

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO: Housing Portfolio Holder 5 November 2008
AUTHOR/S: Executive Director/ Housing Futures Project Manager

HOUSING FUTURES: DEVELOPING THE COUNCIL'S OFFER TO TENANTS

Purpose

1. To report progress on the development of the housing transfer proposal and endorse the key principles that will underpin the Council's offer to tenants.
2. This is a key decision because;
 - it is likely to be significant in terms of its effects on communities living or working in the District and;
 - 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 November Forward Plan.

Executive Summary

3. As well as the achievement of the Decent Homes standard, the Department of Communities and Local Government (CLG) will expect a housing transfer to bring about an improved housing service. The development of a housing transfer proposal should place tenants at the heart of the process and should result in the best possible offer to them, while supporting a financially viable and sustainable future for both the new local housing association landlord, South Cambridgeshire Village Homes (SCVH) and the Council.
4. There have been a wide range of opportunities for tenants and staff to contribute their ideas for improvements to homes and housing services that they feel should be reflected in the offer to tenants. The Council's offer to tenants will be made to them by way of a formal consultation (or 'offer') document which will be agreed by Council early next year. Following formal consultation with tenants, the Council's offer must be supported by the majority of tenants voting in a ballot before transfer can proceed.
5. The outputs from the work with tenants and other key stakeholders have led directly to the proposed commitments that are recommended below for development into the formal consultation document. The final version of the offer document will be delivered to all secure tenants before they are asked to vote on whether they support the Council's transfer proposal.

Background

6. The relevant CLG guidance set out in the *Housing Transfer Manual 2005* expects transfer to facilitate the repair and improvement of the housing stock; to bring it up to the Decent Homes Standard as a minimum, and to ensure that it is adequately maintained in the long term; and address issues of housing demand and viability. A key part of developing a transfer proposal, therefore, involves drawing up a repair and

improvement programme, i.e. a package of repair, improvement and maintenance works that would be carried out by the new landlord over a thirty year period.

7. Local authorities are expected to provide clear information in the offer document regarding the detail, design, and phasing of major works programmes in order to remove uncertainty for residents.
8. When drawing up the proposed repair and improvement programme, an authority should consider the scope for energy efficiency improvements and advice. In addition, housing transfer would offer opportunities for more efficient procurement and delivery and CLG will expect the transfer proposal to provide evidence of how this will be addressed.
9. As well as the repair and improvement of the homes, CLG will expect transfer to bring about an improved housing service. It will be important, therefore, to consider how the current housing service could be improved, and develop proposals accordingly, in conjunction with the prospective new landlord and tenants. It is expected that there will be proposals for higher levels of resident involvement.
10. The development of a housing transfer proposal should place tenants at the heart of the process and aim to deliver the best possible offer in terms of improvements to homes and services based on their aspirations.
11. The terms of the offer should also ensure that it enables a financially viable and sustainable future for both the new local housing association landlord and the Council.

Overview of the process – what tenants and leaseholders have told us

12. Over the last few months staff have been working with tenants on the detail of what a housing transfer should deliver in terms of improvements to homes and services.
13. There have been a range of opportunities for tenants to get more involved in discussions and provide their ideas and comments through:
 - Tenant Participation Group (TPG) the district wide tenants' forum which meets monthly
 - Sheltered Housing Forum – three forums within the district meet monthly
 - Leaseholder Forum – meets bimonthly
 - Tenant and residents group's
 - Village voices
14. In addition, a Transfer Advisory Group (TAG) has also been set up which includes tenants who expressed an interest in working on the offer and other aspects of the Housing Futures process when tenants were asked how they wanted to get more involved earlier this year.
15. The TAG has been looking at the options for improving services as part of the housing transfer proposal and providing views on what should be included in the key policies of South Cambridgeshire Village Homes (SCVH) which will be the new local independent housing association created to take on the homes from the Council if tenants vote in favour of a housing transfer.

