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30 June 2008

To: Councillor Simon Edwards, Housing PFH

And to Councillor Liz Hezell (Opposition Spokesman and Scrutiny Monitor) and
Councillor Peter Topping (Scrutiny Monitor)

Dear Councillor

You are invited to attend the next meeting of **HOUSING PORTFOLIO HOLDER'S MEETING**, which will be held in **JEAVONS ROOM, FIRST FLOOR** at South Cambridgeshire Hall on **TUESDAY, 8 JULY 2008 at 2.00 p.m.**

Yours faithfully
GJ HARLOCK
Chief Executive

The Council is committed to improving, for all members of the community, access to its agendas and minutes. We try to take all circumstances into account but, if you have any specific needs, please let us know, and we will do what we can to help you.

AGENDA

	PAGES
1. Apologies	
2. Minutes of previous meeting and matters arising Minutes of the Housing and Environmental Services (Housing items) Portfolio Holder's meeting of 28 April 2008 and the Housing Options Portfolio Holder's meeting of 12 May 2008 attached.	1 - 10
3. Housing Futures - New Landlord Selection Panel	11 - 72
4. Housing Futures - Tenant Ballot Paper	73 - 84
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6. Housing Futures - Managing conflicts of interest	113 - 122
7. Housing Futures - Budget position	123 - 124
8. Housing Futures - Project Plan Progress Report	125 - 128
9. To consider Forward Plan items	

10. Date of next meetings

To confirm the date of the next meeting as Thursday 7 August at 2pm in the Monkfield Room.

All subsequent meetings will be on the first Thursday of the month at 2pm in the Monkfield Room.

Dates: 4 September, 2 October, 6 November, 4 December, 8 January 2009, 5 February, 5 March, 2 April & 7 May.

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

Minutes of the Housing Options Portfolio
Holder's Meeting held on Monday, 12 May
2008 at 2.00 p.m.

PRESENT: Councillor SM Edwards, Portfolio Holder

Councillors in attendance:	AN Berent	Scrutiny and Overview Committee Monitor and Opposition Spokesman
	Mrs EM Heazell	Opposition Spokesman

Advisers	Dr S Sharples	PS Consultants
	Ms K Laud	Savills

Officers:	Steve Hampson	Executive Director
	Denise Lewis	Corporate Project Manager - Housing Futures
	Steve Rayment	Head of ICT
	Stephen Hills	Corporate Manager, Affordable Homes

Action**52. DECLARATIONS OF INTEREST**

There were no declarations of interest.

53. MINUTES OF PREVIOUS MEETING

The minutes of the meeting held 15 April 2008 were agreed as a correct record.

Matters arising.**Housing Futures.**

There were no matters arising.

ICT

The Head of ICT confirmed that he had met with the Principal Solicitor and the Corporate Manager for Finance Support Services to discuss the Northgate contract. A meeting has been arranged with Northgate for 2 June and a letter outlining the Council's concerns would be sent to both Northgate and Pat Harding at the County Council in advance of the meeting.

The Fenland review has been completed and passed back to the Project Board. The Head of ICT said that technically the project could move ahead and that the next stage would be to revisit the Business Case for presentation at the next Project Board meeting on 13 June.

The Head of ICT confirmed that he had a meeting with Tyco on 14 May to discuss proposals for a maintenance contract. He confirmed that he was also talking to NTE to obtain a quote for the service.

The portfolio holder asked for a status report of the old microphone system.

SR

54. SHADOW BOARD FOR POTENTIAL NEW HOUSING ASSOCIATION LANDLORD

Denise Lewis presented the report "Shadow Board for potential new Housing Association Landlord" and explained that it was important to establish the Shadow Board early. Competency based selection would be used so that the recruitment process could be seen as open and transparent, as per the recommendations of the Elton Review.

Concerns were expressed that the report appeared to refer only to the consideration of a stand-alone housing association, but the Portfolio Holder was reassured that all three housing association options were being considered irrespective of any previous feedback received from tenants.

DL also confirmed that tenants would receive a questionnaire with the next newsletter to identify further areas to address.

Specific comments on the report:

Paragraphs 22-24

It was confirmed that Members be nominated by their political groups taking proportionality into account. The Portfolio Holder said that the Conservative group would not nominate members of the executive.

Democratic Services would circulate a copy of the recruitment pack to group leaders as soon as possible.

Paragraph 25 (3)

- The process for dealing with vacancies following any election had still to be formulated.
- It was confirmed that the person specification listed the skills needed for the Board as a whole and it was not the expectation that the skills listed would be found in every applicant.
- Stephen Hills confirmed that an expectation of membership turnover would be built into the Board terms of reference to include a process for dealing with vacancies or changes in circumstances, such as a general needs tenant becoming a sheltered tenant.
- It was confirmed that advertising for the tenant reps would be through the ITA and that an open recruitment session was taking place this week.

Paragraph 27

It was suggested that the Employment Committee could play a role in the recruitment of Shadow Board members, however it was explained that the proposed panel would receive training from the HR professional from Savills and that there could be a potential conflict of interests, or a view that the Council was trying to control membership of the board if the Employment Committee played a role.

Dr Sharples explained that other authorities had established a Tenant Member Board Panel onto which any tenant could apply to be a member. The panel had responsibility to ensure that members were trained and acted as a filter before election to the Shadow Board. However this process worked better for authorities that had already transferred their housing stock. In the meantime it was felt that the recommended process was the best compromise available

Paragraph 37

Remove the word "staff", so the final sentence reads, "The involvement of tenants and council nominees as members of the Shadow Board will help provide a face to the new organisation and demonstrate how it can be locally accountable and what it could offer in the event that tenants support a housing transfer in a ballot."

Paragraph 40

The Portfolio Holder expressed a wish to see the short-listing process.

The Housing Options Portfolio Holder **AGREED** that a Shadow Board be established for a new local housing association that would be the recipient landlord in the event that tenants support the option of a housing transfer through a ballot.

That the Shadow Board should be 15 members and that the proposed split would be:

Tenants	[5]
Council nominees	[5]
Independents	[5]

That the council nominees be sought at Full Council on 22nd May 2008 in accordance with political proportionality.

That tenant members be identified through an open recruitment process by a panel of independent and tenant representatives comprising:

- the Independent Tenant Advisor (ITA) PS Consultants
- a relevant specialist from within Savills
- a suitably trained and experienced tenant board member from another housing association set up as a result of a housing transfer, for example Watford Community Housing

the chair or vice chair of the Tenant Participation Group (TPG) or, in the event that the chair and vice chair of TPG apply for membership of the shadow board an alternative representative agreed by the TPG

In the event that there are more than 5 suitable candidates then tenants be asked to elect the tenant members for the Shadow Board. The arrangements for any election to be considered and agreed in consultation with Savills as lead adviser and the Independent Tenant Adviser following the outcome of the short listing process

55. ICT SECURITY POLICY

The Head of ICT presented two security policy leaflets to the Portfolio

Holder and explained that they had been prepared in response to a request from Senior Management Team to make the policy more accessible to Members and staff, by covering general, rather than specific, topics.

It was explained that the main differences between the leaflets recognised that Member's equipment would not be held on site and that Members were not employees of the Council.

The Head of ICT said that with the Portfolio Holder's and Management Team approval the leaflets would be circulated to all Members and staff.

The Head of ICT also advised the Portfolio Holder that the full policy was being revisited as an audit had recommended a strengthening of the sections covering Wireless Access and Network Access Controls.

56. ICT STEERING GROUP

The Head of ICT informed the Portfolio Holder that the Steering Group terms of reference reflected the views of Senior Management Team. He added that it was intended for the group to meet before the end of May, when there would be a need for the group's quorum to be agreed.

57. ICT PROJECT REVIEW

It was confirmed that an upgrade to M3 was ongoing, and that a date had been set for the transfer of Land Charges data.

58. ICT PROJECT STATUS

ICT Strategy:

The Head of ICT confirmed that the document as reviewed by SOCTIM would be published once reviewed by Senior Management Team. The Portfolio Holder asked for a copy of the final document.

CB Direct:

It was reported that the Performance Improvement Project had achieved its objectives. The challenge now would be to maintain the momentum and proactively manage the relationship. The Head of ICT informed the Portfolio Holder that he had a meeting scheduled with the Contact Centre for 21 May.

SMS Text Messaging

The Portfolio Holder expressed dissatisfaction at the lack of progress with the SMS text messaging trial as he saw it as a quick win for improving communication with customers. He suggested looking at an alternative service area to implement a pilot study at the earliest opportunity, and looked forward to an update at the next meeting.

CorVu:

The Head of ICT confirmed that this project was in partnership with the

City Council and would be fully effective by the end of June 2008.

Guest Access WiFi:

It was confirmed that guest access wifi would be available by the end of June. The Portfolio Holder offered his thanks to Craig Giles for his work on the project.

VPN Trail:

It was reported that Cllr Mason had opted out of the trial and that there were no other volunteers. It was suggested that County Members be approached as the County used a similar process.

The Portfolio Holder expressed his desire to see the following functionality:

- The removal of multiple links from Democratic Service emails
- Access to planweb
- Modern.gov updates, and
- Extended access to other sites from In-site

59. DATE OF NEXT MEETING

The date of the next meeting was confirmed as Tuesday 8 July, at 2pm in the Jeavons Room.

The meeting ended at 4.00 p.m.

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SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

Minutes of the Housing and Environmental
Services Portfolio Holder's Meeting held on
Monday, 28 April 2008 at 11.30 a.m.

PRESENT: Councillor Mrs DSK Spink MBE, Portfolio Holder

Councillors in attendance: Mrs HM Smith Opposition Spokesman

Officers: Holly Adams Democratic Services Officer
Anita Goddard Housing Services Manager
Cathy Hembry Housing Advice and Options Manager
Stephen Hills Corporate Manager, Affordable Homes
Mike Knight Housing Strategy Manager
Brent O'Halloran Property Services Manager
Gwynn Thomas Principal Accountant (Housing)

Action

89. DECLARATIONS OF INTEREST

None.

DECISION ITEMS

90. HOUSING REVENUE ACCOUNT (HRA) BUSINESS PLAN 2008/09-2012/13

The Corporate Manager, Affordable Homes, presented the Housing Revenue Account (HRA) Business Plan, which had been produced with the involvement of all aspects of the Housing Service. The new five-year plan, which would be subject to an annual review and refresh process, focussed on those services which had been funded by the HRA, and there had not been any substantial changes made since the draft plan was considered by the Portfolio Holder and Cabinet earlier in the year.

The plan represented the current position of retention of the existing housing stock; this would be updated if required, particularly to the Housing Maintenance Plan to which substantial reductions would have to be made if the stock were retained. The Corporate Manager drew attention to the significant revenue savings required by 2012/13 to maintain a guideline minimum £1 million balance in the HRA.

The Housing and Environmental Services Portfolio Holder **RECOMMENDED TO COUNCIL** that the Housing Revenue Account (HRA) Business Plan 2008/09-2012/13 be approved.

91. HOUSING SERVICE PLAN 2008/09

The Housing Service Plan 2008/09 reflected housing stock retention, but would be changed if necessary to address the outcome of the Housing Futures project. The annual review and refresh of the plan had begun

already at bi-weekly housing management meetings and the broader six-weekly housing team forum, ensuring regular monitoring and overview, and the targets in the plan fed into individual appraisals.

The Housing and Environmental Services Portfolio Holder **AGREED** the final Housing Service Plan 2008/09.

92. REVIEW OF SHELTERED HOUSING

The Sheltered Housing Service Review had begun in 2005 and a review of the impact of the changes introduced had begun at the end of 2007, including workshops with all Sheltered Housing staff and a number of tenants. The overall impression was that the review had established very positive outcomes, facilitating improved teamwork and a more flexible and targeted service for tenants. The action plan had been included in the 2008/09 service plan to ensure that residents' concerns were addressed, but some issues would require substantial resources and would be considered as part of the Housing Futures project.

The Housing and Environmental Services Portfolio Holder

- (a) **AGREED** that officers develop a detailed and costed action plan for further improvements and that actions identified therein be incorporated into normal budgeting cycles; and
- (b) **NOTED** the outcomes of the changes made through the sheltered housing review and the progress made towards achieving the objectives in the new vision for the sheltered housing service.

93. HOMELESSNESS STRATEGY

The draft Homelessness Strategy focussed on prevention, building on the previous strategy, and included associated action plans arising from the Service Plan. A lack of resources for young people had been identified and officers were looking at a possible sub-regional scheme with the Council's partners. Given the current economic climate, the Council was preparing for an elevated level of enquiries about repossessions and was developing service level agreements with the local Citizens' Advice Bureaux about debt management.

The Housing and Environmental Services Portfolio Holder **APPROVED** the draft Homelessness Strategy 2008-2013 for consultation and wished the Housing Advice and Options Manager all the best in her future role as director of Wintercomfort.

94. RESPONSIVE REPAIRS IMPROVEMENTS CONTRACT

The Property Services Manager explained that a four-year contract had been let to the Council's Direct Labour Organisation (DLO) and Cambridge City Council's City Services DLO in October 2004, with the option for a further one-year extension. The high levels of performance and of customer satisfaction with the existing service were noted, as were the possible complications that could arise if the contract were changed before the outcome of the Housing Futures project was known. The Corporate Manager, Affordable Housing, confirmed that the recommendation, to extend the current contract for one further year, meant that Gershon savings would have to be identified elsewhere and

that consultants already were working on identifying areas for efficiency savings which would lead to revenue savings.

The Housing and Environmental Services Portfolio Holder **AGREED** to extend the current responsive repairs improvements contract until October 2009.

INFORMATION ITEMS

95. SERVICE PLAN 2007/08 PROGRESS SUMMARY

The Corporate Manager, Affordable Homes, explained that the progress summary was an example of how Service Plans were monitored regularly. The outstanding issue of the Tenant Handbook had been rolled forward into the 2008/09 Service Plan and the Housing Services Manager confirmed that work on the handbook was now well advanced, with the draft currently under review. The Portfolio Holder felt that it was imperative to finalise the handbook before tenants were balloted on the Housing Futures project so that they had a clear understanding of what services the Council offered.

The Portfolio Holder **NOTED** the 2007/08 Service Plan progress summary.

96. HOUSING FINANCIAL UPDATE

The Housing Financial Update included only those controllable areas of the budget and not recharges, which could not be influenced. There was a small overspend expected on the capital programme, approximately £40,000 on a £10 million budget, but the housing programme as a whole would not be overspent.

The Housing and Environmental Services Portfolio Holder, noting that both requests were within the budget, **ENDORSED** referral to the Resources Portfolio Holder of:

- (a) a roll-forward request of approximately £6,000 and no more than £10,000 for the lettings advisory service (Choice-Based Lettings); and
- (b) a roll-forward request of £12,500 from the tenant participation budget for production of the Tenant Handbook.

STANDING ITEMS

97. FORWARD PLAN

The Corporate Manager, Affordable Homes, added the following issues to the Forward Plan for the June / July 2008 meeting:

- Choice-Based Lettings review;
- Service Plans 2008/09 progress review;
- Housing Performance Indicators;
- Update on stock retention options and effect on service provision;

- Equity share review.

98. DATE OF NEXT MEETING

The date of the next meeting would be determined in the new municipal year.

99. PORTFOLIO HOLDER'S ANNOUNCEMENTS

The Housing and Environmental Services Portfolio Holder thanked all officers in Housing and Environmental Services for their co-operation over the years, which she had found to be a very happy time. She also thanked Councillor Mrs HM Smith for her contributions and Councillor Mrs Smith thanked the Portfolio Holder for making her feel welcome. The Housing and Environmental Services Portfolio Holder wished officers all the best in the future.

The meeting ended at 12.55 p.m.

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO:	Housing Portfolio Holder	8 th July 2008
AUTHOR/S:	Executive Director / Housing Futures Project Manager	

HOUSING FUTURES: NEW LANDLORD SELECTION PANEL - KEY FINDINGS AND CONCLUSIONS

Purpose

1. To consider the key findings and conclusions report of the New Landlord Selection Panel.
2. To make a recommendation to Full Council on the preferred model of new local housing association landlord that would take on the Council's housing in the event that tenants support a housing transfer in a ballot.
3. This is a key decision because:
 - it is likely to be significant in terms of its effects on all communities living or working in the District
 - it is of such significance to a locality, the Council or the services which it provides that the decision-taker is of the opinion that it should be treated as a key decision.

and it was first published in the March Forward Plan.

Background

4. On 13th March 2008 the Executive considered a report on a proposed selection process for the model of new housing association landlord as part of the development of a housing transfer proposal in full consultation with tenants, elected members and staff.
5. The recommendations agreed included the following:

That a new landlord selection panel with 5 tenants, 5 staff and 5 elected members will evaluate the options and present their findings to the Housing Options Portfolio Holder who will make a recommendation to Full Council on the preferred model of new landlord which will be either:

- a new stand alone local housing association or;
- a new subsidiary of an existing or new group of housing associations

That the Housing Options Portfolio Holder will make a recommendation to Full Council based on the outcome of the work of the new landlord selection panel at the end of the initial activity within the process.

A further competitive stage to the selection process will only be commenced in the event that establishing a new subsidiary of an existing housing group or establishing a new group of housing associations is the recommendation considered and agreed by Full Council.

Considerations

6. Following approval of the proposed process for the selection of a model of new local housing association landlord the stakeholder panel was established in April and completed its work in evaluating the options at the end of June 2008.
7. The key findings and conclusions of the panel are set out in the report attached as an appendix.

Options

8. To support the conclusion of the New Landlord Selection Panel (NLSP) that a new standalone local housing association would be the model that would best suit South Cambridgeshire.
9. The alternative option would be to consider a second competitive stage of a new landlord selection process in order to further explore the group models.
10. However, the evaluation process carried out by the NLSP strongly suggests that a new standalone local housing association would best meet local needs, should tenants vote in favour of transfer. Key gains of this model are assessed as:-
 - maximum autonomy
 - maximum local accountability and partnership
 - tenant empowerment in service and strategic matters, and
 - locally determined service excellence.

Importantly, this conclusion takes into account the views and priorities of other stakeholders who have been engaged in the new landlord selection process.

Financial Implications

11. The pre ballot costs of developing a housing transfer proposal would be fully borne by the Council if a new standalone local housing association is agreed as the preferred model of new landlord. However, if tenants support a housing transfer through a ballot these costs are recoverable through the capital receipt and/or from the new landlord.
12. Typically, if a new or existing group of housing associations is the preferred option the pre ballot costs are shared between the local authority and the partner housing association thereby minimising these 'at risk' costs in the event that tenants do not support a housing transfer.
13. The price to be paid for the Council's homes will be also influenced by the model of any new local housing association. In general terms group structures can afford to meet a higher valuation than a new standalone organisation because of reduced set up costs and utilisation of the financial strength of the partner housing association. However, maximising the valuation was not considered to be a high priority in deciding on the model that would best suit South Cambridgeshire as long as the preferred model will deliver two viable organisations – the Council and any new local housing association.

Other Implications

14.	Legal	A new local housing association will need to establish appropriate governance arrangements and meet the registration criteria of the Housing Corporation (or successor body). This is the case regardless of the model selected although if a new local housing association were to be part of a new or existing group structure it would benefit from the experience of the partner organisation in meeting these requirements.
	Staffing	The setting up of a new standalone local housing association will be more resource intensive than with the group models as the partner housing association would be able to provide staffing resources to assist with this process. If tenants support a housing transfer at a ballot the Council will therefore, need to make available key senior managers and support staff to lead on the establishment of the new landlord pending permanent appointments to the senior management structure. This will be in addition to identifying key personnel to lead the negotiations on behalf of the Council in any post ballot phase. A separate report on the agenda on managing conflicts of interest deals with some of these issues in more detail.
	Risk Management	The main risk of not conducting an open and inclusive process for selecting a model of new landlord is that the key stakeholders do not support the outcome. The risk management implications were set out in the Appendix to the report to the Executive on 13 th March.
	Equal Opportunities	Any new local housing association landlord will need to ensure that all groups can be represented and get involved in decisions that affect their homes, including hard to reach groups such as older people and rural communities. The Housing Corporation (or successor body) will require that any new housing association can meet its requirements in terms of equality and diversity in order to achieve registration.

Consultations

15. The details of the stakeholders who were engaged as part of the new landlord selection process are set out in the key findings and conclusions of the NLSP that is attached to this report.

Effect on Service Priorities and Corporate Objectives for 2008/09

16.	Work in partnership to manage growth	A housing transfer proposal could enable the Council to make a more effective contribution to delivery of the new Sustainable Community Strategy and the growth agenda including increasing the supply of affordable housing.
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<p>Deliver high quality, value for money and accessible services</p>	<p>Identifying aspirations of tenants and leaseholders for the future of the housing service and delivering them through a housing transfer proposal will help meet the aim to provide excellent services.</p> <p>Deciding on the model of new landlord is a key first stage in developing a housing transfer proposal and the involvement of tenants, staff and elected members in the process should help secure the support of these key stakeholders for the outcome.</p>
<p>Enhance quality of life and build a sustainable South Cambridgeshire</p>	<p>A housing transfer could help ensure the sustainability and affordability of homes and services in the longer term through investment in energy efficiency measures and improvements above the Decent Homes Standard (DHS). Additional services could be delivered in line with tenant aspirations and priorities that could benefit the wider community.</p>

Recommendation

17. To make a recommendation to Full Council on the preferred model of new local housing association landlord that would take on the Council’s housing in the event that tenants support a housing transfer in a ballot.

