

## SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

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**REPORT TO:** Council 23<sup>rd</sup> April 2009  
**AUTHOR/S:** Executive Director /Interim Corporate Manager – Community and Customer Services

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### HOUSING FUTURES: RESPONSES TO STAGE ONE CONSULTATION ON THE COUNCIL'S HOUSING TRANSFER PROPOSAL

#### Purpose

1. To set out the process that has been undertaken as part of the Stage 1 consultation on the Council's housing transfer proposal and to consider whether to make any amendments to the offer in light of comments received.
2. To consider recommendations on the next steps, including moving forward to a tenant ballot.
3. 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.
  - 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

4. At its meeting held on 29 January 2009, Council considered and approved the formal consultation or 'offer' document that had been developed from the key commitments and principles agreed by Council in November 2008 and resolved to proceed to stage one of the formal consultation process on its housing transfer proposal.
5. Under the provisions of Schedule 3A of the Housing Act 1985, the Council is required to consider representations made during the Stage 1 consultation and whether any changes should be made to the offer. The Council also needs to decide whether to proceed to the formal Stage 2 of the Consultation process and whether to ballot the Council's secure tenants.
6. Following the Council resolution to proceed to the formal consultation stage of the proposal to transfer its homes to South Cambridgeshire Village Homes an inclusive and comprehensive consultation process has been undertaken.
7. All tenants and leaseholders have been provided with a range of opportunities to find out more about the housing transfer proposal and the details of the offer as summarised in the following table:

<b>Timetable</b>	<b>Activities and events</b>
February 2009	A Visiting Villages Exhibition was held in 31 villages across the district attended by 409 residents
March 2009	A copy of the formal consultation document was posted to all 7,739 individual tenants (and leaseholders) which included a tear off reply slip for tenants to make comments and express their views on the housing transfer proposal
	A copy of a short DVD was delivered by hand to all 1,327 sheltered housing homes and posted to all the 4,479 other tenants and leaseholders homes
	10 drop-in sessions were held by the Independent Tenant Advisor (ITA)
	A home visit programme commenced on 16 <sup>th</sup> March which had achieved personal contact with 2,742 (53%) of the total number of tenants and leaseholders visited by 8 <sup>th</sup> April 2009
	A programme of DVD screenings in sheltered housing schemes with 31 viewings held by 6 <sup>th</sup> April 2009 attended by 260 residents
April	An short ITA newsletter issued to tenants and leaseholders encouraging them to use their vote and advertising the April drop-in sessions
	A final round of ITA drop-in sessions arranged for last 2 weeks in April

8. As a result of the extensive consultation work carried out both during the formal consultation stage and the informal consultation process that preceded it, the Council can be confident that every reasonable opportunity has been afforded to tenants and leaseholders to express their views and fully understand the basis of the proposed transfer. Further, the evidence from the home visits programme and independent market research, suggests that a high percentage of tenants will use their vote.
9. It is, therefore, now proposed that the Council proceeds to stage 2 of the formal consultation process and commissions an independent organisation called Electoral Reform Ballot Services Ltd (part of the Electoral Reform Society) to carry out a formal postal ballot of all tenants.

### **Background**

10. At its meeting on 29 January 2009, Council considered and approved the formal consultation or 'offer' document that had been developed from the key commitments and principles agreed by Council in November 2008 and resolved to proceed to stage one of the formal consultation process on its housing transfer proposal.
11. 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 legislation, the Council is required to consult leaseholders on any changes that may affect them.

12. As part of the consultation work carried out to date, leaseholders have been provided with opportunities to get more involved and receive information alongside tenants, including the formal consultation document.
13. The Council also agreed that an advisory ballot be held for leaseholders in order that they can express their views on the housing transfer proposal.
14. Whilst only the result of a tenant ballot would be relevant in deciding whether a transfer could proceed, the leaseholder ballot would provide the Council with clear views in determining next steps.

### **The formal consultation process**

15. Since Council resolved to proceed to the formal consultation stage, the proposed transfer of the Council's homes to South Cambridgeshire Village Homes has been the subject of wide ranging and a comprehensive consultation process with tenants and leaseholders. The purpose of the consultation has been threefold:
  - 1) To make tenants and leaseholders aware of the details of the proposed transfer and provide opportunities to voice their opinions and have their questions and queries answered.
  - 2) To gauge views of the tenants and leaseholders on the proposal so that the Council can decide whether to go ahead and formally ballot tenants.
  - 3) To establish if there are terms of the proposal or offer document which should and can be amended either to clarify the proposal or ensure that it reflects what is important to tenants.
16. Under the provisions of Schedule 3A of the Housing Act 1985, the Council is required to consider representations made during the Stage 1 consultation and whether any changes should be made to the offer. The Council also needs to consider whether to proceed to the formal Stage 2 of the Consultation process and whether to ballot the Council's secure tenants to determine if a housing transfer can go ahead.

