
HOUSING STOCK TRANSFER OFFER DOCUMENT

1 SUMMARY

- 1.1 On 27 July 2006 the Council approved the terms of the housing transfer application to the Department for Communities and Local Government (DCLG). The Secretary of State's response is expected by 30 September.
- 1.2 A summary of the proposed terms of the offer to be made by the Council to its tenants concerning the implications of the intended transfer of its housing stock to the Rochford Housing Association (the draft 'stage 1' offer document) is attached as Appendix 1). This document has been drafted by a team led by the Council's specialist legal advisers, Bircham Dyson Bell, taking account of the format required by the Housing Corporation and the DCLG. The draft offer document reflects the financial conditions and the views of the Joint Transfer Steering Group. An earlier draft was distributed to Members on 11 September to enable adequate time for any comments or questions to be raised.
- 1.3 The main changes that have been made to the draft previously circulated to Members are in Section C, where the amount that Rochford Housing Association will be able to spend within ten years of transfer has been increased from £35m to £40m, and the amount the Council could spend in the first five years of that same period has been increased from £6m to £8m. There have also been some changes in Section F to give a better picture of the improvements to sheltered housing schemes, and some other amendments have been made to improve clarity and to make the document read more easily.
- 1.4 Mr Keith Jenkins, Partner of Bircham Dyson Bell Solicitors intends to attend the meeting on 28 September to introduce the document.
- 1.5 Subject to any agreed amendments and approval by the Council and any observations received from DCLG or the Housing Corporation, the offer document is to be printed in an illustrated format and circulated to all tenants and leaseholders no later than 13 October 2006 prior to a postal ballot of the Council's tenants to be organised by the Electoral Reform Society in November.
- 1.6 All secure and introductory tenants will be able to vote in the ballot on whether or not the proposed transfer goes ahead. The results of the ballot will be reported to the Council in December 2006.

2 INTRODUCTION

- 2.1 On 26 January 2006 the Council endorsed the recommendation of the Joint Transfer Steering Group (JTSG), composed of Members and tenant

representatives, that the Council's preferred partner should be Hereward Housing Association.

- 2.2 Working closely with Hereward Housing, the Council has established the Rochford Housing Association as a local charitable not-for-profit social housing landlord, within the Sanctuary-Hereward Group, which is now registered as an Industrial & Provident Society with the Financial Services Authority. Its shadow Board consists of four Council nominees, four tenants nominated by the Tenants Forum and four independent members chosen by these eight foundation members to ensure a range of skills is available to the Board.
- 2.3 Detailed discussions have been undertaken by the Council's officers and the Council's specialist financial and legal consultants, in full consultation with the Joint Transfer Steering Group and Tenants Forum about the terms under which the proposed transfer to Rochford Housing Association would take place.
- 2.4 Graham Moody Associates have undertaken further financial modelling, in consultation with Hereward Housing finance staff and King Sturge chartered surveyors, to meet the identified investment gap in meeting the costs necessary to achieve the minimum Decent Homes Standard by 2010. The offer document thus reflects the need to achieve a positive stock valuation for the Council while ensuring compliance with the draft 30-year business plan of the Rochford Housing Association.
- 2.5 Also, in preparation for this meeting, briefings have been given to Members and also to members of the JTSG and RHA shadow Board by the Council's specialist advisers Seymour-Cotton Partnership and Graham Moody Associates.

3 SUMMARY OF THE COUNCIL'S OFFER TO ITS TENANTS

- 3.1 The offer document sets out in plain English the rationale of the proposed transfer to Rochford Housing Association. It compares the scenarios in the event of transfer going ahead or not.
- 3.2 Following its circulation Council officers will undertake an intensive consultation exercise over some 4 weeks to explain its contents and answer questions from tenants and their representatives. An explanatory video/DVD will also be distributed with the document. Braille and other versions will be available if required.
- 3.3 In addition to ensuring that homes meet the Decent Homes Standard by 2010, Rochford Housing Association would be able to afford substantial improvements that the Council will not be able to provide because it will have different financial rules.

- 3.4 Rents would be set in the same way as they are with the Council. They would not increase to pay for the improvements.
- 3.5 Tenants' rights would be guaranteed.
- 3.6 An explanation is provided as to the calculation and means of payment of the transfer price and why in future years RHA would be in a better financial position than the Council to maintain and improve the housing stock.
- 3.7 The document stresses the importance of the role of both the Council and Councillors following transfer and the ongoing close involvement of the Council with RHA in addressing local housing issues.
- 3.8 The commitment of the Council to involving its tenants and leaseholders increasingly in the management of their homes is emphasised.
- 3.9 Arrangements for rent setting and the means of rent and service charge collection in ways that are convenient to tenants are explained while tenants are reminded that they will still be eligible following transfer to claim housing benefit.
- 3.10 A large part of the offer document sets out the improvement works required by the Council to be undertaken by RHA following transfer and which would be subject to close monitoring by the Council to ensure their timely completion.
- 3.11 In order to demonstrate to tenants the standard of works they can expect in the event of transfer, two show homes have been selected, one in Rayleigh and one in Rochford, where improvement works have been undertaken by Hereward Housing. Details of their opening times will be widely publicised.
- 3.12 A key proposal, in response to aspirations expressed by tenants is to increase the level of expenditure on works of adaptation in the homes of disabled and elderly tenants as well as the provision of level access showers.
- 3.13 Improved security and upgrading of the common parts of sheltered schemes is proposed as is progressing the conversion of the Council's remaining bedsits into one-bedroom flats, a programme deferred previously for lack of funds.
- 3.14 The offer document reflects tenants' expressed wishes for improved customer services and more training of front-line staff, better caretaking and cleaning, as well as greater involvement of tenants in the day-to day management and maintenance of estates.
- 3.15 The Council will expect RHA to tackle anti-social behaviour and the offer document sets out the intentions of RHA, including intervention and mediation arrangements and the use of possession action when appropriate.
- 3.16 The high proportion of the Council's tenants who are of retirement age is recognised by devotion of a section to services for older people and sheltered

housing. This includes commitments to upgrading the warden-call and door entry systems in all the Council's sheltered schemes by 2009 and to progressing provision of extra-care facilities for frailer older people. There is also a commitment to widening the existing handyman service.