Background Papers: the following background papers were used in the preparation of this report:

- Housing Transfer Manual 2005
Office of the Deputy Prime Minister (now Communities and Local Government) October 2004
- Good Practice Briefing Note 9: Choosing a new landlord
Community Housing Task Force (CHTF) publication 2003

Contact Officer: Denise Lewis – Housing Futures Project Manager
Telephone: (01954) 713351

South Cambridgeshire District Council New Landlord Selection Panel

**Notes of Training Day – 17th April 2008
Held at Marketing Suite
Cambourne Business Park
At 10am**

Attending:

Elected Tenant Representatives

Joan Spencer
Dave Kelleway
Helen Kember
Jim Watson
Clifford Moffatt

Council Representatives

Cllr Sally Hatton (until 3.30pm)
Cllr Richard Barrett (until 3pm)

Staff Representatives

Kate Swan
Anita Goddard
Tracey Cassidy
Uzma Ali (until 12pm)
Brent O'Halloran

Steve Hampson	SCDC
Stephen Hills	SCDC
Denise Lewis	SCDC
Dr Steve Sharples	PS Consultants
Katrina Laud	Savills
Jo Greenbank	Savills

Welcome and Introductions

Steve Hampson welcomed everyone to the training day and all present introduced themselves. The purpose of the Panel is to give tenants, Members and staff the chance to work together to think about a good potential landlord option for tenants to consider, alongside the retention alternative, in the transfer ballot some time next Spring. All views were welcome, although the focus of the Panel would be on examining the types of Registered Social Landlord (RSL) structures that may suit South Cambs, rather than debating the case for or against transfer. It was confirmed that tenants would determine in a ballot whether transfer could happen and the Council cannot and has not predetermined this.

Aims of the Day

Katrina Laud introduced Savills and explained how they would support the Panel in its role. She explained the aims of the training day which were to:-

- Consider the Draft Terms of Reference for the Panel
- Understand how the process fits within the wider pre-ballot process

- Look at what local people want to achieve for, and from, the potential new landlord
- Consider how the models can be tested
- Look at how the Panel's work will be shared, and how the views of other tenants, staff, and members can feed into the conclusions
- Agree what the next steps in the process would be

The day would be very participative. The Panel would be asked to take part in several tasks and all of the information gathered would be used within the process.

Terms of Reference

A draft had previously been circulated to Panel members. Jo Greenbank of Savills highlighted key points and all present agreed the draft terms as acceptable. It was noted that the Panel would submit a report of its conclusions to the Housing Options Portfolio Holder. Recommendations to Cabinet would be made by the Portfolio Holder.

The Wider Transfer Process

Jo explained the main stages within the pre-ballot process and stressed that selection of the model of landlord is a key issue. The Panel is asked to ensure that the models are tested and evaluated, that wider stakeholder views are identified and considered and that the conclusions of the Panel are justified. Work is underway with staff via the Communications Group, with tenants via the TPG and the new Transfer Advisory Group (TAG), and with Members at briefing events so that there are good opportunities to share information and seek views.

The Panel was asked to work in two groups to consider what is different, or key to South Cambs under a number of headings. The feedback from the groups was then shared and discussed. The points made by the groups are shown below.

About South Cambridgeshire

Context

- Not a central point, no main town; no central focus
- Market/urban villages
- Large/rural
- Boundaries – rural/urban
- Spread out – logistical challenge

Homes

- Well maintained/good condition; kept to high standard
- Well built traditional housing
- Lack of accommodation for single people/small families
- Sheltered housing
- Change to standards may worry tenants

Tenants

- High expectations/aspirations
- Tenants proud to be South Cambridgeshire tenants – village identity

- Demographics – 60+/sheltered
- Generally happy with Council. Survey shows high satisfaction

Members/staff

- Local knowledge
- Staff structure/experience
- Continuity of people is important
- Councillors to listen to staff and tenants
- Staff – happy in recent years but uncertainty of future no matter what happens
- Must maintain homes and must reassure tenants and staff
- Two scenarios being tested – LSVT, Retention

Performance/Record

- Caring council
- Tenant focuses/orientated – tenant participation
- High satisfaction – repairs
- General opinion it has performed well, but maybe not. Media reporting is that Council is awful, chaos
- Complaints resolved, but do we try to improve?
- Pockets of where it could improve - not enough care, poor organisation, same old complaints, not joined up

Culture

- Village identity
- Strong communication links between staff/members and community
- Hampered/debilitated by money. No feel good factor
- Tenants dispirited. There is false economy/service delivery
- Council remote, villages isolated. Sheltered – no community room – isolation

Aspirations

- Same staff delivering the same
- Grounds maintenance – higher quality service
- Day-to-day maintenance – cleanliness, sheltered housing
- More affordable homes – rent, buy
- Less isolation, being out in communities, accessible
- Tenants – greater involvement/empowerment, transparency.
- Reassure tenants that things are not already decided

Models of RSLs

Katrina Laud explained the four typical models of RSLs. This included:-

- A new stand alone RSL (with/without a partnership for some services)
- A new local RSL that would establish a new Group Structure with an existing RSL
- A new local RSL that would join an existing Group Structure at second tier level
- A new local RSL that would join an existing Group Structure as part of a three tier regionalised structure

Katrina explained what the key characteristics may be, potential benefits/dis-benefits, how Governance functions vary, where tenants may be represented, where local decisions are taken and typically where support services may be located. Katrina explained that there is variation between RSLs and the models are not straight jackets. Culture of the organisations also plays a key role. The Panel was therefore asked to focus at this point on what outcomes they would want to achieve, rather than which structure was felt to be most appropriate.

Katrina outlined the areas which typically Panels may test in considering the merits of models or potential partner RSLs. These included:-

- Governance and independence
- Management and partnerships
- Finance and resource
- Strategic direction
- Tenant empowerment
- Affordable housing
- Tenant satisfaction
- Performance and efficiency
- Staff security, training and development
- Sustaining and expanding services
- Culture and values
- Management of change
- Approach to valuation

The Panel was invited to work in small groups to think about whether these criteria were relevant to South Cambs, which were most important, whether anything important was missing, and how we may want to test the agreed criteria.

Thoughts About Criteria for Testing Models

- Governance and Independence – a strong local say
- Tenant Empowerment & Accountability – how do tenants get on Board
- Local decision making
- Location – where a new landlord and any potential partner would be based
- Others experience is important
- Board must be balanced and equitable
- Another Group may detract from local issues
- Different rural cultures depending where you are
- Tenant Management Organisation – understand more
- Accountable to leaseholders
- Economical? Combine services. Can achieve without formal partnership
- Need a get out clause
- Size is viable
- Formal not essential
- Long term local independence
- Sustainability – independence
- Retention of direct provision of services not Contracts
- Delivering promises
- Growth
- New Build
- Village development

- Quality of environment – don't build in gardens
- RSL must take account of local views
- Provide services to tenants by RSL staff – not contract it. Possible efficiencies
- Accountability – local service delivery

Following discussion of the above, the Panel agreed to think about the following as key opening questions to test the models.

Testing & Evaluation

- How does your model offer LOCAL INDEPENDENCE? What decisions are taken locally?
- How are tenants genuinely empowered in shaping services and delivery of services?
- How does your model deliver financial efficiencies?
- In your model, how are you influenced by others – internally and externally?
- To what extent does your model determine how services are delivered locally?
- What pressures would drive or force you to change your structure?
- How does your model provide the best security and opportunities for staff?
- To what extent does your model influence the local culture?
- What or who would drive the location of your local and corporate service base?
- How would your model help the growth of local services?
- If you aren't happy, how do you get out of your current model? Is there a real say for tenants in this?
- How does your model help deliver local service excellence? How is this measured?
- Why did you choose your model?
- What would your model bring to help a new LSVT deliver quality services?
- How does your model help to deliver more affordable homes?
- What does your model offer the LA – relationship with Councillors? (check their LA outcomes via references)
- How does resident and self regulation or evaluation work in your model?

It was agreed that the Panel would reflect on the above before the next meeting. Subject to any refinement of the questions then the Panel will also think about the

best mechanism to test outcomes. This could be via questions, by references, by looking at key performance indicators, and/or by reality checks on visits.

An Inclusive Approach

Denise Lewis reminded the Panel of the need to involve the wider stakeholders in the work of the Panel. She explained how the Communications Group would link with the Panel through the staff representatives of the Panel, how meetings with TPG/TAG and drop in events for tenants would fit with the process, and how members may engage as the process moves forward.

Next Steps & Process

Jo Greenbank talked about the suggested approach for the next few weeks to ensure the Panel can be inclusive, thorough, and also meet the timetable for completion of this work. This can be summarised as follows:

Next NLSP meeting <ul style="list-style-type: none"> ▪ Refine criteria & process ▪ Feedback from Tenants Group (TAG) ▪ Agree questions for model RSLs 	29th April
Open Day / NLSP meeting with models RSLs <ul style="list-style-type: none"> ▪ Presentation/ Q&A with NLSP ▪ Open session – other tenants; staff; members 	15th May
NLSP meeting to review Open Day outcomes	3rd June
Visits to model RSLs – early June (some core members of the panel to attend plus options for additional stakeholders to attend) <ul style="list-style-type: none"> ▪ Seeing RSLs in locality ▪ Meeting stakeholders and testing questions 	4th-11th June
NLSP Meetings <ul style="list-style-type: none"> ▪ Review outcome of events ▪ Feed in- views of all stakeholders ▪ Reach conclusions 	12th June and 27th June

Subject to agreement on the timing of meetings on these dates, the Panel felt this to be acceptable.

Model RSL Suggestions for Open Day and Visits

Jo Greenbank suggested organisations that may be able to act as models. They have been chosen because of their rural nature, they have a fair proportion of sheltered housing, some have DSOs, their relative proximity to South Cambs and

none would be bidders if South Cambs opts to select an RSL partner. Other suggestions were welcome. The following were agreed, and Savills are to approach them to seek their participation:

Stand Alone Model

Wellingborough Homes
Saffron – (South Norfolk transfer)
Watford – a tenant led stand alone model.

Creating a New Group

Acclaim – includes Dales Housing; an established transfer RSL that has set up a new Group with Seven Locks Housing (the new Harborough transfer)

Existing Group

Longhurst Group – 4 RSLs, one Development Company and one charity. Spire Homes; one of the RSLs is a transfer organisation.

Katrina Laud and Steve Hampson thanked all present for their input.

The next meeting was agreed for 29th April 2008; time to be confirmed. Denise Lewis agreed to check the availability of the marketing suite for future Panel meetings, although the Open Day will be in the Council Chamber.

The meeting closed at 3.50pm.

South Cambridgeshire District Council New Landlord Selection Panel

**Notes of Panel Meeting 29th April 2008
Held at Marketing Suite
Cambourne Business Park
At 4pm**

Attending:

Elected Tenant Representatives

Jim Watson (JW)
Helen Kember (HK)
Joan Spencer (JS)
Clifford Moffatt (CM)
Dave Kelleway (DK)

Council Representatives

Cllr Richard Barrett (RB)
Cllr Stephen Harangozo (SHar)
Cllr David McCraith (DM)
Cllr Sally Hatton (until 4.45pm) (SH)
Cllr Tony Orgee (TO)

Staff Representatives

Brent O'Halloran (BO)
Kate Swan (until 5pm) (KS)
Uzma Ali (UA)
Anita Goddard (AG)

Steve Hampson	SCDC (SHam)
Stephen Hills	SCDC (SHi)
Denise Lewis	SCDC (DL)
Dr Steve Sharples	PS Consultants (SS)
Katrina Laud	Savills (KL)
Sarah Cox	Savills (SC)

Apologies:

Tracey Cassidy
Jo Greenbank

1. Welcome and Apologies for Absence

S Ham welcomed everyone to the meeting and all present introduced themselves. Apologies of absence were received.

2. Notes of Meeting held on 17.4.08 & points arising

The Panel were asked for any comments on the notes of the previous meeting. The following comments were received -

- Page 2 of notes – Terms of Reference – should read report conclusions to Council (not Cabinet).
- Page 4 – definition of sustainability – queried how this relates to independence. Agreed viability would be more appropriate.

It was agreed that the notes were a correct record of the meeting.

3. Feedback from TPG/TAG meeting held on 28.4.08

SHi explained that the group had endorsed what had come out of the discussion at the meeting on 17.4.08, but pointed out that early attention was needed to the location of offices. AG pointed out that location is an important factor in South Cambridgeshire and it is bound up in other factors, and UA noted that location is also important to staff.

AG clarified what TPG is and their role. DK raised the issue of who agrees the offer document. KL clarified that tenants views would influence the content of the Offer Document, but that the final decision on content lies with the Council and the Shadow Board.

DK raised his concern that there are too many tenant groups who don't fully understand the process and who are not elected to make decisions, and that the Offer Document should be decided from an elected group, such as the NLSP. SHam clarified that this group was formed to select the potential landlord vehicle to take the process forward. HK pointed out that any tenant can join the TPG to have a voice.

SHar asked when the Shadow Board would be established. KL explained the process and that recruitment would begin in May 2008 with the first Shadow Board meeting likely to be at the end of June.

4. Review of Criteria and Questions

Papers were distributed suggesting the questions to ask RSLs and the Draft Criteria based on the work of the panel on 17 April. KL asked the group to divide into two to discuss the criteria and to agree on the proposed definitions.

The group discussions raised the following points:

Criteria	Proposed Definition	Points arising from discussion
1. Local Autonomy	Local people will take decisions about the local landlord service and will be locally based	<ul style="list-style-type: none"> • What does 'local' really mean? • People – should be amended to reflect an inclusive approach and include tenants/stakeholders/leaseholders
2. Local accountability & partnership	The local housing association will work in an accountable partnership with SCDC, and with its tenants	<ul style="list-style-type: none"> • Accountability shouldn't be used lightly • Need to make clear that it's not just tenants but also leaseholders • Agreed to use this criteria to focus on work with the Council and the relationship with tenants should be covered in criteria 3
3. Tenant participation and empowerment	Tenants are genuinely empowered to shape delivery of services, and to	<ul style="list-style-type: none"> • Agreed on proposed definition • Logistics and Governance were discussed including in

	have a effective say in the future of the local association	relation to any future change
4. Finance & Resource	The local housing association will be financially strong, & have quality support services	<ul style="list-style-type: none"> • Agreed on proposed definition
5. A fair valuation	Any transfer would create two viable organisations (Council & local housing association)	<ul style="list-style-type: none"> • Agreed that this should be included but need more detail of the impact of the model chosen
6. Service Excellence	The local housing association will be able to deliver quality services/service excellence from a local and accessible base	<ul style="list-style-type: none"> • Agreed on definition but should also include 'high' and 'comprehensive' in the wording ie high quality and comprehensive services
7. Affordable homes	Extra affordable homes will be provided in SCDC	<ul style="list-style-type: none"> • Need to specify a requirement for rented homes in village locations • Need to add 'whilst ensuring service excellence to existing tenants'
8. Staffing matters	Staff will have a good employer that can offer opportunities for training & development	<ul style="list-style-type: none"> • Need to add 'accessible' to the definition in respect of local office base
9. Culture and ethos	The local housing association will be a positive, "people first" community focused organisation	<ul style="list-style-type: none"> • Definition may need to be adjusted • Replace 'community focused' with 'village focused' • Environmental agenda needs to be added
10. Sustainable future	The local housing association can sustain and expand its business	<ul style="list-style-type: none"> • Definition to be reworded to "a strong performing organisation with a capacity to expand its business in a sustainable manner.'

Action: SHil agreed that he would redefine the culture and ethos definition, in consultation with the panel.

Following the discussion SHam clarified that these questions would tease out the answers needed to choose an RSL model.

CM questioned why the Council could not transfer to more than one RSL in order to achieve what is wanted. KL pointed out that this would lose the point of having a local, strong, district-wide service provider, and that choosing a suitable model could perhaps meet the Panel's requirements; for example the community focus offered in the Watford model under a district wide association.

5. Forward Process

- **Event on 15th May**

KL explained that she would do a desktop review of the RSLs prior to the RSL Open Day on May 15th, and that any comments on requirements for inclusion would be welcome.

Action: all Panel members to make any comments/suggestions on the proposal to KL by the end of the week.

Arrangements were discussed for the open day. It was agreed that the preferred method would be a short presentation by the RSLs followed by a Question & Answer session from the Panel. A scoring sheet with a 'traffic light' scoring system would be developed and distributed to the panel beforehand.

The afternoon will consist of an exhibition of the RSLs in the Council Chambers which panel members are welcome to visit.

It was suggested that the exhibition go on later than 5pm in order to allow people to attend after work. However, it was agreed that there are other events planned in other parts of the district out of working hours for tenants unable to attend on the 15th May.

SHil stated that transport could be provided from the sheltered housing schemes if requested, and it needs to be ensured that plenty of seating is available in the exhibition to accommodate those unable to stand for long periods of time.

It was also suggested that refreshments be available in the Council Chambers for the afternoon session.

The draft Exit Survey was distributed to the panel and KL explained that this would be used following the exhibition and open event sessions. The point was raised that the criteria on the exit survey should be in plain English and clear to tenants filling the survey in. It was agreed that there would be assistance/guidance available to those filling the surveys in if required.

Action: all Panel members to make any comments on the Exit Survey to KL by the end of the week.

- **Visit arrangements**

It was agreed that visits to the RSLs would take place on 4th, 6th and 9th June, and that a consistent core of 2 tenants, 2 councillors and 2 staff members from the Panel would attend each, with room for up to 20 members on each visit.

The Housing Futures project support team will contact people with dates once these have been confirmed with the RSLs.

- **Confirmation of meeting dates/times**

The following dates and times were agreed for future meetings:

NLSP meeting to review Open Day outcomes	Tuesday 3 rd June, 2-5pm
NLSP meeting	Thursday 12 th June, 9.15am
NLSP concluding meeting	Friday 27 th June, 4pm

Details of all meetings and papers will be circulated prior to each meeting.

The meeting closed at 6.15pm.

South Cambridgeshire District Council New Landlord Selection Panel

**Notes of Panel Meeting 3rd June 2008
Held at Marketing Suite
Cambourne Business Park
At 2pm**

Attending:

Elected Tenant Representatives

Jim Watson
Helen Kember
Joan Spencer
Clifford Moffatt
Dave Kelleway

Council Representatives

Cllr Richard Barrett
Cllr David McCraith
Cllr Tony Orgee

Staff Representatives

Brent O'Halloran
Kate Swan
Uzma Ali
Anita Goddard
Tracey Cassidy

Stephen Hills	SCDC (SHi)
Denise Lewis	SCDC (DL)
Dr Steve Sharples	PS Consultants
Katrina Laud	Savills (KL)
Jo Greenbank	Savills (JG)

Apologies:

Cllr Stephen Harangozo
Cllr Sally Hatton
Steve Hampson SCDC

1. Welcome and Apologies for Absence

Stephen Hills welcomed everyone to the meeting.
Apologies of absence were received.

2. Notes of Meeting held on 29.4.08 & points arising

The Panel were asked for any comments on the notes of the previous meeting. A correction was made to the notes in respect of the welcome and introductions, which had been given Stephen Hills.

It was agreed that the notes were an accurate record of the meeting.

3. General Feedback from 15th May Events

The Panel were asked for their general comments about the RSL Presentations and Open Event on 15th May. The Panel was generally happy with the outcome and felt that it had been helpful in considering the models of landlord.

It was reported that the Council were happy with the day and the level of engagement that there had been from stakeholders.

The Panel were provided with copies of the results from analysis of the Evaluation Forms completed by visitors at the Open Event on 15th May and the postcards returned following the newsletter.

Denise Lewis explained that the results from these forms help to identify the most important issues for local residents when considering any potential transfer. These are:

- Local Accountability/autonomy
- Tenant Participation and Empowerment
- Service Delivery
- Finance and Resources

Following discussion by the Panel, it was agreed that although local accountability and local autonomy were captured as separate issues on the feedback form, given the way people had scored them, they could be taken together.

4. Benefits and Risks

The meeting considered the scoring awards by the Panel in respect of the landlord models at the presentation on 15th May.

A chart had been drawn up highlighting all of the scores against the questions and key criteria. A copy of this table is attached. It was recognised that not everyone had completed a form and that the associations themselves, rather than the models, may have been scored. Comments on the forms did not always tally with the scoring given. The meeting therefore aimed to identify:-

- areas where there was consensus in the Panel's views,
- areas where there was significant divergence in the scores given together with the reasons for this, and;
- where some of the ratings indicated that further debate was necessary in order to justify future conclusions.

The Panel discussed each model and the criteria and sought to understand what key issues might be further tested through the visits and any future process.

It was noted that in respect of the key priorities identified through the tenant consultation at the 15th May event, the Panel's scoring of the models was consistent and justifiable.

There were a number of areas, however, where the outcome from the scoring required further consideration to ensure the Panel's conclusions are demonstrable.

These are:

- **Location of Services** – both the existing group and creating a group models scored low on this issue and it was felt that this may be linked to geography of the model housing associations that presented. During the visits the Panel was asked to question the model housing associations about the drivers for their choice of location.
- **Staff security and opportunities** – the stand-alone model scored highest against this issue, however it was recognised that for the existing group and creating a group model, issues of geography and business growth may have an impact on this potentially leading to higher scores for these models. In considering any potential partnership, a geographical boundary might be desirable as part of any competitive process to ensure potential gains are captured. Again, the Panel was invited to ask specific questions of the model housing associations’ staff during the visits.
- **Viability of Council and HA** – it was noted that in normal circumstances, the Group options for this model might be able to offer more security to the local housing association than the stand-alone model could achieve.
- **Affordable Housing** – although the particular example stand alone RSL had delivered new affordable housing through a development partnership, it was recognised that the Group options may be able to assist in delivering new homes from a very early stage and that a development partnership would need to be carefully selected to offer the degree of control and choice over quality standards that was quoted in this case. The strength of the stand alone association’s business plan would also dictate whether development could be delivered in the early years before peak debt is achieved. The Panel was invited to consider this further during the visits.

In conclusion, the Panel recognised that although the existing group model scored highest for amber and red lights, there were still a number of green lights for this option and therefore each model seemed to have some merits. At this stage in the process the stand alone model scored the most green lights, creating a new local association and a new group was second highest and joining an existing group scored the least green lights.

5. Risks and Mitigation

The following risks and methods for evaluating risk mitigation were identified and agreed by the Panel in respect of each Model:

Creating a Group

Risk	Test
Protecting local autonomy	It was agreed that the Council’s legal advisers would be asked to produce a short paper which outlined what is possible within a relationship with any partner and the extent to which local autonomy can be protected.

