

REPORT TO COUNCIL

REPORT OF: CORPORATE DIRECTOR (REGULATORY SERVICES)

REPORT NO: DRS24

DATE: 5TH JANUARY 2006

TITLE:	LARGE SCALE VOLUNTARY TRANSFER – STRATEGIC CHOICE OF LANDLORD
FORWARD PLAN ITEM:	YES
DATE WHEN FIRST APPEARED IN FORWARD PLAN:	17 TH MAY 2005
KEY DECISION OR POLICY FRAMEWORK PROPOSAL:	POLICY FRAMEWORK PROPOSAL

COUNCIL AIMS/PORTFOLIO HOLDER NAME AND DESIGNATION:	HOUSING: COUNCILLOR FRANCES CARTWRIGHT
CORPORATE PRIORITY:	CATEGORY 'A' AFFORDABLE HOUSING
CRIME AND DISORDER IMPLICATIONS:	NONE
FREEDOM OF INFORMATION ACT IMPLICATIONS:	The report is available at the Council's website www.southkesteven.gov.uk under the Council's meetings.
BACKGROUND PAPERS:	REPORT DRS14 (CABINET – 9 TH MAY 2005) REPORT DRS16 (COUNCIL – 26 TH MAY 2005) REPORT DRS23 (CABINET – 5 TH DECEMBER 2005) MINUTE 84 (2) (COUNCIL – 27 TH OCTOBER 2005) HOUSING TRANSFER MANUAL – OFFICE OF THE DEPUTY PRIME MINISTER (ODPM)

1. INTRODUCTION

1.1 The Council, at its meeting in May 2005, resolved to identify Large Scale Voluntary Transfer as the preferred option of the Council for the future

ownership and management of the Housing Stock, following the recommendation made by the Stock Option Appraisal Commission (SOAC) who undertook a detailed appraisal of the option on behalf of the Council. The Stock Option Appraisal was subsequently signed off by Government Office (East Midlands) and the Council has now commenced work to progress to a ballot of tenants on this preferred option. At a meeting of Council on 27th October 2005 it was resolved that an extraordinary Council meeting be held on Thursday, 5th January 2006 at 2.00 p.m. to determine the Strategic Choice of Landlord.

2. RECOMMENDATIONS

2.1 It is recommended that the Council.

- (1) Receives the recommendation from the Choice of Landlord Working Group (CLWG) relating to the creation of a new stand alone Housing Association as the preferred strategic choice of landlord and records a vote of thanks to members of the working group for their work.
- (2) Identifies and approves a new Registered Social Landlord (RSL) as the preferred strategic choice of landlord for the purpose of the proposed Large Scale Voluntary Transfer of the Council's Housing Stock in line with recommendation of the Choice of Landlord Working Group.
- (3) Approves the following policy proposals for the purpose of developing and negotiating an "Offer to Tenants":-
 - (a) in the event of a transfer of the Council's Housing stock proceeding following a ballot of tenants, the receipt, net of government levy, repayment of housing debt and set up costs be utilised as follows:-
 - (i) Protect the General Fund from the impact of transfer in the first instance and;
 - (ii) 50% of the remaining net receipt be made available for Affordable Housing and;
 - (iii) 100% of any share of Right to Buy receipts be made available for affordable Housing.
 - (b) the transfer of the Direct Works Organisation (Craft) to the new stand alone RSL.
 - (c) the transfer of the supported housing function (Care Services) to the new stand alone RSL.

3. DETAILS OF THE REPORT

3.1 Guidance from the Office of Deputy Prime Minister identifies a number of key points when choosing a prospective new landlord for the purpose of a large scale voluntary stock transfer (LSVT).

3.2 Key points identified are:-

- An authority may transfer its tenanted housing only to a Registered Social Landlord (RSL), that is one that is registered with the Housing Corporation.
- An authority must decide on the type of RSL that should take on the Housing and must demonstrate how tenants have played an active role in the Landlord Choice issue.

3.3 Historically there has been a presumption by Local Authorities, that, in all except the smaller and partial transfers, the establishment of new RSL as a new landlord is the best option. The Government guidance acknowledges whilst this can be the case it is also becoming less so, as existing landlords have considerable experience and strengths to offer. Where an authority is proposing to transfer to a new stand alone RSL, the Office of the Deputy Prime Minister will require the authority to demonstrate it has done work with tenants to explore the scope of working with existing RSLs. The work done through the Choice of Landlord Working Group (CLWG) and on case study visits has examined the scope of working with an existing RSL. The October 2005 issue of "Your Home, Your Choice", the Council's newsletter to tenants, featured articles on landlord choice.