16. The TAG has been focussing on key service areas including:

- Sheltered housing
- Repairs and maintenance
- Tenant involvement
- Tenancy Agreement
- Rents and service charges
- Disabled adaptations
- Grass cutting and other outdoor maintenance services

17. The TAG has also considered what would happen if tenants do not support transfer and the Council retains its homes, and has provided its views on how and where budget and service reductions might fall.

Home visits programme

18. The programme of home visits carried out by staff during July and August 2008 has provided valuable information on the key issues affecting tenants and what is of most importance to them regarding their homes and housing services.

19. The home visits programme aimed to make personal contact with all tenants who live in the Council's general needs housing. Of the 4,357 homes visited staff spoke to 2,645 tenants and leaseholders (a 61% contact rate).

20. The key issues ranked in order of frequency of the number of times questions were raised with staff on these topics were as follows:

- rents and service charges
- repairs service
- tenancy rights
- what staying with the Council would mean
- improvements to homes
- the new local housing association
- external and environmental works

21. In terms of what is most important to tenants the ranking based on the number of people who offered a view is as follows:

- all repairs and improvements are carried out
- improving the environment
- new affordable homes
- additional services e.g. handyman service
- dealing with crime and anti social behaviour
- an energy efficient home
- tenant involvement in decisions that affect homes and services
- improvements to sheltered housing

22. Sheltered housing tenants were not included in the home visits programme, in part because the Council discourages 'cold calling' at its sheltered housing schemes, so the degree of importance attached to this service is probably understated in the home visit programme figures. However, there have been a number of opportunities for sheltered housing residents to find out more about the Housing Futures process and contribute their views and ideas. Among those opportunities are drop-in sessions at sheltered schemes, coffee mornings at sheltered schemes, and the sheltered housing

and leaseholder forums that have been set up in recent months as part of the implementation of the new Tenant Participation Agreement.

23. The feedback from the staff who participated in the home visits programme also suggests that around 75% of tenants have an average or higher level of understanding of the Housing Futures process.
24. Where tenants offered a clear indication of their current views on the options for the future ownership and management of homes, staff recorded their impressions. It should be stressed that this information was not requested of tenants and was only recorded from around 42% of visits. Of those whose views were recorded, 21% appeared to be in favour of transfer, 21% against, and 57% provided no indication of their current views or were undecided. These figures should be regarded with considerable caution as they are based upon interpretation of less than 20% of all tenants' and leaseholders' views, and, the details of what a housing transfer could offer in terms of improvements to homes and services has not yet been communicated so tenants do not as yet have all the information they need to make a fully informed view.
25. There have also been opportunities for key groups of staff within the Council's housing service to contribute their ideas on how services could be improved if more resources were available.

Joint stakeholder workshops

26. In order to help build consensus amongst the key stakeholders on what the offer to tenants should contain, two joint stakeholder workshops were facilitated by Savills in August and September 2008. Those invited to attend these workshops included:
 - Managers and staff from across the housing service
 - Members of the SCVH Shadow Board and New Landlord Selection Panel
 - Tenants and leaseholders from the TPG and TAG
27. The first of the workshop sessions considered the type of improvements that tenants would wish to see if additional resources were available through a transfer of homes to SCVH. At the second workshop attendees were provided with the estimated financial implications of the improvement options and were able to discuss relative priorities in order to inform the development of the offer.
28. The outputs from the joint stakeholder workshops, which built on the earlier work with staff and tenants, and the feedback from the wider tenant population suggests that the following should form the key themes of the offer:
 - In-house provision of services - through existing staff wherever possible
 - Accelerating existing programmes of works and improvements
 - Security
 - Choice and flexibility - offering wider range of services
 - Green initiatives - sustainable developments and more energy efficient existing homes
 - Potential for future affordable housing – for example through regeneration of garage sites.
 - An organisation with a wider focus than just housing and property management e.g. community initiatives
 - Continuously improving and innovating

- Enhanced resident involvement and consultation

28. In summary the essential and desirable service improvements that the workshop participants felt should be addressed within the offer include the following:

