

Item 4

REPORT TO COUNCIL

26th OCTOBER 2007

DIRECTOR OF HOUSING

HOUSING PORTFOLIO

LARGE SCALE VOLUNTARY TRANSFER - CHOICE OF LANDLORD

1. SUMMARY

- 1.1 On 7th June 2007 Cabinet considered a report that recommended that it would be prudent to revisit the strategic options to consider how the future investment needs of its housing stock could be met whilst ensuring its ongoing effective management. The approach adopted was to update the Stock Options Appraisal Study completed in 2003. The updating of the Study was set within the context of national and local policy changes over the last two years and builds on much of the intelligence available to the Council through the continuous updating of its information base around its housing stock and the wider needs of its communities.
- 1.2 Cabinet on 11th October 2007 agreed to recommend to Special Council on 26th October 2007 that the preferred option for the future ownership and management of the Council's housing stock was to seek its Large Scale Voluntary Transfer (LSVT) to a Register Social Landlord. In the light of that recommendation this report recommends the preferred choice of landlord to accept the Council housing stock following a successful ballot of tenants.

2. RECOMMENDATIONS

- 2.1 That a new standalone Registered Social Landlord for Sedgefield Borough is established as the preferred choice of landlord for the Large Scale Voluntary Transfer of the Council's housing stock.

3. CHOICE OF LANDLORD

- 3.1 Sedgefield Borough Council following the completion of its Stock Options Appraisal Study in 2003 determined that the preferred option was to seek the Large Scale Voluntary Transfer of its housing to a Registered Social Landlord as part of an existing Group Structure. This option was subjected to a tenants vote in July 2005, which resulted in the Council retaining its housing stock.
- 3.2 Following the decision of the Council to update its Stock Options Appraisal Study, and the current recommendation to pursue the Large Scale Voluntary Transfer as its preferred option it has been necessary to consider the choice of landlord. The new landlord would receive the housing stock after transfer, it is also considered that the chosen landlord type will have a critical role in shaping tenants views on the proposed transfer prior to any ballot.

- 3.3 The choice of landlord process is set out in the Community Housing Task Force's Guidance Note 9 "*Choosing a new Landlord*". The guidance sets out the main options for the transfer of stock to a Registered Social Landlord following a successful ballot on LSVT, these are: -
- An existing Registered Social Landlord (RSL)
 - A newly established subsidiary of an existing RSL (either in part of an existing group structure or through the creation of a new group structure)
 - A newly established free-standing RSL
 - A number of newly established RSL's that will make up a new group.
- 3.4 Whatever the choice of landlord type is determined it is vital that the interests of Sedgefield Borough tenants are addressed with a clear focus on its estates, housing investment, the quality of the Housing service along with the wider strategic contribution that the RSL can make to the Borough.
- 3.5 There is no requirement for a competitive process for landlord selection on transfer proposals. However it is considered good practice to demonstrate clearly that tenant representatives have been made fully aware of all the new landlord options, and that they have been fully involved in deciding the eventual landlord choice. That process has included consideration of:-
- the range and quality of landlord services to be provided.
 - the degree of local control and autonomy that would be exercised through the new landlord,
 - organisational ethos and management style,
 - opportunities and commitment to tenant involvement,
 - local knowledge of housing issues,
 - diversity and equality and
 - customer service standards.
- 3.6 The Stock Option Appraisal Group established after the Tenants Conference was the most appropriate group to undertake the evaluation of each of the options. The Group carried out a workshop with the specialist support from Savills and the Independent Tenants Advisor, Priority Estates Project (PEP) to consider the advantages, disadvantages (these are detailed in Appendix 1) and risks of each option. The Stock Option Appraisal Group having considered the issue in detail taking account the different advantages and risk factors determined that the establishment of a standalone RSL was the preferred choice of landlord for Sedgefield Borough. This choice took into account the advantages offered by a group structure, which include, resources to support the transfer process, economies of scale, etc. However the Stock Option Appraisal Group felt these were out weighed greatly by the advantages of establishing a new standalone RSL for Sedgefield Borough these include maintaining local autonomy and accountability, a strong local identity and the very significant advantage that this gives to the delivery of a successful ballot.
- 3.7 It is recommended that the Council establish a standalone Registered Social Landlord for Sedgefield Borough as its preferred choice of landlord to receive its housing stock following a successful ballot.

