



RECORD OF EXECUTIVE DECISIONS

The following is a record of the decisions taken at the meeting of **CABINET** on **WEDNESDAY 30 OCTOBER 2013**.

The decisions will come into force and may be implemented from **MONDAY 11 NOVEMBER 2013** unless the Overview and Scrutiny Management Committee or its Committees object to any such decision and call it in.

Council Housing – Stock Transfer – Next Steps [Key Decision: R&ED/22/13]

Summary

The Cabinet considered a report of the Corporate Director, Regeneration and Economic Development which updated Cabinet on the Council Housing Stock Transfer. In December 2012 the council took the decision to develop a proposal to transfer its homes to a group structure of its existing housing management organisations. The decision was based on the findings of a comprehensive appraisal of all of the options available to the authority for the future financing, ownership and management of its homes. This report provided an update on the progress achieved since the decision was made last year and covered the following areas:

- Context to Pursuing Stock Transfer
- Benefits of Housing Stock Transfer
- Financial Implications for the Council
- Transfer Proposal Submission
- Shadow governance arrangements

Under the council's transfer proposals ownership of the council's homes will transfer to Dale & Valley Homes, Durham City Homes and East Durham Homes, who will become landlords in their own right within a group that will include a strategic parent organisation.

The council selected transfer as its preferred option because it could achieve a number of benefits including:

- Enabling the new landlords to invest in homes and neighbourhoods when it is required, preventing the deferral and delay of works.

- Allowing the new group of Registered Providers to work together to maximise the amount of investment that could be made.
- Delivering a solution that means that all homes, across the county benefit.
- Joining social housing services up across the county, making them more consistent with other Registered Providers.
- Preserving existing housing management organisations, which have demonstrated their excellence over the past few years, and protecting their important place at the heart of local communities.
- Achieving stakeholder support for the transfer proposal and demonstrating to stakeholders that their views have been listened to.
- Providing an opportunity for future growth – by offering a structure that could include other Registered Providers at a later date
- Generating economic growth through the construction of new homes.

There are risks to the successful completion of the transfer in terms of Ministerial consent; availability of private finance, tenant support for the proposal and challenging timescales. The process is likely to cost in excess of £1m to ballot stage and the draft Housing Transfer Manual is currently unclear in terms of the council's ability to defray any other costs it may incur as a result of stock transfer.

There is an expected cost to the council's General Fund of £3.6m which will represent a budget pressure within the Medium Term Financial Plan in 2015/16. The council should consider projected costs to the General Fund within the context of potential economic benefits for the county arising from stock transfer. It is also important to note that upon the closure of the HRA (which is expected following transfer) any reserves would accrue to the council's General Fund.

The Secretary of State is unlikely to grant consent to transfer unless a transfer application has been approved in advance of the council proceeding to full consultation with tenants. If the council's application is approved, the Government will expect full consultation and a ballot of all tenants and transfer of homes to be completed by the 31 March 2015. If the process is not complete the council will not be able to access the overhanging debt write off it requires.

The council will require the Government to write off a substantial amount of its housing debt. The council will be expected to maximise the value of its housing stock to reduce the level of overhanging debt required to make the transfer viable. The Government expects to see evidence of this in the council's application to transfer its homes.

The council can only submit its application to transfer its homes once the final Housing Transfer Manual is published. However, indicative timescales proposed by the Government for the submission of applications and their evaluation suggest that the council will need to submit its application by the end of October 2013/early November 2013 if the application is to be evaluated and agreed by mid March 2014. This will allow the council a little over a year to

complete formal consultation and a ballot of all tenants and complete the transfer its homes by 31 March 2015.

If the council's transfer proposal is approved by a majority of tenants who vote in a ballot, the council will then need to ensure that all landlords in the group are registered with the HCA by the 31 March 2015. If the council is to meet challenging timescales for completion of the transfer it should start to establish shadow Board and governance arrangements as soon as possible.

