

**HOUSING STOCK OPTIONS REVIEW****1. THE PURPOSE OF THIS REPORT**

- 1.1 The purpose of this report is to advise the Cabinet about the need to carry out the housing stock options review and set up a project group. In addition, the report asks for a supplementary budget of £154,000, which will be paid for by the Housing Revenue account (£124,000) and the General Fund (£30,000).

**2. BACKGROUND**

- 2.1 In June 2003 the Office of the Deputy Prime Minister (ODPM) sent out guidance for Local Authorities on delivering decent homes and carrying out an options appraisal. The main driver behind this guidance is to deliver decent homes by 2010. The guidance also discusses the need to provide new affordable homes, which of course will be of key importance to this Council. The Council has to submit an options appraisal by July 2005 and have it signed off by the Government Office for the South East (GOSE). This means that the actual date for submission will need to be agreed by GOSE to give them time to sign it off in time for the deadline.
- 2.2 Whilst the paper is guidance, the clear message within it says that if Local Housing Authorities do not carry out a review no additional money will be made available to help them reach the Decent Homes standard. In addition, failure to follow this advice would reflect badly in a future Comprehensive Performance Assessment.
- 2.3 The guidance asks that a judgement is made as to whether or not the Decent Homes standard can be met and what options should be reviewed. The next section explains the standard to be met by 2010.
- 2.4 Also related to this subject, Cabinet received a report on 5<sup>th</sup> June 2003 showing what officers intended to include in the specification for the lead consultant to review the Council's housing finances in the General fund and the Housing Revenue account.

### 3. THE DECENT HOMES STANDARD

- 3.1 This standard means that each home owned by New Forest must meet each of the following criteria:
- 3.1.1 It meets the current statutory minimum for housing, which at present is the "Fitness Standard" which is defined by section 604 of the Housing Act 1985 amended by schedule 9 of the 1989 Local Government and Housing Act;
- 3.1.2 It is in a reasonable state of repair. A home which fails to meet this criterion will have either one or more "key" building components that are old and in poor condition or two or more other building components that are old and in poor condition. A key building component includes the structural parts of the dwelling, e.g. walls, roofs, chimneys and internal services and amenities such as kitchens, heating systems and electrics;
- 3.1.3 It has reasonably modern facilities and services. A home is considered not to meet this criterion if it lacks three or more of the following facilities:-
- A kitchen which is 20 years old or less
  - A kitchen with adequate space layout
  - A bathroom which is 30 years old or less
  - An appropriately located bathroom and W.C.
  - Adequate external noise insulation e.g. from roads or railway lines
  - Adequate size and layout of common entrance areas for blocks of flats.
- 3.1.4 It provides a reasonable degree of thermal comfort, ie it has effective insulation and efficient heating.
- 3.2 The key questions we are expected to ask and review are:
- 3.2.1 Can we meet the decent homes target by 2010 with existing resources? The current Housing Revenue Account (HRA) business plan shows that the Council can meet the decent homes standard. The data in the plan is based on current stock condition data. There is though, no money to provide anything above this standard, should the tenants require this.
- 3.2.2 Do the Tenants want us to exceed the target and if so what other work do they expect us to achieve, what will this cost and do we have the resources? To answer this question we will need to consult with our Tenants and there is a separate section in this report covering this subject.

- 3.3 The Council's HRA business plan will therefore need to cover the following points:
- 3.3.1 A clear picture of the current position covering the condition of the stock and the costs of renovation.
  - 3.3.2 Details of the priorities for investment and service improvements agreed with Tenants.
  - 3.3.3 An analysis of the likely resources available.
  - 3.3.4 An action plan for delivering the priorities.

