

Runnymede Borough Council

HOUSING AND COMMUNITY SERVICES COMMITTEE

Tuesday 19 April 2005 at 7.30 p.m.

in the Council Chamber

at the Civic Offices, Addlestone



Members of the Committee

Councillors P.J. Waddell (Chairman), H.W.V. Meares (Vice-Chairman), J.R. Ashmore, Ms D.V. Clarke, J.M. Edwards, Mrs. C.E. Gant, Ms R.E. Haylor, Miss M.N. Heath, Mrs Y.P. Lay and R Pate.

and all other Members for information

## A G E N D A

Notes:

- i) Any report on the Agenda involving confidential information (as defined by section 100A(3) of the Local Government Act 1972) must be discussed in private. Any report involving exempt information (as defined by Section 100I of the Local Government Act 1972), whether it appears in Part 1 or Part 2 below, may be discussed in private but only if the Committee so resolves.
- ii) The relevant 'background papers' are listed after each report in Part 1. Enquiries about any of the Agenda reports and background papers should be directed in the first instance to **Mr M L White, Committee Administrator, Department of Administration and Leisure, Civic Offices, Station Road, Addlestone (Tel. Direct Line: 01932 425623). (Email: malcolm.white@runnymede.gov.uk).**
- iii) Agendas and Minutes are available on a subscription basis. For details, please ring Mr. B.A. Fleckney on 01932 425620. Agendas and Minutes for all the Council's Committees may also be viewed on [www.runnymede.gov.uk](http://www.runnymede.gov.uk).
- iv) In the unlikely event of an alarm sounding, members of the public should leave the building immediately, either using the staircase leading from the public gallery or following other instructions as appropriate.

## **LIST OF MATTERS FOR CONSIDERATION**

### **PART I**

#### **Matters in respect of which reports have been made available for public inspection**

	<b><u>Page</u></b>
1. FIRE PRECAUTIONS	5
2. NOTIFICATION OF CHANGES TO COMMITTEE MEMBERSHIP	5
3. MINUTES	5
4. APOLOGIES FOR ABSENCE	5
5. DECLARATIONS OF INTEREST	5
6. STOCK OPTIONS APPRAISAL	5
7. EXCLUSION OF PRESS AND PUBLIC	8

### **PART II**

#### **Matters involving Exempt or Confidential Information in respect of which reports have not been made available for public inspection.**

- a) Exempt Information  
(No reports to be considered under this heading)
- b) Confidential Information  
(No reports to be considered under this heading)

## GLOSSARY OF TERMS AND ABBREVIATIONS

TERM	EXPLANATION
ADP	Approved Development Programme. This is the Housing Corporation's annual allocation for capital expenditure on Housing Association/Registered Social Landlord projects. The ADP is distributed to Housing Associations through the allocation of Social Housing Grant. (See HCSHG below).
ALMO	Arms Length Management Organisation. This is an organisation established specifically to manage Council stock. The properties remain Council owned and tenants retain their secure tenancies. This can provide opportunities for extra funds to meet the Decent Homes Standard if all government requirements are satisfied.
BME	Black and Minority Ethnic Groups. This is a collective name used by various bodies.
COMPACT	This is a requirement of Central Government. It entails developing an agreement between the Council and tenants or voluntary organisations about the way in which they will be consulted on the services they receive or deliver.
CPA	Comprehensive Performance Assessment. An external process to assess the quality of individual Council's Performance (set out in the Local Government White Paper 2001). It brings together evidence from a range of internal and external sources, in addition to an on site inspection, in order to arrive at an overall category.
DFG	Disabled Facilities Grant. This is a grant made available to disabled persons to provide adaptations to their property. Dependent on the type of work, it is a mandatory grant. The amount of grant awarded is subject to a test of resources of the disabled person.
DHCS	Director of Housing and Community Services.
DIYSO	Do It Yourself Shared Ownership Scheme. This scheme allows applicants with sufficient income to part purchase accommodation in the Borough. As the title suggests, the applicant is able to find their own accommodation for purchase. The scheme is run by Thames Valley Housing Association who purchase up to 50% of the property value. The tenant pays rent to the Housing Association for the share the Association retains.
EGAN	Sir John Egan chaired a Local Government Task Force, which produced a report entitled "Rethinking Construction" in 1998. The Task Force recommended that the construction industry should look to a partnering approach in future rather than the adversarial nature of contracts in the past.
ESP	Existing Satisfactory Property. This scheme involved working with a Housing Association to purchase low cost housing in the private sector. Originally the scheme involved the repurchase of ex-Right to Buy Council properties. However, the scheme was broadened to include any low cost housing in the Borough.
GOSE	The Government Office for the South East. This is the local office of the Office of the Deputy Prime Minister (formerly the Department of Transport, Local Government and the Regions) for the South East region of England. Its role includes development of the Regional Housing Strategy.
HCSHG	Housing Corporation Social Housing Grant. This is the main public subsidy paid to Housing Associations by Central Government, through the Housing Corporation to finance new homes. It can be used to pay for rented schemes as well as low cost home ownership schemes. (See ADP above).
HMO	House in Multiple Occupation. This is a property that under the Housing Act 1985 is defined as being "occupied by persons who do not form a single household". The definition used by Planning Authorities is slightly different in that they do not recognise a house to be an HMO unless there are 6 occupants.

