

# Appendix A

## HOUSING OPTIONS APPRAISAL – REPORT TO HOUSING PORTFOLIO HOLDER

### 1. Purpose

To present to the Housing Portfolio Holder the final report from the housing options working group, this includes a description of the options appraisal process, the evaluation of the options and the next steps for either staying with the Council or transferring the Council's homes to a Housing Association.

Attached as appendices are the Financial Analysis report by Tribal HCH (A); the Tenant Consultation report by PS Consultants (B); and the ODPM options appraisal sign off criteria (D).

### 2. Housing Options Working Group

2.1 The first meeting of the housing options working group (HOWG) met on 20 July 2004. The following reports were presented to the group:

- Housing options appraisal project plan (appendix C1)
- Tenant empowerment strategy (appendix C2)
- Communications and consultation strategy (appendix C3)

2.2 The membership of HOWG was set at 6 tenant representatives; 6 elected councillors; Chief Executive and 3 Directors; and a Trades Union representative. However at the first meeting of HOWG this changed to 5 tenant representatives and 5 elected councillors. This change occurred as a tenant representative was elected as a councillor at the local elections in June, she then become a councillor representative. The members of the group are:

Chairman – Councillor NJ Scarr

Vice-Chairman – Mrs A Elsby

Councillors Mrs HF Kember, EJ Pateman and Mrs DSK Spink MBE

Tenant representatives – Helen Ballantyne, Andy Booth, Janice Curtis, Howard Renshaw and Georgina Smeaton

Officers – John Ballantyne, Steve Hampson, Greg Harlock and David Hussell

Trades union representative – Martin Williams

2.3 The project plan states that the terms of reference are *'To consider the district's future housing needs and investment requirements and evaluate each of the future housing options against the Council's priorities, and tenants views; to present to the Portfolio Holder the outcome of its work. The Group will not determine which housing option is most appropriate for the district but will set out the district's housing priorities, service aspirations, and investment needs before assessing how each of the options will deliver those priorities. That assessment will include information about each option financial, organisational, and staffing impacts and its' deliverability in real terms, taking account of tenant views and concerns.'*

2.4 HOWG have met 11 times throughout the options appraisal and have received presentations from the lead consultant, Tribal HCH and the Independent Tenant advisor (ITA), PS Consultants. All agenda papers and minutes are attached in appendix C4. They have also visited Hereward housing Association and had a

presentation from the ALMO, Colchester Borough Homes. The group have been serviced by the housing options project team made up of core officers providing expert policy and financial advice. The team have managed the project to ensure that agreed outcomes are achieved and that ODPM requirements have been met.

### **3. Tenant Empowerment**

3.1 The tenant empowerment strategy achieved sign off by the Community Housing Task Force (CHTF) on 23 July 2004, with a commitment to review it throughout the options appraisal. The objectives for this strategy are:

- To gather information about tenants' views on the current housing service and their priorities for future investment/development.
- To ensure that all tenants are provided with good access to accessible and clear information and have opportunities to let the Council know their views.

3.2 These objectives have been met by undertaking two phases of consultation. The first phase sought to raise the profile of the options appraisal and to identify tenants' aspirations for their homes and service development. Phase two provided tenants with detailed information on how each option could be delivered at South Cambs taking into account the issues identified in phase one. It is acknowledged that tenant empowerment is a fundamental part of all stages of the options appraisal and that the ITA, will support tenants to ensure that they are fully engaged throughout the process.

3.3 The ITA, PS Consultants was appointed on 1 April 2004 following a successful interview with the tenant representatives from HOWG. Prior to the first meeting of HOWG the tenants met with the ITA and the tenant participation officer (TPO) on 5 occasions. These sessions were an opportunity for the tenants to receive training and develop an understanding of the housing options process (appendix C5). Throughout the options appraisal the tenants have met with the ITA and TPO outside of HOWG to receive continued support, have an input into the planning of the consultation programme and visited Havebury Housing Association in addition to the planned trip to Hereward Housing Association.

### **4. Communications and Consultation**

4.1 The communications and consultation strategy achieved sign off by the CHTF on 23 July 2004, with a commitment to review it throughout the options appraisal. The strategy has informed the consultation programme and methods used to consult with tenants, staff and other stakeholders. The objectives for this strategy are:

- To gather information about tenants' views on the current housing service and their priorities for future investment/development.
- To ensure that all tenants are provided with good access to accessible and clear information and have opportunities to let the Council know their views.
- To ensure that all the Council's staff are well informed on the housing options project and able to answer questions or signpost people to appropriate advice.

