

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 **9 January 2024**

Committee Room 2, Civic Offices, New Road, Grays, Essex RM17 6SL

Membership:

Councillors James Halden (Chair), Sue Shinnick (Vice-Chair), Steve Liddiard, Maureen Pearce, Joycelyn Redsell and Neil Speight

Sue Hodgson, Housing Tenant Representative

Substitutes:

Councillors Qaisar Abbas, Alex Anderson, John Cecil, Aaron Green and Lynn Worrall

Agenda

Open to Public and Press

	Page
1 Apologies for Absence	
2 Minutes	5 - 10
To approve as a correct record the minutes of the Housing Overview and Scrutiny Committee meeting held on 21 November 2023.	
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 Proposal to Designate Additional HMO Licensing Scheme	11 - 44

6	Right to Buy receipts management/PHI Updated - to follow	
7	Housing Revenue Account - Rent Setting and Budgets 2024/25	45 - 62
8	Update on Procurement of Housing Contracts for Works Through a Partnership Model	63 - 72
9	Work Programme	73 - 76

Queries regarding this Agenda or notification of apologies:

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

Agenda published on: **29 December 2023**

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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 21 November 2023 at 7.00 pm

Present:	Councillors James Halden (Chair), Sue Shinnick (Vice-Chair), Steve Liddiard, Joycelyn Redsell and Neil Speight
Apologies:	Councillor Maureen Pearce Sue Hodgson, Housing Representative
In attendance:	Ewelina Sorbjan, Assistant Director Housing and Development Keith Andrews, Housing Development Manager Ryan Farmer, Housing Strategy and Quality Manager Chris Seman, Intelligence and Performance Manager Mohammed Ullah, Repairs & Planned Maintenance Manager, Adults, Housing & Health Donna Noble

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

16. Minutes

The minutes of the Housing Overview and Scrutiny Committee held on the 28 September 2023 were approved as a correct record. It was noted that Cllr Halden and Redsell would like more detailed accounts for accuracy and transparency.

17. Urgent Items

Cllr Speight raised an issue which he would like highlighted again regarding the access to the Town Hall for visitors and members of the public. He shared that prior to the meeting the lights were off and a note was on the door stating the Security Officers were away for 5 minutes, not a welcoming atmosphere for any visitors and should be open for all.

18. Declaration of Interests

Cllr Redsell had an interest in the Blackshots development.

19. Housing Complaints Process, Regulation, Business Intelligence and Performance Report

Ewelina Sorbjan introduced the report and introduced some colleagues from Mears to assist with any questions.

Cllr Redsell asked why there didn't seem to be many complaints regarding garages and why there isn't a plan to refurbish them without reporting.

Ewelina Sorbjan responded that we do fix garages, and there is already work being done which will continue according to the plan.

Cllr Speight highlighted a significant increase in complaints nationally, with an 18.8% YOY increase, was there any particular growth area? Lucas Critchley said they had seen a great increase since the Ombudsman's report, 96% of repairs are completed within the allotted timeframes. 40,000 repairs per year showed a 0.59% return in complaints, most of those were multiple-visit jobs.

Cllr Liddiard asked if there is confidence in tenants knowing how they can complain. Ewelina Sorbjan said the Ombudsman has issued strict guidelines in informing people how to complain and this may be why there are increases in complaints in general.

Cllr Shinnick spoke about transformation of homes said she had seen some bad cases. Ewelina Sorbjan said there is a substantial programme ongoing for transformation and there is a 100% satisfaction record for bathrooms, however the decanting of residents is difficult.

Cllr Halden asked why we seem happy to be in line with national average for maladministration and how we lower that? Ewelina Sorbjan said we are not happy and these have to go through two stages. Every complaint at stage 2 we are in contact with the resident.

Cllr Speight shared his admiration for Officers in Housing but is concerned with the cutting of Contact Centre budgets, removing customer ability to speak with someone. Ewelina Sorbjan highlighted that within Housing they have a ringfenced revenue account, we have our own contact centre and will continue to be able to speak to customers. Lucas Critchley shared his good experience of the Mears call centre and said there will also be a customer app launched soon. There is a dedicated Customer care Officer who has completed Ombudsman training. Cllr Speight said he was reassured about contacts and connections.

RESOLVED

The Housing Overview and Scrutiny Committee noted, commented on and scrutinised the contents of the report.

20. Blackshots Estate - Update on Demolition and Redevelopment

Ewelina Sorbjan introduced the report. Keith Andrews said this has been running over the Summer months for consultation with stakeholders and been hosting workshops with residents. 28 tenants have moved out and 3 more accepted offers, this is great progress. In relation to design we are awaiting more detailed responses on consultations. We have had a student completing work experience and have plans for a career day with local schools to enhance our social value.

Cllr Shinnick asked how much open spaces are we losing? Keith Andrews said the main area is the sports courts but will provide precise measurements following this meeting.

Cllr Redsell said there were some complaints regarding communications, also highlighted a case where a family is unable to use their heating. Ewelina Sorbjan asked that the detail is passed to her so she can deal with this case as a priority. Keith Andrews highlighted the Decant Officer, who can deal with any queries.

Cllr Liddiard asked how the budget was looking, Keith Andrews said the main concern is capital spend for new homes and demolition, the final business case will set out the costs.

Cllr Speight asked that Fields in Trust will be ringfenced. Keith Andrew gave his absolute assurance.

Cllr Halden asked about dispensation from the Treasury if we are looked at as too successful? Ewelina Sorbjan said work is being led by Steven Mair and a number of other Officers. We have the Commissioner's support to have those conversations with the Treasury.

Cllr Speight was mindful that we are not due to discuss Blackshots again for 2 meetings and asked for a short update in the interim meeting. This was agreed by Officers.

RESOLVED

Noted the progress of the development of the scheme for the proposed redevelopment of the Blackshots tower blocks and commented as appropriate.

21. Housing Strategy - Year One Update

Ryan Farmer introduced the report. This was all agreed in July 2022 prior to intervention. The report sets out the aims, challenges and achievements.

Cllr Liddiard asked what we are unable to achieve. Ryan Farmer said that CO1 has changed and the priority has been put onto delivering services but this has not affected anything in Housing as yet.

Cllr Speight asked about the project run by Basildon Council regarding using sheltered housing as general housing. Ewelina Sorbjan said after looking into this it has been decided not to proceed although this has been done on a smaller scale.

Cllr Speight asked now that Thurrock Regen is being wound up will we ever build again? Ewelina Sorbjan said she is concerned regarding homelessness going up, do we build or refurbish? Temporary housing requests have gone up 22% and we would always advocate to build more.

Cllr Redsell said the feedback from the three blocks in Chadwell is wonderful and this should be shared as a good news story for the Council.

Cllr Halden raised how builds are being changed with modern day requirements such as broadband for home working etc. Ryan Farmer said that he is very impressed with new builds and how they are being planned differently. Cllr Redsell said that she was concerned that home working means more cars at home but there aren't enough spaces.

RESOLVED

Housing Overview and Scrutiny Committee noted and commented on the content of the report.

22. Social Housing (Regulation) Act 2023

Ryan Farmer shared the following presentation:

[\(Public Pack\)Item 8 - Introduction to Social Housing \(Regulation\) Act 2023 Presentation Agenda Supplement for Housing Overview and Scrutiny Committee, 21/11/2023 19:00 \(thurrock.gov.uk\)](#)

Ewelina Sorbjan shared that consultation had closed for the regulator, fees are about to double for landlords like us, we agree broadly with the consultation.

Cllr Speight asked if this would change the landscape of HMO's. Ryan Farmer stated that although this looked at social housing as HMO landlords are private then no.

Ewelina Sorbjan shared that have attended numerous sessions the Regulator of Social Housing, we are learning from the pilot inspection schemes across five LA's.

RESOLVED

Housing Overview and Scrutiny Committee noted and commented on the contents of the report.

23. Work Programme

Members noted the work programme and made the following comments:

Cllr Speight would like to see detail on report on the South Grays towerblocks and show tenants they are on the radar. Cllr Halden asked that this can be added into stock condition report. Agreed.

Agreed to move the homelessness update to be listed together with the report on homelessness strategy refresh.

The recording of the meeting can be found from the following link:

[Agenda for Housing Overview and Scrutiny Committee on Tuesday, 21st November, 2023, 7.00 pm | Thurrock Council](#)

The meeting finished at 9.04 pm

Approved as a true and correct record

CHAIR

DATE

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9 January 2024	ITEM: 5
Housing Overview and Scrutiny Committee	
Proposal to Designate Additional HMO Licensing Scheme	
Wards and communities affected: All	Key Decision: None
Report of: Dulal Ahmed – Housing Enforcement Manager	
Accountable Assistant Director: Ewelina Sorbjan – Assistant Director, Housing Management and Development	
Accountable Director: Ian Wake – Executive Director, Adults, Housing and Health	

Executive Summary

This document outlines the need for the renewal of the Additional Housing in Multiple Occupation (HMO) Licensing scheme in Thurrock. The scheme, initiated in June 2019, has played a crucial role in improving housing conditions and management standards in smaller HMOs that fall outside the scope of Mandatory Licensing.

The renewal proposal is based on comprehensive data and analysis, demonstrating the positive impact of the scheme on housing conditions, tenant safety, and community well-being. Over the past five years, the scheme has led to the licensing of 220 HMOs, generating approximately £432,912 in revenue.

Key findings supporting the renewal include:

Improved Housing Conditions: The scheme has led to better management and higher standards in HMOs, addressing issues such as overcrowding, fire safety, and other housing hazards.

Increased Tenant Safety: Licensing has made it easier to identify and collaborate with landlords, ensuring safer living conditions for tenants.

Reduction in Anti-Social Behaviour: The scheme has contributed to a reduction in anti-social behaviour, noise complaints, and other issues that negatively impact the community.

Community Impact: Complaints related to HMOs have increased over the years, indicating the need for consistent regulation and enforcement to protect the wider community.

Support from Tenants: A survey conducted in 2023 showed strong support from tenants for the licensing scheme, with the majority agreeing that licensed HMOs are safe to rent.

The proposal recommends the renewal of Additional Licensing for the entire borough for the next five years. This renewal aligns with the council's housing strategy to raise housing standards and quality in the private rented sector. The document also explores alternative options, such as doing nothing or implementing planning regulations, highlighting the limitations of these approaches.

The recommendation is grounded in the council's commitment to protecting residents' safety, supporting landlord compliance, and creating a safer and more desirable living environment in Thurrock. Consultation with stakeholders will precede the final decision, ensuring that the renewal aligns with the community's needs and priorities.

The renewal of Additional HMO Licensing will help Thurrock continue its proactive approach to improving housing standards and tenant safety in the private rented sector, benefiting both residents and the broader community.

Government Intervention & Section 114

In July 2022, Thurrock Council was made aware of concerns around the valuation of specific investments. A review process commenced, and the initial findings highlighted significant concerns about three investments, and the position was shared informally with the Department of Levelling Up, Housing and Communities (DLUHC).

On 2 September 2022, DLUHC announced directions to implement an intervention package at the council.

The Secretary of State exercised his powers under s15(11) of the Local Government Act 1999 to give a Direction without complying with the requirement at s15(9) to give Thurrock an opportunity to make representations about the Directions, as he considered the failures of the council's compliance with its Best Value duty in respect of the functions specified in the Directions sufficiently urgent. This was because of the following:

- the scale of the financial and commercial risks potentially facing the authority, which were compounded by the authority's approach to financial management, and the seriousness of the allegations that were made by third parties about the processes applied to the operation of the authority's commercial strategy, and,
- the failure of the authority to provide assurance to Ministers and the Department on the adequacy of the actions that the authority was taking to address the issues, taking account of the scale and pace of the response required.

The Secretary of State nominated Essex County Council to the role of Commissioner.

On 19 December 2022, the council's Acting Director of Finance and Section 151 Officer issued a report under Section 114 of the Local Government Finance Act

1988. This advises Councillors that the council faces 'a financial situation of an extremely serious nature.'

Since that period, the council has continued to operate under the s114 Notice and is collaborating with Commissioners to tighten its financial management procedures.

1 Recommendations

Housing Overview and Scrutiny Committee are asked to:

- 1.1. Comment on the council's evidence to renew Additional Licensing covering the whole borough for five years.**
- 1.2. Comment on the other options available to the council to improve housing conditions and management standards in all HMOs.**
- 1.3. Comment on the public consultation with stakeholders likely to be affected by this decision to extend Additional Licensing and present those findings to Cabinet for a decision on renewing Additional Licensing.**

2 Background

- 2.1. All local authorities have a duty to run Mandatory Licensing covering HMOs that are occupied by five or more people forming two or more households.
- 2.2. In January 2019, Thurrock Council's Cabinet approved an Additional HMO Licensing scheme for certain parts of the borough under Section 56 of the Housing Act 2004. This Section gives powers to local authorities to designate areas or whole of the area within their district as subject to Additional Licensing in respect of some or all the HMOs in its area that are not already subject to Mandatory licensing.
- 2.3. Additional Licensing came into force on 1 June 2019, covering 11 of the 20 Thurrock wards, namely:
 - Aveley and Uplands
 - Belhus
 - Chadwell St Mary
 - Grays Riverside
 - Grays Thurrock
 - Little Thurrock Blackshots
 - Ockendon
 - Stifford Clays
 - Tilbury Riverside and Thurrock Park
 - Tilbury St Chads
 - West Thurrock and South Stifford
- 2.4. This scheme mandates that all shared dwellings (properties with three or more persons and two or more households) must have a licence with the council, pursuant to Mandatory Licensing.