Impact on geography on staff opportunities and culture	It was noted that these risks could be tested if the Council decided to proceed to any competitive process in finding a partner.
Partnership with Council, Affordable Housing and Strong Performance	It was noted that these risks could be tested if the Council decided to proceed to any competitive process in finding a partner by seeking evidence of what had been achieved.

Stand-Alone

Risk	Test
Pressure to Change	It was noted that this would be tested by considering what the stand-alone association in South Cambs might look like if this model was chosen but that consideration could also be given as to what tenant empowerment mechanisms could be established whereby no change to the business could be made without tenant involvement.
Staff Opportunities and Business Growth	It was noted that this would be tested by looking at the Council's business plan and therefore what any association would be able to do but that there could be an understanding gained of the extent of potential areas for improvement within the existing service range. SHi to report on key issues in the latter category.
Viability	It was noted that this would be an issue for the association's Business Plan and the funding position of any new association. A short paper will be produced by Savills to identify the issues and potential mitigation.
Affordable Housing	It was noted that this would be dependent on the arrangements that are put in place with the Council, any development partner and the funding position.

Existing Group

Risk	Test
Local Autonomy	It was agreed that the Council's legal advisers would be asked to produce a short paper which outlined what is possible within a relationship with any partner and how local autonomy can be protected.
Tenant Empowerment	It was agreed that the Legal Advisors would be asked to provide examples of the protection that tenants could be given to have an effective say in strategic decisions in such arrangements.
Pressure to Change	It was agreed that the Panel would be given information to understand what is driving organisations to merge.

6. Visits

Arrangements for the Visits on 4th, 6th, 9th and 11th June were outlined to the Panel.

It was noted that a short form had been produced that Panel members and other stakeholders on the visits would be asked to complete to capture their thoughts on the good things and things that worried them about each model. This would help feedback from the visits at the next Panel meeting on 12th June.

7. Next Meeting

The Panel will meet on 12th June at 9.15am at the Marketing Suite, Cambourne Business Park.

The meeting closed at 4pm.

South Cambridgeshire District Council New Landlord Selection Panel

**Notes of Panel Meeting 12th June 2008
Held at Marketing Suite
Cambourne Business Park
At 2pm**

Attending:

Elected Tenant Representatives

Jim Watson
Helen Kember
Joan Spencer

Council Representatives

Cllr Richard Barrett
Cllr David McCraith
Cllr Tony Orgee
Cllr Stephen Harangozo

Staff Representatives

Brent O'Halloran
Kate Swan
Uzma Ali
Anita Goddard
Tracey Cassidy

Stephen Hills	SCDC (SHi)
Denise Lewis	SCDC (DL)
Dr Steve Sharples	PS Consultants
Katrina Laud	Savills (KL)
Jo Greenbank	Savills (JG)

Apologies:

Cllr Sally Hatton
Clifford Moffatt
Dave Kelleway
Steve Hampson SCDC

1. Welcome and Apologies for Absence

Stephen Hills welcomed everyone to the meeting.
Apologies of absence were received.

2. Notes of Meeting held on 3rd June points arising

The Panel were asked for any comments on the notes of the previous meeting.

It was requested that the following table extracts be corrected from the discussion of the risks of the different models. Amendments are shown in bold type.

Creating a Group

Risk	Test
Partnership with Council, Affordable Housing and Strong Performance	It was noted that these risks could be tested if the Council decided to proceed to any competitive process in finding a partner by seeking evidence of their track record and what had been achieved by them elsewhere .

Stand-Alone

Risk	Test
Pressure to Change	It was noted that this would be tested by considering what the stand-alone association in South Cambs might look like if this model was chosen. Consideration could also be given as to what tenant empowerment mechanisms could be established in a new landlord structure , whereby no change to the business, such as a future merger , could be made without tenant involvement and approval .

It was agreed that the notes were otherwise an accurate record of the meeting.

3. Feedback from Visits

The Panel worked in two Groups capturing feedback from the recent visits to model RSLs. In providing feedback, the Groups were asked to particularly consider how the different models impacted on the issues identified at the last meeting as requiring further exploration. Those issues were – location of services, staff security and opportunities, viability of Council and HA, affordable housing.

The first Group provided feedback on the visits to the creating a Group model (Daventry & District Housing) and a stand-alone model (Wellingborough Homes). They key points they reported were:

- location of services is not affected by the model, you establish what works best for local services and accessibility for tenants. There may be issues about practicalities for staff, but this should not be the driver for a new landlord selection decision.
- Opportunities for staff – the new group appeared to offer more opportunities. The stand-alone example visited had experienced redundancies, but it was recognised that could happen at any time and by any type of organisation. It was recognised that the new Group may offer more opportunities for training and development.
- Creating a group appeared to offer a safer and better option for the viability of the organisations. For the stand-alone, it was recognised that initially there

may be a struggle, but it depends on your Business Plan and the contracts that are put in place.

- In respect of the provision of affordable housing, the new group may be able to hit the ground running because of the track record, however it was recognised that it depends on how many new homes South Cambridgeshire wants to provide and therefore in a stand-alone option, although it could take longer to deliver new homes, this might not be a problem.

The second group fed back on the visits to a stand-alone model (Saffron) and the existing group model (Spire/Longhurst).

- The stand-alone model seemed to offer a local base with accessibility for tenants. The local association within an existing group also had local office bases.
- In respect of staff, communication had been key with the stand-alone model and they had had opportunities to do new things.
- In respect of viability, the stand-alone had been able to build up its reputation and services and ensure its viability.
- In delivering new affordable homes, the stand-alone association would not be able to deliver straight away but could enter into a partnership arrangement. In the existing group, the track record and experience was recognised as being beneficial, although in the current market, even existing groups were facing difficulties in respect of finance.

4. Risks

At the last meeting of the Panel on 3rd June, a number of risks of the different models had been identified.

As a result of those discussions, independent advice had been commissioned and advice or papers were presented to the Group. These covered:

- Drivers for Merger

In recent years a number of housing associations have moved into, or expanded a Group structure. Size of organisation is not always the driver as many smaller traditional associations remain independent whilst some larger associations have joined together. It was noted that it is often the vision of the association and what it seeks to achieve that has led to the change, although a very few mergers have occurred because of regulatory or financial difficulty.

Drivers of change have tended to be around meeting the broader Government agenda, including:-

- Stepping up the pace of provision of additional affordable homes – scale, range of products and markets
- Striving for excellent customer services – within the context of controlled rents
- Creating efficiencies including procurement savings
- Meeting neighbourhood regeneration and social inclusion agendas – acquiring the skills for physical regeneration and a wide range of quality of life initiatives
- Increasing influence – within a local, regional and national context
- Reducing the cost/time spent on meeting the regulatory burden

In the current economic climate a few more mergers may occur if associations have liquidity issues. With a new transfer association the Business Plan would be cautious so that risks of financial exposure are minimised.

- **Assessment of Financial Criteria**

This paper from Savills outlined the position in respect of the different landlord model options against funding, central services, long term sustainability, procurement gains, pre-ballot assistance, post-ballot costs and VAT shelter. The paper concluded that with the current market conditions, the Group option was not as convincing as it once might have been in offering significant financial benefits to a new transfer association, as opposed to a stand-alone model. (Paper attached at Appendix 1)

- **Tenant Involvement and Landlord Structures**

This paper from the Council’s legal advisers, Trowers & Hamlins, identified how tenants would be involved and protected in respect of future decisions around changes to the constitution of a landlord model. It also outlined options around the community gateway model, whereby there could be greater tenant empowerment. (Paper attached at Appendix 2)

- **Legal Agreements**

A matrix from Trowers & Hamlins outlined the different positions in respect of how issues such as independence, delivery of service, appointment of the Board and parental control would be dealt with through the legal mechanisms in the different landlord models. (Paper attached at Appendix 3)

The Panel were asked to consider the papers outside of the meeting and raise any queries.

5. Scoring the Models

The Panel scored the models against the criteria that had been agreed at the beginning of the process. They were reminded of the definitions agreed and the agreed scoring mechanism of green, amber and red which meant:

- Green – fully meets the criteria
- Amber – partially meets the criteria
- Red – does not meet criteria

Criteria	Stand-Alone	Creating a Group	Existing Group
Local Autonomy	Green +	Green	Amber
Local Accountability & Partnership	Green	Amber	Amber
Finance & Resources	Green	Green	Green

Criteria	Stand-Alone	Creating a Group	Existing Group
Tenant Empowerment & Participation	Green +	Green	Amber
A Fair Valuation	Green	Green	Green
Service Excellence	Green (some concerns around speed of achieving it)	Green	Green
Affordable Homes	Amber (might be slower but would retain quality control)	Green (concerns over quality)	Green (concerns over quality)
Staffing Matters	Green	Green	Green/Amber
Culture & Ethos	Green	Amber	Red
Sustainable Future	Green	Green	Green

The Panel checked that the criteria that had been identified as a priorities from the other tenant events was still consistent with the Panel's findings.

The Panel discussed some of the issues around the criteria above in the light of questions raised by PS Consultants acting as "devil's advocate". The Panel was satisfied that if the stand-alone option was the chosen route, they could demonstrate why that conclusion had been reached. These issues would be captured in the Portfolio Holder's report to provide reassurance and show that the strengths, weaknesses, opportunities and threats of each model had been considered.

6. Portfolio Holder Report

The Panel received a copy of an outline of the report that will be produced to present the Panel's conclusions on the landlord model for South Cambridgeshire.

It was agreed that the report would be updated and a final draft circulated to the Panel before their meeting on 27th June.

The Panel were asked however to raise any queries on the existing draft paper or the outcome of the scoring within the next week.

7. Next Meeting

The next meeting will be held on **27th June, 4pm** at the Marketing Suite at the Cambourne Business Park.

The meeting closed at 12.10pm

South Cambridgeshire District Council New Landlord Selection Panel

**Notes of Panel Meeting 27th June 2008
Held at Marketing Suite
Cambourne Business Park
At 4pm**

Attending:

Elected Tenant Representatives

Jim Watson
Helen Kember
Joan Spencer
Clifford Moffatt

Council Representatives

Cllr Richard Barrett
Cllr David McCraith
Cllr Tony Orgee
Cllr Stephen Harangozo

Staff Representatives

Brent O'Halloran
Kate Swan
Uzma Ali
Anita Goddard
Tracey Cassidy

Steve Hampson	SCDC
Stephen Hills	SCDC (SHi)
Denise Lewis	SCDC (DL)
Dr Steve Sharples	PS Consultants
Katrina Laud	Savills (KL)
Jo Greenbank	Savills (JG)

Apologies:

Cllr Sally Hatton
Dave Kelleway

1. Welcome and Apologies for Absence

Steve Hampson welcomed everyone to the meeting.

2. Notes of Meeting held on 12th June and points arising

The Panel were asked for any comments on the notes of the previous meeting.

It was noted that on page 2 of the previous notes, under 'Feedback from Visits', the reference to a stand-alone association experiencing redundancies should have been attributed to Saffron Housing Trust and not Wellingborough Homes.

It was agreed that the notes were otherwise an accurate record of the meeting.

3. NLSP Conclusions Report for Portfolio Holder

The Panel reviewed the draft Conclusions Report which had been produced.

The following issues were discussed and agreed to be amended in the final version of the report:

- Panel Members generally felt that the report reflected their assessment of the models and, in particular, the appendix showing the scoring matrix was accurate.
- It was felt that it would be helpful to include an appendix showing the feedback from stakeholder events, e.g. the 15th May Open Day and the other tenant sessions. This was noted as being important as it would reflect what tenants are saying is important locally and support the Panel's conclusions. It was suggested that the stakeholder feedback results could be presented as charts within the appendix.
- It was agreed to include the notes of the NLSP meeting as an appendix to demonstrate that an open, fair and transparent process had been followed.
- It was agreed to provide copies of the independent adviser reports that the Panel had been given throughout the process – those from Savills and Trowers & Hamlins.
- At 3.5, it was noted that the NLSP minutes themselves had not been provided at the Staff Communications Group or TPG/TAG meetings but that verbal updates had been provided, therefore the report should reflect this.
- At 4.3, it was agreed that clarity was required in respect of the traffic light scoring system to explain that the Panel had used it as structured framework for their assessment and deliberation on the models. As a result, it was agreed that reference to the total scores would be removed from the conclusions section, as it was felt that the text provided a more accurate context for the conclusions.
- At 4.9, it was noted that the Panel were confirming at their meeting on 27th June, the outcome of their meeting held on 12th June.
- It was agreed that the final two paragraphs of the report should be highlighted by pulling them out as a Conclusions section. This would help to emphasise that the outcome of the NLSP's work agrees most closely with what tenants locally have fed back through consultation.

Katrina reported to the Panel that the Housing Corporation have been told of the process and likely outcome. Steve Fox from the Stock Transfer Registration Unit had responded that the Housing Corporation were satisfied with the process followed and that stand alone is a reasonable choice. Their only comment was that "given current market conditions an existing group with an existing group finance facility may have been an easier/cheaper funding route, but this comment is based on current market conditions, who can foresee what conditions will be like in 12 months time."

Following incorporation of the above points into the report, the Panel were satisfied that the report accurately reflected their assessment and conclusion of the landlord model options for South Cambridgeshire.

4. Assessment of Process

As it was the Panel's final meeting, Steve Hampson asked members to reflect on the process and give their thoughts. The following issues were raised:

- It was felt that it had been helpful to carry out the visits to exemplar housing associations in a short space of time, as this had made it easier to compare the models.
- The process had been good and a lot of information had been provided but it would have been helpful to have a glossary of terms.
- There was some concern that it had been difficult to separate the exemplar housing associations from the models that were been considered, which did cause confusion. However, it was noted that the Panel needed to see real associations and an alternative method for testing the models within the agreed process did not appear to exist.
- Panel members felt that all stakeholder groups had worked well together, with all members focussed on achieving their task.

In summary, Steve Hampson noted that the Panel had worked very well together; that it had been unknown territory for a number of people but that everyone had made a contribution from their different perspectives and gained a collective knowledge which enabled the conclusions to be reached. Finally, he added that everyone had participated and entered into the process and had worked very hard.

Thanks was given to all Panel members, to the external consultants for their support and facilitation and for staff members at the Council for all the arrangements that had been made.

It was noted that the report would be presented to the Portfolio Holder who would report on his recommendation at the Briefing Session on 8th July. Panel members were invited to attend the meeting.

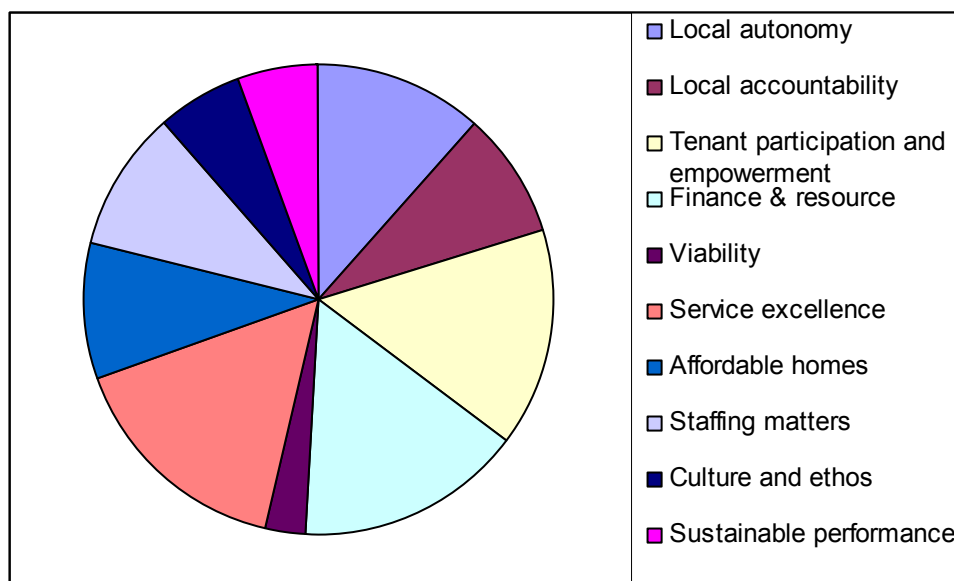
The meeting closed at 5pm.

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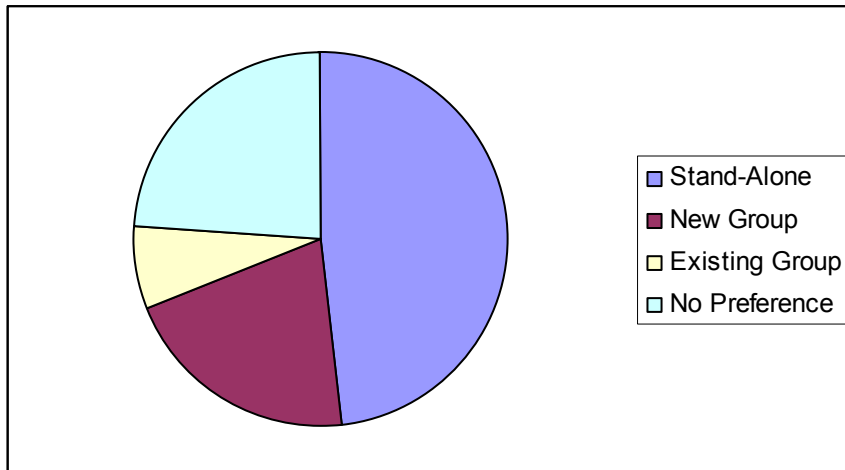
ANALYSIS OF COMPLETED FEEDBACK FORMS FROM STAKEHOLDER EVENTS HELD DURING THE NLSP PHASE OF THE HOUSING FUTURES PROCESS

Open Event 15th May 2008

Criteria for potential new landlord	Stakeholder Group					TOTALS	
	Tenants and leaseholders		Staff		Elected members		
	Number	Ranking	Number	Ranking	Numbers	Number	Ranking
Local autonomy	33	4	6	4	1	40	4
Local accountability	26	5	2	9	1	29	7
Tenant participation and empowerment	43	3	7	3	1	51	3
Finance & resource	46	1	6	4		52	2
Viability	9	10	1	10		10	10
Service excellence	45	2	8	2		53	1
Affordable homes	26	5	6	4		32	6
Staffing matters	20	7	13	1		33	5
Culture and ethos	17	8	3	7		20	8
Sustainable performance	16	9	3	7		19	9

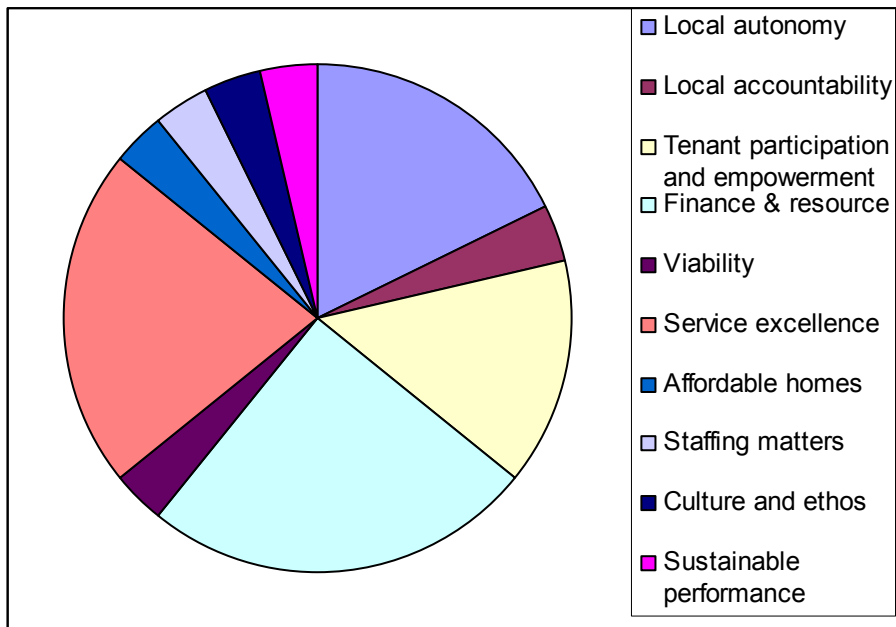


Stakeholder Group	Preference for model of new landlord			
	Standalone	New Group	Existing Group	No opinion expressed
Tenants	27	10	4	15
Leaseholders	8	6	3	5
SUB-TOTAL	35	16	7	20
Staff	11	3		2
Elected members		1		1
TOTALS	46	20	7	23

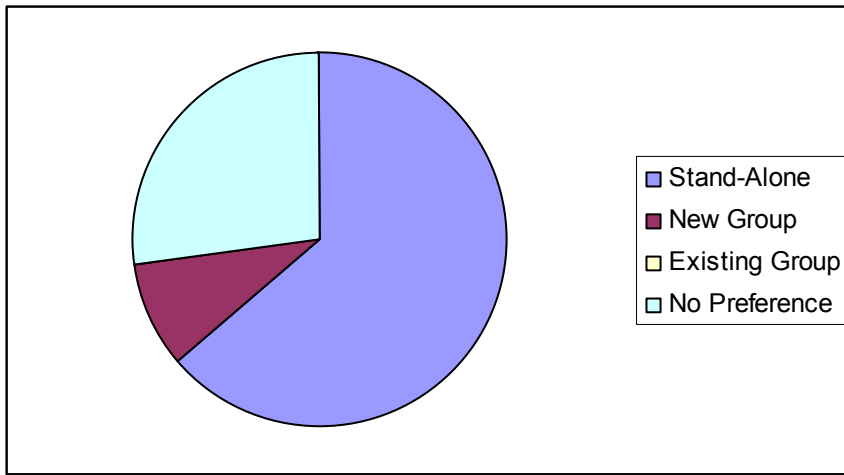


Tenant Events May and June 2008

Criteria for potential new landlord	TOTALS	
	Number	Ranking
Local autonomy	5	3
Local accountability	1	
Tenant participation and empowerment	4	4
Finance & resource	7	1
Viability	1	
Service excellence	6	2
Affordable homes	1	
Staffing matters	1	
Culture and ethos	1	
Sustainable performance	1	



Stakeholder Group	Preference for model of new landlord			
	Standalone	New Group	Existing Group	No opinion expressed
Tenants	5	1		3
Leaseholders	2			
Total	7	1		3



South Cambridgeshire District Council

New Landlord Selection Panel

Our Criteria

<p>Local autonomy – local tenants, leaseholders and other stakeholders will take decisions about the local landlord service and the local, accessible base</p>
<p>Local accountability and partnership – the local housing association will work in an accountable partnership with SCDC</p>
<p>Tenant participation and empowerment – tenants are genuinely empowered to shape delivery of services, and to have an effective say in the future of the local housing association</p>
<p>Finance and resource – the local housing association will be financially strong and have quality support services</p>
<p>Viability – any transfer would create two viable organisations (Council and local housing association)</p>
<p>Service Excellence – the local housing association will be able to deliver high quality, comprehensive services from a local and accessible base</p>
<p>Affordable Homes – additional affordable rented homes will be provided in South Cambridgeshire in village locations</p>
<p>Staffing matters – staff will have a good employer, operating from a local and accessible base, that can offer opportunities for training and development</p>
<p>Culture and ethos – the local housing association will be a positive, learning organisation. It will focus on people and their villages and seek to provide a high quality and sustainable environment</p>
<p>Sustainable performance – the local housing association will perform strongly and have the capacity to expand its business.</p>

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Housing Corporation Comments on SCDC Landlord Selection Process

The panel appears to have covered all the areas I would have expected them to cover in reaching it's decision. Given the size of the stock, even with it's wide spread across the district, stand alone is a reasonable choice. My only comment is that given current market conditions an existing group with an existing group finance facility may have been an easier/cheaper funding route, but this comment is based on current market conditions, who can foresee what conditions will be like in 12 months time.