4.2 The following paragraphs provide detail as to how these objectives have been met throughout the stages of the options appraisal project. The ITA has produced 3 newsletters (appendix C6), the first was in August 2004, and this also included a

questionnaire to identify tenant's priorities for their homes and future service investment/development. A high response rate of 36% was achieved. The most important elements identified for their home are an efficient central heating (61%), followed by modern kitchen (53.4%) and UPVC double glazed windows and doors (48.8%). Priorities for services were identified as ensuring all repairs and improvements are carried out (85.2%) and ensuring that existing services continue to be provided e.g. decoration and hedge cutting for the elderly and disabled (73.2%) and providing affordable housing in the district(44.4%).

- 4.3 In October 2004 four focus groups were held to test the quantitative data received via the postal questionnaire in respect of tenants' priorities for improvements to their homes and for the development of the housing service and to provide qualitative data in respect of the above e.g. how should the environment around council housing be improved, what are the perceptions of anti-social behaviour etc. These groups also identified tenants' concerns about the options, how the second phase of consultation would be undertaken and considered proposals for the test of opinion questionnaire. The findings from the focus groups can be found in appendix B as part of the full report from the ITA.
- 4.4 A second newsletter was sent out to tenants at the beginning of February 2005 to provide them with information as to what has been happening with the project, feedback from the questionnaire carried out in August and what the next steps would be. The newsletter also informed tenants of the future homes standard, which has been based on the results from the survey and focus groups.
- 4.5 The third newsletter was sent at the beginning of April 2005 prior to the second phase of consultation. It included information about each of the options, how each can be delivered at South Cambs and the test of opinion. This newsletter also advertised the consultation events planned for the first two weeks in April. This newsletter and the consultation programme had been presented and agreed by HOWG on 11 and 16 March 2005 (appendix C4 – all HOWG papers).
- 4.6 A detailed consultation programme was arranged and included coffee mornings at sheltered schemes, 'drop-in' sessions at the housing surgeries and at central locations in other villages, whilst volunteers from the housing department and tenant representatives knocked on doors in that village. Tenants were offered the opportunity to ask questions of the ITA and TPO at the 'drop-in' sessions. Display boards were set up at venues and fact sheets were available for tenants to take away (appendix C7). Three evening meetings were held with residents' groups in Cottenham, Waterbeach and Linton.
- 4.7 Tenants were also provided with information from South Cambs throughout the process via 'Key Issues', the tenant's newsletter (appendix C8). The Council's newsletter, South Cambs magazine for all residents of the district contained articles to ensure that it reached a wider audience than just the Council's tenants. The Council's website, [www.scambs.gov.uk](http://www.scambs.gov.uk) contained housing options appraisal pages, with copies of all HOWG papers, presentations to HOWG over the course of the project and links to relevant websites, for example the ODPM.
- 4.8 Regular staff briefings have been held to inform not only housing staff but all staff in the Council of the housing options appraisal, this included three lunchtime briefings and a briefing by the Housing and Environmental Services Director at the launch of the Council's 2004 performance plan in August. A council wide staff forum including officers from housing, finance, planning and policy teams was established in September 2004. They have met five times throughout the process and received

presentations from the lead consultant; officers from the project team and attended the visit to Hereward housing Association. In addition the project team officers have attended regular team meetings of housing staff to keep them informed throughout the options appraisal (appendix C9). Staff have also been kept updated throughout the process via information pages on the Council's intranet.

- 4.9 Consultation has been extended to include wider stakeholders, for example the Contact Centre, Local Strategic Partnership, and the Housing Partnership.

## **5. The Evaluation Matrix.**

- 5.1 The ODPM guidance on Option Appraisal states that authorities should take a number of factors into account and provides a guide to the range of issues that should be considered. It states that "*The output of such an appraisal should be an option that delivers sustainable decent homes, is value for money, separates landlord and strategic functions, improves services and is deliverable.*"

- 5.2 The guidance on delivering Decent Homes and Option Appraisal indicates that other factors beyond delivering Decent Homes and meeting national/regional priorities should be considered. These include tenant and leaseholder aspirations, the authority's statutory duties, wider housing market issues, and any appropriate regeneration/renewal strategies.