3 Additional Licensing Review

- 3.1. Compared with single-family homes, HMOs are at a higher risk of substandard conditions, facilities, and management. These are regulated under the Housing Act 2004. The majority of properties used as HMOs in Thurrock have three or four bedrooms and would, therefore, fall outside the remit of Mandatory Licensing.
- 3.2. The licensing scheme in Thurrock has seen a positive difference in the HMO rental sector for the past five years, improving housing conditions and management standards whilst supporting landlords and tenants.
- 3.3. This has resulted in 220 licensed HMOs, equating to approximately £432,912 in licensing revenue. Out of those 220 properties, 169 properties are located within the Additional Licensing areas, and 51 are licensed within areas exempted from Additional Licensing.
- 3.4. Additional Licensing has made it easier to identify and collaborate with those landlords in licensed areas whose management or accommodation conditions are substandard, rather than waiting for tenants' complaints by placing the onus on landlords to identify themselves or risk prosecution for failure to licence.
- 3.5. Additional Licensing has allowed the council to address poor property standards in HMOs that fall outside Mandatory Licensing to provide greater protection for the health, safety, and welfare of occupants. Please refer to Section 3.13 of this report for further details.
- 3.6. The tables within Section 3 of this report provide the evidence needed to extend Additional Licensing. The datasets show that a considerable proportion of HMOs have been managed ineffectively and are likely to give rise to one or more problems for those occupying the HMO or for members of the public.
- 3.7. The table below presents the number of service requests regarding HMOs. Thurrock residents regularly complain to the Licensing Team, averaging 108 per annum or nine per month for the past five years, demonstrating one or more problems associated with HMOs having an impact on the wider public.

Year	2018/19	2019/20	2020/21	2021/22	2022/23
No. of service requests	111	150	180	127	143

Source: Thurrock Council Private Sector Housing Service

3.8. In contrast, those occupying HMOs tend not to contact the council. The table below outlines the small number of complaints made to the Licensing Team.

Year	2018/19	2019/20	2020/21	2021/22	2022/23
No. of HMO Tenant service requests	11	17	5	6	5

Source: Thurrock Council Private Sector Housing Service

3.9. Licensing housing inspections have identified some landlords failing to meet HMO legal requirements, especially in terms of overcrowding and fire safety. The table below presents the number of improved HMOs, demonstrating that a large number of landlords operate below the legal standards required in HMOs.

Year	2018/19	2019/20	2020/21	2021/22	2022/23
No. of households improved under Mandatory and Additional Licensing	44	78	241	159	165

Source: Thurrock Council Private Sector Housing Service

3.10. All HMOs must comply with the Essex Amenities Housing Standards, as outlined in Appendix 1. The council has adopted minimum standards for amenities and space permitted in an HMO suitable for the number of occupants.

3.11. Enforcement and regulation of HMOs are conducted under the Housing Act 2004 through the application of the Housing Health and Safety Rating System (HHSRS) to remove housing hazards or deal with problems of poor management.

3.12. The table below provides the number of hazards removed by the Licensing Team in HMOs. The most common hazards are overcrowding and space standards, damp and mould growth, excess cold and fire safety - all representing severe and significant risks to tenants.

Year	2017/18	2018/19	2019/20	2020/21*	2021/22	2022/23	2023/24
Private lettings	245	340	699	423	500	652	88
HMO	551	563	465	258	429	498	214

Source: Thurrock Council Private Sector Housing Service

**Lockdown measures had an impact on the above numbers as officers were unable to perform visits at times; instead, more informal methods were adopted.*

3.13. Poor quality housing harms the health and wellbeing of tenants. The table below demonstrates poor living conditions and management standards, requiring the Licensing Team to act to keep homes free of significant risks.

The results were:

- Improvement notices issued to the landlord to conduct improvements to the property.
- Environmental Protection Act 1990 issued to the landlord in instances of statutory nuisance to any premises to be prejudicial to health or nuisance.
- Management regulation breaches covering a range of offences, e.g., maintenance of common parts, fixtures, fittings, and appliances.
- Public Health Act notices issued to the landlord with respect to drains not sufficiently maintained or kept in good repair.
- Public Health Act notices issued to the landlord for premises that are filthy or in unwholesome condition to be prejudicial to health or verminous.
- Civil Penalty Notices issued to the landlord as an alternative to prosecution for a range of offences, such as breach of an improvement notice, failure to obtain a licence initially, breach of HMO licence, or breach of management regulations.
- Criminal prosecutions for serious housing disrepair offences

Enforcement Measure	2018/19	2019/20	2020/21*	2021/22	2022/23
Improvement Notice	17	36	20	40	3
Prohibition Order	8	3	5	0	0
Emergency Prohibition Order	0	0	1	0	0
Emergency Remedial Action	1	3	0	0	0
Environmental Protection Act S80	21	10	14	12	1
Hazard Awareness Notice	2	15	0	1	0
Suspended Prohibition Order	1	2	1	5	1
Suspended Improvement Notice	2	6	2	0	0
Management Regulations 2006 Advisory Notice	23	24	7	13	22
Building Act 1984/Public Health Act 1961 Drainage	4	8	3	4	1
Public Health Act 1936 Notice	4	3	1	6	0
Works In Default	6	10	1	0	1
Prosecutions	5	5	2	5	4
Civil Penalty Notice	0	15	20	9	10
Rent Repayment Order	0	0	0	1	0

Source: Thurrock Council Private Sector Housing Service

**Lockdown measures had an impact on the above numbers as officers were unable to perform visits at times; instead, more informal methods were adopted.*

- 3.14. The number of HMO overcrowding cases has decreased under Mandatory and Additional Licensing as properties are brought into compliance. Licensing helps to prevent HMO landlords from illegally overcrowding a property under their control and management. The licensing process advises the landlord on the suitability of the HMO for the number of occupiers.

3.15. Tenancy management standards in HMOs can help to deal with tenants causing anti-social behaviour. Poorly managed or non-licensed HMOs often are a source of the following problems in Thurrock:

- ASB, noise and nuisance
- Negative impacts on the physical environment
- Community tension
- Waste and rubbish accumulation, over-spilling bins
- Pressure upon parking provision

3.16. The table below shows reported anti-social behaviour (ASB) complaints from 2019 to 2023. Complaints have increased yearly to date as the number of HMOs spread across the borough to non-licensed areas, leaving a negative impact on the community.

Year	2018/19	2019/20	2020/21	2021/22	2022/23
Complaints	20	30	35	40	45

Source: Thurrock Council

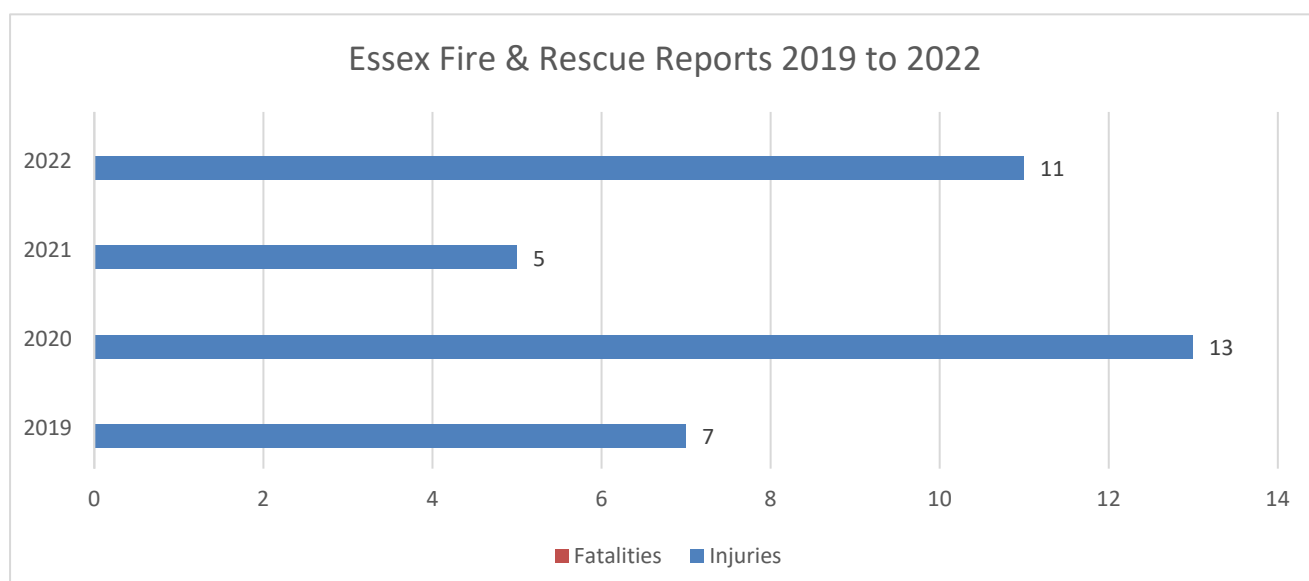
3.17. License conditions help to tackle ASB, noise, and accumulation of waste. The table below presents the Licensing Team enforcement activity addressing problems in poorly managed properties.

Activity	2018/19	2019/20	2020/21	2021/22	2022/23
Environmental Protection Act Notice 1990	0	0	0	0	0
Community Protection Notices	0	0	0	0	0
Community Protection Warnings	0	4	6	3	5
Closure Order	0	0	0	0	0
Revoke HMO Licence	0	0	0	2	9
Housing injunction	0	0	0	0	0
Mediation	4	6	2	8	12
Restorative Justice Referrals	0	3	0	0	0
Warning Letter	6	8	4	12	10

Special Interim Management Order	0	0	0	0	0
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Source: Thurrock Council

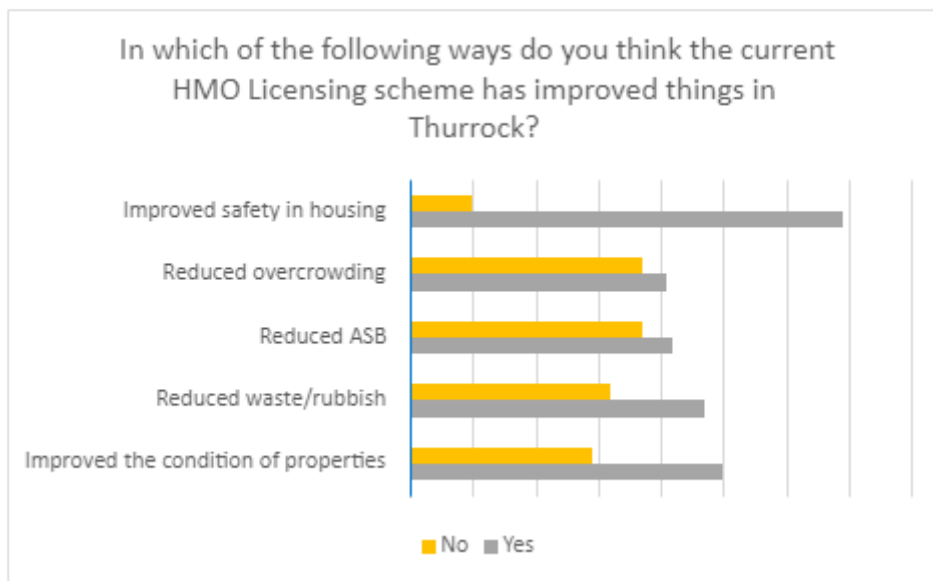
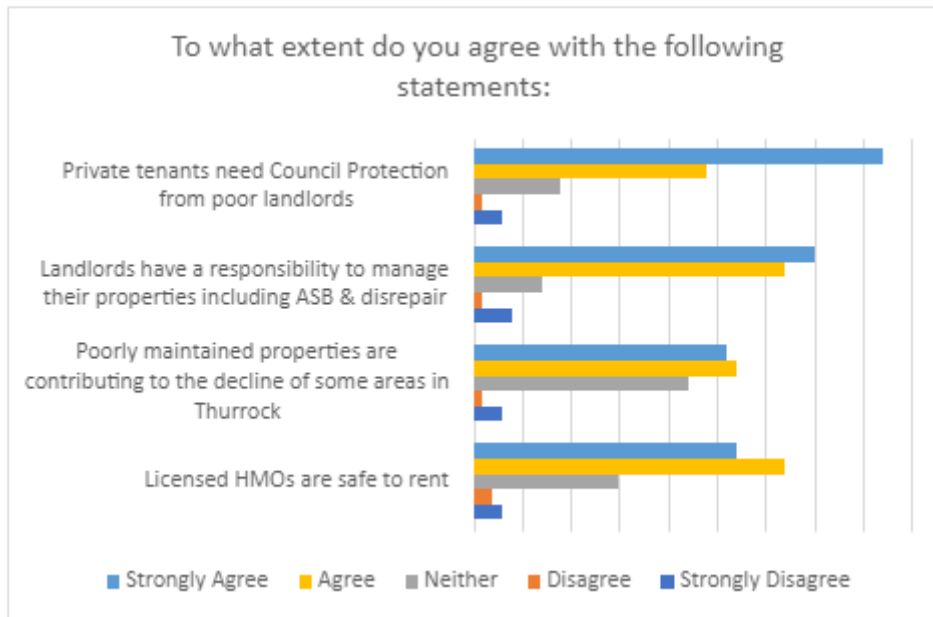
- 3.18. Key to the success of the Licensing service has been collaborative working and regular meetings with the Community Safety Partnership, Homelessness, Allocations, Council Tax, Planning and Environmental Protection Team to ensure a consistent approach to Homelessness, ASB, Noise, and overcrowding.
- 3.19. The Licensing Team has also found some HMO conversions that are poorly constructed, including those above commercial shops, with long or complex escape routes. HMOs are at higher fire risk than single dwelling lets. HMO licensing has helped to improve landlord compliance and reinforce fire safety measures that result in safer homes.
- 3.20. The Essex Fire & Rescue statistics show 27 fire incidents, with 36 injuries and 0 fatalities, recorded in Thurrock between 2019 and 2022. Please see the table below.