HOUSING CORPORATION	This is the National Housing Agency for England. The Housing Corporation is a Government Agency and was created by the Housing Act 1964 to register, fund, promote and supervise the Housing Association (now Registered Social Landlord) movement.
HRA	Housing Revenue Account. This is a statutory account that sets out the expenditure and income arising from the provision of social housing by the Local Authority as a landlord. Expenditure in the HRA includes repairs and improvements, and the management of the Council's stock.
LASHG	Local Authority Social Housing Grant. These were Social Housing Grant payments which were initiated by a Local Authority but for which the cash was provided by the Housing Corporation. The scheme came to an end on 1 <sup>st</sup> April 2003. Transitional arrangements are in place but under these arrangements the funds, if approved, are paid direct to the Registered Social Landlord.
LDF	Local Development Framework. Government proposed replacement for the Local Plan.
LSP	Local Strategic Partnership – Leads on the Community Strategy.
ODPM	Office of the Deputy Prime Minister (Government Department).
PFI	Private Finance Initiative. This can provide an opportunity to raise extra funds for investment in housing stock. A number of issues would need to be addressed/considered. Several Councils are currently acting as pathfinders.
PPG3	Planning Policy Guidance. This is Guidance issued by the Secretary of State detailing National Planning Policy within existing legislation. There are many examples of Guidance and PPG3 is the one that is the most relevant to housing. This sets out the requirements relating to the provision of affordable housing.
RARP	Runnymede Accommodation Referral Panel. This group has been established to assess the accommodation requirements of people with mental health, learning disability and physical disabilities. The group considers each individual case and makes a recommendation as to the level of support required.  Representatives on the group include the following:  Officer from the Borough Council's Housing Department. Officer from the Community Support Team (Social Services). Officer from the Community Mental Health Team (Social Services/Health). Occupational Therapist.
RHB	Regional Housing Board. The RHB has been established by the Government to prepare and oversee the Regional Housing Strategy. The Strategy for the region will set out the approach to housing investment and give a clear framework for spending decisions. One RHB exists for the whole of the South East of England.
RSL	Registered Social Landlord. This is a Housing Association which is registered with the Housing Corporation. Registration entitles an association to bid for Social Housing Grant but requires that the association does not trade for profit. The association is established for the purpose of the provision, construction, improvement or management of social housing.
SAP	Standard Assessment Procedure. This is the Government's procedure for assessing the energy efficiency of a property.
SMART	How targets should be set if they are to be effective – Specific, Measurable, Achievable, Realistic, Timely.

SNHSG	The Special Needs Housing Strategy Group was established to look at the level of housing needed by people with special needs. This includes those with mental health problems, learning disabilities, physical disabilities, young people leaving care, victims of domestic violence, those with drug and alcohol problems, and older people. The group has representatives from a number of different agencies. The Chairman from each of the Local Special Needs Forums is also represented on the Special Needs Housing Strategy Group.
TCI	Total Cost Indicator. This is a system used by the Housing Corporation for assessing the maximum cost for new Registered Social Landlord dwellings. The TCI varies both in relation to the size of the dwelling and the region of the country in which it is to be constructed.
TPAS	Tenant Participation Advisory Service. The independent tenant advisers. Their role is to help tenants understand the complexities of the stock options and to audit the Council's statements and figures.
TLSG	Tenants' and Leaseholders Services Group. This group was formed in February 1999. The members of the group are Council Tenants and Leaseholders. They meet prior to each Housing and Community Services meeting to consider policy and management issues that impact on Tenants and Leaseholders.

1. FIRE PRECAUTIONS

The Chairman will read the Fire Precautions which set out the procedures to be followed in the event of fire or other emergency.

2. NOTIFICATION OF CHANGES TO COMMITTEE MEMBERSHIP

3. MINUTES

To confirm and sign, as a correct record, the Minutes of the meeting of the Committee held on 9 March 2005. These Minutes will be included in the April 2005 Council Summons/Minute Book which will be circulated on 13 April 2005.