- 5.3 The guidance also notes that although the focus will be on the identified objectives, consideration should also be given to the impact on other factors ranging from protecting tenants rights and enhancing participation to the impact on the General Fund and resources for other capital programmes.

- 5.4 In order to allow all relevant issues to be considered as part of the eventual decision-making process a comprehensive evaluation format was prepared and presented to HOWG on 21.10.04. The content of the format draws on-
- ODPM guidance
  - Objectives from the initial Option Appraisal Project Plan
  - Issues from the Corporate Objectives, the Community Strategy, the Housing Strategy and the HRA Business Plan.
  - Feedback from tenant and leaseholder consultation.

- 5.5 The format was discussed and refined by the HOWG meeting on 21.10.04 and has subsequently been populated with information as results from the different strands of work have become available to HOWG. At each stage of summarising the base material, the key points that needed to be included have been discussed by HOWG.

## **6. Evaluating the Options - Summary**

- 6.1 The following notes outline the key points from the material that has already been presented to the HOWG to help structure the eventual decision, based on the nine critical issues identified at the start of the project. They are not a substitute for the mass of detail contained in the reports, which have been tabled, and they do not attempt to repeat the assumptions and caveats made in presenting those reports. This concise summary should be used in conjunction with that material and not in isolation, particularly the final Consultants Report and the ITA Reports on Consultation Feedback and the Test of Opinion
- 6.2 The material presented here does not detail the PFI, ALMO or Partial Transfer Option for the following reasons, which became clear following the financial analysis.

- 6.3 The **PFI Option** is not examined in detail because the consultants conclude that it does not provide the whole stock solution, which is needed. It is applicable for small regeneration projects where there is a resource shortfall to achieve the Decent Homes standard. It is therefore not appropriate in South Cambridgeshire because we can achieve the Decent Homes standard and therefore it would not attract extra funds. (PFI credit)
- 6.4 The **ALMO Option** is not outlined below because the consultants conclude that the authority can achieve the Decent Homes standard with its existing resources and therefore an ALMO would not deliver any extra resources. In relation to the evaluation criteria below, the ALMO would largely be a variation on the **RETENTION** option (and the comments below therefore apply) but with the unwelcome complication that it would cost up to £750K to set up. It would therefore make the HRA financial position worse rather than better. At the same time it would take a lot of Member/Tenant Rep./officer time and energy to set up and would therefore detract from the work needed to implement the required reduction in expenditure/increase in income whilst maintaining essential services. Advocates of arms length management would suggest that it is a more effective arrangement than in-house management.
- 6.5 **PARTIAL TRANSFER** is not covered here because again it could not contribute to a whole stock solution. The report looks at options for the Windmill Estate and this limited option is already being progressed outside of the Option Appraisal process, as is some limited redevelopment of Airey properties. However, this option only meets the needs of these small estates and does not address the issues facing the rest of the stock, namely the revenue and capital problems of the HRA overall.

## 7. Structuring the Decision-Key Issues-Likely Options

<b>1. Investment Needs of the Stock-Decent Homes +medium/long term needs</b>	
<b>STAYING WITH THE COUNCIL</b>	<b>TRANSFER TO A HOUSING ASSOCIATION</b>
This would meet the most immediate government deadline for Decent Homes but it would not be possible to carry out the work identified in the stock condition survey and maintain Decent Homes beyond 2012/13. It would not be possible to carry out all identified works long term and therefore it would also be impossible to achieve the Future Homes Standard.	This would meet the government deadline for Decent Homes and maintain a higher standard long term, provide for all identified long term needs from the stock survey and fund improvements to services with a 30 year business plan

<b>2. Viability of the HRA-medium/long term</b>	
<b>STAYING WITH THE COUNCIL</b>	<b>TRANSFER TO A HOUSING ASSOCIATION</b>
The HRA (which under retention only retains about 50% of rent income with the other 50% payable to central government) would be viable over the long term with either a cut in spending of up to £437K to be carried out by 2006/7 (planned reductions in 2005/6 will	The HRA would be closed and there would be a new landlord account, funded to be viable over the long term.

contribute to this) or a corresponding increase in charges to increase income or an equivalent combination of the two, providing that reduced spending /increased income is maintained.	
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<b>3. Tenant priorities-investment and development</b>	
<b>STAYING WITH THE COUNCIL</b>	<b>TRANSFER TO A HOUSING ASSOCIATION</b>
None of the tenants desired improvements to services (above existing service levels) would be possible and the HRA would have to be cut by up to £437K by 2006/7, thus reducing services (see separate notes on reductions already planned). Alternatively, charges and hence income could be increased by a corresponding amount without any improvement in services. It would not be possible to carry out work identified in the stock condition survey and maintain Decent Homes beyond 2012, even with no investment in new affordable housing.	Would protect current services and fund improved services. There would be a net capital receipt for the council after paying the government levy of 20% of the receipt, and the expenses associated with transfer. This could provide for some more affordable housing if that was a priority. The spending plans for the receipt would have to be agreed with government prior to them approving the transfer.