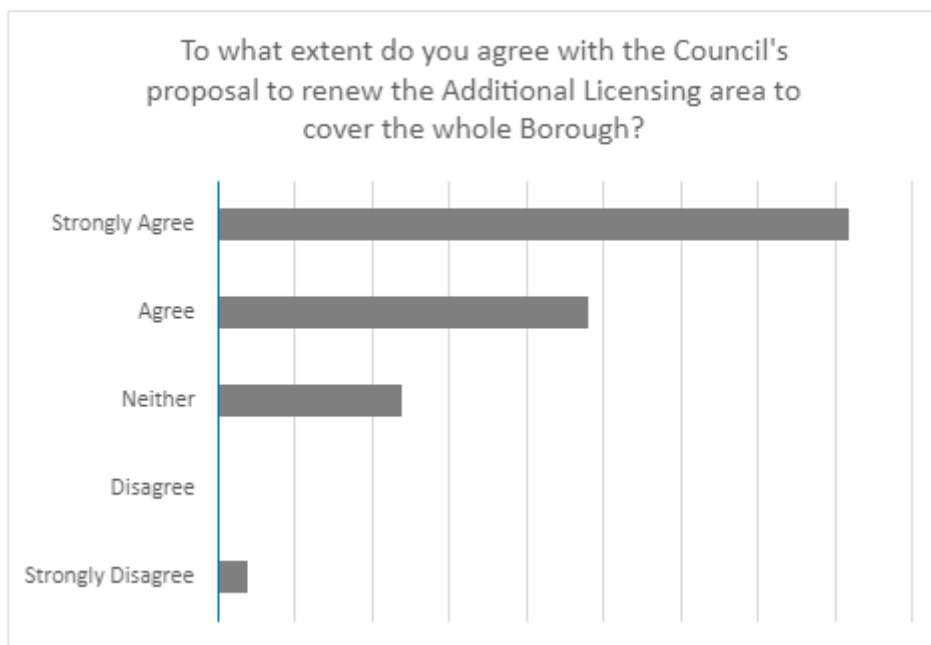
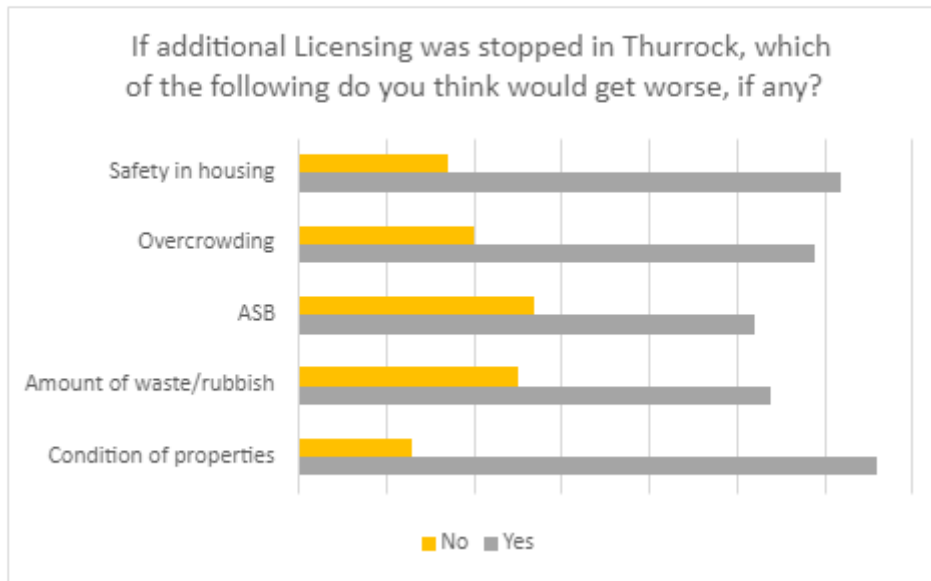


Source: Essex County Fire and Recuse Authority

- 3.21. The Licensing Team ran an HMO tenant survey in September 2023. A total of 79 tenants engaged with officers. The findings regarding Additional Licensing are summarised below.
- 79% strongly agreed that licensed HMOs are safe to rent.
 - 87% improved safety in housing
 - 63% improved the condition of the property.
 - 53 % reduced ASB

- 75% felt overcrowding would get worse if Additional Licensing stopped.
- 82% agreed with the council’s proposal to extend Additional Licensing across the whole borough.





Source Thurrock Council

3.22. This feedback supplements the evidence presented in support of extending the Additional Licensing scheme.

3.23. Residents, landlords, landlords' associations and other stakeholders such as Police, Fire Authority and lettings agents will have an opportunity to provide their views on any extension to the Additional Licensing scheme during the three-month statutory consultation period (referred to in section 9 of this report), which is anticipated to begin in January 2024.

4 Need for Additional Licensing

4.1. The Housing Act 2004 s56 and s57 require certain aspects to be fulfilled before any designation can be made, including that the authority:

- considers that a considerable proportion of the HMOs of that description in the area is managed sufficiently ineffectively as to give rise or likely to give rise to one or more problems either for those occupying the HMOs or for members of the public.
- takes reasonable steps to consult persons who are likely to be affected by the designation.
- considers whether there are any other courses of action available to the authority that might provide an effective method of dealing with the problem or problems in question, and,
- ensures it is consistent with the authority's overall housing strategy and is a part of a coordinated approach to deal with wider issues, such as anti-social behaviour.

5 Proposal

- 5.1. Additional Licensing is intended to cover smaller HMOs not covered by Mandatory Licensing. HMOs comprise 4.75% of the total private rented sector in Thurrock in comparison to single dwelling lets at 19.25%¹. There are no plans to restrict the growth of HMOs in the borough.
- 5.2. The evidence above demonstrates that a considerable proportion of HMOs in the area has been managed sufficiently ineffectively as to give rise, or likely to give rise, to one or more problems either for those occupying the HMOs or for members of the public.
- 5.3. This proposal designates the whole borough under Additional Licensing for the next five years.
- 5.4. Properties to be included in the proposal are:
 - all HMOs, as defined by section 254 of the Housing Act 2004, which are occupied by three or more persons comprising two or more households.
 - all HMOs as defined in section 257 of the Housing Act 2004. This is a building which is comprised entirely of converted self-contained flats, and the standard of the conversion does not meet, at a minimum, the standard required by the 1991 Building regulations, and where less than two-thirds of the flats are owner-occupied.
 - individual flats within section 257 that require a licence if they are occupied by three or more people in two or more households privately renting.
 - all HMOs as stated above over commercial properties and within mixed-use developments.

¹ Source – Thurrock Council Private Sector Housing

5.5. The Private Housing Team is introducing Additional Licensing to:

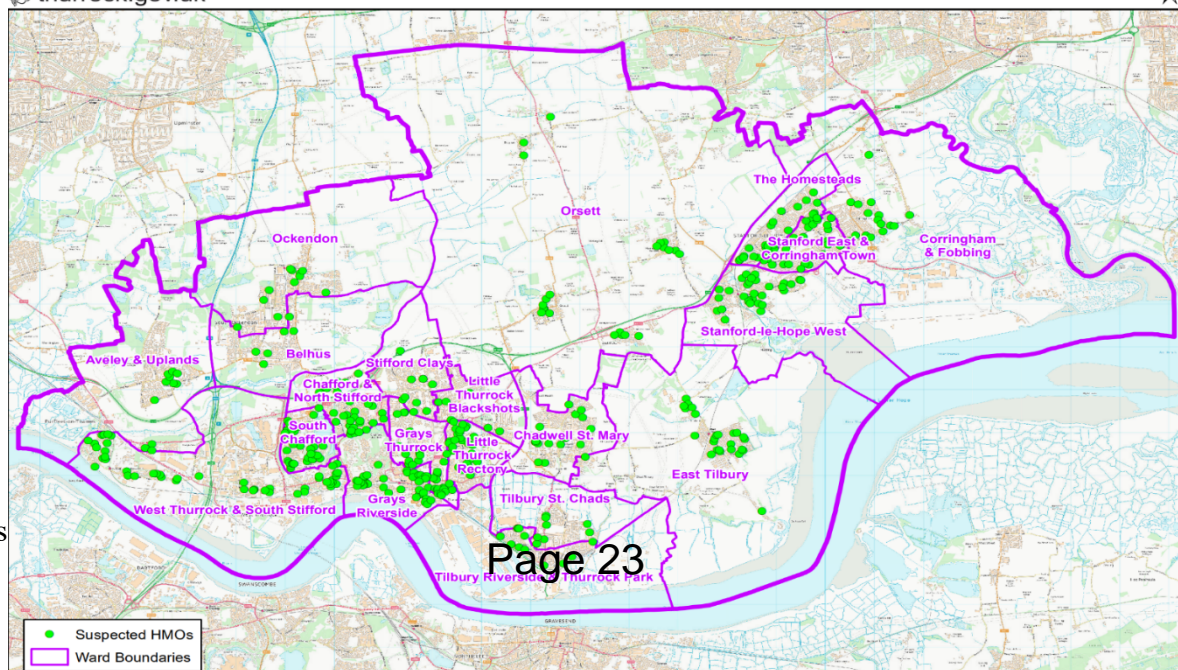
- provide a consistent approach to all HMOs in the borough.
- improve property standards, management skills and tenancy practices in the private rented sector.
- prevent overcrowding within HMOs.
- help to address anti-social behaviour (ASB) issues associated with HMOs.
- protect residents from negative social and health effects of poorly managed and maintained properties by landlords that are evading licensing and regulation, putting their tenants at risk.
- make Thurrock a safer and more desirable place to live by reducing the adverse impact of poorly managed HMOs upon the wider community.

5.6. Appendix 2 presents the proposed HMO license fees for the 2024/25 financial year. These fees will be scrutinised in November 2023 and are due to be presented to Cabinet for approval – taking into consideration any feedback received – in February 2024

6 Suspected HMOs

6.1. There are 577 suspected HMOs spread across the borough, as indicated in the map below. The data suggests a substantial proportion of these are small HMOs not requiring a licence or duty for landlords or tenants to inform the council of their status in non-licensed areas, including the following wards:

- Chafford & North Stifford
- Corringham & Fobbing
- East Tilbury
- Little Thurrock Rectory
- Orsett
- South Chafford
- Stanford East & Corringham Town
- Stanford-le-Hope West
- The Homesteads



- 6.2. The number of suspected HMOs fluctuates during the year. This data is based on investigative research, including tenancy deposits, council tax, electoral and housing waiting list records.
- 6.3. The datasets available do not identify high numbers or a concentration of HMOs in any particular area. There is a huge demand for housing in the borough, such that some tenants have little choice but to accept inadequate quality and potentially unsafe housing. This situation supports a borough-wide designation to ensure that the potential risks caused by HMOs are consistently and appropriately addressed.
- 6.4. Overall, there is a demand for the Licensing service to address the increased number of HMOs and the problems that they may cause in Thurrock.

7 Housing Strategy 2022-2027

- 7.1. This licensing proposal is consistent with the council's housing strategy to drive up housing standards and quality in the private rented sector. Residents suggested that actions are necessary to be taken to ensure privately rented homes are at a decent quality standard.
- 7.2. Licensing is not proposed as the sole solution to problems but as part of a range of strategies and actions to improve living conditions and housing management standards. The licensing scheme assists the council to continue collaborating with good landlords and support those landlords who want to manage their homes more effectively whilst also enabling more targeted and effective actions against poor landlords.

8 Other options considered

- 8.1. Section 57 of the Housing Act 2004 sets out the requirements that Councils must have considered other potential courses of action available to provide an effective method of achieving the objective or objectives that the proposed designation would intend to achieve.

Other options considered are as follows.

- 8.2. **Do nothing** – allow the existing Additional Licensing scheme to finish in May 2024.
 - 8.2.1. Most HMOs in Thurrock fall outside the remit of Mandatory Licensing due to their size and number of occupants. The running of an Additional Licensing scheme helps to maintain standards in HMOs in this area due to demographic and affordability pressures.
 - 8.2.2. While essential statutory duties can be enforced without a scheme, it would be a reactive process as a response to complaints that does not lead to a consistent standard of protection for HMO tenants nor the provision of clear

standards for landlords to refer to. Inadvertently, this will lead to the situation when a portion of HMOs does not meet the statutory standards.

8.3. Mandatory Licensing

8.3.1. Mandatory licensing refers to the licensing of HMOs where the premises are occupied by five or more people who form two or more households. The licensing regime came into effect before Additional Licensing but only covered a small proportion of the HMO sector in Thurrock due to both the nature of the housing stock and the fact that property occupancy tends to be fewer than five people. Even if Additional Licensing was not renewed, this Mandatory Licensing would still take place.

8.4. Designating specified areas and Additional Licensing

8.4.1. The council previously designated certain parts of the borough for the last five years, increasing the number of licenced HMOs. However, private housing records show an emerging picture of small HMOs operating outside of the Council's Licensing scheme designated areas. This expansion has impacted councillors, residents, communities, and neighbourhoods through instances of poor housing management and inadequate property standards.

8.4.2. Therefore, designating certain parts of the borough again does not address the problems caused by HMOs and provides residents with a service without staffing resources to regulate and enforce housing standards.

8.5. Article 4 Planning

8.5.1. The Local Authority can use an Article 4 direction under the Town and Country Planning (General Permitted Development) (England) Order 2015 to withdraw the permitted development rights if there is evidence that the proposed development could be prejudicial to the proper planning of the area, cause a threat to amenities or wellbeing of an area.

8.5.2. If the Article 4 direction is in force, a property that is occupied as an HMO without planning permission, if it does not benefit from a continuous use as an HMO for ten years, will require planning permission, e.g., for the conversion from a single dwelling house to a small HMO. If the authorised use of a property as an HMO has commenced before the date the Article 4 direction has taken effect, a landlord will not need planning permission as a result of the direction.

8.5.3. The local planning authority must notify the Secretary of State when making an Article 4 direction, but it does not need ministerial approval. The direction can be in force permanently, but it should be cancelled if the reasons why it was made are no longer valid.

8.6. This legislation would not help the council meet the demand for affordable housing in Thurrock by removing permitted development rights to change the use of a small property forming a single household into an HMO. By running

the Additional Licensing scheme, Thurrock Council is promoting the importance of secure, high-quality, and safe HMOs, providing appropriate internal and external spaces, and supporting our private landlords to manage their properties better.

8.7. Accredited Landlord Scheme

8.7.1. The accredited landlord schemes retain limited success as they are voluntary and attract compliant landlords; rogue landlords are unlikely to participate in such schemes proactively. The National Residential Landlord Association (NRLA) have confirmed to the council that the number of Thurrock-accredited landlords remains low; however, the authority is cooperating with the NRLA on increasing landlord accreditation in the borough to raise housing standards.

8.8. Landlord Forums

8.8.1. The council and the NRLA host a joint landlord to exchange information and educate landlords who operate in the borough. However, this does not offer a comprehensive structure for managing private rented properties and tenants and does not offer enforcement actions to ensure that such a structure is adhered to.

8.9. Borough-wide Additional Licensing scheme in all wards

8.9.1. This is our preferred option to improve the rented sector. The scheme will be for five years to run from October 2024 to September 2029 borough wide.

8.9.2. Additional Licensing proactively addresses the most common high-risk premises within the borough, predominantly small HMOs.

8.9.3. If the Additional Licensing Scheme is not extended for another five years, most small HMOs would operate below the legal standards of mandatory licensing. It would not have licensing conditions to regulate tenant behaviour.

