

## SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

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**REPORT TO:** Council 29 January 2009  
**AUTHOR/S:** Executive Director/Housing Futures Project Manager

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### HOUSING FUTURES: THE OFFER TO TENANTS AND THE FORMAL CONSULTATION PROCESS

#### Purpose

1. To consider and approve the formal consultation or 'offer' document that has been developed from the key commitments and principles agreed by Council in November 2008.
2. Subject to approval of the formal consultation document, to agree that the Council should proceed to stage one of the formal consultation process on its housing transfer proposal.
3. To consider and approve a proposal for an advisory ballot of leaseholders to be held as part of the consultation process on the housing transfer proposal.
4. 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 2008 Forward Plan.

#### Executive Summary

5. Following agreement by the Council in November 2008 of the key commitments and principles that should underpin its housing transfer proposal, further work has been carried out by officers in consultation with key stakeholders including tenants, staff, district councillors and the Shadow Board of South Cambridgeshire Village Homes to finalise the detail of the offer to tenants.
6. 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.
7. 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 housing transfer proposal.
8. The Council's offer to tenants will be made as part of a formal consultation process prescribed by law. This is a two stage process:

Stage 1 – the Council issues a formal consultation (or ‘offer’) document to all secure tenants explaining the transfer proposal and how it will affect tenants and inviting tenants’ comments.

Stage 2 – The Council notifies tenants of any changes to the proposal as a result of tenants’ comments and informs tenants that they have a right to make representations to the Secretary of State within a 28 day period.

9. The Housing and Regeneration Act 2008 also obliges the Council to hold a ballot of secure tenants during this second stage to test support for the housing transfer proposal; to inform tenants of the ballot result and advise that they have a right to make further representations to the Secretary of State.
10. The commitments within the offer document will become legally binding ‘promises’ in the event that a transfer goes ahead and South Cambridgeshire Village Homes would enter into a legal contract with the Council.
11. The terms of the offer should ensure that it enables a financially viable and sustainable future for both South Cambridgeshire Village Homes as the new local housing association landlord and the Council.
12. Subject to the final valuation, and the assumptions made about residual costs, a housing transfer should, as a minimum, cover the Council’s ongoing residual costs.

### **Background**

13. As well as the achievement of the Decent Homes standard, 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 also place tenants at the heart of the process and 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.
14. 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 that would be carried out by the new landlord over a thirty year period.
15. 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.
16. As well as the repair and improvement of the homes, CLG will expect transfer to bring about an improved housing service. It has been important, therefore, to consider how the current housing service could be improved, and proposals developed accordingly. It is also expected that there will be proposals for higher levels of resident involvement in a new landlord.
17. There have been a wide range of opportunities for tenants, staff and other key stakeholders to contribute their ideas for improvements to homes and housing services that they feel should be reflected in the offer to tenants.

18. The outputs from the work with tenants and other key stakeholders led directly to the development of the key commitments and principles that were considered and agreed by Council in November 2008.
19. The key commitments and principles focussed on the following topic areas:
  - Affordable rents
  - Your rights assured into the future
  - Increased investment in homes
  - More energy efficient homes
  - Making homes safer
  - Faster and 'by appointment' repairs service
  - Making communities better places to live
  - Better services for older people
  - Better services for disabled people
  - Local knowledge and people you trust
  - More opportunities for tenants to get involved in decision making
  - Improved customer service
  - Development of new affordable homes

#### **Legal framework and procedure**

20. Before any housing transfer could go ahead, the Council must formally consult with tenants affected by its housing transfer proposal. The legal requirements are contained in Section 106A and Schedule 3A of the Housing Act 1985.
21. The Council's offer to tenants will be made by way of a formal consultation document as part of a formal consultation process prescribed by law. By law there is a two stage process for formal consultation:

Stage 1 – the Council issues a formal consultation (or 'offer') document to all secure tenants explaining the transfer proposal and how it will affect tenants and inviting tenants' comments.
22. The Council must then consider tenants' comments before it can proceed to Stage 2. A report detailing the responses received would therefore, be prepared for a future meeting of Council in order that these can be formally considered and a decision made on whether to proceed to Stage 2.

