

Economy and Enterprise Overview and Scrutiny Committee

28 September 2011

Housing Stock Options Appraisal Project



Report of Lorraine O'Donnell, Assistant Chief Executive

Purpose of the Report

1. To inform Members of the Economy and Enterprise Overview and Scrutiny Committee on the Housing Stock Options Appraisal Project; and to seek Members views on the potential options.

Background

2. Durham County Council is landlord for around 19,000 homes in County Durham. Durham City Homes, our in house organisation, manages 6100 homes with the two Arms Length Management Organisations (ALMO's), Dale and Valley Homes and East Durham Homes, managing 12,900 homes in the County.
3. On the 29 June 2010, Durham County Council took the decision to undertake an Option Appraisal available for the future financing, ownership and management of its housing stock. The Option Appraisal will assist the Council in understanding the range of actions it may take to access the funding it needs to continue to invest in its homes, neighbourhoods and services over the next thirty years.
4. The main drivers for the Council's decision to undertake an Option Appraisal of its housing stock are:
 - The completion of the Decent Homes Programme in the Durham City area and the approaching completion in the Wear Valley area, together with the need to determine a long term plan for investment into all of the Council's housing stock.
 - A need to identify a long term funding solution for council housing stock in the former District of Easington. East Durham Homes are eligible to access around £65 Million of investment to improve its homes. However, East Durham Homes estimate that they will need an additional £37 Million to achieve the standard of decency its customers aspire to.
 - The Council has inherited three housing management arrangements and must determine if these are efficient and achieving value for money.

- Proposals to reform the Housing Subsidy System. This would enable the Council to retain its rental income for investment into the homes and services in exchange for a readjustment and redistribution of the council's housing debt.
5. The Economy and Enterprise Overview and Scrutiny Committee's Review of Durham City Homes recommended that the Committee be engaged in the appraisal work in respect of the future provision of housing services within Durham City. As a result of this Members at the Committee meeting on the 4 April 2011, considered a report and presentation providing information on the key drivers for the Council's decision to undertake an appraisal, the options available to it for future financing, management and ownership of its housing stock. In addition information was also shared at the meeting detailing the process that will be followed to appraise the options and an update on progress in delivering the project to date. It was agreed by Members at the meeting that they would receive further reports detailing the progress made in relation to the Stock Options Appraisal and providing Members with a further opportunity to make comments in relation to the appraisal process.
 6. At the meeting of the Committee held on the 15 July 2011, Members considered a report and presentation from the Housing Stock Options Manager detailing the potential options for the future financing, ownership and management of the Council's housing stock. It was decided at the meeting that a Special Economy and Enterprise Overview and Scrutiny Committee be arranged to allow Members the opportunity for a detailed discussion in relation to the various options. Comments made by Members at the meeting will feed into the ongoing consultation process which concludes at the end of September 2011.
 7. The findings of the Options Appraisal and outcomes of consultation will be included in a report to be considered at the County Council meeting on the 7 December 2011.

Next Steps

8. The attached report of the Corporate Director of Regeneration and Economic Development provides Members with an update of the progress made in delivering the project to date, the potential options available and next steps.
9. Members of the Economy and Enterprise Overview and Scrutiny Committee will have a further opportunity to comment upon the progress of the Stock Options Appraisal at the meeting on the 14 November 2011.

Recommendations

10. That Members of the Economy and Enterprise Overview and Scrutiny Committee note the information and a response to the progress, potential options and next steps in relation to the Stock Options Appraisal be formulated by the Committee as part of the consultation process.
11. That Members of the Economy and Enterprise Overview and Scrutiny Committee receive a further update report at the meeting on the 14 November 2011 prior to the consideration of the completed report at the County Council meeting on 7 December 2011.

Background Papers

- Housing Stock Options Appraisal (Economy and Enterprise Overview and Scrutiny Report – 15 July 2011).
- Durham City Homes Review Report – December 2010.

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Appendix 1: Implications

Finance - The stock options appraisal project will be funded from the housing revenue account.

Staffing - The project will be managed by Marie Roe, Housing Stock Options Appraisal Manager.

Risk - The Authority is running a significant risk of poor quality homes and services if it does not identify an appropriate solution for the long term financing of improvements to its stock.

Equality and Diversity - One of the stock options appraisal project's key objectives will be to address inequality in the quality of housing.

Accommodation - None.

Crime and Disorder - Crime and disorder reduction targets will be reflected in the stock option appraisal's objectives.

Human Rights - None.

Consultation - Extensive consultation is to be undertaken with key stakeholders.

Procurement - An independent Tenant Adviser has been appointed via the procurement process for the duration of the project.

Disability Issues - Appropriate opportunities for all stakeholders to contribute to the stock options appraisal will be provided.

Legal Implications - Significant legal implications for the Council in terms of the future management and ownership of its housing stock.