

SCRUTINY BOARD (SAFER AND STRONGER COMMUNITIES)

Meeting to be held in Civic Hall, Leeds on
Monday, 14th November, 2011 at 10.00 am

(A pre-meeting will take place for ALL Members of the Board at 9.30 a.m.)

MEMBERSHIP

Councillors

B Anderson (Chair)	-	Adel and Wharfedale;
R Grahame	-	Burmantofts and Richmond Hill;
K Groves	-	Middleton Park;
M Hamilton	-	Headingley;
J Hardy	-	Farnley and Wortley;
P Harrand	-	Alwoodley;
G Hyde	-	Killingbeck and Seacroft;
J Jarosz	-	Pudsey;
J Marjoram	-	Calverley and Farsley;
C Townsley	-	Horsforth;
N Walshaw	-	Headingley;

Please note: Certain or all items on this agenda may be recorded

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8			REFORM OF COUNCIL HOUSING FINANCE - COMMENTS FROM SCRUTINY ON THE DRAFT NEW HRA BUSINESS PLAN To receive a report from the Head of Scrutiny and Member Development presenting the draft comments of the Scrutiny Board in relation to the draft new Housing Revenue Account Business Plan (Report attached)	11 - 24

Report of the Head of Scrutiny and Member Development

Report to Scrutiny Board (Safer and Stronger Communities)

Date: 14th November 2011

Subject: Dog Control Orders – Phase 2 Project – Scrutiny Comments

Are specific electoral Wards affected?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, name(s) of Ward(s):		
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, Access to Information Procedure Rule number:		
Appendix number:		

Summary of main issues

1. It was agreed in June 2011 that the Safer and Stronger Communities Scrutiny Board should play an active part in analysing the proposed options arising from the Phase 2 Dog Control Orders project before approval is sought from the Executive Board in December 2011 to implement further Dog Control Orders. In view of the need to conclude this piece of work by November, it was agreed that this would be considered via working group meetings to which all Board Members would be invited to attend.
2. This piece of work has now concluded and the attached draft report summarises the observations, conclusions and recommendations of the Safer and Stronger Communities Scrutiny Board in relation to the proposals arising from the Phase 2 Dog Control Orders project. Members are asked to consider and formally agree the attached report. Once agreed, this report will be forwarded to the directorate in order to inform the report to Executive Board on this matter in December.

Recommendations

3. Members are asked to consider and agree the attached draft report summarising the observations, conclusions and recommendations of the Scrutiny Board in relation to the proposals arising from the Phase 2 Dog Control Orders project.

1 Purpose of this report

- 1.1 To present the draft report summarising the observations, conclusions and recommendations of the Safer and Stronger Communities Scrutiny Board in relation to the proposals arising from the Phase 2 Dog Control Orders project.

2 Background information

- 2.1 During 2008/2009, the former Environment and Neighbourhoods Scrutiny Board conducted a review of dog fouling enforcement. In conclusion, the Board issued a statement in February 2009 setting out its conclusions and recommendations. One of the recommendations stipulated exploring the use of additional Dog Control Orders in Leeds.
- 2.2 A multi-agency Project Board was set up in 2009 to consider the options for adopting Dog Control Orders and develop an action plan for progressing the Orders. It was agreed that the project for delivery would be undertaken via a two stage process. Phase 1 of the project was approved by Executive Board in November 2010.
- 2.3 In June 2011, it was agreed that the Safer and Stronger Communities Scrutiny Board should play an active part in analysing the proposed options arising from the Phase 2 Dog Control Orders project before approval is sought from the Executive Board in December 2011 to implement further Dog Control Orders.

3 Main issues

- 3.1 Following public consultation on the proposals in line with the Phase 2 Dog Control Orders project, the Scrutiny Board was invited to analyse the consultation results and provide comment on these proposals before formal approval is sought from the Executive Board in December 2011.
- 3.2 The attached draft report provides details of these specific proposals and summarises the observations, conclusions and recommendations of the Scrutiny Board for Members' consideration and agreement at today's meeting.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 In view of the need to conclude this piece of work by November, it was agreed that this would be considered via working group meetings to which all Board Members would be invited to attend. Lead officers within Environment and Neighbourhoods attended both working group meetings to contribute to the discussions.
- 4.1.2 An initial working group meeting was held on 18th August 2011 to enable Scrutiny Members to gain a better understanding of the aims of the Phase 2 project and who has been targeted as part of the consultation process. A second working group meeting was held on 21st October 2011 to consider the initial findings from the Phase 2 consultation process, which concluded on 14th October 2011.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 An Equality Impact Assessment of Phase 2 of the project has been completed.

4.3 Council Policies and City Priorities

- 4.3.1 The proposed new Orders will contribute to the City Priority Plan of Best City for Communities by helping to effectively tackle anti-social behaviour and ensuring neighbourhoods are clean.

4.4 Resources and Value for Money

- 4.4.1 The attached draft report makes specific reference to issues surrounding the enforcement of Dog Control Orders.

