

HOUSING STOCK TRANSFER APPLICATION TO DEPARTMENT FOR COMMUNITIES AND LOCAL GOVERNMENT

1 SUMMARY

- 1.1 This report relates to recommendations that are to be made to the Council by the Joint Transfer Steering Group (JTSG) on 19 July 2006 with regard to the Council's application to the Department for Communities and Local Government (DCLG) for a place on the 2006 transfer list and invites Members to endorse the JTSG's recommendations. The report also advises the Council of the pre-ballot timetable and associated arrangements.

2 BACKGROUND

- 2.1 On 13 April 2005, as a result of the housing options appraisal, the Council resolved to transfer the housing stock to a local housing association within an existing registered social landlord (RSL) group. The Joint Transfer Steering Group (JTSG), composed of Members and tenant representatives, was set up inter alia to choose a partner RSL and to take steps to enable the Council to obtain the approval of the Secretary of State to the Council's transfer arrangements.
- 2.2 On 26 January 2006 the Council endorsed the recommendation of the JTSG that the Council's preferred partner should be Hereward Housing Association.
- 2.3 On 7 June 2006, the Secretary of State for DCLG, launched the final Decent Homes bidding round, including the 2006 Housing Transfer Programme. In addition to the bidding round, she launched a discussion paper "Decent Homes to Sustainable Communities". An update of "A Decent Home: Definition and guidance for implementation – June 2006 update" was also published, copies of both have been placed in the Members Library.
- 2.4 This is the last bidding round for securing resources to deliver the decent homes programme.
- 2.5 Applications for the 2006 housing transfer programme must be submitted by 31 July 2006. The outcome of the submissions is expected to be announced in late September.
- 2.6 Rochford District Council is one of the local authorities that have a signed-off options appraisal for housing stock transfer and who have now to apply for inclusion in the transfer programme.
- 2.7 The Government expects the vast majority of local authorities to ensure all homes are decent by 2010.
- 2.8 It will be recalled that the detailed options appraisal undertaken in Rochford established that the only feasible means of achieving and sustaining the

Decent Homes Standard in Rochford, let alone of achieving the Rochford standard to reflect tenants' aspirations, is the whole stock transfer of its housing to a housing association.

3 ROCHFORD'S TRANSFER APPLICATION

- 3.1 A summary of the Council's reasons for its previous decision to pursue a whole stock transfer to a local housing association is contained in the draft transfer application. The essential reason for change is that the Council does not otherwise have sufficient resources to maintain and improve its housing stock. Housing transfer is the only practical way forward.
- 3.2 The JTSG is due to complete its review of the draft transfer application to the Department for Communities and Local Government at its meeting on 19 July 2006. A copy of the draft transfer application to be considered by the JTSG is being sent to Members under separate cover. The JTSG's recommendations, together with reasons, will be presented to Members at Council.
- 3.3 If the transfer is successful, the Council will need to close its Housing Revenue Account, and while the transfer price is anticipated to cover the various costs involved in pursuing the transfer and setting up Rochford Housing Association, it will not be sufficient to redeem the Council's housing debt. This "overhanging" debt situation is recognised by Central Government and, providing that a minimum transfer price is agreed as part of the Transfer Application process, the Council's overhanging housing debt will be cancelled.

4 THE COUNCIL'S OFFER TO TENANTS

- 4.1 On the assumption the Government will approve the Council's application to transfer in September, the ballot of tenants on the Council's formal offer is expected to be undertaken from mid-November until early December 2006.
- 4.2 An Extraordinary Council meeting will be arranged at the end of September so that Members can consider the offer document. Subject to Members comments on the night, authority will be sought at that meeting to delegate authority to the Chief Executive in consultation with the Leader of the Council to make any final changes prior to the document's submission to the Housing Corporation and the DCLG, followed by printing and distribution to each tenant, in accordance with DCLG Guidance.
- 4.3 The offer document will seek so far as possible to meet the aspirations of tenants, while meeting the costs of the transfer process.

5 RISK IMPLICATIONS

- 5.1 The proposed transfer will be subject to rigorous examination by all parties including the Housing Corporation and DCLG before it can proceed. In addition, the Council will continue to be advised by its own specialist consultants to minimise the risk to the Authority.

6 CRIME AND DISORDER IMPLICATIONS

- 6.1 Achievement of decent homes targets is intended to impact on sustainable community objectives, including crime reduction.

7 ENVIRONMENTAL IMPLICATIONS

- 7.1 The release of resources to achieve decent homes will impact favourably on the local environment.

8 RESOURCE IMPLICATIONS

- 8.1 Movement towards transfer is subject to careful and detailed management to minimise adverse implications for the Council's General Fund.
- 8.2 It is anticipated that receipts under the LSVT option from the transfer will meet the costs of the transfer process, and that subsequently the Council will benefit from a share of receipts in respect of VAT savings and Right to Buys completed after transfer completion. As reported to the Council previously, the revenue position will need to be carefully managed to avoid adverse impact upon the General Fund.
- 8.3 Work on implementation of the chosen housing option will in the medium term require allocation of financial resources which Hereward Housing Association has agreed to share with the Council. However, in the event of transfer, it is anticipated that receipts accruing to the Council both from the transfer and subsequently (for example from shared capital receipts arising from the Right to Buy) will far outweigh such outlay.
- 8.4 Maintenance will transfer to the new housing management organisation together with housing stock itself.

9 LEGAL IMPLICATIONS

- 9.1 The intended transfer is a statutory process.

10 RECOMMENDATIONS

It is proposed that the Council **RESOLVES** to approve the submission of the housing transfer application to the DCLG.

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Background Papers:-

None

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