

Committee: HEALTH AND HOUSING

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Agenda Item No: 4

Title: FUTURE MANAGEMENT OF THE COUNCIL'S HOUSING STOCK

Author: Rod Chamberlain (01799) 510508 and John Dickson (01799) 510300

Summary

- 1 This report has been requested by Members following a recent workshop and outlines a number of issues that the Council will need to consider as part of its Housing Investment Strategy. The report provides background information, current housing issues and the possible impact of the Government consultation on Housing Capital receipts. It also seeks Member guidance on an appropriate way forward.

Background

- 2 The Council currently has a housing stock of approximately 3000 dwellings of which about 1200 are elderly person dwellings (sheltered and bungalow). The stock is regarded as being in reasonable condition and a Condition Survey is expected to be completed in December. The Council invests a considerable amount annually on the stock. In the current year there is a Capital Programme of works (including improvement and planned repairs) of £1.45m and a further budget of £1.49m on responsive repairs and certain planned maintenance which includes decorating and service contracts. The responsive repairs budget is funded out of tenants' rental income and the planned maintenance is funded from a capital budget based on the Government's Major Repairs Allowance (MRA).
- 4 There are currently approximately 1,120 applicants on the Housing Register which includes tenants requesting a move to more suitable accommodation. Of this total about half are regarded as being in Housing Need (their application scoring 20 points plus under the current allocation scheme).
- 5 In recent years the Council has been able to reduce the number of applicants in Housing Need and current projections within the Housing Strategy Statement (HSS) indicate the figure could reduce to about 360 by April 2005. This has been achieved by the full utilisation of the Council vacancies (approx 150 - 180 each year) and nominations to Registered Social Landlords (RSL's) in the District where the Council has given a grant under the current Local Authority Social Housing Grant (LASHG). Currently there are approximately 750 RSL properties in the District owned by some 15 main RSL's to which the Council has nomination rights. About 50 nominations are made each year to this RSL stock. The development programme produces further vacancies each year.
- 6 As the Council is debt free all of the current Right to Buy receipts are used initially to fund the LASHG payments to RSL's and this money is then refunded to the Council, by the Housing Corporation, for it to then be used on

non housing capital projects. This is known as the "Double Spend" arrangement. Currently about 40 - 50 RTB's are completed each year. Last year RTB's generated a total of £2.5m in housing capital receipts (from sale of 42 properties).

- 7 Each year the Council is required to submit a Housing Strategy Statement to the Regional Government Office which outlines how the Council is tackling a range of housing related issues in both the private and public sectors. It is now a requirement for a 30 Year Housing Business Plan (30YHBP) to be reviewed and updated each year which must show the investment needs of the Council's stock to keep it up to a Decent Homes standard. There is a target for all council rented housing to be up to this Government standard by 2010.
- 8 In 2000 the Council commissioned a stock option appraisal report. The conclusions showed the Council was a good landlord and the stock was in reasonably good condition at the time of the report. The report concluded that the Council could remain a successful landlord for some time but Large Scale Voluntary Transfer (LSVT) may be an option to consider in due course to keep investment in the stock up to the required level.
- 9 The projections in the current 30YHBP based on existing information show that for the next 5 years this Council is on target to achieve the Decent Homes Standard.

Current Issues for Consideration

- 10 There are a number of housing issues (including survey information and decisions by Government on consultation exercises) that will need to be carefully considered by the Council over the next year as part of its review of the HSS and 30YHBP. These factors include:

- **Approved Development Programme (ADP)**

Currently this is a regionally controlled sum of money which is allocated to Councils to administer to enable RSL development within their District. In recent years Uttlesford DC has not been able to access much from this resource. It is expected that UDC would only be successful in accessing more ADP grant if further private sector developments were encouraged into the area leading to more social/affordable housing opportunities in accordance with Council planning policy.

- **Decent Homes Standard**

All Social housing must be brought up to the required Decent Homes Standard by 2010. Currently the Council is awaiting the results of a survey on the condition of its stock. This is likely to be ready by December.

- **Rent Convergence**

Social Housing Rents (both Council and RSL) must converge by 2012. Current projections indicate that this is not regarded as a significant problem for Uttlesford's tenants.

- **Housing Need**

The Council is currently awaiting the results of a Housing Needs Survey of all tenures within the District which will show the likely trends over the next five years. The results are expected by December. In addition, the Council is coming towards the end of a Best Value review of Housing Need and Homelessness which is expected to introduce a new allocation scheme and redefine applicants in Housing need on the Housing Register. The review has highlighted a need for a wider range of tenures within the affordable housing criteria.

