

CABINET ITEM COVERING SHEET PROFORMA

AGENDA ITEM XX

REPORT TO CABINET

18 MAY 2006

**REPORT OF CORPORATE
MANAGEMENT TEAM**

COUNCIL DECISION/CABINET DECISION/KEY DECISION

Housing – Lead Cabinet Member – Councillor Leonard

IMPROVING SHELTERED HOUSING – SELECTION OF REGISTERED SOCIAL LANDLORD FOR PREFERRED PARTNER STATUS

1. Summary

To update Members on the proposed small scale voluntary stock transfer (SSVT) of six blocks of council owned sheltered housing providing 152 units of accommodation.

The six sheltered housing schemes are Eden House, High Grange House and Derwent House - Billingham, Ewbank Gardens - central Stockton, Witham House – Eaglescliffe and Lauder House - Elm Tree (“the land”).

2. Recommendations

1. Members note the progress made to date in progressing the SSVT of the Council's sheltered housing stock.
2. Members endorse the appointment of Erimus Housing as the preferred partner Registered Social Landlord (RSL).
3. Members support the provisional timetable of transfer activity as detailed within the body of the report, culminating in the transfer of sheltered housing stock to Erimus Housing.
4. Members acknowledge the anticipated financial implications of the SSVT of sheltered housing as detailed within the body of the report.
5. Subject to a positive ballot outcome, it is recommended to Council that delegated authority be given to the Director of Law and Democracy in consultation with the Cabinet Member for Housing and the Corporate Director of Development and Neighbourhood Services to apply to the Secretary of State for consent to dispose of the land and to transfer it to Erimus Housing at nil consideration on terms to be agreed between the Parties.
6. In order to take the development forward Members agree to cease all new lettings in each of the sheltered housing schemes (with immediate effect).

3. Reasons for the Recommendations/Decision(s)

To ensure the provision of quality, sustainable older persons housing that meets the decent homes standard, the rising needs and aspirations of older people and the requirements of the Councils Homes for Life Strategy (which now forms a core part of the multi-agency plan for delivering a National Service Framework – NSF – for older people).

4. Members Interests

Members (including co-opted members with voting rights) should consider whether they have a personal interest in the item as defined in the Council's code of conduct (paragraph 8) and, if so, declare the existence and nature of that interest in accordance with paragraph 9 of the code.

Where a Member regards him/herself as having a personal interest in the item, he/she must then consider whether that interest is one which a member of the public, with knowledge of the relevant facts, would reasonably regard as so significant that it is likely to prejudice the Member's judgement of the public interest (paragraph 10 of the code of conduct).

A Member with a prejudicial interest in any matter must withdraw from the room where the meeting is being held, whilst the matter is being considered; not exercise executive functions in relation to the matter and not seek improperly to influence the decision about the matter (paragraph 12 of the Code).

Further to the above, it should be noted that any Member attending a meeting of Cabinet, Select Committee etc.; whether or not they are a member of the Cabinet or Select Committee concerned, must declare any personal interest which they have in the business being considered at the meeting, and if their interest is prejudicial, they must also leave the meeting room during consideration of the relevant item.

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RECOMMENDATIONS

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DETAIL

Background

1. A comprehensive option appraisal of all the Councils housing stock was previously undertaken in 2001. Following this exercise the Council opted to establish an Arms Length

Management Organisation (Tristar Homes Limited - THL) to manage and maintain the Council's housing stock. However the decision was taken at this time not to transfer the management of sheltered housing stock to THL as the overall investment needs (to meet the decent homes standard and ensure long-term sustainability) were much more extensive than ALMO funding could deliver. In accordance with Government requirements (to ensure all social housing stock meets the decent homes standard by 2010) the Council was required to undertake a separate option appraisal for its sheltered housing stock, to be signed off by Government Office North East (GO-NE) no later than July 2005.

2. Following approval from Cabinet (July 2003) a comprehensive option appraisal was undertaken. The brief for this exercise was to: -

"Consider the long-term strategic options open to the Authority in order to secure adequate investment to ensure properties are brought up to the decent homes standard; ensure accommodation is sustainable in the long-term and extend quality and choice for tenants and potential tenants".

3. Following the appraisal of all potential options (stock retention, management by an ALMO, Private Finance Initiative and stock transfer) it was determined that only small scale voluntary stock transfer would deliver the investment required to ensure the long-term sustainability and viability of sheltered housing.
4. On 10th March 2005, Cabinet supported the option of SSVT as the most viable means of securing the investment required to deliver quality older persons accommodation. As required by the ODPM a formal option appraisal was submitted to GO-NE in May 2005. Following assessment by GO-NE and the Community Housing Task Force (CHTF), the Authorities submission was formerly signed off on 14th June 2005 with recognition that: -

"We support you in your plans to ensure that your Sheltered Housing schemes are substantially remodelled to reflect increased standards and tenants aspirations".

