

Housing Committee Tuesday, 23rd January, 2024 at 7.30 pm Council Chamber - Council Offices

Agenda

The agenda for this meeting is set out below.

Members of the Housing Committee

Councillor Jeremy Pursehouse (Chair)	Councillor Peter Damesick (Vice-Chair)
Councillor Annette Evans	Councillor Chris Farr
Councillor Jenny Gaffney	Councillor Matthew Groves
Councillor Liam Hammond	Councillor Nicola O'Riordan
Councillor Vicky Robinson	Councillor Deb Shiner
Councillor Richard Smith	Councillor Taylor O'Driscoll

Substitute Members

Councillor David Lee	Councillor Carole North
Councillor Chris Pinard	Councillor Helena Windsor
Councillor Martin Allen	

If a member of the Committee is unable to attend the meeting, they should notify Democratic Services. If a Member of the Council, who is not a member of the Committee, would like to attend the meeting, please let Democratic Services know by no later than noon on the day of the meeting.

If any clarification about any item of business is needed, contact should be made with officers before the meeting. Reports contain authors' names and contact details.

David Ford

Chief Executive

Information for the public



This meeting will be held in the Council Chamber, Council Offices, Oxted and the public are welcome to attend. Doors for the Council Offices will open 15 minutes before the start of the meeting.



The meeting will also be broadcast online at tinyurl.com/webcastTDC. In attending this meeting, you are accepting that you may be filmed and consent to the live stream being broadcast online and available for others to view.



Information about the terms of reference and membership of this Committee are available in the Council's Constitution available from tinyurl.com/howTDCisrun. The website also provides copies of agendas, reports and minutes.



Details of reports that will be considered at upcoming Committee meetings are published on the Council's Committee Forward Plan. You can view the latest plan at tinyurl.com/TDCforwardplan.

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AGENDA

1. Apologies for absence (if any)

2. Declarations of interest

All Members present are required to declare, at this point in the meeting or as soon as possible thereafter:

- (i) any Disclosable Pecuniary Interests (DPIs) and / or
- (ii) other interests arising under the Code of Conduct

in respect of any item(s) of business being considered at the meeting. Anyone with a DPI must, unless a dispensation has been granted, withdraw from the meeting during consideration of the relevant item of business. If in doubt, advice should be sought from the Monitoring Officer or her staff prior to the meeting.

3. Minutes of the meeting held on the 23 November 2023 (Pages 3 - 8)

To approve as a correct record.

4. To deal with any questions submitted under Standing Order 30

Questions must be sent via email or in writing to Democratic Services by 5pm on [2 working days before the meeting] and comply with all other aspects of Standing Order 30 of the Council's Constitution.

5. Bronzeoak - Budget (Pages 9 - 16)

6. Housing Committee – 2024/25 Draft General Fund Budget and Medium Term Financial Strategy (Pages 17 - 38)

7. Housing Revenue Account – 2024/25 Draft Budget (Pages 39 - 74)

8. Cap on Safe and Legal Asylum Routes – Consultation Return - Decision taken under urgency powers (Pages 75 - 108)

9. Any other business which, in the opinion of the Chair, should be considered as a matter of urgency

To consider any other item(s) which, in the opinion of the Chair, should be considered as a matter of urgency – Local Government Act 1972, Section 100B(4)(b).

TANDRIDGE DISTRICT COUNCIL

HOUSING COMMITTEE

Minutes and report to Council of the meeting of the Committee held in the Council Chamber - Council Offices on the 23 November 2023 at 7:30pm.

PRESENT: Councillors Damesick (Vice-Chair), Evans, Chris Farr, Gaffney, Groves, Hammond, O'Riordan, Pursehouse (Chair) and Shiner

ALSO PRESENT: Councillors Sue Farr, Alun Jones and Windsor

APOLOGIES FOR ABSENCE: Councillors O'Driscoll and Robinson

166. MINUTES OF THE MEETING HELD ON THE 14 SEPTEMBER 2023

The minutes were confirmed and signed as a correct record.

167. COUNCIL HOUSE BUILDING PROGRAMME – WOLFS WOOD – BUDGET

The Committee considered a report for a revised budget for the Wolfs Wood Scheme of the Council House Building Programme.

The original budget was approved by the Committee in March 2021. However lack of resources in the housing development and planning teams, as well as the liquidation of two of the Council's existing building contractors had delayed the programme and increased costs. Planning approval for the scheme was granted in June 2023 and the main construction contract had been put to tender.

The economic impacts of global events had pushed up construction costs. Officers had considered going back to the market, but as it remained unreliable, there was no guarantee of an improved position. The project was still expected to perform with the increased budget.

The possibility of charging social rents, as opposed to affordable rents was now less likely, even with a grant from Homes England, due to increased costs.

The successful contractor was expected to undertake a value engineering exercise and identify savings through the detailed design process. This could result in a reduction against the submitted tender price. A fixed price contract meant the price would not increase.

In response to Member questions, Officers explained that:

- The necessary surveys to inform the tender had been completed. The tenders received reflected recent global events and were therefore relied upon as much as Officers could.
- The approach to this scheme had been adapted to build in larger contingencies.

RESOLVED – a revised budget of £4.4m for the redevelopment of Wolfs Wood in Hurst Green, be approved.

168. COUNCIL HOUSE BUILDING PROGRAMME – NEW SCHEME - NOVEMBER 2023

A report was submitted asking Members to approve an initial budget of £50k to enable officers to prepare detailed proposals for a mix of 1, 2 and 3-bedroom houses and flats for affordable rent and seek pre-planning advice for Kentwyns Rise, South Nutfield.

Kentwyns Rise was a former sheltered housing scheme comprising of 31 dwellings. The properties required significant improvements and had been identified by community surveyors as nearing the end of their useful life.

The potential for re-modelling the existing dwellings had been ruled out as being too costly and the design would be restricted by the building's current envelope.

Replacing the properties with modern, well insulated buildings was identified as a better and more cost-effective approach for the Council, and allowed for the provision of much needed family sized accommodation. Feasibility studies indicated that 23 new dwellings could be accommodated on the land with a significant increase in the number of bed spaces.

Residents of Kentwyns Rise had been made aware of the plans, had met with Housing Development Managers and, subject to approval, would be formally consulted under s.105 of the Housing Act. Residents would become eligible for re-housing in priority Band A and receive the associated statutory home loss payment when they moved.

The decant of existing residents was estimated to take around two years. Due to the timescales existing residents could not be given the option to return to the new development.

In response to Member questions Officers explained that there would be a roughly even split between 2 and 3 bedroom properties with only a small number of 1 bedroom properties being provided. Officers also confirmed that the properties would all be for rent.

Officers had amended recommendation A to specify the required budget for the preparation of redevelopment proposals.

RESOLVED – that:

- A) Officers prepare detailed proposals for the redevelopment of Kentwyns Rise, South Nutfield for a mix of 1,2 and 3-bedroom houses and flats for affordable rent and seek pre-planning advice to develop the site, with a budget of £50k;
- B) approval be given to proceed with the appointment of an architect, Employer's Agent and other specialist consultants and surveyors to act for, or advise the Council and the commissioning of necessary reports all subject to the Council's Standing Orders and Financial Regulations.
- C) work begin to rehouse residents displaced by the redevelopment and commence this following the Committee's decision, including the payment of compensation where eligible;
- D) appropriate notices to be served on tenants at the earliest opportunity to preclude the possibility of the Right to Buy; and

- E) authority be given for Officers to commence the process of appropriating the land from housing to planning purposes in accordance with Section 122 (1) of the Local Government Act 1972.

169. STAFFORD ROAD – CAR PARK

The Committee received a report on the potential development of a car park to the rear of block 224-270 Stafford Road, Caterham. Concerns had been raised by residents regarding the number of vehicles parked on the highway in front of 224-270 Stafford Road and the impact of this on road users.

Discussions had been held with Surrey County Council about reduced speed limits, traffic calming measures and allocated parking spaces, but had not provided a solution to resident concerns. A feasibility study had been undertaken to determine whether parking could be provided at the rear of the properties and how passing places could be provided on the highway.

The report anticipated a budget of £350k for the scheme, with a £50k contingency to provide a maximum of 15 parking bays. This budget would be achieved through increased borrowing from the Housing Revenue Account Capital Programme. The costs were subject to a formal procurement process.

Members debated the proposal and made the following points:

- Consideration should be given to asking Surrey County Council to do a full highway assessment. There was a lack of confidence that the space that would be freed up would result in an equivalent reduction in the number of parked cars. The County's solution to highway safety issues would likely lead to a loss of parking spaces.
- Consideration should be given to submitting a Community Infrastructure Levy (CIL) bid to fund the car park. The feasibility of this would need to be considered by Officers.
- Concerns from residents about anti-social behaviour, security of the potential car park and paying for its use.
- Issues around the use of the car park during the winter months due to snow and ice and the steep gradient of the access road.

Officers explained that:

- Members would need to consider the use of a compulsory purchase order if the gardens of the properties could not be obtained on a voluntary basis from the residents.
- The proposed budget could be alternatively used as part of the Council House Building Programme, the maintenance of the existing housing stock and working towards meeting net zero targets. It was estimated the annual repayment for the loan would be in the region of £22k.
- Additional security measures, for example, barriers or CCTV, would be needed as part of the development
- Parking charges currently existed at some, but not all, Council development schemes. Officers would be looking into parking more widely across the Council's housing stock.

- If the car park was developed, Surrey County Council have indicated they would use the spare space to develop passing places on the highway.

Upon being put to the vote, recommendation A was not agreed.

Councillor Gaffney proposed the following additional recommendation and Councillor Evans seconded.

'Officers review opportunities for a car club scheme on Stafford Road garages, and return to the relevant committee with a report.'

This was agreed.

RESOLVED – that

- A) Members decline the proposals to develop a car park at Stafford Road and the associated budget for the work and, Officers to revert back to Surrey County Council regarding alternative options for traffic and parking measures on the highway.
- B) Officers review opportunities for a car club scheme on Stafford Road garages, and return to the relevant Committee with a report.

170. QUARTER 2 2023/24 KEY PERFORMANCE INDICATORS - HOUSING COMMITTEE

The Committee received a report outlining the Quarter 2 2023/24 performance against Key Performance Indicators (KPIs). Two of the KPIs had not been met; number of households living in temporary accommodation, and number of people in 'urgent need' on the Housing Register. Appendix A to the report provided explanation as to why.

The Committee also received the Housing Risk Register at appendix B to the report which included the mitigating actions taken against the identified risks and risks that had been closed.

The Quarter 2 position with regard to the Council House Building Programme was outlined in appendix C to the report.

Officers provided the following information in response to Member questions on the two KPIs that had not been met:

- These were not met as a result of a lack of supply of affordable housing. A number of new builds would be completed as part of the Council House Building Programme in 2023/24 and in early 2024/25, and these would help improve the position.
- The reasons for the increase in the number of households in temporary accommodation was due to the cost of living, increasing private rents and a lack of private accommodation that was affordable.

As the Council did not have control over these aspects, Officers confirmed they'd be reviewing whether they should be measured as KPIs or whether they should be reported to Members for monitoring purposes only. Officers would work with Members and report back to the Committee.

RESOLVED – that the Quarter 2 2023/24 performance and risks for the Housing Committee be noted.

171. QUARTER 2 2023/24 BUDGET MONITORING - HOUSING COMMITTEE

The Committee received a report outlining the financial position of the Revenue and Capital budgets for the Committee, including the Housing Revenue Account (HRA), as of Quarter 2 2023/24.

The report set out an outturn variance of £24k for the Housing General Fund. This was an increase of £9k on Quarter 1, mainly due to additional work through the Home Improvement Agency contract. There was no change to the savings since Quarter 1, with £60k of £150k of savings having been delivered.

In the HRA, a forecast overspend of £97k was reported. This was an increase of £37k on Quarter 1, mainly due to additional salary costs and service costs, including an increase in cost of void properties for Council Tax and a new fraud contract with Reigate and Banstead Borough Council. An overspend of £60k due to a software upgrade had been reported at Quarter 1.

The Housing General Fund Capital Budget related to Disability Facilities Grants. The total capital requirement for 2023/24 had been re-set at £503k in Quarter 1, with £139k to be carried forward into 2024/25. At Quarter 2, the forecast spend was £420k, with slippage of £83k to be reprofiled into 2024/25.

The total capital requirement for the HRA Capital Programme had re-set at £16,133k in Quarter 1, with £3,862k to be carried forward into 2024/25. At Quarter 2, the total Capital Forecast was £16,031, with a slippage variance of £102k.

In response to a Member question, Officers confirmed that the Orchard upgrades were nearing completion and would allow Officers to better manage the system, the budget, forecast spend and the cyclical and planned maintenance programmes.

RESOLVED – that the that the Committee's forecast Revenue and Capital budget positions as at Quarter 2 / M6 (September) 2023/24 be noted.

172. COUNCIL HOUSE BUILDING PROGRAMME – PROPOSED LAND ACQUISITION

The Committee resolved to move into private session for this item in accordance with paragraph 3 (information relating to the financial or business affairs of any particular person (including the authority holding that information)) of Part 1 of Schedule 12A of the Act, and because the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

A report seeking approval for a budget of £45k and approval to proceed with the process of appropriating the land in question was presented. The budget would allow Officers to prepare proposals for and seek pre-planning application advice for the development of affordable housing on the land, following acquisition.

RESOLVED – that:

- A) a budget of £45,000 be approved to allow Officers to prepare proposals for and seek pre-application planning advice for the development of the land for up to 13 one and two-bedroom flats.

- B) the appropriation of the land for planning purposes in accordance with Section 122 (1) of the Local Government Act 1972, be approved.

Rising 8.57 pm

Bronzeoak - Budget

Housing Committee Tuesday, 23 January 2024

Report: Director of Resources (S151)

Purpose: For decision

Publication status: Unrestricted

Wards affected: Valley

Executive summary:

The Council's redevelopment of Bronzeoak House, to provide 26 new homes for affordable rent, has been inactive since the financial failure of the main contractor in May 2023. This report:

- Provides an update on work being done to restart construction works
 - Provides an overview of the project's financial position to date
 - Seeks additional budget for completion of the work
 - Seeks authority to complete the works by entering into a construction management contract with the contractor
-

This report supports the Council's priority of: Building a better Council/
Creating the homes, infrastructure and environment we need

Contact officer Nicola Cresswell Housing Development Specialist
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01883 732897

Recommendations to Committee:

That:

- A. The Committee approve the appointment of a construction management contractor to facilitate the completion of the Bronzeoak House development in Caterham.

 - B. Authority be delegated to the Director of Resources, in consultation with the Chairman and Vice Chairman of the Housing Committee, to award the contract to the contractor, Cast & Teller Limited, following completion of due diligence and a value for money report from the Council's employer's agent.

 - C. The Committee approve the increase in project budget from £10.6m to £13.2m
-

Reason for recommendation:

To seek Committee approval to progress the Bronzeoak scheme and increase the budget, following the administration of the original contractor, Claritas Group Ltd.

Introduction and background

- 1.0 The Council purchased Bronzeoak House in May 2018 for the sum of £2.2m.
- 1.1 In December 2019, the Council gained planning consent to construct 26 new homes for affordable rent, in the form of 12 x 2 bed flats for general needs and 14 x 1 bed flats for sheltered housing, to assist with meeting the demand from the housing register and to improve the Council's supply of sheltered accommodation in line with its Housing Strategy.
- 1.2 Following a competitive tender exercise a 'design and build' contract was awarded to Claritas Group Ltd and the contractor took possession of the site in October 2020. The project was forecast to complete in the summer of 2022.
- 1.3 The project has been negatively impacted by a series of national and world events including Brexit, the Covid pandemic, the war in Ukraine and the rise in inflation.
- 1.4 Claritas Group Ltd experienced significant cash flow issues because of the above market forces and entered administration in May 2023 owing creditors in excess of £8m.

- 1.5 In August 2023, the Council appointed a construction management company ('CMC') to engage with the former sub-contractors and establish the most cost effective and efficient return to complete their works. This arrangement would involve the Council paying the former sub-contractors directly and would allow the Council the benefit of their original obligations with regards to design, guarantees or warranties for their works.
- 1.6 As part of the procurement process, a cost report was produced which concluded that continuation of the work by the former sub-contractors will cost circa £3.2m (this is based on existing contract sums but also includes a contribution from the Council towards 'aged debt'). In contrast, a full procurement of the individual works contracts with a new supply chain has been estimated at circa £3.5m. This estimate is under review by the Council's employer's agent to confirm it is a fair and accurate reflection of costs in the current market. Whilst it is not incumbent on the Council to meet the debts of the previous contractor, if doing so secures the services of the existing sub-contractors and allows the project to be completed more quickly and at a lower cost, then it is financially pragmatic to do so. As set out below, this approach will also allow for the retention of warranties and accountability for work partially completed by sub-contractors.