4. RESOURCE IMPLICATIONS

- 4.1 A further report will be presented to Cabinet detailing the financial implications of taking forward the preferred option for the future of the Council's Housing stock.

5. CONSULTATIONS

- 5.1 Tenants, Leaseholders and other key stakeholders were consulted on the option of establishing a standalone Registered Social Landlord as its preferred choice of landlord to receive its housing stock. The transfer of the Council housing stock to a Registered Social Landlord would be subject to a ballot of all tenants after a period of both informal and formal consultation.

6. OTHER MATERIAL CONSIDERATIONS

6.1 Links to Corporate Objectives/Values

The Community Strategy Outcomes include a Borough with Strong Communities where residents can access a good choice of high quality housing. The Council's ambitions, are linked, to the Community Strategy outcomes and are articulated through the Corporate Plan and the Medium Term Financial Plan. Our ambitions include delivering a Borough with Strong Communities with good quality affordable housing in safe neighbourhoods. The preferred option would ensure the Council's housing stock could continue to support these objectives into the future.

6.2 Risk Management

The key risk associated with the report is delivering a successful ballot result, the choice of establishing a standalone RSL with a local identity familiar to tenants will help mitigate this risk. The risk will further be reduced by effective informal and formal consultation support by appropriate communications consultants will be key in reducing the risk of a negative result.

6.3 Health & Safety

No additional issues have been identified.

6.4 Equality & Diversity

Full account will be taken of the Council's obligation to promote equality and diversity in the development of this project.

6.5 Legal & Constitutional

Further detailed advice and support will be required from the Council's Legal Service in delivering the preferred options.

6.6 Sustainability

No additional issues have been identified.

6.7 Information Technology

No additional issues have been identified.

6.8 Crime and Disorder

No additional issues have been identified.

6.9 Human Rights

No additional issues have been identified.

6.10 Social Inclusion

No additional issues have been identified.

6.11 Procurement

No additional issues have been identified.

7. OVERVIEW AND SCRUTINY IMPLICATIONS

7.1 There are no Overview and Scrutiny Implications of this report.

8. LIST OF APPENDICES

8.1 Appendix 1 Summary of issues of preferred choice of landlord.

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Ward(s) All

Key Decision Validation: Not a key decision

Background Papers:

Sustainable Communities Plan 2003

Sedgefield Borough Stock Option Study 2003

Guidance Note 9 “*Choosing a new Landlord*” Community Housing Task Force

Updating the Stock Options Appraisal Study Cabinet Report 11th October 2007

Examination by Statutory Officers

	Yes	Not Applicable
1. The report has been examined by the Councils Head of the Paid Service or his representative	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. The content has been examined by the Councils S.151 Officer or his representative	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. The content has been examined by the Council's Monitoring Officer or his representative	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4. The report has been approved by Management Team	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Appendix 1 Summary of issues of preferred choice of landlord.

Stand Alone vs Group Structure

Transfer to a newly created Housing Association

POSITIVE

- Local autonomy and accountability – decisions cannot be ‘vetoed’ by a parent organisation
- Board has full control-local tenants, people and Councillors
- More seamless transfer
- More fully reflects the current position
- Reflects tenants aspirations
- Builds on local strengths, experience and identity
- Deliverable in shorter timescales
- Can decide at a later date to join a group

TO CONSIDER

- Substantial impact on staffing and financial resources
- Lack of staff & board expertise
- Loss of economies of scale – fund own set-up costs
- Less easy to fund new development
- Housing Corporation would need to be satisfied business plan is viable as would lenders

Transfer to a new subsidiary of an existing Group Structure

POSITIVE

- Resources for the process- staff and financial, access to loans etc
- Economies of scale
- Expertise available
- Local Board-local tenants, people and Councillors but beneath parent board
- Local control and accountability to an extent
- Housing Corporation support as already know the group
- Staff opportunities

TO CONSIDER

- Parent RSL needs to approve Business Plan
- Role of Parent RSL on local Board
- Harder to influence the overall group structure
- Need to get the ‘relationship’ right at the start- the agreement
- Potential requirement to adopt group wide policies

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