5. Since this time, the detailed SSVT process has commenced. Key stages have included; the establishment of the Sheltered Housing Tenants Group, the RSL landlord selection process including the establishment of a Selection Panel and the valuation of the sheltered housing stock.

Sheltered Housing Tenants Group

6. This group includes in the region of 28 sheltered housing residents with membership from each of the six sheltered housing schemes. The inaugural meeting of the group was in April 2005 and since then the group has continued to meet on a frequent basis. The group has undertaken a detailed programme of capacity building (with the support from an Independent Tenant Advisor), site visits to other sheltered housing and extra care schemes and detailed discussion with regard to tenant priorities. The group were central to the development of the Selection Brief, which was used to inform the RSL selection process.

RSL Selection Panel

7. The Selection Panel was made up of 8 representatives with an equal number of tenant and Council representatives. The tenant representatives were members of the Sheltered Housing Tenants Group; the council representatives included the Cabinet Member for Housing, the Head of Housing, the Council's Housing Strategy Manager and the Strategic Commissioner for Independent Living. The Panel undertook a detailed capacity and training programme prior to the commencement of the RSL selection process.

RSL preferred landlord selection process

8. Following a comprehensive selection process (as detailed in Appendix A), the Selection Panel were unanimous in their endorsement of Erimus Housing as the preferred RSL partner for the SSVT of sheltered housing.

The Erimus Housing Proposal

9. The proposals submitted by Erimus Housing include the modernisation of three sheltered housing schemes and demolition and new build of 3 schemes. This proposal is consistent with the proposals received by each of the shortlisted RSLs and an independent stock condition survey carried out on behalf of the Council. In two blocks where demolition is proposed (Eden and Derwent House) accommodation currently consists of flatted accommodation with shared bathroom facilities; in these instances modernisation to an acceptable standard (i.e. decent standard and the provision of self contained bathing and wc facilities) would not be possible. The third sheltered housing scheme proposed for demolition and new build is Witham House, this property has structural problems and was identified in the stock condition survey as in 'poor' condition and requiring extensive investment. In addition the majority of accommodation (19 of 24 units) only provide bedsit accommodation, which would prove unviable to convert and are becoming increasingly unpopular.
10. In each of the 3 sites proposed for redevelopment, Erimus Housing will re-provide **quality elderly persons accommodation for both rent and sale**. This proposal is consistent with the Councils strategy for elderly persons accommodation in terms of developing a range of affordable housing options for elderly people (including quality rented, intermediate tenure and outright sale).
11. Given its popular residential location, Witham House in Eaglescliffe is potentially the most financially viable of the sites in terms of future resale values. Initially all of the shortlisted RSLs proposed new build elderly persons accommodation exclusively for sale on this site. Erimus are aware that this proposal is not acceptable to the Council and have committed to a mix of sale and rented accommodation. The proposal will reduce the numbers of rented accommodation units currently available on this site. However the split between the numbers for sale/rent is yet to be agreed and will be subject to further discussion with Erimus Housing.
12. Currently there are 21 tenanted properties in Witham House. The timing of the improvement works at Witham House will inevitably impact on tenant numbers as the improvement/re-provision of accommodation across all 6 sites will be staggered over a number of years. During this time no further lets will be made at Witham House and therefore based on current turnover rates averaging 10% it is anticipated the number of tenanted properties will reduce. In addition our experience from decanting similar sheltered housing schemes indicates that following the initial transit move, often only the minority of tenants choose to return.
13. It is acknowledged that the process of informing tenants of the Erimus proposal needs to be carefully managed across all six sheltered housing schemes to avoid undue alarm and distress. This will be undertaken through ongoing meetings at individual sheltered schemes and one to one visits with tenants and their family members/advocates.

Next Steps

14. The ODPM has specified that a transfer cannot go ahead unless an Authority has consulted with those tenants whose homes would transfer and can demonstrate that a majority are not opposed. The Council is therefore legally required to make an 'offer' to those who will be affected by the transfer (in what is known as the 'formal consultation period'). Tenants will

then be asked to vote on this 'offer', the transfer will only proceed if the majority of those who vote, vote yes.