8.9.4. The renewal of Additional Licensing ensures a consistent and safe standard of HMO accommodation within Thurrock.

9 Renewal Procedure

9.1. Should the designation be agreed to renew the scheme by Cabinet, a three-month period will be in place in line with legislation where licensing does not take place.

9.2. The three-month statutory period is set out in the Housing Act 2004 and in line with The Licensing and Management of Houses in Multiple Occupation and Other Houses (Miscellaneous Provisions) (England) Regulations 2006. This period will be used to advertise the new designation, as well as the standards that apply and the proposed HMO fee structure.

10 Reasons for Recommendations

- 10.1. The PRS has grown significantly alongside the borough's population. The population is expected to reach 192,535 in 2032.² The data in the table below presents the growth of the Private Rented Sector in Thurrock between 2011 to 2021.

Year	PRS Percentage of the Housing Market
2011	14.07
2012	15.42
2013	16.05
2014	16.56
2015	17.12
2016	17.29
2017	17.06
2018	16.83
2019	16.54
2020	16.59
2021	16.85
2021 Census	18.28

Source – ONS survey Thurrock Private Rented Sector

- 10.2. The borough needs one-bedroom properties to meet local demand levels. HMOs are an important part of housing supply, and the trend is likely to continue as the population increases.
- 10.3. Housing enforcement records demonstrate that PRS continues to have poorly managed HMOs impacting tenants' safety and the wider neighbourhood. Better managed and maintained HMOs improve tenants' health and wellbeing and positively impact their local community.
- 10.4. If discretionary Additional Licensing is not renewed, then this will adversely affect resources as the service would have to react to arising problems and complaints about HMOs rather than continue our proactive approach.
- 10.5. The council has systems in place to administer Additional Licensing to improve housing conditions through HMO licence conditions, setting minimum housing standards in the PRS.
- 10.6. The Additional Licensing function is self-funded by HMO licencing and civil penalty fees.

² Source – ONS Subnational Population Projections 2012

10.7. The Additional Licensing assists the Government's levelling up agenda in terms of its ambition to half the number of non-decent homes across all tenures by 2030.³

11 Consultation (including Overview and Scrutiny, if applicable)

11.1. There is a statutory requirement for the council to conduct consultation with stakeholders on introducing or renewing the scheme.

11.2. The Licensing Team will produce a new business case to extend the Additional Licensing for another five years borough wide.

11.3. The Licensing Team will start this stakeholder engagement process in January 2024.

11.4. The consultation and engagement findings and business case will be presented to the Cabinet to designate an Additional Licensing scheme.

12 Impact on corporate policies, priorities, performance, and community impact

12.1. Thurrock's Housing Strategy 2022-27 is committed to protect resident safety from harm to their physical and mental health. HMO licensing will improve the safety and security of Thurrock residents by addressing property conditions required to support residents to feel safe.

12.2. Additional licensing was first introduced in 2019. According to ONS data, this scheme did not result in private landlords exiting the PRS nor reduce the number of licensed and suspected HMOs in Thurrock, as outlined in Section 10.1 Extending this scheme may encourage some landlords to rent their properties as single dwellings instead of an HMO, thereby increasing housing supply for family lettings in our area.

13 Implications

13.1. Financial

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

The HMO licensing scheme forms part of the Private Sector Housing budget, contained within the Housing General Fund.

The annual targeted income budget is £70,000 per annum. This forms part of the overall service budget

The recommendations within the report support the continuation of the service, which has demonstrated financial viability since its inception.

³ Source – [A fairer private rented sector - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

13.2. Legal

Implications verified by: **Godwin Mangse**
**Interim Principal Lawyer, Housing, Litigation
and Prosecutions**

There are no direct legal implications arising from this report.

Section 3 of the Housing Act 2004 places a duty on a local housing authority to keep the housing conditions in their area under review with a view to identifying any action that may need to be taken under the provisions mentioned in Section 3(2) of the Act. The licensing of HMOs is one of those provisions.

In accordance with the remit of the Housing Overview and Scrutiny Committee, Members are asked to review and scrutinise the proposal/recommendation outlined in this report.

13.3. Diversity and Equality

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

A Community and Equality Impact Assessment was conducted before the implementation of Additional Licensing in 2019. A new impact assessment will be carried out considering the consultation feedback to ensure that no group will be adversely affected by the introduction of this proposed scheme.

Licensing allows the council to remedy poor private rented-sector conditions that can harm health and exacerbate medical conditions. The council can take the appropriate action required under Mandatory and Additional Licensing.

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

Extra staffing for the operation of the scheme, including the processing of the applications, will be required. The cost of meeting this additional staff requirement will be self-financed out of the HMO licensing fee.

Licensing contributes towards the council's Community safety partnership duty to reduce crime and anti-social behaviour in the borough as licensing increases collaboration to tackle rogue landlords.

The definition of a rogue landlord is a landlord who knowingly flouts their obligations by renting out unsafe and substandard accommodation to tenants, many of whom may be vulnerable.

14 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):

- [Thurrock Council - Housing Strategy, 2022-2027](#)

15 Appendices to the report

Appendix 1 Essex Amenities Housing Standards

Appendix 2 Proposed HMO Fees & Charges 2024/25

Report Author:

Dulal Ahmed

Housing Enforcement Manager

Private Sector Housing

Thurrock Council

Essex amenity standards for Houses in Multiple Occupation

A guide to the minimum standards for amenities and space permitted in a house in multiple occupation.

Introduction

Houses in Multiple Occupation (HMOs) play an important role in local housing markets across Essex. Increasingly HMOs are becoming more diverse as housing pressures and costs rise and a wider range of residents seek some form of shared accommodation. Essex councils want to ensure that this growing sector has clear guidance on how to develop suitable accommodation with some flexible options based on an understanding of the housing stock and the need for good quality HMOs across the County.

For the purposes of this guide to amenity standards, we have distinguished HMOs according to whether they are:

<p>HMO with shared facilities kitchen, dining, living room</p>	<p>HMO with shared kitchen facilities but without shared living space</p>	<p>HMO without shared facilities traditional bedsits or studio flats including kitchen facilities</p>
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Status of this document

Enforcement of amenity standards in HMOs is undertaken using the Housing Health and Safety Rating System (HHSRS) created by the introduction of the Housing Act 2004. In addition, most HMOs occupied by 5 or more people will require a licence under the Housing Act 2004 and in considering an application for such a licence the authority must be satisfied that the property is reasonably suitable for occupation by the number proposing to live there.

Some standards are prescribed in the Licensing and Management of Houses in Multiple Occupation (Miscellaneous Provisions) (England) Regulations 2006(SI2006/373). The authority also has power to specify other standards and this document outlines those standards which should be interpreted as guidance to landlords as to what the local authority is likely to consider reasonable taking account of property type and layout. It should also be noted that a local authority may consider, in certain justified circumstances that a higher standard than specified in this guidance is required and landlords are advised to discuss their specific property with council officers prior to carrying out alterations.

This document has been put together by the Essex Local Authorities as a guide on the standards expected in HMOs within Essex taking account of the aforementioned Regulation and also includes recommendations for good practice. The standards have been widely consulted upon and adopted by each participating Local Authority, giving the standards significant weight behind their application to support enforcement in such properties.

Full compliance with the standards contained in this document means that formal enforcement action against an HMO Landlord for amenity-related issues should not be necessary. Conversely, failure to comply with them places a Landlord at heightened risk of enforcement action.

This document will be subject to review at least every 3 years or earlier if considered necessary as a result of any relevant legislation or changes in government guidance or policy.

The structure of this document identifies:

- **legal requirements that are set out in bold type** – these are requirements contained within national legislation; non-compliance with the requirement is an offence for which a Landlord may face formal enforcement action, potentially including prosecution or a civil penalty of up to £30,000
- **requirements that are set out in black standard type** – these are the *minimum* requirements generally expected, whilst also considering the individual property itself; non-compliance with such a requirement may not constitute an offence in its own right, but a local authority is likely to require it as a condition of the licence which can then be enforced as such
- **recommendations that are set out in underlined type** – these are recommendations agreed upon by the Essex Local Authorities and are good practice suggestions designed to help minimise issues for tenants in the property and help create good quality HMO accommodation

Links to other design and management considerations

At the back of this document Table 5 provides information and links to a range of design and management considerations which need to be considered to ensure that extra legal requirements and the additional responsibilities of running HMO accommodation can be fully demonstrated. Where landlords and managers are not clear about what is required then they should make enquiries with the relevant council.

Table 1: Minimum room size requirements

Room size requirements are given in square metres (sqm). For clarity, a room size of 12sqm is equivalent to a room measuring 4m by 3m and also a room measuring 6m by 2m.

Room use	Number of occupants	HMO with shared facilities (kitchen, dining, living room)	HMO with shared kitchen facilities (no shared living room)	HMO without shared facilities (bedsits or studios)
Bedroom or letting	1	6.51sqm	8.5sqm	11sqm
	2	10.22sqm	12sqm	15sqm
Shared kitchen	Up to 5	7sqm	7sqm	
	6	8.5sqm	8.5sqm	
	7	10sqm	10sqm	
	8 -10	14sqm, or 2 rooms each 7sqm	14sqm, or 2 rooms each 7sqm	
Shared living / dining room	up to 5	11sqm	*5sqm	
	6	12sqm	*6.5sqm	
	7	13sqm	*8sqm	
	8	14sqm	*10sqm, or 2 rooms each 5sqm	
	9	15sqm	*10sqm, or 2 rooms each 5sqm	
	10	16.5sqm	*10sqm, or 2 rooms each 5sqm	

Notes:

- From 1 October 2018, national legislation requires that in all HMOs requiring a licence the minimum permitted floor area for any room used for sleeping is as follows:

10.22 sqm	Two people over 10 years-old
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6.51 sqm	One person over 10 years-old
4.64 sqm	One person under 10 years-old
Less than 4.64 sqm	Must not be used as sleeping accommodation

- Bedrooms, living rooms and dining rooms are all classed as habitable rooms and require adequate natural lighting (suitable window) and ventilation (normally by means of an openable window). Dimensions are based on useable room sizes with standard room heights (2.2-2.3 metres) and will not take into account any floor area where the floor to ceiling height is less than 1.5 metres
- These room sizes do not include space for bathroom/shower room or WC. Where en suite facilities are provided then this must be in addition to the space indicated above
- *In HMOs without a shared living room additional shared dining space is required close to a shared kitchen that is more than 1 floor distant from any letting room it serves

Table 2: Minimum requirements for kitchen facilities

Occupants	Kitchen area (sqm)	Work surface (m) (600mm standard depth)	Power sockets above worktop	Hob rings	Ovens	Grills	Sinks/ drainers with hot and cold water	Dry food storage cupboard	Fresh and Frozen food storage	Fire Blanket
All shared kitchens										
Up to and including 5	7	2	3 double	4	1	1	1	1x 500mm base unit or 1x 1000 wall unit per occupant	1 good-size refrigerator shelf per occupant, 1 good-size freezer shelf per	1 suitably located fire blanket in accordance with the current BS EN or
6	8.5	2.4	4 double	4	2+	2+	2#			
7	10	2.8	4 double	6	2+	2+	2#			
8	14 (7 x 2)	4	5 double	8	2	2	2			
9	14 (7 x 2)	4	5 double	8	2	2	2			

10	14 (7 x 2)	4	5 double	8	2	2	2	2	occupant	equivalent standard at the time of application or renewal
Kitchens in individual lettings (bedsits and studios)										
1 or 2	4.5	1	2 double	2	1	1	1	1	1 good size refrigerator shelf per occupant 1 good size freezer shelf per occupant	1 suitably located fire blanket in accordance with BS 6575
						or a safely located combination microwave, oven, grill			1x 500mm base unit or 1x 1000 wall unit per occupant	

Notes:

1. To provide some flexibility where 6 or 7 occupants share a kitchen:

- a safely located combination microwave/oven/grill is acceptable in place of an additional oven and grill (+)
- a dishwasher is acceptable in place of an additional sink/drainer (#)

2. To clarify, where the requirement is for a space minimum of 14sqm this can be achieved by providing 2 rooms each of 7sqm

3. See Table 4 below for general guidance relating to all HMOs including requirements for mechanical extract ventilation, waste disposal, hygiene and storage

Table 3: Minimum requirements for bathrooms, shower rooms and WC compartments

Occupants sharing	Bathrooms comprising 1 bath / shower unit with hot and cold water, and may contain a WC, but see * below	Separate WC compartment with wash hand basin with hot and cold water	Ventilation, suitable and adequate	Adequate size and layout: Minimum floor area for safe use of bathroom
Less than 5	1	0	Mechanical ventilation is required in all bathrooms and WC compartments which lack natural ventilation via an openable window. It will also be required, in addition to any natural ventilation, where necessary, to mitigate problems of damp and mould. <u>It is always recommended that where possible, in addition to any natural ventilation, mechanical ventilation is provided in all bathrooms and WC compartments.</u>	Bath only..... 2.3sqm Bath and WHB..... 2.5sqm Bath, WC and WHB..... 2.8sqm Shower only..... 1.7sqm Shower and WHB..... 2.0sqm Shower, WC and WHB..... 2.2sqm WC and WHB..... 1.2sqm
5	1	1		
6	2*	1		
7	2*	1		
8	2*	1		
9	2*	1		
10	2	2		
En suite for 1 or 2	1	0		Comments as above

Notes:

1. (*) For properties with 6-9 occupants sharing there shall be a minimum of 2 WCs and 2 bathrooms and one of the WCs must be separate.
2. **All bathrooms and toilets must be suitably located in relation to the living accommodation** – where facilities are shared they must be accessible from a common area; a bathroom must be no more than one floor distant in relation to the bedroom and the toilet must be within one floor of living and bedrooms
3. See Table 4 below for general guidance relating to all HMOs