4.5 Legal Implications, Access to Information and Call In

- 4.5.1 The process of making and amending, advertising and enforcing Dog Control Orders is undertaken in a manner compliant with regulations made under the Clean Neighbourhoods and Environment Act 1990 to ensure the orders are legally enforceable.
- 4.5.2 This report does not contain any exempt or confidential information.

4.6 Risk Management

- 4.6.1 The views of the Scrutiny Board will need to be agreed at today's meeting in order to inform the report to Executive Board in December.

5 Conclusions

- 5.1 The Safer and Stronger Communities Scrutiny Board was asked to play an active part in analysing the proposed options arising from the Phase 2 Dog Control Orders project before approval is sought from the Executive Board in December 2011 to implement further Dog Control Orders.
- 5.2 This piece of work has now concluded and the attached draft report summarises the observations, conclusions and recommendations of the Scrutiny Board for Members consideration and agreement. Once agreed, this report will be forwarded to the directorate in order to inform the report to Executive Board on this matter in December.

6 Recommendations

- 6.1 Members are asked to consider and agree the attached draft report summarising the observations, conclusions and recommendations of the Scrutiny Board in relation to the proposals arising from the Phase 2 Dog Control Orders project.

7 Background documents

- 7.1 None used.

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Scrutiny Board (Safer and Stronger Communities)
Review of the Phase 2 proposed Dog Control Orders
Comments for inclusion into Executive Board Report

Introduction

It was agreed in June 2011 that the Safer and Stronger Communities Scrutiny Board should play an active part in analysing the proposed options arising from the Phase 2 Dog Control Orders project before approval is sought from the Executive Board in December 2011 to implement further Dog Control Orders. In view of the need to conclude this piece of work by November, it was agreed that this would be considered via working group meetings to which all Board Members would be invited to attend.

An initial working group meeting was held on 18th August 2011 to enable Scrutiny Members to gain a better understanding of the aims of the Phase 2 project and who has been targeted as part of the consultation process. A second working group meeting was held on 21st October 2011 to consider the initial findings from the Phase 2 consultation process, which concluded on 14th October 2011.

During these working group meetings, the following information was circulated by officers within Environment and Neighbourhoods and discussed with Scrutiny Board Members:

- Dog Control Orders - Project Timeline for Phase 2
- Copy of the Area Committee Report in March 2011 on the Phase 2 Dog Control Orders;
- Briefing note on the Dog Control Orders dated 9th August 2011;
- Copy of the Public Notice regarding the Dog Control Orders Consultation;
- Statistics of City Wide Dog Activities from April 2010 to March 2011;
- Statistics of City Wide Dog Activity from January 2011 to June 2011.
- A statistical analysis of the responses received from the Phase 2 consultation process.

The following related issues were also raised by Scrutiny Board Members:

- Reporting on dog activity;
- Enforcement of Dog Control Orders;
- Provision of Dog Waste Bins;
- Proposed Enforcement Policy for the Walking of More Than Four Dogs (Dog Specified Maximum Order).

This report presents the agreed view of the Safer and Stronger Communities Scrutiny Board. The Board has requested that these comments are incorporated into the report to go before Executive Board on the proposed Phase 2 Dog Control Orders.

Observations, Conclusions and Recommendations

Phase 2 consultation process and response rates

The Scrutiny Board was happy with the Phase 2 consultation proposals and the level of media coverage given to promote the Council's online survey for respondents to the consultation. Prior to the consultation, individual schools were approached on an 'opt-in' basis in terms of their grounds being included as part of the proposed new Exclusion Order. The Scrutiny Board requested that those schools which had not responded prior to the commencement of the consultation be reminded to respond and for Parent Teacher Association (PTA) Chairs to be included in this reminder.

With a total of 386 respondents across the city, with 372 responses received to the consultation questions, the Scrutiny Board notes that this is low in comparison to the Phase 1 response rate. The Scrutiny Board was informed that the Phase 1 consultation had generated some concern initially and therefore many of the respondents were seeking clarification about Dog Control Orders in general. The Board was reassured that this was not a factor during the Phase 2 consultation process as the Council had taken steps to ensure that the lessons learned from the Phase 1 consultation had been adopted for Phase 2. The Scrutiny Board is particularly pleased to note that responses were received across the city and from residents with and without dogs (around 53% were dog owners).

Responses to the proposed new Dog Control Orders

- Dog Exclusion Orders

The Council proposed that the existing Dog Exclusion Order be amended with an extended list of other land designated for a specific purpose, such as remembrance and wildlife gardens, where a dog may cause damage and disturbance to the area even when under close control. The proposed extended list also included new children's play areas and school grounds where the schools have indicated the wish to have such an Order.

The consultation results show that the majority of respondents are in agreement with Dog Exclusion Orders on the extended list of specified areas. In view of this, the Scrutiny Board recommends that the Executive Board supports the proposal to revoke the existing Dog Control (Exclusion) Order and replaces it with a new Order with the proposed updated schedule of land.

Recommendation 1

That the Executive Board supports the proposal to revoke the existing Dog Control (Exclusion) Order and replaces it with a new Order with the proposed updated schedule of land.