Stage 2 – The Council notifies tenants of any changes to the proposal as a result of tenants' comments and informs tenants that they have a right to make representations to the Secretary of State within a 28 day period.
23. The Housing and Regeneration Act 2008 also obliges the Council to hold a ballot of secure tenants during this second stage to test support for the housing transfer proposal; to inform tenants of the ballot result and advise that they have a right to make further representations to the Secretary of State.
24. Communities & Local Government (CLG) Department has issued extensive guidance on the content and form of a formal consultation document that has been taken account of in preparing the offer to tenants in South Cambridgeshire.

25. While the formal consultation document is ultimately the Council's to prepare, comments on it have been invited from various interested groups as set out in the consultation section of this report.
26. South Cambridgeshire Village Homes (SCVH) as the new local housing association being set up by the Council to own and manage the homes also has a key role in the process of approving the offer document. The role of the Shadow Board of SCVH in this process is to be satisfied that the promises made in the consultation document are capable of delivery through its business plan.

### **Overview of the formal consultation document**

27. In its current stage of development the offer is a text only document. The Council's communications adviser will take on the role of formatting and designing the document for publication to ensure it is accessible to tenants.
28. An overview of the key elements which need to be included in the document in order to comply with the relevant CLG guidance are set out in Appendix 1 to this report.
29. The overall effect of compliance with the very prescriptive CLG guidance is a lengthy document but a summary guide and a DVD will accompany the offer document to help tenants find the information that is key for them. Further, the final printed version of the offer document will be well laid out with pictures and boxes and tabs to further aid the reading of the document by tenants.

### **Developing the detailed offer to tenants**

30. Following agreement of the key commitments and principles in November 2008 further work has been carried out by officer's in consultation with key stakeholders, including tenants, staff and the Shadow Board of South Cambridgeshire Village Homes to finalise the detail of the offer to tenants.
31. The outputs from all the informal consultation carried out as part of the Housing Futures process are now set out in the draft formal consultation (or 'offer') document attached as Appendix 3 to this report.
32. In summary the key commitments that would be made if transfer goes ahead are as follows:

#### **1. Affordable rents**

- Rents would be no more than they would be with the Council as the same Government policy guidelines would apply – monitored by the Tenant Services Authority (TSA).
- Tenants would get more money spent on their homes and services than the Council could afford.

#### **2. Key rights assured into the future**

- The key rights of tenants would be protected through a new assured tenancy agreement for transferring tenants and a contract between South Cambridgeshire District Council and South Cambridgeshire Village Homes.

### **3. Increased investment in homes**

- Around £55 million worth of major works and improvements would be planned for the first five years – around £40 million more than the Council projects it would be able to afford over that same period.

### **4. More energy efficient homes**

- A commitment to tackling fuel poverty by making identified homes more energy efficient and helping tenants to reduce fuel consumption.

### **5. Making homes safer and more secure**

- Action to help make homes and neighbourhoods feel safe and secure, including improved security measures inside and outside homes including windows and doors with built in security features – “secure by design”.

### **6. Faster target repair times and ‘by appointment’ repairs service**

- Faster target repair times, more works by appointment at times convenient to tenants, and repair reporting to trained staff.

### **7. Making communities better places to live**

- Funding of up to £3 million over five years for environmental improvements including off road car parking, fencing and landscaping schemes.
- Dedicated resources including a specialist trained officer to help tackle anti-social behaviour.
- Improved measures for preventing and tackling anti- social behaviour.
- Funds would be set aside within the environmental improvements programme to provide a ‘Tenants Community Chest’ of up to £250,000 in the first five years (around £50,000 each year) that tenants’ groups would be able to bid for local improvement schemes.
- A Village Fund of up to £500,000 in the first five years (around £100,000 each year) which could enable offers of support services for older and disabled people within villages; for example to help provide new community transport schemes, or help fund new community projects or facilities that would benefit younger people and families.

### **8. Better services for older people**

- Three additional staff working in the sheltered housing service to help respond flexibly to resident’s needs.
- More services would be specifically tailored to older people. These would include a new Handyperson service, set up within 12 months of transfer, to carry out minor works to homes.
- Increasing resources for gardening and internal decoration services for people who cannot undertake such works themselves.

### **9. Better services for disabled people**

- Increased investment in adaptations such as level access showers and grab rails to tenants’ homes when they are needed and are appropriate.
- Access to the services of an occupational therapist would help assess and

- speed up applications for disabled adaptations.
- South Cambridgeshire Village Homes would aim to clear the backlog of disabled adaptations within 12 months of transfer.