Table 4: Guidance relating to all HMOs

<p>Insulation and heating</p>	<p>Each unit of living accommodation in an HMO must be equipped with adequate means of space heating.</p> <ol style="list-style-type: none"> 1. Heating shall be provided in every habitable room, the common parts and bathroom capable of maintaining following internal temperatures when the external temperature is -1 °C: <ul style="list-style-type: none"> • living room, dining room and rooms used for sleeping 21 °C • bathroom 22 °C • elsewhere 18 °C 2. The heating provision must be capable of being safely used at any time and be suitably guarded. It must be suitable, affordable to operate, appropriate to the design, layout and construction of the dwelling and be controllable by the occupants. 3. In the case of gas central heating, radiators must be fitted with thermostatic valves and a programmable timer clock fitted. 4. An electrical heating system will be acceptable in the form of a combined storage heater/panel heater that can be run on both “off peak and standard day rate” electricity tariffs, together with a fixed electric fan heater, located in the bathroom, powered from a fused spur. It must be capable of providing instantaneous energy efficient heating and controllability, on the optimum electricity tariff available. 5. All appliances shall be maintained by a competent person. Gas appliances shall be inspected annually by a Gas-Safe Registered Engineer and certificated in accordance with the Gas Safety (Installation & Use) Regulations 1994 and all applicable British Standards. Work to electrical appliances must be undertaken by an electrician able to certify the work under the one of the following schemes: BRE Certification Limited British Standards Institution (BSI) ELECSA Limited NAPIT Registration Limited NICEIC Group Ltd. 6. The use of portable paraffin or oil fired heaters and liquefied petroleum gas heaters (LPG) (bottled gas heaters) are prohibited under any circumstances, whether provided by the landlord or the tenant. <p>All reasonable steps should be taken to insulate HMO accommodation to improve energy efficiency and reduce condensation risk. Particular attention should be paid to basement and attic rooms and conversions must comply with Building Regulations.</p>
<p>Power supply and electrical sockets</p>	<p>HMOs must be designed with adequate electrical power output for their expected loading. Conversion of buildings to large HMOs will require an increased electrical supply, over and above a standard domestic supply.</p> <p>Electrical sockets must be adequate in number and suitably located to minimise the need for use of adaptors and trailing</p>

	leads which introduce additional hazards. The following is expected as a minimum:		
	Bedrooms in shared houses (separate kitchen facilities and living room)	Bedsit (separate kitchen facilities)	Bedsit or studio flat (containing kitchen facilities)
	2 double sockets	3 double sockets	5 double sockets
	Adequate electrical sockets must be provided to serve all electrical appliances provided by the landlord. In shared kitchens a minimum of 3 double sockets must be suitably located above work surfaces. In shared living rooms , a minimum of 3 double sockets must be provided.		
Lighting and ventilation	<p>All habitable rooms must be provided with natural lighting with a glazed area of window equivalent to 1/10 of the floor area of the room. Bedsit rooms that do not have access to shared communal living space are expected to have an external view, not just a skylight view.</p> <p>Artificial lighting must be sufficient to adequately illuminate the room for its intended uses.</p> <p>All habitable rooms must be provided with adequate ventilation, normally by means of an openable area of window equivalent to 1/20 of the floor area of the room. Ventilation of a room through reliance on opening an external door is not permitted.</p> <p>All habitable rooms, kitchens, bathrooms, and toilet compartments shall have a minimum floor to ceiling height of 2130mm. In the case of rooms with sloping ceilings, there shall be a minimum height of 2130mm over half of the floor area of the room. Floor area measurements shall be taken on a plane 1500mm above the floor. Any floor area where the ceiling height is less than 1500mm high shall be disregarded.</p> <p>Mechanical ventilation in kitchens, bathrooms and WC compartments must operate on suitable systems to remove moist air and minimise noise disturbance. Mechanical ventilation must comply with the Building Regulations that are current at the time of application. Any installation shall be fitted with an overrun device usually connected to the lighting circuit of the room unless the fan is humidity controlled, where this may not be possible.</p> <p>All rooms must have controllable trickle vents and/or windows that can be securely locked in the night-latch position to provide background ventilation without losing too much heat.</p> <p><u>Recommendation / good practice</u></p> <p><u>Positive pressure whole house ventilation systems are becoming increasingly popular with HMO landlords as a way of managing indoor air quality and reducing the risk of condensation and mould growth. All such systems must be installed and serviced in accordance with manufacturers recommendations and have room by room control.</u></p> <p><u>HMOs located where air pollution levels are likely to be particularly high should be designed with air intakes that minimise</u></p>		

	<p><u>pollution ingress into the building, having regard to the design principles contained in Appendix D of Building Regulation Approved Document F.</u></p>
<p>Hygiene in kitchens and bathrooms</p>	<p><u>Floor and wall coverings, kitchen and sanitary fittings must be washable and impervious and be capable of being easily cleaned.</u></p> <p><u>Recommendation / good practice</u></p> <p><u>Floor and wall coverings around baths and showers in particular should be designed to minimise the risk of leaks. Correctly installed specialist flooring and wall-boards can help to reduce this risk. Regular maintenance checks will ensure that facilities are being used correctly and help to identify damage to seals, screens, doors and other fittings.</u></p>
<p>Clothes washing and drying</p>	<p><u>Recommendation / good practice</u></p> <p><u>Adequate facilities should be provided for washing and drying clothes, including a washing machine for up to 6 occupants. Drying facilities must be designed for year round use to minimise condensation and mould growth, particularly in bedrooms. In practice this means that unless a whole house, positive pressure ventilation system is installed then either an externally vented or condensing type tumble drier or a suitably heated and ventilated drying room should be provided in addition to any external drying facilities.</u></p>
<p>Food storage</p>	<p><u>In addition to the sink base unit and hygienic storage for cooking utensils, cutlery and crockery, a food storage cupboard minimum (500mm wide base unit or 1000mm wide wall unit) must be provided per occupant. In HMOs let under separate tenancies cupboards and a small fridge may be located in bedrooms (if no more than one floor distant from the nearest kitchen) but this must not unreasonably compromise the overall bedroom floor area.</u></p> <p><u>Adequate space for the storage of fresh and frozen food must be provided for each occupant. This means space equivalent to one good sized shelf/compartment in a shared refrigerator and a good sized shelf/compartment in a shared freezer.</u></p> <p><u>Recommendation / good practice</u></p> <p><u>In HMOs let under separate tenancies secure storage of dry, fresh and frozen food is desirable, either in lockable cupboards, fridge and freezer compartments or suitably stored in bedrooms (if no more than one floor distant from the nearest kitchen).</u></p>
<p>Waste disposal</p>	<p><u>Adequate and hygienic waste disposal arrangements must be in place within the HMO. In practice this means the provision of suitable bins/receptacles and on-site waste management arrangements having regard to:</u></p> <ul style="list-style-type: none"> • the number of occupants • the type and size of HMO accommodation

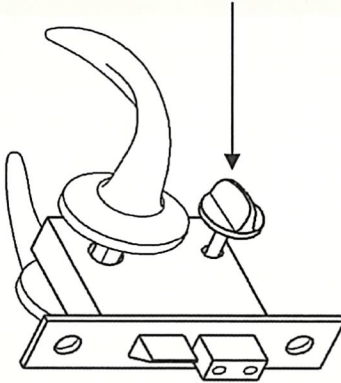
	<ul style="list-style-type: none"> the waste collection and recycling arrangements available either through the local council domestic collection service or a commercial waste contract <p>From 1 October 2018 all HMOs requiring a licence must comply with the local authority storage and waste disposal scheme (if one exists)</p> <p>The adequacy of waste disposal arrangements will also be subject to compliance checks under the HMO management regulations.</p>
<p>Security</p>	<p>HMO design must adequately control security risks without compromising fire safety. External doors must be openable from inside without the use of a key and securely lockable from the outside with either:</p> <ul style="list-style-type: none"> a key a security code a door entry system <p>In all circumstances other than HMOs which are occupied by a stable, cohesive group of sharers (i.e. a genuine shared house), individual letting rooms must be securely designed. This means doors to individual lettings must be fitted with a combined lock and latch, where the lock is operated from the inside of the bedroom by a thumb-turn or lever, rather than a key. For example a euro cylinder type lockset:</p> <div style="text-align: center;">  <p>The diagram shows a side view of a euro cylinder lockset. A horizontal line points to the 'Latch bolt' on the left side of the door. Another horizontal line points to the 'Dead bolt' on the right side of the door. A third horizontal line points to the thumb-turn mechanism on the right side of the door.</p> </div> <p>Note. The 'thumb-turn' operated lock should be sited on the room side of the door to facilitate escape without the use of a key.</p> <p>This provides adequate security and ease of escape, and avoids occupants locking themselves out of their rooms. Key operated window locks are required to all accessible windows (ground floor, basement and adjacent to external structures such as fire escapes and flat rooves). Where the window is an escape window that is an integral part of the means of escape from fire then a suitable alternative security feature will be required. Please also see section above regarding food storage and security.</p>

Table 5: Other design and management considerations

HMO licensing	<p>Certain HMOs must be licensed and it is the responsibility of HMO owners and managers to check requirements in the areas in which they operate HMOs. Failure to licence a licensable HMO is an offence which may result in:</p> <ul style="list-style-type: none"> • prosecution or a civil penalty of up to £30,000 • rent repayment orders for rent paid when the HMO was required to be licensed • naming on a national rogue landlord list
Planning permission	<p>Planning permission is required where 7 or more (non-family) residents will share facilities. Also required where a larger building will be divided to create two or more smaller units of self-contained accommodation.</p> <p>In some council areas, additional controls on the conversion of smaller HMOs (known as Article 4 Direction Orders) have been introduced. In those areas, planning permission will be required in order to create an HMO with less than 7 residents.</p> <p>Check with your <u>local planning department</u> to find out whether there are any planning restrictions which could impact on your business plans.</p>
Building regulations	<p>Approval under the building regulations is likely to be required for a range of HMO conversion works including:</p> <ul style="list-style-type: none"> • installation of additional kitchen or bathroom facilities that require waste connections • changes in layout including adding or removing walls and or doors and windows <p>Compliance with building regulations can be achieved through <u>local authority building control</u> or alternative providers.</p>
Council tax	<p>Council tax is charged on any individual unit of accommodation that has its own kitchen facilities. In such circumstances the occupier is liable for payment of the Council Tax bill.</p> <p>Liability for council tax will remain with the HMO owner where kitchen facilities are shared, although HMOs occupied entirely by full time students will be exempt from council tax, subject to submission of the documentation required by the local council house.</p> <p>Council tax fraud is an offence which deprives funding for local services. Check council tax liability with the local council.</p>
Fire safety	<p><u>National guidance</u> was published in 2008 to address fire safety requirements in certain types of housing including HMOs. It includes examples of how to develop risk appropriate designs having regard to the size and type of HMO proposed. Further guidance is likely to be available through your local council's private sector housing/housing standards team or its website.</p> <p>A fire safety risk assessment is required in all HMOs and shared buildings, except those occupied by a cohesive group</p>

	<p>of sharers under a single tenancy. The responsible person (normally the HMO owner) must undertake a fire safety risk assessment to identify fire safety risks and controls throughout communal areas of the building. Management arrangements must be put in place to ensure that risks are adequately controlled.</p> <p>There is further guidance on <u>fire safety risk assessment in sleeping accommodation</u> and via Essex County Fire and Rescue Service.</p>
HMO management regulations	<p>The <u>Management of Houses in Multiple Occupation (England) Regulations 2006</u> apply to all houses which are occupied by three or more unrelated people where one or more basic amenities (WCs, bathrooms, kitchens) are shared. HMO owners and managers must ensure that their accommodation is adequately managed in accordance with these requirements which reflect the additional risks and responsibilities associated with managing this type of accommodation.</p> <p>The <u>Licensing and Management of Houses in Multiple Occupation (Additional Provisions)(England) Regulations 2007</u> apply to houses converted into self-contained flats, as defined by s257, Housing Act 2004 (known as section 257 HMOs). It is a criminal offence to breach HMO management regulations.</p>
Parking and/or cycle storage	<p>Where required, planning permission is likely to be dependent on the provision of either adequate vehicle parking and/or secure cycle storage for the number of occupants.</p> <p><u>Regardless of planning requirements, we recommend that you plan these facilities wherever possible to help occupants to address their transport needs, to reduce the potential for conflict with neighbours, and to help avoid management problems such as cycles blocking fire escape routes.</u></p>
Private rented sector code of practice	<p>The <u>Private Rented Sector Code of Practice</u> has been produced by the lettings industry to cover the entire private rented sector. It is a useful central source of information and covers many issues relevant to HMOs. The code makes it clear to all members that a professional approach to letting is required and that ignorance and inexperience are no excuse for poor practice.</p>

Appendix 2 - HMO Proposed Fee Charges in 2024/25

Name of Fee Charge	2024/25 - Charges
New HMO Applications	
New HMOs 3 year licence (Fees for single tenancies and shared houses) - 2 to 5 rooms	£1,000.00
New HMOs 3 year licence (Fees for single tenancies and shared houses) - 6 to 10 rooms	£1,040.00
New HMOs 3 year licence (Fees for single tenancies and shared houses) - 11 to 15 rooms	£1,160.00
New HMOs 3 year licence (Fees for single tenancies and shared houses) - 16 to 20 rooms	£1,180.00
New HMOs 3 year licence (Fees for single tenancies and shared houses) - 21 to 29 rooms	£1,440.00
New HMOs 3 year licence (Fees for single tenancies and shared houses) - 30 or more rooms	£1,670.00
New HMOs 5 year licence (Fees for single tenancies and shared houses) - 2 to 5 rooms	£1,670.00
New HMOs 5 year licence (Fees for single tenancies and shared houses) - 6 to 10 rooms	£1,740.00
New HMOs 5 year licence (Fees for single tenancies and shared houses) - 11 to 15 rooms	£1,925.00
New HMOs 5 year licence (Fees for single tenancies and shared houses) - 16 to 20 rooms	£1,975.00
New HMOs 5 year licence (Fees for single tenancies and shared houses) - 21 to 29 rooms	£2,400.00
New HMOs 5 year licence (Fees for single tenancies and shared houses) - 30 or more rooms	£2,775.00
HMO Renewals	
Renewable HMO's licence (5 year-no changes or management regulation breaches) - 2 to 5 rooms	£1,540.00
Renewable HMO's licence (5 year-no changes or management regulation breaches) - 6 to 10	£1,630.00
Renewable HMO's licence (5 year-no changes or management regulation breaches) - 11 to 15	£1,790.00
Renewable HMO's licence (5 year-no changes or management regulation breaches) - 16 to 20	£1,950.00
Renewable HMO's licence (5 year-no changes or management regulation breaches) - 21 to 29	£2,250.00
Renewable HMO's licence (5 year-no changes or management regulation breaches) - 30 or more units	£2,600.00
Lapsed HMO's	
HMO Lapsed Charge - 2 to 5 rooms - for not submitting completed HMO renewal application before HMO licence's expiry date - pay the increased rate for a new 5 year licence application	£1,670.00
HMO Lapsed Charge - 6 to 10 rooms - for not submitting completed HMO renewal application before HMO licence's expiry date - pay the increased rate for a new 5 year licence application	£1,740.00
HMO Lapsed Charge - 11 to 15 rooms - for not submitting completed HMO renewal application before HMO licence's expiry date - pay the increased rate for a new 5 year licence application	£1,925.00
HMO Lapsed Charge - 16 to 20 rooms - for not submitting completed HMO renewal application before HMO licence's expiry date - pay the increased rate for a new 5 year licence application	£1,975.00
HMO Lapsed Charge - 21 to 29 rooms - for not submitting completed HMO renewal application before HMO licence's expiry date - pay the increased rate for a new 5 year licence application	£2,400.00
HMO Lapsed Charge - 30 or more rooms - for not submitting completed HMO renewal application before HMO licence's expiry date - pay the increased rate for a new 5 year licence application	£2,775.00

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9 January 2024		ITEM: 7
Housing Overview and Scrutiny Committee		
Housing Revenue Account – Rent Setting and Budgets 2024/25		
Wards and communities affected: All	Key Decision: Key	
Report of: Mike Jones – Head of Corporate Finance		
Accountable Assistant Directors: Ewelina Sorbjan – Assistant Director Housing and Development, Jonathan Wilson – Assistant Director – Finance		
Accountable Directors: Ian Wake – Director for Adults, Health and Housing, Steve Mair – Interim Chief Finance Officer		
This report is public		

Executive Summary

This report sets out the base budget position for 2024/25 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 2024/25 and the impact on the HRA. In brief, this uses the formula of the September 2023 CPI rate of inflation (6.7 per cent) plus 1 per cent. This equates to a maximum level of increase applicable to a dwelling of 7.7 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 are maintained to the 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 forecast is shown in **Table 5** of this report.