Decision

The Cabinet:

- Considered the potential social and economic benefits of stock transfer and implications for the council's General Fund.
- Noted the loss of £3.6m of income to the General Fund and the impact upon the MTFP in 2015/16, should the council's housing stock be transferred.
- Noted the position on treatment of VAT shelter arrangements and agreed the negotiation stance whereby the council should insist on receiving a share of the VAT shelter income.
- Agreed the strengthening of financial governance arrangements with respect to the three housing providers in the run up to implementation of a change in housing management arrangements.
- Agreed to delegate the preparation of an application to transfer the council's homes to the Corporate Director of Regeneration and Economic Development in consultation with the Portfolio Holder for Housing.
- Agreed the establishment of a shadow parent Board and associated governance arrangements.
- Agreed to recommend Council to revise the council's Housing Strategy to reflect the decision to transfer homes to a group structure of its existing housing management organisations.

Endorsement of the County Durham Tobacco Control Action Plan

Summary

The Cabinet considered a report of the Corporate Director, Children and Adults Services and the Director of Public Health, County Durham which sought Cabinet approval for the County Durham Tobacco Control Action Plan.

In 2011 the government published the White paper, a five year plan, 'Healthy Lives, Healthy People: A Tobacco Control Plan for England'. The Department of Health expects to see the development of partnerships in tobacco control with relevant organisations under the leadership of local authorities who are encouraged to maximise local involvement by building tobacco control alliances.

The government has set three national ambitions to focus tobacco control work:

- Reduce smoking prevalence among adults in England: To reduce (aged 18 or over) smoking prevalence in England to 18.5 % or less by the end of 2015, meaning around 210,000 fewer smokers a year
- Reduce smoking prevalence among young people in England: To reduce rates of regular smoking among 15 year olds in England to 12% or less by end of 2015
- Reduce smoking during pregnancy in England: To reduce rates of smoking throughout pregnancy to 11% or less by the end of 2015

Delivering evidence based tobacco control requires long term strategic commitment to ensure the mechanisms are in place to drive the agenda forward. The vehicle to deliver this relies on the commitment of a range of partners understanding and supporting the evidence, and coming together in the form of a local tobacco control alliance.

The Tobacco Control Alliance partners of County Durham have an ambition that by 2030 smoking prevalence in County Durham is reduced to 5%, and amongst routine and manual groups reduce smoking prevalence to 10%. This ambition is driven by a vision to make children the future focus for protection.

The Smokefree Tobacco Control Alliance for County Durham brings together partners from across the county to work together to implement action locally.

The alliance must deliver on all key strands:-

- Developing infrastructure, skills and capacity at local level and influencing national action
- Reducing exposure to second hand smoke
- Helping Smokers to quit
- Media communications and social marketing
- Reducing the availability of tobacco products and reducing supply of tobacco
- Reducing the promotion of tobacco
- Tobacco Regulation
- Research, Monitoring and evaluation

This alliance plan covers activity for year one, 2013/14, of a five year medium term plan that supports a long term plan to 2030. The plan was provisionally signed off by the Health Improvement Partnership on 11th July.

Decision

The Cabinet approved the County Durham Tobacco Control Action Plan.

Durham County Council Public Health Pledge

Summary

The Cabinet considered a report of the Corporate Director, Children and Adults Services presenting the Durham County Council Public Health Pledge which was appended to the report.

Decision

The Cabinet approved the Durham County Council Public Health Pledge and recommended the adoption of the pledge by full Council.

Revisions to the Council's Financial Assistance Policy 2011-2014 and Empty Homes Cluster Programme April 2012 to April 2014

Summary

The Cabinet considered a report of the Corporate Director, Regeneration and Economic Development informing Cabinet of:

- Revised arrangements for the delivery of the Department of Communities and Local Government (CLG) and Council capital programme funded Empty Homes Cluster Programme made under paragraph 12 of table C of the Council's constitution (taking urgent action).
- Amendments to the Council's Financial Assistance Policy 2011-14 in order to deliver on the Empty Homes Cluster Programme made under paragraph 12 of table C of the Council's constitution (taking urgent action).

