment required annually across the life of the 30 year Business Plan. Delivery of these works will ensure properties reach and maintain a decent homes standard. Specific capital investment in certain types of dwellings is also needed, namely non-traditional properties. This encompasses internal and external features of residential units (general needs and sheltered) as

well as other assets such as communal hallways, parking areas, and garages. The medium term (5 year) forecast is shown in **Table 6**.

Table 6 also shown the additional planned investment into the stock, as well as works needed to comply with carbon reduction legislation.

The Housing service is focussed on ensuring that the HRA remains financially viable, and that the right priorities are set for capital expenditure to ensure residents have safe and secure accommodation maintained to a good standard of repair.

The proposed changes to rents and service charges are essential to ensure the level of investment identified in the business plan can be fulfilled and the HRA properties are provided to a standard that primarily meets the needs of residents, whilst also delivering the statutory responsibilities of the Council.

1. Recommendation(s)

1.1 That the Committee consider and comment on the proposed base budget for 2022/23 (Table 1)

1.2 That the Committee consider and comment on a proposed increase in domestic rent of 4.1%, in line with the 30-year HRA business plan, to be implemented from 4 April 2022

1.3 That the Committee consider and comment on the proposed increase in service charges to reflect the costs of running each service in line with the budget estimate from 4 April 2022 (detailed in Table 5)

1.4 That the Committee consider and comment on proposed charges for garage rents (para 3.9), to be implemented from 4 April 2022

1.5 That the Committee consider and comment on proposed charges for rents on Travellers sites (para 3.10) to be implemented from 4 April 2022

2. Introduction and Background

2.1 The proposed Housing Revenue Account budget for 2022/23 is summarised below, and has been set in accordance with the revised 30 Year HRA Business Plan. This takes into account the long term strategy and financial viability of the service. The Business Plan, in its full detail sets out how the Council will finance the delivery of services within HRA over the next 30 years.

2.2 **Table 1** shows the main areas of service delivery within the HRA budget.

Table 1: Provisional 2022/23 budget summary

	2021/22 Revised Budget	Rent Income	Inflation	Bad Debt Provision	Disabled Adaptations	Capital Financing	2022/23 Base Budget	Budget Movement
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Rent and Income	(50,272)	(1,845)	0	100	0	0	(52,017)	(1,745)
Development	228	0	26	0	0	0	254	26
Financing and Recharges	24,188	0	3	0	100	167	24,458	270
Operational Activities	13,566	0	847	0	0	0	14,412	847
Repairs and Maintenance	12,291	0	602	0	0	0	12,893	602
Grand Total	0	(1,845)	1,478	100	100	167	0	0

- 2.3 Income raised through tenants' rents and service charges is ring-fenced, and cannot be used to fund expenditure outside of the HRA.
- 2.4 By applying a 4.1% rent increase, the HRA will generate additional revenue of £1.845m. This additional resource, in the first instance, is required to finance increased costs in the existing level of services, and to provide further mitigation against bad debt and tenants rent arrears. This will also allow the service to maintain its investment commitments into the Capital programme and comply with all of its statutory duties. Further investment will be made in disabled adaptations to assist tenants to remain living independently within their own home
- 2.5 Allowance for inflation in external contracts (including increases in the national living wage), utilities and supplies and service has been set at the prevailing rate of RPI - 4.9%. An allowance has also been made for pay inflation, and changes in national insurance legislation coming into effect next financial year.

3. Issues, Options and Analysis of Options

Rent and Service Charges

- 3.1 The proposed rent increase has been carefully considered, and a significant factor is the need for the HRA business plan to recover its level of resources following the rent reductions between 2016/17 and 2019/20. In order to maintain financial viability, the full level of rent increase, in line with guidance, will need to be applied.
- 3.2 The majority of properties within the HRA are charged at social rent. However, there are also a small proportion of newly developed units which are based on an affordable rent level (meaning it cannot exceed 80% of the equivalent market rent). This ensures these properties generate sufficient revenue to offset their ongoing associated costs without a wider impact financial on the HRA.

- 3.3 Based on the overall average of the stock, the impact on properties based on the average rent per number of bedrooms this is shown in **Table 2** below:

Table 2: Social Rent properties

Number of Dwellings by Bedroom	Number of Properties	Average 2021/22 Actual Rent	Average CPI +1% uplift 2022/23	Average 2022/23 Actual Rent	2022/23 Annual Rent Yield £000's
0	240	£ 61.78	£ 2.53	£ 64.31	£ 802.55
1	2768	£ 74.17	£ 3.03	£ 77.21	£ 11,112.83
2	2169	£ 81.17	£ 3.32	£ 84.49	£ 9,529.54
3	4114	£ 100.82	£ 4.13	£ 104.95	£ 22,452.35
4	239	£ 113.11	£ 4.61	£ 117.71	£ 1,462.95
5	11	£ 130.15	£ 5.09	£ 135.24	£ 77.36
6	2	£ 123.13	£ 5.05	£ 128.18	£ 13.33
Total / Average	9,543	£ 87.99	£ 3.60	£ 91.59	£ 45,450.90