#### **4. TENANT CONSULTATION**

- 4.1 The ODPM expects Tenants to be consulted about the options review before it gets underway, not during the process. To this end we are expected to appoint Tenant advisors at the start. In addition we are required to engage with the wider body of Tenants, not just established groups. This will have implications, which we will need to take into account by creating a Communications Strategy to include details of our wider consultation with other stakeholders (staff, housing associations and members). It is expected that Tenant consultation, done thoroughly could take between six to nine months. The Appendix shows a draft timetable. In addition the Community Housing Task Force (CHTF) will be monitoring our progress. This monitoring will form part of the review that GOSE will undertake before signing off the project by July 2005. The CHTF is part of the ODPM and was created in May 2001 to assist Local Authorities, Tenants and acquiring Registered Social Landlords through the process of stock transfer. Since then the team's remit has been extended to include guiding authorities through the Option Appraisal process.
- 4.2 The Tenants Consultative Group is planning to interview potential Tenant Advisors. Currently the Tenants are undergoing training prior to the interview process.

## 5. FINDING THE RESOURCES FOR THE BUSINESS PLAN

- 5.1 The ODPM is saying that it will be up to Local Authorities to find any additional resources to reach the decent homes standard or any additional Tenant expectations. Government will provide no extra money. The guidance also discusses the possible need to find resources for new homes if they are needed and expects us to talk to the Tenants and other stakeholders about this.
- 5.2 For this Council, the need to provide affordable homes is a priority. Any option that helps to deliver more new homes is an advantage to this Council and the community in general. Currently the strategic target is to provide 200 affordable homes but at the moment the Council is providing about half this figure. When reviewing the options available, it will be important to discuss the provision of affordable homes with all the stakeholders.
- 5.3 The options suggested for finding any extra money are:
  - 5.3.1 An arms-length company, which will provide funds for the Decent Homes target, but not, at the moment, new homes.
  - 5.3.2 The Private Finance initiative, which can provide money for renovations and possibly new homes, but is very complicated, not to mention expensive.
  - 5.3.3 Stock Transfer, which will provide money to renovate the stock and provide new homes, but requires a change of ownership by selling the stock to a Housing Association.
  - 5.3.4 Stock retention, which can be considered if the decent homes standard and other services, required by tenants, can be met within the Housing business plan. Stock retention will not provide new money to build affordable homes.
- 5.4 These options will need to be thoroughly reviewed and the Council requires resources to achieve this. These resources are discussed in the next section.

## 6. FINANCIAL IMPLICATIONS

6.1 Officers met with the CHTF on 18<sup>th</sup> of July who gave advice about which consultants will be needed to carry out the review. Consultants are required for the following:

- 6.1.1 To advise the Tenants
- 6.1.2 To advise the Council
- 6.1.3 To advise on communications and
- 6.1.4 To carry out a housing stock survey.

6.2 The cost of consultants to advise the Tenants will be in the region of £32,000 and there will be various printing and publication costs of about £12,000. The Communications Advisor will cost about £15,000. The stock survey will cost between £30,000 to £80,000 depending on whether or not a full survey is required or the Council can get it's current data independently verified. At the moment the assumption made is that a full survey will be required. The Advisor to the Council will cost £15,000.

6.3 These costs will fall to the General Fund and the HRA as follows:

General Fund	(Advisor to the Council and Communications Advisor)	£30,000
HRA	(Tenants Advisor and Stock Condition survey)	£112,000
	Various printing and publication costs	£12,000

**TOTAL** **£154,000**

6.4 There is already a demand growing for suitable consultants to help Councils with this review. Therefore in August, an advert was placed (after consulting with Councillor P. Greenfield) requesting expressions of interest from suitably experienced Tenant advisors. The Tenants are now planning the interview process.

6.5 The current Treasury advisors to the Council are Butlers and they have background knowledge about the Council's finances and corporate objectives. They also have the capacity and experience to act as advisors to the Council. In view of this, officers are proposing that Butlers are appointed as Council advisors. This though, will require Cabinet to waive standing orders, as a contract of this size would normally be tendered.

## **7. OUTLINE PROJECT PLAN**

- # 7.1 The appendix shows an outline project plan detailing the main steps to be taken. When advisors to the Council and Tenants are appointed the intention would be to check this with them and make any necessary amendments.
- 7.2 To manage the project it is proposed that a sub-group of the Housing Health and Social Inclusion panel (called the Housing Stock Options Project Group) is created. The sub-group would also need to include Tenants and appropriate officers. It is suggested that this group would need to meet monthly. The Housing, Health and Social Inclusion Panel will be asked to consider this at their meeting in November. It is suggested there are 4 Members and 4 Tenants in this group, together with officers from Finance and Housing.