3.4 Key features which have been considered by CLWG have been:-

- Feedback from case study visits
- Advice from external advisers
- ODPM Guidance
- An evaluation of criteria based on the 5 reasons for LSVT being identified as the preferred option and further consultation with tenants, staff and elected members.
- Council's Category A priority for Affordable Housing
- The extent of services transferring for example Supported Housing (formerly known as Care Services, and the Direct Works Organisation).

3.5 The CLWG was formed and comprised, tenant representatives, elected member representatives and staff co-optees. To enable the Working Group to make an informed recommendation to the Council, visits to Stock Transfer Organisations were organised, to Amber Valley Housing based in Derbyshire, a stand alone Registered Social Landlord (RSL) and a second visit to Stort Housing Association based in Hertfordshire, an RSL subsidiary of the Circle Anglia Group. A further option available for the Strategic Choice of Landlord was a merger with an existing organisation, however this was ruled out during the Stock Option Appraisal process by SOAC, as it was felt important that any Stock Transfer RSL should have its own identity and provide the opportunity for local decision making.

3.6 In addition to the case study visits, various focus group meetings have taken place with external advisers and key stakeholders, together with a Choice of Landlord event which has been referred to as "a Jury Day" for the strategic Choice of Landlord Working Group (CLWG). The CLWG agreed the format of a

model to aid a decision making and the criteria contained within it. This is attached at Appendix A. The CLWG was independently chaired by the Chairman of the Council. Taking account of all of the background information and intelligence gathered, the working group reached a consensus view on each of the criteria and following discussion of this evaluation made the following recommendation to the Council:-

“The Choice of Landlord Working Group recommends the Council should create a new Housing Association as the preferred strategic choice of landlord for the purpose of the proposed Large Scale Voluntary Transfer of the Council’s Housing Stock. The reasons for the recommendation are:-

- (1) To create the opportunity for enhanced tenant empowerment.
- (2) To provide local identity and decision making.
- (3) To provide local customer access.
- (4) To provide local board representation for tenants and council nominees.
- (5) To provide added value”.

3.7 Because of the Christmas break this report had to be prepared and printed before the outcome of the call-in concerning the Cabinet's recommendation for the application of the capital receipt that would arise if transfer proceeds. If as a result of this call-in, and any subsequent re-consideration of this issue by the Cabinet, there is any change to the Cabinet’s recommendation this will be reported to Council at the meeting.

4. OTHER OPTIONS CONSIDERED AND ASSESSED

4.1 The report has identified the other options which were considered by the CLWG for the strategic choice of Landlord as:-

- Merger with an existing RSL - ruled out on the basis of the work previously undertaken by the SOAC. In particular the desire of tenants to ensure local identity and decision making.
- Creation of a subsidiary RSL within a group structure, discounted by the CLWG on the basis that the chosen option of stand alone RSL would provide:-
 - Greater opportunity for tenant empowerment.
 - Local Identity and decision making.
 - Local Customer Access.
 - Local Board reception for tenants and council nominees.
 - Added value in respect of Social Benefits.

5. COMMENTS OF DIRECTOR OF FINANCE AND STRATEGIC RESOURCES

5.1 I have been fully consulted throughout the process and echo the comments of the Monitoring Officer below.

6. COMMENTS OF CORPORATE MANAGER, DEMOCRATIC AND LEGAL SERVICES (MONITORING OFFICER)

- 6.1 No comments other than, the decision of the Cabinet relating to Report No. DRS23 has been the subject of a call in by the Resources DSP and is due to be heard by the DSP on 22nd December 2005. The outcome of this call in is unknown at the date of publication of this report. This report does however contain a recommendation to the full Council meeting.

7. COMMENTS OF OTHER RELEVANT SERVICE MANAGER (HUMAN RESOURCES AND ORGANISATIONAL DEVELOPMENT)

- 7.1 The Corporate Director of Regulatory Services has made available the draft report to local Trade Union representatives.

8. CONCLUSIONS

- 8.1 To enable work to progress on the development and negotiation of an “offer to tenants” for the purpose of Tenant Ballot on the Large Scale Voluntary Transfer of the Council’s Housing Stock, members are asked to approve the recommendations contained in the report.

- 8.2 These recommendations relate to:-

- the Strategic Choice of Landlord
- the proposed use of receipt in the event of a transfer proceeding
- in the event of transfer proceeding the Housing transfer to include
 - the transfer of DWO
 - the transfer of supported Housing

9. CONTACT OFFICER

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