

## **TAUNTON DEANE BOROUGH COUNCIL**

### **MEETING OF THE COUNCIL'S EXECUTIVE – 19 JULY 2006**

#### **REPORT OF THE HEAD OF HOUSING (HOUSING TRANSFER CONSULTATION CO-ORDINATOR)**

##### **PROMISES TO TENANTS SHOULD THE HOUSING STOCK TRANSFER TO DEANE HOUSING**

(This matter is the responsibility of Executive Councillor G Garner.)

#### **Executive Summary**

The Council has decided to consult tenants about a possible housing stock transfer. Part of this consultation has involved identifying the priorities that tenants would want to see delivered in the event of a stock transfer. The Council's formal consultation document (the offer document) will need to make clear statements about what transfer means for tenants. Where clear statements are made about improvements that would be delivered through stock transfer, it is important that these reflect tenants' priorities, and that Deane Housing will have the financial resources to deliver these promises. This report contains an overview of the priorities that have been identified as part of the consultation to date - together with an assessment of the impact on the Council if these priorities for improvement were promised as part of the Council's formal offer document to tenants.

The Executive is asked to consider the report and agree the recommendations.

#### **1. Purpose of Report**

- 1.1 To advise the Executive of the promises being recommended and to seek its agreement to the recommendations.

#### **2. Background**

- 2.1 The Council has a statutory duty to consult tenants on housing transfer. The statutory consultation document (the offer document) should clearly set out what transfer would mean to tenants. This would include an explanation about any improvements that could be promised and delivered as a result of the additional resources available through housing transfer, compared with the level of resources available to the Council.

- 2.2 All such commitments must be carefully considered. Every change to the cost of our current services will have an impact upon the value which we would receive for the stock if our tenants vote in favour of transfer. We must ensure that any such assurances and commitments that we make are both accurate and achievable as any such promises are monitored by the Council and the Housing Corporation.

2.3 In order to frame these recommendations to the Executive, tenants have been consulted, preferences noted and costings completed so as to ensure our promises (which have been agreed with our consultants, accountants and housing managers) are feasible and affordable for Deane Housing.

### 3. Report Summary

3.1 In December 2005, it was reported to members that the anticipated tenanted market value of the housing stock would be £36.3m. Since then the valuation has been updated to reflect the 2006/07 budgets. These budgets show a reduction in service charge and supporting people income, together with an increase in management costs. These budget changes reduce the tenanted market value to £35.4m.

3.2 This paper sets out the consultation promises that could be delivered within this valuation (sections A and B), and sets out options for further consultation promises (section C). These would have a cost impact on the valuation.

### 4. The Consultation Promises

#### **Options for consultation promises within existing valuation**

The base valuation includes a £5m environmental improvement budget to be spent over 10 yrs. Officers have considered the options for spending this budget and these are set out below. Some options involve replacing the budget for physical improvements with service promises which continue beyond the first 10 years, whilst maintaining an element of priority improvement budget to address other needs. The options for spending this budget are set out below.

#### **A**

Offer document promise	Comments	Cost within current valuation
<ul style="list-style-type: none"> <li>Internal decoration service for elderly/vulnerable tenants. This could also include an improved decoration service on relets.</li> </ul>	<ul style="list-style-type: none"> <li>If a budget of £100,000 is included per year, this would provide for around £500 to be spent on 200 properties per year.</li> </ul>	<ul style="list-style-type: none"> <li>£1.65m</li> </ul>
<ul style="list-style-type: none"> <li>Freephone repair reporting line</li> </ul>	<ul style="list-style-type: none"> <li>Estimated cost £10K pa</li> </ul>	<ul style="list-style-type: none"> <li>£139K</li> </ul>
<ul style="list-style-type: none"> <li>Digital TV and PC points provided as part of all rewiring done in yrs 1–5</li> </ul>	<ul style="list-style-type: none"> <li>Additional rewire costs of £20K p.a. yrs 1 – 5</li> </ul>	<ul style="list-style-type: none"> <li>£118K</li> </ul>
<ul style="list-style-type: none"> <li>Extra security lighting for elderly and vulnerable residents</li> </ul>	<ul style="list-style-type: none"> <li>£40K pa yrs 1 – 5</li> </ul>	<ul style="list-style-type: none"> <li>£232K</li> </ul>