#### **10. Local knowledge and people tenants trust**

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

#### **11. 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 tenants elected by tenants.
- Increased resources for tenant participation including plans for dedicated staffing and additional resources for tenant representatives and groups, including training.
- A commitment to look at developing new ways to involve and communicate with tenants.

#### **12. Improved customer service**

- Within two years of transfer, a commitment to review how tenants and other service users access services, including repair ordering, with a view to providing excellent, local and responsive customer focussed services.
- Clear customer service standards would be adopted, in consultation with tenants that exceed those currently offered by the Council.

#### **13. Development of new affordable homes**

- The Council would work with South Cambridgeshire Village Homes to promote the development of new affordable housing in villages within South Cambridgeshire.
- The Council would commit at least £2 million from the available capital receipt from the sale of homes to enable South Cambridgeshire Village Homes to provide new affordable homes.
- South Cambridgeshire Village Homes would plan to set aside money over the first five years to provide new affordable homes.

#### **An offer to leaseholders**

33. For the Secretary of State to give consent for a housing transfer proposal she will need to be satisfied that a majority of the Council's (secure) tenants are not opposed to the transfer. There is no statutory obligation to include leaseholders in the formal consultation process or to ballot leaseholders on a housing transfer proposal. However, in accordance with the terms of the various leases that the Council has in place in respect of its various shared ownership, equity share and flats sold under the Right To Buy, the Council is required to consult leaseholders on any changes that may affect them.

34. As part of the informal consultation work carried out to date leaseholders have been provided with opportunities to get more involved and receive information alongside tenants.
35. Leaseholders have said through the Leaseholder Forum, that they want to be provided with specific information on how the transfer will affect them and that this information is provided as part of the formal consultation document rather than by way of a separate 'offer' to leaseholders.
36. Leaseholders have also requested their own ballot on the housing transfer proposal. Such a ballot would need to be separate from although carried out at the same time as the tenant ballot and the result of the tenant ballot alone would determine whether the housing transfer proposal could go ahead or not.
37. The draft offer document, therefore, includes a section for leaseholders which brings together, for ease of reference, the key benefits and other implications of a housing transfer for leaseholders. The commitments in that section also refer to a separate ballot for leaseholders.
38. This approach would mean that every leaseholder as well as each individual tenant would receive a copy of the full offer document and would be able to vote in any ballot carried out as part of Stage 2 of the formal consultation process. Only the result of the tenant ballot would be relevant in deciding whether a transfer could proceed; however, the leaseholder ballot would provide the Council with clear views in determining next steps.

#### **Delivering the commitments**

39. The estimated cost of delivering the promises within the offer to tenants has been examined and can be supported by the draft Business Plan for South Cambridgeshire Village Homes.
40. The commitments within the offer document will become legally binding 'promises' in the event that a transfer goes ahead and South Cambridgeshire Village Homes would enter into a legal contract with the Council. This contract would contain a legally binding commitment that South Cambridgeshire Village Homes would keep all the promises made, including the repair and improvement programme and additional services.
41. The Shadow Board have confirmed that South Cambridgeshire Village Homes should be incorporated as an Industrial and Provident Society. These are organisations set up to carry out a trade or business for community benefit. In addition to this the Council will be one of three groups with equal voting rights in respect of any key constitutional changes; the other two groups being tenants and independents.
42. As any constitutional changes proposed by the Board would require at least a 75% vote in favour to be agreed this effectively would give the Council a 'Golden Share'. This will enable the Council to prevent any future decision by South Cambridgeshire Villages Homes to merge with any other organisation if the District Council feels this is not in the best interest of tenants. Tenants will also have a third of the voting rights so effectively they also have a 'Golden Share'. The tenant vote would be exercised by the tenant membership and membership would be open to all tenants and leaseholders. The Shadow Board has also resolved to be registered with charitable rules, which reinforces the fact that they would be a non-profit making organisation.