Regards

Stephen

Please temporary change of mobile number

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South Cambridgeshire District Council

New Landlord Selection Criteria

Testing/Evaluation Mechanisms

Criteria	Open event	Desk top	Visit
Local autonomy – local tenants, leaseholders and other stakeholders will take decisions about the local landlord service and the local, accessible base	√ presentation and questions	√ Trowers report on Intra Group Agreement	√ questions and observation
Local accountability and partnership – the local housing association will work in an accountable partnership with SCDC	√ questions	√ Trowers advice on the transfer agreement	√ questions about role in wider LA strategic working
Tenant participation and empowerment – tenants are genuinely empowered to shape delivery of services, and to have an effective say in the future of the local housing association	√ presentation and questions	√ BVPI and STATUS. Trowers report on constitutional options	√ questions and observation
Finance and resource – the local housing association will be financially strong and have quality support services	√ questions	√ - Savills report	√ questions and observation
Viability – any transfer would create two viable organisations (Council and local housing association)	√ questions	√ review of SOA conclusions and potential negotiation areas	x

Criteria	Open event	Desk top	Visit
Service Excellence – the local housing association will be able to deliver high quality, comprehensive services from a local and accessible base	√ questions	x	√ questions and observation
Affordable Homes – additional affordable rented homes will be provided in South Cambridgeshire in village locations	√ questions	x	√ questions
Staffing matters – staff will have a good employer, operating from a local and accessible base, that can offer opportunities for training and development	√ questions	x	√ questions and observation
Culture and ethos – the local housing association will be a positive, learning organisation. It will focus on people and their villages and seek to provide a high quality and sustainable environment	√ questions	x	√ questions and observation
Sustainable performance – the local housing association will perform strongly and have the capacity to expand its business.	√ questions	x	√ questions and observation



dated 12 June 2008

South Cambridgeshire Landlord Selection Panel

Tenant involvement and landlord structures

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**South Cambridgeshire Landlord Selection Panel
Tenant involvement and landlord structures**

1 Introduction

The Landlord Selection Panel is currently considering the most suitable form of landlord structure to take a transfer of the Council's housing stock. The panel has sought some further advice about the protections that can be put in place to ensure that in the event a decision is taken to transfer to a stand alone organisation that the organisation does not then take a decision to join a group structure at some point in the future without proper reference to tenant's views.

2 Governance arrangements and considering group structures

2.1 There is always a possibility that the new association may at some point in the future want to look towards joining a group structure for a large number of reasons. This however is not a decision which can be taken lightly or in isolation of the views of the various stakeholders and there are a number of steps which would need to be followed before this can occur.

Consulting tenants

2.1.1 Tenants would need to be consulted on any proposed change to the landlord structure. The Housing Corporation will expect to see evidence of this as part of its formal consideration of the proposal. The Housing Corporation has previously indicated that it will not allow new registered social landlords to enshrine a commitment to ballot its tenants on the option of moving to a group structure. Whilst tenant consultation is a necessary part of the process, providing tenants with the ability to effectively "veto" any decision to transfer to a group in the future which may be the most viable or responsible decision is unlikely to be permitted.

2.1.2 The Housing Corporation will need to provide its approval to any decisions to join a group structure and will require evidence that there is a clear business case for doing so, that the decision has been made after careful consideration of all significant key factors and is appropriate under the circumstances.

2.1.3 The board of the association would need to take any decision to joint a group structure very seriously and it is expected that it would only do so following consideration of detailed specialist advice on the implications of this decision. As directors of the association all board members must take any decision to join a group structure in the future having regard to their duties to act in the best interests of the association.

Shareholder votes – the tenant role

2.2 If the board supports the decision to join a group structure this decision must also be supported by the shareholders of the association. Before the association could decide to join a group structure it would need to amend its constitution in order to become a subsidiary. Any changes to the constitution must be approved by the shareholders. In order to achieve this the proposal would require support of over 75% of the shareholders attending and voting at the meeting. In a traditional stock transfer RSL where voting powers of the shareholders are held by tenants, the Council, and the independent

shareholders equally each of these constituent groups holds one third of the vote. In order to pass a resolution requiring 75% it would be necessary to have support from each of the three constituent groups. It would therefore not be possible for the amendment to be passed unless tenant shareholders support the change.

Full scale merger, often done by a transfer of engagements only requires a two thirds majority and so could, in theory, take place if the Council and independent shareholders vote in favour. However it is unlikely that the Corporation would consent if the tenants were against. If this is a real concern then looking at models where tenants hold more than one third of votes may be appropriate.

3 Community Gateway Associations

3.1 If more tenant control over future change is wanted then you could consider a model where tenants hold more of the shares. The essence of the community gateway model is increased empowerment for residents and members. Under the gateway model the constitution normally provides that the only shareholders in the association can be tenants or leaseholders of the association. Unlike the conventional transfer described above the Council would not be a shareholder in the association and any control it would want to keep over the association would have to be through the transfer agreement.

3.2 The standard gateway rules provide for the tenant and leaseholder board members to be elected by tenant and leaseholder shareholders but to prevent this becoming a small group of self perpetuating people, the normal rules also say that if the number of shareholders is less than 25% of the total number of tenants and leaseholders then the board can direct for different kinds of elections to be held but the underlying principle for the community gateway is that an association is owned by its residents.

3.3 The make up of the board in a gateway association is also different from the common 4/4/4 or 5/5/5 of a stock transfer. It would be more usual to have 7 tenants and leaseholders, 3 local authority appointees and 5 independents.

3.4 Community gateway associations all have what are called different things in different places but are sometimes called a gateway committee, a gateway board, or a residents group but in each case this is a body intended to have a very large number of resident members which link into an influence the operations of the association. The association's board however remains responsible through the control of the association in the normal way.

3.5 With a community gateway the resident shareholders would have real control over future change.

4 Controlling change through the transfer agreement

Quite separately from the shareholding it is possible to require in the transfer agreement that the Council consents to any future merger or joining a group structure. The clause could require that the Council has to be satisfied that tenants have been fully consulted but as said above they could not require another ballot. Usually such clauses are for a limited period, say 5 years.

5 **Conclusion**

- 5.1 Whilst none of the landlord models provide circumstances where there can be an ability for the landlord to remain a stand alone association indefinitely or at all costs there are certainly a number of mechanisms by which tenants can feed into the process. As mentioned above tenants will always need to be consulted before the decision to move to a group structure is taken. The shareholding of the organisation will also need to support the rule changes necessary to join a group structure. Clearly from the tenants' perspective the more influence which tenants are able to exert through the vote at general meeting (and this is at its strongest under the gateway model) the greater the level of influence they can have in the future governance arrangements of the new landlord.

Trowers & Hamlins
12 June 2008

Review of IGA Models

	Existing Group Structure	Newly formed Group Structure	Independent "stand alone" organisation
Acknowledgement of a level of independence for subsidiary	Yes, subject to Housing Corporation policy retirements in Good Practice Note 11. Some groups will have a more flexible approach than others. Examples of independence would include the subsidiary operating with its own business plan (subject to approval at Group level); the subsidiary having a defined area of operation, the tenant "golden share" option	Yes- this will be a key consideration in the establishment of the group and in negotiations with preferred partner. Will still be subject to Housing Corporation policy retirements in Good Practice Note 11. Examples of independence would include the subsidiary operating with its own business plan (subject to approval at Group level); the subsidiary having a defined area of operation, the tenant "golden share" option	Organisation will be completely independent
Appointing and removing Board	Depends on rules, but likely to be governed by existing policy/practice within the group. subject to Housing Corporation policy retirements in Good Practice Note 11	More likely to be able to negotiate minimum requirements of subject to Housing Corporation	Not applicable
Exit?	For negotiation with chosen group. Most groups don't look favourably on exit provisions.	Yes- this will be a key consideration in the establishment of the group and in negotiations with preferred partner. But could exit work both ways - so to force South Cambs RSL to become independent?	Not applicable
Chief Executive appointment	Most parent boards will expect a major role Options around who the CE is employed by,	Most parent boards will expect a major role Options around who the CE is employed by,	Board decision

	Existing Group Structure	Newly formed Group Structure	Independent "stand alone" organisation
	for example jointly by Group and subsidiary	for example jointly by Group and subsidiary	
Restrictions on step in (note: none are contractually binding – this is normal now)	Likely to be governed by existing policy/practice within the group.	A key consideration in the establishment of the group and in negotiations with preferred partner.	Not applicable
Service provision:			
Compulsory	Likely to be assumed that key services will be required to be purchased from Parent	Less likely- as in the first instance, a new Parent may well not provide central services	Not applicable
Ability to go elsewhere	Not likely except where Parent is in default	Not likely as (assuming services would be provided) new Parent's business plan may rely on purchase of services	Not applicable
Transparent payment mechanisms	Likely to be governed by existing policy/practice within the group. May be options around how these are calculated, including marginal costs.	Likely to be more transparent as new parents business plan will be devised according to purchase of services. May be options around how these are calculated, including marginal costs.	Not applicable
Dispute resolution	Likely to be governed by existing policy/practice within the group, but likely to be Parent Board	For discussion with chosen partner, but likely to be Parent Board	Not applicable
Who has the final say?	Some offer independent arbitration, although this is becoming rare	Some offer independent arbitration, although this is becoming rare	

	Existing Group Structure	Newly formed Group Structure	Independent "stand alone" organisation
General points	Structure is likely to be governed by existing policy/practice within the chosen group - there could well be a trade off between the overall package offered and the governance structure.	Clear ability to negotiate terms with chosen partner; that said overall parameters will still be driven by Housing Corporation's good practice note 11 and overall requirement for parental control.	

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South Cambridgeshire Landlord Choice - Assessment of financial criteria

Financial criteria	Explanation	Group Option	Stand alone option
Funding	<p>The current economic climate has affected Housing Association funding as much as any other part of the economy. There is currently a difficulty in gaining loans for both new and established Associations and there is no evidence that one is likely to be more successful than the other. The overall position is expected to change over the next 12 months and no transfer has yet failed to be funded.</p>	<p>Previously, it was our expectation that the Group would be able to gain better terms for loans than a stand alone but this seems to be no longer the case. Costs of borrowing and interest rates will be higher than previously envisaged and some Associations would find it more difficult than others to raise additional finance because of their current loan position</p>	<p>It is expected that funding for stand alone Associations will continue but the market is much smaller and costs are increasing substantially. Both these costs will need to be factored into the Business Plan and the valuation</p>
Central Services	<p>The Council currently provides central services to the Housing Department, e.g. financial services, Human Resources, Legal Services, Information Technology, etc. In a Group, the services are likely to be provided in a similar way to the Council, by the Group parent, with the charges being negotiated between the parent and the subsidiary. In a stand alone position, it is likely that the Association would initially purchase some of these</p>	<p>It would be important for the Group to provide the services from the Group parent, to help it achieve the economies of sale that it needs to gain from growth. Although this can be identified as part of the negotiations and taken into account for the valuation, any future arrangements would be negotiated between the parent and the subsidiary. There is unlikely to be any choice for the Association to buy them elsewhere but in the first</p>	<p>Most stand alone Associations make arrangements with the Council for the provision of services directly after transfer, given the amount of work involved in setting up new arrangements. This can last for around a year (longer in some instances). After that, it is for the Association to decide how to provide its services, whether to have in house staff, or to provide from elsewhere. The advantage is that the control is with the Association, the</p>

Financial criteria	Explanation	Group Option	Stand alone option
	<p>services, if not all, from the Council before setting up its own in-house team or buy the services from elsewhere. In some circumstances there may be secondary TUPE obligations after a service is bought from the Council</p>	<p>instance they may purchase some from the Council, such as IT. It would be expected that the Group should be able to provide services at a competitive cost and potentially would be able to afford more specialist staff, or to recruit and retain higher calibre individuals than would be the case for stand alone (this depends on the size of the Group)</p>	<p>disadvantage is that it may not gain from the economies of scale.</p>
<p>Long term sustainability</p>	<p>It is difficult at time of transfer to effectively consider all the potential risks for which there is a difference between the two options in terms of mitigation. The Business Plan for both options would be put together on the basis of a sustainable organisation, with the necessary stress testing and sensitivities carried out.</p>	<p>The key benefit of being in a Group is that should problems emerge from the Business Plan, then the financial strength of the Group should be able to assist. However, should the problem be one that is affecting all subsidiaries, then the extent of this support cannot be guaranteed. In a Group situation there is some potential for an internal market for services between member companies; this saves the VAT element of any charges</p> <p>The Group Structure may mean that there is experience of partnering or</p>	<p>The Business Plan for the stand alone option would be risk assessed to ensure that it is robust. This would be a requirement of funders. It is likely that a greater amount of contingency would be included and a more prudent approach would be adopted, than would be the case for a new subsidiary, which could result in a lower valuation. The stand alone could seek to sell its services to another RSL, or purchase services.</p>
<p>Procurement gains</p>	<p>Stock Condition surveys include sums of money for the costs of</p>		<p>The subsidiary would need to invest time (and possibly get external</p>

Financial criteria	Explanation	Group Option	Stand alone option
	goods, fitting, etc and are based on single purchases, e.g. kitchens at £3,500. Given the extent of the purchasing necessary, savings should be made through smart procurement	other forms of procurement that can assist the subsidiary in getting the right deal. The Group may also have procurement deals which the subsidiary can join, but this may reduce local choice	advice) on procurement to ensure that it can make the necessary gains. Given that it will want to start the works programme as soon as possible after transfer, this may reduce the overall gain that could be made. However, it may be easier to involve tenants in the selection if there are no existing deals.
Pre ballot assistance	In certain circumstances, where a Group Structure is envisaged then the Association contributes to the pre and post ballot costs of the Council. They can also provide other forms of assistance, e.g. staffing resources, expertise, etc.	As part of the bidding process, it is normal for bidding Associations to agree to meet some of the Council's costs for the pre-ballot period. This can be in the region of £200K - £300K. They often also provide expertise in terms of communications skills, etc or staff to back up the Council's team	The Council would meet the pre-ballot costs although provided the transfer takes place, then this can be set against the capital receipt
Post ballot costs	For a stand alone the post ballot costs are shared between the Council and the Association (in the form of a loan) whereas the parent is expected to meet the post ballot costs for the subsidiary. Costs can easily be in the region of £2m - £3m once the costs of borrowing are taken into account.	All the post ballot costs are met by the parent or the subsidiary. In reality this normally means that the costs are factored into the Business Plan of the subsidiary. They are not factored into the valuation.	Here the Council will make a loan to the Association for its set up costs, some of which will be repayable. The Association will need to build the repayable elements into its Business Plan. The Council's post ballot costs can be set against the capital receipt.

Financial criteria	Explanation	Group Option	Stand alone option
VAT shelter/RTB sharing	It is likely that the Council and the Association will enter into a VAT shelter to allow the Association to reclaim VAT on the works required at the outset. The benefits will be shared between the two parties. There will also be an agreement to share the future receipts from RTB sales	The subsidiary will enter into the two arrangements which will be negotiated outside of the valuations. This is the same as for a stand alone.	The subsidiary will enter into the two arrangements which will be negotiated outside of the valuations. This is the same as for a Group Structure

South Cambridgeshire District Council

New Landlord Selection Panel

Evaluation of the housing association models

Criteria	Stand-Alone	Creating a Group	Existing Group
Local Autonomy	Green +	Green	Amber
Local Accountability & Partnership	Green	Amber	Amber
Finance & Resources	Green	Green	Green
Tenant Empowerment & Participation	Green +	Green	Amber
A Fair Valuation	Green	Green	Green
Service Excellence	Green (some concerns around speed of achieving it)	Green	Green
Affordable Homes	Amber (might be slower but would retain quality control)	Green (concerns over determination)	Green (concerns over determination)
Staffing Matters	Green	Green	Green/Amber
Culture & Ethos	Green	Amber	Red
Sustainable Future	Green	Green	Green

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Report to: Portfolio Holder for Housing

Date: 27.6.08

Author: Katrina Laud
Savills Housing Consultants

Title: **Selection of a Housing Association model for a potential Housing Transfer subject to tenant support for this option through a ballot**

Purpose: To provide a report on the New Landlord Selection process and the conclusions of the stakeholder panel in order to inform the recommendation of the Portfolio Holder.

1.0 INTRODUCTION

1.1 Following an extensive options appraisal process, the District Council agreed to consult tenants on a proposed transfer to a new local housing association (a Registered Social Landlord).

1.2 In March 2008, Cabinet approved the establishment of a New Landlord Selection Panel and agreed the process which the Panel would follow in evaluating the models of housing associations. The models to be considered were:

- A new local stand alone housing association
- A new local housing association that would create a new Group structure with an existing housing association
- A new local housing association that would join an existing Group structure

1.3 The selection process spanned a period of approximately three months, commencing in April 2008 and concluding at the end of June 2008. At this point the New Landlord Selection Panel's conclusion on a preferred model is considered by the Portfolio Holder as the recommendation is prepared for Council.

1.4 This paper details the process used by the New Landlord Selection Panel, the criteria for evaluating the models and the justification for the conclusion.

2.0 SUMMARY OF THE CONSULTATION AND CONCLUSION

2.1 The New Landlord Selection Panel concludes that the model of housing association that would best meet local needs, should tenants vote in favour of transfer, is a new local stand alone housing association. Key gains of this model are assessed as:-

- maximisation of local autonomy

- maximisation of local accountability and partnership
- tenant empowerment in service and strategic matters, and
- locally determined service excellence.

2.2 The process to reach this conclusion was iterative. There were opportunities for tenants, staff and members to consider the Selection Panel's criteria, proposed approach and deliberations. All who participated in these opportunities were encouraged to feed views in to the meetings. Sections 3 and 4, together with Appendix Two of this report, provide further detail of the consultation and the feedback received.

2.3 The mechanisms used to engage stakeholders beyond the Selection Panel included:

- Meetings of Transfer Advisory Group (TAG) and the Tenant Participation Group (TPG)
- The staff Communications Group
- Drop in events with exit surveys
- Newsletter detailing the options and reply paid feedback slips
- Staff team meetings
- Member briefing (12th June)

2.4 This Selection Panel's conclusion takes into account the views and priorities of other stakeholders that engaged with the new landlord selection process. The Panel felt that the stand alone model was a good fit with the Selection criteria, and was the most likely of the transfer options to meet the current aspirations of stakeholders.

3.0 THE NEW LANDLORD SELECTION PANEL AND ITS APPROACH TO CONSULTATION

3.1 It was agreed that the New Landlord Selection Panel (the Selection Panel) should consist of a mixture of tenants, Councillors and staff so that a balanced view of all key stakeholders could be taken of the housing association models.

3.2 The Selection Panel consisted of:

- Five Councillors; chosen to reflect political proportionality with 3 members drawn from the Conservative Group, 1 member drawn from the Liberal Democrat Group and 1 member drawn from the Independent Group.
- Five tenants; with 3 individuals elected to represent South, East and West geographical areas respectively, 1 Leaseholder representative and 1 Sheltered Housing representative.
- Four nominated staff members and a nominated union representative.

3.3 The Selection Panel met on five occasions throughout the process and the meetings were facilitated by officers from the Housing Futures Management Team and Savills Consultants; the Council's Lead Advisors in the pre-ballot period.

- 3.4 The Panel also benefitted from the attendance and input of PS Consultants, the Independent Tenants' Adviser.
- 3.5 Records of the meetings were taken and circulated to the Panel. Copies of these are attached at Appendix One.
- 3.6 Verbal reports on the Panel's work were provided to TAG, TPG, and to the staff Communications Group throughout the process. A briefing held on 12th June provided an opportunity for dialogue with Members.
- 3.7 The Selection Panel was keen to receive input from wider stakeholders during the evaluation process. The approach therefore included opportunities for those that may not be engaged in formal mechanisms to find out more about the options and to record their views. The principle mechanisms used in this respect were:-
- A drop in event on 15th May held at the Council's offices and two tenant open events held at Sawston and Histon. Those attending were encouraged to complete a written exit survey.
 - The Housing Futures Newsletter which disseminated information and sought comment via a reply paid postcard.
 - Opportunities to join the visits to exemplar housing associations.

A summary of the feedback received is attached at Appendix Two.