As part of the Council's approach to review or amend schedules of land associated with Dog Control Orders, the Scrutiny Board recommends that the relevant Ward Members be approached to share their local knowledge of the designated areas to help identify any anomalies prior to finalising the schedule.

Recommendation 2

That as part of the Council's approach to review or amend schedules of land associated with Dog Control Orders, the Scrutiny Board recommends that the relevant Ward Members be approached to share their local knowledge of the designated areas to help identify any anomalies prior to finalising the schedule.

- Dog Control (Dogs on Leads at All Times) Order

The Council proposed to make a new Order stating that on certain specified land, dogs should be on a lead at all times. It is proposed that this Order be applied to all carriageways and adjacent footpaths and grass verges within the Leeds City Council district and is to ensure that any dog is kept under control at all times and does not run unexpectedly into a road causing traffic accidents or injury to the dog itself. It is proposed that this Order also be applied to cemeteries and crematoria.

The Scrutiny Board particularly welcomes this proposal and is pleased to note that the majority of respondents support this proposal too (75% in relation to carriageways and adjacent footpaths and grass verges and 90% in relation to cemeteries and crematoria).

Recommendation 3

That the Executive Board supports the proposal to make a Dog Control (Dogs on Leads at All Times) Order requiring that dogs should be on a lead at all times on the specified land, which is to include all carriageways, adjacent footpaths and grass verges within the Leeds City Council district and in cemeteries and crematoria.

- Dog Control (Dogs on Leads by Direction) Order

The Scrutiny Board also supports the proposal to amend the existing Dogs on Leads by Direction Order to ensure that it applies wherever the new Dogs on Leads at All Times Order does not.

Recommendation 4

That the Executive Board supports the proposal to revoke the existing Dog Control (Dogs on Leads by Direction) Order and make a new Order in the same terms which applies throughout the Leeds district on any land to which the Dog Control (Dogs on Leads at All Times) Order does not apply.

Effective enforcement of Dog Control Orders

The Scrutiny Board recognises the need for greater resources to be focused around the enforcement of Dog Control Orders in order for them to be effective. In particular, utilising officers in other service areas to act as professional witnesses to any breaches of the Orders rather than specifically needing to be the enforcers of Fixed Penalty Notices (FPN). This potentially could include the role of PCSOs, Parks and Countryside and ALMO staff.

The Scrutiny Board also believes that there needs to be a stronger message communicated to the public that these Orders will be rigorously enforced to act as a deterrent.

It is vital that the Council effectively communicates with the public regarding any new Orders, which includes the use of appropriate signage. However, the Board agrees that particular sensitivity would need to be given to areas such as cemeteries and crematoria and also remembrance gardens with regard to signage.

Recommendation 5

That any new Dog Control Orders are effectively communicated to the public, which includes the use of appropriate signage, and for the Council to reinforce the message that Dog Control Orders will be rigorously enforced.

Whilst acknowledging the level of support for the proposed Dog Control Orders as they stand, the Scrutiny Board recognises that a degree of common sense should be applied to enforcing such Orders, with particular reference to the Dogs on Leads Order. The primary aim of adopting Dog Control Orders is to enable the Council to ensure that dog ownership within the city is conducted responsibly without causing nuisance, distress or health hazards. In doing so, the public interest test should be applied, i.e. where it is not in the public interest to take enforcement action, because the issue is low risk or the resources required are not commensurate with the level of risk presented by the problem, the Council will not pursue offences.

Proposed Enforcement Policy for the Walking of More Than Four Dogs (Dog Specified Maximum Order)

Whilst the consultation process did not propose changes to the Order that limits the number of dogs that can be walked by an individual to four, the Scrutiny Board learned that the Council received feedback from professional dog walkers about a lack of clarity in relation to this Order and concern that the Order could put legitimate businesses in jeopardy, especially in current times of economic hardship, if enforced to the letter.

In line with the public interest test approach to enforcement, the Scrutiny Board supports the proposal to formalise this into an Enforcement Policy in relation to the Dog Specified Maximum Order. This test should be undertaken on a case by case basis. The understanding is that where the enforcing officer is happy that the person walking the dogs is undertaking it as a professional service and can prove that they were a legitimate and professional dog walker, it would not be deemed in the public interest to pursue action if the person was walking up to the DEFRA recommended maximum of six dogs. If agreed, the original Order would remain in place and enforcement action would still be taken where the public interest test is not met and the Council does not deem the dog-walker to be appropriately qualified to walk more than four dogs or if the dogs breach any of the other existing Orders regardless of the number being walked or the professional status of the dog-walker.

Recommendation 6

That the Executive Board supports the development of an Enforcement Policy in relation to the Dog Specified Maximum Order.

Other observations made by the Scrutiny Board

The Scrutiny Board also made the following observations which may be of interest to Executive Board:

The Scrutiny Board considered statistical information on city wide dog activity during the period April 2010 to March 2011. Particular reference was made to the numbers of dogs destroyed during this period and the reasons for this. It was highlighted that the vast majority of stray dogs taken into kennels are either reclaimed or re-homed (95%). Only when a stray dog is not reclaimed or re-homed within a certain period of time is this measure taken. In view of this, future dog activity reports should clearly show the numbers of dogs that have been successfully re-homed.