Construction Management Contract

- 2.0 The JCT Construction Management Contract is for use on construction projects where the Employer (the Council) appoints separate trade contractors to carry out the works, and a construction manager is appointed to oversee the completion of the works for a fee.
- 2.1 The construction manager will be appointed to manage and supervise the project, act as 'Principal Contractor', act as an agent on the Council's behalf by issuing instructions, making decisions and preparing certificates. The construction manager should have the skill, experience and relationship to co-ordinate and cajole the other contractors to progress the works to completion.
- 2.2 A CMC is often used where there is separate contractual responsibility for the design, management and construction of the project. Given the complexities of the build at Bronzeoak and the absence of the previous 'main contractor' there is a significant benefit to the Council in maintaining continuation of prior works' responsibility, warranty and knowledge of the project by negotiating with and directly appointing the sub-contractors to continue. This approach will also allow for a more expedient re-start of works with minimal mobilisation and start up time.
- 2.3 Under a CMC, the Council would retain the services of its employers agent to advise and act on behalf of the Council. The Council would also retain the services of its clerk of works to carry out independent weekly inspections of the construction works.

Budget

- 3.0 A budget of £9.695m for the redevelopment of Bronzeoak House was approved by this Committee in September 2019.
- 3.1 The subsequent tender process saw tenders received which were all more than the forecast cost of works and as a result the budget was increased to £10.6m by this Committee in June 2020.
- 3.2 To assist Claritas Group Limited with reported cash flow issues a financial support package was agreed by this Committee in November 2022 and the Council entered into a performance-incentivised Settlement Agreement.
- 3.3 In order to assist with cash flow, some additional payments were made by the Council direct to sub-contractors for work done in the period leading up to Claritas going into administration. Unfortunately, it quickly became apparent that the company would not be able to recover its financial position. Claritas Group Ltd were unable to achieve any of the required milestones to trigger additional direct payments to them under the Settlement Agreement. The Settlement Agreement was a bespoke agreement with Claritas to deal with a specific situation and as such the approved budget remains at £10.6m.
- 3.4 The cost of the construction project so far (including acquisition, demolition, planning and design fees) is approximately £9.6m.
- 3.5 The proposed cost to complete, under a CMC is forecast to be c.£3.2m (including the CMC fee of 6.5%) bringing the forecast total cost of the project to £12.8m.
- 3.6 In order to complete the construction of Bronzeoak House, Officers therefore recommend that the previously approved budget of £10.6m be increased to £13,200,000. This includes a contingency.
- 3.7 The Council has a Performance Bond which it intends to claim against in full, equal to £772,632. The performance bond is not paid until after completion of the project. This could reduce the total cost of the project to £12.4m.
- 3.8 Site security is currently costing £22,000 per month and the loss of rental income is approximately £21,000 per month.
- 3.9 Bronzeoak House is already over the original budget that was forecast at the time of acquisition and is likely to be the most expensive housing redevelopment scheme. However, the scheme is one aspect of the wider Council house building programme which, whilst being one of the Council's objectives, does carry considerable risk. Some schemes will always perform better than others and Members are assured that the overall programme can withstand the costs associated with the completion of Bronzeoak House, even more so now that the Council has Investment Partner status and is in receipt of Homes England grant on schemes that were modelled and approved without it. £1.5m of funding has been received to-date for schemes that were intended to be funded through borrowing.

Other options considered

- 4.0 Instead of using a CMC, the Council could adopt the same approach to re-procure as it has taken at Uplands in Warlingham. This would involve re-tendering for a new main contractor who will subsequently tender the remaining works to other sub-contractors. However, Uplands was much closer to completion when W Stirland went into administration, was a more traditional and less complex building and had the benefit of having collateral warranties in place for works completed. Notwithstanding the above, Uplands has continued to suffer problems associated with one contractor endeavouring to complete another's work. In the case of Bronzeoak, the Council's employer's agent has advised that the use of a CMC would be the most appropriate route to completion.
- 4.1 The benefit of a CMC at Bronzeoak is that continuation of works would be based upon using known sub-contractors, benefitting from their detailed knowledge of the project and assuming responsibility of their prior works, including where collateral warranties have been agreed but works are incomplete. It would be difficult and expensive to employ a new sub-contractor to complete the detailed design of another and highly unlikely that any new contractor will provide a warranty for work they have not done.
- 4.2 An example of one of the many issues at Bronzeoak is that the lifts have been installed by Kone - but not yet commissioned. The Council will not find another lift contractor who would be willing to commission and certify Kone lifts. The Council has paid for the lifts in full but Kone did not receive the payment from Claritas. Kone are demanding full payment of the lifts before they will return and do the commissioning. It is still more cost effective for the Council to pay Kone twice for the lifts than to source a new lift contractor to start from the beginning.
- 4.2 The CMC, acting as a consultant, has been in negotiations with some of the suppliers and contractors at Bronzeoak and the majority have indicated their preparedness to return and complete their work. The Council's contribution towards money owed to them by Claritas i.e., 'aged debt' to facilitate their return is still the most cost-effective way of completing the project. Where this is not the case the Council will instead seek to re-procure, if necessary.
- 4.3 The current financial modelling for Bronzeoak is based on levying an affordable rent at 70% of the Open Market Rent (OMR). It remains an option for the Council to charge 80% of OMR. This would improve the financial performance of the scheme but the units would be less affordable to persons on the Council's housing register.
- 4.4 The Council has commuted sums available of just over £800k which it could use to fund the increased costs of the Bronzeoak House project. This would improve the performance of the scheme but will mean that the commuted sums would not be available to grant fund new home delivery via a housing association or provide additionality on other schemes.

- 4.5 The above two paragraphs are for information and discussion and to make Members aware that these options are being considered. It is not necessary for Officers or Members to decide on either at this stage. An update will be provided to Members at a later committee once Officers have more cost certainty. This will allow Members to take a more informed decision should the above recommendations be put forward at that time.
- 4.6 Officers have considered whether it is appropriate to apply for Homes England grant to assist with the costs of delivering the Bronzeoak House scheme. However, 40% of the scheme costs so far have been funded by Right to Buy receipts and it is not permitted to use both RTB receipts and HE grant in the same unit. The process of splitting funding out between some grant funded units and some RTB funded units would be incredibly complex, given that the development is a block of apartments with shared facilities. Furthermore, and more crucially, Homes England would need to be satisfied that the use of grant in this case would represent good value for money and Officers would not be able to successfully argue this point, given the costs that have been incurred to date on the project.**Summary**
- 5.0 The development of Bronzeoak House has been a significant challenge, both in terms of detailed design and finance. However, its delivery will assist the Council in meeting one of its main priorities in that it will deliver 26 new affordable homes for individuals waiting to be rehoused on the Council's housing register. In addition to 12 flats for general needs, 14 of the homes will be new sheltered housing, allowing the Council to re-house existing and new sheltered housing residents in well-insulated, accessible and modern homes in a sustainable location. The provision of sheltered housing in this location has facilitated the pipeline schemes at Pelham House, Stanstead Road and Kentwyns, creating more opportunities for new affordable homes. Prior to the Council's acquisition, Bronzeoak House was a vacant building that was unattractive and the site of considerable anti-social behaviour. The original planning approval would have delivered 34 one-bed flats for market sale which may well have been profitable for a private developer but would have contributed substantially less to the District in terms of social value.

Key implications

Comments of the Chief Finance Officer

The financial impact of the recommendations and the history of the scheme are set out in the body of the report, which is focussed on financial aspects of the project.

The scheme is funded from the HRA, which is ringfenced for the provision and management of council housing. Whilst the recommendations therefore have no General Fund financial impact, it is nonetheless important for the Council to make the best overall decision, balancing the need to provide council housing and complete a significant part of the overall programme against the need to provide value for money.

There are no obviously viable alternatives but to complete this scheme and, subject to further due diligence, the option proposed offers the best overall value for money.

Comments of the Head of Legal Services

Design & Build has been the most common form of construction contract for large scale projects and has been previously used in majority of the Council schemes. This enables design and construction activities to overlap benefitting programme and transfers much of the delivery risk to the contractor for a fixed price and an agreed programme. As stated in this report, the Council has an option to consider entering into a JCT Construction Management Contract in order to complete the redevelopment scheme on the Bronzeoak site. Should Members be mindful to agree to proceed, the appointed CMC would not be required to carry out any construction works but instead be paid a fee to manage the construction works carried out by others. The CMC in effect would provide services and not works. Risks will need to be managed throughout this redevelopment process and a risk register should be in place with appropriate mitigation identified.

Equality

See original report

Climate change

See original report

Appendices

None

Background papers

None

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Housing Committee – 2024/25 Proposed General Fund Budget and Medium-Term Financial Strategy

Housing Committee Tuesday, 23 January 2024

Report of: James Devonshire – Head of Housing
Rona Leitch – Senior Finance Business Partner

Purpose: For Decision

Publication status: Unrestricted

Wards affected: All

Executive summary:

The purpose of this report is to present the proposed General Fund Budget for 2024/25 and Medium-Term Financial Strategy (MTFS), including the General Fund Capital Programme for this Committee.

Members are asked to agree the recommendations below. These recommendations will be consolidated into the overall position, which will form part of the Council-wide budget setting process (to be ratified by Full Council on 8th February 2024).

This report supports the Council's priorities of: Building a better Council/ Creating the homes, infrastructure and environment we need / Supporting economic recovery in Tandridge/ Becoming a greener, more sustainable District.

Contact officer Rona Leitch – Senior Finance Business Partner
RLeitch@tandridge.gov.uk

Recommendations to Committee:

The approved Housing General Fund budget will form part of the Council-wide budget setting process (to be ratified by Full Council on 8th February 2024). This report focusses on the budgets for the General Fund, and recommends that Members:

- A. **Agree the Housing General Fund – Proposed Revenue Budget for 2024/25 of £0.678m**, as shown in **Appendix A**, taking account of pressures and savings allocated to the Committee and note that further allocations will be made to distribute an amount equal to increments and the agreed Council pay award, subject to approval by Strategy & Resources Committee and Full Council.
- B. **Agree the Committee’s Fees and Charges** for 2024/25 as shown in **Appendix C**.
- C. **Agree the Committee’s Capital Programme** for 2024/25 being the sum of £0.4m, as shown in **Appendix D**, subject to approval by Strategy & Resources Committee and Full Council.
- D. **Note the Subjective Revenue Budgets in Appendix B**, setting out movements from 2023/24 to 2024/25 and an estimated amount for 2025/26.

Reason for recommendation:

Section 151 of the Local Government Act 1972 requires all councils in England and Wales to make arrangements for the proper administration of their financial affairs. It is a legal obligation that the Council sets a balanced budget for 2024/25.

1. Introduction and Background

- 1.1 The Council’s proposed budget for 2024/25 has been collated through an extensive process over the past six months, beginning with a report to Strategy & Resources Committee on the 29th June 2023 which set out the timetable, process and key milestones. Throughout the process, the budget has been developed with an expectation that a savings target of £0.75m (with a range from £0.5m up to £1.4m) would be required to balance the Council’s overall budget.
- 1.2 The results of the budget process were captured in the Draft Budget 2024/25 and Future Tandridge Programme Update report that was presented to Strategy & Resources Committee on the 30th November 2023. The report set out a draft £0.6m savings plan for the Council overall, which at that point was sufficient to balance the budget along with itemised budget pressures and a high-level assessment of the impact of inflation.

- 1.3 The Draft Budget was presented with significant uncertainty on whether Government funding would be sufficient to allow the budget to remain balanced with the existing £0.6m savings plan. On the 18th December 2023, the Government released the provisional Local Government Finance Settlement, which set out funding for each Council. Although the final settlement is not expected until later in January 2024, it is highly unlikely that funding allocations will materially change. This Council's allocation was sufficient to balance the budget for 2024/25 based on the £0.6m savings set out in the Draft Budget. The budget will only remain balanced if the £0.6m savings plan is approved, so any proposed alteration to savings proposals would need to be met by approval of an amended target elsewhere.
- 1.4 The 2024/25 savings plan has been designed to deliver tactical savings whilst the Council finalises the implementation of key elements of the Future Tandridge Programme, including the Digital Programme, the renewed Grounds Maintenance services, key commissioning reviews (including Voids and Housing Repairs) and the People Plan. Savings have not been identified beyond 2024/25 as yet, but will be required to close the Medium-Term budget gap. A Transformation Programme Director resource is currently out to recruitment and their main focus will be to work with the Council to shape and deliver its future plans within available resources. Whilst the wider Council's corporate budget includes a modest contingency of £445k and a service capacity fund of £200k (more details of which will be presented to Strategy & Resources Committee), it is imperative that the savings are delivered or alternate measures identified where they cannot be. A robust governance approach through the Future Tandridge Programme continues to oversee delivery and manage these risks.
- 1.5 The overall budget has been drawn together on the following principles:
- A balanced revenue budget with the use of General Fund Reserves avoided in anything but unforeseen circumstances that cannot be met from contingencies or reduced spend elsewhere;
 - Maintaining and ideally building the contingency to provide further medium-term financial resilience and to mitigate risk;
 - Supporting and enabling the Council to fund the Future Tandridge Programme and associated improvements to its services;
 - Continuing to explore options to build resilience of General Fund Reserves;
 - Completing the Future Tandridge Programme within available resources, delivering services with appropriately set budgets;
 - Producing evidence-based savings plans which are owned/delivered, tracked, monitored and reported monthly; and
 - Ensuring that managers are accountable for their budgets.

- 1.6 The principles more specifically relating to setting sustainable medium-term budgets are:
- Developing multi-year plans, integrated with capital investment across the Council;
 - Application of a budget envelope approach with a model to determine a consistent and transparent application of funding reductions to Committee budget envelopes, backed by formal reporting to Committee;
 - Envelopes validated annually based on realistic assumptions;
 - Evidence bases used to underpin savings proposals and investments;
 - Assurance that all savings, pressures and growth are managed within budget envelopes to ensure accountability for implementation;
 - Pay and contract inflation allocated to Service budgets to be managed within budget envelopes; and
 - A corporate contingency held centrally to mitigate risk.

2. Housing Committee Overview

- 2.1 This section sets out an overview of the Committee's activities, but some are funded from the Housing Revenue Account, the budget for which is set out in a separate committee report.
- 2.2 The Committee is responsible for formulating and reviewing the Council's policies for the management including repair, maintenance, improvements, sale, acquisition, allocation and control of all the Council's housing stock. In addition, the Committee has the vital role of looking at the private sector housing conditions including standards of condition and the provision of a housing advisory service to prevent homelessness within the district.
- 2.3 As part of the FTP several key lines of enquiry were identified and have since been completed. Most prominent is ensuring appropriate use of Government Homelessness Prevention Grant to offset legitimate service expenditure. This action was completed in 2023/24 and with grant fund expenditure now under continuous review. A second action was the introduction of a new housing structure and ensuring compliance with new and upcoming legislation. A new staff structure has been in place since February 2023 with changes to some roles to ensure compliance with ever changing statutory regulation and increasing consumer standards. In addition to this, a Tenant and Leaseholder Engagement Strategy has been approved with actions continuing to be completed on both the Housing, and Homelessness and Rough Sleeping strategies. Processes for aids and adaptations in both Council owned and private sector housing have been streamlined and are now delivered through the Housing Improvement Agency Millbrook Care Ltd. Other actions such as review of IT systems within the service, income maximisation and the feasibility review of Meadowside Park are either in progress or due to commence in Q4 of 2023/24.

- 2.4 In addition to this work, a review of the delivery of responsive repairs and void maintenance in Council owned homes is currently underway. The aim of this review is to review the existing delivery model and consider alternative future delivery models. This is with the aim of improving value for money, performance and resident satisfaction. This project is scheduled to complete mid 2024/25.
- 2.5 Mindful of the Council's responsibilities in respect of climate change, work is commencing to ensure costings for future efficiencies through 'retrofitting' existing stock or demolition and redevelopment of stock that is uneconomical to maintain is being completed. This complements the move towards a future carbon zero position. Two bids for government grant funding have been unsuccessful, one a sole application and the second made via a Surrey consortium. An application for round three is now being drawn up with support of external consultants to support our bid.
- 2.6 Other activity in 2023/24 included the tendering of a new contract to deliver the Disabled Facilities Grants and adaptations to Council housing through a Home Improvement Agency. This again has been completed and a contract award has been made with a contract start date of 1 April 2024.
- 2.7 Ongoing resilience of the Council's Housing Service is vital to be able to support our ongoing programme to provide a direct supply of new Council owned homes. Construction materials and labour costs have risen significantly as the industry suffers from the cumulative effect of Covid-19, Brexit and the war in Ukraine. The housing programme is still subject to delay as a result of market conditions and a previous lack of resources within the development team. The original council house building programme commenced in 2015 and consisted of 142 units. There have been 86 completions to date including 10 buybacks. There are 4 remaining schemes onsite. Two are due to complete this year, and two in early 2024/25.
- 2.8 The need for affordable homes continues to grow in the district. The Council seeks to develop and extend the programme of Council house building in the next year alongside working with Housing Associations to improve the flow of supply. The buy-back programme has been a success, and a further extension of the scheme has been agreed. The continued supply of Council owned homes to meet the growing demand will require the Council to pursue opportunities for open market land purchase as well as developing on existing land. 'Buy backs' of Council properties are also progressing.