- 3.8 PS Consultants held a number of pre-meeting briefings with the tenant representatives and members of the Selection Panel in order that they had additional information and were well prepared to participate fully in the process.
- 3.9 The Selection Panel attended an initial training event on 17th April at which the criteria were considered and key draft questions were formulated to guide the evaluation. The criteria subsequently confirmed are shown at Appendix Three.
- 3.10 The Housing Corporation was advised of the selection criteria and the process, and Officer comments were invited. The comments received confirm that the Panel's approach to their role meets Corporation expectations for this process and the Panel's conclusion is seen as a reasonable choice. A full copy of the response is shown at Appendix Four.

4.0 THE SELECTION PANEL EVALUATION PROCESS

- 4.1 The Selection Panel agreed that a number of mechanisms would be used to test the models of housing associations. It was felt that contact with existing housing associations offered the best opportunity to gain good information. This would be augmented by some desktop research and some specific legal and financial advice produced by the Council's Legal Advisers, Trowers and Hamlins, and the Lead Consultant, Savills. Appendix Five shows in tabular form the mechanisms used to test the criteria at each stage during the process. Appendix Six

includes the legal advice and Appendix Seven shows the financial advice received by the Panel.

4.2 It was agreed that the housing associations invited to assist the Selection Panel should not be those that may bid to become a partner in the event that the Council resolved to proceed with a competitive process.

4.3 It was further agreed that the Selection Panel would use a traffic light system to evaluate the models against the criteria. The traffic lights signified as follows:

- Green – fully meets the criteria
- Amber – partially meets the criteria
- Red – does not meet the criteria

The Panel agreed to use this mechanism as a framework to guide their decision making. At the same time the Panel recognised that their conclusions would expand on their reasoning for particular ratings, and identify more subtle differentials between the models.

4.4 The initial stage was for the Selection Panel to receive presentations from the following housing associations:

- Saffron Housing Trust (a stand alone housing association)
- Acclaim Group (a newly created Group structure between two housing associations)
- Longhurst Group (an existing housing association Group structure)

Each Association was invited to bring a tenant, a Board member and staff to the presentation. The format included a short presentation covering four key questions linked to the criteria, followed by a standard question and answer session.

4.5 The presentation session was followed by an Open Event that all tenants, members and staff were invited to attend. It is estimated that around 100 people took up this opportunity and benefitted from the chance to ask questions of each of the model housing associations, to look at key information they produce, and to talk to the Housing Futures project support team. Exit surveys were collected, with results being collated and reported back to the Selection Panel.

4.6 In order to ensure tenants had extra opportunities to find out more about the housing association models, tenant open events were held at the end of May/early June. These promoted housing and other services as part of the Council's wider tenant participation strategy and featured information on the models of new landlord and the Housing Futures process more generally. At these later events the housing association literature was made available and both the ITA and South Cambridgeshire's housing staff were on hand to answer questions. Again exit surveys were collected and used to inform the Selection Panel's work.

4.7 As a reality check, the Selection Panel agreed that visits should be made to the model housing associations. It was not always possible for the same housing associations to participate; nor for all Panel members to join each trip. A core of tenants and staff attended all visits, and there was always a Member presence. Where space permitted, other tenants, staff and councillors were invited to join the visit party. This served as a further opportunity to engage wider stakeholders in the evaluation process.

4.8 Visits were made to the following organisations:

- Wellingborough Homes (a new stand alone association)
- Saffron Housing Trust (an established stand alone association)
- Daventry and District Housing (a new housing association that created a new Group structure, Futures Group, with an existing association)
- Spire Homes (an established member company within the Longhurst Group)

The format of the visits varied, however, on each occasion, stakeholders were able to meet tenants, Board members and staff. There were opportunities to view housing association homes and offices and to talk in an informal way to the housing association representatives.

4.9 The Selection Panel met on 12th June and 27th June to debate its findings and to seek consensus on its conclusion. The technical reports of the consultants referred to at 4.1 above were presented to the first of these meetings. At the second meeting the Panel confirmed its assessment and considered a draft of this report.

5.0 JUSTIFICATION OF CONCLUSION

5.1 Overall, the Panel recognised that each of the models offered a potential transfer organisation strengths and opportunities. The Panel sought to identify the best fit with South Cambridgeshire's needs and the current expectations of the respective stakeholder groups.

5.2 The Panel's evaluation of the models is shown at Appendix Eight. Key features of the assessment are highlighted below.

5.3 Joining an Existing Group

5.3.1 The option of joining an existing Group was the least popular model.. The model was seen to offer strengths in finance and resources and the sustainable future of the local association. It would offer the Council and the new organisation a fair valuation and it could lead to quick wins in the delivery of affordable housing and service excellence. Despite the green light in the area of affordable housing, there were some questions about the extent to which the local association could specify the quality of the homes provided, or whether it would be forced to accept a standard level of quality. In the area of sustainable future, the Panel recognised that there may be an internal market for specific

services and that VAT savings could be made by delivering improvements through partnership.

- 5.3.2 Three of the criteria assessed as most important locally received only amber lights; these were local autonomy, local accountability and partnership, and tenant empowerment. Here the assessment was that the Group is required by the Housing Corporation to have the ultimate right of control for its member organisations. The Panel felt that, whilst the right of control could be constrained to specific circumstances in the Intra Group Agreement, South Cambridgeshire would inevitably be joining any partner under core pre-existing terms set by others. Local accountability and partnership with the District Council could be weaker in this model, depending on the Group's focus on other localities. There were concerns that tenants would not be empowered to have an effective say in the strategic direction of an existing Group.
- 5.3.3 In addition, some members were concerned that staff may only experience additional opportunities if the Group was located in reasonable travel distance. Although a Group with a compatible culture and ethos could perhaps be identified through a competitive process, the future culture could change radically and may not be strongly influenced by South Cambridgeshire. For this reason, the criteria on culture and ethos was assessed as a red light.

5.4 Creation of a New Group Structure

- 5.4.1 The creation of a new Group structure with an existing association was assessed as a potentially attractive option. Here, the Panel perceived there would be more influence for South Cambridgeshire than with an existing Group, as it could be an equal partner in negotiation about how the new parent company should be established. This would include the governance and control arrangements and the services that should be provided to member companies. It should be possible to identify a partner that placed similar weight on tenant empowerment and that would enshrine this principle constitutionally.
- 5.4.2 The Panel recognised that there could be advantages of working with a partner that understood Housing Corporation requirements and their expertise could be helpful in the early delivery of service improvements and efficiencies. If a local partner were chosen then there could be additional opportunities for staff to work within or across the Group, or to sell services such as those of the DLO. The latter would depend on geographic proximity.
- 5.4.3 Two exceptions to the positive assessment were the criteria on local accountability and partnership, and culture and ethos. These were both rated as amber. As in the existing Group model, there were concerns that the focus on South Cambridgeshire's needs could be diluted by a Group that worked more widely. The extent of influence over the culture and ethos of a new Group was assessed as amber rather than red, reflecting the stronger potential role for South Cambridgeshire in establishing the new entity. Nonetheless, the Panel felt that an existing association could have more influence because of its experience in the housing association sector. Some members identified this issue from

the visit to and discussion with the new transfer organisation exemplars within the new Group category.

5.5 The Stand Alone Model

- 5.5.1 The stand alone model received the most positive assessment of the three models and it was felt to be a good fit with the agreed criteria.
- 5.5.2 The Panel recognised that short term, if tenants voted in favour of transfer, then any new association would have to work hard to meet Housing Corporation requirements and to ensure the early delivery of the Promises. However, it was felt that, given adequate resources, the medium and long term gains of this model for all local stakeholders outweighed the short term advantage offered by Group structures.
- 5.5.3 The stand alone model was seen to be very strong in delivering local autonomy, ensuring that local people would take local decisions on all aspects from service delivery to forward strategy. In the same way only local people would have influence over the culture and ethos of a stand alone organisation.
- 5.5.4 It would be key for any new stand alone organisation to forge a strong relationship with its sponsoring District Council and therefore accountable partnership would be crucial.
- 5.5.5 Clearly, tenant empowerment is a principle to which the stakeholders in South Cambridgeshire are committed. It would be possible to incorporate Community Gateway principles into the local stand alone model to ensure tenants are able to effectively influence services and the direction of the whole organisation.
- 5.5.6 In turn, the strength of tenant influence combined with the commitment of staff to the stand alone model, should mean that service excellence would be a core driver for any new association.
- 5.5.7 Given the Council's position on seeking a fair valuation that would support two viable organisations (the Council and any new association) going forward, then the stand alone model could be assessed as green for finance and resources.
- 5.5.8 The Panel considered carefully the criteria around opportunities for staff, and the sustainable future of any new association. In the former area the Panel concluded that a new organisation may be able to create additional specialist posts. An acceptable training budget would be included within the Business Plan. Negative subsidy would no longer apply and therefore more resource would be available within the Business Plan. The Panel considered the experience of Saffron Housing Trust and felt that partnerships with existing associations offered a route to efficiency savings in procurement, development of additional affordable homes and potentially the sale of services.
- 5.5.9 The amber light applicable in this model was a reflection that development of affordable housing may be more limited in scale until any new association passed "peak debt". Some development was felt to be achievable and there would be real influence over the quality

standard. In addition, the Panel believed that the focus of any new organisation should be on delivering the transfer Promises and service excellence rather than on immediate growth.

6.0 Conclusion

6.1 In conclusion, the Panel felt that the stand alone model was the best fit with the agreed criteria. Based on the wider feedback received during the process it is also assessed as the most likely of the transfer options to meet the current aspirations of stakeholders. It retains flexibility for the future, with tenants able to influence any future proposed changes.

6.2 The Panel approves this report on its work and conclusions and submits its report to the Portfolio Holder for consideration.

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO:	Housing Portfolio Holder	8 th July 2008
AUTHOR/S:	Executive Director/ Housing Futures Project Manager	

HOUSING FUTURES: TENANT BALLOT PAPER**Purpose**

1. To consider the relevant guidance and best practice on the phrasing of the question to be used on the ballot paper when tenants are asked to vote on a housing transfer proposal.
2. This is not a key decision but is being brought to the Housing Portfolio Holder for consideration because of the commitment made at the Full Council meeting held on 31 January that there would be retention option on the ballot paper.

Executive Summary

3. Whilst not currently a legal requirement, a properly conducted formal ballot, carried out under the auspices of an independent body, is considered to be the most effective way in which a local authority can demonstrate satisfactorily that a majority of tenants are not opposed to a housing transfer proposal.
4. The relevant guidance is set out in the *Housing Transfer Manual 2005* published by the Office of the Deputy Prime Minister (ODPM) now Communities and Local Government (CLG) and this includes the informal and formal consultation requirements as well as a recommendation on the wording of the question that should be included on ballot papers.
5. The material produced as part of the informal consultation process and the formal consultation or 'offer' document itself should have made clear the implications of a 'no' vote as well as what a housing transfer would mean for tenants. Therefore, any alternative wording to the question to be included on the ballot paper to that recommended is unlikely to be necessary or acceptable to the CLG.

Background

6. The Secretary of State cannot grant consent to a housing transfer if it appears that the majority of tenants are opposed to it. Whilst not currently a legal requirement, a properly conducted formal ballot, carried out under the auspices of an independent body, is considered to be the most effective way in which a local authority can demonstrate satisfactorily that a majority of tenants are not opposed to the transfer proposal.
7. The Housing & Regeneration Bill proposes that a tenant ballot should be a legal obligation in respect of any housing transfer proposal. This will formalises the current arrangements and stresses the importance of meeting CLG requirements in this as well as other aspects of the housing transfer process.

8. There is comprehensive and detailed guidance available to local authorities who are looking at a housing transfer option. This guidance is set out in the *Housing Transfer Manual 2005* published by the CLG in March 2004.

Considerations

9. The *Housing Transfer Manual* includes as Annex N *Consultation material good practice guidance* that sets out the key requirements for both the informal and the formal consultation stages of a housing transfer proposal.
10. In terms of the informal consultation it suggests that techniques should be tailored to local circumstances, including the number of properties involved and the geographical spread of tenants. The aim of the exercise should be to give tenants the necessary information to make a well informed and genuine choice. However, the following points should be borne in mind:
- all material should be accessible, clear and accurate;
 - it should not over simplify the issues at the expense of accuracy and should look at the case for and against transfer;
 - **the information should explain the consequences of staying with the Council and of transferring to a new local housing association**
11. As part of the formal consultation stage of a housing transfer proposal the stage one notice – or ‘offer’ document will set out all the key details of the transfer proposal, including the likely consequences of the transfer for the tenant.
12. Annex N also makes specific reference to the ballot paper and from this it is clear that the CLG believe that it is important that the question posed is as unambiguous and direct as possible and reflects the terms in which the consultation material has been expressed. Like the Electoral Reform Services (ERS) organisation, who conduct the majority of housing transfer ballots, and for the avoidance of doubt, the CLG would wish to see tenants being asked the following question:
- Are you in favour of the Council’s proposal to transfer the ownership and management of your home to (proposed new housing association landlord)?*
13. An alternative wording to that suggested in the guidance would need to be agreed with the CLG in order to ensure that they are satisfied with the formal consultation process carried out by the Council in connection with its housing transfer proposal and that the test set out in paragraph 3 above has been met.
14. Having been contacted on this issue the CLG have made clear that their expectation that the tenant ballot paper should be worded in line with their guidance.
15. In view of the above, the amended version of the minutes of the Full Council decision of 31 January 2008 that includes the statement ‘there would be a retention option on the ballot paper’ is not likely to be approved by CLG.
16. The Council is required to seek Secretary of State approval for its consultation materials, and in the event that these do not meet their requirements as set out in the *Housing Transfer Manual*, then it is unlikely that consent will be granted for a housing transfer under the Housing Act 1985.
17. When a local authority is considering a housing transfer to a new local housing association landlord ERS as an independent organisation usually administers a

transfer ballot in which all tenants are given the chance to vote for or against the change of ownership and management of their homes.

18. ERS has unparalleled experience of every type of transfer ballot, and can offer housing authorities expert guidance on their individual technicalities. Their advice has been sought on the proposal to include a retention option on the ballot paper. Their response is that the question needs to be very clear. They have also indicated that the use of an introductory paragraph would just confuse tenants. They have provided some sample ballot papers that have been used elsewhere and these are attached as an appendix to this report.
19. The Council's lead advisor Savill's have experience of working on 20 housing transfers prior to being engaged by the Council to support the development of a housing transfer in South Cambridgeshire. Given their considerable experience they have also been consulted and advise that the typical wording of a ballot paper is as set out in the CLG guidance.
20. The Independent Tenants Advisor (ITA) PS Consultants have also been consulted as they have extensive experience of housing transfer and they have advised that in the overwhelming majority of cases the question used was a single one with the wording being consistent to that set out in the CLG guidance.
21. Further, PS Consultants advise that they always considered that it is perfectly clear to people that the implication of a 'no' vote is a vote for retention. They also suggest from feedback they have received from tenants on housing transfer ballots over the years that this confirms this is the case.

Options

22. Option 1: To follow best practice in terms of the wording of the question to be asked on the ballot paper.
23. The advantage of this simple and straightforward approach is that it is a tried and tested as well as compliant with the relevant guidance. Independent advice on this issue suggests that this would make the choice clear to tenants.
24. Option 2: To include a second question on the ballot paper along the lines 'Do you wish to remain a tenant of the Council'. The disadvantages of this approach is that it would not meet CLG requirements and, in the experience of independent sources, is likely to be confusing and could result in some tenants indicating 'yes' to both questions, as they do not realise they are mutually exclusive, thereby invalidating their vote.
25. Option 3: To include an introductory paragraph on the ballot paper that explains the implications of a 'yes' and a 'no' vote. The advantage of this approach is that it avoids a potentially confusing second question around whether they wish to remain a Council tenant. But, in the view of independent sources as well as the CLG, this is considered unnecessary. This is because the 'offer' document as well as the informal consultation material that preceded the formal consultation stage should have made this clear.
26. The recommendation is that option 1 should be preferred as it is the simple and straightforward approach that will provide a clear choice for tenants, avoid confusion and meet CLG requirements. The evidence from elsewhere suggests that tenants are

well aware of the implications of a 'no' vote by the time that they are asked to make their choice for the future of their homes in a ballot.

27. Implications

28. Financial	The cost of the ballot is included within the provision for the Housing Futures within the 2008/09 revenue estimates.
Legal	There is no current legal requirement for a ballot of tenants to determine if a housing transfer can proceed. However, a ballot is the accepted means of demonstrating that a majority of tenants are not opposed to a housing transfer proposal. It should be noted that the Housing & Regeneration Bill includes a provision to make a ballot of tenants a legal requirement in order for a housing transfer to be approved by the Secretary of State.
Staffing	None - a ballot will be conducted by an independent organisation such as Electoral Reform Services (ERS) who have considerable experience of conducting a ballot of tenants on housing transfer proposals.
Risk Management	The ballot paper wording should be as unambiguous and direct as possible in order to comply with CLG guidance. The risk with having a second question on the ballot paper is that it will be confusing and could result in some votes being invalidated if some tenants do not realise they are mutually exclusive options. The CLG will review the formal consultation process as part of its consideration of any application for Secretary of State consent should tenants support a housing transfer through a ballot.
Equal Opportunities	The ballot process and voting mechanisms will need to ensure that all groups can have the opportunity to vote on the housing transfer proposal including hard to reach groups such as older people and rural communities.

Consultations

29. The Housing Transfer team at CLG have been consulted on this issue and their advice has been incorporated in this report.
30. The Electoral Reform Services (ERS) have been consulted on this issue and their advice is incorporated in this report.
31. The Council's lead advisor Savill's have been consulted on this issue and the content of the report and proposed recommendations.
32. The Independent Tenant Advisor (ITA) PS Consultants have been consulted on this issue and their views are reflected in this report.

Effect on Service Priorities and Corporate Objectives for 2008/09

33. Work in partnership to manage growth	A housing transfer proposal would enable the council to make a more effective contribution to delivery of a new Sustainable Community Strategy and the growth agenda including increasing the supply of affordable housing.
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<p>Deliver high quality, value for money and accessible services</p>	<p>The council's housing service carries out many thousands of transactions with tenants, leaseholders and those seeking housing every week and is therefore one of the most significant front line services.</p> <p>Identifying aspirations of tenants and leaseholders for the future of the housing service and delivering them through a housing transfer proposal will help meet the aim to provide excellent services.</p> <p>The formation of a shadow board is a key stage in developing an offer for tenants as part of a housing transfer proposal. The involvement of tenants, staff and council nominees as members of the Shadow Board will help provide a face to the new organisation and demonstrate how it can be locally accountable and what it could offer in the event that tenants support a housing transfer in a ballot.</p>
<p>Enhance quality of life and build a sustainable South Cambridgeshire</p>	<p>The Council owns and manages housing within 94 of its 102 villages in the district and so makes a major contribution to village life.</p> <p>A housing transfer could help ensure the sustainability and affordability of homes and services in the longer term through investment in energy efficiency measures and improvements above the Decent Homes Standard (DHS). Additional services could be delivered in line with tenant aspirations and priorities that could benefit the wider community.</p> <p>The Shadow Board will help translate tenant aspirations into a deliverable offer and show that a any new housing association landlord can and will be local people making local decisions about local services.</p>

Recommendations

- 34. That there should only be one question asked on any ballot of tenants on a housing transfer proposal and the wording should be in accordance with CLG guidance as follows:
Are you in favour of the Council's proposal to transfer the ownership and management of your home to (proposed new housing association landlord)?
- 35. That the informal consultation material as well as the formal consultation – or 'offer' document will set out the local implications of the retention option in accordance with the CLG guidance so that tenants can make an informed and clear choice on the options for the future ownership and management of their homes when they asked to vote on this matter.

Background Papers: the following background papers were used in the preparation of this report:

Housing Transfer Manual 2005
 Housing & Regeneration Bill

CLG October 2004

Contact Officer: Denise Lewis – Housing Futures Project Manager
 Telephone: (01954) 713351

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BALLOT PAPER

BLABY DISTRICT COUNCIL

HOUSING TRANSFER BALLOT

Blaby District Council is proposing to transfer ownership and management of its homes to Three Oaks Homes Limited – a not-for-profit organisation. You should already have received the Formal Consultation Document and Second Stage Notice documents explaining exactly what this means.

QUESTION

Are you in favour of the Council's proposal to transfer the ownership and management of its homes to Three Oaks Homes Limited?

Please place a tick (✓) in one box only

YES

NO

IMPORTANT

This Ballot is being conducted by Electoral Reform Services – an organisation independent of the Council. We guarantee to keep your vote confidential. We will not tell the Council, Three Oaks Homes Limited or anyone else you have voted.

PLEASE RETURN YOUR COMPLETED BALLOT PAPER IMMEDIATELY IN THE PRE-PAID ENVELOPE PROVIDED

Your Ballot Paper should be **RECEIVED** by the Independent Scrutineer, Electoral Reform Services Limited, The Election Centre, 33 Clarendon Road, London N8 0NW no later than **NOON on THURSDAY 8TH NOVEMBER, 2007.**

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FENLAND DISTRICT COUNCIL

Housing Transfer Ballot

BALLOT PAPER

Fenland District Council is proposing to transfer its homes to Roddons Housing Association, part of the Circle Anglia Group.

Roddons Housing Association would be a not-for-profit organisation that the Council has helped to form. It would own and manage your home if transfer goes ahead.

QUESTION

Are you in favour of the Council's proposal to transfer the ownership and management of your homes to Roddons Housing Association?

Please place a cross (x) in one box only

YES

NO

Important

This ballot is being conducted by the Electoral Reform Services – an organisation that is independent of the Council. We guarantee to keep your vote confidential. We will not tell anyone how you have voted.

