

APPENDIX

Rochford District Council
Large Scale Voluntary Housing
Transfer
Progress Report

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1 Introduction

- 1.1.1 Following the very positive ballot of tenants in support of the Council's proposal to transfer its housing stock to the newly formed Rochford Housing Association (RHA), this report sets out a summary of the action taken to date to progress the Transfer and outlines the forward Project Plan for the Transfer process.
- 1.1.2 The purpose is to inform the Council of the overall timetable and actions required to achieve a successful transfer, to describe key milestones in the process, and to identify the decisions that the Council will need to make "along the way".

2 Project Management Structure

- 2.1.1 The outcome of the ballot of tenants was announced on 15 December 2006, with 78% of tenants voting and 83% of them in favour of the Transfer proceeding to completion. The Council is to be congratulated on achieving such a positive endorsement of its transfer proposals.
- 2.1.2 The Council has formed a Council-side Project Team of relevant Officers and Lead and Legal Consultants to progress the Transfer. This Council Project Team has been meeting approximately fortnightly first on its own and subsequently with the corresponding Rochford Housing Association Project Team, consisting of Officers of Hereward Housing and their Legal advisers.
- 2.1.3 At the same time:
- The Council has established a Transfer Panel of Members to act as a sounding board for any issues that arise from either the Council's or the joint Project Team meetings, and on which Member guidance may be needed. The Transfer Panel has no executive powers and therefore such matters will be referred to the Council for resolution as necessary.
 - Rochford Housing Association's Board is meeting regularly to develop the range of policies etc required to achieve Housing Corporation Registration and a successful Transfer generally.

3 Overall Timetable and Project Plan

- 3.1.1 An essential pre-completion task is RHA's registration with the Housing Corporation. The Housing Corporation's Registration Committee meets approximately every 2 months, and the choices for RHA's application to be considered are May and July 2007, with submissions being substantially completed by the end of March and the end of May respectively.



3.1.2 Although the timetable allows for little slippage, RHA has chosen to target the earlier date, and the Project Plan has been developed on this basis. Members should however note that if Registration is not achieved in the cycle targeted, it should be possible to re-submit to the next cycle, which would have the effect of delaying completion of the Transfer by up to 2 months.

3.1.3 Key tasks are:

- Negotiating the Transfer price and other Contract terms – a joint task: The minimum Transfer price agreed with DCLG is £1.830 million and we do not foresee difficulties in achieving this. Subject to achieving this minimum, central government will assist with extinguishing the balance of the HRA debt, so that the HRA, once void of assets, may be closed. Issues around the Transfer Contract are likely to revolve around:
 - The extent to which the Council gives RHA warranties in relation to the transferred stock. While it is normal to offer a range of warranties and indemnities (for example in relation to the cost of dealing with contamination), as the Council is not receiving any usable receipt in respect of the stock, the Council's Project Team is seeking to negotiate a position that reduces the Council's exposure to possible claims.
 - The future of sheltered housing, where currently there is a lack of applicants who both need this form of housing and lack the resources to find any alternative provision. If this situation continues, there are likely to be increasing numbers of long-term vacant/ difficult to let sheltered dwellings. At the same time there is very considerable demand from other groups in the District that are both in need of but cannot themselves access suitable housing. In order to maximise the resources available to the Council to meet its future strategic housing priorities, the Council's Project Team is seeking to agree a position whereby any future surplus sheltered provision is used to meet those priorities, whatever form they might take.

In this respect, Members will recall that part of the RHA Business Plan involves the remodelling of unpopular bedsit dwellings to form larger dwellings. Bedsits that become vacant are not being relet in order to facilitate the remodelling once Transfer has been completed, and in order to remove these vacant dwellings from the HRA Subsidy system (where they currently trigger an HRA cost) it is necessary for the Council to declare them as scheduled for disposal and not available for letting. I recommend that this is done now.



- The final issue is that of determining the future of HRA assets that have development potential. While these could be transferred to RHA, their value would need to be included in the Transfer Price, reducing the HRA debt and central government support in extinguishing the remaining HRA debt after Transfer. We are currently considering how to deal with such sites in order to achieve the best value for money for the Council, and will report further in due course. In the meantime, the vacant temporary accommodation at the Chestnuts is included in the HRA Subsidy system where it currently triggers an HRA cost. As with the bedsits above, it is necessary for the Council to declare them as scheduled for disposal and not available for letting. I recommend that this is done now.
- Preparing the Council for after Transfer completion: This builds upon work commenced during the Housing Options Appraisal some 2 years ago, and which is intimately related to the wider reorganisation of the Council that is taking place. Specific tasks in this area relate to seeking to protect the Council's interests generally and the General Fund in particular from undue additional costs. Indeed this objective is reflected in the overall approach to the Transfer terms that the Council's Project Team is taking, including in negotiating the Transfer price, the Warranties and indemnities, VAT recovery and sharing arrangements, RTB receipts sharing and the terms of Service Level Agreements with RHA.
- RHA preparing to go live, developing and securing funding for its Business Plan and registering with the Housing Corporation: RHA is meeting regularly to develop its policies and procedures, to agree and recruit to its organisational structure, and, once the Transfer price is agreed, to develop and secure funding for its Business Plan. Members will appreciate the very heavy workload that this involves for both RHA Board Members and Hereward Officers.
- The final pre-completion key tasks are concerned with seeking the various approvals to complete the Transfer – from the Council, RHA's Board, the Housing Corporation and the Secretary of State. Completion has been targeted at the 2 July (a Monday has been selected as otherwise the week's rent debit has to be split and this can cause complications).

4 Council Approvals and Milestones

- 4.1.1 Throughout the process the Council's and RHA's Project Teams will meet regularly to monitor and manage progress and to discuss and resolve issues arising. Progress will be discussed regularly with the



Transfer Panel, and monthly progress reports will be prepared and circulated with the Council Member's bulletin.

- 4.1.2 Decisions as required will be brought to the Council, but at this stage we envisage a single Council meeting towards the end of June to consider and amend/approve the Transfer Contract including the Transfer price.
- 4.1.3 Key Milestones to Transfer completion together with their estimated completion dates are:
- RHA's Registration submission to the Housing Corporation: 30 March;
 - RHA's securing funding for its Business Plan: 1 May;
 - RHA's achieving Registration with the Housing Corporation: 25 May;
 - Council and Secretary of State approval to the Transfer terms: 26 June; and
 - Transfer Completion: 2 July.

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