- 2.9 In addition to the current house building programme work is ongoing to complete on 7 purchases under the LAHF scheme before 30th November 2023. 6 purchases have completed with the final purchase due to complete by the end of the month. Officers are now in the process of securing 6 more properties under the LAHF round 2 following this Committee's approval in September. Two properties are already under offer with viewings ongoing.
- 2.10 The Council's Investment Partner application has been approved by Homes England along with £1.5m of grant funding to-date.
- 2.11 The Housing team carries out extensive support work for all residents of Tandridge not just Council tenants. Housing Needs are assessed, the Council's Housing and Homelessness strategies are being progressed, Disabled Facilities Grants are administered, and a handyperson service is provided via the Home Improvement Agency. Administration of Housing Benefit is brought to the Housing Committee. Much of the work is governed and dictated by legislation, with considerable statutory returns required throughout the year.
- 2.12 The Housing Department continues to seek opportunities for shared services with neighbouring authorities. 2023/24 saw the continuation of the Syrian Refugee, Afghan Relocation and Homes for Ukraine Schemes. Joint working between internal teams and partnership working with colleagues from neighbouring authorities has led to the success of the implementation and ongoing management of these schemes. This work will continue into and most likely beyond 2024/25. Joint working relationships have been established with Reigate and Banstead Borough Council in relation to fraud management within the housing service. This service allows investigation of housing register and homelessness applications, housing benefit fraud and the investigation of all Right to Buy applications.

3. Revenue Budget

- 3.1 **The proposed revenue budget for Housing General Fund totals £0.678m. Appendix B** details the subjective budgets from 2023/24 budget to Estimated Budget 2024/25 and 2025/26.
- 3.2 **Financial Savings of £35k / 5%** have been included in the proposed budget for this Committee. **Appendix A** itemises savings. The summary savings items are as follows:
- **£20k** – Better utilisation of Homes for Ukraine funding to meet the full costs of delivering the service.
 - **£15k** – Removal of the budget for Syrian refugees, which will not be required as the Government's scheme comes to an end in 2023/24.

- 3.3 No material financial pressures have been identified for the Committee although an amount equal to the annual pay rise and any increments will be allocated once approved. Homeless and Housing Benefit costs remain key risks, but in both cases the level of Government funding is volatile and difficult to predict. Whilst no allocations have been made in the current year's budget, this will need to be monitored closely as the year progresses and may present a financial risk to the Corporate contingency fund.
- 3.4 **Appendix A** is an extract from the MTFs for this Committee which details the pressures and savings identified and details the overall budget position for the Committee.
- 3.5 **Appendix B** shows the detailed budget for this Committee, taking account of the changes set out in this report.

4 Review of Fees and Charges

- 4.1 Charging for services forms a key part of the overall mechanism for financing local services. In simple terms income from fees and charges offsets the cost of the service. If income from charging does not fully offset costs, then the Council taxpayer must pay for the difference.
- 4.2 It is therefore important that charges are regularly reviewed and assessed to reflect the Council's corporate priorities and are increased annually to take account of inflation, demand and any other appropriate factors particular to individual charges. 2024/25 will be a challenging year with ongoing uncertainty relating to inflation and cost of living. This is exacerbated by the significant uncertainty with funding and policy from Central Government for 2025/26 and over the medium-term. The Spending Review and the provisional settlement has only provided us with surety for one year.
- 4.3 Fees and charges have been reviewed by service managers with support from Finance, taking into account factors such as the impact of increases on residents, anticipated demand, comparison with competitors and other Councils, previous levels of performance and inflation.
- 4.4 As a result, it is proposed fees and charges are uplifted according to the following broad principles, with full detail set out in **Appendix C**. Fees and charges were discussed with Members at an all-Member workshop on the 19th December 2023, with these proposals reflecting the discussion:
- Fees relating to licencing fall under the umbrella of services provided by the shared Environmental Health partnership, with Mole Valley District Council. As the cost of providing the service within Tandridge District is broadly the same as providing within Mole Valley District, efforts have been made to align charges where possible, or set them on a course to align over a two-to-three-year period.

- Meadowside Plot and Garage fees have been linked to the uplift on Housing Rents, which is capped at 7.7%. For consistency with the Housing Revenue Account, it is proposed that the uplift be set at 7.7%. A block of 12 garages is due to be demolished (changed to parking spaces) – whilst this will reduce some of the income increase, it was deemed more cost effective than maintaining or re-building.

4.5 Additional income generated by the uplifts is retained within the Committee until certainty on future activity levels and the impact of new charges is attained.

5 Capital Programme

5.1 The proposed Capital Programme for this Committee is shown at **Appendix D**. The programme covers a three-year period but will be reviewed and updated annually. The Appendix shows the current agreed programme, revisions to existing schemes and any new schemes added and the proposed programme after all revisions.

5.2 Included in the Appendix is a narrative description of each scheme.

6 Consultation

6.1 In the January 2024 Council newsletters, residents and business have been asked for their comments on the Draft Budget approved by Strategy & Resources Committee on the 30th November 2023. Any comments received will be incorporated into the final budget presented to Full Council on the 8th February 2024.

Key implications

7. Comments of the Chief Finance Officer

7.1 With no clarity over Government funding from 2025/26 onward, our working assumption is that financial resources will continue to be constrained. This places an onus on the Council to continue to consider issues of financial sustainability as a priority in order to ensure stable provision of services in the medium-term.

7.2 It is a legal obligation that the Council sets a balanced budget for 2024/25. This relies on the identification of sufficient savings to meet spending pressures and any income reductions. Drawing on already low General Fund reserves to cover a shortfall in savings is not a sustainable option and would only be used as an absolute last resort. The Council needs to build, rather than draw on reserves to safeguard its medium-term financial stability.

7.3 The Section 151 Officer confirms that the proposed 2024/25 Budget and MTFS is based on reasonable assumptions, taking into account all known material, financial and business issues and risks and is confident that if the principles and recommendations set out in this report are adopted that a balanced budget can be set for 2024/25.

8. Comments of the Head of Legal Services

8.1 Section 151 of the Local Government Act 1972 places a general duty on local authorities to make arrangements for 'the proper administration of their financial affairs'. The Local Government Act 2003 places a duty on the Council's Chief Finance Officer to advise on the robustness of the proposed budget and the adequacy of reserves.

8.2 The report updates Members with the MTFS for this Committee. This is a matter that informs the budget process, is consistent with sound financial management and the Council's obligation under section 151 of the Local Government Act 1972 for the Council to adopt and monitor a MTFS. Members have a duty to seek to ensure that the Council acts lawfully and produce a balanced budget. Members must not come to a decision which no reasonable authority could come to; balancing the nature, quality, and level of services which they consider should be provided against the costs of providing such services.

8.3 The report provides information about risks associated with the MTFS and the budget. This is, again, consistent with the Council's statutory obligation to make proper arrangements for the management of its financial affairs. It is also consistent with the Council's obligation under the Accounts and Audit Regulations 2015 to have a sound system of internal control which facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risk. The maintenance and consideration of information about risk, such as is provided in the report, is part of the way in which the Council fulfils this duty.

8.4 Section 28 of the Local Government Act 2003 imposes a duty on the Council to monitor its budgets throughout the financial year, using the same figures for reserves as were used in any original budget calculations. The Council must take necessary appropriate action to deal with any deterioration in the financial position revealed by the review.

8.5 The Council is a best value authority within the meaning of section 1 of the Local Government Act 1999. As such the Council is required under section 3 of the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness (the best value duty) which includes a duty to consult. Having a MTFS therefore contributes to achieving this legal duty.

8.6 The Council is required to obtain approval by Full Council of its MTFS.

9. Equality implications

- 9.1 The Council has specific responsibilities under the Equality Act 2010 and Public Sector Equality Duty. Part of this is to ensure that the potential effects of decisions on those protected by the equalities legislation are considered prior to any decision being made.
- 9.2 Section 149 of the Equality Act 2010, provides that a public authority must, in the exercise of its functions, have due regard to the need to:
- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the EA;
 - advance equality of opportunity between persons who share a relevant protected characteristic (as defined by the EA) and persons who do not share it;
 - foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 9.3 The three parts of the duty applies to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex and sexual orientation. Marriage and civil partnership status apply to the first part of the duty.
- 9.4 Members should have due regard to the public-sector equality duty when making their decisions. The equalities duties are continuing duties they are not duties to secure a particular outcome.
- 9.5 Officers have reviewed proposed budget changes against the initial equalities screening and have nothing to report.

10. Climate Change implications

- 10.1 There are no direct impacts on environmental aspects in this budget report. Climate change implications will be assessed as part of any changes to Service provision through the business case process.

Appendices

- Appendix A – Summary of Savings
- Appendix B – Subjective Detailed Budget Analysis
- Appendix C – Proposed Fees and Charges
- Appendix D – Proposed Capital Programme
- Appendix E - Glossary

Background papers

Strategy and Resources Committee – 30th November 2023 – 2024/25 Draft Budget and Future Tandridge Programme Update

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APPENDIX A - SUMMARY OF SAVINGS - HOUSING GENERAL FUND

	2024/25 £000	2025/26 £000	2026/27 £000	Total £000
Brought forward budget	713	678	678	

Savings

Theme	Description	Saving			Total £000
		2024/25 £000	2025/26 £000	2026/27 £000	
Review funding levels	Better utilisation of Homes for Ukraine funding to cover full costs	(20)	0		(20)
Review funding levels	The Committee's budget for Syrian refugees will not be required as the scheme comes to an end in 2023/24	(15)	0		(15)
Total Savings		(35)	0	0	(35)
			0		
Net movement for Committee budget		(35)	0	0	(35)
Indicative Budget Requirement		678	678		

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Appendix B – Housing General Fund Revenue Budget Subjective Analysis

Service	2023/24 Current Budget £k	2024/25 Proposed Budgets			Total £k	Movement Year-on- year £k	Estimate for 2025/26 £k
		Pay £k	Non-Pay £k	Income £k			
Meadowside Mobile Homes	(106)	18	44	(168)	(106)	0	(106)
Westway	0	0	0	0	0	0	0
Private Sector Enabling	135	51	215	(131)	135	0	135
Housing of the Homeless	216	436	201	(421)	216	0	216
Other Housing Renewal Functions	9	(0)	12	(3)	9	0	9
Syrian Refugees	15	0	0	0	0	(15)	0
Afghan Refugees	10	0	10	0	10	0	10
Redstone House	0	0	0	0	0	0	0
Housing Benefits	390	359	18,141	(18,110)	390	(0)	390
Care In The Community	1	0	1	0	1	0	1
Other Minor Budgets	0	36	(20)	(36)	(20)	(20)	(20)
Alarm Systems	42	42	0	0	42	0	42
Housing General Fund	713	943	18,604	(18,869)	678	(35)	678

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Appendix C - Proposed Fees and Charges - Housing General Fund 2024/25

Fees and Charges	Statutory / Discretionary	VAT excluded in these figures						
		Current Charges 2023/24	Proposed Charges 2024/25	Proposed Variance (inc. rounding)	Proposed Actual % Increase 2024/25 (inc. rounding)	Budgeted Income 2023/24	Forecast 2023/24 (based on Act / 6mth FC data)	Proposed Budget 2024/25
		£ Inc VAT	£ Inc VAT	£	%	£	£	£
Meadowside								
Meadowside Plot Fees (per week)	Discretionary	36.12	38.90	2.78	7.7%	134,300	134,300	144,641
Meadowside Garages (per week)	Discretionary	8.39	9.04	0.65	7.7%	12,300	12,300	7,879
Total Budgeted Income - Meadowside						146,600	146,600	152,520
Housing Services								
HMO Licence Fee (Private Sector Housing)	Discretionary	742.00	818.85	76.85	10.4%			
Mobile Home Site (Private Sector)								
Fit and Proper Person Licence	Discretionary	409.20	433.45	24.25	5.9%			
Fit and Proper Person Annual Fee	Discretionary	114.50	121.37	6.87	6.0%			
New Site Licence Application	Discretionary	516.00	568.69	52.69	10.2%			
New Site Licence Application - Additional Fee per unit	Discretionary	3.05	3.35	0.30	9.8%	5,000	2,400	4,149
Annual Site Inspection Fee	Discretionary	312.10	343.97	31.87	10.2%			
Annual Site Inspection Fee - Additional Fee per unit	Discretionary	2.30	2.51	0.21	9.1%			
Variation of the Licence Conditions	Discretionary	280.90	309.52	28.62	10.2%			
Variation of the Licence Conditions - Additional Fee per Unit	Discretionary	1.15	1.26	0.11	9.6%			
Transfer of Licence to a New Owner	Discretionary	159.00	175.43	16.43	10.3%			
Deposit of Site Rules	Discretionary	36.10	39.73	3.63	10.1%			
Total Budgeted Income - Housing Services						5,000	2,400	4,149
Total Budgeted Income - Housing General Fund						151,600	149,000	156,668

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APPENDIX D - PROPOSED CAPITAL PROGRAMME 2023/24 TO 2025/26 - Housing General Fund

COMMITTEE SCHEMES	Current Programme 2023/24 £	Estimated Programme 2024/25 £	Estimated Programme 2025/26 £	Estimated Programme 2026/27 £	Total Programme 2023-27 £
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Housing General Fund

Current Continuing Programme					
Disabled Facilities Grant	502,800	642,800	504,600		1,650,200
Total Current Continuing Programme	502,800	642,800	504,600	0	1,650,200

Revisions and New Bids					
Disabled Facilities Grant		(222,800)	(84,600)	420,000	112,600
Total Revisions and New Bids	0	(222,800)	(84,600)	420,000	112,600

Proposed Programme					
Disabled Facilities Grant	502,800	420,000	420,000	420,000	1,762,800
Total Proposed Programme	502,800	420,000	420,000	420,000	1,762,800

CAPITAL PROJECT SUMMARY - HOUSING GENERAL FUND

Title of Scheme	Disabled Facilities Grant
Description of Scheme	Mandatory DFG to a maximum of £30,000 at the recommendation of an Occupational Therapist for the provision of facilities and/or additional living space for residents with health or mobility problems. This is a means tested grant, with the exception of grants to children.
Key Aspects of Scheme (including benefits, contract details, key dates and reasons for revisions where applicable)	Provides grant funding for adaptations to allow residents living in the private sector (which includes the homes of registered social landlords), with a disability or severe mental health problem to live safely and independently in their existing home for as long as possible. The provision of adaptations also helps to avoid delayed transfers of care and delays or avoids the need to access acute services and residential care. Central government funding is provided through the Better Care Fund (BCF) which covers the current level of expenditure. DFGs are a mandatory grant and the demand for adaptation work is very difficult to predict but it is known that the District has a growing ageing population. There is no means test in respect of grants for adaptations for children. On occasion, the cost of works exceed the mandatory limit and discretionary funding is awarded and must be considered as one process with the mandatory grant otherwise the Council is open to challenge. The Council also funds qualifying Handyman works in the private sector using BCF using discretion provided in the Regulatory Reform Order.

Appendix E - Glossary of Terms

Term	Definition
Balanced Budget	Budget pressures fully offset by budget savings and funding changes.
Contingency	Funding held to meet known risks within the budget, offering assurance that the overall budget is deliverable. Contingencies are held corporately and only distributed if Committees cannot meet emerging risks from within their own budgets.
Pressure	Known budgeted expenditure increases and income reductions due to the following: <ul style="list-style-type: none"> • Growth factors – e.g. demographic, inflation and/or increased demand for services; • Full year effects – to take account of changes to expenditure or income which have taken effect in-year and need to be accounted for in future years as they are of an ongoing nature, e.g. ongoing changes to car parking income due to the pandemic; and/or • Other increases in expenditure or reduction in income as a result of strategic, governance, funding or policy changes e.g. additions to the organisational structure or additional service activities undertaken and not budgeted for as they occur after the budget is set and have ongoing implications.
Reserves: General Fund balance	Money set aside for emergencies or to cover any unexpected costs that cannot be met within budget or by contingencies.
Reserves: Earmarked Reserves	Funds set aside by Council for a particular purpose, such as buying or repairing equipment or the maintenance of public parks or buildings or equalising over time a particular income stream.
Saving	Known budgeted expenditure reductions and income increases which result due to the following: <ul style="list-style-type: none"> • Containing additional costs of Inflationary increases in contracts or pay; • Driving forward efficiencies in the provision of existing services i.e. providing services in an improved way to deliver better value for money; • The delivery of new or additional services; and/or Optimising sources of income.
TOMDG	Target Operating Model Development group – a governance group within the Future Tandridge Programme. This group sets the direction for the service reviews and agrees the principles that will drive the organisational change.

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HOUSING REVENUE ACCOUNT 2024/25 PROPOSED BUDGET

Housing Committee – 23 January 2024

Report of: James Devonshire – Head of Housing
Rona Leitch – Senior Finance Business Partner

Purpose: For Decision

Publication status: Unrestricted

Wards affected: All

Executive summary:

The purpose of this report is to present the proposed budget for 2024/25 for the Housing Revenue Account (HRA), including the annual review of rents, capital programme and revenue budget.

The Council's expert HRA consultant, Jeremy Cookson (HFS Limited) has worked with the Council on the assumptions in this budget and the HRA 30-year business plan. Key considerations for the business plan are summarised in the report to give context to the recommendations.

This report supports the Council's priority of: Building a better Council / Creating the homes, infrastructure and environment we need / Supporting economic recovery in Tandridge / Becoming a greener, more sustainable District.