Affordable Rents

- 3.4 The rent setting process for the existing affordable rent properties will follow the same guidance as applied to the properties within the HRA that are charged a social rent. The Council has ensured that no rent exceeds the Local Housing Allowance level. The impact of a CPI + 1% rent increase is shown in **Table 3** below:

Table 3: Affordable Rent properties

Number of Dwellings by Bedroom	Number of Properties	Average 2021/22 Actual Rent	Average CPI +1% uplift 2022/23	Average 2022/23 Actual Rent	2022/23 Annual Rent Yield £000's
1	49	£133.61	£ 5.48	£139.09	£ 354.39
2	92	£157.72	£ 6.47	£164.19	£ 785.47
3	31	£193.93	£ 7.95	£201.89	£ 325.44
Total / Average	172	£157.38	£ 6.45	£163.83	£ 1,465.30

- 3.5 The definition of rent for affordable housing (inclusive of service charges) must not exceed 80% of gross market rent. Gross market rent means the rent (inclusive of any applicable service charges) for which the accommodation might reasonably be expected to be let in the private rented sector. Property size, location type and service provision must be taken into account when determining what gross market rent a property might achieve if let in the private rented sector.

Service Charges

3.6 In order to ensure that the HRA recovers the cost of providing services to tenants which are specific to their tenancies, an increase to the current charge will need to be applied in accordance with **Table 4** below.

Table 4: Increases to service charges in line with increased costs

Service	2021/22 Weekly Charge (50 Weeks)		2022/23 Weekly Charge (50 weeks)	
	£		£	
Lift Maintenance	£	3.31	£	3.47
Door Entry	£	3.49	£	3.66
Communal Electricity	£	1.55	£	1.63
Bruyns Court Electricity	£	3.49	£	3.66
Caretaking	£	0.62	£	0.66
Caretaking	£	2.86	£	3.05
Caretaking	£	8.11	£	8.64
Caretaking	£	9.51	£	10.13
Caretaking	£	12.46	£	13.27
Caretaking	£	13.51	£	14.39
Caretaking	£	14.92	£	15.89
Caretaking - Bruyns court	£	14.72	£	15.67
Caretaking - Heathlyn Close	£	7.81	£	8.64
Concierge	£	34.25	£	36.37
Concierge - Piggs Corner	£	36.93	£	39.22
Sheltered Housing Service	£	10.35	£	11.04
Heating - Sheltered Complex	£	6.04	£	6.34
Heating - Helford Court	£	9.63	£	10.10
SCH	£	28.59	£	30.00
Emergency Lighting	£	0.19	£	0.20
Enhanced Tenancy Management	£	42.61	£	44.70

3.7 Service charges are not subject to the prescribed rental increase of CPI + 1%, but are based on full cost recovery. For 2022/23, service charge costs will increase in line with the overall cost of inflation (as stated in **Para 2.5**). The estimates, shown in **Table 4**, are based on the projected budgeted costs for 2022/23.

Furthermore, following a review of the charges, there is a disparity between the level of the current charge and the cost of the service provision. This will need to be taken into account in future service charge considerations in order to ensure that the costs are fully recovered. As the forecast inflationary costs pressures are currently at the level they are, it has been decided to defer any additional increases until future years.

The charges proposed for 2022/23 will ensure that the increase in costs for the next financial year are addressed but does not make the services cost neutral.

Tenants Engagement

- 3.8 An online engagement platform was provided for tenants to illustrate what any rent increase may mean for each tenant, and the impact for the Housing service overall. The platform also provided an opportunity for tenants to highlight their priorities for service delivery for the 2022-23 financial year.

In addition, a series of face-to-face engagement sessions were held between 6th and 9th December in locations across the borough.

A total of 145 visits were made to the online portal. Of those which completed the survey, 55% agreed with the Council increasing rent levels in 2022-23

When asked to prioritise the areas which tenants feel the Housing department should focus on providing in the 2022-23 financial year, the highest priority areas were delivering planned maintenance and responsive repairs to properties, followed by delivering major works to homes through new kitchens, bathrooms and windows. These priorities were also reflected in the additional comments which were left by respondents. This will be addressed through the additional resources generated by a rent increase, allowing the service to continue to investment through both the revenue repairs and maintenance contracts, as well as the delivery of the 5 year capital programme set out in **Table 6**

Garage Rents

- 3.9 The current weekly charges for garage rent for council residents is £10.70 per week. It is recommended that these charges are increased in 2022/23 to £11.10, an increase of 3.7% to ensure that there is a sufficient level of income to support the provision of garages within the HRA.

Travellers' sites

- 3.10 The current weekly charge for rent on travellers' sites plots is £88.01 per week. In order to meet the cost of price inflation, it is proposed to increase this charges in line with dwelling rents by 4.10%.

