

# REPORT TO COUNCIL

**REPORT OF:** Chief Executive

**REPORT NO.:** CEX361

**DATE:** 30 November 2006

<b>TITLE:</b>	<b>LARGE SCALE VOLUNTARY TRANSFER - TO CONSIDER THE RESULT OF THE LSVT BALLOT OF TENANTS</b>	
<b>FORWARD PLAN ITEM:</b>	Yes	
<b>DATE WHEN FIRST APPEARED IN FORWARD PLAN:</b>	16 November 2005	
<b>KEY DECISION OR POLICY FRAMEWORK PROPOSAL:</b>	Policy Framework Proposal	
<b>COUNCIL AIMS/PORTFOLI O HOLDER NAME AND DESIGNATION:</b>	Organisational Development & Housing Services - Councillor F Cartwright Resources & Assets Councillor T Bryant	
<b>CORPORATE PRIORITY:</b>	Priority A - Affordable Housing Priority B - Housing Management	
<b>CRIME AND DISORDER IMPLICATIONS:</b>	None	
<b>FREEDOM OF INFORMATION ACT IMPLICATIONS:</b>	This report if available via the Local Democracy link on the Council's website <a href="http://www.southkesteven.gov.uk">www.southkesteven.gov.uk</a>	
<b>INITIAL EQUALITY IMPACT ASSESSMENT</b>	<b>Carried out and appended to report?</b>  <b>Not Applicable</b>	<b>Full impact assessment required?</b>  <b>No</b>
<b>BACKGROUND PAPERS:</b>	Housing Stock Options Appraisal report by EBWNL - May 2005 Report DRS24 - 5 January 2006 Report LSVTPM01 - 25 May 2006 Report CHFR6 - 12 June 2006 Report TSE9 - 7 September 2006	

## 1. INTRODUCTION

- 1.1 This report recommends action following the ballot of tenants on the proposed transfer to South Lincolnshire Homes

## **2. RECOMMENDATIONS**

- 2.1 That the Council receives and notes the result of the tenants' ballot.
- 2.2 That Council requests the Government to reform the housing subsidy system to enable all of the money raised locally to be retained locally, thus enabling the expressed wishes of our tenants to be delivered in the long term.
- 2.3 That in partnership with the Tenants Working group and the existing staff focus group a working party of the Community DSP advise the Cabinet on the potential for exploring more innovative options for the management of the Council's housing stock.

## **3. DETAILS OF REPORT**

### **3.1 Ballot Result**

The result of the ballot of tenants on the proposal to transfer homes to South Lincolnshire Homes was as follows;

Total eligible votes – 4772  
Total turnout – 75.6%  
Votes in favour – 1278  
Majority in favour – 26.8%  
Votes not in favour – 3494  
Majority not in favour – 73.2%

### **3.2 South Lincolnshire Homes Position**

South Lincolnshire Homes was created as the proposed Registered Social Landlord to manage the housing stock and service should tenants have wished to pursue transfer.

Fifteen Board members have worked together in 'shadow' form developing the association's policies and procedures and assisting the Council in the development of the formal Offer document.

The ballot result indicates that the tenants do not wish to transfer to South Lincolnshire Homes and, as the association has no other purpose, steps will now be taken to legally close the association and disband the 'shadow' board.

### **3.3 Council Position**

With the termination of the transfer process, the Council has to determine the level of service that can now be provided to tenants by the Tenancy Services Directorate. The Directorate was restructured in early 2006 in preparation for transfer and the separation of Tenancy Services from Housing solutions makes it easier to focus on the landlord role. The anticipated additional resources that transfer would have provided will not be available and the Directorate will review its Business Plan and service plan in the light of that fact.

Once the Directorate has a clear understanding of the short, medium and long term financial position it will be possible to develop a series of options and issues for elected Members to consider.

- 3.4 The fact that a capital receipt will not be forthcoming from the sale of the stock also has an impact on the Council's ability to provide affordable homes. Partnership Schemes with existing housing associations continue to be developed and it would be appropriate at this time to undertake a review of council land holdings to determine whether additional land could be made available for this purpose.

The current business plan for the management of the Council's Housing Revenue Account shows the account as going into deficit in seven years time, if the Council seeks to provide services to the same standard as those set out in the transfer offer:

HRA Balances £Million			
Improvement standard	Decency only	Decency Standard Plus	LSVT offer standard
<b>Year 0 Balance B/Fwd</b>	£5.758	£5.758	£5.758
<b>Year 1</b>	£6.214	£6.214	£6.214
<b>Year 2</b>	£6.058	£6.027	£6.027
<b>Year 3</b>	£5.945	£4.977	£3.788
<b>Year 4</b>	£5.777	£1.556	£1.176
<b>Year 5</b>	£5.564	£1.117	£0.721
<b>Year 6</b>	£5.360	£0.709	£0.296
<b>Year 7</b>	£5.151	£0.262	-£0.168
<b>Year 8</b>	£4.932	-£0.228	-£0.737
<b>Year 9</b>	£4.703	-£0.825	-£1.334
<b>Year 10</b>	£4.487	-£1.425	-£1.934

- 3.5 Currently the account has considerable reserves although these will be quickly used up if the Council is to deliver the standard of repairs, management and improvement needed to achieve a good (two star) service during the inspection, which is likely to occur during 2007/8. It will be a difficult task to balance the investment required to deliver a good service without accelerating the financial problems facing the Housing Revenue Account in the long term.
- 3.6 The Council's ability to meet rising tenant expectation is considerably handicapped by the present housing subsidy system under which some £4.85m this year, and £5m in future years, is taken from South Kesteven for re-distribution to other housing authorities. Now that our tenants have given such an unequivocal vote of confidence in the Council's management of the housing stock, it would be appropriate for the Council to consider whether it

wishes to call on the government to reform the system and thus secure a long-term future for South Kesteven's tenants.

#### **4. ISSUES FOR THE FUTURE**

Looking to the future there may also be opportunities to explore the potential for innovation in how our properties are managed. The recent white paper pledges that there will be a modernisation of the procedures for setting-up Tenant Management Organisations and the opportunity for shared services in Lincolnshire may also provide us with scope for improvements in both efficiency and quality of service. This is a matter that could be considered further by the Community DSP in partnership with the Tenants working group.

#### **5. S151 OFFICERS COMMENTS**

- 5.1 The HRA balances shown in section 3 above are based on revised calculations undertaken in June using the 2005/6 projected out turn figures. Further work is now being undertaken to review the business plan during the current service planning and budget preparation round to take account of actual balances and reserves as at 31st March 2006.
- 5.2 The review of the business plan will also include an evaluation of the impact of the draft subsidy determination for 2007/8 which is currently out for consultation and the final determination is due to be formally announced following the closure of the consultation period on 11th December, 2006.
- 5.3 The budget reports to both Cabinet and Council in the New Year will identify the impact of these issues on the projections shown in section 3. The projected outturn for 2006/7 will also reflect the cost of ballot once final accounts have been received.

Duncan Kerr  
Chief Executive