### **Overview of the results of the Stage One Consultation**

#### **Written responses**

17. A total of 7,739 formal consultation documents were posted out on 4<sup>th</sup> March 2009. Of these 7,165 were sent to individual tenants, in accordance with government guidance, and 574 to leaseholders.
18. The formal consultation or Stage 1 offer document contained a tear off reply card that provided an opportunity for tenants to make comments and express their views on the housing transfer proposal. The Stage 1 offer document allowed a period of around 5 weeks for tenants to provide comments with a deadline for receipt of these of 12 noon on Wednesday 8 April.

19. A total of 284 reply slips were received by 8 April and these represent around 3.7% of the tenant and leaseholder population. This is fairly typical of results achieved in other transfer consultation processes with the level of response generally being within the range of 1% and 5%.
20. The table below sets out the expressed views of tenants as recorded in the tear off reply cards.

<b>Total Number Received</b>	<b>Generally supportive</b>	<b>Not generally supportive</b>	<b>Not Sure or need more information</b>
269	161 (60%)	90 (33%)	18 (7%)

21. The views and comments received from tenants are reproduced anonymously in Appendix 1.
22. The table below sets out the expressed views of leaseholders as recorded in the tear off reply cards.

<b>Total Number Received</b>	<b>Generally supportive</b>	<b>Not generally supportive</b>	<b>Not Sure or need more information</b>
15	11 (73%)	2 (13.5%)	2 (13.5%)

23. The views and comments received from leaseholders are reproduced anonymously in Appendix 1.
24. The headline results from an independent and confidential telephone survey carried out by IPB Communications at the end of March are consistent with the written responses received with around 60% of the 64% of respondents who provided information on their voting intentions being supportive of the transfer proposal. However, around 36% indicated that at this stage they were unsure or did not know how they would vote. The sample size of 500 households is, however, more statistically valid than the low level and self-selecting sample of responses received to the formal consultation document.

### **Visiting Villages Exhibition**

25. During February 2009, a visiting villages exhibition was held to provide an opportunity for tenants to find out more about the housing transfer proposal, see examples of the sort of improvements to homes and housing services transfer would offer, talk to staff, Shadow Board members, other tenants and the Independent Tenant Advisor.
26. Although the exhibition programme was disrupted by the bad weather at the beginning of February, a total of 37 events were held covering 31 villages, with six larger villages hosting two events. The records show that 409 people attended the events.

### **Independent Tenant Advisor Drop-in events**

27. Between Monday 9 March and Thursday 19 March, 10 drop-in sessions for tenants and leaseholders were held across the district. The main purpose of this latest series of drop-ins was to give people the opportunity to ask questions about the content of the formal consultation document.
28. As with previous ITA and, the Council's own drop-in events, attendance was good for the morning sessions (15-20 per session on average and one with over 30 people) and was much quieter in the afternoon sessions (6 or 7 people on average) and very poor in the evenings.
29. A short newsletter has been sent out during the week commencing 13 April advertising the final round of ITA drop-in events planned for the last 2 weeks in April, which aim to pick up any last issues people want to discuss with the ITA and to stress the importance of tenants using their vote if and when a ballot is held.
30. A full report from PS Consultants, the Independent Tenants' Adviser, is **attached** at Appendix 2.

### Home Visits Programme

31. On 16 March staff, mainly from within the Council's Housing Service, started a programme of visiting tenants and leaseholders in 5,649 homes across South Cambridgeshire.
32. The primary purpose of the home visits programme was to ensure that tenants had received their copy of the formal consultation document and the DVD and to answer any questions they may have had on the housing transfer proposal. In order to ensure that tenants were well informed, their level of awareness and understanding of the key benefits of transfer and what staying with the Council would mean was also explored on the doorstep.
33. As at 8<sup>th</sup> April contact had been made with 2,742 tenants and leaseholders within the total of 5,196 homes visited. This represents a contact rate of 53%. The home visits programme is ongoing and is due to be completed at the end of April.
34. A total of 2,236 responses to the home visiting questionnaire had been collated as at 14<sup>th</sup> April and these are summarised in the following table:

Topic	Total Responses	Of which responded 'Yes'	%
<b>Formal Consultation Document</b>			
Received the offer document	2,158	2,059	95
Viewed the DVD	2,130	1,242	58
<b>Level of awareness</b>			
Over the first five years SCVH would be able to spend around £40 million more than the Council	1,924	1,651	86
Rents with SCVH would be no more than they would be with the Council	1,916	1,704	89
Key tenancy rights would be protected and transfer does not mean that you would have to	1,897	1,695	89

move home			
The Council expects to have to make cuts within the housing services if transfer does not go ahead	1,876	1,683	90
The majority of the staff currently delivering the housing service, would transfer to SCVH	1,880	1,632	87
Transfer can only go ahead if the majority of tenants who vote, vote yes	1,884	1,685	89
Access to free independent advice about the transfer	1,805	1,573	87
<b>Voting intentions</b>			
Will use their vote	1,981	1,917	97