PLEASE RETURN YOUR COMPLETED BALLOT PAPER IMMEDIATELY IN THE PRE-PAID ENVELOPE PROVIDED

Your Ballot Paper should be **RECEIVED** by the Independent Scrutineer, Electoral Reform Services Limited, The Election Centre, 33 Clarendon Road, London N8 0NW no later than **NOON on THURSDAY 7th DECEMBER, 2006.**

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The Council of the Borough of
OSWESTRY

HOUSING TRANSFER BALLOT
BALLOT PAPER

Oswestry Borough Council is proposing to transfer ownership of your home to Oswestry Housing Association – a not-for-profit organisation. You should already have received the documents explaining exactly what this means.

Are you in favour of the Council's proposal to transfer the ownership & management of your home to Oswestry Housing Association?

Please mark a cross (X) in one box only

YES

NO

To cast your vote on the above question, please read the instructions given overleaf.

You may vote by using ONE of the following methods:



INTERNET



TELEPHONE



SMS



POST

You have until **NOON** on **WEDNESDAY 31ST OCTOBER 2007** to cast/return your vote.

IMPORTANT

This ballot is being conducted by Electoral Reform Services - an organisation independent of Oswestry Borough Council. We guarantee to keep your vote confidential. We will not tell THE CLIENT or anyone else how you have voted.

PLEASE TURN OVER

**TO VOTE BY POST**

Please complete the voting grid below and return your ballot paper immediately in the pre-paid envelope provided.

Your completed ballot paper should be **RECEIVED** by the Independent Scrutineer, Electoral Reform Services Limited, The Election Centre, 33 Clarendon Road, London N8 0NW **no later than NOON on WEDNESDAY 31ST OCTOBER, 2007.**

**TO VOTE BY INTERNET**

Please go to the following web site: **www.votebyinternet.com/oswestry07**

You will need to enter both parts of the Security Code printed below.

The internet service is available 24 hours a day until **NOON on WEDNESDAY 31ST OCTOBER, 2007.**

**TO VOTE BY TELEPHONE**

You will need a touch tone phone.

Everything you enter will be read back to you and if you make a mistake at any stage you can press # to go back to the previous stage.

1) Dial Freephone **0800 197 4622**

2) Enter each part of the Security Code, printed below, when prompted to do so.

The telephone service is available 24 hours a day until **NOON on WEDNESDAY 31ST OCTOBER, 2007.**

Telephone/Internet voting
Security Code Part One:

Telephone/Internet voting
Security Code Part Two:

**TO VOTE BY SMS**

Printed below are two text messages, one to vote YES and one to vote NO. Depending on your choice, please text the appropriate message to 80212.

**To vote NO text****to 80212****To vote YES text****to 80212**

A text message will be sent back to your mobile phone confirming the receipt of your vote. The SMS voting service is available 24 hours a day until **NOON on WEDNESDAY 31ST OCTOBER, 2007.**

You will be charged for your text vote at the cost of a standard text according to your contract with your mobile phone network provider.

You may only use **one** of the above voting options. Any attempt to vote more than once **will** be detected.

If you vote by internet, telephone or SMS, please **do not** return your ballot paper in the post.

If you vote by post, please return your **entire** ballot paper. **Part** ballot papers will not be counted.

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO:	Housing Portfolio Holder Leader and Cabinet	8.7.2008 11.9.2008
AUTHOR/S:	Corporate Manager-Affordable Homes/Housing Strategy Manager and Housing Advice & Homelessness Manager	

HOUSING FUTURES AND RETAINED SERVICES-FUTURE OPTIONS IF TENANTS SUPPORT THE HOUSING TRANSFER PROPOSAL IN A BALLOT

Purpose

1. To consider the options for the delivery of retained housing functions in the event that a housing transfer proposal is supported by tenants in a ballot.

This is a Key Decision because it raises policy issues for decision which have not yet been considered as part of the Housing Futures project.

Executive Summary

2. The Council's lead consultant for the development of a housing transfer proposal –Savills- have a wide experience of housing transfer and they have provided detailed comments on aspects of the services in question that should be taken into account in considering service delivery options in a post transfer scenario. This information has been attached as Appendix 1 to this report.
3. The general conclusion is that with exception of Management of Travellers Sites, Community Lifeline Services and Floating Support Services, other services should be retained in-house at the point of any housing transfer. The long term future for these retained services (and some transferred services) will depend upon future reviews by the council and external factors such as the Supporting People (SP) commissioning strategy because SP contribute to the funding of homelessness services, floating support, sheltered housing services and the Home Improvement Agency.

Background

4. The council provides a range of housing services that are not subject to the development of a housing transfer proposal. These services could, potentially, be transferred to a new local housing association, be retained by the Council or, indeed, be outsourced to a different third party. This report considers the issues, options and conclusions as to future service arrangements. Agreement on the 'way ahead' is needed in order that future plans can be made for both housing transfer and retention scenarios.

5. This report will not attempt to duplicate all the material contained in the appendix. Perhaps the most useful general comment is a quotation from the ODPM (now the CLG) which is based on information from the Audit Commission's studies of the housing transfer process-

The Audit Commission has suggested that the immediate pre-transfer period is the worst time to consider future arrangements for the delivery of statutory housing functions, as competing priorities may mean that there is a risk that decisions will be based on an inadequate appraisal of the options.

6. In context, this does not mean that no plans should be made to ensure that services continue post transfer but that plans which involve anything other than the status quo should not be evaluated alongside the housing transfer process.
7. One of the major complications with even considering out-sourcing services is that very few authorities comparable in size to South Cambridgeshire nationally have completely outsourced non-landlord services, apart from maintenance of the housing register. There is, therefore, effectively no established and no local providers to study for the majority of these services. East Cambridgeshire have out-sourced their housing register functions to a housing association and Forest Heath originally went down this route but have now brought the service back in-house.
8. However, some specialised aspects of different services (rather than the whole service) have been out-sourced and this already happens in South Cambridgeshire . This includes the private leasing scheme (via King St Housing Society), Strategic Housing Market Assessment (via the County Council), Out of Hours Emergency Response (via PCT), homeless hostel management (via Sanctuary/Hereward Housing Association)
9. Where these continue to offer value for money it is envisaged that these arrangements would continue.
10. A further complication is that should a transfer to a new local housing association be supported by tenants at a ballot, that organisation does not currently exist and as yet has no track record as a housing association even though the staff who would join it are successfully delivering landlord services at present. Given the lack of an established market for non-landlord services, particularly in a largely rural area, there are no obvious local candidates to out source most services to, other than a new local housing association.

Considerations

11. **A) SERVICES CONSIDERED SUITABLE FOR OUT-SOURCING TO A NEW LOCAL HOUSING ASSOCIATION**

Travellers Site Management

The functions of this service are as follows-

- i) Developing and maintaining good relations between the site residents and the Council.

- ii) Maintaining the site grounds, pitches and block units
 - iii) Assisting with the allocation of pitches,
 - iv) To take action as required, including legal action, to resolve site disputes and non-compliance with Site rules.
 - v) Manage rents and site budgets
 - vi) Negotiation with the County Council (owners of the site) in relation to major repairs and other obligations relating to the management of the sites.
12. The provider of this service will need to access all of the functions that would transfer with the Councils housing eg repairs, rent collection, housing management. None of these would remain with the Council in the event that a housing transfer option is supported by tenants and it would not be viable to develop these services in house for such a limited number of units. The pragmatic solution which would deliver the service, and also maintain continuity with existing staff/services, would be to transfer site management along with all other housing management services.
13. Other strategic aspects of working with Travellers e.g. community development etc, would remain with the council.

Floating Support and Lifeline

14. The current Lifeline and Floating Support services are managed alongside the sheltered housing service. Lifelines are provided in the community for council tenants and private users. There are currently (23.6.08) 644 service users in private sector /housing association properties and 184 service users who are South Cambridgeshire District Council tenants. The fitting, collection and maintenance of these units is provided by sheltered housing officers and the whole process is managed by the Community Telecare Co-ordinator who is based within Supported Housing Services. Sheltered tenants who are in receipt of assistive technology to remain living independently in their homes also require a lifeline for the technology to work.
15. The floating support services are tenure neutral. They are, however, are a key element of the support service offered to Council tenants, homeless applicants and referrals from other Registered Social Landlords working in the South Cambridgeshire area. This service is now an integral part of supported housing services and would be most cost effectively delivered alongside those services.
16. The Floating Support service receives Supporting People funding and therefore there will be built in regulation of expenditure and value for money via the control mechanisms built into the Supporting People commissioning processes.

B) SERVICES PROPOSED FOR DELIVERING IN-HOUSE

17. **Housing Advice, Options and Homelessness**
The emerging consensus is that the following services should be retained. The services within the Housing Advice and Options team include housing advice, lettings, choice based lettings and homelessness. A number of visits to other Authorities have been carried out by officers within the section to get feedback on

how these services work post transfer. The outcome of this is that the preferred solution would be to retain these services based on:

18. The feedback from all the authorities visited recommended retaining these services.
19. The strategic responsibilities for homelessness and allocations (CBL), including the homelessness strategy, will remain with the local authority. Retention of these services will enable the authority to maintain control over the operational activities. One organisation visited had transferred these services, but has subsequently returned them to the council as they experienced difficulties carrying out their statutory functions, due to the priorities of the RSL.
20. There is a clear advantage for keeping lettings and housing advice/homelessness services together. This has been seen in SCDC since the restructure that enabled the two services to link together. This includes the reduction of households in temporary accommodation and the ability to provide a wider housing options service.
21. In addition there would be problems of perceived conflicts of interest if the CBL function were contracted out away from the authority to one housing association. Although the authority currently has stock of its own it is able to play an "honest broker" role in the sub regional CBL arrangement.
22. A lot of the success of the homeless prevention work is linked to building up awareness, with key agencies and the public, of the services provided and contact details. This is similar for the recently introduced choice based lettings scheme where a lot of awareness building of the new scheme and how to access it has taken place. There will be advantages in this remaining the same.
23. The ownership of the homelessness hostel would transfer along with all of the other council properties if stock transfer takes place. The current contract with Hereward/Sanctuary for day to day management needs to be reviewed and it would be prudent to do this once a final decision about transfer has been made.
24. **Housing Strategy and Enabling Housing and Health Strategy Manager***
These functions require-
 - considerable inter authority and inter agency work, including close working with government agencies. In many instances these agencies would not be able to share information/discussions with non public sector bodies, particularly where resource allocation was concerned.
 - close liaison with council services including Finance, Planning and Legal
 - competitive processes that would be difficult to contract to a third party RSL or other body because of conflicts of interests e.g. involving site allocations, grant allocations, spending commuted sums etc

In addition, they already involve outsourcing of specialist aspects of services

25. On balance there do not seem to be any practical or sensible options to outsource these services further. The authority needs to be able to call on the staff to attend a wide range of in house and external meetings, liaise with colleagues and represent the authority to outside organisations.
** (joint South Cambridgeshire/PCT/County post)**
26. **Private Sector Housing and the Home Improvement Agency (HIA)**
The key issues-as informed by the external consultants are-
- most agencies will not have the necessary skills, experience and expertise to undertake this function
 - private sector housing is not a traditional function of RSLs
 - private sector landlords and agents may be less willing to interact with anyone who is not the Council
 - private sector housing could be a distraction from the core activities of a new local housing association
 - The scale, scope and content of any contract would require considerable time and effort to construct
27. In addition, there is added value in operating the private sector function alongside other aspects of the work of Environmental Health. Other things that need to be considered include the links Private Sector Housing work has with other Core Council activities such as the Improving Health partnership and public health in general; Home Safety; HECA strategy, filthy and verminous and nuisance complaint investigations, private water supplies, drainage etc. To disentangle these activities is impractical and would lead to lost efficiencies and ineffectual strategy implementation.
28. Lastly, the Home Improvement Agency (HIA) is currently the subject of a county wide review carried out for Supporting People and it is likely that the service will be subject to some form of tendering process in the foreseeable future. Attempting to simultaneously contract it to an outside agency in the same timeframe as the lead in to competitive tendering would not be a practical proposition.
29. It should be noted that these functions are not currently located within Affordable Housing and therefore do not have existing organisational links with landlord services.

Strengthening the Retained Services/Strategic Role

30. The published guidance suggests that authorities should be looking to strengthen their retained services/strategic role post transfer where this is needed. However, the reports from the Audit Commission and the CLG are very dated and seem to be based around authorities which were –
31. 1. Weak on the strategic role in the first place and weak on partnership working.
2. Realising large levels of resources as a result of a housing transfer some of which could be used for enhancing or developing strategic functions, particularly large capital programmes.

3. Lacking dedicated staff delivering strategic services.

4. Using landlord resources to carry out strategic services before transfer

32. However, the non-landlord role within the Council is already a well developed and successful activity and outcomes can already be demonstrated. In addition, the landlord role is not as heavily “meshed” with strategic functions as it would be in an area where the Community Strategy prioritised activities that heavily involved social housing tenants and concentrations of social housing stock.
33. Typical examples would include tackling high crime levels, targeting minority populations, economic regeneration, area based renewal, targeting unemployment or low educational attainment etc.
34. There are staff dedicated to non-landlord services and established practice and policy in place. Obviously improvement is always possible but there are no glaring gaps or deficiencies. In addition, a housing transfer would not be designed to open the door to new types of activity which currently aren’t taking place such as area based regeneration, or developing local office outlets on social housing estates.
35. However, any housing transfer would “strengthen” the enabling role even without extra resources being available because staff time would be released from having to deal with disposing of/redeveloping local authority land and housing stock and could therefore be concentrated on improving the quality and scope of the enabling service and promoting new sites, new initiatives etc.
36. Lastly, keeping most of the retained services for in-house delivery helps to clarify the strategic/landlord split of functions promoted by the CLG.

Options

37. It would be possible for the Council to pursue outsourcing any of the functions recommended for retention in this report, providing that statutory requirements were met. Equally, the services recommended for outsourcing could be retained.
38. However, outsourcing the services recommended for retention would require considerable work in drawing up specifications and contract monitoring procedures and this would require buying in outside expertise, particularly given the lack of an established local market for homelessness services.

Implications

Financial Issues for the Council post Transfer -Introduction

39. The issue about appropriate charges to the HRA and the future source of funds relates to the whole principle of transfer or not irrespective of who delivers services post transfer and is not, therefore, considered within this report. When the consideration was last given to offering tenants the option to transfer the

Council properties to a RSL, the consultants (Tribal) estimated the overall increased costs to the GF at £1.2m in the first year falling eventually to £900K pa.

A new estimate of the amount involved is in the process of being calculated by the lead consultants for the current Housing Futures Project (Savills) and will be reported later in the year.

40. The financial implications outlined below refer to direct costs only and do not include any consideration of the staffing recharges.

RETAINED SERVICES

Service

Implications

- Homelessness
Whilst it has been assumed that the actual HRA hostels will be transferred along with the homes, post transfer, the management costs (currently borne by the HRA) would fall on the GF. Last year this management cost was £56K, however, the 2008/09 estimate is only £40k.
- Advice
Under the present scheme the HRA makes a small (£40K in 2007/08) contribution for the advice given to tenants which would not be recoverable by the General Fund if the service is retained
- Options/CBL
At present a portion of the cost of the CBL scheme is charged to the HRA pro-rata to the number of HRA lettings compared to other lettings and RSLs pay a charge for the service. In 2007/08 there was a contribution of £62 K from the HRA, however, the estimated income from an RSL for the equivalent service would have only been around £20K. Based on last year's figures therefore it is likely that there would be a small additional cost to the General Fund of retaining the service
- Strategy/Enabling including Housing and Health Strategy Manager
The financial impact of retaining this service should be minimal.
- Private Sector/HIA
This is currently a General Fund Service so there is unlikely to be a cost implication of retention. Approximately £800,000 a year is spent on disabled adaptations to HRA properties. CLG guidance states the following-
"Authorities are strongly encouraged to enter into an agreement with the RSL which requires the latter to share a reasonable proportion of the future financial liabilities for the provision of adaptations under DFG. The precise terms of the agreement will depend on local circumstances but it is suggested that one determining factor should be the current budget set aside by the authority for providing adaptations to its properties pre-transfer."

CONTRACTED OUT SERVICES

- Traveller site management This is a wholly General Fund service and presumably a charge would be made by the new RSL for this.
- Floating Support The majority of the deficit on running this service is currently charged to the HRA
- Lifeline This service is expected to be cost neutral so there should be no significant financial implications

Other implications

41	Financial	If a housing transfer option were to be supported by tenants in a ballot there will be financial implications and any costs of services currently borne by the HRA which cannot be charged to the new local housing association will fall on the General Fund (GF). The financial report produced by Tribal as part of the options appraisal carried out in 2007 estimated this residual cost to the GF at £1.2m in the first year. This report is, however, not about whether or not transfer goes ahead and is not about resolving the future arrangements between current HRA expenditure and future General Fund expenditure. At this stage clarification is needed on who is best placed to deliver the retained housing functions and not the cost of providing those services which will need to be considered as part of the Council's service review processes.
	Legal	Statutory issues are included in appendix 1
	Staffing	Those staff currently involved in delivering the statutory and strategic housing services have been involved in considering the options and consulted on the proposed recommendations.. Whatever in-principle decisions are made concerning the future location of services at this stage, detailed future consultation with staff affected will be needed should a housing transfer be supported by tenants. HR support will be required as part of any re-organisation and redefining of retained roles/services.
	Risk Management	The option of largely retaining services in-house is one where the Council has experience of costs, governance and effective risk management. The option of outsourcing services where there is a very limited existing market at a time when developing a housing transfer proposal is a considerable drain on resources is not recommended by CLG and the Audit Commission.
	Equal Opportunities	Equal opportunities will need to be a feature of all Council services whether delivered in-house or outsourced.

Consultations

- 42 Those staff who currently deliver the statutory and strategic housing services have been involved in discussions about future options for their own services and visits have been made by staff to other authorities who have transferred their housing and have adopted a range of options for the delivery of retained services. In addition to general discussions at the sub-Regional Homelessness Group staff have made visits to East Hertfordshire District Council, North

Hertfordshire District Council and Huntingdonshire District Council who have all been through the transfer process (see paras 17-19). There has been no formal consultation with Trades Unions at this stage although this will be required as the project progresses. A Trades Union rep attends Project Team meetings where this report was discussed.

Effect on Annual Priorities and Corporate Objectives

43	<p>1. Work in partnership to manage growth to benefit everyone in South Cambridgeshire now and in the future.</p>
	<p>2. Deliver high quality services that represent best value and are accessible to all our community.</p> <p>An in principle decision on the best place to locate future services is central to delivering high quality, effective and efficient services and is set out in appendix 1. Retaining most of the non landlord services in-house at the point of any housing transfer complies with the CLG/Audit Commission advice at this stage but allows for alternative options for the future should these be shown to be appropriate, for example through a service review.</p>
	<p>3. Enhance quality of life and build a sustainable South Cambridgeshire where everyone is proud to live and work.</p>

Conclusions/Summary

- 44 The conclusions from Savills are-

Our suggestion would be that the authority does not seek to outsource the retained services at point of transfer but retains them, putting in place a robust structure to be able to deliver them successfully. If, following a successful transfer, there are any concerns about costs and ability to deliver, then this would be the more appropriate time to undertake a full options appraisal of the retained service (Section 8.5)
- 45 If outsourcing were to emerge as the preferred option as a result of future reviews, then this could be implemented at a later date.
- 46 It should be noted that currently there are no significant concerns about “ability to deliver” non landlord services. The Council has a proven track record in delivering affordable housing, making progress on its homelessness strategy, accessing Supporting People funding etc
- 47 Based on the external advice received, the experience of other housing transfer local authorities ,the Council’s track record of service delivery and the views of the affected staff it is recommended that the non-landlord housing functions, with the exception of Management of Travellers sites, Floating Support and Community Lifeline Services are retained by the Council in the event of a housing transfer being supported by tenants, for reasons set out in this report.

Recommendations

- 48 That if tenants support a housing transfer then:
- i) The functions of Traveller Site Management, Floating Support and Community Carecall Services are included in the package of services that are to be delivered by the new local housing association
 - ii) That the other non-landlord housing services including administration of the housing register, allocations/CBL, homelessness and housing advice, private sector housing and the strategic and enabling functions are retained by the Council at point of transfer.

Background Papers: the following background papers were used in the preparation of this report:

“204: Housing allocation, homelessness and stock transfer: A guide to key issues”ODPM-

Supplement to the Housing Transfer Manual 2006

Both available from www.communities.gov.uk

The consultants acting for the council have provided a report entitled-“Options for Retained Services Post Stock Transfer”-as general guidance on the key issues. This report is attached in full as APPENDIX ONE

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APPENDIX ONE TO THE MAIN REPORT

GUIDANCE SUPPLIED BY SAVILLS-“OPTIONS FOR RETAINED SERVICES POST STOCK TRANSFER”

South Cambridgeshire District Council

Date :

Title : Options for Retained Services Post Stock Transfer

1. Summary

1.1 This report identifies the policy context and sets out the options for current housing services which are not part of the stock transfer process.

1.2 Appendices attached

- Appendix 1 - What does contracting out involve?
- Appendix 2 - Relevant law and Statutory Responsibilities
- Appendix 3 - Outsourcing Homelessness – Summary of Option Appraisal

2. Background

2.1 South Cambridgeshire provides a range of housing services which are not currently part of the stock transfer process. These services could, potentially, be transferred to the new Housing Association, be retained by South Cambridgeshire District Council or, indeed, be outsourced to a different third party. This paper considers the issues and options for the Council and suggests conclusions as to future service arrangements. Agreement on the ‘way ahead’ is needed in order that future plans can be made and relevant arrangements put in hand. The Council’s application to join the Disposals Programme must include information on the approach.

3. Policy Context

3.1 There is increasing government emphasis on strengthening the strategic housing role and the role that housing can play in creating strong and Sustainable Communities. The Local Government White Paper, ‘Strong and Prosperous Communities’ introduced this new emphasis as it stated that Strategic Housing should be at the heart of achieving the social, economic and environmental objectives that shape a community and create a sense of place.