## **8. ENVIRONMENTAL AND CRIME AND DISORDER IMPLICATIONS**

- 8.1 Should the Tenants require it, additional work to improve the environment and reduce crime on estates may well be possible, if the money can be found.

## **9. EMPLOYEE SIDE COMMENTS**

- 9.1 Employee Side recognise that the government is only giving tenants and councils a choice between;
- 9.1.1 Stock Transfer (LSVT)
  - 9.1.2 Private Finance Initiative (PFI)
  - 9.1.3 Arms Length Housing Management Organisation (ALMOS)
- 9.2 Employee Side would comment on the following briefly:
- 9.2.1 Stock Retention – management, repairs and renovations are kept in house.
  - 9.2.2 More investment in Council Housing which is needed to give everyone a decent home.
  - 9.2.3 An introduction of investment allowance, a revenue stream used to finance borrowing using ‘right to borrow’ (Local Government Bill 2003).
  - 9.2.4 Employee Side would disagree with PFI as a solution – it has not worked or delivered for Council Tenants.

- 9.2.5 Housing Stock transfer programme is poor value for the public purse – extra cost to taxpayer. Tenants pay additional costs – higher rents & service charges - which will then put them in the benefits trap.
  - 9.2.6 Support Tenant and Staff participation – several of the options would possibly mean redundancies for Employees not just in housing but in other departments.
  - 9.2.7 Consideration for improving the environment and reduce crime should be in the forefront as a percentage of the tenants are also Employees of New Forest District Council.
- 9.3 Employee Side recommend the finances needed for this review, stock condition survey, project group but recommend more investigation needed for appointing advisors to the Council.

## **10. TENANTS' COMMENTS**

- 10.1 The Tenants' Consultative Group supports this paper. The TCG understands that the Options Appraisal process is of paramount importance and will require the co-operation of Cabinet, Councillors, Officers, Staff and the TCG to ensure that the NFDC is able to take a decision that is a reflection of the views of all our Tenants and Leaseholders.
- 10.2 The TCG will actively participate in the interview and appointment of the Independent Tenants' Advisor and work with the ITA until the process is completed.
- 10.3 Our aim is to be certain that all our Tenants and Leaseholders understand what the options are, what they mean and how their decision will affect the future.
- 10.4 Through working with the ITA, we will endeavour to achieve the best value, best practice and best service for our Tenants and Leaseholders.
- 10.5 The TCG urgently need a centrally-located resource room to facilitate the high volume of work that the options appraisal will generate and where our Tenants and Leaseholders can come to ask questions and voice their views.

## 11. PORTFOLIO HOLDER'S COMMENTS

The Housing Portfolio Holder is happy to support the recommendations.

## 12. RECOMMENDATIONS

Cabinet is recommended to:

- 12.1 Recommend a supplementary estimate of £154,000 to undertake the housing stock options review, to be met from the HRA (£124,000) and the General Fund (£30,000).
- 12.2 Agree to a group of members, Tenants and Officers called the Housing Stock Options Project Group to manage this project and ask the Housing, Health and Social Inclusion Panel to create the project group.
- 12.3 Agree to the appointment of a Tenants Advisor within the budget of £32,000 and authorise the Housing Portfolio Holder in conjunction with Stock Options Project Group to formally appoint the Tenants' Advisor after Tenants have completed the selection process.
- 12.4 Authorise the Housing Portfolio Holder in conjunction with the Stock Options Project Group to appoint the communications expert and suitable consultants to carry out a stock condition survey.
- 12.5 Waive standing orders and appoint Butlers as advisors to the Council at a cost of £15,000.