35. The records from the home visits programme suggest that there is a very high level of awareness of the Housing Futures process and understanding of the key benefits of the housing transfer proposal and the implications of homes staying with the Council.
36. The collated 2,236 responses are mirrored by the headline results from the independent and confidential telephone survey carried out by IPB Communications at the end of March.
37. This market research suggests that around 97.2% of tenants are aware of the Housing Futures process. This is considered to be at the high end of typical results at this stage in the process compared to elsewhere.
38. The same research suggests that there is also a high level of awareness that tenants will have a vote on this matter (97.5%) with around 92% indicating that they will definitely or are quite likely use their vote. Further, around 91% of respondents indicated that they felt they have received enough information to make an informed decision about the housing transfer proposal.

#### **Other consultation initiatives**

39. A fifteen minute DVD has been produced and distributed to all tenants and, as at 6 April, viewings had been held by housing staff in 31 sheltered housing schemes across the district which were attended by 260 residents.
40. The Council and PS Consultants have both operated a freephone helpline throughout the informal and formal consultation process.
41. The average number of calls received by the ITA from South Cambridgeshire since September 2007 is 5 calls per week - with around 75 calls since 1 January 2009.
42. The number of calls to the Council's freephone service between April 2008 and 10 March 2009 is 472 with 120 of these having been received since 1 January 2009.

#### **Stage one consultation: Summary and conclusions**

43. The Council has now carried out a detailed and meaningful consultation with tenants and leaseholders in respect of its proposed transfer of homes to South

Cambridgeshire Village Homes, a new local not for profit housing association set up with the help of the Council. It is evident from the responses received and information recorded at events and on home visits, as well as through independent market research, that there is a high level of awareness and understanding of the housing transfer proposal and that a high turnout in a ballot can be expected.

44. The comments that are listed in the Appendices have no particular themes which would indicate any requirement to change the proposed offer as set out in the formal (Stage 1) consultation document.
45. However, based on the comments received from tenants and leaseholders either on the written responses to the formal consultation document or at ITA drop-in events or during the home visits programme it would be helpful to include some points of clarification in any stage 2 notice issued to tenants as set out in Appendix 3.
46. Whilst indicative figures need to be viewed with caution, of those tenants who have expressed a view, either through a written response to the formal consultation document or through participation in the independent and confidential telephone survey, around 60% are generally supportive of the transfer proposal.
47. However, the market research also suggests that around 1 in 3 people have yet to make up their minds or did not wish to indicate their views on transfer to the interviewer. This means that the outcome of any ballot cannot be predicted with any certainty, one way or the other, at this stage.
48. What is clear is that tenants want, and expect, to have an opportunity to express their views on the proposal to transfer their homes to South Cambridgeshire Village Homes through a ballot. Tenants are also telling the Council that they now have all the information they need to make an informed decision on the proposal.
49. It is, therefore, now proposed that the Council:
  - Advise tenants by way of a Stage 2 notice that no changes are to be made to the proposal as a result of tenants' comments and;
  - Agree that the points of clarification set out in the Schedule attached at Appendix 3 be included with the Stage 2 notice in order to respond to issues raised during the stage one consultation process and;
  - Inform tenants that they have a right to make representations to the Secretary of State within a 28 day period
50. It is also recommended that the Council commission an independent organisation called Electoral Reform Ballot Services Ltd (part of the Electoral Reform Society) to carry out a formal postal ballot of all tenants.

### **Financial Implications**

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

51. As reported to Council in January 2009, 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. The Shadow Board has been closely involved with the development of the business plan and the key assumptions underpinning it.

52. The estimated cost of delivering the promises within the offer to tenants have been examined by independent, expert external advisers and can be supported by the draft Business Plan for South Cambridgeshire Village Homes.
53. There are no implications for the SCVH Business Plan, or the offer to tenants, in respect of agreement by the Council to a reduced rent increase for 2009/10 (see earlier report on this agenda). This is because the baseline for the income and expenditure assumptions made within the SCVH Business Plan are in line with those used by the Council.
54. However, the Business Plan is a living document, unlike the valuation calculation that simply reflects a moment in time, projected forward. This Plan and the Financial Model that underpins it would be reviewed and amended in the post ballot phase.