Offer document promise	Comments	Cost within current valuation
<ul style="list-style-type: none"> <li>• Specialist ASB team</li> </ul>	<ul style="list-style-type: none"> <li>• £55K pa. for two additional officers to be employed to achieve a step-change in the service given to the victims of anti-social behaviour, and in particular focus on resolution of the most serious cases</li> </ul>	<ul style="list-style-type: none"> <li>• £764K</li> </ul>
<ul style="list-style-type: none"> <li>• ASB initiatives and mediation</li> </ul>	<ul style="list-style-type: none"> <li>• £12K pa. additional expenditure on initiatives to support the work of the ASB team including use of professional witnesses and mediation services</li> </ul>	<ul style="list-style-type: none"> <li>• £166K</li> </ul>
<ul style="list-style-type: none"> <li>• £2m environmental improvement budget over the first ten years. This would be spent in consultation with residents and could include <ul style="list-style-type: none"> <li>▪ Additional funding for DFGs, including level access showers and stairlifts</li> <li>▪ Additional external lighting to external communal areas</li> <li>▪ Sound insulation between homes</li> <li>▪ Better play areas</li> <li>▪ Parking for mobility scooters</li> <li>▪ Improvements to meeting rooms to meet residents' requirements including DDA</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Remaining environmental improvement budget would provide £2m over 10 yrs.</li> <li>• It should be noted that it would not be possible to spend significant amounts of money on all of these priorities due to the limit in the size of the budget to £2m. Decisions would need to be made about whether to spend a small amount across all of these areas, or focus expenditure on some of these areas.</li> </ul>	<ul style="list-style-type: none"> <li>• £2m</li> </ul>

All of these promises can be contained within the current valuation of £35.4m. In fact, the valuation would increase slightly to £35.5m. This is achieved by using the original £5m environmental improvement budget and profiling the spend over a longer period where appropriate to provide long term services.

## **B**

Other promises can be made which, at this stage, would appear to be fundable from existing budgets and would therefore have no impact on the valuation including:

<i>Issue</i>	<i>Comments</i>	<i>Consultation promise</i>
<ul style="list-style-type: none"> <li>Tenants Incentive Scheme</li> </ul>	<ul style="list-style-type: none"> <li>To enable tenants to buy a home on the open market. Can be used to release homes where a need is identified from housing waiting lists</li> </ul>	<ul style="list-style-type: none"> <li>Deane Housing would be in a position to bid for funding from the Housing Corporation to help tenants with a range of home ownership options. The Council has no access to these funds</li> </ul>
<ul style="list-style-type: none"> <li>Estate car parking and extra barrier planting</li> </ul>	<ul style="list-style-type: none"> <li>To address anti social behaviour and improve estate management. Current budgets include a provision of £47K p.a. Savills transfer standard (related assets) includes an additional £35K p.a. compared with the retention standard.</li> </ul>	<ul style="list-style-type: none"> <li>Deane Housing would increase spend by almost 75%</li> </ul>
<ul style="list-style-type: none"> <li>Extensions</li> </ul>	<ul style="list-style-type: none"> <li>Transfer standard includes work to extend kitchens and bathrooms.</li> <li>There is no funding for extending dwellings to provide more bedrooms</li> </ul>	<ul style="list-style-type: none"> <li>Deane Housing would be able to extend existing kitchens and bathrooms where more space is needed to meet modern standards, and where this is technically possible</li> </ul>
<ul style="list-style-type: none"> <li>Improve grounds maintenance</li> </ul>	<ul style="list-style-type: none"> <li>A cut and collect service could be provided if tenants wished to pay an increased service charge</li> </ul>	<ul style="list-style-type: none"> <li>Deane Housing would not introduce any additional charges for existing services. Deane Housing would only introduce a new service charge if, after consultation, it was agreed with tenants and related to the introduction of the new service</li> </ul>
<ul style="list-style-type: none"> <li>Continued funding for tenant and resident involvement officer</li> </ul>	<ul style="list-style-type: none"> <li>This represents a current temporary post that could be made</li> </ul>	<ul style="list-style-type: none"> <li>Deane Housing would provide specialist staff to support tenant and</li> </ul>