43. South Cambridgeshire Village Homes would be a registered provider with the Tenant Services Authority (TSA). The Tenant Services Authority, that took over the Housing Corporation's regulatory function from 1 December 2008, would monitor and regulate South Cambridgeshire Village Homes to check that it meets national standards for managing and maintaining homes and it has the power to intervene if those standards are not met.
44. South Cambridgeshire Village Homes would agree a Protocol with the Council so that District Councillors, including those on the Board, could raise any queries on behalf of their constituents and receive a prompt response.
45. The promises within each of the key commitments can be found in Section B: A Good Offer to Tenants under the heading 'What are the key benefits of transfer?' with links to the relevant section of the offer document where these promises are set out in more detail.

### **Financial Implications**

46. The valuation of the Council's housing stock should 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 for the future.
47. 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 offer promises to tenants and sustain its future services.
48. This valuation and the assumptions that underpin its calculation have been reviewed by Savills as the Council's lead adviser for the pre ballot phase of the Housing Futures process. Their revised calculations take account of the improvements to homes and services that will be delivered as part of the housing transfer proposal.
49. As the calculations are based on a set of locally informed assumptions, the actual receipt will vary depending on how far the base assumptions need to be revised through post ballot negotiations between the Council and SCVH.
50. Whilst the actual valuation, therefore, cannot be determined at this time it is important that both the Council and the Shadow Board of SCVH are comfortable with the assumptions made and are fully aware of the key variables and risks associated with these in order to be able to approve the offer and proceed to the formal consultation stage of the Housing Futures process.
51. The indicative gross valuation is based on the works required to homes in order to maintain them to the recommended or 'industry standard' The recommended standard is higher than the Decent Homes Standard and is the standard that tenants have told us they want for their homes.



## **The business plan implications for South Cambridgeshire Village Homes (SCVH)**

52. The business plan for SCVH is built up from a CLG Financial Model and needs to be able to demonstrate that it can:
- Meet the cost of the commitments
  - Repay the borrowings that it makes
  - Demonstrate financial soundness
  - Provide the necessary security to lenders
53. 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. The rent plan for SCVH has been drawn up in line with the Government's rent reform guidance. If the transfer proceeds, then SCVH will be obliged to comply with that rent guidance and meet the promise to be made in the offer that rents will be no more than they would be with the Council. The valuation also captures all other future income such as that from garages, sales of vacant land, etc.
54. The business plan for SCVH has been developed in accordance with reasonable locally informed assumptions and key considerations and the experience of other housing transfers to ensure that it is capable of delivering the promises made within the offer.
55. The Business Plan is a living document, unlike the valuation calculation that simply reflects a moment in time, projected forward. There will be periodic reviews and changes to the Plan, and by necessity to the Financial Model.
56. The Shadow Board have been closely involved with the development of the business plan and the key assumptions that underpin it. The Shadow Board will be asked to formally support the final version of the offer and the draft business plan that will enable its delivery at its meeting on 22<sup>nd</sup> January 2009.

## **The General Fund implications for South Cambridgeshire District Council**

57. In the event of a housing transfer, some costs currently charged to the HRA would be transferred to the General Fund. This would include some costs, such as the Corporate and Democratic Core, which would be unaffected 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.
58. A breakdown of the estimated net capital receipt and the General Fund impacts is attached as Appendix 2 to this report.
59. It has also been assumed for the purpose of this calculation as follows:
- i) that, over a five year period, residual costs can be reduced through identification of savings and /or additional sources of income in order to mitigate the impact of the housing transfer in the medium and longer term;
  - ii) that an interest rate can be achieved of 3% per annum over the first few years but, in the current economic climate, this is one of the key variables that cannot be predicted with any degree of certainty;
  - iii) an inflation rate of 2.5% per annum;

- iv) that income can be generated from SCVH by way of service level agreements for office accommodation, ICT and other key corporate services for at least the first 12 months after transfer.

60. It should also be noted that the estimated pension fund deficit for transferring staff may be significantly more or less than the £5m allowance currently made for this cost and, therefore, represents one of the key risks for the Council in terms of the actual net capital receipt that could be achieved.
61. However, the interest from investment of the capital receipt will be supplemented by the following sources of income:
- o the working balance on the HRA, estimated to be around £2m at the end of March 2010, which will be closed if housing transfer goes ahead
  - o future RTB sales and the VAT shelter as the proceeds from these sources will be shared between SCVH and the Council

This additional funding would help manage the risk of lower than anticipated interest rates and ensure that the Council can meet its ongoing costs.