3.2 IDeA 05/07 gives the following context to the strategic housing function:

‘Nationally, local authorities and their partners are working towards the decent homes targets, and maybe beyond that to creating mixed, balanced and sustainable communities. Underpinning this, we all have a duty to assess housing needs, tackle homelessness and to help our citizens access a home suitable to their needs in whatever tenure they choose and making critical links with support services and the Supporting People programme. How well we do all

of this, recognising the diversity of needs across communities, is profoundly important for social cohesion and the health of our communities’.

- 3.3 This emphasis particularly requires authorities to make links between strategic housing and planning and community development requiring alignment of Local Development Frameworks and Sustainable Communities Strategies, and engage effectively with Local Strategic Partnerships.
- 3.4 The recent I&DEA paper on its Strategic Housing Programme highlights other functions which are linked to the core strategic housing function, where housing delivers outcomes both directly and indirectly in a range of other policy areas.
- 3.5 Examples of the ways in which strategic housing services deliver outcomes in other policy areas for the authority:

Community Safety:

- Enforcement of housing standards
- Licensing of Houses in Multiple occupation
- Contribution of new affordable housing to the creation of mixed communities
- Homelessness strategies addressing the needs of vulnerable and challenging households
- Domestic violence
- Harassment
- ASB

Sustainable Communities:

- Understanding the needs of different groups through surveys and presenting issues
- Housing Market Assessments
- Affordable housing

Health Inequalities:

- Disabled adaptations
- Decent homes for vulnerable households
- Affordable warmth
- Meeting housing needs
- Addressing homelessness

Affordable Warmth:

- Private sector grants
- HECA survey
- Maximising benefits to access grants
- New affordable housing

Young people:

- Mediation and tenancy management and support
- Anti social behaviour
- Needs surveys

3.6 The key service areas to consider are therefore:

- homelessness
- allocation of housing & the housing register
- private sector housing
- Housing strategy, including links to regional and sub regional activity & the enabling of new affordable housing

3.7 The Homelessness Act 2002 and the Housing Act 1996 (Parts 6 &7) set out what South Cambridgeshire's statutory responsibilities are. More details are given in Appendix 2. It should be noted that, after transfer, a local authority retains its statutory responsibility for:

- homelessness
- allocation of housing
- private sector housing

3.8 Effectively, although the service can be contracted out the statutory responsibility cannot. For example, even after transfer, South Cambridgeshire would still retain the statutory responsibility for any homelessness or allocations functions that are contracted out. South Cambridgeshire would, therefore, need to ensure that any contracted out services are carried out in manner which fulfils its ongoing statutory responsibility.

3.9 There are effectively three Options for South Cambridgeshire, with the above services, to be considered

- retain function in-house
- contract out to the stock transfer landlord
- contract out to another agency

3.10 For the contracting out option, South Cambridgeshire would need to assure itself, contractually and operationally, that services and statutory responsibilities were being delivered effectively by the other party. South Cambridgeshire would also need to ensure that services are adequately resourced either internally, or through contractual arrangements with the new provider. The areas which any contract would need to cover are set out in Appendix 1.

3.11 It is worth noting that transfer consent is unlikely to be granted by the Secretary of State if South Cambridgeshire cannot demonstrate convincingly that these services will be provided satisfactorily post transfer.

3.12 Whether retained or outsourced, the statutory and non statutory functions are likely to remain part of any future CPA assessment or Best Value reviews. The Audit Commission recommends, and good practice suggests, that Service Users are fully involved in the new arrangements for these services. The Audit Commission has also suggested that the immediate pre-transfer period is the

‘worst time to consider future arrangements for the delivery of statutory housing functions, as competing priorities mean that there is a risk that decisions will be based on an inadequate appraisal of the options.’

- 3.13 CLG Guidance also says ‘there should be a senior member of the housing authority’s housing team, who will be remaining with the authority post transfer, who is designated as responsible for considering arrangements for the post transfer delivery of the statutory housing functions’.
- 3.14 The Housing Quality Network (HQN) guide to key issues on the retained services suggests that ‘the decision as to whether to contract out these functions should be facilitated by a thorough Best Value review of current services. Authorities considering contracting out services must carry out a comprehensive options appraisal prior to decision making.’
- 3.15 The HQN guide also picks out a series of key considerations that would form part of this options appraisal. These include:
- **Control, conflict and efficiency** – the authority needs to retain control of services. Crucially, there is a need to specify clear targets and appropriate *incentives* for service improvement for the contractor, and clear *sanctions* where this improvement is not attained. Well written contracts help the authority to remain in control of services.
 - **Strategic and enabling roles** – the authority must have access to all relevant data to inform the strategic housing role, and an effective service level agreement is required to achieve this properly. There must be enough staff working at the council to effectively deliver strategic responsibilities.
 - **Staff morale** – often where stock transfer is carried out, the remaining function gets little priority within the authority and consequently can be under-resourced. The need to focus on taking a strategic approach to homelessness highlighted this issue in many transfer authorities – in many cases there were barely the staff, let alone the resources, to carry out the required homelessness reviews and write subsequent strategies.
 - **Irrevocability** – break clauses are essential where unsatisfactory performance is concerned.
 - **Exceeding statutory requirements** – the focus must be on improving, and contracting out should *add value*. Where it does not, what is the point?
 - **Impact on other services** – consider the knock on effects on services such as housing benefits, supported housing, private sector housing.
 - **Consider existing partnerships** – authorities should seek views of third party housing associations, gauge views and mitigate against any possible conflicts of interest if deciding to contract out. Involve them in the options appraisal process rather than face consequences unprepared.

- **Think local** – take into account all the local circumstances such as how well services work currently, what will happen to existing arrangements/structures/partnerships, the level of homelessness and housing need in the district. It is possible to learn from others but do see the local picture within this framework.

4. Homelessness

4.1 Overview

4.1.1 Homelessness is an important service of great sensitivity provided to a vulnerable client group. Appendix 3 sets out the arguments for and against the 3 options. Clearly, there is no 'one-size-fits-all' solution and many other authorities have made their decisions based on their own needs and aspirations.

4.1.2 The areas of the Homelessness service which could be outsourced are:

- homelessness assessment and decisions
- temporary accommodation arrangements
- allocation of long term social housing
- provision of advice on homelessness and the prevention of homelessness
- decision reviews*

(*For the purposes of this exercise we are suggesting that, even if the outsource option is chosen, that South Cambridgeshire should retain its current decision review function, under s202 of the Housing Act 1996. This would mean any appeals against a homeless decision would be heard by the Council, rather than by the agency delivering the service.)

4.2 Option 1 – Retain the Service

There are a number of arguments in favour of retaining the service:

For

- Retention of expertise: The authority has built up considerable experience over the years and retention would allow this to be retained
- Customer familiarity with service arrangements retained: Customers would continue to receive their service from the same people and at the same place
- Continuity of service: For the staff and Council members, arrangements continue as now
- Greater control of service and service quality: By retaining the service, South Cambridgeshire can control, review and develop the service in the way that suits them
- High profile for homeless issues with Members: This avoids what is a potentially difficult and sensitive issue falling 'off the map' for Members
- Clear public accountability and reporting mechanisms: Visibly, as well statutorily and ethically, the Council remains the publicly accountable body

- Retained performance and service data: South Cambridgeshire is able to track more closely trends and changes, and respond accordingly
- Homeless Strategy remains clearly with South Cambridgeshire: the statutory responsibility for producing a Homeless Strategy remains and South Cambridgeshire is able to shape future high level planning

Against

However, retention also brings some concerns:

- Costs could rise if demand increases or obligations rise: Homeless numbers have increased recently, and the cost of providing any increased service levels over time would be met by South Cambridgeshire
- Fresh service ideas not brought in from outside: Outsourcing offers an opportunity to bring in fresh ideas and new thinking for the provision of the service
- No market testing: Retaining the service means we are not able to see what other opportunities the market may be able to offer

4.3 Option 2 - Contract out to the stock transfer landlord

For

Contracting out to the transferring RSL has been undertaken by several authorities and there are some compelling reasons for doing so:

- More cost effective: Outsourcing may offer South Cambridgeshire efficiency savings and better value for money
- Potential improved service to customers: The new RSL may be able to bring in new expertise and thinking to improve the quality of service and facilities offered to customers
- South Cambridgeshire can concentrate on matters of Strategy and Policy: Once the relevant contracts and agreements are set up, South Cambridgeshire's role is reduced to that of quality monitoring, thereby creating more space for focus on strategy development
- Continuity: For customers, they are likely to be dealing with the same TUPE'd staff face to face, and this could offer reassurance in a time of change

Against

The arguments against outsourcing to the new landlord break down into short and long term concerns:

SHORT TERM

- Additional services could compromise success of new RSL. By taking on additional functions beyond those which are 'core', there is a risk that the new RSL is spread too thinly and this may compromise the delivery of some of the main reasons for the transfer – for example, the improvement programme

- Demands of set up costs, lead in time and tendering: Officers are currently heavily engaged in preparations for transfer. Investing time and energy in a new area could be a distraction
- Preparation of agreements and contracts is challenging: Although there are examples of such documents available, legal costs may be incurred in preparing these for South Cambridgeshire
- Additional negotiations: Transfer negotiations are lengthy and complex. Introducing a new function could add a further burden
- Seamless transition from the 'old' to the 'new' service could be hard to achieve: The challenge of transfer should not be underestimated and the period immediately post transfer is often a 'peak' period for the new RSL. Customers may detect a drop in service levels and quality
- Loss of key individual members of staff: South Cambridgeshire would lose those staff with the skills and knowledge, to deliver the function, to the new landlord.

LONG TERM

- Statutory responsibility remains with South Cambridgeshire: If, for any reason, the Contractor fails to deliver, the responsibility is South Cambridgeshire's to resolve the situation
- Ongoing Contract management can be complex and time consuming: This can be doubly so if the contractor underperforms
- Services may not improve: It is possible that, over time, and without the Council being in control of the service, it could actually deteriorate
- Customer satisfaction may decline: Homelessness is a sensitive service and the impact of a declining failing service on vulnerable households may be ethically unacceptable
- Poor performing contractors could compromise future strategic initiatives South Cambridgeshire may wish to take: For example, Common Waiting Lists or Choice Based Lettings
- Skills which are hard and costly to acquire would be costly to recreate in South Cambridgeshire should the service have to return in house

4.4 Option 3: Contract out to another agency

The advantages and disadvantages for this option are similar to those in Option 2, with some notable additions:

For

- Opportunity for market testing: A new provider could offer efficiency savings and economies of scale over and above what either South Cambridgeshire or the new RSL could offer. This could be more cost effective for South Cambridgeshire
- New methods and ideas: Fresh experienced contractors could bring benefits to customers from the 'cutting edge' of service provision

Against

SHORT TERM

- Commissioning a yet unknown provider could be a longer and more complex process than outsourcing to the new RSL
- Preparation of agreements and contracts could be more challenging and may need to be more robust
- Relationships: Relations with a new provider would be different to those with the new RSL
- The transition from the 'old' to the 'new' service may be more challenging than if the service were transferred to the new RSL
- TUPE arrangements could be more involved

LONG TERM

- Commercial pressures could mean a new provider not seeking to renew the contract or seeking to terminate early. This could have significant implications at a later date
- Poor relations may compromise further any strategic initiatives such as Common Waiting Lists or Choice Based Lettings

4.5 Summary

The above scenarios are not intended to be comprehensive, but they do give an indication of the risks involved in any particular option.

However, an 'in principle' decision is now required regarding the strategic direction South Cambridgeshire wish to take – either to actively seek to outsource the homeless service or to retain in house.

5. Allocation of housing & the housing register

- 5.1** As outlined in Appendix 2, local authorities have statutory responsibilities with regard to having an allocations scheme and publishing details of it.

South Cambridgeshire has a current Allocations Scheme and Housing Register service, which is subject to periodic review. The scheme is a strategic as well as a statutory responsibility.

- 5.2** The scheme is currently the subject of a strategic change with the introduction of the sub-regional Choice Based Lettings initiative

- A Choice Based Lettings scheme deliver a unified housing register/waiting list and lettings service, thus providing a 'one stop shop' for housing applicants.

- It is envisaged that all available local authority and registered social landlord properties would be let via the scheme.

5.3 Summary

Given this circumstance, and bearing in mind the advice regarding the outsourcing of services given in Section 2 (above) we are proposing that the Allocations and Housing register functions remain in house, pending delivery of the CBL project. (live from 2008)

6. Private sector housing

6.1 South Cambridgeshire has a current strategy for private sector housing and there are numerous objectives being worked on. It is theoretically possible, however, to transfer the Private Sector housing strategy activity to a third party. There are a number of issues to consider before opting for this:

- historically, South Cambridgeshire has taken considerable efforts to build up its network of contacts and relationships. This could be compromised if the service is outsourced
- most agencies will not have the necessary skills, experience and expertise to undertake this function
- private sector housing is not a traditional function of RSLs
- private sector landlords and agents may be less willing to interact with anyone who is not the Council
- private sector housing could be a distraction from the core activities of the transfer RSL
- the scale scope and content of any contract would require considerable time and effort to construct
- outsourcing the grant aided improvements (for disabled and elderly households) element of the private sector strategy would fit well with any aids and adaptations service offered by the transfer RSL

6.2 Summary

There are considerable risks in outsourcing our Private Sector strategy at this time. In the circumstances and bearing in mind CLG guidance (see above), we are suggesting that the service be retained in house at this time.

7. Housing strategy, including links to regional and sub regional activity & the enabling of new affordable housing

7.1 The development of a Housing Strategy is a key function of the housing department. It helps shape the approach to a variety of high profile issues and has developed a keen understanding of the housing market South Cambridgeshire operates within.

7.2 Increasingly, the need for strategic linkage with other South Cambridgeshire strategies (especially the Local Strategic Partnership) and synergy with the various Regional Strategies is becoming more important. The strategic landscape has changed considerably and our Housing Strategy can play a key role within this.

7.3 The Housing Strategy covers a range of areas which take in

- enabling the provision of new affordable housing

- the Private Sector strategy
- planning and development issues
- accessing council services
- influencing the Regional Strategies (Spatial, Housing, Cultural, Economic)

7.4 There may be ways of procuring certain elements of the Strategy from other agencies and it is potentially possible that some benefits could be gained, say, from using external advice to facilitate the supply chain of new affordable homes. However, such an approach would need to be balanced against South Cambridgeshire's commitment to shaping and directing its own Housing Strategy.

7.5 Summary

We are suggesting that the Housing Strategy be retained in house at the present time given the risks outsourcing would present at present.

8. The Experience of Others

8.1 The discussion above demonstrates the potential for outsourcing service areas and the risks inherent in doing so. In early transfers during the early 1990's, many authorities saw outsourcing homelessness and the housing register in particular as being an easy option, leaving themselves with minimal staffing to undertake the duties that remained.

8.2 Although this was popular at the time, problems occurred in many authorities due to lack of resources to manage the contract, develop the housing strategy and pick up other responsibilities such as changing legislation and good practice development. Indeed, some authorities actually transferred all their housing staff and delegated the tasks to other service areas.

8.3 Of those that did transfer out the services, there is considerable evidence that they have been taken back in-house when difficulties have arisen. Where this is not the case, our experience has been that this has been due to the successful outsourcing has primarily been due to the culture of the Association or the approach of the individual responsible for the contract. This has been evident in Aragon HA who supply a successful service for Mid Beds DC, and in Hart DC, where the performance of the Association suffered after a key member of staff left and eventually the Council took the service back in house.

8.4 More recent experience is that only the very small authorities have seen a wholesale outsourcing at point of transfer as being attractive and then almost certainly for economic rather than strategic reasons. The trend has been to strengthen the position of the retained services, recognising the importance of the strategic role for the authority.

8.5 Our suggestion would be that the authority does not seek to outsource the retained services at point of transfer but retains them, putting in place a robust structure to be able to deliver them successfully. If, following a successful transfer, there are any concerns about costs and ability to deliver, then this would be the more appropriate time to undertake a full options appraisal of the retained service.

Appendix 1

What does contracting out involve?

If any statutory or non-statutory services were contracted out, South Cambridgeshire would need to ensure that they were provided to a high standard and meet the requirements of statutory responsibilities.

The relationship with the service provider would need to be put on a firm contractual basis and this would need to be thorough, clear and SMART.

Key to this would be:

- 1. A Contract with the provider agency, based on a clear service specification
 - o the service specification should include:
 - service standards
 - performance indicators
 - targets
 - continuous improvement
 - arrangements in the event of underperformance
 - some linkage between performance and fees paid, including incentives
 - possible procedural review to ensure ease of monitoring
 - arrangements for special circumstances e.g. where an RSL may turn down a nomination made to them
- 2. Monitoring arrangements to ensure service standards are met and that:
 - o statutory responsibilities are met and fulfilled
 - o operational staff are skilled, equipped and trained to carry out their jobs
 - o arrangements are in place for short term review (i.e. shortly post transfer to check the service is up and running) and longer term review (normally 5 years)
- 3. Quality assurance assessment mechanisms in place to ensure that services are being delivered on time, every time.

The Housing Quality Network guide suggests that the following key issues would need to be addressed, if outsourcing was being considered:

- Ensure relationships are formalised and well documented; protocols should supplement formal documents. Ensure all parties know their roles.
- Avoid the uncritical use of off the shelf documents – work on detailed service standards, PIs, targets & monitoring arrangements

- Specifications should be detailed and should include operational detail such as opening hours, the requirements for surgeries in rural areas, use of IT, waiting times in reception
- Build in contract review requirements and ensure specifications can respond to change
- Design fees to encourage good performance and improvement such as allowing the contractor to share benefits achieved from efficiency savings on temporary accommodation expenditure
- Allowing for contract review after 12 months, and contract modification to address any identified issues.

Appendix 2

Contracting Out - Relevant law and Statutory Responsibilities:

- Homelessness Act 2002
 - LA's must publish a Homelessness Strategy: this cannot be contracted out

- Housing Act 1996 (Parts 6 &7)
 - Part 6: LA's must publish an allocations scheme and allocate housing according to the scheme. RSLs are expected to co-operate with the scheme 'reasonably'

 - Part 7: LA's must
 - make available advice and information about homelessness and its prevention
 - investigate applications for housing and make decisions about applicants homelessness status
 - ensure accommodation is found for those in priority need
 - ensure advice and assistance is available for those who are not in priority need

Appendix 3 - Outsourcing Homelessness

This table summarises discussions regarding the outsourcing of Homelessness and incorporates anecdotal evidence from other RSLs and LAs who have considered the option.

Retaining the function in house		Contract out to the stock transfer landlord		Contract out to another agency	
For	Against	For	Against	For	Against
<p>Continuity of service</p> <p>Retention of expertise</p> <p>Customer familiarity with service arrangements retained</p> <p>Greater control of service and service quality</p> <p>High profile for retained issues with Members</p> <p>Clear public accountability and reporting mechanisms</p> <p>Retained performance and service data</p>	<p>Costs could rise if demand increases or obligations rise</p> <p>Fresh service ideas not brought in from outside</p> <p>No market testing</p>	<p>More cost effective</p> <p>Potential efficiency/financial/staff saving to South Cambridgeshire</p> <p>Potential improved service to customers</p> <p>Once the relevant contracts and agreements are set up, South Cambridgeshire's role is reduced to that of quality monitoring</p> <p>South Cambridgeshire can concentrate on matters of Strategy and Policy</p>	<p>SHORT TERM</p> <p>Additional services could compromise success of new RSL</p> <p>Demands of set up costs, lead in time and tendering</p> <p>Demands on SCDC officers managing transfer process</p> <p>Preparation of agreements and contracts challenging</p> <p>Additional negotiations</p> <p>Seamless transition from the 'old' to the 'new' service could be hard to achieve</p> <p>Loss of key individual members of staff</p>	<p>Potential efficiency/financial/staff saving to South Cambridgeshire</p> <p>Potential improved service to customers</p> <p>Once the relevant contracts and agreements are set up, South Cambridgeshire's role is reduced to that of quality monitoring</p> <p>South Cambridgeshire can concentrate on matters of Strategy and Policy</p> <p>Fresh experienced contractors bring benefits to customers</p> <p>More cost effective</p>	<p>SHORT TERM</p> <p>Set up costs, lead in time and any tendering</p> <p>Further demands on officers managing transfer process</p> <p>Preparation of agreements and contracts challenging</p> <p>Additional and protracted negotiations</p> <p>Seamless transition from the 'old' to the 'new' service could be hard to achieve</p> <p>Loss of key individual members of staff</p> <p>South Cambridgeshire loses in house knowledge and expertise.</p>

Retaining the function in house		Contract out to the stock transfer landlord		Contract out to another agency	
For	Against	For	Against	For	Against
			<p>South Cambridgeshire loses in house knowledge and expertise.</p> <p>Skills hard and costly to acquire if service returns in house</p>		Skills hard and costly to acquire if service returns in house
			<p>LONG TERM</p> <p>Statutory responsibility remains with SCDC. If Contractor fails to deliver the responsibility is still SCDCs</p> <p>Contract management can be complex and time consuming especially if a contractor underperforms</p> <p>Services may not improve</p> <p>Customer satisfaction may decline - important for a sensitive services such as homelessness dealing w/ vulnerable households</p>		<p>LONG TERM</p> <p>Commercial pressures could mean a new provider not seeking to renew the contract or seeking to terminate early.</p> <p>Poor relations could foil strategic initiatives e.g. Common Waiting Lists or Choice Based Lettings</p> <p>Statutory responsibility remains with SCDC. If Contractor fails to deliver the responsibility is still SCDCs</p> <p>Contract management can be complex and time consuming</p>

Retaining the function in house		Contract out to the stock transfer landlord		Contract out to another agency	
For	Against	For	Against	For	Against
			Poor contractors compromise future strategic initiatives e.g. Common Waiting Lists, Choice Based Lettings		<p>especially if a contractor underperforms</p> <p>Services may not improve</p> <p>Customer satisfaction may decline - important for a sensitive services such as homelessness dealing w/ vulnerable households</p>

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SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO:	Housing Portfolio Holder	8 th July 2008
AUTHOR/S:	Executive Director/Housing Futures Project Manager	

HOUSING FUTURES: MANAGING CONFLICTS OF INTEREST**Purpose**

1. To identify the potential for conflicts of interest that may arise as a result of a housing transfer proposal.
2. To consider the options for managing any identified potential conflicts of interest both during the pre ballot and any post ballot phase of a housing transfer proposal.