Essential	Desirable
Repairs and maintenance Front doors and windows Security features inside and outside the home Heating systems Bathroom and kitchens Disabled adaptations Tenant involvement Grounds maintenance Community alarms Tackling anti-social behaviour Payment options Communications	Parking External environment Community transport Inspection of properties

Models for increasing tenant involvement

29. One of the options that is being explored as a means for increasing levels of tenant involvement is the incorporation of principles from the Community Gateway Association (CGA) model. The CGA is a relatively new model of transfer housing association set up to provide a range of tenant and community empowerment opportunities. It has been developed through the co-operative housing movement and examples exist locally at Braintree and at Kings Lynn.
30. Although different variants exist, the CGA governance model is based upon tenants having a higher number of seats on the association's board (usually seven rather than five, at the expense of Council's five nominees reducing to three), and there being a community gateway committee of tenants often elected on an area basis. The model also encourages tenants to become members of the association and certain constitutional changes are reserved to the wider tenant membership. The model is intended to promote and encourage higher levels of tenant involvement and influence upon overall strategy and local decision-making.
31. The SCVH Shadow Board is currently considering constitutional options and the CGA approach is one that is being explored in terms of the potential benefits of adopting the model or some of its principles in South Cambridgeshire.

Developing the principles of the Council's offer to tenants

32. Based upon the extensive consultation with tenants and leaseholders it is proposed that the following commitments and principles are developed into the Council's offer to tenants:

Affordable rents

- A commitment to continue to set affordable rents that would not exceed those that would apply with the Council
- Rents to be calculated in accordance with government policy to ensure that rents remain affordable into the future

Your rights assured into the future

- The key rights of tenants must be protected through a new assured tenancy agreement and a contract between the Council and South Cambridgeshire Village Homes to protect tenants' rights

Increased investment in homes

- At least £55 million worth of improvement works and catch up repairs in the first five years – around £40 million more than the Council projects it would be able to afford over that period

More energy efficient homes

- A commitment to invest in making homes more energy efficient and so reduce fuel consumption for tenants in those homes

Making homes safer

- Action to make homes and neighbourhoods feel safe and secure, including improved security measures inside and outside homes

Faster and 'by appointment' repairs service

- Improvements to the repairs service by providing faster repairs, more works by appointment, and repair reporting to trained housing staff

Making communities better places to live

- Funding for environmental improvements such as off road car parking, fencing for tenants' homes and landscaping schemes
- Dedicated resources and improved measures for tackling anti social behaviour
- An environmental improvement fund to enable tenants groups to put forward suggestions for improvement schemes and bid for money

Better services for older people

- Improvements to the sheltered housing service to respond flexibly to meet individual needs, and more dedicated resources for each scheme
- A community fund to enable offers of some support services within villages
- More services specifically tailored to older people, for example a Handyperson service to carry out minor works to homes, and increasing resources for gardening and internal decoration services for people who cannot undertake such works themselves

Better services for disabled people

- Increasing investment in adaptations such as level access showers and grab rails to tenants' homes when they are needed.
- Use an occupational therapist to help assess and speed up processing of applications for disabled adaptations.

Local knowledge and people you trust

- Staff currently delivering the housing service, including the Council's Direct Labour Organisation (DLO) who carry out repairs, and sheltered housing staff, to transfer to South Cambridgeshire Village Homes, to retain local knowledge and familiarity.
- Ensuring that housing services continue to be delivered in a way that fits with South Cambridgeshire's dispersed rural character.

More opportunities for tenants to get involved in decision making

- Local decision making with five of the fifteen Board Members of South Cambridgeshire Village Homes being elected tenants and, subject to the support of Full Council, a commitment to look at increasing the number of tenant members of the Board.
- Increased resources for tenant participation including dedicated staffing and additional funding for resources for tenant representatives and groups, including training
- A commitment to look at developing new ways to involve and communicate with tenants, including examination of the benefits of the Community Gateway model

Improved customer service

- A commitment to review how tenants and other service users access services, including repair ordering, within two years of transfer with a view to providing excellent, local and responsive customer focussed services
- Clear customer service standards, agreed with tenants, that exceed those currently offered by the Council

Development of new affordable homes

- A commitment to work with SCVH to promote the development of new affordable housing in villages within South Cambridgeshire.