Capital Programme and Priorities

- 3.11 The medium term (next five years) review of the capital investment requirement into existing stock is shown in **Table 6** below:

Table 6 – Five Year HRA Capital Programme

Investment in Existing Stock	2022/23 Base Budget £'000	2023/24 Base Budget £'000	2024/25 Base Budget £'000	2025/26 Base Budget £'000	2026/27 Base Budget £'000
Transforming Homes	10,300	10,300	10,300	10,300	10,300
Major Adaptations	200	200	200	200	200
Fire Safety Works	1,000	1,000	1,000	1,000	1,000
Tower Block Refurbishment	8,137	0	0	0	0
Carbon Reduction Requirements (Tower blocks)	4,700	0	2,250	2,750	5,500
Non Traditional Refurbishment	3,500	0	0	0	0
HRA Garages	500	500	500	500	500
Heating Replacement Programme	600	600	600	600	600
Lifts Refurbishment	190	190	190	190	190
Door Entry Installation	500	500	500	500	500
Water Mains	160	160	160	160	160
Staffing Costs Capital Programme	160	160	160	160	160
Highways and Lighting	400	400	300	300	300
Carbon Reduction Requirements External	300	2,000	2,000	2,000	1,954
Electrical infrastructure Testing - Check Revenue implications	500	250	250	0	0
Total Capital Programme	31,147	16,260	18,410	18,660	21,364
<i>Financed By:</i>					
RCCO	(10,790)	(11,046)	(11,307)	(11,574)	(11,847)
Borrowing Requirement	20,357	5,214	7,103	7,086	9,517
Borrowing Cost @ 2.2% interest	448	115	156	156	209
Cumulative Interest Cost	840	955	1,111	1,267	1,476

3.12 Through the use of prudential borrowing and revenue contributions, the HRA is able to finance the cost of the proposed five year capital programme. This will ensure that the Council is able meet the cost of existing statutory compliance works, continue with the transforming homes programme as well as implementing the regulations set out in the Building Safety bill.

3.13 As shown in the **Table 1**, £0.167m of the additional borrowing generated through a proposed rent increase will be used to support the borrowing requirement. The inflationary cost impact of any capital works remains a significant risk to delivery at present, and this will be closely monitored throughout the year

3.14 It is essential the identified works are completed within the medium term, and the funding identified within the budget is used to finance the prudential borrowing costs, and is not used to mitigate any other cost pressures, or subsidise rents. The maximum number of tenants will receive a tangible

benefit from investment to the existing HRA dwellings, as well as there being a financial benefit to the business plan by reducing the level of voids, re-let times, and increased long term sustainability.

- 3.15 A strategic decision has been taken to address the carbon reduction need as part of the medium term capital programme. This will ensure a greater financial viability benefit in the long, as well as contributing to a safer environment for residents. External government grant funding is being sought to support the implementation of these initiatives.

4 HRA – Increases to stock provision

- 4.1 The housing developments at Tops Club, Claudian Way and Calcutta Road have been completed. This has provided essential additional dwelling capacity to the HRA.
- 4.2 In addition, the HRA is forecast to acquire 113 additional properties through the utilisation of its retained right to buy receipts in 2021/22. This has meant that the Council has fully utilised its RTB receipts which would otherwise have expired at the end of 2022/23, and would have been returned to central government and incur associated interest premiums. This has been a successfully delivered targeted project, and has ensured that the HRA maximised the resources available.
- 4.3 The Council has a clear ambition to deliver new, quality social housing. Through a combination of prudential borrowing, the application of Right to buy one for one capital receipts and Homes England grant funding, construction of new housing is financially viable and achievable while also capping rents at an upper limit equal to the Local Housing Allowance. Further development sites continue to be identified, and will come forward to Housing Overview and Scrutiny Committee through the Housing Development Update reports and the new approach to engage with Councillors through a Project Review Group involving the Portfolio Holder for Housing, the Chair of the Housing Overview and Scrutiny Committee and Ward Councillors
- 4.4 The proposal is that rents on new build and acquired properties will be set at a level using the formula of 70% of the LHA rate + £1,000 per annum. This, therefore, is lower than 80% of market rent upper limit that the HRA can apply under the definition of affordable housing.

5 Reserves

- 5.1 The estimated level of useable reserve for 2022/23 are detailed in **Table 7** below. Funding within the development reserve is earmarked against the cost of the HRA new building programme, and the housing zones funding supports the development of identified sites for regeneration of additional housing.
- 5.2 The HRA is required to maintain a level of general balances, which currently amounts to £2.175m. This balance will be maintained in the current financial

year, and will be assessed on an annual basis to ensure that it remains sufficient. In addition, there is £1.659m within the financial contingency reserve. As the HRA moves toward a more ambitious capital and development programme, it is essential that this is maintained to add further resilience to the business plan.

Table 7: Reserves

	2022/23 Projected Opening Balance
<u>General Reserves</u>	
HRA Minimum Balances	(2,175,000)
Financial Contingency Reserve	(1,659,280)
HRA De-cant Reserve	(2,588,868)
<u>Ear-marked reserves to support capital</u>	
Housing Zones Funding (HRA)	(1,274,363)
Capital Reserve - Existing Stock (HRA)	(743,691)
Development Reserve	(2,746,389)

6. Reasons for Recommendation

- 6.1 The report sets out the 2022/23 HRA budget implications following the update of the HRA business plan. The proposals put forward have been calculated and assessed in terms of affordability. It is a legal and operational requirement that a balanced budget is set for the HRA.