Executive Summary

3. The Communities and Local Government (CLG) Housing Transfer Guidance emphasises the need to ensure an appropriate degree of independence between the local authority and the prospective new housing association landlord throughout the transfer process. This is to avoid conflicts of interest or any perception of any such conflicts.
4. Some elected members and council employees will inevitably have dual roles in the early stages, particularly prior to a ballot and there are consequently requirements on members to declare interests.
5. This report considers these issues and recommends the adoption of a protocol and appropriate decision making arrangements designed to minimise the risk of conflicts arising during the pre ballot and any post ballot phase.
6. The issues of personal liability and shadow directorship are also explored along with appropriate measures to mitigate against such risks where appropriate although overall these have been assessed to be low in terms of their likelihood even in any post ballot phase of the Housing Futures process.

Background

7. The current CLG guidance on establishing arrangements for avoiding conflicts of interest is contained in the *Housing Transfer Manual 2005 and Supplement to the Housing Transfer Manual 2006*. This suggests once a local authority looking at a housing transfer proposal has identified the prospective new landlord it should ensure that it establishes an appropriate degree of independence to avoid conflicts of interest arising.
8. Whilst it is recognised that some officers and councillors will inevitably have a dual role working for both the authority and the prospective new landlord during the early stages of a transfer proposal and the run-up to the ballot it is important that an authority puts in place at the earliest opportunity arrangements for avoiding conflicts of interest.
9. It is recommended that a report on the issue of potential conflicts of interest should be formally considered by the relevant decision-maker within the council. The report

should identify possible conflicts and proposes structures and protocols designed to eliminate or minimise them.

Elected members

10. In relation to housing transfers, the CLG advice is that an elected member appointment to the shadow board of a new local housing association by the council should not necessarily prevent him/her from taking part in the consideration or decision making process of the council in relation to the proposed housing transfer, unless they believe that they have a prejudicial interest in the outcome of that decision.
11. The CLG Supplementary Guidance on housing transfer issued in 2006 states as follows:

"Only where a local authority can be entirely certain that no conflict will occur, should they consider any of their officers or members to sit on the board of the new RSL".
12. The Council's representatives on the board of a new local housing association will be required (as indeed with all board members) to act in the best interests of the housing association at all times. At times, members may feel that there is potential for these interests to cut across interests in other capacities and their responsibilities to their constituents.
13. In particular, members will be required to attend Council meetings at which the new local housing association or the housing transfer process may be discussed. In doing so, members must comply with the Council's Code of Conduct, provided it does not conflict with any other lawful obligations of the housing association.
14. Elected members who are also on the board of the prospective new housing association landlord should be made aware of the Housing Corporation's regulatory requirements relating to the avoidance of conflicts of interest and general corporate best practice
15. The advice provided by the council's legal adviser for the pre ballot phase of the housing transfer process Trowers & Hamlin is that provided members are following the Council's Code of Conduct and appropriate arrangements are in place to deal with any conflicts that arise, there is no bar to local authority members generally sitting on the board of a new local housing association that would acquire the council's homes in the event that tenants support a housing transfer at a ballot.

Officers

16. Since many officers may ultimately transfer to a new local housing association landlord should tenants support a housing transfer proposal, the council should issue guidance on potential conflicts of interest. Particular care should be taken about conflicts after a positive ballot, when negotiations about the price and terms of the transfer will take place. The council will need to be able to demonstrate a clear split of responsibilities at this stage where employees are seconded to the new housing association to act as executive support to the shadow board prior to actual transfer.
17. The council will need to think carefully at an early stage about the resources it will need to manage the project in relation to the skills needed and level of resources. In particular, after the ballot, some officers will be taking on new roles on behalf of the prospective new landlord and their services will no longer be available to the

authority. An authority will want to ensure that officers making key recommendations in relation to the transfer are not solely those who would transfer to the new landlord and that officers who are to remain with the authority have a leading role at all times.

18. The council will need to ensure that its arrangements for dealing with potential conflicts of interests are reviewed and updated regularly, and that any subsequent changes are known to all those involved in the housing transfer process.
19. It will also be important to have in place arrangements for handling information that is confidential to the council during the negotiations with the prospective new housing association landlord on the valuation of the stock and the terms of the contract.
20. The principles described above apply also to the employment of consultants, including legal, financial, stock condition and independent tenant advisers. Arrangements should be put in place to ensure there is a clear separation of interests and that no conflict can arise, including ensuring different firms of consultants are employed by the council and by the prospective new housing association landlord in any post ballot phase.

Personal liability and shadow directorship

21. Issues of personal liability for board members do not generally arise until well into the post ballot phase of a housing transfer process. It is not until the new local housing association starts letting contracts and/or trading that any potential liabilities will arise.
22. For example any letting of contracts for the appointment of consultants for the post ballot phase are conventionally covered by a costs indemnity which is provided by the council.
23. Further we are advised by Trowers & Hamlin that in their experience any decisions made by the shadow board pre ballot would almost certainly be reviewed post ballot at which stage the board would receive independent professional advice of any particular position.
24. A shadow director is 'a person in accordance with whose directions or instructions the directors are accustomed to act'. There is potential for the council itself and/or officers to be deemed a shadow director.
25. One of the major implications of being deemed to be a shadow director is that they could be liable for the wrongful trading of a housing association in an insolvency scenario.
26. There is a risk that officers of the council and/or the new local housing association, once appointed, will engage in such conduct that they are deemed to be shadow directors. Officers of the council should, therefore, exercise caution in any advice/directions given to the board particularly in any post ballot phase. The risks of shadow directorship are generally understood and accepted by senior officers within the housing association sector and so should not be an issue for officers who would be guiding the new housing association through the post ballot phase.

Options

27. In order to avoid or minimise conflicts of interest that may arise for members or employees involved in advising, discussing, negotiating, promoting or opposing a housing transfer proposal the following measures should be given consideration.

28. That the council adopt a protocol to guide members and employees involved in a potential housing transfer and a suggested protocol for this purpose is attached as Appendix 1. The matters addressed by the protocol will include the following measures:
- i) That council nominees for the shadow board to be established for a new local housing association, that will either be a stand alone organisation or part of an existing or new group of housing associations, should not include members of the Executive because of the potential frequency with which conflicts of interest may arise;
 - ii) That arrangements should be put in place for handling information which is confidential to the council during any negotiations with the acquiring new local housing association landlord, including on the valuation of the housing and terms of the transfer agreement;
 - iii) That requests for further guidance regarding conflicts of interest relating to the housing transfer proposal are delegated to the Chief Executive;
29. That the project team for the pre ballot phase of the Housing Futures process should comprise officers who will represent the full range of council interests including a senior officer who would take a lead role in the negotiations with the new housing association landlord on behalf of the council in a post ballot phase.
30. That the project management arrangements for any post ballot phase are considered and agreed in principle ahead of any ballot in order that a clear split of roles and responsibilities can be achieved This should also include an assessment of resources to take forward the post ballot negotiations on behalf of the council and secondment arrangements to provide executive support to the prospective new housing association landlord.
31. In order to avoid the council being regarded as a shadow director of a new local housing association landlord it is suggested that:
- i) the council should avoid asserting any control over all or part of the affairs of the prospective new local housing association landlord or in its day to day management particularly in any post ballot phase;
 - ii) Arrangements are put in place to limit the flow of information from the council to the prospective new local housing association landlord;
 - iii) Individual members or officers of the council should avoid becoming personally involved in giving directions regarding the management of the prospective new local housing association landlord;

Implications

32. Financial	Not Applicable.
Legal	The legal implications are set out in the body of the report and have been informed by Trowers & Hamlin the council's appointed legal adviser for the pre ballot phase of the Housing Futures process.

Staffing	The key implications for housing and corporate staff involved in the development of the housing transfer proposal are set out in this report and relate to: <ul style="list-style-type: none"> - roles and responsibilities within the process both in the pre ballot and any post ballot phase - avoiding conflicts of interest
Risk Management	The strategic risk register for the Housing Futures pre ballot project plan includes managing conflicts of interest. The risk management implications are set out in detail in Appendix 2.
Equal Opportunities	Not Applicable.

Consultations

33. The council have appointed Trowers & Hamlin as legal advisers for the pre ballot phase of the Housing Futures process and they have provided advice on managing conflicts of interest and the issues of personal liabilities and shadow directorships.
34. The Principal Solicitor has been consulted on the issues raised in this report and the advice received from the council's external legal advisers.

Effect on Service Priorities and Corporate Objectives for 2008/09

35.	<p>Work in partnership to manage growth</p> <p>Deliver high quality, value for money and accessible services</p> <p>Enhance quality of life and build a sustainable South Cambridgeshire</p>	<p>The council will need to ensure that any potential conflicts of interest are avoided or minimised through appropriate measures both during the pre ballot and any post ballot phase of a housing transfer proposal. This will enable the council to protect its interests and be able to negotiate effectively with the prospective new local housing association landlord should tenants support a housing transfer proposal at a ballot. This will help maximise the benefits of a housing transfer for both tenants and the wider community within South Cambridgeshire.</p> <p>Through putting into place effective measures to manage potential conflicts of interest both elected members and officers will be clear on their respective roles and responsibilities within the housing transfer process.</p>
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Recommendations

36. To agree the following **RECOMMENDATION TO FULL COUNCIL**:
- That the council adopt a protocol to guide members and employees involved in a potential housing transfer and a suggested protocol for this purpose is attached as an Appendix to this report.
37. That the project management arrangements for any post ballot phase are considered and agreed in principle ahead of any ballot in order that a clear split of roles and responsibilities can be achieved This should also include an assessment of resources to take forward the post ballot negotiations on behalf of the council and secondment

arrangements to provide executive support to the prospective new housing association landlord.

Background Papers: the following background papers were used in the preparation of this report:

Housing Transfer Manual 2005 and 2006 Supplementary Guidance
Communities & Local Government (CLG)

Contact Officer: Denise Lewis – Housing Futures Project Manager
Telephone: (01954) 713351

South Cambridgeshire District Council**Housing Transfer Protocol**

- 1 The purpose of this housing transfer protocol is to guide members and employees to avoid any conflicts of interest, both actual and perceived, before, during and after the ballot of tenants in connection with the possible transfer of council homes to a new local housing association.
- 2 The guidance in this housing transfer protocol does not take the place of the Council's Code of Conduct or terms and conditions of employment for council employees. It is intended as supplementary guidance to clarify roles and responsibilities. It recognises members' corporate responsibilities and that they represent the interests of their constituents. The Council believes, therefore, that members should be free to discuss the issue with their constituents but that they should only assist the housing transfer process in a balanced way based on accurate information.
- 3 The housing transfer protocol should help to ensure that at all stages before, during or after the tenants and Council have determined a way forward on the possible housing transfer, members and staff will be seen to have maintained high standards of integrity and personal conduct.
- 4 In order to achieve and maintain standards:
 - 4.1 The Council will:
 - 4.1.1 Establish a shadow board for a new local housing association made up of Council, tenant and independent members.
 - 4.1.2 Only appoint the council nominees on the shadow board from amongst those members who are not members of the Executive
 - 4.1.3 Appoint or continue the appointment of an independent tenants' adviser who shall be independent from, and not seen as representing, the views of the local authority, the proposed new local housing association or tenant groups.
 - 4.1.4 Ensure that timely and complete information is supplied to tenants to enable them to be best informed prior to the formal ballot on the implications of both a housing transfer and retention of homes by the council.
 - 4.1.5 Restrict circulation of documents containing confidential information to only those members who have a "need to know" for the performance of their duties on behalf of the Council. Any determination as to what information is to be classified as confidential and members who are eligible to receive such information shall be made by the Chief Executive.

- 4.1.6 Ensure that appropriate housing transfer decisions are delegated to the Chief Executive where a potential conflict of interest exists or might arise for a member or employee.
- 4.2 Members will:
 - 4.2.1 Ensure that confidential information obtained by them, whilst acting on behalf of the Council, is not disclosed to members, officers or other persons representing the shadow board of the prospective new local housing association landlord or to tenants.
 - 4.2.2 Not act in an advisory capacity, either formally or informally, to both the Council and the shadow board of a new local housing association.
 - 4.2.3 Not undertake any formal role on behalf of tenants in connection with the possible establishment of the new local housing association. For example acting as a formal or informal tenants advisor, or act for or on behalf of a tenants lobby group.
 - 4.2.4 Not accept any paid office with the shadow board of the new local housing association
 - 4.2.5 Comply with the Council's Code of Conduct.
 - 4.2.6 Discuss housing transfer issues with constituents in a balanced way based on accurate information.
- 4.3 Employees will:
 - 4.3.1 Ensure that confidential information obtained by them, whilst acting on behalf of the Council, is not disclosed to members, other employees or persons representing the shadow board of the new local housing association or to tenants.
 - 4.3.2 Not, without the express consent of their Corporate Manager or Chief Executive, act in a formal or informal advisory capacity (for example advising on policy or financial implications relating to a housing transfer proposal) to both the Council and the shadow board of the new local housing association.
 - 4.3.3 Not undertake any formal role on behalf of tenants in connection with the possible housing transfer other than such duties as may be required under their terms and conditions of employment by the Council.
 - 4.3.4 Not accept, except for any secondments of officers approved by the Council, any paid office or other appointment with the shadow board of the new local housing association
 - 4.3.5 Comply with the council's code of conduct for employees and their contracts and terms and conditions of employment.

RISK MANAGEMENT IMPLICATIONS

APPENDIX 2

Threat	Possible Consequences	Impact	Likelihood	Actions
1. Conflicts of interest	<p>Negotiations in any post ballot phase could be adversely affected.</p> <p>The interests of the council are not fully protected.</p> <p>Inadequate resources within the council to manage any post ballot phase.</p> <p>Lack of continuity in lead roles within the Housing Futures process for the council in the post ballot phase.</p>	<p>Low</p> <p>Score = 2</p>	<p>Low</p> <p>Score = 2</p>	<ul style="list-style-type: none"> • promote ‘one team’ approach • aims and objectives should be those that can be shared • no separation of council and new landlord roles pre ballot • project management structure to be flexible to enable a separation to be easily achieved at the appropriate stage in the project • project team to provide support for all work streams within the project • ensure the interests of both transferring and non-transferring staff are fully taken into account • ensure that the council’s interests as well as those of new landlord are protected • ensure that the new landlord is able to deliver on any promises made in the offer • consider early the terms of any contract and relationships that will need to exist between the council and new landlord post transfer • consider and agree a protocol to avoid or help minimise conflicts of interest

Total score: 4

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HOUSING FUTURES BUDGET POSITION STATEMENT AS AT 27 JUNE 2008

	2007/08			2008/09	
	Original Estimate £	Revised Estimate £	Expenditure	Estimate £	Expenditure
Additional Employees:					
Salaries	21,000	31,000	31,000	146,500	
Appointment of New Staff					
Agency Staff	21,000	27,500	31,605		
Training					
Other					
Overtime payments				35,000	
Transport Related Expenses					
Car Allowances	1,000	1,500	853	3,500	
Hire of mini-bus/coaches			520	2,500	2,060
Telephones				250	
Supplies and Services					
Professional and Consultancy:					
ITA	30,000	35,000	30,107	75,000	4,740
Communications	19,000	25,000	29,767	32,000	5,760
Market research	10,000			15,000	4,098
Legal Advisor		2,500	1,518	40,000	
Lead Consultant	8,500	16,500	6,984	60,000	12,860
Tenant Ballot Administrator				15,000	
Translation services			450		465
Communications and Computing					
Postage	6,300	6,500	5,196	5,000	375
Newsletters	9,400	16,000	18,305	25,000	13,998
DVD				21,000	
Offer document				21,000	
Election of tenant reps:					
HFWG	8,000	8,000	8,071		
NLSP			4,823		
Other communication materials				10,000	1,262
Staff training				3,000	
Freephone				1,000	
Hire of rooms			191	1,000	204
Purchase of Furniture and Equipment			1,215	1,750	
Expenses					
Books and manuals			19		
Miscellaneous					
Other	2,800	4,500		1,500	176
Sub-totals	<u>137,000</u>	<u>174,000</u>	<u>170,624</u>	<u>515,000</u>	<u>45,998</u>
Central departmental and support services		157,030	149,849	225,000	
Totals	<u>137,000</u>	<u>331,030</u>	<u>320,473</u>	<u>740,000</u>	<u>45,998</u>
Housing Revenue Account			293,093		
General Fund			<u>27,380</u>		
			<u>320,473</u>		

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Housing Futures Progress Report: 22nd June 2008

Project Manager: Denise Lewis

Overall comments/issues: A Project Management structure and workstream approach for the pre-ballot phase has been established and work is underway. This report provides an update against the workstream tasks.

Project Plan

Tasks	Start	Finish	Progress & Comments	On target
Liaison with Government and Disposals Programme Application	February 2008	July 2008	A Disposals Programme Application has been submitted to the Communities and Local Government Department. The approved Programme is expected to be announced in July 2008.	✓
Appointment of Advisors	February 2008	April 2008	Lead Consultant (Savills), Communications Consultant (IPB), Independent Tenants Advisor (PS Consultants) and Legal Adviser (Trowers & Hamlins) have been appointed. Monthly Housing Futures Consultants Team meetings are taking place.	✓
New Landlord Selection	March 2008	July 2008	The New Landlord Selection Panel has met on a number of occasions. They initially confirmed the process, identified criteria and the evaluation methods for assessing the options in respect of landlord model. On 15 th May, the NLSP received presentations from and held Q&A sessions with three RSLs that fit the different model types. An open event was held on the afternoon of 15 th May where other tenants, staff and Members attended to find out more information about the different models. Other tenant open days were also held in May and June. Members of the NLSP and other stakeholders undertook a series of visits (4) at the beginning of June to look at other landlords that have been established within the models outlined above. The NLSP will reach its conclusions at its meeting on 27 th June, taking account of the view of other groups (including staff, tenants, members) and report to the Portfolio Holder following that meeting.	✓

Stock Condition Survey	March 2008	August 2008	The Stock Condition Survey was completed in 2006, although information was required from it in order to prepare the Disposals Programme Application and the base valuation. It is anticipated that the Shadow Board for the new landlord will receive a presentation on the Stock Condition Survey at their meeting in August.	▼
Assets	March 2008	August 2008	The Council has completed a land survey and confirmed that all titles are registered. A Task & Finish Group from the Project Team has been established to identify all assets and liabilities with a view to agreeing principles corporately in July. This work is on target. These principles would then be presented to the Shadow Board at a later date.	▼
Shadow Board Development	April 2008	November 2008	Recruitment began in May 2008 for tenant and Council members. All tenants and leaseholders were invited to apply and subsequently completed an application form if they were interested, following receipt of an information pack about the role of a Board Member. Applicants invited to interview received a Person Specification and draft Code of Conduct and were asked at the interview to explain how they would sign up to these documents and act in the best interests of the proposed association if elected as a Board Member. Following the interviews, potential candidates are taking part in a free election by all tenants and leaseholders. The outcome of the election will be known early July. The Council nominees were confirmed at the Council meeting at the end of May and they have been asked to provide information about their skills and experience and sign the relevant declaration. The first Shadow Board meeting is due to be held on 14 th July. Recruitment for Independent members will follow a skills audit and gap identification of tenant and Council members. It is anticipated that the full Board will be in place by October, with a Board Development programme agreed at that point.	▼

Corporate Identity and Type of Organisation	July 2008	August 2008	This work will follow the decision on the model for the new Landlord, although a process for developing the name, etc., is being outlined to ensure it involves stakeholders appropriately. Discussions on the type of organisation will determine its legal and charitable status. It will be important to agree the corporate identity (e.g. name and logo) as soon as possible in order that it can be used in communications and consultation material and a profile established.	
Communications	February 2008	On-going	A Communications Strategy and Protocol has been developed and an Implementation/Action Plan agreed and put in place. A Communications Group has been established and is meeting regularly. This Group's responsibility includes generating ideas for an effective communications strategy for all stakeholders. In respect of Members, a Briefing Session was held on 12 th June and all advisers were present. Tenants received a newsletter in May. A Transfer Advisory Group of tenants has been established and is meeting. Links with other tenant groups have been established. Tenant Open Events were held at the end of May and beginning of June.	▼
Preparing the Valuation and Business Plan	March 2008		A Base Valuation has been established for inclusion in the Disposals Programme Application, however this will be developed as information about the offer to tenants is developed. When the Shadow Board is established, they will receive training on the valuation and the Business Plan for the new landlord.	▼
Preparing the Formal Consultation Document	June 2008		A process and timetable for development of the Formal Consultation Document will be developed in the summer. It is anticipated that sub-groups of the Tenants Advisory Group and other stakeholders will be involved in developing the Formal Consultation Document and the proposals that will form part of it, for example policies and the Tenancy Agreement.	
Policy & Tenancy Agreement Development	June 2008		A key policies list will be agreed and a process/approach agreed for stakeholder involvement in their development. It is anticipated that this would involve members of the Tenants Advisor Group.	

Formal Consultation arrangements	October 2008		A timetable will be agreed later in the year to ensure co-ordination for all arrangements related to the Formal Consultation period.	
Change Management	March 2008	May 2008	A Change Management Plan has been approved.	▼
Retained Services	March 2008	July 2008	A Task & Finish Group of the Project Team is looking at the options for retained services, such as allocations, housing advice and homelessness, with a view to agreeing principles by July 2008.	▼
General Fund Impact & VAT Shelter	March 2008	August 2008	A Task & Finish Group of the Project Team is being established to identify what corporate services are provided to housing and what the HRA is paying for those services. Considerations of the impact on the General Fund will be reviewed as they are identified.	▼
Project Plan and Management	February 2008	On-Going	An outline Project Plan has been developed, although further dates will be refined as the tasks develop and the Plan will be updated quarterly. A Project Management Structure has been established to manage the Project.	▼