Table 5 also shows 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 sustainable, 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 comment on the proposed changes in the base budget for 2024/25 (as set out in Table 1)**
- 1.2 That the Committee comment on the proposed increase in domestic rent charges of 7.7%, in line with the 30-year HRA business plan, to be implemented from 1 April 2024**
- 1.3 That the Committee comment on the proposed increase in service charges to reflect the cost of running each service in line with the budget estimate from 1 April 2024.**
- 1.4 That the Committee comment on the proposed charges for garage rents (para 3.12) to be implemented from 1 April 2024**
- 1.5 That the Committee comment on the proposed increase in Travellers sites rent (para 3.13) to be implemented from 1 April 2024**

2. Introduction and Background

2.1 The proposed Housing Revenue Account budget for 2024/25 is summarised in **Table 1** below.

The budget is part of the wider long term strategy and financial viability of the service, which is the basis of HRA business plan.

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

Table 1: Provisional 2024/25 budget summary

Service	2023/24 Budget	Rent and Service Charges	Inflation	Borrowing and Capital Financing	Energy and Fuel	Total Adjustment
	£000's	£000's	£000's	£000's	£000's	£000's
Rent and Income	(54,955)	(4,915)	0	0	0	(4,915)
Financing and Recharges	26,469		0	1,535	0	1,535
Operational Services	14,991		742	0	147	888
Repairs and Maintenance	13,207		885	0	0	885
Development	288		28	0	0	28
	(0)	(4,915)	1,655	1,535	147	(1,578)

Rent and Income

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 the full 7.7% increase, the HRA will generate additional revenue of £4.425m through dwelling rents. In addition, there is also a further £0.408m additional funding to be recovered through service charges.

2.5 The rent budget calculations includes an allowance for:

- Rent lost through 75 Right to Buy Sales £0.412m
- Rent lost through Voids – Social Rents £0.325m
- Rent lost through Voids – Affordable Rent £0.100m

These values are included in the total net rent figure in **Table 1**, and equate to an overall reduction of 1.77%

2.6 This additional resource is required to finance increased costs in the existing level of services, and to provide further mitigation against bad debts and tenants rent arrears. This will also allow the HRA to maintain its investment commitment to the Capital Programme and ensure the Council complies with all of its statutory duties.

Bad Debt Provision

- 2.7 An allowance has been made to maintain the level of bad debt provision at the 2023/24 rate of £0.961m. This is prudent in what is acknowledged as an unfavourable economic climate and will be closely monitored throughout the financial year.

Inflation

- 2.8 An allowance has been made on the 2023/24 budgets to allow for projection inflation in the forthcoming financial year. The September CPI rate of 6.7% has been used as the basis for contract inflation. Pay inflation may be subject to further changes until the Council formally agrees it.

Table 2 - Inflation

Description	%'age
Pay inflation	5.0%
SCP increase	1.8%
Contract Inflation	6.7%
Rent Increase	7.7%
Service Charges	7.7%
Utilities increase	20.0%
Increased borrowing	4.5%

Borrowing and Capital Financing

- 2.9 The HRA is required to make a revenue contribution to the capital budget each year. The amount has been increased by £0.137m for 2024/25, giving a total contribution of £11.307m.
- 2.10 In addition to the Revenue Contribution, the Capital programme requires £15.818m of prudential borrowing to fund the works which are required for existing units. The detail of the Capital Programme is shown in **Table 6**

Energy and Fuel

- 2.11 An inflationary uplift of 20% has been made on the utilities. This will address the increase in costs which have been incurred during the current financial year and allow for additional energy cost rises in 2024/25.

3. Issues, Options and Analysis of Options

Rent Charges

- 3.1 The recommended rent and service charge increase of 7.7% has been carefully considered in the compilation of the proposed budget. It is imperative that this is supported to ensure that the HRA can mitigate some of the inflationary cost pressures which are projected in the forthcoming financial year.
- 3.2 The majority of properties within the HRA are charged a social rent. However, there are also a number of units which are charged at affordable rent level. This ensures these properties generate sufficient revenue to offset their ongoing associated costs without creating a financial strain on the HRA overall.
- 3.3 Based on the overall average of the stock, the impact of the proposed rent increase, in accordance with their number of bedrooms is shown in **Table 3** below:

Table 3: Social Rent properties

Number of Dwellings by Bedroom	Number of Properties	Average 2023/24 Actual Rent	Average 7.7% uplift 2024/25	Average 2024/25 Actual Rent	2024/25 Annual Rent Yield
0	236	£69.40	£5.34	£74.75	£917,293
1	2,723	£82.72	£6.37	£89.09	£12,614,721
2	2,144	£90.99	£7.01	£97.99	£10,924,830
3	4,017	£112.40	£8.65	£121.05	£25,285,635
4	250	£125.73	£9.68	£135.41	£1,760,322
5	12	£129.71	£9.99	£139.70	£87,170
6	3	£138.17	£10.64	£148.81	£23,215
Total / Average	9,385	£98.20	£7.56	£105.76	£51,613,186

Affordable Rents

- 3.4 The rent setting process for the existing affordable rent properties follows the same guidance as social rents, and in addition, the Council has ensured that the combination of rents and service charges do not exceed the Local Housing Allowance level.
- 3.5 The impact of a 7.7% rent increase on the affordable rent properties is shown in **Table 4** below:

Table 4: Affordable Rent properties

Number of Dwellings by Bedroom	Number of Properties	Average 2023/24 Actual Rent	Average 7.7% uplift 2024/25	Average 2024/25 Actual Rent	2024/25 Annual Rent Yield
0	2	£142.86	£ 11.00	£153.86	£ 16,001
1	99	£135.85	£ 10.46	£146.31	£ 753,180
2	129	£166.58	£ 12.83	£179.41	£ 1,203,457
3	66	£209.33	£ 16.12	£225.45	£ 773,755
4	9	£259.39	£ 19.97	£279.36	£ 130,741
5	1	£260.53	£ 20.06	£280.59	£ 14,591
Total / Average	306	£168.74	£12.99	£181.73	£ 2,891,725

- 3.6 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 be expected to be let in the private rented sector. Property size, location type and service provision must be considered when determining what gross market rent a property might achieve if let in the private rented sector.

Overall 2024/25 HRA Budget Position

- 3.7 After the application of the rent recommended rent increase, and inflationary cost pressures, there is a resulting budget surplus £1.580m for the HRA in 2024/25.
- 3.8 The in-year surplus will be budgeted as a contribution to reserves in 2024/25. This will be used to fund one-off cost pressure which are forecast to arise during the year. Beyond 2024/25, this funding will form part of the long-term financial planning and replace the funding from in the reserves which will be expended on the Blackshots and Teviot Avenue schemes. This will also be used to support the investment required into regeneration and development projects.
- 3.9 It is essential for the financial viability of the HRA that investment is made into the development and regeneration of stock. There are a number of development opportunities which are being explored, and these will deliver both a financial benefit, as well as improving the stock conditions for tenants.

Service Charges

- 3.10 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. For 2024/25 the charges will be in accordance with **Table 5** below.

Table 5: Increases to service charges in line with increased costs

Service	2023/24 Weekly Charge (50 weeks)	2024/25 Weekly Charge (50 weeks)
	£	
Lift Maintenance	£3.82	£4.11
Door Entry	£4.03	£4.34
Communal Electricity	£1.79	£1.93
Bruyns Court Electricity	£4.03	£4.34
Caretaking - Bronze Sheltered	£0.73	£0.79
Caretaking - Bronze Standard	£3.36	£3.62
Caretaking - Silver	£9.51	£10.24
Caretaking - Silver Enhanced	£11.15	£12.01
Caretaking - Gold	£15.84	£17.06
Caretaking - Gold Enhanced	£17.49	£18.84
Concierge	£40.04	£43.12
Concierge - Piggs Corner	£43.18	£46.50
Sheltered Housing Service	£12.16	£13.10
Heating - Sheltered Complex	£6.98	£7.52
Heating - Helford Court	£11.12	£11.98
Emergency Lighting	£0.22	£0.24
Enhanced Tenancy Management	£49.21	£53.00

3.11 Service charges are not subject to the prescribed rental increase which related to Dwellings rents but are based on full cost recovery.

The recommendation is to increase service charges at the same level as dwelling rents for 2024/25, which would be an increase of 7.7%.

There remains a disparity between the level of the current charge and the cost of the service provision. This will need to be considered in future service charge calculations 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.

As a response to the section 114 notice issued by the Council, an in-depth review of service charges and HRA [Housing Revenue Account] recharges

from the General Fund were undertaken to identify all potential service charge recoverable items.

As part of the intervention process, the Council in conjunction with the commissioners appointed Chartered Institute of Public Finance and Accountancy [CIPFA] to undertake a review of the services between the General Fund and Housing Revenue

As comprehensive review of service charges will be undertaken as a standalone project over the next six month, and recommendations will be brought forward accordingly, included as part of the 2025/26 HRA Rent and Budget setting report.

Garage Rents

- 3.12 The current weekly charge for garage rent for council residents is £12.10 per week. It is recommended that charges are increased in 2024/25 to £15.00, to ensure that there is a sufficient level of income to support the provision of garages within the HRA.

Garage plot sites are recommended to increase in line with the proposed rent increase of 7.7%. The rent payable on the plot will increase from £117.47 to £126.52 for Council Tenants, and £181.82 for Non Council Tenants, as VAT is applicable to the charge.

Travellers' sites

- 3.13 The current weekly charge for rent on travellers' sites plots is £95.28 per week. It is proposed to increase these charges to £100.00 per week.

Sheltered Housing Visitors Rooms

- 3.14 The current charge is £15 per person per night. It is proposed that the charge is increase to £18.00 per person, per night.

Capital Programme and Priorities

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

Table 6 – Medium Term HRA Capital Programme

Investment in Existing Stock	2024/25	2025/26	2026/27	2027/28	2028/29
	Base Budget	Base Budget	Base Budget	Base Budget	Base Budget
	£'000	£'000	£'000	£'000	£'000
New Capital Contract		13,000	13,650	14,333	15,049
Transforming Homes	11,307				
Major / Disabled Adaptations	200				
Fire Safety Works	1,000				
Tower Block Refurbishment	12,426				
HRA Garages	250				
Heating Replacement Programme	600				
Lifts Refurbishment	200				
Door Entry Installation	650				
Water Mains	40				
Staffing Costs Capital Programme	260				
Carbon Reduction Requirements	1,642				
Highways and Lighting	300				
Electrical infrastructure Testing	250				
Total Capital Programme	29,125	13,000	13,650	14,333	15,049
<i>Financed By:</i>					
Revenue Contribution	(11,307)	(11,000)	(11,650)	(12,333)	(13,049)
Capital Receipt	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
Prudential Borrowing Requirement	(15,818)				
Borrowing Requirement	0	0	0	0	0
Borrowing Position:					
HRA Self - Financing Debt	160,889				
Capital Investment - Prior Years	68,111				
2023/24 Estimated Borrowing	17,078				
Total Debt	246,078				
Interest Charges:					
Self-Financing Interest Charge	5,631				
Capital Investment - Prior Years	3,833				
Interest Charge					
Estimated Borrowing Charge 2024/25	870				
	10,335				

3.16 There will be a requirement to incur £15.8m of prudential borrowing, in addition to the £11.3m and £2m capital receipts to finance the identified Capital works in 2024/25.

The Council is in discussion with Central Government to explain the necessity to be able to undertake Prudential Borrowing for Capital investment in both

into both the current stock, and where financially viable, Regeneration and Development projects.

The outcome of this will be reported to the Committee when a decision has been formally agreed.

- 3.17 For the financial years 2025/26 to 2028/29, it is planned that the major capital works programme will not require prudential borrowing and will need to be fully financed from resources available internally. This projection is predicated on the successful tender and implementation of a new Capital works contract, which is currently being sourced. The Council will still need to ensure it is able meet the requirements of existing statutory compliance works, continue with the transforming homes programme as well as implementing the regulations set out in the Building Safety bill.
- 3.18 As shown in the **Table 1**, Capital financing costs will increase by £1.535m in 2024/25. 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.
- 3.19 It is essential the identified works in 2024/25 are completed within the medium term, and the additional funding requirement identified within the budget is used to finance the prudential borrowing costs, and not 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.
- 3.20 The housing services continues to explore and utilise all available funding opportunities open to the Council to obtain investment to maintain and improve the HRA residential assets.