Contact officer Rona Leitch– Senior Finance Business Partner
rleitch@tandridge.gov.uk

Recommendation to Committee:

That the following be agreed:

- A) **The proposed revenue budget for 2024/25** with net income from services of £3,729,400 before capital financing and interest charges, as shown at Appendix A, subject to approval by Strategy & Resources Committee and Full Council.

- B) **The proposed Capital Programme for 2024/25** for the sum of £19,135,100, as shown at Appendix B, subject to approval by Strategy & Resources and Full Council.
- C) **Social Rents (excluding service charges) and Affordable Rents (including service charges) for 2024/25** to be increased by 7.7% in accordance with Government social rent policy guidance.
- D) **Rent for garages** to be increased by 7.7% for 2024/25 to produce a standard weekly rent of £15.61 to tenants, or £18.73 (including VAT) for let to private tenants.
- E) **Service charges** to be increased by 7.7% for 2024/25 to produce an average weekly charge of £8.78.
- F) **Sheltered and Older Persons service charges** to be increased by 7.7% for 2024/25 to £16.51 and £3.61 respectively.
- G) That the PWLB HRA Loan of £3.450m due for repayment in 2024/25 be re-financed.

Reason for recommendation:

Section 151 of the Local Government Act 1972 requires all Councils in England and Wales to make arrangements for the proper administration of their financial affairs. It is a legal obligation that the Council sets a balanced budget for 2024/25. This report accords with that legislation by enabling Members to review the HRA budget for the forthcoming year.

1. Introduction and background

- 1.1. The Housing Revenue Account (HRA) is a separate, ring-fenced account, funded entirely from tenants' rents and service charges. The HRA is governed by a different regime to the Council's General Fund budget and is based on the national Housing Revenue Account system of Self-Financing which came into force on 28th March 2012.
- 1.2. This annual budget feeds into the 30-year HRA business plan. The financial aspects of this are updated annually and/or with any major changes in Government policy or economic factors. It is proposed to hold an all-Member session on the business plan in 2024/25.
- 1.3. 2024/25 will be a challenging year with ongoing uncertainty relating to inflation and cost of living, along with emerging pressures linked to Government policy as set out in sections 2 and 8.

- 1.4. For this Committee, the main areas under consideration in the HRA are the revenue budget, the annual review of rents and service charges, and capital spending plans for 2024/25.
- 1.5. For the purposes of budget setting, 'pressures' and 'savings' are generic terms used to identify changes (increases or decreases) to budgeted income and expenditure. For example, pressures could include costs due to contract inflation or increases in demand for services. Savings could include increasing existing sources of income or delivering services in an improved/more efficient way to provide better value for money. A Glossary of Terms is provided in Appendix D.

2. Revenue Budget

- 2.1. The main influences on the HRA revenue budget are the expected level of rental and other income streams, the revenue costs of the capital programme and revenue spending pressures.

Income

- 2.2. The 2024/25 budget has been adjusted for increased income in line with the Government social rent policy, details of which are set out in section 3 and 4. This, together with new properties scheduled for handover, means that overall income will increase by £1.7m, after an allowance for voids loss. This increase is ringfenced to the HRA and will be applied to essential revenue pressures and capital spending need set out elsewhere in this report.

Revenue costs of Capital

- 2.3. One of the key influences on the revenue budget is the capital programme, which impacts on revenue through interest costs, depreciation and the extent to which revenue surpluses are required to supplement capital programme funding.
- 2.4. The 2024/25 budget and HRA business plan has been updated to take account of the revenue costs of borrowing to meet the 2024/25 HRA budget and capital programme.
- 2.5. It is proposed that a scheduled £3.45m loan repayment for 2024/25 be refinanced to allow sufficient resources to fund the HRA's Council house building programme. This amount is included in the current business plan and the revenue impact on interest built into the revenue budget.

2.6. Similarly, the HRA currently holds internal borrowing of £5.5m from the General Fund (GF). It is expected that this borrowing will need to be converted to a Public Works Loan Board (PWLB) loan in 2024/25 due to the ability of long-term Council cashflows to support internal borrowing. It has been assumed that this and the loan noted in 2.5 will be met from PWLB as a maturity loan, at an interest rate of 4.9% less discount of 0.2% (normal PWLB borrowing discount) and an additional discount of 0.4% (One-off additional discount for HRA borrowing which has been running from June 2023 and has recently been extended to June 2025).

Other matters

- 2.7. The Council is continuing to monitor the allocations for recharges between the General Fund and the HRA to ensure an equitable distribution is maintained.
- 2.8. A working balance is maintained to cover HRA day to day cash needs and to allow for unexpected expenditure. A prudent minimum balance for this is c£0.8m which remains unchanged from previous years and is considered sufficient to allow for any unforeseen costs throughout 2024/25.
- 2.9. Any surplus generated by the HRA in the year will be apportioned between the New Build and Repairs Reserve on the previously agreed two/one third basis. These reserves are used to fund the HRA capital schemes with borrowing making up any shortfall.

Summary

2.10. The draft budget for the HRA shows a net income from services of £3.7m before capital financing costs and interest charges, as shown at **Appendix A** and summarised in the table below.

Service Area	Published Budget 2023/24 £000	Draft Budget 2024/25 £000	Budget Movement £000
Providing People with Homes (Housing Allocations Management & Voids)	276	311	35
Improving the Quality of Housing	4,786	5,195	409
Managing the Service Effectively including £5.2m Depreciation Charges*	8,136	8,404	268
Community Services	449	434	(15)
Rent Income	(16,358)	(18,074)	(1,716)
Capital Financing (Interest and Capital Funding)	2,711	3,730	1,019
Total	0	0	0

*Depreciation is a proper charge to the HRA budget, a key difference by comparison to the General Fund.

2.11. Several financial pressures and savings have been included within the Draft Budget. The main items are as follows:

This statement summarises the variation between the original estimate for 2023/24 and the draft 2024/25 budget	
<u>Pressures</u>	£
Salaries inflation, increments and NI net savings & growth	175,800
Contract Inflation	65,900
Response Repairs - increase in cost of Building Materials	203,900
Voids - Increase in cost of Building Materials and subcontractors	96,700
New Budget Line for Compliance for recent new and amended legislation eg Building Safety Act	51,600
New Budget Line Disrepair Claims -increased numbers of claims through "No Win, No Fee" legal firms	35,000
Increased Skips Hire Cost and usage	30,000
Fly Tipping - to provide for increased activity	7,500
Support Services Recharges growth	87,500
Increase in Interest Payable due to refinancing loans at higher rates	133,600
New shared service with RBBC Fraud service	28,000
Voids loss of Garage & Service Charges Income - reduced optimism on renting out	30,000
Increase Insurance premium costs	49,300
Bad Debt Provisions increased to match to previous financial year	100,000
Increase transfer to HRA reserves	952,200
Total Pressures	2,047,000
<u>Savings</u>	£
Additional Rent from Dwellings by 7.7% increase	(1,754,800)
Additional Garage by 7.7% increase	(41,300)
Additional Service Charges by 7.7% increase	(49,900)
Reduce Tree Budget whilst capacity to deliver is established and work programme developed	(80,000)
Reduced Fuel Cost with new vehicles delivery economies of fuel usage	(11,900)
RTB and Leases - Recovery of Legal Costs/Expenses	(27,600)
Increase Notional Interest Receivable as Interest rates Increased	(68,000)
Reduce Tenant Redecoration Allowance Budget as unable to spend	(9,200)
Removing various small historical budgets	(4,300)
Total Savings	(2,047,000)

2.12. Alongside increases to existing costs, two new budget expenditure lines have been added this year. The details are below:

- Compliance - An additional expenditure budget of £52k has been included to ensure that the housing stock is compliant with recent new and amended legislation. The Building Safety Act came into law in January 2023 and sets out safety requirements for landlords of higher-risk buildings. Higher-risk buildings are defined as being more than 18 metres tall, or seven storeys high, with two or more residential units. While the Council does not have building of this nature within its housing stock, best practice suggests that all blocks, regardless of size should meet the same safety standards as those defined as higher-risk buildings. In addition to this, all rented properties are required to meet Energy Performance Certificate (EPC) grade C by 2030. Additional budget is required to ensure that this statutory requirement is met along with other compliance requirements for fire safety, gas safety, electrical safety, lift Safety, asbestos management and legionella. The budget covers the revenue element of managing this pressure, with any consequential work funded from the capital programme.
- Disrepair Claims - Since the tragic death of Awaab Ishak in 2020 heightened scrutiny has been placed on the social housing sector. As a result, registered providers have seen increased numbers of disrepair claims being made through "No Win, No Fee" legal firms. Since 2018, 14 disrepair claims have been received by the Council, four of which have been received since 1 December 2023. A total of seven claims have been settled since 2018. While numbers of claims being made against the Council remain low when compared to the sector, an additional budget of £35k has been included to ensure the Council has adequate provision to deal with such claims.

3. Review of Fees and Charges

- 3.1. The HRA's prime source of income is generated through rent and service charges relating to the Council's housing stock.
- 3.2. The introduction of Self-Financing on 28th March 2012 led to the HRA taking on £70.2m of debt. It is forecasted that the HRA debt by the end of the 2023/24 will be £74m. To be able to service this debt, maintain the quality of the housing stock, meet legislative requirements and fund new provision, it is important that rents and charges are reviewed each year and set at an appropriate level.

- 3.3. The Government's previous Social Rent Policy of 1% rent reductions between 2016/17 and 2019/20 came to end in 2019/20. The Government's Rent Policy Statement and Rent Standard, limits rent increase to CPI plus 1% for the 5 years (2020/21 to 2024/25). The increase in 2023/24 was capped at 7% by the Government. Applying the normal rules, the rent increase would have been 10.1%, putting pressure on the HRA to absorb the additional inflationary increase. The Council's proposed rent increase for 2024/25 has reverted to the normal HRA rental rules where the September CPI rate of 6.7 % plus 1% is the maximum rent increase the Council can apply. It should be noted that there is no cap on the level of increase which can be applied to service charges however it is proposed that the 7.7% increase is applied across all revenue streams.
- 3.4. The increase is necessary to meet immediate and long-term costs relating to new consumer standards and statutory net zero carbon targets, as well as meeting the costs of providing new homes. This is set out more fully in section 8, below. Not increasing by the maximum will impact the HRA by £6.8m for every 1% reduction over the course of the 30-year business plan. This would impede the business plan's ability to provide new homes and decarbonise existing stock, as well as maintaining standards in the current stock. All increases are ringfenced to the HRA and ultimately used for the benefit of tenants.
- 3.5. Officers are recommending that garage rents be increased by 7.7% from April 2024, making a charge of £15.61 per week for Tenants and £18.73 per week for Private occupants. A review of Garages is being currently undertaken. Potential outcomes may include consideration of the possibility of introducing variable rents that reflect location, condition and demand.
- 3.6. In summary, the main proposals regarding charges for this Committee's are:
- Social Rents (excluding service charges) and Affordable Rents (including service charges) for 2024/25 be increased by 7.7%;
 - Garage rents to increase by 7.7%; and
 - Service charges to increase by 7.7% to an average weekly charge of £8.21.
- 3.7. It should be noted that circa 65% of our tenants receive some form of housing related support through either Universal Credit or Housing Benefit. The Government has announced that Universal Credit be increased by 6.7% for 2024/25, with Housing Benefit expected to increase at a similar level.
- 3.8. Although higher than previous years, the proposed rate is comparable to increases being imposed by other Surrey stock holding authorities and local Housing Associations.

4. Detailed Rent Setting

- 4.1. From April 2024, it is proposed that the rent for both social and affordable rented dwellings will increase 7.7%.
- 4.2. The impact of these increases on different sizes of properties is set out in the table below:

Social Rents:

Property Size	No. of Properties	Average Weekly Rent 2023/24	Average Weekly Rent 2024/25	Average % Increase / (Decrease)
		£	£	%
Bedsit	101	£83.63	£90.06	7.7%
1 Bedroom	910	£94.78	£102.08	7.7%
2 Bedroom	661	£110.60	£119.12	7.7%
3 Bedroom	747	£133.91	£144.21	7.7%
4 Bedroom	41	£141.53	£152.43	7.7%
5 Bedroom	3	£152.80	£164.56	7.7%
All Dwellings	2,463	£111.28	£119.85	7.7%

Affordable Rents:

Property Size	No. of Properties	Average Weekly Rent (including Service Charge) 2023/24	Average Weekly Rent (including Service Charge) 2024/25	Average % Increase / (Decrease)
		£	£	%
1 Bedroom	29	£177.46	£191.12	7.7%
2 Bedroom	53	£211.86	£228.18	7.7%
3 Bedroom	22	£244.12	£262.92	7.7%
All Dwellings	104	£209.09	£225.19	7.7%

- 4.3. In addition to the above rents the Council operates one 17 temporary housing dwellings and 15 bed hostel which are used for housing homeless people. As with the social and affordable rented dwellings the rents for these properties are scheduled to increase by 7.7%.

Temporary Accommodation and Hostels Rents:

Category	No. of Properties	Average Weekly Rent 2023/24 £	Average Weekly Rent 2024/25 £	Average % Increase / (Decrease) %
Temporary Accommodation	17	£113.66	£122.41	7.7%
Hostel	15	£98.08	£105.63	7.7%
Total	32	£106.36	£114.54	7.7%

5. Service Charges

- 5.1. As a result of previous Government policy on Rent Restructuring, service charges were introduced with effect from 4th October 2004 for those tenants who are recipients of the following Unpooled Services Charges:
- Administration & Overheads;
 - Grounds Maintenance;
 - Estate Cleaning;
 - Communal estate lighting and electricity; and
 - Communal television aerials.
- 5.2. Previously these charges had been met from the rental income from all tenants. Under the legislation on setting service charges, service charges are not governed by the same factors as rent, except affordable rents where service charges are included in the rent cap. However, authorities should endeavour to keep increases in service charges within limit on rent change of 7.7%, to keep charges affordable.
- 5.3. The legislation on setting service charges seeks that the amount charged should be no more than the costs incurred so there should be no seeking to make a return on service charges.
- 5.4. Officers are recommending an increase of 7.7% this year to cover increases in costs, in line with rentals.
- 5.5. The average service charge being paid by the recipients of the above services in 2023/24 is £7.62 per week and will be £8.21 for 2024/25. The service charges will be reviewed as part of the officers' planned review of the HRA Income streams.

6. Housing Related Support

- 6.1. Tenants in sheltered and older persons designated housing are charged an additional charge in respect of the housing related support services provided in this type of accommodation, such as the warden call alarm and the scheme coordinator service.

- 6.2. Prior to April 2018 these costs were charged as a support charge linked to the rent account. This was funded for tenants in receipt of housing benefit via Surrey County Council’s Housing Related Support Grant. Tenants who were not entitled to housing benefit, but who had been a tenant since before April 2003 had this charge funded via a discretionary allowance funded by the HRA. The Council continues to fund sheltered and other persons service charge for 9 tenants whose tenancies commenced before April 2003. People whose tenancy commenced after April 2003 who are not entitled to housing benefit were responsible for payment of this charge along with the rent and service charges for their property.
- 6.3. The current sheltered and older persons housing service charge is £15.33 per week for the full sheltered housing service and £3.35 per week for the designated elderly accommodation service. It is proposed to increase the sheltered and older persons service charge for 2024/25 by 7.7%.

Support Charge	2023/24 Weekly Charge	2024/25 Weekly Charge
	£	£
Sheltered Service	£15.33	£16.51
Older Persons Housing (PTSC)*	£3.35	£3.61

* Peripatetic Service Charges

7. HRA Debt

- 7.1. On 28th March 2012 the HRA took on £70.2m in debt as a result of HRA Self-Financing. The structure of the loans that were taken out result in different repayments from year to year to align with the anticipated resources available within the HRA (when the loans were taken out in 2012) in accordance with the 30-year business plan. On the 1st April 2023 the HRA will has £61.5m (forecast 31st March 2024 £66.2m) of debt outstanding being loans with PWLB of £56.0m and internal borrowing from the General Fund of £5.5m (forecast 31st March 2024 £10.2m).
- 7.2. A £3.45m loan is scheduled to be repaid (on 28th March 2025). This loan has a fixed interest rate of 2.7%. The new PWLB rate for this rolled over loan is budgeted to be (after discounts) 4.3%.
- 7.3. In order to maintain HRA balances whilst supporting a programme of new build, approval is being sought in this paper to refinance this loan. When refinancing the £3.45m loan we will consider both internal and PWLB borrowing, choosing to borrow at the lowest interest rate at that time.

8. HRA 30-Year Business Plan and Capital Programme

8.1. The Capital Programme is part of the HRA 30-year Business Plan. Since any income generated by the HRA can only be spent on HRA matters, all income generated from the rental increases will either meet revenue pressures or fund capital investment. The HRA assumes a minimum working balance of £0.8m over the 30-year business plan, with all surpluses being used to fund essential revenue pressures and capital investment. The Business Plan is a complex and interlinked financial model that serves to demonstrate that the HRA is solvent, sustainable and allows the Council to fund a suitable degree of capital investment. Appendix C summarises this by showing that the minimum balance is retained and setting out the projected level of debt-funded investment over the 30-year period.