<b>4. Impact on Corporate Objectives and Community Strategy</b>	
<b>STAYING WITH THE COUNCIL</b>	<b>TRANSFER TO A HOUSING ASSOCIATION</b>
Even with all available capital receipts going to housing, the Decent Homes Standard could not be maintained long term, thus jeopardising “Decent Homes in all Tenures” (Housing Strategy) and any other objectives needing capital receipts (“Quality Homes for All”- Community Strategy). Using capital on other services brings forward the date that the Decent Homes standard cannot be maintained. Within available resources, the council would control the housing service and align it with Corporate Objectives as closely as possible.	A fully funded housing association could improve housing services beyond current service levels and provide a capital receipt for the council to use to pursue other priority objectives. The Board that controlled the housing association would usually consist of 5 tenant members, 5 councillors and 5 “Independents”. As a regulated social landlord it would be obliged to pursue objectives similar to local authorities e.g. Sustainable Communities, dealing with anti-social behaviour, etc

<b>5. Impact on the Councils’ Housing Objectives</b>	
<b>STAYING WITH THE COUNCIL</b>	<b>TRANSFER TO A HOUSING ASSOCIATION</b>
The stock could use all of the unallocated capital resources and still not maintain Decent Homes beyond 2012 as well as meeting needs identified in the stock condition survey, thus leaving no	A transfer would protect existing services and allow for improvements above current service levels. The net benefits of the councils’ capital receipt could be used for housing purposes if that is a

resources for other housing objectives. Any reductions needed in HRA spending (as an alternative to increased charges) would also reduce the ability to promote sustainable communities. A limited degree of separation between some strategic functions and landlord services could continue as at present.	priority. The separation of strategic and landlord functions would become complete and the council would need to include arrangements in the transfer agreement to enable it to carry out remaining duties-e.g. re-housing the homeless.
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<b>6. Results from Phase 2 Consultation and Test of Opinion</b>	
<b>STAYING WITH THE COUNCIL</b>	<b>TRANSFER TO A HOUSING ASSOCIATION</b>
<i>Although the public meetings were successful events (numbering 382 attendees), the overall return rate of completed forms was only 23.5% so only a minority of tenants expressed an opinion. Anecdotal evidence from the meetings suggests that the written consultation material has not fully succeeded in providing tenants with adequate, accessible answers to their questions but that these were better handled by personal contact. Evidence from the meetings suggests that there were “widespread misconceptions” about rents, rights and the future of the Councils staff. The fact that transfer was being considered to a new landlord who does not yet exist, or has not been chosen, was also seen as a complicating factor.</i>	
Of those who expressed an opinion, the majority (82%) were in favour of the council retaining the stock	A minority of those who expressed an opinion-18%- were in favour of transferring to a housing association and a further 99 respondents did not express a clear preference. Younger tenants were more in favour than older age groups.
<i>The issue that tenants most often quoted in their replies as a concern was rents even though rent convergence means that there is no effective difference between the options. The same is true for the issue of “rights” which was the 3<sup>rd</sup> most frequent issue-again with no significant difference between the options. The other main issues-repairs, improvements and better services- may be of concern but objectively the financial reality shows that these would be better funded under transfer than retention. The fact that the council is only allowed to keep about 50% of rent income to spend on services was not widely understood. However, tenants who replied to the consultation generally felt they had been given enough information.</i>	

<b>7. Deliverability</b>	
<i>For either option, Option Appraisal will have to be signed off by the Government Office who will need to be satisfied that it accords with government policy and that the process has followed published guidance. In contrast to PFI and ALMO, neither option requires discretionary resources from the government.</i>	
<b>STAYING WITH THE COUNCIL</b>	<b>TRANSFER TO A HOUSING ASSOCIATION</b>
Gaining sign-off might be problematic because of the inability to maintain Decent Homes or meet needs identified in the stock condition survey over the long term. The government office will	This would require government support, which would involve the council stating how it intended to deal with the capital receipt prior to transfer. The government office would also need to be satisfied