#### **Use of the available capital receipt**

62. CLG will expect to see proposals from the Council setting out how it proposes to apply any net capital receipt. This should include measures that enhance the Council's contribution to the achievement of the local Sustainable Community Strategy.
63. The offer to tenants includes commitments to provide enhanced environmental and other improvements of around £3m that are over and above those within the recommended standard that is built into the gross valuation of £51m. These include funds for wider community benefit e.g. the Village Fund and would, therefore, contribute to delivering objectives within the Sustainable Community Strategy
64. The draft offer also provides £2m of funds within the business plan for SCVH to enable the delivery of new affordable homes. This commitment would be made on the understanding that those funds are directed at providing new affordable homes in the district. If transfer goes ahead a condition within the Transfer Agreement between the Council and SCVH would be included to this effect. Again delivery of new affordable homes is a key priority for the Council and its partners and would have wider community benefits.
65. The enhancements to the offer described above reflect the aspirations of tenants as identified through the consultation process to date. These enhancements are, however, subject to approval by Full Council as they effectively reduce the gross valuation by around £5m.
66. These enhancements have an impact on the General Fund as they have the effect of reducing the potential capital receipt and, therefore, the level of interest that can be generated to support the Council's residual costs. However, these are taken into account in arriving at the indicative net capital receipt of £30m.
67. There is an option to exclude the additional environmental and other improvements and/or the affordable housing contribution. If either or both of these were excluded

from the offer there is a risk that the offer may not fully reflect the aspirations of tenants and the transfer proposal is not supported by tenants in a ballot.

68. It should be noted that if the £5m enhancement to the offer were not included the indicative net capital receipt would increase by £4m and not £5m because of the effect of the 20% CLG levy that would be applied to the valuation after taking into account costs of the transfer.
69. However, it is recommended that no further commitments are made in respect of the use of the net capital receipt until the underlying post transfer financial position can be established, which will not be possible until after completion of any transfer.
70. The proposed commitment of £2m for the delivery of new affordable housing through SCVH could be supplemented by the Council at a later date by an additional contribution(s) from the net capital receipt once the actual price to be paid for the homes is determined in the post ballot phase when some of the key assumptions would be clarified.
71. However, any further monies to be made available by way of grant funding would not be ring fenced for SCVH and would be accessible by all housing association partners who are able to put forward proposals to help provide new affordable homes that reflect local priorities in terms of housing needs and are considered to be value for money.

### Other Implications

72. Legal	<p>In producing the formal consultation document full regard has been taken of the relevant government guidance. 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> <p>The draft offer document has been reviewed by Trowers and Hamblins LLP, the Council's appointed legal adviser for the pre-ballot phase of the Housing Futures process.</p>
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> <p>It is expected that staff transferring to SCVH will be able to remain within the Local Government Pension Scheme, subject to their being granted admitted body status which has been successfully achieved elsewhere through housing transfer.</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 were set out in more detail in the report considered at the Housing Portfolio Holder meeting held on 5 November.</p> <p>The financial risks are set out in the preceding 'financial implications' and 'General Fund implications' sections of this report.</p>
Equal Opportunities	<p>The offer to tenants provides 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

73. 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:
- joint stakeholder workshops with tenants, staff, district councillors and members of the New Landlord Selection Panel (NLSP) and the Shadow Board of South Cambridgeshire Village Homes (SCVH)
  - a home visiting programme over the summer of 2008
  - 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
  - consultation with the Leaseholder and Sheltered Housing Forums
74. The Tenant Participation Group (TPG) and Transfer Advisory Group (TAG) have been involved in the development of the detailed proposals that are included in the offer document.
75. The detailed proposals contained within the offer to tenants 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.
76. A workshop was held with members of the Shadow Board of South Cambridgeshire Village Homes in early January 2009 to consider the draft offer document and provide an opportunity to comment.
77. The Shadow Board will formally consider the draft offer document at its meeting on 22 January 2009, when members will be asked to formally support the proposals as deliverable and fundable within the business plan for South Cambridgeshire Village Homes. A verbal update will be provided at the Council meeting.
78. Other interested parties who have been or will be consulted on the offer document before it can be issued to tenants include:

- The Tenant Services Authority (formerly the Housing Corporation) as the government appointed regulator of housing providers, including housing associations (and from April 2010 local authorities and Arms Length Management Organisations (ALMOs)
- CLG (and the Government Office)
- The independent tenant adviser (ITA), PS Consultants

79. The Housing Portfolio Holder considered a draft of the formal consultation document and a covering report on the formal consultation process on 20<sup>th</sup> January 2009. Subject to his suggested amendments to the wording of the offer and the covering report the Portfolio Holder supported the ‘promises’ as set in the draft formal consultation document and agreed the recommendations to be made to Council as set out in this report.
80. The changes proposed by the Housing Portfolio Holder have been incorporated in the version of the formal consultation document attached as Appendix 3 to this report.