4. APOLOGIES FOR ABSENCE

5. DECLARATIONS OF INTEREST

If Members have an interest in an item please record the interest on the form circulated with this Agenda and hand it to the Legal Representative or Committee Administrator at the start of the meeting. A supply of the form will also be available from the Committee Administrator at meetings.

Members who have previously declared interests which are recorded in the Minutes to be considered at this meeting need not repeat the declaration when attending the meeting. Members need take no further action unless the item in which they have an interest becomes the subject of debate, in which event the Member must leave the room if the interest is personal and prejudicial.

6. STOCK OPTIONS APPRAISAL

1. Purpose of Report

1.1 **The purpose of this report is to recommend the approval of the stock retention option following the completion of the Stock Options Appraisal process.**

2. Background Information

2.1 The Government requires all Local Authorities with a housing stock to undertake a Stock Options Appraisal and to have this signed off by the Government Office for the South East (GOSE) by no later than July 2005.

2.2 A Stock Options Appraisal must consider which one of the available options offers the greatest potential to address any backlog of housing repairs and achieve the Decent Homes

Standard. It must also take into account the role of the housing stock in relation to the Council's wider housing plans e.g. the provision of new affordable housing. It is, therefore, not just simple assessment as to whether, or not, the Council can meet the Decent Homes Standard.

2.3 There are four Stock Options available to Local Authorities and these are:

1. Retention of the Housing Service;
2. Large Scale Voluntary Transfer (LSVT) of the stock to a Registered Social Landlord;
3. Establishment of an arms-length management organisation (ALMO);
4. Use of funds obtained through the Government's Private Finance Initiative.

The Council can also choose to pursue an appropriate mix of these options.

2.4 At its meeting in November 2003, this Committee authorised Officers to appoint consultants to support the Council in preparing the strategic and financial elements of the Stock Option Appraisal. A separate Consultant was also appointed to undertake the Independent Tenant Advisor role. Following a tendering exercise, in which Members and tenants took part, Pennington Consulting Limited (Pennington) were appointed as the Council's Consultants and the Tenant Participation Advisory Service (TPAS) were appointed as the Independent Tenant Advisor.

2.5 A budget within the HRA of £71,000 has been set for this project.

2.6 This Committee has received reports on the Stock Options Appraisal process in June 2003, November 2003, March 2004, May 2004, July 2004, September 2004, January 2005 and March 2005. There have been a number of stages to the process and the main steps are as follows:

- i) Establishment of consultation processes;
- ii) Initial briefings of tenants, leaseholders, Members, staff and other key stakeholders;
- iii) A baseline assessment of the Council's current Housing Revenue Account Business Plan;
- iv) Assessment of partial Stock Options e.g. for Sheltered schemes;
- v) Production of Consultation and Empowerment Strategies;
- vi) Extensive consultation with all stakeholders, including a survey of tenants and leaseholders;
- vii) Financial appraisal of the additional requirements of tenants and leaseholders;
- viii) A "Test of Opinion" exercise to ascertain tenants' and leaseholders' views on options;
- ix) Production of documentation for GOSE including a final report.

2.7 A Stock Options Forum, consisting of tenants and leaseholders, was established in the early stages of the process and this group has met regularly over the last year.

2.8 A Member Working Group has also been established and has received reports on the various stages of the Stock Options Appraisal. In the latter stages the Member Working Group and the Forum met together to consider the issues. Copies of the Minutes of the last two meetings of this joint Group are attached at Appendix 'C' and Appendix 'D' respectively.

2.9 At its meeting on 12 January 2005 this Committee approved the criteria against which the Stock Options Appraisal process would be assessed. The Member Working Group and the Stock Options Forum had considered the criteria prior to its approval.