15. In advance of the 'formal' consultation period, the Council in partnership with the preferred RSL partner will undertake a detailed and comprehensive consultation period with tenants, which will involve introducing the preferred partner and explaining the proposals. In addition, this period will also be used to draw up the 'offer' document which would include a series of 'promises' to tenants, specifically detailing how decent homes would be met, future policies on rents and repairs and levels of service improvement. These promises can only be drawn up following detailed and ongoing consultation with residents. Promises need to be clearly defined, time related and measurable as following the transfer they are monitored by the Housing Corporation to ensure tenant expectations are fulfilled. On this basis it is not anticipated that a formal ballot would occur until late 2006/early 2007. During this consultation period all tenants will continue to receive the support, advice and guidance of the Independent Tenant Advisor.
16. In the event of a positive ballot outcome the Council will then apply to the Secretary of State to grant consent for the transfer. In order to ensure that the 'promises' made reflect the views of tenants resident at the time of the transfer, the ODPM expects authorities to minimise the time between ballot and transfer. Councils are therefore advised that transfer should occur within 6 months of the ballot decision being known.
17. During the period from ballot to transfer the council and preferred partner will continue to engage and communicate with tenants regarding the progress of the transfer. In addition this period will be used to draw up the transfer contract (which governs the sale of the housing and the relationship between the authority and the transfer RSL).

FINANCIAL AND LEGAL IMPLICATIONS

Financial

In developing a transfer proposal an Authority must determine whether it will result in a capital receipt. In order to ascertain this a preliminary valuation of sheltered housing stock valuation has been undertaken. Stock valuation for the purpose of transfer is very specific and considers; the necessary investment needs to both meet and maintain the 'decent' homes standard for the next 30-years and predicting future revenue and expenditure cash flows. The stock valuation appraisal has confirmed a 'negative' valuation; the Council will therefore not receive a capital receipt from the transfer of its sheltered housing schemes. Erimus Housing will not be seeking a dowry or one-off capital payment from the Council to bridge this negative valuation position.

The Council has and will continue to incur financial expenditure throughout the transfer process, Erimus Housing have committed to funding monies incurred by the Council (pre and post ballot) as detailed in Appendix B. This contribution will ensure a substantial element of the Council's anticipated transfer costs are met. The remaining element will be met from the housing managed surplus, as part of the medium term financial plan.

Legal

The transfer can only proceed if the Secretary of State grants consent under sections 32-34 and/or 43 of the Housing Act 1985. As detailed within the body of the report this approval will be sought post ballot.

COMMUNITY STRATEGY IMPLICATIONS

The transfer of housing sheltered housing stock will directly contribute to the following Community Strategy Improvement Themes and priority objectives: -

Liveability

- Improving housing quality and choice
- Improving the condition of public sector housing
- Improve housing and support for vulnerable and older people

Healthier Communities and Adults

- Promote the independence of vulnerable older people and adults

RISK ASSESSMENT

The SSVT proposal is categorised as a medium risk. Identified risks will be managed through existing management systems and daily routine activities, with lead responsibility assigned to the Head of Housing.

CONSULTATION, INCLUDING WARD COUNCILLORS

Detailed and ongoing consultation has been ongoing through the transfer process. With residents and other stakeholders (i.e. family members/advocates etc.) this has been undertaken through sheltered housing scheme meetings, a quarterly Sheltered Housing Newsletter, the Sheltered Housing Tenants Group and one to one meetings with residents. Throughout the transfer process tenants will continue to receive the support of appointed Independent Tenant Advisor.

Ward councillors have and will continue to receive copies of the Sheltered Housing Newsletter and regular updates through the Members Briefings. In addition ward members with a sheltered housing scheme within their ward boundary have and will continue to be invited to meetings held within the appropriate sheltered housing schemes.

Corporate Director of Development & Neighbourhood Services

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Background Papers

Sustainable Communities: Homes for All (ODPM)
 Delivering Decent Homes – Recommendations of the ‘PSA Plus Review’ and Options for Additional Investment – ODPM
 Housing Transfer Manual 2005 – ODPM
 Quality and Choice for Older Peoples Housing - DETR and DoH
 Homes for Life Strategy
 National Service Framework for Older people
 Older Persons Housing – Cabinet Report July 2003
 Improving Sheltered Housing – Cabinet Report March 2005

Education Related Item?

No

Ward(s) and Ward Councillors:

Billingham North – Mrs L Apedaile, K Dewison, C Leckonby
 Billingham East – A Cunningham, M Stoker
 Billingham South – Mrs J O’Donnell, M Smith
 Bishopsgarth and Elm Tree – Mrs S Fletcher, J Roberts
 Stockton Town Centre – D Coleman, P Kirton
 Eaglescliffe – M Cherrett, J Fletcher, Mrs M Rigg