The Scrutiny Board agreed that greater provision and regular collection of dog waste bins is also needed to support responsible dog ownership, especially in parks and established dog exercise areas of open land.

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Report of the Head of Scrutiny and Member Development

Report to Scrutiny Board (Safer and Stronger Communities)

Date: 14th November 2011

Subject: Reform of Council Housing Finance – Comments from Scrutiny on the Draft new Housing Revenue Account (HRA) Business Plan

Are specific electoral Wards affected?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, name(s) of Ward(s):		
Are there implications for equality and diversity and cohesion and integration?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, Access to Information Procedure Rule number:		
Appendix number:		

Summary of main issues

1. In anticipation of the Leeds HRA Business Plan being approved by the Executive Board in December 2011, the Safer and Stronger Communities Scrutiny Board was given the opportunity to consider and comment on the draft Plan to ensure that it reflects the Council's priorities in terms of housing investment needs. The Board agreed that this piece of work would be undertaken via working group meetings to which all Board Members would be invited to attend.
2. This work has now concluded and the attached draft report summarises the observations, conclusions and recommendations of the Safer and Stronger Communities Scrutiny Board in relation to the draft new HRA Business Plan. Members are asked to consider and formally agree the attached report. Once agreed, this report will be forwarded to the directorate in order to inform the report to Executive Board on this matter in December.

Recommendations

3. Members are asked to consider and agree the attached draft report summarising the observations, conclusions and recommendations of the Scrutiny Board in relation to the draft Leeds Housing Revenue Account (HRA) Business Plan.

1 Purpose of this report

- 1.1 To present the draft report summarising the observations, conclusions and recommendations of the Safer and Stronger Communities Scrutiny Board in relation to the draft Leeds Housing Revenue Account (HRA) Business Plan.

2 Background information

- 2.1 In August 2011, a working group of the Scrutiny Board met with senior officers within Environment and Neighbourhoods and the Executive Board Member for Neighbourhoods, Housing and Regeneration to discuss the role of Scrutiny in relation to the forthcoming Housing Revenue Account (HRA) reforms, as set out within the Localism Bill.
- 2.2 Such reforms will abolish the current HRA subsidy system from April 2012, putting Councils' in control of their housing assets. In doing so, it is recognised that the Council will need to adopt a new approach to HRA business planning that is influenced by investment need, underpinned by risk analysis and integrated with funding solutions that are prudent, robust and sustainable.
- 2.3 In anticipation of a new draft HRA Business Plan being approved by the Executive Board in December 2011, the Scrutiny Board was given the opportunity to consider the principles of the draft HRA Business Plan as it develops and also the content of the Plan nearing completion.

3 Main issues

- 3.1 The Leeds HRA Business Plan is intended to be a starting point in setting a clear strategy for Council housing in the City and how resources will be utilised and managed over a 30 year period to support the delivery of the Councils Strategic Housing plans for the City and its communities.
- 3.2 Following the Scrutiny Board's consideration of the draft Leeds HRA Business Plan, the attached draft report summarises the observations, conclusions and recommendations of the Scrutiny Board for Members' consideration and agreement at today's meeting.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 All Scrutiny Board Members were invited to attend working group meetings on 5th September and 4th November 2011 to consider the principles of the draft HRA Business Plan as it develops and also the content of the Plan nearing completion. During these meetings, discussions were held with the Director of Environment and Neighbourhoods, the Executive Board Member for Neighbourhoods, Housing and Regeneration, Chief officers within Environment and Neighbourhoods and Revenues and Benefits and also the 3 ALMO Chief Executives.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 In developing the Leeds HRA Business Plan, consideration is given to the impact on equality areas, as defined in the Council's Equality and Diversity Scheme.

4.3 Council Policies and City Priorities

- 4.3.1 To ensure the Council complies with Housing Revenue Account (HRA) Self Financing Reforms, the Leeds HRA Business Plan is intended to be a starting point in setting a clear strategy for Council housing in the City and how resources will be utilised and managed over a 30 year period to support the delivery of the Councils Strategic Housing plans for the City and its communities.

4.4 Resources and Value for Money

- 4.4.1 The Leeds HRA Business Plan is a medium to long term business plan that is required to take into account investment needs, underpinned by risk and sensitivity analysis and integrated with sustainable funding solutions.

4.5 Legal Implications, Access to Information and Call In

- 4.5.1 This report does not contain any exempt or confidential information.

4.6 Risk Management

- 4.6.1 The views of the Scrutiny Board will need to be agreed at today's meeting in order to inform the report to Executive Board in December.

5 Conclusions

- 5.1 In anticipation of the Leeds HRA Business Plan being approved by the Executive Board in December 2011, the Safer and Stronger Communities Scrutiny Board was given the opportunity to consider and comment on the draft Plan to ensure that it reflects the Council's priorities in terms of housing investment needs.
- 5.2 This work has now concluded and the attached draft report summarises the observations, conclusions and recommendations of the Safer and Stronger Communities Scrutiny Board in relation to the draft new HRA Business Plan. Members are asked to consider and formally agree the attached report. Once agreed, this report will be forwarded to the directorate in order to inform the report to Executive Board on this matter in December.

