

**BACKGROUND PAPER:  
REVIEW OF THE PERFORMANCE OF HOUSING PROVIDERS**

**1. SUMMARY**

The purpose of this report is to provide Members with background information relating to the two stock transfers previously undertaken by the Council. To explain the key influences which, at that time informed the Council decision to transfer, the role of tenants in informing and influencing each stock transfer and to provide a summary of the Offer Document 'promises' made to tenants.

**2. RECOMMENDATIONS**

This report is for information only.

**DETAIL**

1. The Council has previously completed two stock transfers; a **Small Scale Voluntary Stock Transfer (SSVT) to Erimus Housing** in the summer of 2007 and a **Large Scale Voluntary Stock Transfer (LSVT) to Tristar Homes** in December 2010.
2. Before the Council took the decision to undertaken both the SSVT and LSVT a comprehensive option appraisal was undertaken, this considered both stock and service investment needs and evaluated how these investment needs would best be addressed. Following the completion of each option appraisal Cabinet (and full Council) agreed that stock transfer was the only viable solution.
3. Once the decision to transfer had been taken, the process of 'landlord choice' was then undertaken (in consultation with tenants). Once a 'preferred landlord' was approved by Cabinet, the Council working in partnership with tenant representatives and the preferred 'new landlord' drafted an 'Offer Document'. This 'Offer Document' contained a series of tenant promises which detailed what improvements would be made and what services tenants would receive if they voted in favour of stock transfer. It also detailed what would happen if tenants decided to remain with the Council.
4. Each tenant received a copy of the 'Offer Document' before they were asked to vote on the transfer proposal. On both occasions tenants voted overwhelmingly in favour of stock transfer.
5. Attached at **Appendix 1** is an overview of the process undertaken by the Council leading up to the stock transfer and a summary of the key Offer Document promises made to tenants at that time.

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## Appendix 1

	<b>SSVT – Erimus Housing</b>	<b>LSVT – Tristar Homes Limited</b>
Summary of properties affected	<p>6 sheltered housing blocks – providing 146 units of accommodation.</p> <p>Of these; 2 schemes did not have self-contained WC or bathing facilities and 1 only provided very small bedsit accommodation.</p>	<p>10,392 properties</p> <p>5,852 houses, 1,731 bungalows, 2,018 low/medium rise and 902 high rise flats</p>
Option appraisal summary	<p>Aim:</p> <ul style="list-style-type: none"> <li>- Secure adequate investment to meet the decent homes standard.</li> <li>- Ensure accommodation is sustainable in the long-term and matches need/aspiration.</li> <li>- Extend quality and choice.</li> <li>- Keep rents affordable.</li> </ul>	<p>Aim:</p> <ul style="list-style-type: none"> <li>- Secure appropriate investment to fund property and external environmental investment works.</li> <li>- Regenerate and rejuvenate our neighbourhoods (deliver sustainable communities).</li> <li>- Meet the housing needs of the Borough (improve and increase the supply of affordable housing options for our tenants and residents).</li> <li>- Meet key national and local agendas (social inclusion, economic regeneration and the 'green' agenda).</li> </ul>
Key issues at that time	<p>Option appraisal completed in 2003:</p> <ul style="list-style-type: none"> <li>- Much of the accommodation was in a poor condition (40% failed the decent homes standard).</li> <li>- The cost of meeting decent homes standard and retaining until 2011 est. at £1.3m (but this did not fully address the need for remodelling the stock i.e. to provide self-contained accommodation).</li> <li>- The stock had a <u>negative valuation</u>; the Council was not in a position to make a capital contribution to fund either improvement or the cost of demolition/re-building works.</li> <li>- Demand for some blocks was 'nil' and the number of long-term voids was very high.</li> </ul>	<p>Option appraisal completed 2008:</p> <ul style="list-style-type: none"> <li>- Whilst the establishment of Tristar (as an ALMO back in 2001) had levered in significant investment - £63m, only 87% of stock met the decent homes standard and this was not a consistent standard.</li> <li>- The 'decent' standard had been a 'minimal' standard rather than an aspirational programme of investment (i.e. did not include doors and window replacement).</li> <li>- There was an investment shortfall of £50m over 5 years and £81m shortfall over 30 years.</li> <li>- Some stock (notably Victoria and Swainby Road) was deemed as non sustainable in the medium term and in need of a different investment option.</li> </ul>

