

HOUSING STOCK TRANSFER – SELECTION OF PARTNER HOUSING ASSOCIATION

1 SUMMARY

- 1.1 Members to consider the recommendations of the Joint Transfer Steering Group (JTSG). This is a joint report of the Head of Revenue and Housing Management and the Chairman of the JTSG, Councillor Mrs Maureen Vince.

2 INTRODUCTION

- 2.1 Every housing stock-holding local authority had to carry out a robust examination of the options for the future delivery of housing in their area by June 2005. The exercise was overseen by the Office of the Deputy Prime Minister (ODPM) via the Government Office for the Eastern Region (GO-East) and the Community Housing Task Force (CHTF).
- 2.2 The Council devised a timetable and established an Option Appraisal Board, comprising Members and Tenant Representatives, which would see the first stage of this process completed by April 2005.
- 2.3 At an Extraordinary Council held on 13 April 2005 Members resolved:-

“That the option of large scale transfer of the whole Council housing stock to a local **Rochford Housing Association** in partnership with a parent group housing association be endorsed”.

This saw the completion of stage 1 of the exercise.

3 STAGE 2

- 3.1 The next stage was to establish a programme and body to select the preferred partner housing association. This was achieved by setting up a Joint Transfer Steering Group (JTSG) comprising four Council nominees; three tenant representatives, one leaseholder representative and a staff-side observer.
- 3.2 The JTSG met to the agreed timetable and set strict criteria for selection of the partner (parent) housing association group. This is outlined in Appendix 1 (Note: Whilst originally confidential, this document no longer needs to be treated so).
- 3.3 An advertisement was placed in “Inside Housing” – a housing professional journal - asking for expressions of interest. This elicited ten responses from a cross-section of national and local housing associations.
- 3.4 Using the established selection criteria the candidate housing associations were short-listed to four; viz:-
- East Thames Housing Association

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- Flagship Housing Association
 - Hereward Housing Association
 - Swan Housing Association
- 3.5 JTSG Members and others from the Tenants Forum visited all four candidate associations to see for themselves the quality of housing provision, repairs, maintenance and management. For the JTSG members this formed part of the evaluation exercise.
- 3.6 The four Bidders were asked to submit a formal proposal upon which they would be questioned and judged, and which would form part of the proposal prospectus.
- 3.7 Bidders were invited to make a presentation to JTSG Members on 14 December 2005. Shortly before this date Flagship Housing Association withdrew their bid, citing as their reason lack of capacity to fulfil obligations if they were successful.
- 3.8 Using the selection criteria the remaining three bidders were 'scored' and on 15 December 2005 the JTSG completed the evaluation exercise and unanimously agreed the selection of Hereward Housing Association as their preferred bidder. At this point there were still elements of the bid which needed clarification. The Head of Service, supported by appointed Financial and Legal consultants, drafted a set of questions. These covered the following points:-
- the respective roles of Hereward Housing Association and their group parent, Sanctuary Housing Association
 - the exit period proposed between **Rochford Housing Association** and Hereward Housing Association
 - confirmation of TUPE arrangements and employment opportunities
 - priority input into Rochford's transfer process
 - arrangements for limiting setting-up costs
 - establishing the transfer as an exemplar project.
- 3.9 Regarding this last point, JTSG Members were excited with the prospect of being involved in a ground-breaking initiative which is likely to be replicated by others in the Housing field. Although the stronger position would obviously be AFTER a successful ballot, nevertheless JTSG Members saw opportunities to:-

- Ask the Housing Corporation for Innovation and Good Practice Grant
- Use a speech by the Chief Executive of Hereward Housing to the National Housing Federation Conference on Mergers and Group Structures in March 2006 to publicise this “trail-blazing” initiative.
- After Ballot, hold a local seminar to publicise what has happened at Rochford.
- Encourage the Housing Corporation or a University faculty to track the project over time.

3.10 From the Council’s point of view, the higher the profile of the project, the greater is the likelihood that all concerned will want to see a successful outcome, to the Council’s advantage.

4 FINAL SELECTION

- 4.1 The JTSG met on 4 January 2006 to receive the results of negotiations with Hereward Housing Association and to confirm their final selection. The confidential report (purple paper) is set out at Appendix 2 (Note: any discussion on the content of Appendix 2 would have to be following exclusion of the public and press). This was accepted as it stood save for the JTSG preferring to reduce the Exit Period to five years, which was agreeable to Hereward Housing Association.
- 4.2 Following acceptance of the report and negotiations by JTSG it was resolved to recommend to Council that Hereward Housing Association be the preferred partner for establishing **Rochford Housing Association**. This is the decision before Council this evening.

5 WHAT NEXT?

- 5.1 We now start to enter the third stage of the process, known as the pre-ballot stage, which will see:-
- Agreement of assets for transfer
 - Approval of Transfer Application
 - Agree Transfer Price
 - Development of Formal Offer
 - Formal Consultation with Tenants
 - Development and training of Shadow Board Members
 - Ballot

- Council decision on progress

5.2 Although not necessary until May, Members should start to think about the four people they want to represent the Council on the **Rochford Housing Association** Shadow Board. This should be a Member or nominated representative of the Council who is prepared to give a two-year commitment to the process to see the new **Rochford Housing Association** established, the stock transferred and a year's smooth running.

5.3 The Council's legal adviser has produced guidance notes as to protocols associated with Shadow Board Membership. Briefly, these are:-

- Those appointed to the Shadow Board should be prepared to remain as Members for around two years
- The Housing Corporation will wish to see as much continuity as possible, particularly with regard to those who have played a key role in the option appraisal and transfer process, and who have served on the Board and Steering Group throughout their existence.
- Detailed negotiations between the Council and **Rochford Housing Association** will prevent the Leader of the Council and Chairman of Community Services Committee serving on the Board.
- Community Services Committee Members may serve on the Board but will have to withdraw from discussions and voting on transfer matters.
- The Council does not have to nominate Council Members as its representatives, but care needs to be taken with nominations as those disqualified from holding company directorship cannot be a Board member.
- If Members are nominated, it is good practice to have a mix of political persuasions

6 HIGH LEVEL TIMETABLE

6.1 Appendix 3 shows the high level timetable covering the pre-ballot stage which is submitted for information as the process is laid down in Government guidance. Members will note that the Ballot is likely to take place in the Autumn of this year.

7 CONCLUSIONS

7.1 The Housing Stock Transfer Process is progressing well. Each stage has been achieved within timetable.

7.2 The Head of Service and Chairman of JTSG pay tribute to Members of the Steering Group and the consultant and officer support team without whose hard work and dedication this would not have been possible.

8 RECOMMENDATION

8.1 It is proposed that Council **RESOLVES**

That Hereward Housing Association is the preferred partner to establish Rochford Housing Association.

Roger Crofts

Corporate Director (Finance and External Services) on behalf of
Councillor Mrs Maureen Vince - Chairman – Joint Transfer Steering Group
and

Steve Clarkson - Head of Revenue & Housing Management

Background Papers:-

None

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