7. Consultation

This is set out in Para 3.8.

8. Impact on corporate policies, priorities, performance and community impact

- 8.1 The management and operation of the HRA strives to support vulnerable residents. The 30 year business plan sets out to ensure there is value for money within the Housing Service. The service is committed to the delivery of decent homes for its tenants, and compliance with legislation.

9. Implications

9.1 Financial

Implications verified by: **Jonathan Wilson**
Assistant Director - Corporate Finance

Financial implications are set out in the body of the report.

9.2 Legal

Implications verified by: **Gina Clarke**
**Corporate Governance Lawyer & Deputy
Monitoring Officer**

Section 76 of the Local Government and Housing Act 1989 imposes a duty on local housing authorities to prevent debit balances arising in their Housing Revenue Account (“the HRA”). The HRA is a record of revenue expenditure and income in relation to an authority’s own housing stock.

The principal statutory provision governing the fixing of rent for Council property is contained in section 24 of the Housing Act 1985, which provides that authorities may “make such reasonable charges...as they may determine.” Further, it requires the local authority, from time to time, to review rents and other charges and make such changes, as circumstances may require.

In exercising its functions under this section, the Council is required to have regard to any relevant standards issued under section 197 of the Housing and Regeneration Act 2008. The Council is required to set and increase rent in accordance with the Rent Standard 2020 issued by the Social Housing Regulator.

The 2020 Standard sets out the formula to be applied to social and affordable rents for existing tenants, to fair rents and for tenants moving between different types of rent. To ensure that providers of social housing use the correct annual percentage increase to set rent, the government has issued a limit on annual rent increases for 2022-23 of 4.1%.

The Council’s duties in relation to the consultation of tenants on matters of housing management, as set out in section 105 of the Act, do not apply to rent setting, nor to charges for services or facilities provided by the Council. However the Council has consulted with the tenants before seeking to change rent and other charges. The main body of the report indicates that tenants been consulted.

Section 103 of the Housing Act 1985 require the Council to serve a notice of variation on its tenants if it wishes to vary the terms of tenancies. The notice of variation must be served at least four weeks before it is to take effect. Section 103(2) requires a preliminary notice to be served on tenants which gives tenants the opportunity to comment. However, this requirement does not apply to a variation of the rent, or of payments in respect of services or facilities provided by the landlord. Further to the extent that the variation of the terms of tenancies relates to rent or to payments in respect of services

provided by the council as landlord; the variation must be in accordance with any provision in the agreement creating the tenancy.

In considering whether to agree the recommendations set out in the report the Cabinet must ensure that it has due regard to the council's equalities duties set out in the Equalities Act 2010. In particular whether the proposed increase in rent and charges will have a negative impact of any of the equality groups protected by the 2010 Act and what steps can be taken to mitigate any disadvantage.

9.3 **Diversity and Equality**

Implications verified by: **Roxanne Scanlon**
Community Engagement and Project
Monitoring Officer

The Councils Housing Revenue Account works to reflect the Council's policy in relation to the provision of social housing with particular regard to the use of its own stock. In addition to the provision of general housing, it incorporates a number of budgetary provisions aimed at providing assistance to disadvantaged groups. This included adaptations to the stock for residents with disabilities.

9.4 **Other implications (where significant) – i.e. Staff, Health Inequalities, Sustainability, Crime and Disorder or Impact on Looked After Children**

None

10. **Background papers used in preparing the report (including their location on the Council's website or identification whether any are exempt or protected by copyright):**

None

11. **Appendices to the report**

None

Report Author:

Mike Jones

Strategic Lead, Corporate Finance

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11 January 2022		ITEM: 9
Housing Overview and Scrutiny Committee		
Animals In Council Properties		
Wards and communities affected: All	Key Decision: N/A	
Report of: Peter Doherty – Operational Strategic Lead		
Accountable Assistant Director: Ewelina Sorbjan, Assistant Director - Housing		
Accountable Director: Ian Wake, Corporate Director of Adults, Housing and Health		
This report is Public		

Executive Summary

This report is being presented to the Housing Overview and Scrutiny Committee to: explain Housing’s current approach to managing animals in council properties and to highlight some potential changes in approach in the future taking account of good practice in the area.

1. Recommendation(s)

The Housing Overview and Scrutiny Committee are asked to note the contents of this report and comment on the following recommendations:

- 1.1 to review the tenancy agreement terms and conditions relating to pets to better reflect good practice and the health and wellbeing benefits of keeping pets.**
- 1.2 to establish a pet policy to provide further guidance to tenants in keeping pets.**

2. Introduction and Background

The Thurrock Council’s tenancy agreement terms and conditions which govern general needs and sheltered housing establish what permissions a tenant requires and the actions they need to take to keep a pet (Clause 4.4). They also set out what action might be taken should they create a nuisance and/or annoyance (Clause 4.3.3 & 4.3.4) (Appendix 1).