<p>need to see that there are plans in place for managing the reductions in expenditure.</p> <p>With retention, decisions would be under the control of the council who would have to make the necessary reductions in expenditure, or corresponding increases in charges, in consultation with tenants.</p>	<p>about the consideration being given to the overall feedback from the last round of consultation and the test of opinion. It would also require tenants to vote in favour and the result from the 23.5% who replied to the Test of Opinion and expressed a view shows retention as the preferred option at present.</p> <p>There is evidence from public contact that some tenants view transfer more positively once they receive direct factual answers to questions that concern them. The specific issues that concern tenants would objectively be easier to deliver under a housing association financial regime. The ITA concludes-“We would expect, and can see, that this level of interest and support (for transfer) would grow following further in depth consultation with tenants.”</p>
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<b>8. Implications for employees</b>	
<b>STAYING WITH THE COUNCIL</b>	<b>TRANSFER TO A HOUSING ASSOCIATION</b>
<p>Housing staff would continue to be employed directly by the council unless future reviews concluded that alternatives were appropriate. Any reductions in the HRA (as an alternative to increased charges), and reduced capital programmes, would almost certainly have implications for jobs.</p>	<p>Staff spending 50% or more of their time on landlord activities would be offered a transfer to the housing association under TUPE. New jobs created by the housing association would customarily be ring fenced for other housing related staff but the full implications for staff would be finalised in the run up to transfer.</p>

<b>9. Value for money issues</b>	
<b>STAYING WITH THE COUNCIL</b>	<b>TRANSFER TO A HOUSING ASSOCIATION</b>
<p><i>With Rent Convergence there would be no value for money issues concerning rent levels for transferring tenants because rent levels would be similar under both options. Transferring tenants would also have the Right to Buy with both options.</i></p>	
<p>Financial pressures would make achieving value for money more difficult with the balance between capital and revenue spending driven by the potential need to reduce both, rather than prudent, property related decisions. The council would have to pursue government efficiency savings.</p> <p>The needs of the stock would be in competition with other council objectives for scarce capital resources.</p>	<p>The new housing association would have fully funded revenue and capital budgets, vetted by risk averse lenders. Programmes could therefore be constructed on the basis of best practice, including value for money. The new landlord would have to pursue government efficiency savings.</p> <p>The council would have a capital receipt, which it could spend or invest depending on its view at the time, including value for money issues. The consultants suggest an indicative net gain to the council of up</p>



	to £7.4m over the first 5 years if receipts are invested (based on meeting half of the tenants aspirations for improved services)
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## 8. Next Steps

The Option Appraisal process has identified that there are two viable options for the future of the Council's housing stock. They are; staying with the Council and large-scale voluntary transfer. The tables below provide an outline of the actions that would have to take place for the implementation of each option, with estimated timescales.

### 8.1 Next Step - Staying with the Council

Action	Commentary	Timescale
Complete Review of Technical Services	The Council is currently undertaking a review of the Technical Service to enhance partnership working and streamline processes through the integration of the Technical (Client) functions and the DLO (Commercial) operations. The management of this process of change has been geared to coordinate with the determination of the procurement arrangements for the repairs service and the determination of the Options Appraisal. It is anticipated that the changes will require the negotiation of new contract arrangements for a number of staff and will therefore need to meet the proper HR requirements. An outline action plan for this process has been given to staff as part of the consultation process already underway. A detailed action plan is due and further consultation will be arranged.	October 2005
Determine Procurement Arrangements for Response Repairs and the future of the DLO	A commitment was made in April 2005 to the Cabinet to evaluate a range of options for the procurement of repairs services and consider the future arrangements for the Council's DLO. The options are: (1) Maintain an in house DLO and build its business base. (2) Establish a long-term public private partnership. (3) Closer working partnership between the DLO operations and the City Council. (4) Re-tender the response repairs contract. It is intended that external consultants will be engaged to assist with the evaluation process, and quantification of the options. A brief has been drafted and prices will be sought for the completion of the work as specified. A report will be presented to the Cabinet in September 2005 detailing the results of the evaluation and financial appraisal.	September 2005

