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Member and Staff Briefings

Options Appraisal in South Cambridge shire - the ITA Role

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ITA Role in Options Appraisal

To inform tenants about the Options Appraisal process and why the council is conducting it

- To advise tenants on the implications of of the Options Appraisal and what may follow from it**

To report back to council on our assessment of tenants' views on the nature of the housing service and what tenants expect from it in the future

Programme- September / early December

- Met tenants at 21 out of 24 council drop-in meetings – over 350 tenants , leaseholders, and equity sharers
- Meetings at 43 sheltered schemes
- Training / Briefings for 5 HFWG tenant members and TPG
- Two newsletters
- Re-run 2004 survey on tenant aspirations – 1500 responses
- Focus Groups – end November
- Report to HFWG in early December



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What are we telling tenants ?



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What is the Issue ?

The Council believes it will not have enough money to repair, improve, and manage its homes to a good standard in the future.

Is asking tenants if they want to know more about how transfer to a housing association might solve those problems

But – same debate as in 2004/5 when council opted to remain a landlord



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Question – what has changed since 2005?

What is the **evidence** which suggests to the council that it has to asking tenants to consider transfer to a housing association ?



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Two Key Factors ('evidence')

- The results of the ***stock condition survey*** and the recommendations made to the council by the surveyors (Savills) who carried it out
- The future ***investment needs*** of all council homes in South Cambridgeshire (plus the future for the Housing Revenue Account) – recommendations to council from Tribal



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Stock Condition Issues -Background

- **Decent Homes were central to the Government Green Paper of April 2000 – ‘Quality and Choice: A Decent Home for All’**
- **Decent Homes targets were set in the Government’s 2000 Spending Review – known as a Public Service Agreements (PSA)**



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aimed to ensure that ‘all social housing meets set standards of decency by 2010, by reducing the number of households that does not meet these standards by a third between 2001 and 2004, with most of the improvement taking place in the most deprived local authority areas’



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What is a Decent Home?

The Government's 'Decent Homes Standard'

A 'Decent Home' must meet four criteria: -

- Meet the ***current minimum standard***
- Be in a ***reasonable state of repair***
- Have ***reasonably modern*** facilities and services
- Provide a ***reasonable degree of warmth***



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Reasons for Failure in South Cambridgeshire

- **1% on Fitness**
- **3% on Modern Facilities**
- **17% on Thermal Comfort**
- **79% on State of Repair**



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Other Guidance

Implementation of Decent Homes

- Decent Homes Standard should be implemented within the context of future demand
- Standard is a minimum – not the standard to which improvements should be undertaken
- Landlords should carry out works outside the standard and should plan accordingly
- Works should reflect the priorities of tenants
- Timing of work
- Packages of work



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Investment Needs of Council Homes

Main pot of money used to pay for council housing – **Housing Revenue Account**

Has both **capital** and **revenue** income and expenditure with it

Capital – pays for: new house building :
planned maintenance : major improvements

Revenue – pays for : management costs :
day-to-day repairs : grounds maintenance,
caretaking : and payments to Government

The Position in South Cambridgeshire

**S Savills Survey – a sample (c25%)
(large sample size)**

**Shows overall level on non-decent council
homes currently at **24%** , whereas...**

**National average of non-decent homes
currently at **43%****

Catch-up repairs at approximately - **£650,000**

Total investment bill adds up to **£57,000
per property (at today's price) over 30 years
to meet the **minimum standard** recommended
by Savills - **£323m in total)****

Capital

Capital Position in South Cambridgeshire (Tribal)

Shortfall (against what Savills think needs
to be spent) :

£4m in 2008/9, plus

£4m in 2009/10, plus

£8m in 2010/11, plus

£8m in 2011/12

(**total = £24m**)

plus £5m per year thereafter

(**estimated total shortfall over 30 years
- with inflation = £217m**)



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Revenue

HRA Operating Account – expenditure will exceed income in 2008/9

Savings would have **to be in place by no later than 2009/10 to prevent the account going into deficit (which is illegal)**

Savings in, e.g repairs, has knock on effect of increasing investment shortfall in medium and long term



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How have things changed since 2004/5 ?

Council opted to remain a landlord in 2004 on the basis of :

- **making savings in management costs of £437,000 per year – principally via the reduction in warden services**
- **Works to Decent Homes Standard only**

Would have lead to a capital shortfall from 2012/13 only – whereas now it it kicks in next year



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Why have things changed ?