Over the last three years the Council has secured over £4m in funding for investment projects to improve housing assets across the borough with the most notable of these being the £3.2m secured from the Departments of net zero and energy security under wave 1 of the Social Housing Decarbonisation Fund.

- 3.21 In January 2023 the Housing service obtained approval from Cabinet to amend the contract value of the Council's current responsive repairs contract with Mears PLC, (*item 12 decision 110635, Contract Modification to housing repairs and planned maintenance contract*). Contained within this report the service identified a value of £5m of the contract extension that would be apportioned to future grant funding opportunities, this report was approved concurrent to the Council making a second application under wave 2.1 of the Social Housing Decarbonisation Fund to seek match funding for a new project to deliver improvement to 270 individual homes within the Council's social housing portfolio.

The Council was unsuccessful in this application, however in October 2023 the Government announced the next phase of the Social housing Decarbonisation Fund under wave 2.2. This opportunity is limited and is not open to landlords who were successful under wave 2.1, this means that Thurrock Council meet the eligibility criteria for wave 2.2. Further to this the Council have been in direct communication with representatives on behalf of the Government Department to discuss support opportunities for a new bid and also to encourage the Council to make further bids given the new opportunity.

- 3.22 The Council are planning to make a bid under wave 2.2 of the social housing decarbonisation fund, the bid timetable is very limited with bids submitted by the middle of January 2024 and notification of funding announced in early March 2024. This is a match funding opportunity, the detail of the bid at the time of writing this report is in development so property numbers and project costing are in development and can not be provided in this report.

Should the Council be successful in securing funding under this opportunity, the project approval would be subject to a new Cabinet report at the appropriate time. Furthermore whilst the housing department will be seeking to deliver the match funding aspect within the parameters of the HRA capital allocation, there is a potential that the HRA may need to seek additional borrowing of which will be subject approval by HM treasury.

4 Reserves

- 4.1 The estimated level of useable general reserve for 2024/25 is detailed in **Table 6** below.
- 4.2 The HRA is required to hold a minimum 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.
- 4.3 There are identified budget pressures of £0.664m in 2024/25, which are detailed in **Table 7**. In addition, there are further costs of £5.221m which relate to the initial works required for the relocation of tenants within the Blackshots Tower blocks, and the non-traditional properties in Teviot Avenue. These dwelling have been identified as being no longer habitable in future year, and need to be demolished. Negotiations are currently being held with the Department of levelling-up, Housing and Communities, and with His Majesty's Treasury to seek approval to borrow in order to fund construction of replacements units.

Table 7: Reserves

<u>HRA General Reserve</u>		
Opening Balance 2023/24	(7,064)	
Forecast Outturn position 2023/24	(817)	
		(7,881)
<u>Commitments</u>		
Independent Tenant & Leaseholder Advisor	90	
Blackshots Decant Officer	50	
Blackshots Health and safety	114	
Legal support for Disrepair Claims	250	
R&M Contract Tender Procurement	160	
		664
<u>Development Revenue Implications</u>		
Teviot Relocation	320	
Teviot Leaseholder Payments	1,000	
Blackshots Relocation	1,201	
Blackshots Leaseholder Payments	2,700	
		5,221
Total Committed		5,885
Remaining		(1,996)
HRA Budgeted Surplus 2024/25		(1,578)
Estimated Closing HRA Reserves		(3,574)

5. Reasons for Recommendation

- 5.1 The report sets out the 2024/25 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.

The detailed proposed budget for 2024/25 is shown in **Table 8** below.

Table 8 – Detailed Budget breakdown

HRA 2024/25 Base Budget		£'000	£'000
<u>Rent and Income</u>			(59,864)
<u>Financing and Recharges</u>			
	Financing	22,348	
	Overheads	5,656	
			28,004
<u>Operational Service Delivery</u>			
	Anti-Social Behaviour	531	
	Business Improvement	702	
	CCTV and Concierge	1,148	
	Estate Action Teams	2,749	
	Grounds Maintenance	1,211	
	Housing Operations	1,770	
	Lettings and Allocations	689	
	Management and Strategy	4,512	
	Neighbourhood Action Plan	112	
	Rent Collection	761	
	Sheltered Housing	1,687	
			15,879
<u>Repairs and Maintenance</u>			
	Planned Programme Work	4,806	
	Responsive Repairs	7,390	
	Void Repairs	1,896	
			14,092
<u>Development & Regeneration</u>			316
<u>Contribution to Funds</u>			1,578
Grand Total			0

6. Consultation

The Housing Overview and Scrutiny Committee were presented with the report on 9 January 2024.

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

7.1 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.

8. Implications

8.1 Financial

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

The report is in relation to the setting of the Housing Revenue Account budget for 2024/25. Therefore, the financial implications are within the body of the report.

Following consideration of the report and recommendations by the Committee, the report will be presented to Cabinet on 7 February 2024.

8.2 Legal

Implications verified by: **Jayne Middleton-Albooye**
Interim Head of Legal Services and Deputy Monitoring Officer

Section 76 of the Local Government and Housing Act 1989 imposes a duty on the Council to prevent a debit balance for arising on the Housing Revenue Account ("the HRA"). However, there is no absolute duty to prevent a debit balance as this may occur as a result of unforeseen circumstances. Where a debit balance does occur in any year it must be carried forward within the ring-fenced HRA to the following year.

In the January or February preceding the relevant year the Council must formulate proposals relating to (a) Income for the year from rents and other charges from properties with the HRA, and (b) The expenditure for the year on repairs, maintenance, supervision and management of such properties.

The Council must be satisfied that the formulated proposals on implementation, that the HRA will not show a debit balance on the assumptions that the following prove to be correct • that the best assumptions that the Council is able to make at that time as to all matters which may affect the amounts falling to be credited or debited to the HRA in the year prove to be correct; • that the best estimates that the Council is able to make at that time of the amounts which, on those assumptions, will fall to be so credited or debited.

The Council is required to keep the formulated proposals set out in this report under review to determine whether the requirement to prevent a debit balance

continues to be satisfied during the year. In the event that the Council on review determines that this requirement will not be satisfied then the Council is required to make such revisions of the proposals as are reasonably practical towards securing that the revised proposals satisfy those requirements.

The fixing of rent for Council property is contained in section 24 of the Housing Act 1985, which provides that the Council may make such reasonable they may determine. Further, The Council must, 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 2023/24 of 7.0%.

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. 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 Council 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. Compliance with this duty can be evidenced by undertaking an equalities impact assessment. Or by evidence provided in the report to ensure Members have due regard to equalities consideration in the decision making. Additional information will be required in relation to this prior to the report going to Cabinet for decision.

The Council's S151 Officer has issued a section 114 notice which restricts all but essential spending by the Council to provide essential Council Services and to meet its legal duties. The Council's legal duties in relation to its housing stock are referred to in the report. In addition, Members must consider the comments of the Council's s151 Officer set out in the report. 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 2023/24 of 7.0%.

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.

8.3 Diversity and Equality

Implications verified by: **Becky Lee**
Team Manager – Community Development and Equalities, Adults, Housing & Health

The Council's 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 including adaptations to the stock for residents with disabilities.

A Community Equality Impact Assessment will be completed for this proposal before the report is taken to Cabinet.

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

None.

9. 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

10. Appendices to the report

None

Report Author:

Mike Jones

Head of Corporate Finance – Adults and Health

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9 January 2024		ITEM: 8
Housing Overview and Scrutiny Committee		
Update on Procurement of Housing Contracts for Works Through a Partnership Model		
Wards and communities affected: ALL	Key Decision: N/A	
Report of: Cllr Barry Johnson, Cabinet Member for Housing		
Accountable Assistant Director: Ewelina Sorbjan, Assistant Director of Housing and Development		
Accountable Director: Ian Wake, Executive Director of Adults, Housing & Health		
This report is Public		

Executive Summary

On 8th November 2023 Cabinet approved the procurement of a single delivery partner to consolidate all housing works contracts through a partnership delivery model. Since Cabinet approval, procurement activities have progressed leading up to the publication of the Contract Notice on the Government Tender Portal on Friday 15th December 2023.

This report is intended to provide members with an update on progress to date for the procurement process. For brevity the report to Cabinet in November 2023 will be referenced but not replicated in this report.

Commissioner Commentary

Commissioner's commentary has been received and changes introduced to the main body of the report to address the points.

1. Recommendation(s)

1.1 Members are requested to note and comment on the contents of this report.

2. Introduction and Background

2.1 As was outlined in the November Cabinet Report, a number of housing works contracts are coming to an end within the next three years. The procurement of a single delivery partner will enable the Council to consolidate a wide array of works contracts and benefit from cost efficiencies, enhance customer experience and secure best value for residents.

- 2.2 The Contract Notice was issued on the Government Tender Portal on 15th December 2023. The description of the procurement notice is included below:

Thurrock are seeking expressions of interest from suitably skilled and experienced suppliers to be their Strategic Delivery Partner for Housing, the Tasks of this Contract are anticipated to comprise all the repairs, compliance and planned investment Tasks and services to the Thurrock housing stock (and designated corporate properties). Thurrock will require quality and cost to be managed principally by the Provider. Thurrock anticipates this can unlock savings through removing duplication between a traditional client and contractor relationship. Day to day management and responsibility for the Tasks will sit with the Provider, with Thurrock providing oversight, standards and policy, and necessary approvals. The successful Provider will enter into a TAC-1 Terms Alliance Contract (with break clauses) for an initial term of 10 years, with 2 possible extensions of 5 years each. Thurrock are following the competitive dialogue procurement procedure in accordance with the Public Contracts Regulations 2015. Following completion of the Selection Questionnaire and associated appendices prospective bidders will be shortlisted with six bidders anticipated being invited to submit outline solutions. Following evaluation of the quality proposals only, prospective bidders will again be shortlisted and invited to participate in dialogue with Thurrock. It is anticipated that three bidders will be invited. On completion of dialogue sessions the bidders will be invited to submit final Tenders for the full solution for evaluation.

- 2.3 An extensive suite of documentation has been issued with the public Contract Notice. Further details of which can be accessed using the link below:

<https://www.find-tender.service.gov.uk/Notice/036922-2023#object-1>

3. Legal Advisors

- 3.1 From the commencement of planning this procurement the Housing team have been advised by its appointed Housing Partnering consultants as well as professional legal advice on the Prior Information Notice which was issued on the government Find A Tender portal which sets out a contracting authority's purchasing intentions.
- 3.2 Following the publication of the PIN notice Thurrock procured external legal advisers to support all legal aspects of the wider procurement process. Following a competitive process Trowers & Hamlins LLP were appointed in November 2023. The scope of the legal advisers is to provide full array of legal advice pertaining to the drafting of documentation and contracts for the procurement of a lead delivery partner. This includes the following activities:
- The preparation of initial drafts of each of a Term Contract based on the TAC-1 Term Alliance Contract with bespoke amendments
 - A review of a consolidated set of comments and responses back from bidders and any legal implications

- The production of revised versions of each contract incorporating Thurrock's comments.
- The production of further revised versions of each contract incorporating any changes required following our review of the pricing and technical documents.

4. Form of Contract with the Delivery Partner

- 4.1 The form of contract to be entered into with the delivery partner will be a Term Alliance Contract (commonly known as a TAC-1 form of contract). The Council currently has a Term Partnering Contract (commonly known as a TPC2005) for its existing repairs and planned maintenance contract and the TAC-1 follows the provisions of TPC2005 closely. TAC-1 is more in keeping with the partnering model the Council is procuring and supports planned, cyclical and responsive repairs in addition to the integration of capital and operational activities.

5. Contract Notice Value

- 5.1 The Contract Notice issued on 15th December 2023 set an estimated contract value at £1,082,110,000 over the entire twenty-year term of the contract (assuming extension options are taken up). The estimated contract value is calculated based on figures from HRA Finance with an assumed 5% inflationary uplift each year throughout the term. The estimated contract value also incorporates an additional in year capital allowance each year from year 6 onwards.
- 5.2 The governance process for committing and spending HRA funds will continue to follow the existing budget setting process on an annual basis through the rent setting and capital budget Cabinet reports.
- 5.3 For absolute clarity, the estimated contract value set in the Contract Notice is an estimate to enable the Council to exercise a wider scope of works within financial limits should it wish to do so. This is not a guaranteed contract value, there is no expectation in the contract to this effect and there is no obligation to spend the estimated contract value indicated in the Contract Notice. The estimated contract value merely provides the Council the ability to commit up to the estimated contract value without the requirement for further procurement activities in the future.

6. Procurement Process and Timescales

- 6.1 The Council will utilise the Competitive Dialogue Procedure for this procurement exercise. This process is consistent with and ensures that the procurement principles of transparency, integrity, openness, non-discriminatory and fairness are applied. The Council is working to the timetable listed below:

Indicative Procurement Timetable	
Activity	Indicative date or period
FTS Contract Notice sent for publication	15/12/2023
SQ deadline for Applicant clarification questions	17:00 18/01/2024
SQ submission deadline	12:00 25/01/2024
SQ Evaluation Period	26/01/2024 – 09/02/2024
SQ Notification letters issued	20/02/2024
Invitation to Submit Outline Solutions Issued	21/02/2024
ISOS Bidders Briefing	04/03/2024
Deadline for Bidder ISOS clarification questions	17:00 20/03/2024
ISOS submission deadline	12:00 27/03/2024
ISOS Evaluation Period	28/03/2024 – 11/04/2024
ISOS Notification letters issued	29/04/2024
Competitive Dialogue Period	06/05/2024 – 05/06/2024
Invitation to Submit Detailed Solutions	02/07/2024
Deadline for Bidder ISDS clarification questions	17:00 26/07/2024
ISDS Submission Date	12:00 06/08/2024
ISDS Notification letters issued	13/09/2024
Standstill Period	16/09/2024 – 26/09/2024
Mobilisation Period	30/09/2024 – 28/02/2025
Contract Go Live	28/02/2025

6.2 A separate procurement exercise will be undertaken for the procurement of a Assurance and Audit partner. The role and purpose of the Assurance and Audit partner was set out in the report to Cabinet in November 2023.