Cabinet approved proposals for the Empty Homes Cluster Programme on 5 June 2013. The proposal entailed the Council purchasing private sector empty properties in defined "cluster" areas and investing in these and bringing them back into use with partner Registered Providers. In 2012 the Council was awarded £2.12m of funding by CLG to be match funded through the Council's capital programme (£1,123,200 in each of 2013/14 and 2014/15) to bring 120 empty properties back into use by March 2014 in the following defined areas:

- Easington Colliery (40 units)
- South West Durham notably Eldon Lane, Coundon Grange, Coundon, Dean Bank and Chilton (55 units), and
- Craghead/South Moor, Stanley (25 units).

The bid was underpinned by the assessment that it would cost an average of £36,000 to purchase a vacant property. This purchase would be made using

equal amounts of CLG and Council capital funds. Additionally it was estimated that an average of £15,000 would be required to bring the property up to Decent Homes Standard. It was envisaged that this funding would be provided by the partner Registered Providers. The proposal was for the Council to own the properties and to lease them to Registered Providers for a period of 12 years. Properties would be maintained and managed by the Registered Providers and rented out at an affordable rent of approximately £90 per week. The Council would receive a proportion of the income that could then be recycled into bringing further empty homes back into use.

To implement the approved approach an expression of interest process was undertaken in May 2013 which targeted all active Registered Providers operating in the County. No expressions of interest were received. Feedback was sought from Registered Providers to see if it would be possible to amend proposals to make them more attractive to Registered Provider partners. Again no expressions of interest were received.

The Homes and Communities Agency (HCA) oversee the programme on behalf of CLG. HCA specified that the target of 120 empty homes brought back into use could not be altered downwards; no additional funding was available and the target areas must remain as stated. HCA also specified that there was no option that the funding be given back and all the funding must be committed by April 2014.

The most deliverable option for the Empty Homes Cluster Programme is to work with private landlords and home owners to bring empty homes back into use using grants and loans. Given the delays experienced in commencing this essential programme urgent action is required to take the programme forward. In light of this urgent need that the Council's constitution has been utilised to take "urgent action" in consultation with the Leader of the Council and relevant portfolio holders to get the programme underway.

In order to deliver the Empty Homes Cluster scheme under these new arrangements amendments have been required to the Council's Financial Assistance Policy (FAP). The following amendments have been made to the Policy:

- To introduce a non means tested interest free repayment loan of up to a maximum of £15,000 for a fixed term up to a maximum of 5 years in the designated Empty Homes Cluster Programme areas. (It should be noted that the FAP will offer scope for the maximum loan to be increased to £35,000 and the repayment period to be extended to 15 years to cater for future eventualities should new needs be identified) To offer a grant of up to £5,000 to enable empty properties in Empty Homes Cluster Programme areas to be brought back into use. (It should be noted that the FAP will offer scope for this grant to be increased to £8,000 to provide additional flexibility should the need arise).

There are several benefits that the revised arrangements have over the original proposals notably:

- Under the old scheme properties were brought back into use for social rent meaning that the rented sector would be the dominant sector in the cluster areas. Under the new arrangements incentives can be provided to encourage owner occupation and provide a more sustainable tenure mix;
- Government is placing great emphasis on building partnerships with the private rented sector and in doing so raising standards. There are a number of large scale private landlords that are keen to work with us in the cluster areas;
- Funding will be recycled more quickly under the new arrangements;
- The new arrangements are easier and more cost effective to administer (using Five Lamps to administer loans as opposed to property purchase and lease) ; and
- Greater leverage of funding from the private sector will be realised under the new arrangements.

Decision

The Cabinet:

- Noted the amendments to the delivery arrangements for the Empty Homes Cluster Programme that involve administering a combination of grants and loans to owners of empty homes in defined “cluster” areas.
- Endorsed the necessary amendments to the Council’s Financial Assistance Policy in order to deliver the Empty Homes Cluster Programme and more widely on the key objectives of the Council’s Private Sector Housing Strategy.

Decision made in Part B of the meeting – reports containing exempt or confidential information

Freemans Reach, Durham

Summary

The Cabinet considered a joint report of the Corporate Director, Regeneration and Economic Development and Corporate Director, Resources relating to Freemans Reach, Durham City.

Decision

The Cabinet approved the recommendations in the report.

Colette Longbottom
Head of Legal and Democratic Services
1 November 2013