In order of importance :

1. **Significantly higher spend identified by the new (Savills) stock condition survey**
2. **Reduced right-to-buy sales (around 20 per annum now)**
3. **Loss of 75% of capital receipts – paid by you into a government receipts pot**
4. **Increasing impact of losing around 50% of your rental income into another government pot – will be £10.1m pa next year**



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Transfer Models



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OPTIONS

Process for assessing the model of transfer RSL- the options



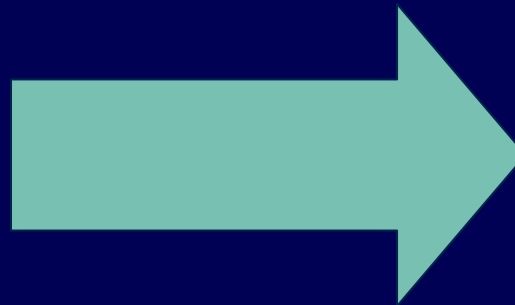


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ABSORPTION by an RSL

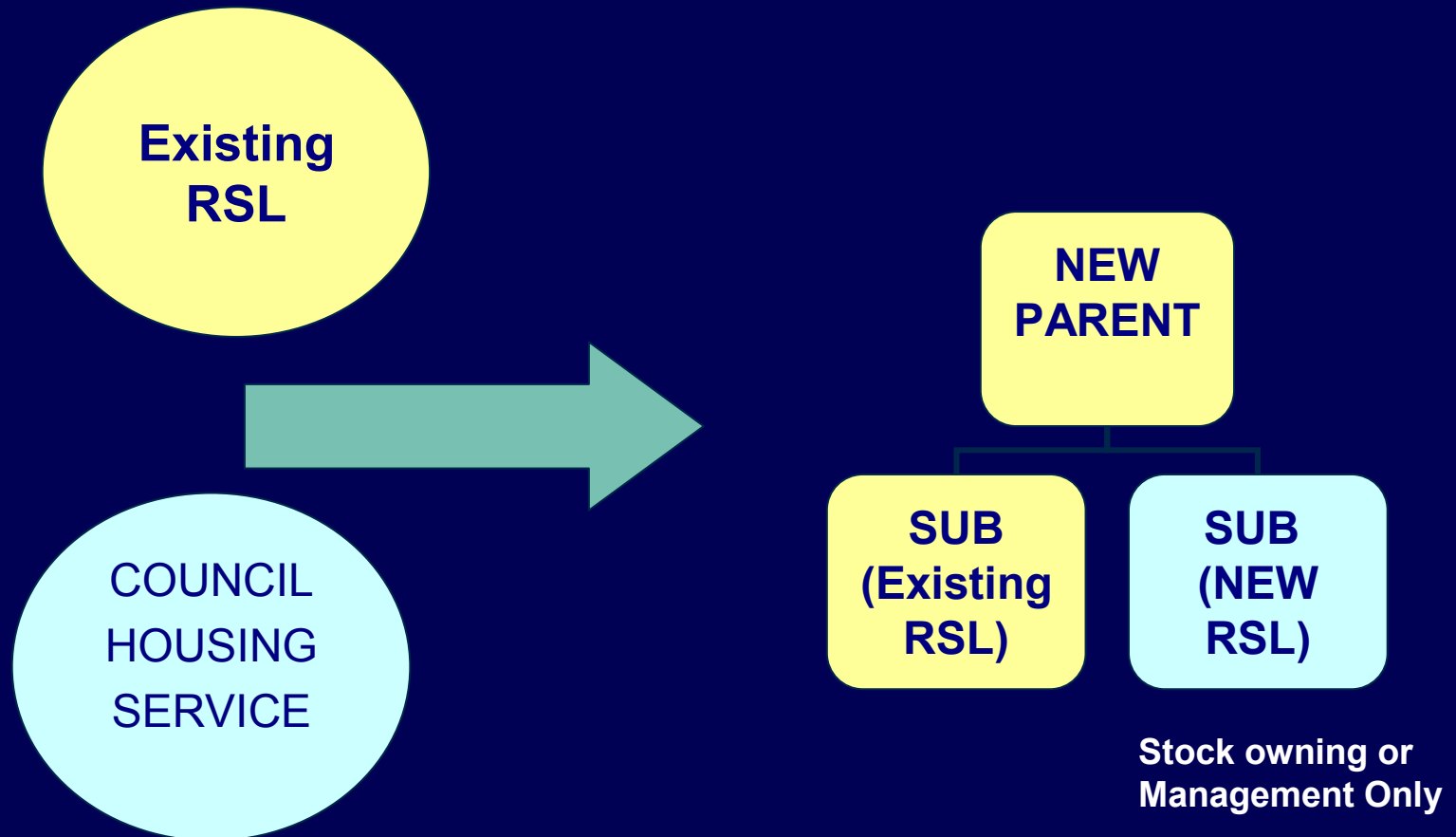
Council
Housing
Service

Existing
RSL



**Enlarged
RSL**

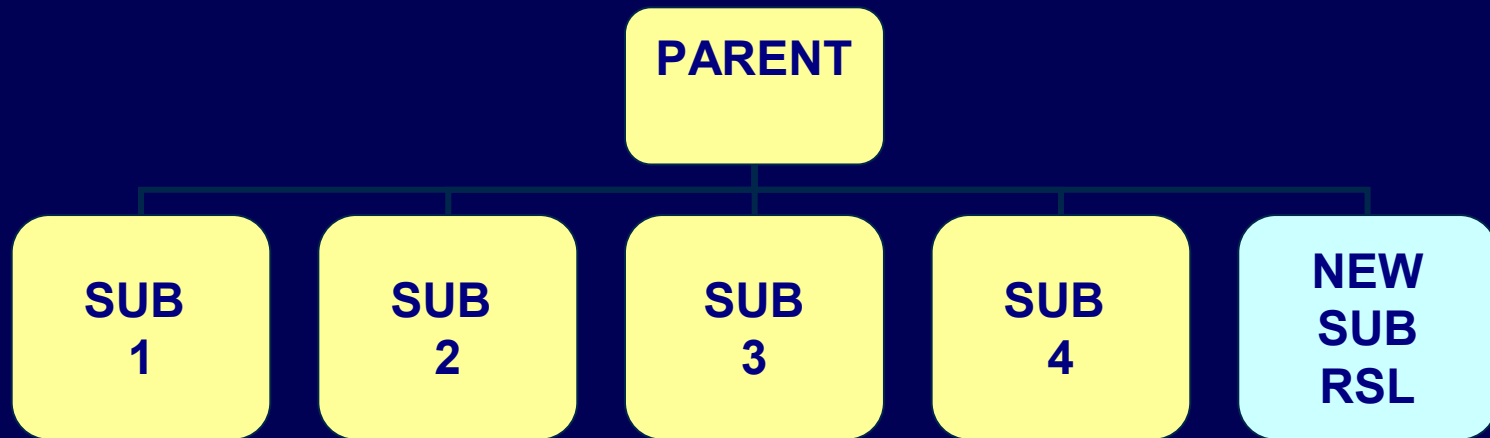
CREATION OF A NEW GROUP