8.2. As well as the Council House Building Programme which makes up the majority of the current capital programme, three major pressures that need to be funded over the short, medium and long-term are as follows:

New Consumer Standards

8.3. Throughout 2023 the Regulator of Social Housing introduced new consumer standards which all registered providers must adopt. In the main, these include increased resident scrutiny on services provided such as repairs, maintenance and community engagement. The new standards also set requirements to collect residents satisfaction levels for the quality of repairs to their home and the safety of their home and local communities. This data is collected by way of survey and responses submitted to the government annually. Additional resource and expenditure has been required to fulfil these obligations for 2023/24. Additional expenditure has been built into future years revenue budgets due to the requirement to complete and then act on (where appropriate) an annual residents survey and publish the outcomes by way of annual report.

Building Safety Act

8.4. In addition to this, new regulation has been introduced to ensure all affordable housing schemes over 18 meters high are compliant with the Building Safety Act 2022, which sets out safety requirements in relation to fire safety and access for emergency services. Whilst the Council does not own any properties that are over 18 meters high, additional expenditure has and continues to occur to ensure all blocks are fire risk assessed on a regular basis. To achieve this, additional resource within the Property Services Team has been built into the budget.

Decarbonisation:

- 8.5. In accordance with legislation, all social housing must reach an Energy Performance Certificate (EPC) rating of C or above by 2030, and net zero carbon by 2050. Work to meet the EPC requirements has been a focus for the past two years with a capital programme in place for boiler replacement, insulation replacement and/ or top up and a windows and doors replacement. This will continue to round for the foreseeable future and all will assist with the need for the Council's housing stock to meet net zero by 2050.
- 8.6. To support the need to meet net zero by 2050, a Decarbonisation Strategy will be required. This strategy will set out the current condition of the Council's housing stock and will set out, by way of an action plan, how the Council will meet the target. In addition to this, grant funding is available to bid for via the Governments Social Housing Decarbonisation Fund. External consultants have been commissioned to assist with the submission of an application. Members should be aware that two previous applications have been submitted and have both been unsuccessful. The deadline for this submission is 31 January 2023 and is available to improve homes that are currently below Energy Performance Certificate (EPC) C.

Capital Programme

- 8.7. Funding net zero pressures, alongside meeting the growing need for housing, will require any surplus funding in the HRA to be reinvested into the capital programme. Taking anything less than the maximum 7.7% funding available would reduce the HRA's capital programme by approximately £6.8m for every 1% reduction.
- 8.8. The proposed capital programme for the HRA is shown at **Appendix B**. The programme covers a three-year period but will be reviewed and updated annually. The Appendix shows the current agreed programme, revisions to existing schemes and any new schemes added and the proposed programme after all revisions.
- 8.9. Included within the Appendix is a narrative description of each scheme.
- 8.10. The total Capital Programme incorporates future provision for £61.3m capital expenditure. (£19.1m 2024/25, £26.1m 2025/26 and £16m 2026/27). Of the £61.3m, Council House Building provisions accounts for £49.4m and the balance of £11.9m capital provision is for enhancements including heating systems, roofing, windows, new kitchen, bathrooms and adaptations for disabled.

- 8.11. The Council House Building programme reflects the Council's ambitions to complete 40 homes per year and allows the programme to catch up with years where this has not been achieved due to Covid followed by high inflation and pressure on the construction industry. This also contributes to addressing the shortage of new housing and significantly outstrips the projected loss of social housing through Right To Buy, estimated at 8 dwellings per year.
- 8.12. In respect of capital resources available to support the 3 year capital programme £61.3m, it is budgeted there will be available HRA reserves of £20.0m, capital receipts of £1.3m and retained Right to Buy (RTB) 1-4-1 receipts of £2.4m, Homes England grants of £8.3m and performance Bonds of £1.2m. The balance of £28.1m over the 3 year period will be met by loans from PWLB at an interest rate assumed at 4.3%.
- 8.13. Whilst this programme relies on additional borrowing of £28.1m, the business plan shows that the resulting financing costs (interest on the new loans) can be funded within the HRA revenue budget.
- 8.14. The Council House Building programme represents the largest share of the capital spend. RTB receipts are a finite resource and, whilst provision is included for future receipts based on projected RTB sales, these will be small in comparison to the size of the programme. To supplement these, the Council can use its Investment Partner status with Homes England which provides the Council with access to social housing capital grant. The Council has been successful in achieving £1.5m of funding to date in a short space of time since joining the scheme.

8.15. The below table shows analysis of Housing Development New Units.

Scheme	Total New Units	Units Demolished
* Bronzeoak	26	
* Uplands	13	
* Windmill/Auckland	6	
Featherstone	16	16
Buybacks	8	
Hollow Lane	5	
WolfsWood	12	12
Warren lane	22	
Pelham	10	12
Sea cadets	16	
Stanstead	4	8
Kentwyns	23	31
Model scheme 1	20	
Model scheme 2	13	
Model scheme 3	10	
Model scheme 4	10	8
Model scheme 5	10	8
Model scheme 6	5	
Model scheme 7	5	
Model scheme 8	5	
Model scheme 9	4	
TOTAL	243	95
Less * schemes above	45	
	198	

* Note - Total 200 unit programme in BP completions is 198 (2 buybacks modelled in 2023/24)

8.16. The current demand for affordable housing for rent remains high. Options have been modelled in the HRA business plan for a programme of new housing beyond that included in the existing programme.

8.17. Not all the Council House Building capital schemes have been approved yet. The below table shows the monetary number of approved schemes and unapproved schemes which are in the pipeline (pipeline being known schemes which may have already been started or are highly likely to go to build and complete). These schemes will come to Committee for full approval at a later date.

Council House Building			
Year	Approved Schemes	Pipeline- Unapproved Schemes	Total
2024.25	12,346,718	2,758,585	15,105,300
2025.26	15,323,274	6,945,730	22,269,000
2026.27	1,496,868	10,504,155	12,001,000
Total	29,166,860	20,208,470	49,375,300

9. Other options considered

9.1. The HRA is a ringfenced account and must set a balanced budget for 2024/25. In the long-term, lower rental increases in 2024/25 would not support the level of capital investment required.

10. Consultation

10.1 In the January 2024 Council newsletters, residents and business have been asked for their comments on the Draft Budget approved by Strategy & Resources Committee on the 30th November 2023, including key elements of the HRA Capital Programme. Any comments received will be incorporated into the final budget presented to Full Council on the 8th February 2024.

Key implications

11. Comments of the Chief Finance Officer

11.1. The HRA, as a separately ringfenced Account, is required to set a balanced budget for 2024/25 and the proposals in this report achieve that objective. If any proposals are amended, offsetting changes will need to be identified to compensate for these and keep the budget in balance.

12. Comments of the Head of Legal Services

- 12.1 Under Part VI of the Local Government and Housing Act 1989, any local authority that owns more than 200 units of housing stock is obliged to maintain a Housing Revenue Account. The HRA is a record of revenue expenditure and income in relation to an authority's own housing stock. The items to be credited and debited to the HRA are prescribed by statute. It is a ring-fenced account within the authority's General Fund, which means that local authorities have no general discretion to transfer sums into or out of the HRA.
- 12.2 By section 76 of the Local Government and Housing Act 1989, the Council is required in January and February each year to prepare, and make available for public inspection, proposals relating to the income of the authority from rents and other charges, expenditure in respect of repair, maintenance, supervision and management of HRA property and other prescribed matters. The proposals should be made on the best assumptions and estimates available and should be designed to secure that the housing revenue account for the coming year does not show a debit balance. The report sets out information relevant to these considerations
- 12.3 With regards to increases to rent and service charges, s103 Housing Act 1985 states that:-
- “(1)The terms of a secure tenancy which is a periodic tenancy may be varied by the landlord by a notice of variation served on the tenant ...
...(2)Before serving a notice of variation on the tenant the landlord shall serve on him a preliminary notice — (a)informing the tenant of the landlord's intention to serve a notice of variation, (b)specifying the proposed variation and its effect, and (c)inviting the tenant to comment on the proposed variation within such time, specified in the notice, as the landlord considers reasonable; and the landlord shall consider any comments made by the tenant within the specified time.
- (3)Subsection (2) does not apply to a variation of the rent, or of payments in respect of services or facilities provided by the landlord or of payments in respect of rates.”
- 12.4 The Council's duties in relation to the consultation of tenants on matters of housing management, as set-out in Section 105 of the Housing Act 1985, do not apply to rent levels, nor to charges for services or facilities provided by the authority. There is therefore no requirement to formally consult with secure tenants regarding the proposed increase in charges, however it is good practice to do so. The Council is required nevertheless to act reasonably and Members should be satisfied that the increase as proposed in this report is reasonable and justified.

13. Equality

13.1. The Council has specific responsibilities under the Equality Act 2010 and Public Sector Equality Duty. Part of this is to ensure that the potential effects of decisions on those protected by the equalities legislation are considered prior to any decision being made.

13.2. Section 149 of the Equality Act 2010, provides that a public authority must, in the exercise of its functions, have due regard to the need to:

- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the EA;
- advance equality of opportunity between persons who share a relevant protected characteristic (as defined by the EA) and persons who do not share it;
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

13.3. The three parts of the duty applies to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex and sexual orientation. Marriage and civil partnership status applies to the first part of the duty

13.4. Members should have due regard to the public-sector equality duty when making their decisions. The equalities duties are continuing duties they are not duties to secure a particular outcome.

13.5. The Officers have reviewed their budget changes against the initial equalities screening tool. This has highlighted and concluded that all of savings within the 2024/25 budget will not have any direct effect on residents or service delivery (such as removal of vacant posts, renegotiation of contracts and reserve adjustments).

13.6. The outcome of this is that the budgetary changes have no negative or positive impact on protected characteristics and residents. However, the Council will continually monitor the effect of the Budget-setting process and decision-making by using equality impact assessments.

14. Climate change

14.1. There are no significant environmental / sustainability implications associated with this report.

Appendices

Appendix A – HRA Draft Revenue Budget for 2024/25

Appendix B – HRA Proposed Capital Programme 2023/24 – 2026/27

Appendix C – HRA Business Plan – 30 Years Overview 2024/25 – 2054/55

Appendix D – Glossary

Background papers

None

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Appendix A - HRA Draft Revenue Budget for 2024/25

Budget 2023/24	Programme Areas	Employee Costs	Other Running Expenses	Total Gross Expenditure	Income	Net Direct Budget	Support Service Recharge	Charges for Capital	Budget 2024/25	Changes from 2023/24 to 2024/25
10,900	Right to Buy	26,300	2,700	29,000	(9,200)	19,800	14,200	0	34,000	23,100
151,100	Allocations Administration	31,400	28,800	60,200	(31,600)	28,600	132,400	0	161,000	9,900
113,600	Void Properties Management	7,000	75,000	82,000	0	82,000	33,600	0	115,600	2,000
275,600	PROVIDING PEOPLE WITH HOMES	64,700	106,500	171,200	(40,800)	130,400	180,200	0	310,600	35,000
3,969,800	Housing Repairs - Dwellings	709,600	3,972,400	4,682,000	(322,300)	4,359,700	0	0	4,359,700	389,900
815,900	Housing Repairs - Administration	282,300	45,200	327,500	0	327,500	508,000	0	835,500	19,600
4,785,700	IMPROVING THE QUALITY OF HOUSING	991,900	4,017,600	5,009,500	(322,300)	4,687,200	508,000	0	5,195,200	409,500
7,219,100	Housing Administration	491,900	1,569,500	2,061,400	(64,200)	1,997,200	191,500	5,159,400	7,348,100	129,000
103,600	Hostel Management	49,700	6,000	55,700	0	55,700	62,000	0	117,700	14,100
351,600	Rent Collection & Accounting	218,700	44,400	263,100	(5,900)	257,200	167,500	0	424,700	73,100
307,900	Estate Management	173,700	67,300	241,000	0	241,000	121,600	0	362,600	54,700
3,400	Tenant Participation	0	3,400	3,400	0	3,400	0	0	3,400	0
56,900	Other Expenses	0	31,900	31,900	0	31,900	22,600	0	54,500	(2,400)
25,500	Estate Regeneration Schemes	0	25,500	25,500	0	25,500	0	0	25,500	0
67,700	Debt Management Costs	0	0	0	0	0	0	67,700	67,700	0
8,135,700	MANAGING THE SERVICES EFFECTIVELY	934,000	1,748,000	2,682,000	(70,100)	2,611,900	565,200	5,227,100	8,404,200	268,500
410,500	Elderly Persons Dwellings	266,800	2,100	268,900	(155,400)	113,500	323,600	0	437,100	26,600
55,800	Alarm Systems	30,000	18,100	48,100	0	48,100	9,700	0	57,800	2,000
(17,100)	Leasehold Properties	39,500	91,200	130,700	(241,400)	(110,700)	50,200	0	(60,500)	(43,400)
449,200	COMMUNITY SERVICES	336,300	111,400	447,700	(396,800)	50,900	383,500	0	434,400	(14,800)
(15,525,100)	Dwelling Rent Income	0	0	0	(17,279,900)	(17,279,900)	0	0	(17,279,900)	(1,754,800)
(537,000)	Garage Rents	0	0	0	(578,300)	(578,300)	0	0	(578,300)	(41,300)
(725,600)	Service Charges	0	0	0	(775,500)	(775,500)	0	0	(775,500)	(49,900)
429,900	Rent Loss from Voids and Bad Debts	0	0	0	559,900	559,900	0	0	559,900	130,000
(16,357,800)	RENT INCOME	0	0	0	(18,073,800)	(18,073,800)	0	0	(18,073,800)	(1,716,000)
(2,711,600)	NET COST OF SERVICES	2,326,900	5,983,500	8,310,400	(18,903,800)	(10,593,400)	1,636,900	5,227,100	(3,729,400)	(1,017,800)
2,044,900	Interest Payable on outstanding loans	0	2,178,500	2,178,500	0	2,178,500	0	0	2,178,500	133,600
(16,000)	Interest and Investment Income	0	0	0	(84,000)	(84,000)	0	0	(84,000)	(68,000)
682,700	Revenue Contributions to support HRA Capital Ex	0	0	0	1,634,900	1,634,900	0	0	1,634,900	952,200
2,711,600	Capital Charges and HRA support for capital	0	2,178,500	2,178,500	1,550,900	3,729,400	0	0	3,729,400	1,017,800
0	SURPLUS / DEFICIT FOR THE YEAR	2,326,900	8,162,000	10,488,900	(17,352,900)	(6,864,000)	1,636,900	5,227,100	0	0
0	Transfer to HRA Working Balance	0	0	0	0	0	0	0	0	0
0	HRA Budget	2,326,900	8,162,000	10,488,900	(17,352,900)	(6,864,000)	1,636,900	5,227,100	0	0

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Appendix B – Proposed Capital Programme 2024/25-2026/27

COMMITTEE SCHEMES	Current Programme 2023/24 £	Estimated Programme 2024/25 £	Estimated Programme 2025/26 £	Estimated Programme 2026/27 £	Total Programme 2023-27 £
Housing Revenue Account					
Current Continuing Programme					
Structural Works	910,000	838,300	855,100		2,603,400
Modernisation & Improvements	811,000	516,100	526,500		1,853,600
Energy Efficiency Works	600,000	551,500	562,500		1,714,000
Service Renewals	825,000	702,000	716,000		2,243,000
Void Works	450,000	429,300	437,900		1,317,200
Health & Safety	320,000	181,800	185,500		687,300
Adaptations for the Disabled	547,100	252,500	257,600		1,057,200
Essential Structural Works	185,000	186,900	185,000		556,900
Communal Services	0	30,300	30,900		61,200
Council House Building	11,244,000	12,811,300	163,000		24,218,300
HRA IT - Hardware/infrastructure/Projects	240,800	93,000	25,200		359,000
Total Current Continuing Programme	16,132,900	16,593,000	3,945,200	0	36,671,100
Revisions and New Bids					
Structural Works				872,200	872,200
Modernisation & Improvements				537,000	537,000
Energy Efficiency Works		15,000	30,000	618,700	663,700
Service Renewals				730,300	730,300
Void Works				446,700	446,700
Health & Safety		50,600	51,000	240,700	342,300
Adaptations for the Disabled		247,500	(7,600)	250,000	489,900
Essential Structural Works			5,600	194,400	200,000
Communal Services				31,500	31,500
Council House Building		2,294,000	22,106,000	12,001,100	36,401,100
HRA IT - Hardware/infrastructure/Projects		(65,000)	19,800	45,200	0
Total Revisions and New Bids	0	2,542,100	22,204,800	15,967,800	40,714,700
Proposed Programme					
Structural Works	910,000	838,300	855,100	872,200	3,475,600
Modernisation & Improvements	811,000	516,100	526,500	537,000	2,390,600
Energy Efficiency Works	600,000	566,500	592,500	618,700	2,377,700
Service Renewals	825,000	702,000	716,000	730,300	2,973,300
Void Works	450,000	429,300	437,900	446,700	1,763,900
Health & Safety	320,000	232,400	236,500	240,700	1,029,600
Adaptations for the Disabled	547,100	500,000	250,000	250,000	1,547,100
Essential Structural Works	185,000	186,900	190,600	194,400	756,900
Communal Services	0	30,300	30,900	31,500	92,700
Council House Building*	11,244,000	15,105,300	22,269,000	12,001,100	60,619,400
HRA IT - Hardware/infrastructure/Projects**	240,800	28,000	45,000	45,200	359,000
Total Proposed Programme	16,132,900	19,135,100	26,150,000	15,967,800	77,385,800

* Council House Building includes unapproved expenditure that will be brought to Housing Committee for approval as the expenditure will most likely be incurred.

