

County Council

17 September 2014

Update Housing Strategy following the outcome of Stage 2 formal consultation in relation to Housing Stock Transfer



Report of
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Councillor Neil Foster, Cabinet Portfolio Holder for Regeneration
Don McLure, Corporate Director, Resources
Councillor Alan Napier, Cabinet Portfolio Holder for Finance

Purpose of the Report

To propose to council that the Housing strategy be updated to reflect the outcome of the Stage 2 formal consultation ballot in relation to the housing stock transfer.

Background

- 1 The Housing Strategy 2010-2015 proposes the achievement of three objectives including:
 - Altogether better housing markets
 - Altogether better housing standards
 - Altogether better at housing people

- 2 As part of the third objective (altogether better at housing people) one of the key activities to be completed is to carry out a stock option appraisal of the Council's 19,000 retained social housing units and implement the findings.

- 3 The stock option appraisal was completed in December 2012 when the Council decided to transfer the ownership and management of its homes to a group structure of landlords that would be made up of its existing housing services providers – Dale & Valley Homes, Durham City Homes and East Durham Homes.

- 4 Since then, the Council has worked with key stakeholders including tenants, staff, Board members, Councillors, local Registered Providers, the Homes and Communities Agency (HCA) and the Department for Communities and Local Government (DCLG) to develop its transfer proposal. The Council was instrumental in supporting the DCLG in developing a national transfer policy in 2013 and it subsequently prepared

and submitted an application to the Government to transfer its homes and access funding to write off a substantial proportion of its housing debt to support the transfer.

- 5 DCLG approved the Council's application to transfer its homes in March 2014 and also made a commitment to provide the financial support required to support the transfer on condition that the transfer process be completed by the end of March 2015.
- 6 The council proceeded to formal consultation and completed a ballot of all its secure and introductory tenants on its transfer proposal in August 2014. 51.2% of tenants (11,316 tenants) voted in the independent ballot (which was managed by Electoral Reform Services) with 82% (9149 tenants) voting in favour of the transfer proposal.
- 7 Cabinet received a report on the 10 September 2014 recommending that the County Council update the Housing Strategy 2010-2015 to reflect the developments set out in this report.

Recommendations

The County Council is asked to:

- i. Authorise officers to update the Housing Strategy 2010-2015 to reflect the new developments set out in this report.

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Appendix 1: Implications

Finance

The Council is currently operating within a HRA self-financing debt cap of £245m (as of April 2012). This debt cap has almost been reached and the Council is therefore unable to borrow any further to invest in areas such as new build housing development. The proposed housing stock transfer will enable the new group of landlords to borrow additional funds to invest in housing, regeneration and support services for tenants. In order to qualify for debt write-off, Government have however directed that the transfer must be completed by 31 March 2015.

Transfer will come at a cost to the Council and previous reports have identified an annual cost to the General Fund of £3.6m. Provision for this cost has been built into the latest MTFP Model which identifies this loss of income from 2015/16 onwards. Failure to proceed with the transfer process would mean that the Council would continue as landlord which would mean a continuation in the Council's borrowing abilities which would affect investment in homes, neighbourhoods and services.

Implementing stock transfer will incur costs for both the Council and the proposed new housing group in the development of the Transfer Agreement and the establishment of the proposed new group landlords, which is estimated to be in excess of £4million.

Staffing

Detailed work continues on the impact of the proposed transfer on the Council's services and staff associated with Council housing and its support. This work is being undertaken by Human Resources and Legal Services in full consultation with potential staff affected. Staff potentially affected by a TUPE transfer either from the Council or within the proposed new group of landlords will be fully informed and consulted with as part of the formal TUPE consultation.

Risk

The transfer of the Council's homes must be planned and managed effectively by both the Council's transfer team and the transfer team of the proposed new group of landlords to ensure the challenging deadline is achieved by the end of March 2015.

Equality and Diversity

The formal consultation process has provided all individuals and organisations with an interest in the future of the Council's housing stock with the best opportunity to express their view on the transfer of the Council's homes in County Durham. The formal consultation process has been delivered through the implementation of a communication and consultation plan and active tenant engagement in the development of the Offer Document.

The Offer Document makes specific provisions for:

- Tenants with a disability
- Elderly tenants

- Young tenants
- Tenants experiencing problems with managing money and debt
- Improving quality of life for tenants across the county

According to the Equality Impact Assessment undertaken on the proposed transfer it will impact on protected characteristics. Impacts in terms of stock transfer are positive, as accessing additional funding will improve housing, neighbourhoods and services and will stimulate the local economy. This may be particularly beneficial for women who have an increased demand for social housing and disabled and older people who require homes to meet specific housing needs. Younger people and people raising a family will also benefit from an improved social housing offer resulting from stock transfer. Transfer may also enable access to additional funding to strengthen and improve tenancy support services to mitigate the effects of welfare reform.

Accommodation

The proposed new group of landlords will continue to work with the Council to identify suitable accommodation for the proposed new County Durham Housing Group Limited ahead of the transfer deadline.

Crime and Disorder

None

Human Rights

None

Consultation

Formal consultation has been undertaken with all secure and introductory tenants, providing an opportunity for 21,908 tenants and 193 leaseholders to comment and vote on the Council's transfer proposal.

Procurement

None.

Disability Issues

None

Legal Implications

There is a clear process for the transfer of homes set out in the Government's Housing Transfer Manual. The transfer of homes can only go ahead if the Council observes the outcome of the ballot that a majority of tenants voting in the ballot voted in favour of the proposal.

The transfer process will continue to be supported by the Council's legal advisers for stock transfer and the proposed new group of landlord's legal advisers. The Council's Legal Services will work closely together to ensure the Council's interests are protected throughout negotiations with the proposed new group of landlords and that any commercial deal agreed with the proposed new group is properly documented in a Transfer Agreement.