33. If the transfer goes ahead, SCVH will enter into a formal legal contract with the Council which will contain a binding commitment that South Cambridgeshire Village Homes will keep all the promises that will be made in the offer document, including the repair and improvement programme and provision of additional services.

34. Further, the Government regulator of housing associations (currently the Housing Corporation, shortly to become the Tenant Services Authority) will monitor and regulate SCVH to check that it meets national standards for managing and maintaining homes with power to intervene if those standards are not being met.

Financial Implications

35. One of the key aspects of a transfer proposal is the rent the new landlord would initially charge tenants and how much this would increase each year. South Cambridgeshire Village Homes will draw up a rent plan in line with the Government's rent reform guidance. If the transfer proceeds then SCVH will be obliged to comply with that rent guidance.

36. The Council also needs to make assumptions about the level of rental income that SCVH will receive when it values the housing and calculates the sale price. Within the offer to tenants it will be important to make clear the position on future rent increases. In particular there will need to be a commitment that rent increases will be no more than they would be with the Council as this is one of the most important issues for tenants as evidenced by the feedback from tenants during the current phase of the Housing Futures process.
37. The price that SCVH would pay for the Council's homes must have regard to its Tenanted Market Value. This method of valuation assumes that the homes are transferred as a going social housing concern and, in simple terms, equates to the income that SCVH is likely to receive over thirty years through rents, less the estimated expenditure for repair and improvement works, ongoing maintenance, supervision, management and borrowing costs. The valuation should enable SCVH to have a business plan that can deliver the terms of the offer to tenants and sustain its future services. The valuation should also capture all other future income such as that from garages, sales of vacant land.
38. This valuation and the assumptions that underpin its calculation are being continuously reviewed by Savills as part of their role as lead adviser for the pre ballot phase of the Housing Futures process. Their revised calculations will need to take account of the improvements to homes and services that will be delivered as part of any housing transfer proposal.
39. As the calculations are based on a set of locally informed assumptions, not least around the cost of the offer, the actual receipt will vary depending on how far the base assumptions need to be revised through a negotiation between the Council and SCVH in any post ballot phase.
40. However, the valuation needs to reflect the need for two sustainable organisations in South Cambridgeshire – a new local housing association that is financially robust and can deliver good services for tenants and a viable Council upon which any transfer does not impact negatively.
41. In the event of a housing transfer, some costs currently charged to the Housing Revenue Account (HRA) would be transferred to the General Fund. This would include some costs, such as the Corporate and Democratic Core, which would be entirely unaltered by a housing transfer. However, subject to the final valuation, and the assumptions made about residual costs, a housing transfer should as a minimum cover the Council's ongoing costs and potentially afford the possibility of a small benefit to the Council's General Fund.
42. CLG will expect to see proposals from the Council setting out how it proposes to apply any net capital receipt. These should include measures that enhance the Council's contribution to the achievement of the local Sustainable Community Strategy. This could include enabling the delivery of new affordable homes as this is a key priority for the Council and its partners and a commitment could be included in the offer document to reflect this and other locally agreed priorities.
43.

Legal	<p>In developing the offer to tenants and producing the formal consultation document full regard will need to be had to the relevant government guidance.</p> <p>A housing transfer proposal will only be approved by the CLG if the majority of tenants who vote in a secret ballot support it.</p>
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Staffing	<p>In the event of a housing transfer all staff that spend 50% or more of their time on the housing landlord service would be subject to the Transfer of Undertakings Protection of Employment Regulations (TUPE) and their employment would transfer to SCVH</p> <p>Other staff that spend a proportion, but less than 50%, of their time on the housing landlord service may also be affected.</p>
Risk Management	<p>The strategic risks for the current phase of the Housing Futures process are set out in the project plan agreed in February 2008.</p> <p>The key risk is that the offer does not meet the aspirations of tenants (and leaseholders).</p> <p>The risk management implications are set out in more detail in Appendix 1.</p>
Equal Opportunities	<p>The offer to tenants will need to provide for the needs of all sections of the tenant population, including older people, those with special needs and other hard to reach groups.</p>