** These schemes require a business case before the programme can be progressed

CAPITAL PROJECT APPRAISAL - HOUSING REVENUE ACCOUNT

Title of Scheme	Structural Works
Description of Scheme	Essential repairs / improvements to the structure, roofs, drainage systems, estate roads and footpaths of council-owned dwellings.
Key Aspects of Scheme (including benefits, contract details, key dates and reasons for revisions where applicable)	Allows the Council to comply with its statutory obligations to keep the structure and exterior of dwellings in good repair.
Title of Scheme	Modernisation and Improvements
Description of Scheme	Programme to refurbish dwellings to modern-day standards by, for example, converting properties into larger self-contained dwellings or providing modern kitchens and bathrooms in accordance with the stock condition programme in older dwellings.
Key Aspects of Scheme (including benefits, contract details, key dates and reasons for revisions where applicable)	Helps to provide much needed family sized accommodation. Improvements meet tenant aspirations and help to reduce relet periods plus, ensures compliance with the HHSRS statutory minimum home standard.
Title of Scheme	Energy Efficiency
Description of Scheme	Continuation of stock condition programmes to install first time new central heating systems, windows and front / rear entrance doors together with cavity wall and loft insulation to Council-owned dwellings.
Key Aspects of Scheme (including benefits, contract details, key dates and reasons for revisions where applicable)	Meets tenants' aspirations. Improves the comfort / energy efficiency of council owned homes and helps to reduce harmful carbon emissions.
Title of Scheme	Service Renewals
Description of Scheme	Continuation of stock condition renewal programmes of domestic electrical house re-wiring, replacement heating /central heating boilers, domestic plumbing systems, fire alarm systems and passenger lifts which have reached the end of their useful life expectancy.
Key Aspects of Scheme (including benefits, contract details, key dates and reasons for revisions where applicable)	Ensures the Council complies with its statutory obligations to keep the services and systems installed in its dwellings operational and safe.
Title of Scheme	Void works
Description of Scheme	Essential work undertaken to vacant dwellings to ensure the property is modern and is to a safe letting standard e.g., electrical / gas safety checks, cleaning, new kitchen / bathroom, structural work etc.
Key Aspects of Scheme (including benefits, contract details, key dates and reasons for revisions where applicable)	Enables minor / major refurbishment work to be undertaken whilst the dwelling is vacant, which is more cost effective for the Council and less disruptive for the new ingoing tenant.
Title of Scheme	Health & Safety Work
Description of Scheme	Work to comply with various H & S regulations e.g., Control of Asbestos, Regulatory Reform (Fire Safety) Order and the Disability Discrimination Act.
Key Aspects of Scheme (including benefits, contract details, key dates and reasons for revisions where applicable)	Ensures the Council complies with its statutory H & S obligations and reduces the risks to building occupants, Council staff and visitors.
Title of Scheme	Adaptations for older or disabled persons in Council owned property.
Description of Scheme	Continuation of policy to provide adaptations, facilities and/or additional living space for tenants with health or mobility problems on the recommendation of an occupational therapist.
Key Aspects of Scheme (including benefits, contract details, key dates and reasons for revisions where applicable)	Allows tenants who, because of advanced age, serious health problems or disability and for whom suitable alternative accommodation is not available, to live within their existing home. The anticipated volume of OT referrals is envisaged to grow in the future due to the increase in the older population and government policy.

Title of Scheme	Essential Structural Works - (Estate based environmental works)
Description of Scheme	Essential repairs and improvements to estate boundary walls, fences, retaining walls, garages and buildings (bin sheds, recycling areas, etc.).
Key Aspects of Scheme (including benefits, contract details, key dates and reasons for revisions where applicable)	To ensure the Council complies with its statutory and health & safety obligations in respect to the repair and maintenance of its estates. To ensure a clean and safe environment for residents and the estate community as a whole.
Title of Scheme	Communal services
Description of Scheme	The renewal / upgrading of communal based services e.g., TV aerials, door entry systems, landlord lighting, etc.
Key Aspects of Scheme (including benefits, contract details, key dates and reasons for revisions where applicable)	Enables the Council to comply with its statutory obligations to keep the estate based services and systems fully operational and safe.
Title of Scheme	Council House Building
Description of Scheme	A programme of Council Housing building
Key Aspects of Scheme (including benefits, contract details, key dates and reasons for revisions where applicable)	The Council's House Building programme is designed primarily to meet the need for affordable housing for rent in the district. However it also provides a role in replacing homes lost through the right to buy, redeveloping housing stock that doesn't meet current priority needs and in making better use of existing assets.
Title of Scheme	HRA IT - Hardware/infrastructure/Projects
Description of Scheme	The Customer First project envisaged significantly enhancements & development of the existing IT systems. However, Customer First was implemented before the technology solutions, in particular on line capability, were put in place. This has been one of the issues which has led to the performance and staffing issues following the implementation. Consequently, the savings expected under Customer First were removed from the budget prior to the technology being available. Additional projects outside the original scope of Customer First have been identified as essential due to failing software/hardware, system modules bought 3 years ago but not implemented and further possible savings resulting from automation.
Key Aspects of Scheme (including benefits, contract details, key dates and reasons for revisions where applicable)	<p>It is necessary to invest in a number of areas :-</p> <ol style="list-style-type: none"> 1. Disaster recovery solution 2. Replacement cycles for laptops, desktops, servers, switches, firewalls on a cyclical basis (2021/22 onwards) 3. SBCP LOB application build in TDC Salesforce organisation. 4. Planning – end to end migration from one salesforce organisation to another (completed) 5. Civica disposal module and licence to comply with GDPR, migration of image server to the cloud. 6. Orchard – Application upgrade, Asset install and migration to vendor hosted solution. 7. Replacement of outdated telephony which is not fit for purpose 8. Northgate – cloud-based online solution for Revenues, benefits and NNDR (completed) 9. Upgrade of Adelante as existing version is no longer supported. <p>An IT Strategy Board has been formed to develop the Council's IT Strategy and to agree the development and implementation of specific IT schemes to improve service delivery and reduce staffing costs if possible. The IT Strategy Board will be officer based and will report to the Council's Improvement Working Group. The commissioning of each project will be based on a detailed business case being approved by the IT Strategy Board.</p> <p>The HRA will be allocated IT costs in relation to HRA projects and a proportion of Corporate Projects</p>

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HFS

Housing Finance Specialists

Tandridge DC: HRA Business Plan

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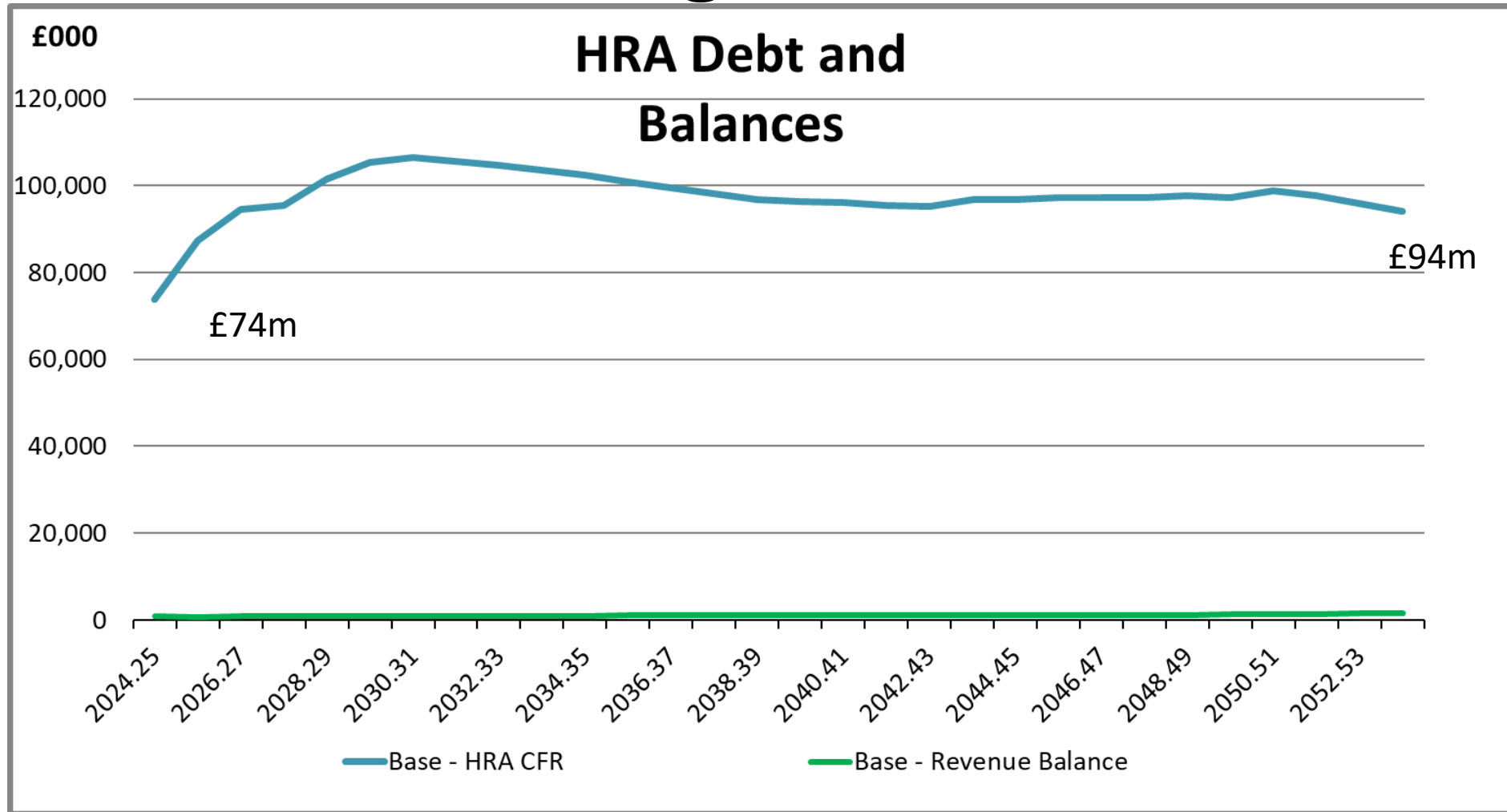


23 January 2024

This 30-year Business Plan provides for:

- HRA Revenue Budgets , including inflation going forwards
- Proposed Capital Programme (2024/25 to 2026/27). Includes £49m for new provision (£29m new borrowing and £20m internal HRA balances and grants).
- Longer term provision for major repairs (similar level to current Capital Programme)
- Funding for decarbonisation costs and/or future new provision.
- 243 new dwellings between 2024/25 and 2031/32
- The following table shows that the minimum sustainable balance of £0.8m is retained, against the level of capital borrowing serviceable across the 30-year period, increasing debt from c.£74m to c.£110m before gradual repayment.

Overview of Housing Revenue Account



Assumptions

- Rents increase by CPI + 1% in April 2024 (7.7%)
- Rents increase by CPI + 0.5% from 2025/26. Government intention in respect of rental caps is unclear
- Inflation 2025/26 CPI = 3.2%, RPI = 4.7% (reduces to 2% and 3% respectively by 2027/28)
- Interest rate assumption 2024/25 – (4.9% - 0.6% discount) = 4.3%
2025/26 – 4.3%. Thereafter assumed 4.2%
- £39m of new borrowing by 2030/31.

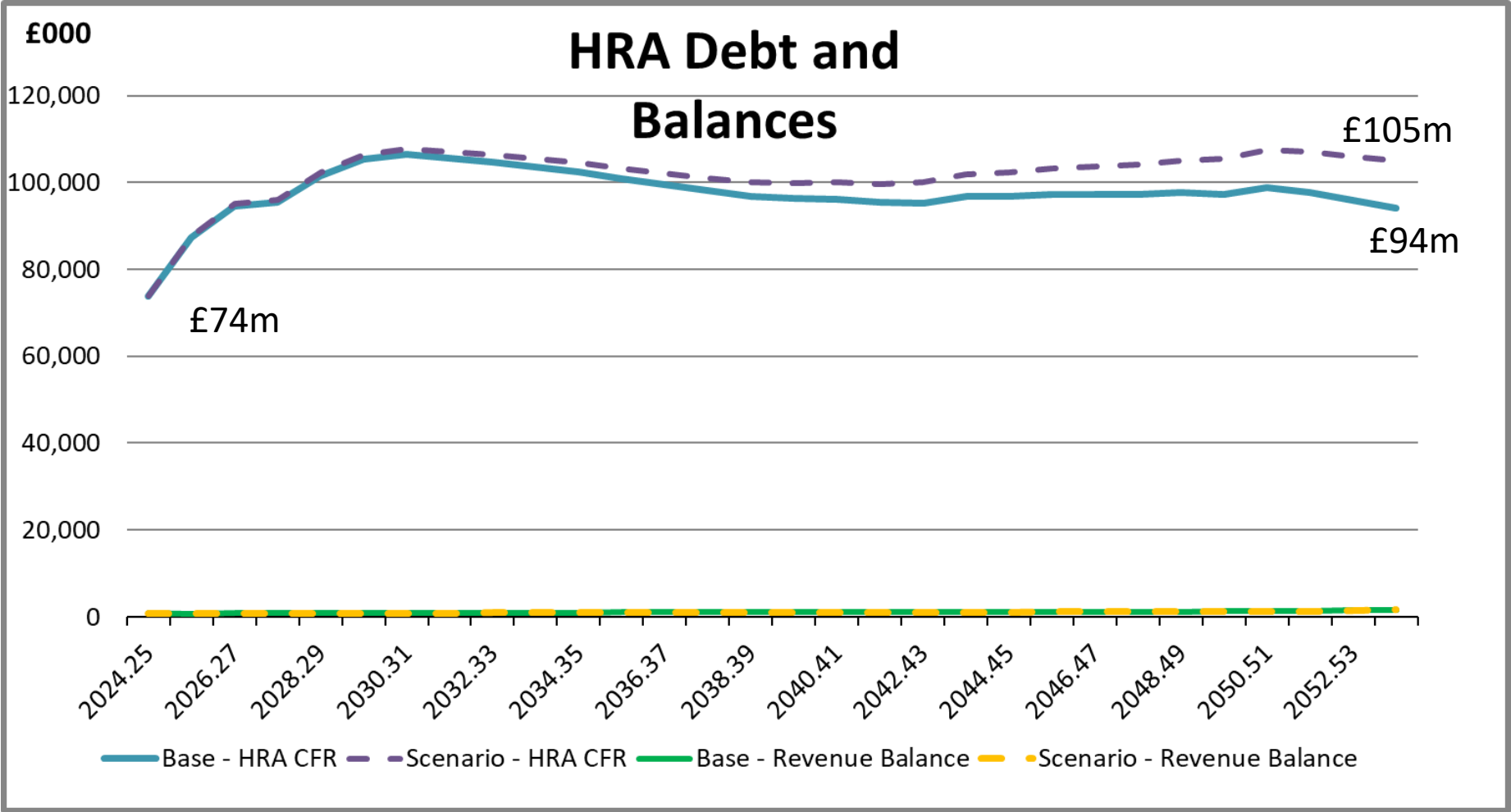
Impact of reduced rental increases:

- *Lower rent increase in 2024/25 – tested 6.7%*
 - *Loss of net rent & service charges in 2024/25* £173k
 - *Loss of net rent & service charges over 30 year business plan* £6.8m

Assumed that each further 1% reduction from the maximum rental increase would reduce available funding by a further £6.8m

Impact of Lower Rent Increase

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Conclusion

- The revenue and capital programmes set out in the HRA Budget Report, including provision for 243 new homes, can be contained within the HRA Business Plan
- The business plan assumes that any surplus balances once revenue pressures are met is invested in maintenance, new provision and decarbonization. Annual investment levels will be approved by Committee each year.
- Restricting the April 2024 rent increase to CPI + 0% (6.7%) would reduce income by £173k in 2024/25 and by £6.8m over the term of the Business Plan, with every further 1% reduction having a similar effect.

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Appendix D – Glossary of Terms

Budget pressures: Known budgeted expenditure increases and income reductions due to the following:

- Growth factors – e.g. demographic, inflation and/or increased demand for services;
- Full year effects – to take account of changes to expenditure or income which have taken effect in-year and need to be accounted for in future years as they are of an ongoing nature, e.g. ongoing changes to car parking income due to the pandemic; and/or
- Other increases in expenditure or reduction in income as a result of strategic, governance, funding or policy changes e.g. additions to the organisational structure or additional service activities undertaken and not budgeted for as they occur after the budget is set and have ongoing implications.

Budget savings: Known budgeted expenditure reductions and income increases which result due to the following:

- Containing additional costs of Inflationary increases in contracts or pay;
- Driving forward efficiencies in the provision of existing services i.e. providing services in an improved way to deliver better value for money;
- The delivery of new or additional services; and/or
- Optimising sources of income.