<b>Action</b>	<b>Commentary</b>	<b>Timescale</b>
Complete the Review and Reorganisation of Shire Homes	The review of Shire Homes is underway in conjunction with the Sheltered Housing Review and the Allocations Review. These will be coordinated to enable an overview to be taken, ensure the recommended changes interrelate and that the best structural and working arrangements are achieved to serve all service areas. The target date for completion of the Shire Homes Review is November 2005, although it is recognised that full implementation may take a little longer.	November 2005
Achieve Savings identified in the Repairs and Maintenance Budget	<p>The Council has identified approximately £0.5m worth of revenue savings in 2005/6 in order to achieve a balanced budget and sustain the HRA for future years. It is imperative that the budgets are managed and monitored to achieve the required outturn in March 2006 to reduce the level of pressure placed on the budget in future years. If this is achieved the model projects that the revenue spending can be continued at the new reduced level. Information regarding any potential overspend in 2005/06 will form part of the 2006/07 budget setting process and, as a consequence, a view will need to be taken on the situation this autumn. Details of the revenue account position for retention of the housing stock is included in a report, Options Appraisal Revenue Savings presented to the HOW Group on the 11<sup>th</sup> May.</p> <p>It is apparent from the modelling exercise carried out by Tribal HCH that on the basis of the Council's projected programme of capital expenditure the accumulated capital receipts run out in 2011/12. As detailed in the report to the HOW group in the Capital Expenditure Assessment report presented on 11<sup>th</sup> May from that time the available projected capital programme falls to £4m per year.</p>	<p>Immediate</p> <p>October 2005</p>
Review and Revise the HRA Business Plan	<p>It is accepted that there is a requirement to review and revise the HRA Business Plan on an annual basis. The current Business Plan and the financial modelling completed by Tribal HCH have been completed using the best information currently available. But, changes in the housing financial regime and available grants and costs are subject to significant variation over time.</p> <p>Reviewing the Business Plan will require updating the business planning model and conducting consultation on tenants', leaseholders' and Members' priorities as well as communicating with other stakeholders.</p>	October 2005

Action	Commentary	Timescale
Update the Stock Condition Survey	<p>The Council's stock Condition survey is now 4 years old. During the validation process required for the Options Appraisal significant weaknesses were identified with the data recorded from the survey. Attempts to address these weaknesses with the contractor Stevens Scanlan produced some improvements but did not resolve all issues.</p> <p>During the Options Appraisal process an assessment was carried out of the areas of difference between the Base Model for capital expenditure developed from the stock condition data by Tribal HCH and a model developed by them from the Council's own data for the approved capital improvements programme, incorporating MRA expenditure. In order to achieve comparable data an indicative year was used, 2006/7. It should be noted that this is applicable for a period of approximately 5 years as the funding requirements for elements of expenditure tend to run in bands for 5 year periods. This is specifically the case for the parking and lighting figure.</p> <p>The analysis found significant variations under a number of headings, in particular; roads parking and lighting (£1.2m), re-roofing (£0.8m), rewiring (£0.68m), common rooms of sheltered schemes (£0.58m), and refurbishments (£0.48m). Closer examination of these differences suggests that of these illustrated differences the parking and lighting figure is referred to as 'improvements' in the stock condition survey but no further definition is given. This has been raised with the consultants Ridge to clarify why they felt it appropriate to include it in the figures for projected expenditure. Of the others mentioned the figures in the stock condition survey are all accurately represented. The Council's own programme has therefore been re-examined and only the figure for rewiring seems to be an underestimate for the achievement of decent homes. The figure should be revised up to £0.35m (from £0.045m), still £0.33m below the stock condition figure.</p> <p>The Repairs and Maintenance Service Plan gives a commitment that 20% of the Council's stock will be resurveyed each year. The information gained from these surveys will be input onto the attributes module of the Orchard System to improve the quality of existing data used for the development of the repairs and maintenance programme. It is expected that a full stock condition survey will be undertaken within the next 3 years in order to ensure that data is up to date and includes the elemental breakdown recommended in Government guidance.</p>	Before February 2008

Action	Commentary	Timescale
Tenant, Leaseholder and Other Stakeholder Consultation	As indicated previously consultation with tenants, leaseholders and staff is ongoing in relation to the reviews that are already underway. This would continue, and be developed in the event that the stock was retained. The financial position following retention would require that extensive consultation was undertaken with tenants and leaseholders to enable spending to be targeted to their priorities, and a communication exercise would be needed to ensure that tenants, leaseholders and other stakeholders understood the need to change policies and practices to reflect financial constraints. The tenants' compact to be re-launched in Autumn 2005 and this will take account of the tenants' and leaseholders' involvement with the budget setting process.	Autumn 2005