6 Recommendations

- 6.1 Members are asked to consider and agree the attached draft report summarising the observations, conclusions and recommendations of the Scrutiny Board in relation to the draft Leeds Housing Revenue Account (HRA) Business Plan.

7 Background documents

- 7.1 None used.

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Scrutiny Board (Safer and Stronger Communities)

Reform of Council Housing Finance – review of the draft new Housing Revenue Account Business Plan

Comments for inclusion into Executive Board Report

1.0 Introduction

- 1.1 To ensure the Council complies with Housing Revenue Account (HRA) Self Financing Reforms, which are expected to be introduced from 1st April 2012, it must develop a medium to long term business plan that takes into account investment needs, underpinned by risk and sensitivity analysis and integrated with sustainable funding solutions.
- 1.2 In anticipation of the Leeds HRA Business Plan being approved by the Executive Board in December 2011, the Safer and Stronger Communities Scrutiny Board was given the opportunity to consider and comment on the draft Plan to ensure that it reflects the Council's priorities in terms of housing investment needs.
- 1.3 All Scrutiny Board Members were invited to attend working group meetings on 5th September and 4th November 2011 to consider the principles of the draft HRA Business Plan as it develops and also the content of the Plan nearing completion. During these meetings, discussions were held with the Director of Environment and Neighbourhoods, the Executive Board Member for Neighbourhoods, Housing and Regeneration, Chief officers within Environment and Neighbourhoods and Revenues and Benefits and also the 3 ALMO Chief Executives.
- 1.4 This report presents the agreed view of the Safer and Stronger Communities Scrutiny Board. The Board has requested that these comments are incorporated into the report to go before Executive Board when considering the draft HRA Business Plan in December.

2.0 Observations, Conclusions and Recommendations

Target audience for the HRA Business Plan

- 2.1 The Leeds HRA Business Plan is intended to be a starting point in setting a clear strategy for Council housing in the City and how resources will be utilised and managed over a 30 year period to support the delivery of the Councils Strategic Housing plans for the City and its communities. The Plan will therefore inevitably become a point of reference for other external partners and Government agencies, such as the Homes and Communities Agency. In view of this, the Scrutiny Board acknowledges the rationale for including a detailed section explaining the background and strategic context of the Plan. However, the Scrutiny Board recognised a need to also produce an executive summary of the Plan and for this to also be presented to the Executive Board in December.

Recommendation 1

That an executive summary of the HRA Business Plan is produced to accompany the full Plan and is presented to the Executive Board in December.

Implications of moving to a self-financing regime

- 2.2 Self-financing is intended to allow local authority landlords to be in a position where they can support their own Council House stock from their own income. The proposals under HRA self-financing retain the requirement for local authorities to maintain a statutory, ring-fenced Housing Revenue Account, thereby maintaining the requirement to account for income and expenditure relating to Council housing separately from income and expenditure on other functions and services.
- 2.3 To bring about this change, there will be a re-adjustment of each local authority's housing debt. The intention is that each local authority will have a level of debt it can support, based on a valuation of its business over 30 years. Valuations are based on assumptions about each local authority's income and need to spend over 30 years. The 30 year cash flow of income and expenditure is converted into a capital sum using standard discounted cash flow techniques to arrive at an indicative value for the business.
- 2.4 The Scrutiny Board acknowledges that rent assumptions are fundamental in the self financing proposal. The Government has facilitated the current Social Housing rent convergence policy into its self financing valuation, which highlights the centrality of rents and service charges in the Business Plan.
- 2.5 The self financing valuation assumes that local authorities will follow social rent policy, which aims to put all local authority housing rents on a clear and transparent basis. The policy comprises of the following:
- 1) A 'formula rent' for each property, based on property values, property size and local earnings. Over time, all social landlords are expected to move their rents in line with the formula.
 - 2) A 'guideline rent' which converges with the formula rent by 2015/16. The valuation assumes convergence with formula rents by 2015/16, followed by rent increases of 0.5 per cent above inflation (RPI) per annum.
 - 3) A limit on individual rent rises of RPI +0.5 per cent + £2 per year. The limit is set to prevent excessively high increases in the rent of individual properties as they are moved over time to the formula rent.
 - 4) The policy of a Housing Benefit 'limit rent' will continue, in order to limit the amount of rent a landlord can recover through the Housing Benefit subsidy system. The limit rent will be set in line with current policy, converging with the formula rent in 2015/16 at the same time as guideline rents converge

with the formula rent. Rents charged above this rate cannot be recovered by landlords through the Housing Benefit subsidy system.

- 2.6 The intention of the policy is that tenants across the country should be paying comparable social rents, allowing for variations in type of property and the economic circumstances of the area. The level of the Council's dwelling rent charges is therefore currently guided by the application of this policy and the 2011/12 budget reflects an average rent increase of 6.84% which is in line with the Government's assumption. The impact on individual tenants varies according to the Government's rent restructuring formula, which allows individual rents to rise by a maximum of $RPI+0.5\%+\pounds2$ per week, in order to protect tenants from large rent increases.
- 2.7 Whilst the HRA Business Plan makes reference to rental income in relation to the average rents for 2010/11 and 2011/12, the Scrutiny Board recommends that the Plan also details the formula rent for each property type based on current data.