### **Effect on Service Priorities and Corporate Objectives for 2008/09**

81.	<p><b>Work in partnership to manage growth to benefit everyone in South Cambridgeshire now and in the future</b></p> <p>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.</p>
	<p><b>Deliver high quality services that represent best value and are accessible to all our community</b></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><b>Enhance quality of life and build a sustainable South Cambridgeshire where everyone is proud to live and work</b></p> <p>The detailed proposals contained in the offer 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.</p>

### **Recommendations**

82. That Council approve the following recommendations made by the Housing Portfolio Holder:
- (i) That Council notes the headline net capital receipt and General Fund impacts set out in appendix 2.
  - (ii) That Council supports the additional enhancements within the offer to tenants of £5m in the first five years, including at least £2m for SCVH to enable the provision of new affordable homes in the district, over and above an investment programme of £323m over 30 years reflected in the indicative gross valuation, as reflected in appendix 2.
  - (iii) That Council supports, subject to any amendments agreed to reflect comments from the Shadow Board or at the meeting, the draft formal consultation document attached as Appendix 3 as being the best

possible transfer offer to tenants having regard to the financial impact on the Council.

- (iv) That Council agrees to proceed to formal consultation with its tenants on its transfer proposal, and to consider responses to that consultation at a future meeting.
- (v) That Council, while recognising that it can only proceed with its transfer proposal if the majority of secure tenants support its transfer offer in a secret ballot, will arrange an advisory ballot of leaseholders.
- (vi) That authority is delegated to the Executive Director, in consultation with the Housing Portfolio Holder, to approve the final print version of the offer document to be distributed to tenants.

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

Housing Transfer Manual 2005 (CLG)	October 2004
Housing Futures: Summary and Key Findings report to Cabinet	10 <sup>th</sup> January 2008
Establishment of a Shadow Board report to the Housing Options Portfolio Holder	12 <sup>th</sup> May 2008
Council Housing Retention report to the Housing Portfolio Holder	7 <sup>th</sup> August 2008
Housing Futures: New Landlord Selection Panel - Key Findings and Conclusions report to the Housing Portfolio Holder	8 <sup>th</sup> July 2008
Housing Futures: Developing the Council's Offer to Tenants report to the Housing Portfolio Holder	5 <sup>th</sup> November 2008

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## APPENDIX1

### OVERVIEW OF THE KEY ELEMENTS OF THE FORMAL CONSULTATION DOCUMENT

#### The council's housing transfer proposal

1. This part of the document explains that the Council is proposing to transfer the ownership and management of its homes to a new, not-for-profit, local housing association called South Cambridgeshire Village Homes.
2. It also explains why the Council is proposing transfer, the key benefits it would bring to homes and services and that it will only go ahead if a majority of tenants vote in favour in a secret ballot.
3. The relevant section also explains why the Council expects that it will not be able to resource the money needed for homes and services into the future and sets out the consultation framework.

#### Improving the homes

4. The offer document sets out the results of the independent stock condition survey of the Council's homes and the new landlord's investment plans after transfer.
5. It will explain that transfer would enable long-term investment in homes and services and give details on how tenants would be consulted about work to be carried out and about any specific investment (e.g. in sheltered schemes). Details of proposed environmental improvements are also included.

#### The rent and other charges tenants would pay

6. This section explains the Government's rent convergence policy – i.e. that rents are set according to a government policy that applies to both housing associations and local authorities. The section explains that tenants' entitlement to claim Housing Benefit would not be affected.

#### Continuing and improving the service

7. This section explains how the new landlord would service and maintain tenants' homes, setting out how tenants could report repairs, the expectation and the quality of the repairs and how it would improve on the Council's repair timescales.
8. It also explains the new landlord's commitment to working with the community, the sheltered housing service and how it would tackle anti-social behaviour.
9. There are also details on disabled adaptations policies and any new or additional services are highlighted.

