

STOCKTON-ON-TEES BOROUGH COUNCIL

CABINET RECOMMENDATIONS

PROFORMA

Cabinet Meeting2nd August 2007

1. Title of Item/Report

Housing Futures and Revised Housing Capital Programme

2. Record of the Decision

Member considered a report that sought approval to undertake a comprehensive option appraisal of the Council's housing stock and in view of this to review the Tristar managed capital programme in line with existing resources.

Cabinet was provided with background to the establishment of the Council's Arms Length Management Organisation and the benefits this had provided.

Members were also provided with details of current issues relating to the Council's Housing Stock and tenant expectation.

It was explained that as more and more stock condition information was gathered, works which were not classed as decent standard but nevertheless were urgent works such as replacement lifts, emergency lighting and smoke alarms in multi storey blocks had emerged. This had created significant additional financial pressure as some of the works required completion within the next couple of years therefore reducing the resources the Council had available for decent standard plus works.

Members were provided with the basic decent standard definition. It was noted that in Stockton the Council had historically been enhancing the decent standard works providing in most cases new bathrooms and kitchens and replacement heating. With limited resources the Council would only be able to carry out basic decent standard works hence the need to explore other options with some urgency.

Any future option would need to consider funding decent standard plus works as a priority to ensure all tenants received equal levels of improvements to their home. Prudential borrowing had been considered as a means of continuing to carry out decent standard plus works but the Council could not borrow with a view to paying back in the long term until it was clear about the results of the option appraisal. However prudential

borrowing in the short term would be beneficial to the council as it allowed the Council to accelerate the basic decent standard works so that the majority of remaining work was carried out in the current financial year thus saving overheads for the period 2008/09.

On the basis of the above information the Council had been working with Tristar Homes Limited (THL) to reprofile the Tristar managed housing capital programme over the next two years. At Cabinet on the 22nd February members approved an overall capital programme for the next three years. Members were now being asked to approve a revised two-year programme. The reason it was a two year programme not a three year was to reflect the period it was anticipated it would take to move forward the option appraisal and resulting conclusions in full consultation with tenants. Until the chosen option was in place it was not prudent to plan a capital programme beyond 2009 as available resources could not be anticipated.

Members noted that the Council had been working with Partners to accelerate the basic decent standard programme and save on costs. This would result in the majority of decent standard works to the remaining circa 2000 properties being completed in the financial year 2007/08. The revised Tristar managed element of the housing capital programme was provided for Members' attention. The retained housing capital programme remained as it was approved in the 22nd February Cabinet Report.

Looking to the future while the establishment of THL had ensured significant inward investment, improved property condition and management of the housing stock it was now timely to consider the growing financial pressures we face as tenant aspirations have increased and we need to ensure we can respond to changing local and national issues.

Giving due regard to these issues it was proposed that a future Option Appraisal was undertaken, in conjunction with THL and involving detailed consultation with tenants and all key stakeholders. The purpose of this exercise would be to appraise and evaluate potential investment options and ensure the Council was in a position to respond positively to the issues referred to above.

Members noted the current options available:-

- Transfer of the Housing Stock to an RSL
- Private Finance Initiative (PFI)
- Staying as we are (no change)
- Housing Revenue Account (HRA) Self Funding Model
- Regeneration special purpose vehicle.

As with the previous option appraisal it was essential that the options identified above be judged against a number of pre-determined criteria. Members were asked to endorse the following draft objectives:

Objective 1: Secure appropriate investment to fund property and external environmental investment works.

- Physical stock improvements, stock remodelling, the external environment and future proofing.

Objective 2: Regenerate and rejuvenate our neighbourhoods (deliver sustainable communities).

Objective 3: Meet the housing needs of the Borough (improve and increase the supply of affordable housing options for our tenants and residents).

- Increase the supply of affordable housing, broaden the scope for mixed tenure estates and deliver a range on intermediate tenure options.

Objective 4: Meet key national and local agendas

- Social inclusion, economic regeneration and the 'green' agenda.

It was explained that a series of consultation events would be held with tenants and Members to develop and finalise these draft objectives.

Following approval by Members a number of initial steps would be taken to commence the option appraisal process:

- Appointment of a Project Team: it was proposed that 3 Officers from the Housing Service be seconded to deliver the option appraisal (a Project Manager, Project Officer and Administration Officer). These Officers recently delivered the successful Small Scale Stock Transfer of sheltered housing and therefore have experience of the option appraisal process. This team would report directly to the Head of Housing.

- Appointment of an Independent Tenant Advisor (ITA) – Option Appraisal Guidance clearly stated that tenants must have a meaningful role during this process and should take ownership of the conclusions. Tenants were expected to be supported by ITA throughout the process.

- A Member seminar to be arranged for early September 2007 to discuss and firm up the optional appraisal objectives.

- Establishment of a Housing Futures Group (tenants and

leaseholders) to commence the consultation of the draft objectives and the evaluation of potential options.

- Following the evaluation of the potential investment options a further report be made to Members detailing the appraisal process and preferred investment option.

RECOMMENDED to Council that

1. short-term prudential borrowing of £5.5 million is secured to move resources across financial years to ensure early completion of decent standard works thereby saving overheads.

RESOLVED that:-

2. the proposal to undertake an option appraisal of all council owned housing as detailed in the report considered, be endorsed.

3. the draft objectives as detailed within the body of the report be endorsed, to be followed by detailed consultation with all Members and tenants/leaseholders.

4. the establishment of a Tenant Housing Futures Group be endorsed

5. delegated authority be given to the Corporate Director of Development and Neighbourhood Services in consultation with the Cabinet Member for Housing and Community Safety to sign-off the objectives following a Member seminar and consultation with tenants and leaseholders.

6. the appointment of the Project Team to deliver the option appraisal process be supported.

7. the appointment of an Independent Tenant Advisor be supported.

8. a further report be brought back to Cabinet following completion of the option appraisal progress outlining key findings and the preferred investment options (measured against the pre-determined objectives).

9. the impact of the option appraisal on available capital funding be noted and the revised 2007/08 and 2008/09 Tristar managed capital programme be approved.

10. that expressions of interest may be submitted to CLG relating to the identified

options available.

3. Reasons for the Decision

To secure long term funding that would ensure the provision of quality, appropriate accommodation in sustainable neighbourhoods, accommodation that would meet the needs the housing needs and aspirations of current council tenants and future generations of the Borough.

4. Alternative Options Considered and Rejected

None

5. Declared (Cabinet Member) Conflicts of Interest

Councillor Nelson declared a personal non prejudicial interest in this item as he was a Member of the Tristar Homes Management Board.

6. Details of any Dispensations

Not Applicable

7. Date and Time by which Call In must be executed

for decisions 2 to 10 by no later than midnight on Friday 10th August 2007

Proper Officer
06 July 2007