Recommendation 2

That the section on rental income within the HRA Business Plan also details the formula rent for each property type based on current data.

- 2.8 The Government's valuation model assumes 100% rent collection and that properties will be void for 2% of the time. However, it is highly unlikely that this will be achieved and therefore is a key risk factor. Whilst acknowledging that the Leeds model will be more reflective of the local position, the Scrutiny Board recommends that this is made more explicit within the HRA Business Plan, with appropriate cross reference made to the risk and sensitivity analysis within the Plan.

Recommendation 3

That it is made explicit within the HRA Business Plan that it is the Government's valuation model that assumes 100% rent collection and that properties will be void for 2% of the time. Also, that this is clearly recognised as a key risk factor locally, with appropriate cross reference made to the risk and sensitivity analysis.

- 2.9 It is clear that assumptions about service charges are also going to affect income levels. The Government has stated that in line with the emphasis on localism it does not intend to issue new guidance on the operation of the ring-fence, but expects local authorities to make decisions based on the principle that 'who benefits' pays. In view of this, the Scrutiny Board recognises the need for the Council to develop a clear policy on service charges that is fair and reflects the situation in Leeds.

Recommendation 4

That the Council develops a clear policy on service charges.

- 2.10 The Scrutiny Board also noted that a forecast for losses of income and expenditure when properties are sold under the Right to Buy scheme has also been incorporated into the valuation. The forecast is based on national forecasts for house sales issued by the Office for Budget Responsibility and have been disaggregated to local authority level using recent historical data about regional levels of Right to Buy sales.
- 2.11 The HRA Plan sets out the trend of Right to Buy sales over the last ten years, which clearly shows the impact of the recession commencing in 2008 as sales reduced to an average of 85 in the last three years. Whilst the Council can only assume a certain level of RTB, the Scrutiny Board agrees that this is an area that the Council would be unable to predict with real confidence given the potential for major changes within the housing market and also in Government housing policy over the long term period of the Plan. The Scrutiny Board recommends that this risk factor be made more explicit within the Plan.

Recommendation 5

That the risk associated with predicting levels of Right to Buy sales over the long term period of the HRA Business Plan is made more explicit within the HRA Business Plan.

- 2.12 The Scrutiny Board was informed that the Leeds indicative self financing valuation, commencing debt at 1st April 2012, is £695.7m. As the Council's Subsidy Capital Financing Requirement is £830.0m, a payment of £134.3m would be paid against the Council's debt with the Public Works Loans Board, to reduce the debt per dwelling to £11,906.
- 2.13 While the methodology for calculating the valuation is now fixed, the Scrutiny Board acknowledges that the figures will change in the final self-financing determination for utilisation from 1st April 2012, as the latest economic assumptions, political priorities and data from Councils will be utilised. The figures used within the Plan are therefore indicative and will change to reflect the final settlement. At the time of the Scrutiny Working Group meeting in November, it was anticipated that the Government's announcement on the final settlement figures would be imminent.

The housing investment priorities for Leeds

- 2.14 The HRA Business Plan acknowledges that some of the long-standing plans developed by the Council and partners to meet the housing challenges of the city were formulated during a period of sustained economic growth. However, despite the economic downturn, the key housing priorities for the city are relatively constant. These relate to the need to increase the supply of housing, with a particular emphasis on increasing the range of affordable housing options; to improve housing quality and sustainability across all tenures; and to promote the capacity for people to live independently.
- 2.15 To date there has not been an agreed and approved City-wide Investment Standard that informs investment decisions and resource priorities. The

Scrutiny Board agrees that the introduction of an agreed standard is essential so that priorities can be set, resources prioritised, targets agreed and monitored.

Recommendation 6

That a City-wide Investment Standard is developed to inform the HRA Business Plan in terms of investment decisions and resource priorities.

- 2.16 In setting a City-wide Investment Standard for this Business Plan, the Scrutiny Board noted that the Minimum Decency and Statutory Standard is not considered to be able to achieve the improvements required. In contrast the Leeds Regeneration Standard, based on the estimated cost projections undertaken in February 2010, is not affordable. It is therefore proposed that the Investment Standard used to initially inform the Business Plan is the Decent Homes and Decent Neighbourhoods Standard.
- 2.17 The 'Decent Homes and Decent Neighbourhood Standard' comprises two elements, firstly, the target Essential Major Investment required to maintain stock, incorporating statutory compliance, maintain the decent homes standard, structural repairs and upgrades to multi-storey blocks and other non-traditional housing, estate and communal facilities upgrades including shops and garages. The second element is the Aspirational Investment Standard, with resources directed to energy efficiency; environmental improvement works and stock remodelling. A full detailed overview of the standard and the targets set to achieve it are set out in the Plan.
- 2.18 The Scrutiny Board acknowledges that the achievement of the Essential Investment Standard will ensure the HRA assets are decent, safe, in good condition and retain their value. It is intended, therefore, this element of the overall standard will be the first priority in relation to the investment of resources. However, the costs to achieve the Essential Investment Standard have been phased over the life of the Business Plan to smooth the use of resources for Essential Investment, thereby maximising the opportunity to release funds for other priorities including the Aspirational Investment Standard, which involves investment in energy efficiency measures.
- 2.19 The Scrutiny Board acknowledges that the establishment of the new Strategic Governance Board, while not having decision making powers under the Council Constitution, aims to provide a single point for the Council and its ALMO's in relation to strategic decisions and will support a more co-ordinated and corporate approach to the development of investment prioritisation and the agreed standard.