Although there is no separate policy document for managing pets there is a section providing guidance in the Tenancy Policy (Appendix 2).

3. Tenancy Terms and Condition – Enforcement

- 3.1 Most tenants abide by their tenancy terms and conditions but there is a small minority who do not.

Permission:

4.4.2. *You must obtain our permission in writing before keeping any animal, bird or reptile at the Property. The grant or refusal of permission is within our discretion and, if granted, may be subject to conditions and may be withdrawn at any time if we consider that the animal, bird or reptile is causing a nuisance, damaging the Property or is being mistreated by you or any member of your household or visitor. We will give reasonable notice to you giving our reasons for withdrawal of permission.*

4.4.3. *Permission will not normally be given to keep a dog (other than a guide dog, hearing dog or other service dog) if the Property is a flat or maisonette without the sole use of, and direct access to, a garden.*

- 3.2 The fact that a tenant has not sought permission for a pet would amount to a breach of the terms and conditions and the council could seek an injunction to have the pet removed.
However, if the pet is not causing a nuisance or annoyance to neighbours, this could be considered unreasonable by the court and attract adverse publicity.

4.3 Anti-Social Behaviour, Nuisance and Annoyance

4.3.3. *You, your household, lodgers, sub-tenants and your visitors must not do anything in the Property or in the locality which causes or may cause a nuisance, annoyance or inconvenience to other persons residing, visiting, working or otherwise engaging in lawful activity in the locality, or to any of our tenants, agents, employees or contractors.*

4.3.4. *Examples of things which cause nuisance, annoyance and inconvenience include, but are not limited to, the following:*

- *Allowing dogs to bark and foul in the Property or the communal areas.*

- 3.3 That all said the quickest way to resolve a problem relating to a pet may not necessarily be through legal means. By way of example, the Thurrock Council Tenancy Policy Section 2, 14 Looking after the community - Keeping pets in Council properties guidance, enabled officers to work with the RSPCA to remove a monkey from a property where permission had not been sought (Appendix 3 case Study 1) but where its welfare was at risk.
- 3.4 In cases where the pet is causing a nuisance or annoyance, in order for the council to take legal action it must have actual evidence of a nuisance/annoyance – a neighbour complaining that a dog is constantly barking may be sufficient but ideally it would be corroborated, for example, by

a council officer or by another neighbour or by sound recordings. However, unless there has been a serious breach, for example, constant barking, mistreatment or a dog attacking a member of staff, the courts would expect the council to try and resolve matters by exhausting all non-legal means ahead of taking any formal legal action.

4. Good Practice

4.1 Recent studies have shown that there are many benefits to owning and caring for a pet and the service works with tenants to support them in taking these steps through the permission process. For example, pets can increase opportunities to exercise, go outdoors and socialise. Regular walking or playing with pets can decrease blood pressure, cholesterol levels and triglyceride levels. Pets can help manage loneliness and depression by giving companionship.

4.2 These positive impacts have been increasingly noted by government particularly following Lockdown. For example, paragraph 117 in chapter 6 (good quality home and neighbourhood to live in) of the social housing white paper under "Supporting Mental and Physical Health" references the following in relation to pets. *"We recognise that domestic pets also bring joy, happiness and comfort to people's lives, helping their owners through difficult times and improving their mental and physical wellbeing. We know many social landlords normally give permission for tenants to keep pets depending on the location, provided they are well looked after and do not adversely affect the lives of neighbours and those living nearby. We encourage all social landlords to adopt similar policies."*

4.3 This view is further enhanced under the updated model tenancy agreement for the private sector dated January 2021, *"landlords will no longer be able to issue blanket bans on pets. Instead, consent for pets will be the default position, and landlords will have to object in writing within 28 days of a written pet request from a tenant and provide a good reason."*

4.4 In view of the above it is recommended that the council reviews its standard tenancy terms and conditions relating to pets and produces a stand-alone pet policy to reflect these changes.

5. Consultation (including Overview and Scrutiny, if applicable)

5.1 Any amendments to the tenancy agreement would require extensive engagement with all housing departments and tenants.

6. Background papers used in preparing the report (including their location on the Council's website or identification whether any are exempt or protected by copyright):

Not applicable

7. Implications

7.1. Financial Implications

Implications verified by: **Hannah Katakwe**
Housing Accountant

Any financial cost arising will be contained within the existing HRA budget allocation.