Consultations

44. The development of the offer to tenants has been informed by the wider consultation work that has been carried out as part of the pre ballot phase of the Housing Futures process including the following:
- drop-in sessions organised through the Independent Tenant Adviser (ITA)
 - coffee mornings held in sheltered housing schemes
 - the home visits programme
 - feedback provided at open events
 - stakeholder workshops
45. The Tenant Participation Group (TPG) and Transfer Advisory Group (TAG) have been involved in the development of the outline proposals listed above.
46. The proposals outlined in this report have also been worked up in consultation with staff within the Council's housing service and members of the New Landlord Selection Panel (NLSP) and the members of the shadow board of South Cambridgeshire Village Homes.
47. SCVH's shadow board is to consider the above proposals at its next meeting on 17 November 2008. The Council will need to work closely with SCVH's shadow board over coming weeks to ensure that the board is confident that the Council's offer can be delivered by SCVH.

Effect on Service Priorities and Corporate Objectives for 2008/09

48. **Work in partnership to manage growth to benefit everyone in South Cambridgeshire now and in the future**
- A housing transfer proposal could 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 in the district's villages.

Deliver high quality services that represent best value and are accessible to all our community
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.
Enhance quality of life and build a sustainable South Cambridgeshire where everyone is proud to live and work
The suggested commitments and the detailed proposals that will be developed from them will enable existing service levels to be sustained and enhanced with opportunities for new services to be provided for the benefit of both tenants and wider local communities.

Recommendations

49. That the Housing Portfolio Holder approves the following **RECOMMENDATIONS TO CABINET:**
- (i) That the Council seeks to make the best possible transfer offer to tenants by reflecting tenants' aspirations as expressed through the extensive Housing Futures consultation activities, while having regard to the financial impact on the Council.
 - (ii) That the outline proposals set out in paragraph 32 of this report are supported and that officers are instructed to develop the details of those proposals, in consultation with tenants, staff and the shadow board of South Cambridgeshire Village Homes for inclusion in the formal consultation (or 'offer') document for presentation to the Housing Portfolio Holder and then Council early in 2009.
 - (iii) That the Council is prepared to consider reducing its places on the board of South Cambridgeshire Village Homes from five to three, in order to allow for a higher number of tenant board members, if principles from the Community Gateway Association model are incorporated in future.
 - (iv) That the Council supports in principle a commitment that the housing transfer proposal should deliver an increase in the supply of affordable homes in the district's villages.

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

Housing Futures: Summary and Key Findings report to Cabinet 10th January 2008

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APPENDIX 1

RISK MANAGEMENT IMPLICATIONS

Threat	Possible Consequences	Impact	Likelihood	Actions
The 'offer' does not meet the aspirations of tenants (and leaseholders)	<p>A housing transfer does not deliver improvements to homes and services.</p> <p>That CLG will not give approval to a housing transfer proposal. Lack of support by tenants for a housing transfer in a ballot.</p>	<p>Critical</p> <p>Score = 3</p>	<p>Low</p> <p>Score = 2</p>	<ul style="list-style-type: none"> • review ITA survey from the first phase of Housing Futures to help understand the priorities and aspirations of tenants and leaseholders • consider 'door knocking' consultation early on in the process to find out more about what tenants want • ensure tenants and leaseholders are fully involved in developing the offer document • the offer should include something for all eg sheltered housing as well as general needs tenants and leaseholders • informal consultation stage to assess level of support for proposal before proceeding to a ballot • identify areas where there is most concern from feedback/comments and try to address these more fully • invest more front line officer time in working with tenants to answer questions and provide more information on both housing transfer and retention options • review consultation methods to ensure that all tenants are being reached and are engaged in the process

Total score = 6