- **Supporting People**

In April 2003 the new arrangements for housing support costs will come into operation. This is a very significant issue with regard to the local housing situation which will have some financial impact on this issue. Initial guidance from the Government indicated that a sum of money (pooled support charges) identified within HRA could be diverted to the work required under Decent Homes. This is now being reviewed following further Government guidance.

The Annual Housing Investment Process

- 11 The Council is required to ensure that its housing stock reaches the required statutory Decent Homes Standard by 2010. In this context the projections of the 30YHB are crucial and should drive the investment strategy of the Council. Each year it is important that all the various elements, as mentioned earlier in this report, are fed into the Plan. Emerging issues then have to be addressed within the HSS.
- 12 Various pieces of information necessary for preparing the 30 YHBP become available at different times of the year. The rent setting process usually concluded by February of each year gives the revenue funding for responsive repairs and the MRA element is usually known a little earlier in the winter. It is possible that when these factors are known the position regarding available resources in relation to projected work programmes begins to emerge.
- 13 Guidance from the government on the production of both the 30 YHBP and the HSS is issued about March/April. In addition local information has to be a major part of the equation. In June/July of each year the Council knows what projected resources it has available for the next few years, what work is required and the priority for programming. Appended is a detailed chart (Appendix 1) showing what work is required and the various stages with regard to the preparation of the HSS and 30 YHBP.
- 14 If a gap in resources appears then the Housing Strategy Statement must address the problem. It is then necessary to ascertain if other resources can be accessed within the existing structure or if a more radical approach may be appropriate as a way forward.
- 15 The first step would be for a stock options report to be commissioned so that consultants can fully examine the Council's situation in detail and prepare a number of housing investment options available to the Council to address the situation. The options to consider would include:

- i. **LSVT** which means that the stock is sold at a tenanted market value to a RSL which can be an in-house new RSL or an existing one.
- ii. **Trickle transfer** of vacant properties to a RSL. (This would generate more gross capital receipts, but would not be appropriate if 75% of RTB receipts were redistributed as this process would count as the same as new RTB receipts)
- iii. **Arms Length Company** (which could access extra resources but would not generate a capital asset)
- iv. **Management Contract** the stock would be managed by an RSL but policy decisions remain with the Council
- v. **Retention of the Stock**

The Process of a Possible Stock Transfer

- 16 If it was concluded that LSVT is the way forward, under the last government guidance on this issue, the Council would need to take a decision shortly after receipt of the Stock Options Appraisal report on whether to lodge an expression of interest to the Government, outlining the business/investment grounds for transfer. This must be supported with a large amount of detailed technical/financial information. A Council would also need to show that tenants were involved and supported the process. A decision on the application is usually made within 3 – 6 months from when the initial expression of interest is lodged. Currently the Government does not have a 'Transfers' list as the process has been put 'on hold' pending a review and the outcome of the capital finance consultation paper. It is expected that an announcement will be made within the next few months. Appendix 2 shows a programme that would need to be followed for LSVT which has been produced by the Community Housing Taskforce (Government Department that deals with transfers).
- 17 If the Government approved the application, a Council would be placed on the 'Transfers' list for the next annual transfer programme.
- 18 Central to this process is the involvement of the Council's tenants. They need to be involved at all stages and the appointment of a Tenant's adviser is recommended at an early stage. It is likely that Tenant interest would significantly increase should the process of LSVT become the favoured option of the Council.
- 19 Should the application be accepted then intense consultation would have to be carried out with tenants. There would also need to be meetings and possible roadshows. A new shadow board of management would need to be established and detailed negotiations undertaken to separate the new body from the Council. There will also need to be detailed consultation with the staff both front line and from the support services concerning their new roles. Research has shown that successful LSVT's have always needed the support of staff. Central to this whole process will be the need for a Tenants Ballot and a simple majority of those voting will decide the issue.
- 20 The process from acceptance on the list to actual transfer, even if it goes according to schedule, is lengthy and there would be a need for outside help. A project team including consultants would need to be established.

Experience from other Councils has shown that at least 2 years is needed to complete the project from notification of being accepted by the Government and placed on the approved list to actual transfer of the stock. In addition the preparation to this initial stage of application could take up to a year. The cost of such a project is likely to be considerable.

Summary of Government Proposals to redistribute 'Right to Buy' Capital Receipts

- 21 The slides presented to the Member Workshop on 7 October 2002 are reproduced as Appendix 3 outlining the current situation. The Director of Resources will discuss the slides at the meeting.

RECOMMENDED that the Committee notes the issues raised in the report and provides officers with appropriate guidance on the way forward.

Background Papers: Stock Options Appraisal 2000/01
HSS 2000-02
30YHBS 2001/02
Committee Reports 2000-02