- 3.17 As well as setting out the terms of the RHA tenancy agreement a detailed explanation of tenants' rights with RHA is provided together with details of how to make formal complaints.
- 3.18 Brief details are given of each of the members of the RHA shadow Board.

4 CONSULTATION REQUIREMENTS

- 4.1 A local authority landlord considering stock transfer is required by the Housing Act 1985 to enter into formal consultation with residents about the proposal. The required process has two stages:-

Stage 1 Notice

- 4.2 This notice is usually referred to as the 'offer document' and sets out matters that have been set out above such as the identity of the proposed landlord and the consequences for the tenants of the proposed transfer. The local authority must invite representations within a reasonable period. Due to the size of the proposed transfer we are advised that 28 days is sufficient time for representations.

Stage 2 Notice

- 4.3 The authority is then required to consider any representations made within that period. It shall then serve a notice (usually called a stage 2 notice) on its tenants informing them of any significant changes to the transfer proposal. This notice will also inform tenants of their right to make objections to the Secretary of State and the period for making such objections. It is usual for the stage 2 notice to contain details of the proposed ballot of the authority's tenants.

5 TIMETABLE

- 5.1 To ensure that this timetable for completion of the pre-transfer work and associated consultation is met it is suggested that authority be delegated to the Chief Executive in consultation with the Leader of the Council to approve any minor amendments to the Council's transfer proposal following comments received from tenants during the stage 1 consultation period. It is recommended that any significant amendments required to the Council's transfer proposal be referred back to a further Extraordinary Council meeting for the representations to be considered and the amendments approved by full Council prior to the commencement of the stage 2 process. Members are also asked to agree that officers may proceed with the ballot at the stage 2 period. In agreeing that officers proceed to ballot tenants during the stage 2

period it is expected that either minor amendments will have been approved by the Council Leader and Chief Executive or that full Council will have agreed any significant amendments to the Council's proposals.

- 5.2 To ensure that the subsequent ballot proceeds smoothly it is suggested that the Electoral Reform Society is engaged to undertake administration of the ballot. (This organisation has wide experience of this specialist work and has submitted a very reasonable estimate of cost).
- 5.3 The Council will be invited to consider at a meeting to be arranged in December 2006 both the result of the ballot and any comments made by tenants and to agree the final package to be provided to tenants, assuming a positive ballot result.

6 RISK IMPLICATIONS

- 6.1 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 specialist consultants and its own officers.

7 CRIME AND DISORDER IMPLICATIONS

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

8 ENVIRONMENTAL IMPLICATIONS

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

9 RESOURCE IMPLICATIONS

- 9.1 Movement towards transfer is subject to careful and detailed management to avoid or minimise adverse implications for the Council's General Fund.
- 9.2 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. Officers have the position under active review and arrangements are being made to achieve a broadly neutral position.
- 9.3 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 but in the event of transfer, in particular, 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.

Transfer of the housing stock to Rochford Housing Association has staffing implications involving transfer of staff under TUPE. The staff-side representative has been kept informed of the pre-ballot process and its implications. A number of staff currently engaged in housing management and maintenance will transfer to the new housing management organisation together with the housing stock itself.

10 LEGAL IMPLICATIONS

- 10.1 Where a stock transfer is proposed Section 106A of and Schedule 3A to the Housing Act 1985 impose additional consultation requirements on the Council, and these apply in place of the general duty to consult on matters of housing management under section 105 of the Housing Act 1985. Authorities are required to consult with affected tenants, providing them with details of the proposal including the identity of the proposed transferee landlord, the likely consequences of the disposal for the tenant (including the preserved Right to Buy for secure tenants) and the effect of the consultation requirements. The authority is required to consider any responses received and to serve a further notice on the tenants advising them of any significant changes to the transfer proposal and of their right to object to the proposal to the Secretary of State. The Secretary of State cannot give consent to the transfer if it appears that the majority of tenants do not wish to proceed with the proposed transfer.
- 10.2 Under section 32 of the Housing Act 1985, local housing authorities cannot dispose of land held for housing purposes without the consent of the Secretary of State. In considering whether to grant consent the Secretary of State will be mindful of the outcome of tenants ballot and the consultation requirements discussed above . .

11 RECOMMENDATIONS

- 11.1 It is proposed that the Council **RESOLVES**
- (1) That the draft offer document be approved for circulation in accordance with DCLG Guidance.
 - (2) That final authority be delegated to the Chief Executive in consultation with the Leader to approve any minor changes to the Council's proposals following receipt of any representations from tenants during the stage 1 period.
 - (3) That a further Extraordinary Council meeting be convened to consider and agree any significant changes to the Council's proposals, to be included in the stage 2 notice, following receipt of representations from tenants during the stage 1 period.

- (4) That Officers proceed to ballot the Council's secure and introductory tenants at the stage 2 period.
- (5) That the Electoral Reform Society be engaged to undertake administration of the ballot.

Graham Woolhouse

Corporate Director (External Services)

Background Papers:-

Minutes of the Joint Transfer Steering Group
Housing Transfer Manual (DCLG)
Supplement to the Housing Transfer Manual (DCLG)

For further information please contact John Pritchard on:-

Tel:- 01702 546366 ext 3355
E-Mail:- john.pritchard@rochford.gov.uk