<p>What alternatives did the Council consider?</p>	<p><u>Stock retention</u> – deemed unacceptable as the Council could not address the stocks investment needs.  <u>Management by an ALMO</u> – unviable (as per above).</p> <p><u>PFI</u> – not viable due to the value of the project.</p> <p><u>SSVT</u> – deemed to be the best solution to lever in additional finance for improvement works and stock remodelling.</p>	<p><u>Stock retention (either as an ALMO or with the Council)</u> – not viable as would not address current and stock investment needs.</p> <p><u>PFI</u> – no deemed to be a viable ‘whole’ stock solution.</p> <p><u>LSVT</u> – considered the only viable option, as sufficient resources would be generated from private funding.</p> <p><u>Regeneration Delivery Vehicle</u> – not viable as a whole stock solution.</p>
<p>Cabinet decision to transfer</p>	<p>SSVT approved as the only viable option in March 2005. Approval granted to progress with landlord selection.</p>	<p>LSVT approved as the only viable option in November 2008. Approval granted to progress with landlord selection.</p>
<p>Landlord Selection</p>	<p>A full landlord selection progress was undertaken; tenant representatives were integral to agreeing the landlord ‘brief’ and in choosing the new landlord.</p> <p>Following an assessment process, Erimus Housing was chosen as the ‘preferred’ new landlord (a decision endorsed by Cabinet in May 2006).</p>	<p>A full landlord selection progress was undertaken by a Joint Reference Group (which included equal numbers of council members and tenant representatives).</p> <p>Following this exercise there was majority support Tristar Homes as the ‘preferred’ new landlord and for Housing Hartlepool and Tristar Homes to form a new Group structure (decision endorsed by Cabinet in Sept. 2009).</p>
<p>Developing the ‘Offer Document’</p>	<p>A summary of the ‘promises’ agreed with tenants:  <u>Invest and improve 3 schemes</u> (Lauder House, High Grange House and Ewbank Gardens) including; property improvements, communal area improvements, improved security and environmental improvements.</p> <p><u>Demolition and rebuild of 3 blocks:</u>  Witham House – rebuild with older persons apartments for sale and rent.</p> <p>Eden House – rebuild a new sheltered housing scheme for rent</p>	<p>A summary of the ‘promises’ agreed with tenants:  <u>Improving and repairing homes</u> - a new ‘Tristar Standard’ (a consistent standard) included double glazed windows and doors for properties that did not have them within 3 years of transfer. And for properties with old kitchens, bathrooms and heating systems replacements within 5 years of transfer. Improved repair service, offering early evening and Saturday appointments.</p> <p><u>High and medium rise properties</u> – Investment programme of £11m over 5 years included renewing lifts, upgrading</p>

	<p>and shared ownership.</p> <p>Derwent House – rebuild a new sheltered housing scheme for rent and shared ownership.</p> <p><u>Maintaining homes</u> - repair timescales agreed.</p> <p><u>Rents</u> – to remain affordable.</p> <p><u>Provision of a quality housing service</u> – including named contacts.</p> <p><u>Specific older peoples services</u> – same level of warden support as with the Council, provision of adaptations.</p> <p><u>Tenant rights</u> – would be protected tenants to be issued with a new assured tenancy agreement.</p>	<p>security/door entry systems and communal area decoration.</p> <p><u>Tackling ASB and Crime</u> - providing support for tenants outside of office hours and additional resources to ensure there are employees in each team to provide advice and support on ASB.</p> <p><u>Rent and Service Charges</u> – rents would stay affordable, no hidden service charges or hidden increases, home contents insurance would continue.</p> <p><u>Delivering better local services</u> – Introduction of a handyman to carry out minor jobs which are a tenant's responsibility (only cost would be for materials).</p> <p><u>Tenant/Customer involvement</u> – Development of a co-regulation approach with tenants scrutinising performance and service quality. Increased budgets for local Reaching Out Area Panels.</p> <p><u>Services for the elderly and vulnerable</u> - £1m per year commitment to adapt homes to meet individual needs. Delivery a priority repairs service to met needs.</p> <p><u>Tenant rights</u> – key rights and entitlements would be protected. Those tenants who qualified retained a preserved Right to Buy.</p>
Tenant Ballot	Tenants voted in favour of the stock transfer proposal to Erimus Housing.	Tenants voted in favour of stock transfer to Tristar Homes Limited.

Role of tenants	<p>Vital throughout the process:</p> <ul style="list-style-type: none"> <li>- Sheltered Housing Tenants Group; worked with the Council to select the new landlord, to develop the Offer Document and to oversee the transfer (28 tenants participated).</li> <li>- Informal consultation; consultation meetings carried out on a scheme by scheme basis</li> </ul>	<p>Vital throughout the process:</p> <ul style="list-style-type: none"> <li>- Housing Futures Group; worked with the Council during the option appraisal, landlord selection, to develop the Offer Document and to oversee the successful completion of the transfer.</li> <li>- All tenants; via 'Your Home, Your Say' newsletters, consultation meetings, road shows etc.</li> </ul>
Value of investment anticipated via the transfer	<p>Repairs and improvements (and ongoing repairs):</p> <p>First 5 years = £ 3.3m</p> <p>Over 30 years = £7.7m</p>	<p>Repairs and improvements (and ongoing repairs):</p> <p>First 5 years = £140m (of which £103m would be spent on bringing homes up to the 'Tristar Standard')</p> <p>Over 30 years = In excess of £600m</p>