## 8.2 Next Step - Stock Transfer

Action	Commentary	Timescale
Identify provision in the budget in order to proceed towards transfer	The Lead Consultant identified substantial "at risk" resources that would have to be paid for by the Council, in the event of attempting to proceed with a stock transfer. As part of the budget setting process, it would therefore be necessary to locate where the funding for these resources could be found.	October 2005
Apply to the ODPM for a place on the Transfer List	The ODPM require Authorities to be on their approved list before any progress towards a transfer can be made.	In line with ODPM guidance
Appointment of Lead Consultants	The Council would be required to appoint lead consultants for the transfer process. This will involve tendering for a suitable consultant in accordance with the Councils contract standing orders and financial regulations.	October 2005
Completion of a Stock Condition Survey	It will be necessary to undertake a stock condition survey in order to have comprehensive accurate, up to date information for the transfer process. As the stock condition survey is 4 years old it is accepted that the survey would require updating within the next 3 years anyway.	To be advised by the Lead Consultant
Appointment of ITA to Tenants	An ITA would be appointed using a process similar to that employed to appoint PS for the Options Appraisal process. Tenants would be the drivers of the process, which would need to meet standing orders as to contracts and financial regulations requirements.	" "

Appointment of PR Advisors	Consultation and information is key to the transfer process and therefore specialists are used for the project. A tender process would be employed as for the engagement of the other consultants.	“ “
Appoint Legal & Funding Advisors	Specialist advisors would be appointed to give guidance on the financial, and business arrangements for transfer. This would include securing the finances to purchase the housing stock from the Council.	“ “
Consultation with all Stakeholders	A Consultation Strategy for the transfer project would be developed and a major consultation exercise would be undertaken as part of the transfer process. This would involve all stakeholders and seek to engage every Council tenant. Hard to reach groups would be targeted, and as many different methods of involvement as possible would be utilised. Particular consultation would also be required with staff, both directly and through their Trade Union representatives.	“ “

<b>Action</b>	<b>Commentary</b>	<b>Timescale</b>
Conduct a Ballot	It is an ODPM requirement that there is a ballot of secure tenants to establish the support for a large scale voluntary transfer. It is usual to use the Electoral Reform Society to conduct the formal ballot.	Late 2006
Actual Transfer	In the event of a successful ballot, the ODPM expect a transfer to take place within a year.	Autumn 2007

## **9. Issues highlighted by HOW Group**

In concluding its deliberations, the HOW Group wishes to highlight the following issues to the Housing Portfolio Holder:

### **9.1 Finances**

The Group notes with concern that the current housing subsidy system results in the Council paying to the Government by way of 'negative housing subsidy' an annual sum equivalent to almost 50% of its annual rental income. In cash terms this amounts to £8m each year. Housing associations are not subject to the housing subsidy system and so are able to retain all their rental income and use it to improve and develop services.

A stock transfer receipt would be subject to a 20% Government levy after set up costs, equivalent to just over £6m in South Cambridgeshire's case.

Comparison of payments to central Government between the stock retention and stock transfer options using the above figures shows an £8m annual payment for retention (£80m+ over ten years) compared to a one off payment of £6m for stock transfer.

### **9.2 Repairs and maintenance**

While the Council can achieve the Decent Homes Standard for all its homes by 2010, it is unlikely to be able to maintain them at that standard beyond 2012/13, as building components are continually becoming 'non decent' through age.

It should be recognised that tenants' expectations of the Council's housing service are increasing, and the gap between tenants' aspirations and resource availability is increasing.

### **9.3 Tenant views / ballot**

The test of opinion suggests that the majority of tenants who expressed a view were not persuaded at this time of the advantages of stock transfer. If the Council decides to pursue transfer there is uncertainty about the result of a tenant ballot and up to £750k is at risk if that ballot does not provide a tenant majority to proceed.

The Group is concerned that equity sharers are not permitted to vote in the ballot on any transfer proposal, and recommends that they be offered an opportunity to express their views in the event that a transfer is pursued.

### **9.4 Affordable Housing**

The Group notes that only transfer can provide additional resources to increase the development of affordable housing in the district.