- 2.10 At the last meeting of this Committee, Members were informed that a Newsletter and "Test of Opinion" questionnaire had been sent to all tenants and leaseholders. The "Test of Opinion" asked tenants and leaseholders to choose between two potential options i.e. Stock Retention or Stock Transfer (LSVT). The "Test of Opinion" was also accompanied by a newsletter outlining the Stock Option process.
- 2.11 In total 1,271 "Test of Opinion" survey forms were returned (including 6 returned directly to the Council) of which 1,112 were in favour of Stock Retention and 155 in favour of considering alternatives such as Stock Transfer. Four papers were spoilt. Just under 40% of tenants and leaseholders returned the questionnaire and 87% of those who did so were in favour of retention.
- 2.12 Throughout the Stock Options Appraisal process Officers have kept representatives at GOSE briefed on the action that has been taken, and have submitted documents for information or approval.
3. The Report
- 3.1 The Council must now decide on its preferred Stock Option and provide GOSE with a full report setting out the reasons why the option is selected. Attached at Appendix 'A' is the proposed final report from Pennington. This summarises the work that has been undertaken, reviews the Council's position against each option and against the criteria that was previously agreed by Tenants, Leaseholders and Members. Their recommendations are set out on page 60.
- 3.2 The report makes it clear that ALMO and PFI are not suitable as whole stock options and that the Council has the choice of two options for its stock i.e. Stock Retention or Stock Transfer (LSVT). It sets out on pages 47 - 49 and 56 - 58 the implications of both these options and the actions that are required for each.
- 3.3 Members will note from the Pennington report that even with the option of Stock Retention there is a need to take action to ensure that projected cash flow shortfalls during the period of the Business Plan are managed appropriately. It will therefore be important that expenditure is closely managed and that an annual review is undertaken of the Business Plan to ensure that measures are taken at the appropriate time to manage the cash flow situation. These measures may include prudential borrowing and the rescheduling of maintenance programmes. Recommendations (iii) - (v) also suggest several additional measures on which Officers will periodically report to the Committee.
- 3.4 The retention option also assumes that partial stock options in relation to Bowes Road/Wapshott Road and Pinefields/Beomonds will be self-funding and will not have a significant impact on the Housing Revenue Account. The Plan would also be unable to accommodate other significant improvement schemes or major changes in services unless corresponding savings could be identified.
- 3.5 Pennington have looked at a range of risk factors during the life of the Business Plan and there are a number of factors that have the potential to impact on the viability of the Plan. These are set out on pages 33/35. The most significant of these is a change to the Government's Management and Maintenance Allowances. It is clear that any significant change in allowances would necessitate a review of stock options.
- 3.6 GOSE will want to be assured that tenants support the Council's proposed recommendation for the future of its stock and TPAS have therefore been asked to submit a report setting out their view of the process and any comments about the options. Their report is attached at Appendix 'B'.
- 3.7 It is clear from the Pennington report that Stock Retention meets all of the criteria and this option is also supported by tenants and leaseholders. This option is recommended but on the basis that the Business Plan is reviewed annually and that if changes prompt a significant worsening of the Plan further consideration be given to other stock options.

4. Policy

- 4.1 The Leader's Position Statement states that "our own housing stock will be maintained and, when appropriate, improved or redeveloped, so that it continues to meet the Decent Homes Standard." The Council's Housing Strategy statement also states that "the Council will ensure that the housing that it owns or that is owned by a Registered Social Landlord, meets the Government's Decent Homes Standard."

5. Financial Implications

- 5.1 The Council's Housing Strategy and the financial forecast were prepared on the assumption that the Council would continue to manage its housing stock and achieve the Decent Homes Standard prior to 2010.
- 5.2 The cost of consultants fees and other expenses will be within the budget of £71,000.

6. UNISON Comments

- 6.1 "The Runnymede Branch of UNISON is very pleased with the outcome of the tenants' ballot and concurs with the Officers' Recommendation to retain the housing stock. UNISON considers that this would be the best result for staff, tenants and the service. The Branch Committee looks forward to further dialogue and consultation with Housing managers in respect of the recommendation and comments made by Pennington Consultants which might affect our Members, with particular regard to staffing and resources".

7. Conclusions

- 7.1 The comprehensive review of the HRA Business Plan and the assessment of Stock Options has now been completed. The Council is left with two potential options these being Stock Retention or Stock Transfer. An overwhelming majority of those tenants who responded to the 'Test of Opinion' have said that they would wish the Council to retain its stock. This option is currently sustainable, and consequently it is therefore recommended that the Council supports this approach.

**OFFICERS' RECOMMENDATION that –**

- (i) Members note the content and recommendations in the report submitted by Pennington Consulting Limited;**
- (ii) the Council approves the retention of its housing stock; and**
- (iii) the reports from Pennington Consulting Limited and the Tenant Participation Advisory Service, together with supporting documents be submitted to the GOSE in confirmation that the Council has decided to retain its housing stock.**

**(TO RECOMMEND)**

Background Papers

Relevant documents on DHCS and HOTS files.

7. EXCLUSION OF PRESS AND PUBLIC

If Members are minded to consider any of the foregoing reports in private, it is the

**OFFICERS' RECOMMENDATION that -**

**where appropriate the press and public be excluded from the meeting during discussion of reports under Section 100A(4) of the Local Government Act 1972 on the grounds that the reports in question would be likely to involve disclosure of exempt information of the description specified in the appropriate paragraphs of Part I of Schedule 12A of the Act.**

**(TO RESOLVE)**

## **PART II**

### **Matters involving Exempt or Confidential Information in respect of which reports have not been made available for public inspection.**

a) Exempt Information

(No reports to be considered under this heading).

b) Confidential Information

(No reports to be considered under this heading).