involvement officer	permanent on transfer, but would not be continued under retention	resident involvement.
<ul style="list-style-type: none"> <li>Sheltered housing – improved cleaning in communal areas</li> </ul>	<ul style="list-style-type: none"> <li>Any increase in cost would need to be recovered via service charge</li> </ul>	<ul style="list-style-type: none"> <li>Deane Housing would consult sheltered housing tenants on improvements to cleaning services</li> </ul>
<ul style="list-style-type: none"> <li>Sheltered housing – revamp/upgrade communal areas</li> </ul>	<ul style="list-style-type: none"> <li>Included within Savills’ costs - need to determine what upgrades should be prioritised within current budgets</li> </ul>	<ul style="list-style-type: none"> <li>To be formed based on tenants’ priorities from provision in stock condition survey</li> </ul>
<ul style="list-style-type: none"> <li>Extra care housing – colour code different floor areas</li> </ul>	<ul style="list-style-type: none"> <li>Included within current cyclical budgets</li> </ul>	<ul style="list-style-type: none"> <li>To be formed based on advice from Pat Potter</li> </ul>
<ul style="list-style-type: none"> <li>Sheltered housing – update door entry systems</li> </ul>	<ul style="list-style-type: none"> <li>Included within Savills’ costs</li> </ul>	<ul style="list-style-type: none"> <li>Improved security</li> </ul>

## C

### Further development

Further potential improvements to housing services have been identified that could be provided at additional cost.

The main focus of these “extra” improvements would be on **Community Development**, further developing a **Neighbourhood Presence** and introducing **Measures to Encourage Greater Tenancy Compliance**.

This could include projects that would further address inequalities in health, education and employment within the housing environment. Clearly this would be delivered in partnership with others, but could make a real difference to the quality of life of our tenants. It is envisaged that Deane Housing will have developed community partnerships within 10 years to continue the funding of this service if required.

Additionally, Deane Housing could seek to bring services closer to the community where possible, including the establishment of neighbourhood focused surgeries. The principle is to bring the service to the tenants rather than the tenants to the service. Ideally this would be developed with other agencies.

Finally, Deane Housing could develop a system of rewards for tenants who complied with their tenancy agreement, were law-abiding and showed respect for other residents and the wider community, so that responsible behaviour

was visibly recognised and appreciated. Again, this could make a real impact on anti-social behaviour within the housing environment, and make a real difference to the quality of life of our tenants. Deane Housing will develop these schemes to ensure they are self-financing within 10 years.

It is estimated that the combined impact of these extra initiatives on the valuation would be to reduce it by just over £800,000 to £34.7m.

Options for funding these additional commitments would be

- to accept a reduction in the valuation to £34.7m, or
- to reduce the environmental improvement budget from £2m to £1.15m. It should be noted, however, that such a reduction in the environmental improvement level by almost 50% may reduce the impact this budget could have, and the range of options presented for spend set out in section A.

## 5. Financial Implications

- 5.1 The impact on the tenanted market value is set out in section 4. This would impact on the anticipated net capital receipt as set out below:

If the promises in section A were delivered at an indicative tenanted market value of £35.5m, the net capital receipt to the Council would be £18.3m. (As previously explained the “net capital receipt” is what the Council would receive after deducting relevant Government levies, set-up costs and repayment of any Housing debt.) This compares with a figure of £18.9m reported in December 2005. As the valuation reduces, the amount of levy that the Council would have to pay to government also reduces, so that the impact on the net capital receipt is reduced.

If the additional housing services promises in section C were delivered at an indicative tenanted market value of £34.7m, the net capital receipt to the Council would be £17.7m. Minimal levy would be payable at this stage so any further reductions in capital receipt would reduce the net receipt to the Council by 100%.

As reported in December 2005, there are further changes that may reduce the valuation and the net capital receipt further, which are not included in the figures set out in this paper. These include

- Pension costs. Where there is a deficit on the pension fund, the Council will be required to make good this deficit before transfer. This is currently estimated to be in the region of £3.3m, but will be subject to further actuarial advice as the project progresses
- Increases in building costs between now and transfer that are above levels currently estimated
- The final number of properties to transfer
- Decisions about assets and services to transfer

6. Corporate Priorities

- 6.1 Should there be a stock transfer then our Corporate Priorities affecting the economy, health, environment and crime reduction would all see improvements. The aims of the “Delivery” priority would also be assured.

7 Recommendation

The Executive is asked to agree

1. That all the promises set out in paragraphs 4A and B (above) are included in the informal consultation with tenants over the next few months, and, subject to support through that process, in the formal offer document to tenants that will be brought back to Council for approval.
2. That all the promises set out in paragraph 4C - in relation to improvements in housing services - are included in the informal consultation with tenants over the next few months and that they are funded through a reduced valuation

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