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A New Subsidiary within an Existing Group

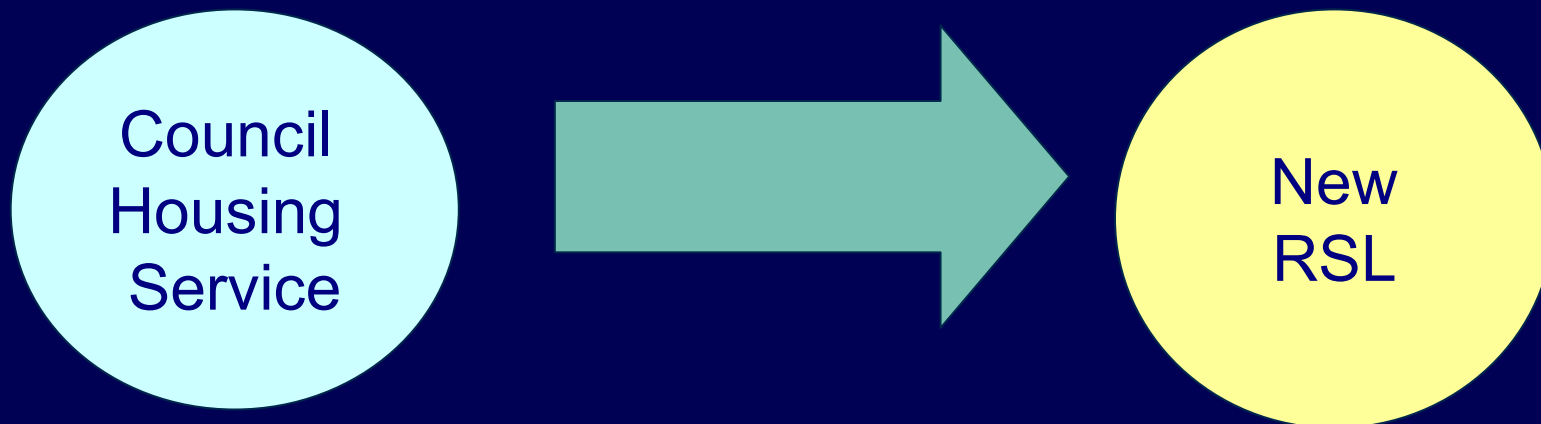


Stock Owning or
Management only



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TRANSFER TO A NEW STAND-ALONE RSL



Could be a
Community Housing
Mutual RSL)

ITA Work- Preliminary Feedback

- Many tenants aware of the rent loss the council suffers – strong resentment
- High level of concern in sheltered schemes about changes in warden system – questions about the extent to which transfer might address this
- Little first-hand knowledge about RSLs – mixed views where that knowledge exists
- Realism about likely future trends in council housing finance
- Agreement on the need for much more affordable housing to be built in the District
- Greater willingness to *consider* change than in 2004



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1 It must meet the current minimum standard for housing.