Balanced budget: Budget pressures fully offset by budget savings and funding changes.

Homes England: The Council has Investment Partner status with Homes England which provides the Council with access to social housing capital grant.

HRA Major Repairs Reserve: Established as a requirement of HRA legislation. This Reserve is used to fund capital expenditure on repairs and maintenance of the HRA housing stock.

Right to Buy (RTB): Council house tenants acquire rights to buy outright the Councils property at discount rates. Any sales proceeds from RTB are used to fund the Council House build programme.

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Cap on Safe and Legal Asylum Routes – Consultation Return - Decision taken under urgency powers

Housing Committee Tuesday, 23 January 2024

Report of: Head of Housing

Purpose: For information

Publication status: Open

Wards affected: All

Executive summary:

The Illegal Migration Act 2023 places a duty on the Home Secretary to set a cap on the number of entrants to the UK arriving on safe and legal routes for humanitarian purposes, and for the cap to be defined following consultation with Local Authorities.

A consultation on the cap on safe and legal routes was to be completed by local authorities by the 15th December 2023. This has now been extended to 9 January 2024. As these dates did not coincide with the Council's committee cycle, a decision was taken under the Council's urgency powers ('Standing Order No 35') by the Chief Executive and other Chief Officers following consultation with Group Leaders and the Chairman of the Housing Committee, to return the consultation response while offering accommodation to two households.

The Council's Constitution also details that any decision taken under urgency powers must be reported to the next scheduled meeting of the appropriate committee.

This report supports the Council's priority of: Building a better Council

Contact officer James Devonshire Head of Housing
JDevonshire@tandridge.gov.uk –

Recommendation to Committee:

That the decision made to offer support to two households under the Council's urgency powers and to complete the consultation on the cap on safe and legal routes be ratified.

Reason for recommendation:

The consultation is aimed at local authorities who provide housing or support to resettled individuals in the UK. Local authorities have been asked to submit a formal consultation response to the Government by the extended deadline of the 9 January 2024. Should the return not be completed by this date, a return of zero would be assumed. Despite a zero return, the consultation sets the expectation that numbers will be imposed on Local Authorities. This could potentially lead to limited control over numbers, hence the decision to submit a return confirming support for up to two households.

Introduction and background

- 1 The Government has set out a consultation of proposals to introduce a cap on safe and legal routes into the UK for refugees and asylum seekers in the calendar year 2025. Consultation for the overall capacity of local authorities to house and support individuals coming to the UK through the forthcoming cap on safe and legal routes is detailed in Appendix A.
 - 1.1 Surrey D&B's have been in discussion regarding the number of properties within their area which they can accommodate each year, some have opted to reply with a zero figure due to the increased demand they face through their housing registers, other refugee schemes and challenges regarding the closure of bridging hotels. Others have opted to submit a figure of three or less in line with the scheme. One Surrey authority is proposing up to eight properties. Surrey County Council have also been consulted due to the need for them to supply education, health and social care to anyone accommodated by the scheme.
 - 1.2 Local Authorities have been advised that even if a zero figure is returned, Government can still impose numbers on them. With this in mind, it was recommended to Group Leaders and the Chairman of the Housing Committee, that this Council submit a return of two properties. This being made up of one single occupant unit (the Council stock) in a harder to let scheme and one family sized unit preferably in the private sector.

- 1.3 This is in line with the Syrian Refugee Scheme that the Council currently supports. Although there is limited housing stock, the initial approach may have little impact on those households on the housing register and in temporary accommodation. In the long-term, the Council would need to look for extra properties to accommodate any potential additional cohort of refugees via safe and legal routes.
- 1.4 The majority of households awaiting accommodation via the housing register are in multiple occupation requiring larger family sized accommodation and not necessarily one bedroom accommodation.
- 1.5 With the prior benefit of managing refugee schemes it is expected that some entering the Country under the scheme will have ongoing complex support needs. Such support is in place for those currently accommodated under the various refugee schemes administered by the Council. It is not possible to commit to accommodating those with complex needs under this scheme due to the lack of expertise within the Council and low levels of resource within the Global Resettlement Team at Reigate and Banstead Borough Council. This was set out in the Council's consultation submission.
- 1.6 Funding to support the costs of those arriving through safe and legal routes will continue to be provided through the resettlement tariff, which will not be affected by the introduction of the cap.
- 1.7 The resettlement tariff is provided on a per capita basis to local authorities to help the families they have pledged to resettle and support into life in the UK. It is comprised of a core tariff of £20,520 per person, provided over a period of five years for UK Refugee Resettlement (UKRS) arrivals and over three years for Afghan Citizens Resettlement Scheme (ACRS) and Afghan Relocations and Assistance Policy (ARAP); as well as additional tariffs in the first year of up to £4,500 per child to cover education costs, and £850 for adults requiring English language support. An additional tariff of £2,600 is made available to local health bodies to cover healthcare costs in the first year.
- 1.8 Prior experience of accommodating and supporting refugees via the UK Refugee Resettlement and the Afghan Relocations and Assistance Policy, would suggest that the funding tariff set out above will be sufficient to support arrivals being accommodated within the district.

Other options considered

- 2 Given the high numbers of households currently awaiting accommodation via the housing register and the support being provided to other resettlement schemes, a return of zero was considered. It is, however, likely that numbers will be imposed on local authorities even if a 'nil' response has been recorded and taken as zero capacity. A

decision to commit to two properties was agreed with Group Leaders to ensure future control of the numbers allocated to the district.

Consultation

- 3 Discussions took place with Surrey County Council who provided feedback on capacity for education, health and social care within Surrey. Each Surrey District and Borough has included this information in their return.
- 3.1 Discussions have also taken place at Surrey Chief Housing Officers group and Surrey Housing Needs Managers meetings.

Key implications

Comments of the Chief Finance Officer

There are no direct financial implications arising from responding to the consultation.

Comments of the Head of Legal Services

Responses to the consultation have to be well-considered and deliverable as it is expected that local authorities are committing to deliver this figure and will have to adhere to it if called upon. There is still some uncertainty around the Ukraine programmes, (in particular) as well as significant demand on the housing system, which makes anticipating future demand and capacity difficult at this time. However, if a nil response was provided, there is a risk the Council may simply be allocated a figure which would have been difficult to accommodate amongst the Council's current housing stock.

Equality

There will be very little impact on existing residents and those currently awaiting accommodation on the housing register. It is expected that a single occupant will occupy a one-bedroom Council owned property, either being a hard to let studio or one bedroom flat.

A larger property will be sourced via the private sector, using the links built up to accommodate those previously under the Syrian Refugee scheme. This again, will have very little impact on those on the housing register as the proposed accommodation will be sourced specifically for this purpose.

The Equality Act is not relevant to the decision in this report because it is a response to a consultation by an external organisation. Therefore, it is considered that for this decision the Equality Duty does not need to be addressed and an Equality Impact Assessment (EqIA) has not been carried out.

Climate change

There are no significant environmental / sustainability implications associated with this report.

Appendices

Appendix A – Cap on safe and legal routes - consultation

Appendix B – Cap on safe and legal routes – consultation response form

Background papers

None

----- end of report -----

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Home Office

Cap on safe and legal Routes Government consultation

This consultation begins on 20 October 2023

This consultation ends on 15 December 2023

About this consultation

To: The consultation is aimed at local authorities

Duration: From 20/10/23 to 15/12/23

Enquiries (including requests for the paper in an alternative format) to: Refugee Resettlement and Integration Unit
Email: capconsultation@homeoffice.gov.uk

How to respond: Please send your response by midnight on 15 December 2023 to:
Refugee Resettlement and Integration Unit
Email: capconsultation@homeoffice.gov.uk

Additional ways to respond: Please ensure you submit a response to the inbox above. A series of stakeholder meetings will also be taking place and will be scheduled over the coming weeks.

For further information please use the 'Enquiries' contact details above.'

Response paper: A response to this consultation exercise is expected to be published in Summer 2024

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Foreword

The UK has a proud history of providing protection for those who need it through safe and legal routes. Since 2015, we have offered a safe and legal route to the UK for close to half a million people from all over the world via our global routes and our country-specific routes. This includes around 50,000 who have come to the UK on routes open to people from any country in the world, 25,000 on our country-specific routes for Afghanistan and 20,000 from Syria, over 100,000 Hong Kongers, and close to 200,000 from Ukraine.

The Illegal Migration Act places a duty on the Home Secretary to set a cap on the number of entrants to the UK arriving on safe and legal routes for humanitarian purposes, and for the cap to be defined following consultation.

Today, I am officially launching the consultation on the cap on safe and legal routes which includes UK Resettlement Scheme (UKRS), the Afghan Citizens Resettlement Scheme (ACRS) Pathways 2 and 3 (stage 2), and Community Sponsorship. The consultation is open to local authorities in England, Wales, Scotland and with the Executive Office of Northern Ireland.

The cap seeks to ensure that the UK is able to welcome, accommodate, integrate and support those arriving via these routes. The introduction of the cap on safe and legal routes will allow us to balance our ambition to welcome those in need with the capacity of local authorities in the UK to accommodate and support those arriving on these routes. By determining a clear picture of the capacity - which we can only do with your support - the UK can continue to operate safe and legal routes for protection and ensure these routes form part of a well-managed migration system.

The consultation, which provides the basis by which the Home Office will propose the cap that will be agreed with Parliament, will be open from 20 October 2023 until 15 December 2023. The responses will be reviewed and considered at a national and regional level before a total figure is recommended.



Rt Hon Suella Braverman KC MP

Secretary of State for the Home Department

Executive Summary

The Illegal Migration Act places a duty on the Secretary of State for the Home Department to introduce an annual cap on the number of entrants using safe and legal routes to the UK. The cap provides a considered approach to the way the UK's safe and legal routes will function in the coming years.

The cap will be set on an annual basis, to be determined after consultation with representatives of local authorities. It will be amendable for example in the event of humanitarian crises. An annual limit on the number of entrants will ensure the UK accepts through safe and legal routes no more people than can be accommodated and supported effectively.

The Illegal Migration Act requires that before setting the cap, the Home Secretary must consult:

- in England and Wales and Scotland, such representatives of local authorities as the Secretary of State considers appropriate,
- the Executive Office in Northern Ireland, and
- such other persons or bodies as the Home Secretary considers appropriate.

This consultation delivers on this duty, setting out for consultation the overall capacity of local authorities to house and support individuals coming to the UK through the forthcoming cap on safe and legal routes. We recognise the current pressures faced by local authorities. This cap provides the opportunity to move migration through humanitarian safe and legal routes towards a more sustainable and well-managed system.

The consultation is aimed at local authorities who provide housing or support to resettled individuals in the UK. Local authorities should work with relevant bodies who provide wraparound services in compiling their responses, such as Integrated Care Boards, as well as with Voluntary and Community Sector Organisations, and Community Sponsorship Groups in their areas.

The Illegal Migration Act and Resettlement

Illegal Migration Act

The Illegal Migration Act received Royal Assent on 20 July 2023. The Act changes the law to make it unambiguously clear that, if you enter the UK illegally, you should not be able to remain here. Instead, you will be detained and promptly removed either to your home country or to a safe country where any asylum claim will be considered. You will no longer be able to frustrate removal attempts with late or spurious legal challenges or appeals, and once removed, you will have no right to re-entry, settlement or citizenship.

The Act aims to:

- put a stop to illegal migration into the UK by removing the incentive to make dangerous small boat crossings
- speed up the removal of those with no right to be here - in turn this will free up capacity so that the UK can better support individuals through safe and legal routes
- prevent people who come to the UK through illegal and dangerous journeys from misusing modern slavery safeguards to block their removal
- introduce a cap on the number of people coming to the UK through safe and legal routes each year

Section 60 of this Act places a duty on the government to introduce an annual cap on the number of entrants using safe and legal routes to the UK. The cap will be developed after consultation. It will be amendable in the event of humanitarian crises. It will only apply to future flow and will therefore not apply retrospectively to those already in the UK.

A separate Section (61) places a duty on the Home Secretary to publish, and lay before Parliament, a report on the safe and legal routes by which individuals may enter the UK, and any proposed additional safe and legal routes. This must be done within six months of Royal Assent.

Safe and legal routes

The UK currently operates seven safe and legal routes. These include resettlement schemes such as the UK Resettlement Scheme (UKRS) and Community Sponsorship, as well as bespoke routes for individuals from Afghanistan, Ukraine, Hong Kong and the close family members of refugees.

Under the UK's safe and legal routes, eligible individuals access them through an application or referral process made overseas. This means when they arrive in the UK their status already determined.

UK Resettlement Scheme

The UK Resettlement Scheme (UKRS) is a global scheme (meaning it is open to all nationalities) with a multi-year commitment to resettle vulnerable refugees in need of protection. It prioritises the resettlement of refugees, including children, in regions of conflict and instability. This route is not application-based. Instead, it is accessible to refugees who have been assessed for resettlement by UNHCR.

Community Sponsorship Scheme enables friends and neighbours, charities and faith groups to play a direct role in supporting families resettled to the UK as they restart their lives here. Those identified and brought to the UK through the UK Resettlement Scheme (UKRS) and the Afghan Citizens Resettlement Scheme (ACRS) are eligible to be supported through Community Sponsorship.

The Mandate resettlement scheme resettles refugees recognised by UNHCR as being in need of protection, who have a close family member in the UK who is willing to accommodate them. It is a global scheme and there is currently no annual quota.

The Afghan Citizens Resettlement Scheme (ACRS) commenced on 6 January 2022 and will see up to 20,000 at-risk people affected by the events in Afghanistan resettled to the UK. Under the ACRS, eligible individuals are prioritised for resettlement through one of three referral pathways.

- Under Pathway 1, some of those evacuated under Op PITTING, including British Nationals and their families, Afghans who loyally served the UK, campaigners for human rights were the first to be resettled under the ACRS. Those eligible who were called forward or specifically authorised for evacuation during the evacuation but were not able to board flights may also be resettled through ACRS Pathway 1.
- Under Pathway 2, the United Nations High Commissioner for Refugees (UNHCR) refer refugees who have fled Afghanistan to the UK, based on assessments of protection needs and vulnerabilities.
- Under Stage 1 of Pathway 3, a limited number of places are being offered to eligible at-risk British Council contractors, GardaWorld contractors, and Chevening alumni in Afghanistan or the region. This includes their eligible family members. Beyond this first stage, we will continue to work with international partners and NGOs to welcome wider groups of Afghans at risk.

Those referred by UNHCR to the UK for the UKRS, Community Sponsorship, Mandate Resettlement and under Pathway 2 of the Afghanistan Citizens Resettlement Scheme (ACRS), will be assessed for resettlement by UNHCR using their established process, and in line with their resettlement submission categories, which are based on people's needs and vulnerabilities.

Afghan Relocations and Assistance Policy (ARAP)

The Afghan Relocations and Assistance Policy (ARAP), launched on 1 April 2021, offers relocation to eligible Afghan citizens who worked for or with the UK government in Afghanistan in exposed or meaningful roles. The ARAP recognises the service of eligible Afghan citizens and the risks arising to them and their dependent family members due to their work.

Ukraine Schemes

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Ukraine Family Scheme (UFS) – permits applicants to come to the UK, or extend their existing leave to remain in the UK, using a sponsor who is a family member (using a wide definition of family that includes cousins, aunts, grandparents etc) that is settled in the UK.

Homes for Ukraine Scheme (HFU) - allows Ukrainian nationals and their immediate family members to be sponsored by any eligible UK household which could provide a minimum 6 months' accommodation for the applicants. In August 2022, the Home Office launched the 'Eligible Minors' Extension to HFU - where a parent or legal guardian of a minor (under 18) can identify a UK based sponsor to be approved to host their child in the UK for the period of the visa, without them. The sponsor must commit to accommodating the minor for the full term of their visa or until they are 18 and must be known to the parent or guardian before the war.

Ukraine Extension Scheme (UES) - allows Ukrainians in the UK with lawful status, outside of the HFU and UFS, to extend their leave to remain in the UK. This provides successful applicants with the same length of leave, rights and access to benefits and services as the HFU and UFS.

Applications under the Ukraine schemes are fee free and provide 36 months' permission to remain in the UK. Permission is granted with no restrictions on the right to work, rent and access public funds and services, including healthcare. The Ukraine Schemes are temporary schemes, rather than refugee schemes and they do not lead to permanent settlement.

Hong Kong British Nationals (Overseas)

On 31 January 2021, the UK government launched the Hong Kong British National (Overseas) ((BN(O)) Immigration route in response to China's passing of the National Security Law which significantly impacts the rights and freedoms of the people of Hong Kong. The route allows BN(O) status holders and their eligible family members to apply to come to the UK to live, study and work on a pathway to citizenship.

On 30 November 2022, the BN(O) route was expanded to enable adult children of BN(O) status holders who were born on or after 1 July 1997 to apply to the route independently of their parents. This ensures this cohort, who were not eligible for BN(O) status and who may not have been able to apply to the route previously, can now choose to make the UK their home.

The BN(O) route is not a refugee resettlement route but is a safe and legal route to the UK for those eligible.

Applicants are required to pay a fee and the immigration health surcharge, and those who have been living in the UK for less than 12 months must show they can adequately maintain and accommodate themselves for six months without access to public funds. All applicants are initially granted with a no recourse to public funds (although once on the route, an applicant can apply to lift their no recourse to public funds restriction at any time, if they meet the requirements.