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

55. At its meeting on 29 January 2009, Council was advised of the headline net capital receipt calculation and General Fund impacts of transfer. Subject to Council agreement of a reduced rent increase (see earlier report on this agenda) for 2009/10, the indicative gross valuation is likely to be reduced by around £1.3 m. This is because the tenanted market valuation used for housing transfer is based on the difference between estimated income and expenditure over a 30-year period.
56. Other changes in headline figures are to be expected in coming months given uncertainty in the financial markets, and these would be reported to Cabinet and Council in detail at the appropriate time. An update on the financial impacts of transfer would be provided at the post ballot Council meeting alongside consideration of the Council's application to the Secretary of State; however, at this time the objective of a financially viable Council and new landlord organisation is still achievable.

### **Legal Implications**

57. 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.
58. The Council's offer to tenants has been 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.
59. The Council must then consider tenants' comments before it can proceed to Stage 2. This report sets out the responses received 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.



60. Before a transfer could proceed, the Secretary of State must give consent. By law, consent may not be granted if it appears that a majority of the Council's tenants are opposed to the transfer.
61. 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.

### Other Implications

62.	Staffing	<p>The majority of staff who spend 50% or more of their time on the landlord housing service would transfer to South Cambridgeshire Village Homes in the event of a positive ballot.</p> <p>Staff and union representatives have been involved in and fully consulted on the development of the housing transfer proposal and what transfer would be offered staff in terms of protected terms and conditions.</p> <p>An employment protocol has been developed and agreed in principle between the Council and SCVH. This sets out how posts within the new organisation would be filled in the event that a housing transfer goes ahead. This would be worked up in more detail in any post ballot/pre transfer phase when there would also be consultation with other non-TUPE staff who may wish to take advantage of new employment opportunities that become available with SCVH.</p>
	Risk Management	<p>The Housing Futures project risk register is reported to the Housing Portfolio Holder and SCVH shadow board on a bi-monthly cycle. It is also regularly reported to the Corporate Governance Committee as part of the Council's strategic risk register.</p> <p>A new post ballot Housing Futures project risk register would be constructed in the event of a positive tenant ballot.</p>
	Equal Opportunities	<p>The consultation process has taken into account the diversity within the tenant and leaseholder population. For example, provision of alternative formats for newsletters and other consultation material, including the formal consultation document e.g. audio-tapes, and video and transcript options for the DVD. We have also arranged translation services where these have been requested.</p> <p>There has been a range of consultation methods to complement the written communication materials including personal contact through the home visits programme, the ITA drop-ins and the DVD screenings in sheltered housing schemes that have ensured that all tenants have been able to access the information they need, in a way that suits them, in order to make an informed decision on the housing transfer proposal.</p>

## Effect on Strategic Aims

63.	<b>Commitment to being a listening council, providing first class services accessible to all.</b>
	The Council's transfer offer to tenants is based upon extensive consultation with them about their experience of current housing services and aspirations for the future.
	<b>Commitment to ensuring that South Cambridgeshire continues to be a safe and healthy place for all.</b>
	The proposed transfer investment programme would significantly increase resources available locally to improve the environment around the Council's homes and local communities and improve the engagement of local residents in planning those improvements.
	<b>Commitment to making South Cambridgeshire a place in which residents can feel proud to live.</b>
	The proposed transfer investment programme will significantly increase resources available locally to improve the environment of the Council's housing estates and improve the engagement of local residents in planning those improvements.
	<b>Commitment to assisting provision for local jobs for all.</b>
	The proposed transfer investment programme would lead to an additional £40m investment in homes in the first five years after transfer, which should help create more local employment opportunities.
	<b>Commitment to providing a voice for rural life.</b>
	The Council's offer to tenants makes specific reference to the district's rural nature and contains a number of references to how services would be delivered to take account of that rural nature.

## Recommendations

64. That Council notes the responses of tenants and leaseholders as set out in this report and its appendices.
65. That Council **RESOLVES** to issue a formal Stage 2 letter to all secure tenants confirming:
- The terms of the Council's offer as set out in the formal (stage 1) consultation document subject to clarification of the matters referred to in Appendix 3,
  - Tenants' right to communicate objections to the Council's housing transfer proposal to the Secretary of State within twenty-eight days from receipt of the Stage 2 Letter,
  - The ability of the Secretary of State to withhold consent if a majority of affected tenants do not wish the transfer to proceed.

66. That Electoral Reform Ballot Services Ltd be commissioned to carry out a formal ballot of tenants in respect of the proposed transfer of homes to South Cambridgeshire Village Homes.

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

Housing Futures - Formal consultation on South Cambridgeshire District Council's proposal to transfer its homes to South Cambridgeshire Village Homes

March 2009

Housing Transfer Manual 2005 (CLG)

October 2004

Housing Futures: the Offer to Tenants and the Formal Consultation  
Process report to Full Council

January 2009

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