Balancing tenants' needs with strategic objectives

- 2.20 The Tenant Services Authority (TSA), the current independent regulator for affordable housing in England, requires social landlords to consult locally with tenants regarding the quality of services to be expected and the priorities of tenants, so that they can be set out in a City Wide Service offer.

- 2.21 Following the city wide consultation exercise ‘the Leeds Conversation’ in 2010, the outcome of this consultation has been the development of the Leeds City Wide Service offer for all tenants based on their priorities, which was implemented in April 2011. The Scrutiny Board also acknowledges that the Council commissions a Comprehensive Tenant Satisfaction survey on a bi-annual basis. The questions asked are consistent, with a number of them mirroring the HouseMark tenant perception indicators used to benchmark performance across the ALMO service functions.
- 2.22 A major reason for the creation of ALMO’s in the city was to localise service delivery and make the landlord function more responsive to tenant priorities and individual area characteristics. Responsibility for the delivery of the majority of the standards, as set out within the City Wide Service offer, is delegated to the ALMO’s and it is intended they will supplement the City Wide standard with local standards to reflect particular area needs and priorities.
- 2.23 Tenants that have benefited from the investment in their properties and improvements in the delivery of services to their homes and estates expect a continuation of the improvements in services and their ability to influence prioritisation and strategic planning. In view of the Government’s proposals to give tenants more responsibility for paying their landlords directly, it was felt that tenant expectations to inform standards are likely to be raised further. In view of this, the Scrutiny Board recognises the need to balance tenants’ needs and expectations with the Council’s strategic objectives. Whilst acknowledging the intelligence data collated from tenant satisfaction surveys and Tenants Forums, the Scrutiny Board would question whether such data is reflective of the vast majority of tenants.
- 2.24 The Scrutiny Board believes that further work is needed to engage with tenants and also Elected Members to understand what their expectations and priorities are in relation to housing investment needs and also make best use of the new Tenant Scrutiny Panels as a way of gauging opinion too.

Recommendation 7

That further work is undertaken by the Council to engage with tenants and Elected Members to understand what their expectations and priorities are in relation to housing investment needs and to make best use of the new Tenant Scrutiny Panels as a way of also gauging opinion.

Effective Asset Management Strategy

- 2.25 The Council does not, at the present time, have an established Asset Management Strategy or Plan for the HRA. In recent years the ALMO’s have had responsibility for formulating their annual Investment Plans. Funding has been allocated to the ALMO’s based mainly on stock numbers and they have prioritised capital works as they deemed necessary with a strategic priority target to meet the Decent Homes standard by 2010. Each ALMO details the proposed investment priorities and profile for the housing stock in each area, based on the ALMO’s asset management knowledge.

- 2.26 With the current subsidy arrangements coming to an end, the allocation of capital resources across the ALMO's will need to be undertaken within an Asset Management Strategy that allocates resources based on condition and need across the city. In order to maximise the use of resources and meet the city's strategic housing requirements, the Scrutiny Board agrees that the development of a City Wide Asset Management Plan is essential as a major part of strategic planning for the HRA. It is the Scrutiny Board's understanding that once the City-wide Plan has been approved, the ALMO's will develop their own Local Investment Plans to reflect area conditions and priorities in order to deliver to the City Plan.

Recommendation 8

That a City Wide Asset Management Plan for the HRA is developed as a matter of urgency in order to maximise the use of resources and meet the city's strategic housing requirements.

- 2.27 The Council has now implemented a major Asset Management System 'Keystone' to provide a comprehensive suite of modules covering strategic investment planning to contract management, in order to utilise one consistent information database for strategic Asset Management and Business Planning. The system will underpin the prioritisation of resource allocations, link expenditure and delivery to stock improvement and identify reactive and cyclical maintenance requirements.
- 2.28 However, while the technical infrastructure is in place with the current 'Keystone' system, the prioritisation of resources to achieve the decent homes standard has meant the system has never been fully integrated. At present keystone is used to inform investment plans in relation to Decent Homes works. The Scrutiny Board agrees that if keystone is to be pivotal to investment planning and the HRA Business Plan in terms of forecasting and allocation of resources, the quality of the information is paramount.

Recommendation 9

That quality assurance mechanisms are put in place in relation to the information stored within the Keystone Asset Management System if this system is to be pivotal to the HRA Business Plan in terms of forecasting and allocation of resources.