7.2. Legal

Implications verified by: **Gina Clarke**
Corporate Governance Lawyer & Deputy
Monitoring Officer

The recommendations set out in the report would require the Council to vary the terms and conditions of secure tenancy agreements, which can be varied in certain ways. The terms may be unilaterally varied by the Council as landlord in accordance with the provisions of Section 103 of the Housing Act 1985 by serving a notice of variation on tenants. Before serving a notice of variation on tenants the Council must serve a preliminary notice:

- Informing each tenant of its intention to serve a notice of variation.
- Specifying the proposed variation and its effect.
- Inviting tenants to comment on the proposed variation within such time, specified in the notice, as the Council considers reasonable. The Council must consider any comments made by tenants within the specified time.
- A variation notice must be accompanied by any information that the landlord considers necessary to inform the tenant of the nature and effect of the variation. The requirement that the notice of variation must specify a date on which it is to take effect is mandatory and cannot be waived by tenants.

Similarly, the Council's duties in relation to the consultation of tenants on matters of housing management, are set out in Section 105 of the Housing Act 1985. A matter is one of housing management amongst other things includes if, in the opinion of the Council, it relates to the management, of a property let on a secure tenancy. Consultation would need to take place on the proposals and the views of tenants taken into account when Cabinet consider whether to agree the recommendations set out in the report.

7.3. Diversity and Equality

Implications verified by: **Roxanne Scanlon**

Community Engagement and Project Monitoring Officer

Section 3 of the report highlights the council's tenancy terms and conditions relating to permissions – Para 4.4.3 reads:

Permission will not normally be given to keep a dog (other than a guide dog, hearing dog or other service dog) if the Property is a flat or maisonette without the sole use of, and direct access to, a garden.

When the Council next revises its tenancy terms and conditions consideration will be given to permitting 'assistance dogs' or other service animals under the Disability Discrimination Act 1995. This is to ensure no individual with protected characteristics e.g. Disability as defined by the Equality Act 2010, suffers a negative impact through the tenancy terms and conditions relating to pets.

Section 4 of the report highlights good practice and the positive impact that pet ownership can have on one's mental health and wellbeing.

7.4. Other implications (where significant) – i.e. Staff, Health Inequalities, Sustainability, Crime and Disorder or Impact on Looked After Children

Not applicable

8. Appendices to the report

- Appendix 1 - Thurrock Council Tenancy Agreement – January 2014 v2
- Appendix 2 - Thurrock Council Tenancy Policy
- Appendix 3 - Case Study

Report Author:

Peter Doherty

Strategic Lead – Housing Operations

Housing

Appendix 1

Thurrock Council Tenancy Agreement – January 2014 v2

4.3 Anti-Social Behaviour, Nuisance and Annoyance

4.3.3. You, your household, lodgers, sub-tenants and your visitors must not do anything in the Property or in the locality which causes or may cause a nuisance, annoyance or inconvenience to other persons residing, visiting, working or otherwise engaging in lawful activity in the locality, or to any of our tenants, agents, employees or contractors.

4.3.4. Examples of things which cause nuisance, annoyance and inconvenience include, but are not limited to, the following:

- Violence (actual or threatened) or other threatening or abusive behaviour including harassment, intimidation or bullying, domestic abuse or violence, forced marriage and honour based abuse.
- Hate- related incidents (i.e. those based on race, sexual orientation, gender disability, religion or age).
- Drug or alcohol abuse (including being drunk so as to cause a nuisance) or drug dealing, production, cultivation or storage (by 'drugs' we mean substances which are controlled under the Misuse of Drugs Act 1971 or any other legislation).
- Other criminal activity in the Property or the locality.
- Creating noise in the Property or the locality at a level which is intrusive or annoying to others, for example by playing loud music, having the television on at a loud volume, singing loudly, arguing and shouting, swearing, slamming doors, doing DIY at unsociable times or for prolonged periods.
- Becoming a member of a gang. By 'gang' we mean the definition applied by the Metropolitan Police Authority as amended from time to time which is "a group of individuals involved in persistent criminality from some form of personal gain (this includes profit and/or to gain or demonstrate status) which is causing significant harm to the community and/or is of cross border concern".
- Vandalism, graffiti or damaging property.
- Displaying offensive notices or advertisements.
- Dumping rubbish or discarding litter in the communal areas, or throwing things out of windows or over balconies.
- Allowing dogs to bark and foul in the Property or the communal areas.
- Failing to properly control your children, for example by allowing them to throw stones or play ball games in undesignated areas
- Breaking communal security (for example by providing keys to non-residents or allowing strangers into the communal areas.
- Making false or malicious complaints to us about neighbours
- Abusing, assaulting, threatening, harassing or obstructing our employees, contractors, agents or Council members in person, by telephone, in writing or in any other way while they are carrying out their job, whether at the Property or elsewhere (e.g. our offices).

4.4. PETS

4.4.1. If your tenancy commenced before 6th January 2014, clauses **4.4.2.** and **4.4.3.** do not apply to you and any pets kept in your property as of 6th January 2014. For the avoidance of doubt, the clauses in this section will apply to all tenants who wish to acquire new pets after 6th January 2014.

4.4.2. You must obtain our permission in writing before keeping any animal, bird or reptile at the Property. The grant or refusal of permission is within our discretion and, if granted, may be subject to conditions and may be withdrawn at any time if we consider that the animal, bird or reptile is causing a nuisance, damaging the Property or is being mistreated by you or any member of your household or visitor. We will give reasonable notice to you giving our reasons for withdrawal of permission.