Starting Point - Fitness Standard is defined by the Housing Act 1985

A Local Authority can deem a property to be unfit if it does not meet the minimum requirements for habitation



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To be 'Fit'

A property should: -

Be free from serious disrepair

Be free from dampness prejudicial to the health of occupants

Have adequate provision for heating, lighting and ventilation

Have an adequate piped supply of wholesome water

Have an adequate system for drainage

Have a suitably located WC for the sole use of the occupants



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Have a bath or shower and wash hand basin with hot and cold water

Have satisfactory facilities for the preparation of food including a sink with hot and cold water

The Fitness Standard has been replaced by a 'Housing Health and Safety Rating System' – under which a hazard score triggers action from a Local Authority

2 It must be in a reasonable state of repair

Under this criterion a property would not be decent if: -

- one or more **key building components** are **old** and because of their condition need replacing or major repair
 - and
 - two or more **other building components** are old and because of their **condition** need replacing or major repair
-



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Key Building Components

Key building components are those which would have an immediate impact on the integrity of the building and include: -

- External walls
- Roof structure and covering
- Windows and doors
- Chimneys
- Central heating boilers
- Gas fires
- Storage heaters
- Electrics



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Component is 'Old' if it exceeds its expected or standard lifetime

Building component (key components marked *)	Houses and bungalows	All flats in blocks of below 6 storeys	All flats in blocks of 6 or more storeys
Wall structure *	80	80	80
Lintels *	60	60	60
Brickwork (spalling)*	30	30	30
Wall finish *	60	60	30
Roof structure *	50	30	30
Roof finish *	50	30	30
Chimney *	50	50	N/A
Windows *	40	30	30
External doors *	40	30	30
Kitchen	30	30	30
Bathrooms	40	40	40
Heating central heating gas boiler *	15	15	15
Heating central heating distribution system	40	40	40
Heating other *	30	30	30
Electrical systems *	30	30	30



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Building Components are in poor condition if: -

Wall structure	Replace 10% or more or repair 30% or more
Wall finish	Replace/repoint/renew 50% or more
Chimneys	1 chimney need partial rebuilding or more
Roof structure	Replace 10% or more or strengthen 30% or more
Roof covering	Replace or isolated repairs to 50% or more
Windows	Replace at least one window or repair/replace sash or member to at least two (excluding easing sashes, reglazing painting)
External doors	Replace at least one
Kitchen	Major repair or replace 3 or more items out of the 6 (cold water drinking supply, hot water, sink, cooking provision, cupboards, worktop)
Bathroom	Major repair or replace 2 or more items (bath, wash hand basin, WC)
Electrical system	Replace or major repair to system
Central heating boiler	Replace or major repair
Central heating distribution	Replace or major repair
Storage heaters	Replace or major repair



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3. It has reasonably modern facilities and services

Dwellings failing on this point are those that lack **three or more of the following**: -

- A reasonably modern kitchen (20 yrs or less)
 - A reasonably modern bathroom (30 yrs or less)
 - An appropriately located bathroom and WC
 - Adequate noise insulation
 - Adequate size and layout of common areas for blocks of flats
-



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Kitchen and Bathroom lifetimes are lower than in the disrepair guidelines to reflect modernity aspirations

Standards used have been used within the EHCS for many years

Inappropriately located bathroom and WC is one located in a bedroom or accessed via a bedroom or if the WC is external or located on a different floor to the nearest WHB, or if a WC without a WHB opens on to an inappropriate area in a kitchen



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Insulation from noise is required to be provided when there are problems with traffic or factory noise etc.

Insulation from noise should include double glazed windows

A dwelling would not fail the standard if it were not possible to make improvements for planning reasons



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4 It provides a reasonable degree of thermal comfort.

The revised definition requires a property to have: -

Efficient heating and

Effective insulation

Previously - properties were required to enable their occupants to heat their homes to a reasonable level – defined at the fuel poverty level



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Efficient Heating: Any gas or oil programmable central heating or electric storage heating or programmable LPG or Solid Fuel heating system

Effective Insulation: Gas / Oil systems – Cavity wall insulation or at least 50mm of loft insulation

Electric / LPG / Solid Fuel – At least 200mm of loft insulation and cavity wall insulation

Landlords should, though, insulate to a greater depth than 50mm