7. Existing Contractual Arrangements

7.1 As highlighted in the report to Cabinet in November 2023, a review of all existing contractual arrangements for housing works has commenced. Prior to the Contract Notice being issued, all current suppliers were informed of Thurrock's intention to procure a single Delivery Partner and the implications this would have on existing contractual arrangements with the supplier. Any contract terminations, extensions or modifications will adhere to procurement governance processes, approvals and be in line with contractual terms. This process will conclude by the summer of 2024.

8. Procurement Risk Register

8.1 A risk register for this procurement exercise has been compiled and will be regularly reviewed and updated. Working Group members will be engaged as part of this review. A copy of the current risk register is appended to this report.

8.2 For ease of reference the top three risks to this procurement are summarised as:

- Market Capacity
- Potential suppliers submitting credible bids to meet the service specification
- TUPE Challenges

Potential mitigations for these risk items are addressed in the risk register.

9. Human Resources Impact, TUPE, Council Retained Functions and Partnership Model Governance

9.1 As highlighted in the report to Cabinet in November 2023, the Council will create a small professional team within the Housing service to manage and deliver the new partnership model. In addition, the new team will be crucial in managing all transitional arrangements into the new partnership model.

9.2 Job descriptions for the new roles have been developed and are currently progressing through the HR processes. It is anticipated that the new roles will be recruited to in early 2024. All affected officers have had engagement sessions with senior management within the Housing service and will be consulted on TUPE proposals as these materialise.

10. Issues, Options and Analysis of Options

10.1 The Council appointed an independent housing partnering advisor to carry out a detailed options appraisal which includes the benefits and disadvantages of each approach. This report considered the different delivery models available to the Council and recommended an outsourced contract, which has since evolved into a more comprehensive partnership model.

11. Reasons for Recommendation

11.1 This report is intended to provide Members with a progress update on the procurement process and is for information purposes only.

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

12.1 A Working Group of Members from Housing Overview & Scrutiny Cttee has been established prior to Cabinet approval in November 2023. Formal Working Group meetings were held on:

- 14th August
- 26th September
- 24th October
- 5th December

- 12.2 At the December meeting the Working Group discussed and offered feedback on the selection questionnaire which was issued with the Contract Notice and published on the 15th December.
- 12.3 Working Group meetings will continue as part of the ongoing engagement with members on the procurement of the new contract to offer the following input to the process as listed in its Terms of Reference:
- Act as a critical friend and collaborate in a constructive manner
 - Report on the outcome of soft market testing
 - Oversight of evaluation
 - Report back to Cabinet prior to key milestones, as per below timetable
 - Inform and appraise key documents
- 12.4 A follow up session also took place with a presentation from Housemark (a membership organisation for social landlords) to the Working Group to provide members with a broad overview of the direction of the industry, how value for money is measured and an overview of the Council's performance on relevant metrics benchmarked against other providers of social housing. Working Group members reported how informative they found the session with Housemark.
- 12.5 As the procurement exercise progresses further meetings are scheduled at regular intervals with the Working Group as well as regular updates to the Portfolio Holder for Housing, the Leader of the Council, Commissioners and the S151 Officer on the procurement process.
- 12.6 An internal senior officers group also provides regular oversight on the procurement process and related activities. Senior managers from housing finance, procurement, legal are part of this group. Future meetings will include managers from Risk and Audit services.
- 13. Impact on corporate policies, priorities, performance and community impact**
- 13.1 A comprehensive communications strategy and plan will be developed in line with corporate requirements and protocols in the run up to the go live of the new contract to engage with Members, wider council services and partners and residents.
- 13.2 As this is an update report the impact on corporate policies, priorities, performance and community impact remain as reported to Cabinet in November 2023.

14. Implications

14.1 Financial

Implications verified by: **Mike Jones**
Head of Finance

As this is an update report the financial implications remain as reported to Cabinet for this procurement in November 2023.

14.2 Legal

Implications verified by: **Kevin Molloy**
Principal Solicitor

As this is an update report the legal implications remain as reported to Cabinet for this procurement in November 2023.

14.3 Diversity and Equality

Implications verified by: **Rebecca Lee**
Community Development Team

An initial Community Equality Impact Assessment has been completed for the Partnership Model and has been shared and commented on by internal officers. will be carried as part of the procurement process. Prior to the go live of the new contract a more comprehensive Community Equality impact Assessment will be completed with the Delivery Partner.

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

A Data Protection Impact Assessment will be undertaken, and a Data Protection Agreement entered with the successful Delivery Partner.

15. 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):

Cabinet Report: Procurement of Housing Contracts for Works Through a Partnership Model (November 2023)
<https://democracy.thurrock.gov.uk/documents/s41220/Procurement%20of%20Housing%20Contracts%20Partnership%20Model.pdf>

16. Appendices to the report

Appendix 1: Risk Register

Report Author:

Ewelina Sorbjan

Assistant Director of Housing and Development, Adults, Housing & Health

Mohammed Saheed Ullah

Housing Repairs and Planned Maintenance Manager

RISK LOG

Project title:	Housing Options Appraisal
Reference Number:	TBC
Version Date:	12/29/2023

Ref.	Dated Raised	Risk Owner	Risk Title	Description of Circumstances	Impact	Impact Rating	Likelihood Rating	Overall Rating	Mitigation	Action Owner	Latest Update	Review Date
R-001	23/06/23	ES	TUPE	It is currently unclear if potential contractors will have adequate capacity for existing Thurrock staff to TUPE over. This is complicated by TUPE conditions in existing contractor arrangements.	If this capacity is limited or not existent, then the alternative is likely to be redundancies which will negatively impact the service financially and staff wellbeing	Substantial	Likely	9	More will be known once tender returns are received, mitigations will be reviewed at this point. There is still flexibility within the Thurrock structure, so if there is an issue with TUPE we could make amendments to accommodate. Options can be explored via redeployment, for example.	Task Group	December 2023 - Following Market Engagement and continued conversations with the market, the procurement process is designed in a way that the Client's team can remain flexible in final offer by Delivery Partner.	
R-002	14/07/23	ES	Delivery Partner	There is uncertainty on the tender returns and service offering from the Delivery Partner	The authority not receiving tenders to fulfil service objectives for Thurrock Council	Substantial	Possible	6	A soft-market exercise is being undertaken to understand the market interest of the model, and further details that may need to be considered or revised. Ensuring there is competitive dialogue and a full suite of tender documentation.	Task Group	December 2023 - Following Market Engagement and continued conversations with the market, there is a strong indication of there being sufficient interest.	
R-003	14/07/23	ES	Market Interest - Managing Partner	No tender returns	Re-design of the delivery model	Substantial	Likely	9	A soft-market exercise is being undertaken to understand the market interest of the model, and further details that may need to be considered or revised. If there is no interest, a review of contingency plans will be undertaken.	Task Group	December 2023 - Following Market Engagement, the model has been adapted to not include a Managing Partner. This is no longer a risk.	
R-004	14/07/23	ES	Commercial	Market fluctuations could lead to high-value tender returns	The model will become unaffordable or need to be revised	Substantial	Possible	6	An accelerated process to re-procure for a repairs and compliance contract.	Task Group	December 2023 - Pricing model agreed for maximum average price, therefore protected from market fluctuations. Inflation has been dropping also.	
R-005	14/07/23	ES	Reputation	Due to the financial limits of the Council and public reporting of recent events, the reputation of the Council is low	This may negatively impact tender bids for the model; will the Council be seen as a trustworthy partner and capable of delivering?	Substantial	Possible	6	Soft market engagement	Task Group	December 2023 - Following Market Engagement and continued conversations with the market, there is a strong indication of there being sufficient interest.	
R-006	14/07/23	ES	Procurement	If procurement does not take place in December as planned, this could lead to there not being a contractor in place once current arrangements end	This will leave the Housing service without a maintenance or investment provider, increasing costs to the service and risk to the resident	Substantial	Unlikely	3	Strong project management and early identification of risks to stakeholders	Task Group	December 2023 - November cabinet agreement so all on track to issue documents. Stage 1 approval has been agreed.	
R-007	14/07/23	ES	Political	Ensuring current Councilors / decision makers is supportive of the change	Without support, a number of barriers could be used to prevent, or entirely stop, the model. This will mean the model will need to be re-designed.	Critical	Unlikely	4	By ensuring the model follows the direction of the IRP and incorporating Councilors into the process via a working group, will ensure sufficient oversight and support of the process.	Task Group	December 2023 - Working group has been meeting as per the agreed timetable. Cllrs have been briefed and appreciative of this. Feedback taken on board and actioned. PwC have had oversight of the creation of the model.	
R-008	14/07/23	ES	Staff Consistency	Ensuring key members of staff who are currently driving the change remain within the organization	If key members of staff were to leave, there is a risk the knowledge of and motivation for the project could be lost	Marginal	Possible	4	Implementation of detailed governance procedures such as minutes to ensure knowledge is not lost. Incorporation of external consultants to ensure momentum and oversight of decision making.	Task Group	December 2023 - One member of the Task Team is leaving mid-Feb 2024, there is a special support package being sought to provide continuity. All key documents agreed and signed-off by end of December.	
R-009	14/07/23	ES	Organization	There is a risk the direction of the organization could change further	The model may need to be reviewed, such as being leaner	Substantial	Unlikely	3	Open and ongoing collaboration with finance colleagues and stake holders	Task Group	December 2023 - This has stabilized with better clarity on the direction of travel for Thurrock such as senior recruitment and updated IRP is published.	
R-010	14/07/23	ES	External Factors	Wider influences outside of corporate control could impact the viability of the model, such as changing interest rates on loans, calling of a general election etc.	Depending on the nature of the external factor, the impact will change. For example, the interest rate rising on loans may lead to the model being financially flawed whereas the calling of a general election may cause delays to implementation due to political holds	Substantial	Possible	6	Ensuring an overview of these wider environmental factors.	Task Group	December 2023 - We continue to monitor these factors, with the HRA review as directed by the initial set of directions is concluded. New legislation regarding redundancy when pregnant or on maternity is due to be implemented in April 2023. Could have an impact on staffing within the model, currently keeping abreast of any changes and the impact: https://www.gov.uk/government/news/pregnant-women-and-new-parents-to-get-enhanced-redundancy-protections	
R-011	14/07/23	ES	Operational	If there is a critical event within stock, such as a major event, this may hinder the value and therefore the price of the contract.	This could lead to a reduction in market interest, or making the model financially unviable. Financial costs will be higher.	Critical	Unlikely	4	Evidenced alignment to legal responsibilities to ensure potential incidents are minimized, with the effective review of BCP plans to minimize impacts as they occur should an incident take place	Task Group	December 2023 - No change but continue to monitor	
R-012	14/07/23	ES	Pension T&Cs	Thurrock staff who are TUPEd will come with additional costs. Redundancy of staff who do not TUPE.	This may negatively impact tender bids for the model; will potential contracts want the additional costs? The costs of redundancy and pension liability.	Substantial	Possible	6	The TUPE of staff will be spread across both contracts to minimize the costs to each contractor.	Task Group	December 2023 - Sought specialist legal advice and will be asking for tender returns on three pricing options with regards to managing the risk of pension strain. A decision will be sought internally for the best solution.	
R-013	14/07/23	ES	Attrition	The natural process of staff leaving the organisation through retirement or alternative employment	If this does not happen the model will be running at maximum costs, such as potential redundancies and TUPE agreements	Marginal	Unlikely	2	Change management process	Task Group	December 2023 - We have had one member of staff retire, two members of staff resigned. There is one planned retirement and one planned resignation to realise in 2024. Three members of staff have left the organisation and will not be replaced.	
R-014	28/07/2023	ES	Leaseholder Consultation	Challenge from Leaseholders on the validity of the process	Delays and legal costs/challenges. Inability to recharge costs incurred under the contract.	Marginal	Unlikely	2	Legal advice is being built into the project and the process is built into the timescale. There is a route to seek dispensation.	Task Group	December 2023 - Leasehold consultation Stage 1 went out in November, there has been no challenge so far.	

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**Housing Overview & Scrutiny Committee
Work Programme
2023/2024**

Dates of Meetings: 20 June 2023, 28 September 2023, 21 November 2023, 9 January 2024, 5 March 2024

Topic	Lead Officer	Requested by Officer/Member
20 June 2023		
Procurement of Repairs and Planned Maintenance Housing Contracts	Saheed Ullah	Officers
Houses of Multiple Occupation – Update report	Dulal Ahmed	Members
Hostel Management	Ben Tovey	Officers
Terms of Reference	Democratic Services	Officers
Work Programme	Democratic Services	Standing Item
28 September 2023		
Housing Development Programme Update	Ewelina Sorbjan/Keith Andrews	Members
Housing Ombudsman Report: Spotlight on Damp and Mould - Thurrock Council's Response	Ewelina Sorbjan/Saheed Ullah	Officers
Work Programme	Democratic Services	Standing Item

21 November 2023

Blackshots Estate - Update on Demolition and Redevelopment	Keith Andrews	Officers
Housing Complaints Process, Regulation, Business Intelligence and Performance Report	Chris Seman	Members
Housing Strategy - Year One Update	Ryan Farmer	Officers
Social Housing (Regulation) Act 2023	Ryan Farmer	Officers
Work Programme	Democratic Services	Standing Item

9 January 2024

Proposal to Designate Additional HMO Licensing Scheme	Dulal Ahmed	Officers
Right to Buy receipts management/PHI Updated	Mike Jones	Officers
Housing Revenue Account – Rent Setting and Budgets 2024/25	Mike Jones	Officers
Update on Procurement of Housing Contracts for Works Through a Partnership Model	Ewelina Sorbjan	Officers
Work Programme	Democratic Services	Standing Item

22 February 2024

VfW – Housing contracts	Alastair Wood	Officers
Rough sleeping and Homelessness Strategy	Ryan Farmer / Chris Wade	Officers
Blackshots	Tbc	

5 March 2024

Portfolio Holder Report	Cllr Johnson / ALL	Officers
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HRA	Mike Jones	Officers
Stock Condition and 30 year investment plan	Alastair Wood	Officers
Broxburn, Vigerons, Anton Road and Lyndhurst – new build schemes	tbc	
Work Programme	Democratic Services	Standing Item

2024/25 Reports

Teviot	Keith Andrews
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Briefing Notes

Garages – Sent to members on the 20 June 2023
Headstart Housing – Peter Doherty
Lowen Road Local Lettings Policy – Ryan Farmer

Clerk: Jenny Shade
Last Updated: June 2023

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