4.4.3. Permission will not normally be given to keep a dog (other than a guide dog, hearing dog or other service dog) if the Property is a flat or maisonette without the sole use of, and direct access to, a garden.

4.4.4. Any dog kept in the Property must be micro chipped regardless of when the dog was acquired.

4.4.5. We will not give permission to keep breeds of dogs which are prohibited under the Dangerous Dogs Act or any subsequent legislation.

4.4.6. Dogs must be kept on a lead in communal areas

Appendix 2

Thurrock Council Tenancy Policy Section 2, 14 Looking after the community

Keeping pets in Council properties

Tenants are normally allowed to keep pets in their Council home, as long as they are well cared for and responsibly kept. The home must be suitable for their needs.

If the tenant fails to adhere to this policy, in accordance with the Tenancy Agreement, or they do not keep the animals in a responsible manner, the relevant tenancy will be terminated due to non-compliance.

Guide dogs and other support dogs will always be allowed.

Permission

Tenants must ask for written permission from the Council if they wish to obtain a pet, indicating the number and breed of animal they would like. The Council will need to know about how many pets tenants have in case there is an emergency, such as a fire or a flood. In addition, this information is important for the general management of the tenancy and estates.

The Council will not refuse permission unless there is a good reason and any reason will be explained clearly to the tenant.

How pets should be kept

Some properties are not suitable for keeping certain types of animals. Tenants should keep dogs or any other animal, except cats, which need outdoor exercise on a lead at all times when they are in a public area on Council land.

Tenants should keep rabbits and guinea pigs in gardens, so a property without a private garden may not be suitable.

If the property is suitable, tenants may keep most domestic animals including cats, dogs, rabbits, rodents, fish, caged birds such as budgies and parrots, and reptiles such as lizards. Pets should be kept securely where they cannot escape, and should have enough room for exercise.

All dogs and cats should be micro chipped and the relevant evidence must be presented to the council with an application to obtain a pet.

Existing tenants must also arrange for their pets to be micro chipped and can liaise with the Council for further information regarding local schemes which may be running.

Pets not allowed

Any animals prohibited by Section 1 of the Dangerous Dogs Act 1991 must not be kept. Any prohibited animals found, will need to be re-homed immediately, tenants failing to take immediate action will also be at risk of prosecution.

There are four breeds of dangerous dogs which are illegal – pit bull terriers, Japanese Tosas, the Dogo Argentinos and the Fila Brasileiros. Cross breeds of these dogs are also illegal. Dogs of other breeds, such as Rottweiler's, which have ever attacked a person in public are deemed dangerous dogs and are also illegal.

If a tenant's dog has attacked someone, the dog must be put down without delay. Similarly, if a dog attacks another dog in a public area, the dog must be re-housed immediately since the Council would deem this as a dangerous dog.

Tenants must not keep any wild or dangerous animals such as big cats, wolves, poisonous snakes and spiders etc. Other animals which must not be kept in tenant's property or communal areas include livestock, horses and poultry.

Barking dogs

The Council receives a large number of complaints regarding barking dogs. Barking comes naturally to dogs, but constant barking or whining of a dog can be disturbing or annoying for those around them.

By law, a barking dog can be a noise nuisance; therefore the Council will always try to work with the tenants in reducing the noise problem. The main reasons dogs bark are due to loneliness, boredom, attention seeking and defending their territory.

Simple measures to assist with this problem are

- Training the dog sufficiently
- Regular routine, including regular walks
- Leaving the radio on whilst the house is empty
- Not leaving the dog alone for long periods of time

Number of pets

Tenants should not keep more than two cats, dogs or rabbits. They may keep more small animals such as gerbils, mice, guinea pigs, fish, birds and reptiles as long as they are kept in tanks/ cages which are big enough for them and have enough room for exercise. In addition, they must also not cause a statutory or environmental noise nuisance.

Breeding animals

Tenants must not breed animals within their Council property. Council properties are unsuitable for commercial breeding. All pets should be neutered to help reduce the number of unwanted animals. Small pets such as guinea pigs and gerbils can breed very quickly, so it is important to have them neutered as soon as they are purchased, or only keep pairs of the same sex.

Tenants responsibilities when keeping a pet

- Seek written permission from the council
- Adequately feed and provide clean fresh water to the pets
- Keep the pets safe and warm enough at all times
- Take pets to the vets whenever they are ill, or need any other attention, e.g. for fleas
- Give pets enough exercise, and keep dogs on leads when walking them in public
- Ensure pets are adequately groomed within private areas of the tenant's property. For example brushing dog hairs to minimise them falling within communal areas
- Ensure appropriate arrangements are in place if they are away from their home, and have a nominated person to care for the animal in the case of an emergency
- Make sure all pets in tanks or cages have enough room and are not overcrowded
- Ensure pets are chipped and neutered in line with the policy
- Clean any mess that dogs/ cats make in public or private areas, any fouling must be cleared immediately
- Keep pets under control at all times
- Take into account the pets individual needs. For example very timid animals may need to be kept away from other animals or from children

Tenants must not

- Allow pets to roam or stray, (except cats)
- Allow pets to annoy or frighten anybody else
- Allow pets to cause nuisance to anybody else, e.g. by making too much noise
- Allow pets to damage anybody's property, including their own council property
- Neglect or mistreat pets in any way.