- 2.29 The 'Keystone' System does have capability for sustainability and 'what if' modelling using the information it stores, and the information in the 'Orchard' stock management system. Whilst this function is not developed and will require a significant commitment to development, it is clear that the benefits in relation to continual asset management and Business Planning are substantial.
- 2.30 The Scrutiny Board learned that work is currently underway to ensure that regular up to date and accurate stock condition information is being gathered to target action and resources accordingly. This condition data needs to be in a form where it can be accessed and updated, linking it with the planned and responsive repairs system.

- 2.31 The creation of the ABCL also provides a significant opportunity to fundamentally change the way asset management is undertaken, to both support strategic planning and deliver quality works on the ground. The Scrutiny Board agrees that by bringing together the expertise in the ALMO and Council in relation to Asset Management, introduce consistent redesigned processes maximising the IT infrastructure and integrating staff to a one culture approach, the asset management arrangements for the HRA can achieve the quality levels required.

Provision for non-collection of debts

- 2.32 The Scrutiny Board acknowledges that the HRA holds a provision for the non-collection of debt, mainly relating to unpaid rent that is not collectable. The level of provision held is a prudent assessment of potential income that will not be received. Debt that is written off is charged to the Doubtful Debts provision during the financial year.
- 2.33 As mentioned earlier, the Government's valuation model assumes 100% rent collection. In view of this, the Council will need to be prudent within its financial plan to reflect the local position in relation to rent collection rates and to make sufficient provision in relation to Doubtful Debts.
- 2.34 The Scrutiny Board is particularly pleased to note that there is a dedicated section within the Plan which makes reference to the potential impact of the Government's major programme of Welfare Reform, which is currently passing through Parliament.
- 2.35 A cornerstone of the Government's reforms aimed at making work pay, is the introduction from 2013 of a new benefit, called Universal Credit, which will replace existing benefits including Working Tax Credit, Job-Seekers Allowance, Income Support and Housing Benefit.
- 2.36 The Government proposes that tenants will received their Universal Credit directly to them, one month in arrears, and have the responsibility for paying the full amount of their rent to the landlord.
- 2.37 Approximately 22,000 HRA tenants of working age currently receive some level of Housing Benefit, which is paid directly to their rent account, of these, approximately 70% receive full Housing Benefit. Under the proposals for Universal Credit, tenants will have to manage paying the full charge. Clearly the consequences of a missed payment would make it more difficult to recover than at present, with a risk to rent recovery levels, which therefore also needs to be reflective within the Doubtful Debts provision.

A robust risk analysis

- 2.38 The Scrutiny Board recognises the need for the HRA Business Plan to be underpinned by a robust risk and sensitivity analysis. The draft Plan briefly outlines the major business risks to be supported by the HRA, which included

the financial impact, the probability of occurrence, and the actions necessary to mitigate and manage the risks.

- 2.39 Whilst acknowledging that this is a medium to long term Plan and therefore the risks associated with the Plan are at a broader strategic level, the Scrutiny Board believes that the Plan would benefit from a more detailed risk and sensitivity analysis. Where risk factors are highlighted within the main body of the Plan, these also need to be explicitly tied together and cross referenced with the risk and sensitivity analysis.

Recommendation 10

That a more detailed risk and sensitivity analysis is set out within the HRA Business Plan.

Promoting greater transparency

- 2.40 Following the Government Review of Social Housing Regulations, the TSA's regulatory functions are to move to a reformed Homes and Communities Agency (HCA) from April 2012.
- 2.41 Issues relating to governance and viability of Council landlords are not deemed part of the remit of the housing regulator as housing is a service within a local authority. It is therefore covered by the wider local government regulatory framework and subject to the democratic scrutiny of members. The Regulator's existing standard on Value for Money does however include local authorities. The Government expects landlords to use the new flexibility provided by HRA reform to improve efficiency and value for money, with landlords able to show how they are improving value for money in service provision to their tenants and the regulator.
- 2.42 In view of this, the Scrutiny Board agrees that there is a need for greater transparency in terms of tenants and Elected Members being actively informed about future capital investment programmes that will affect their own estates. Whilst the Scrutiny Board acknowledges that regular update reports from the ALMOs are now being taken to Area Committees, further work is needed to promote greater transparency.

Recommendation 11

That further work is undertaken by the Council and its partners to promote greater transparency to enable tenants and Elected Members to be better informed about future housing investment programmes that affect their own estates.

Other observations made by the Scrutiny Board

- 2.43 The Scrutiny Board also made the following observations which may be of interest to Executive Board:
- 2.44 Within the Plan, figures are provided to show the numbers of applicants for social housing as at 31st March 2011, including the numbers of new

applicants. However, the Scrutiny Board requested that clarification is provided within the Plan in relation to the term 'new applicant' to illustrate that this also refers to 'in-year' new applicants as the analysis was initially confusing.

- 2.45 Overall, it is clear that the cornerstone for this approach is the development of a robust HRA Business Plan and given the genuine decisions to be made, the success of the plan will be very much dependant on informed consultation and decisions being made to build an Asset Management Plan and supporting Financial Plan, that will deliver the required aims and objectives. However, it is recognised by the Scrutiny Board that the Council and its partners will also need to remain flexible and innovative to respond to changing challenges and opportunities.

Draft