#### Involving tenants in the running of the service

10. The new landlord's policies on tenant participation are set out - covering the ways in which tenants and leaseholders can get involved and how they will be kept informed of progress. This section explains how tenants could become Board members and how they could become a member of the new local housing association

### Tenants' rights

11. This section explains that tenants would have a new Assured Tenancy with their new landlord if transfer goes ahead. Tenants can compare the rights they would have after transfer with the rights they have as secure tenants with the Council. It is also explained that after transfer tenants would still be able to buy their home (if they can do so with the Council), pass on their home or exchange their home.

### About the new landlord

12. This section sets out details of the kind of organisation the new landlord would be, how it would be run and its vision and values. This section also introduces tenants to the members of the Shadow Board of South Cambridgeshire Village Homes who would run the new organisation should tenants support a housing transfer. It also covers the regulation of the new landlord and how tenants could complain about the organisation should they need to.

### The implications of retention

13. The document sets out the implications for the housing service should tenants decide not to support a housing transfer.

### The Council's housing role after transfer

14. The offer document also provides information on the Council's key housing responsibilities that would be retained and, strengthened in line with CLG expectations, after transfer which include:
  - Monitoring the performance of South Cambridgeshire Village Homes to ensure it carries out the promises.
  - Retaining a legal duty towards the homeless and continuing to provide a housing advice and options service.
  - Continuing to have a strategic housing responsibility, including enabling new affordable homes.
  - Continuing to process Housing Benefit applications.
  - Continuing to provide other non-housing services, such as refuse collection, recycling, environmental health, planning, and so on.
  - Continuing to have an interest in South Cambridgeshire Village Homes:
    - By filling five places on South Cambridgeshire Village Homes Board of Management.
    - Through District Councillors raising any queries on behalf of their constituents and receiving a prompt response through a protocol with South Cambridgeshire Village Homes.
    - As one of three groups with equal shares the Council would be able to vote on any changes to the rules of the association proposed by the Board of South Cambridgeshire Village Homes. As rule changes would require at least a 75% vote in favour to be agreed this would give the Council a "Golden



Share" which would enable the Council to prevent any future decision by South Cambridgeshire Villages Homes to merge with any other organisation if the Council considers that it would not be in the best interests of tenants.

- Making sure that South Cambridgeshire Village Homes continues to play its part in letting homes to local people in need, for example, through participation in the choice based lettings scheme Homelink.

#### Useful names and addresses

15. This section sets out names and addresses tenants may find useful during the formal housing transfer consultation process.

#### Legal requirements for tenant consultation

16. The section highlights the Council's statutory requirements and how the ballot will work.

#### Other information tenants may want to look at

17. This section sets out references for other information tenants may find helpful.

#### Guide to terms used

18. A section is to be added that provides a glossary of terms used throughout the document.

#### The proposed new Tenancy Agreement

19. This is the form of the new Assured Tenancy Agreement that the new landlord would offer tenants, if transfer goes ahead. Whilst standard Assured tenancies have two additional grounds for possession for rent arrears that are not contained in secure tenancies the SCVH Shadow Board has decided to specifically exclude those particular grounds and include other key rights in the proposed new Assured Tenancy Agreement for transferring tenants to effectively mirror a secure tenancy as far as possible.

## Appendix 2 – Headline net capital receipt and General Fund impacts

### ***Headline calculation of net capital receipt***

Indicative gross valuation of housing stock based on CLG transfer model £51m

Note: this is based on a modernisation and maintenance programme of £323m over 30 years – including £55m within the first five years.

Less cost of additional environmental improvements and other enhancements proposed in the first five years £3m

Less a contribution towards investment in new affordable homes within the first five years £ 2m

*Sub-total* £46m

Less estimated SCVH set up costs £ 4m

Less estimated pension fund deficit £ 5m

Less CLG transfer levy £ 7m

Indicative net capital receipt to Council £30m

### ***Headline calculation of General Fund impacts***

Interest return (at 3%) on £30m (£888,000pa) for first five years £4.5m

Estimated residual costs to Council over first five years £4.5m

Note: this calculation assumes that there will be a service level agreement with SCVH and that the Council can achieve efficiency savings of around £600k in the first five years - £300k per annum by year 4 after transfer and an inflation rate of 2.5% per annum.