Cruelty to animals is a criminal offence.

Tenants unable to afford/ care for their pets

Organisations which can assist in giving discount for tenants who are on benefits or providing pet care include the RSPCA and the PDSA. The tenant should contact them for further advice.

The tenant is responsible for finding the pet a new home if they can no longer care for them or if they have been asked to have them re-housed or removed by the Council.

Problems with other people's pets

If a tenant reports an illegal dog to the Council, the Council will always investigate the allegation to ensure the safety of all residents.

If a tenant reports their neighbour's dog is causing a nuisance, they should try and discuss this with their neighbour to resolve the matter. If the matter persists, they should contact the Council.

Alternatively if a tenant is aware of a neighbour neglecting their animal, they should report the concern to the RSPCA or the police.

The Environmental Protection Team can take enforcement action against tenants who are responsible for 'any animal kept in such a place or manner as to be prejudicial to health or a nuisance' (Environmental Protection Act 1990 Section 79(1)(f)).

Noise

Noise is inevitable in any type of property within reason. Tenants must be responsible about the level of noise coming from their property and be considerate to the needs of their neighbours. For example the consistency of noise, level of noise and time of the noise must be taken into account by each tenant and every effort must be made to avoid excessively loud noise at any time of the day and night.

In return tenants must also be tolerant of noise and accept that it is a part of everyday life and cannot be avoided. This can be a particular issue in flats and high rise blocks. For example children will make noise and will be allowed to play in safe open spaces as they are entitled to enjoy their home environment as much as everyone else and should not be confined to their homes. However, they should always be sufficiently supervised to ensure safety.

Appendix 3

Case Study 1

Following a concern that was raised to the attention of the Tenancy Management Service, the Tenancy Management Officer completed a property audit and noted the resident had a very small, baby marmoset monkey in a cage. Seeing how distressed the baby monkey appeared and worried for its welfare, the officer raised her concerns with the RSPCA who attended and agreed that it was in the best interests of the animal for it to be moved.

The Monkey was removed the same day and taken to Monkey World where he was introduced to adoptive parents.

In this instance, and even though the owner had not sought permission to have a monkey, meaning we were unable to assess the monkey's suitability to the property, we would still have had to prove the monkey was creating a nuisance before we could have taken legal action. Nevertheless, we were able to raise our concerns with a third party agency that was able to take appropriate and timely action.

**Housing Overview and Scrutiny Committee
Work Programme 2021/22**

Dates of Meetings: 22 June 2021, 21 September 2021, 9 November 2021, 11 January 2022 and 2 March 2022

Topic	Lead Officer	Requested by Officer/Member
22 June 2021		
Damp and Mould in Council Housing Properties	Tracy John	Members
Housing Delivery Approach	Keith Andrews/Colin Black	Officers
Housing Development Programme Update	Keith Andrews/Colin Black	Members
Work Programme	Democratic Services	Standing item
21 September 2021 – Postponed to 14 October 2021		
Housing Strategy 2022-27 - Engagement Programme	Ewelina Sorbjan	Officers
Portfolio Holder for Housing	Cllr L Spillman	Members
Health and Wellbeing Strategy Refresh	Jo Broadbent	Officers
Homelessness Update – Everyone In	Ben Tovey	Chair
Property Audits (aka Tenancy Audits)	Ewelina Sorbjan	Chair
Work Programme	Democratic Services	Standing item

9 November 2021

Housing Development Programme Update	Keith Andrews	Members
Fees & Charges Pricing Strategy 2022/23	Kelly McMillan	Officers
Damp and Mould in Council Housing Properties	Sue Cardozo	Chair
Garage Project Update	Peter Doherty	Members
Work Programme	Democratic Services	Standing item

11 January 2022

Housing Development Programme Update	Keith Andrews/Julian Wain	Members
Thurrock Regeneration Ltd – Proposed Development of Culver Centre and Field, South Ockendon	Keith Andrews	Officers
C01 - Redevelopment Update	Keith Andrews	Officers
Housing Revenue Account – Rent Setting and Budgets 2022/23	Mike Jones	Chair
Animals in Council Properties	Peter Doherty	Members
Work Programme	Democratic Services	Standing item

2 March 2022

Housing Development Update	Keith Andrews	Officers
Private Sector Stock Condition Survey	Ewelina Sorbjan	Officers

Work Programme	Democratic Services	Standing item
Next municipal year		
Garage Project Update	Peter Doherty	Members (requested on November 2021)
Damp and Mould Ombudsman Feedback	Susan Cardozo	Members (requested on November 2021)
Council Stock Condition Survey	Susan Cardozo	Members (requested on November 2021)

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