### For further information:

Nick Cross

Assistant Director (Housing Strategic Services)  
Appletree Court, Lyndhurst  
Tel: 023 8028 5125  
E-mail: [nick.cross@nfdc.gov.uk](mailto:nick.cross@nfdc.gov.uk)

Pat Higgins  
Assistant Director (Financial Services)  
Tel: 023 80285821  
E-mail: [pat.higgins@nfdc.gov.uk](mailto:pat.higgins@nfdc.gov.uk)

### Background Papers:

Delivering Decent Homes -  
Option Appraisal, Guidance  
for Local Authorities from the  
Housing Directorate ODPM  
Report to Cabinet 5<sup>th</sup> June 2003



**Draft Programme for Stock Options Review**

Subject Heading	Key Tasks	Lead Officer	Others involved	Start Date	Completion Date	Comments
Initial meeting with GOSE & CHTF	To establish the outline of the project	NC	DB		Jul 2003	Completed
Obtain budget and agree programme with Members and Tenants	Briefing paper to CMT	NC	DB, PH		12/08/2003	Completed
	Informal briefing for Tenants	DB	AS		30/07/2003	
	Report to Cabinet	NC		Aug 2003	Oct 2003	
	Report to Housing, Health and Social Inclusion Panel	NC		Aug 2003	Nov 2003	
Appoint Independent Tenants Advisor (ITA)	Advertise for expressions of interest	NC		Aug 2003	Aug 2003	
	Tenants training	AS	NC, DB	Sept 2003	Sept 2003	
	Draft brief	NC	Tenants	Sept 2003	Sept 2003	
	Seek tenders	NC		Oct 2003	Oct 2003	
	Interview	Tenants	NC, DB, AS	Nov 2003	Nov 2003	
	Select and appoint	Tenants	NC	Nov 2003	Nov 2003	
	ITA prepares					
	Tenant Empowerment Strategy discussed with Stock Options Panel and agreed with GOSE/CHTF				Dates to be agreed	

Subject Heading	Key Tasks	Lead Officer	Others involved	Start Date	Completion Date	Comments
Create Officer, Member and Tenants Steering Group  (Stock Options Panel) (SOP)	<u>Communications</u>			Oct 2003	Oct 2003	This can be made up from Members from the Housing, Health and Social Inclusion Panel and Tenants. Then follows programme of work as shown under key tasks.
	Identifies key stakeholders	NC/SOP	}			
	Clarifies its role	SOP/NC				
	Appoints communications advisor	SOP/NC				
	Prepares Communications Strategy	NC/Comms Advisor				
	Agree this with GOSE/CHTF	NC				
	<u>Stock Conditions Survey</u>					
	Advertise and shortlist companies	NC		Nov 2003	Nov 2003	
	Develop brief	NC	DB	Oct 2003	Oct 2003	
	Tender					
	Interview and select	NC/DB/SOP		Dec 2003		
	Survey stock			Jan 2004	Mar 2004	
Receive survey report	Selected Company	NC/DB		Mar 2004		

Subject Heading	Key Tasks	Lead Officer	Others involved	Start Date	Completion Date	Comments
Select Advisor to the Council	Interview Butlers	NC	DB,NG,PH	Aug 2003	Aug 2003	If Butlers have the necessary experience and capacity agree selection with Cabinet or it will be necessary to go out to general tender.
	Agree selection of Advisor to Council with Cabinet	NC		Oct 2003	Oct 2003	
	Agree timetable with all Advisors	NC		Nov 2003	Nov 2003	Subject to all Advisors being appointed
	Consult on timetable with Tenants and SOP	NC		Nov 2003		
Council Advisor prepares report on Council's position	Council Advisor	NC, SOP, Cabinet	Oct 2003	Mar 2004	Final report to Cabinet	
Wide Tenant/ Leaseholder empowerment and participation to consider stock options		ITA	NC, AS	Dec 2003	Mar 2004	This may take longer and will depend on advice from ITA
Consult Tenants and Leaseholders		NC/ITA + Comms Advisor	AS	Mar 2004	April 2004	This will not need to be a ballot but we will need to show there was wide Tenant empowerment and consultation

Subject Heading	Key Tasks	Lead Officer	Others involved	Start Date	Completion Date	Comments
Sign-off options review by GOSE	Report to Cabinet	NC		May 2004		
	Submit review to GOSE	NC		May 2004		

Key:-

- NC - Nick Cross
- DB - Dave Brown
- NG - Nick Gibbs
- AS - Angela Sleet
- PH - Pat Higgins
- SOP - Stock Options Panel
- ITC - Independent Tenants Advisor