What role do local authorities currently play in resettlement?

Local authorities play a fundamental role in the resettlement of refugees and those in need, enabling them to rebuild their lives in the UK and to thrive. Depending on the scheme, local authorities welcome, receive, accommodate and integrate those arriving on the UK's formal safe and legal routes.

Local authorities are also responsible for ensuring services, such as education, have the capacity to support those arriving in their communities. They also work with local partners to ensure that new arrivals are signposted to other local services such as healthcare, and have a role in supporting community sponsorship.

Cap on Safe and Legal Routes

What is the cap and what will it do?

The cap will provide a considered approach to the way the UK's safe and legal routes will function in the coming years. It will set an annual limit on the number of entrants using safe and legal routes to the UK.

The objective of the cap is to ensure the UK can accommodate and support those arriving through safe and legal routes effectively. The introduction of the cap provides an opportunity for a more sustainable and managed approach to migration through humanitarian safe and legal routes. Recognising the pressures placed on local authority capacity to accommodate and effectively integrate those arriving, the cap will place a realistic annual limit on the number of people who can come to the UK each year through safe and legal routes.

The annual cap will reflect local authority capacity. Local authorities will engage with Community Sponsorship representatives and Third Sector Organisations who provide accommodation in their local areas, and local service providers including Integrated Care Boards. In matters of urgency (such as to allow a national response to an international emergency), the Home Secretary will be able to seek Parliament's approval to change the number without the consultation process. As the cap is annual to reflect the fluctuating nature of capacity, there is scope to change it in future years.

This consultation will run from 20 October 2023 to 15 December 2023. Responses will then be reviewed and further engagement with respondents through a series of regional dialogues to validate responses and determine a capacity estimate. In summer 2024, the government will lay a Statutory Instrument in Parliament to set the cap, including both the number and the routes subject to that cap. We expect the cap will be in operation in 2025.

What funding will be available?

Funding to support the costs of those arriving through safe and legal routes will continue to be provided through the resettlement tariff, which will not be affected by the introduction of the cap.

The resettlement tariff is provided on a per capita basis to local authorities to help the families they have pledged to resettle and support into life in the UK. It is comprised of a core tariff of £20,520 per person, provided over a period of five years for UKRS arrivals and over three years for ACRS and ARAP; as well as additional tariffs in the first year of up to £4,500 per child to cover education costs, and £850 for adults requiring English language support. An additional tariff of £2,600 is made available to local health bodies to cover healthcare costs in the first year.

In line with the statement of outcomes outlined in the relevant published Funding Instruction, local partners are expected to use this tariff funding to support families' immediate integration needs as they settle into their local communities and work towards self-sufficiency. These services include, but are not limited to, provision of:

- affordable and sustainable accommodation, which is furnished appropriately, meets local authority standards, and is available on a family's arrival and/or relocation to the local authority area.
- casework support, focused on advice and support to assist with registering for mainstream benefits and services, and signposting to other agencies where appropriate.
- a tailored integration support plan for each family or individual for the first year after arrival to facilitate their integration and orientation into their new home/area.
- educational places for children of school age.
- English language training for adult refugees, to facilitate their progress towards the level of proficiency needed to function in their everyday life and work towards self-sufficiency.

ESOL Childcare fund is available, to which local authorities, Community Sponsorship groups and regional coordination bodies may submit proposals for delivering measures aimed at enabling resettled refugees, particularly those with childcare and other caring responsibilities, to participate in ESOL training.

For Community Sponsorship, the current funding arrangements will continue to apply. Local authorities and health partners associated with community sponsorship groups can claim up to £4,500 for children aged 5-18 and £2,250 for children aged 3-4 in education funding. Once registered with a GP, an Integrated Care Board in England, Health Boards in Scotland and Wales or the Department of Health in Northern Ireland, they can claim £2,600 per family member from the Home Office. Sponsor groups can also claim £850 ESOL funding for every adult refugee (aged 19 or over) and may also submit proposals to the discrete ESOL Childcare fund.

What routes does the cap include?

The cap includes the following routes:

- a. Afghan Citizens Resettlement Scheme (ACRS) pathways 2 and 3 (stage 2)
- b. UK Resettlement Scheme (UKRS)
- c. Community Sponsorship

It may also include any future schemes introduced by the Home Secretary. Any new route can be developed outside of the cap, based on its individual merits, including emergency pathways. Should a new route be considered suitable for inclusion in the cap, this will be put to Parliament for a decision after a consultation on capacity with local authorities in line with the proposed standard process on determining the cap figure.

Current arrival numbers

Current arrival numbers at a local authority area under current safe and legal routes can be found [here](#).

How does the place-based approach interact with the cap?

Home Office's place-based approach seeks to ensure where it can a fair and equitable distribution of all protection-based immigration demands across the UK in line with demand and accommodation supply.

The cap will work with the place-based approach to ensure demand across asylum and safe and legal routes under the cap are assessed collectively on a regional and national basis. This means that we will where we can balance the burdens placed on any local area to ensure no single local authority is supporting a disproportionate intake, across all protection-based immigration routes, which include asylum seekers, unaccompanied asylum seeking children (through the national Transfer Scheme) and those coming via the UK's safe and legal routes. There is an expectation that all local authorities play their part to support protection based migrants through the place based approach.

The commitments made under the safe and legal routes cap by a local authority, will be considered in the round, as part of a regions total allocation of all protection-based migrants, under a place-based approach. Alongside the commitment made through the cap, each local authority is expected to meet its agreed allocation of asylum seekers and unaccompanied asylum seeking children under the National Transfer Scheme, contributing to the regions total share.

The cap and the place-based approach will give local authority partners more agency in the decision making around the distribution of protection-based immigration, at a local level.

The HO Place Based team will support Migration policy colleagues through engagement with respondents throughout Spring 2024, where we will consider resettlement pledges alongside other anticipated migration pressures in their totality.

The cap will not introduce any changes to the current accommodation matching process based on local authority pledges, notably used by UKRS.

Unaccompanied asylum seeking children

Regardless of any commitment to contribute to safe and legal routes through a cap, local authorities are also required to comply with the National Transfer Scheme. All local authorities and Health and Social Care Trusts in Northern Ireland are subject to a direction under section 72(3) of the 2016 Immigration Act and are under a mandatory duty to comply with the National Transfer Scheme. This is reflected in the judgment of Mr Justice Chamberlain in *ECPAT UK, R (On the Application Of) v Kent County Council & Anor* [2023] EWHC 1953 (Admin) (27 July 2023). The rota weightings of the mandated NTS have been calculated to determine a fair allocation of NTS placements to each region by taking account of asylum and children's services pressures on local authorities.

Consultation on the cap

What is the role of this consultation in setting the cap?

The Illegal Migration Act requires that before setting the cap, the Home Secretary must consult:

- in England and Wales and Scotland, such representatives of local authorities as the Secretary of State considers appropriate,
- the Executive Office in Northern Ireland, and
- such other persons or bodies as the Home Secretary considers appropriate.

This consultation delivers on this duty, and seeks clarity on the overall capacity of providers to house and support those coming through the cap.

It also aims to:

- ensure the capacity constraints of routes which are not included in the cap are reflected in setting the cap figure.
- consider the impact that existing schemes, and any proposed new schemes have on local authority capacity and to reflect this when defining the scope of the cap.

Who are we seeking responses from?

In order to get a sense of the capacity of these key stakeholders in resettlement, we are seeking the views of local authorities in England and equivalents in Devolved Administrations.

Voluntary and Community Sector (VCS) Organisations and Community Sponsorship groups play a key role in resettlement, including providing accommodation to resettled individuals.

VCS organisations can source and manage accommodation which would not ordinarily be available through the Private Rental Sector. These organisations may be small scale and operate across a limited area, they play an important role in resettlement and it is helpful to understand their capacity.

Community Sponsorship Groups can participate in the Community Sponsorship Scheme. This is a way for local communities, civil society organisations, charities, and faith groups to be directly involved in helping refugees settle in the UK. Community sponsors provide emotional and practical support to empower families to rebuild their lives in safety, and to become self-sufficient members of their new community. Being a sponsor also benefits the

Cap on Safe and Legal Routes - Consultation

local community through enabling the generosity of local people and creating new bonds between those involved. Sponsor groups are required to provide integration support to the resettled family for one year, and secure suitable and affordable housing for two years.

For this reason, we are asking local authorities to meaningfully engage with VCS organisations and community sponsorship groups in their areas when considering their responses.

Integrated Care Boards play a vital role in providing healthcare services for refugees, who may require additional services. For this reason, we strongly recommend that local authorities engage with Integrated Care Boards when considering their responses, to ensure that the capacity of the local NHS system is taken into account.

This is not a public consultation and, as such, the consultation will only be sent to local authorities (and equivalents), inviting them to respond. Any other responses received (i.e. from organisations which are neither local authorities nor their equivalents in the DAs) will not be considered.

What will follow after this consultation?

Once we receive responses, we will continue engaging with stakeholders to review and consolidate feedback and define the cap. As set out in the Illegal Migration Act, the cap will be presented to Parliament for decision before coming into effect.

A consultation response will be published in Summer 2024. We expect the cap to be introduced in 2025.

In future years, we will continue to assess capacity to deliver routes under the cap.

Questionnaire

Instructions for completing the questionnaire

We understand that current pressures faced by local authorities across asylum and resettlement services, including such aspects as the impact of Afghan bridging accommodation closure, social housing waiting lists and homelessness presentations. You may wish to consider forecast demographic and population changes and consider their projected impact on housing, homelessness, health and care services and other services in your area.

In your responses, please consider the burdens placed on resources by other delivery pressures including delivery of safe and legal routes outside of the cap, such as the Ukraine Schemes, dispersal and illegal migration.

Responses should be a well-considered figure that is deliverable. The expectation is that local authorities are committing to deliver this figure, and will have to adhere to it if called upon and if needed, and is therefore not a commitment that should be taken lightly. As is current practice, delivery of each local authority's commitment will form part of regular operational reporting and monitoring processes.

As part of the ongoing operation of the cap, we are considering the introduction of annual MoUs and will keep this under review.

We recognise that it may be challenging to provide your capacity commitment for 2025. Given this, please use your current capacity as a benchmark, and consider how this capacity may change in the medium-term.

Please provide a numerical figure, in your answers, either as a proportion of your local population, or as an absolute number.

Your response needs to be a politically agreed commitment, so please seek approval for your responses to ensure this represents a clear consensus within your area, and with local partners. In two tier areas please provide an answer which is agreed by both the district and the county.

We are asking local authorities to engage with Strategic Migration Partnerships, community groups, and any VCS organisations that deliver accommodation or refugee resettlement services in their areas.

We would strongly encourage you to consult local VCSE partners based in your areas with knowledge and/or experience of the delivery of safe and legal routes and to include these inputs as part of your responses.

Please note that this consultation is solely considering responses to questions below in relation to capacity regarding the cap on safe and legal routes. Responses related to general migration policies will not be considered.

We would welcome responses to the following questions set out in this consultation paper.

For local authorities and/or Devolved Administrations:

1. What organisations (including VCS organisations, and community sponsorship groups) in your area have you engaged with while compiling your response and have you included the responses received from these organisations in your local authority consolidated response?
2. What is your capacity to house and support those coming through safe and legal routes under the cap in calendar year 2025?
3. What evidence can you provide to support this (for example, number of properties that you have available or can procure)?
4. Of the above number, in 2025, how many of the following groups do you anticipate being able to accommodate, and ensure appropriate support is in place for:
 - a. Complex cases (such as those with specific medical, mobility or special education needs)
 - b. Single people
 - c. Large families (6+)
5. Of the above number, how many of these do you expect to come through the community sponsorship scheme in your area?
6. The Resettlement Tariff and Community Sponsorship Funding provide the local authority with access to central funding for the purpose of supporting refugee integration. What impact has this funding had on your ability to resettle refugees in your area?
7. There is no additional funding being introduced with the cap. How could the funding instructions be changed to maximise the existing funding, enabling innovation and increased delivery of services in your area?
8. What impact do you assess the local provision of public services such as education, social care (adult and children) and healthcare has on your ability to resettle refugees in your area? Why do you assess this to be the case?

Thank you for participating in this consultation.

Contact details and how to respond

Please send your response by midnight on 15 December 2023 to capconsultation@homeoffice.gov.uk

Complaints or comments

If you have any complaints or comments about the consultation process you should contact the Home Office at the above address.

Extra copies

Alternative format versions of this publication can be requested from capconsultation@homeoffice.gov.uk

Publication of response

A paper summarising the responses to this consultation will be published in Summer 2024.

Representative groups

Representative groups are asked to give a summary of the people and organisations they represent when they respond.

Confidentiality

Information provided in response to this consultation, including personal information, may be published or disclosed in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000 (FOIA), the Data Protection Act 2018 (DPA), the UK General Data Protection Regulation (GDPR) and the Environmental Information Regulations 2004).

If you want the information that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory Code of Practice with which public authorities must comply and which deals, amongst other things, with obligations of confidence. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Home Office.

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The Home Office will process your personal data in accordance with the DPA and in the majority of circumstances, this will mean that your personal data will not be disclosed to third parties.

Consultation principles

The principles that government departments and other public bodies should adopt for engaging stakeholders when developing policy and legislation are set out in the consultation principles.

<https://www.gov.uk/government/publications/consultation-principles-guidance>



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Response Form – Cap on Safe and Legal Routes Consultation

About you

Full name	James Devonshire
Job title or capacity in which you are responding to this consultation exercise	Head of Housing
Local authority (or equivalent) represented	Tandridge District Council
Date	28 December 2023
Postcode	RH8 OBT



Responses

Ahead of responding, please familiarise yourself with the consultation paper, with particular regard to the “Instructions for completing the questionnaire” section.

Question	Response
<p>Q1: What organisations (including VCS organisations, and community sponsorship groups) in your area have you engaged with while compiling your response and have you included the responses received from these organisations in your local authority consolidated response?</p>	<p>In completing this consultation, Tandridge District Council has consulted with the first-tier authority, Surrey County Council and all other District and Borough Councils in the County. Updates are provided by health colleagues below in response to question 8.</p>
<p>Q2: What is your capacity to house and support those coming through safe and legal routes under the cap in calendar year 2025?</p>	<p>2</p>
<p>Q3: What evidence can you provide to support this (for example, number of properties that you have available or can procure)?</p>	<p>Tandridge District Council has the benefit of being a stock holding authority. As the local housing authority the Council administers a housing register and choice based lettings system for both Council owned and registered provider accommodation in the district.</p> <p>In addition to this, the Council maintains strong relationships with the private sector via its Private Sector Access Scheme.</p>
<p>Q4: Of the above number, in 2025, how many of the</p>	<p>a. Complex Cases: 0</p>



following groups do you anticipate being able to accommodate, and ensure appropriate support is in place for:	b. Single people: 1
	c. Large families: 0 While the Council will be happy to commit to assisting 1 family, the realistic prospects of being able to assist a large family (ie one requiring 4+ bedrooms), either in our stock or PRS, are very low.
Q5: Of the above number, how many of these do you expect to come through the community sponsorship scheme in your area?	0
Q6: The Resettlement Tariff and Community Sponsorship Funding provide the local authority with access to central funding for the purpose of supporting refugee integration. What impact has this funding had on your ability to resettle refugees in your area?	Thus far, the funding has been sufficient to enable effective resettlement of previous refugees who were eligible for it.
Q7: There is no additional funding being introduced with the cap. How could the funding instructions be changed to maximise the existing funding, enabling innovation and increased delivery of services in your area?	Review the long term / indefinite commitment to providing funding to meet any shortfall between ongoing rental costs and Universal Credit entitlement (taking into account Local Housing Allowance levels and Benefit Cap) for larger households.



Q8: What impact do you assess the local provision of public services such as education, social care (adult and children) and healthcare has on your ability to resettle refugees in your area? Why do you assess this to be the case?

There are existing pressures on the local healthcare system within Surrey, particularly in those locations where there are concentrations of asylum seekers and other people from abroad placed in hotels and hostels. As an upper-tier local authority, Surrey has welcomed one of the highest, if not the highest number of arrivals through the Homes for Ukraine scheme of all English counties, which has placed further demands on particular services, such as education and primary healthcare.

As such, whilst the moral and humanitarian case for resettling refugees is accepted and understood, there are resource constraints which limit capacity. All parts of the system has supported the health and care needs for these citizens who often have high needs and are very complex. Where General Practices have had large intakes, we are seeing real sustainability issues which if they continue, could result in closures of list to all patients. This coupled with the system pressures that exist within Health such as winter surge and infectious disease (Flu/TB & screening programmes) we do not feel that the system could tolerate further impacts. The risk may impact areas such as the ability to provide safe provision (GPs hold clinical responsibility for the patients) to the whole population and not just patients within the immigration programmes eg GP practices closing their lists to all patients where pressure is unmanageable. The greatest part of the challenge is the concentration of numbers when people are placed in large accommodations or families the same locations as this bears the greatest impact on singular practices and health services

Thank you for participating in this consultation.



Please send your response by midnight on 15 December 2023 to:
capconsultation@homeoffice.gov.uk

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