

## AGENDA ITEM

### REPORT TO EXECUTIVE SCRUTINY

10<sup>th</sup> JUNE 2008

### REPORT OF HEAD OF HOUSING

## HOUSING FUTURES

### SUMMARY

To provide Members with an update regarding the ongoing option appraisal of the Councils housing stock.

### RECOMMENDATIONS

Members are asked to note progress achieved to date and the project timeline as detailed within the body of the report.

### DETAIL

1. Members will be aware that on 2<sup>nd</sup> August 2007, Cabinet gave approval to undertake a comprehensive option appraisal of the councils housing stock. The purpose of the option appraisal exercise is to:
  - Appraise future investment needs (property and service);
  - Appraise and evaluate all potential investment options; and
  - Ensure the Council is in a position to respond effectively and positively to key local, sub regional and national agendas i.e.:
    - i. Post decent homes (what next)
    - ii. Changing tenant needs and aspirations
    - iii. The sustainable communities agenda
    - iv. Providing the right type and mix of housing (specifically responding to changing demographics and an aging population)
    - v. Addressing the issue of affordability and access to the housing market
  
2. Throughout the option appraisal Members have been kept up to date with progress via the distribution of a series of 'Housing Futures: Members Briefing Notes'. The last of these Briefing Notes (Issue 4) was distributed to all Members in April 2008 (copy attached at **Appendix 1**). In summary the Briefing Note updated members on the following:
  - A dedicated project team had been established (lead by Officers of the Housing Service, assisted by Tristar Homes Limited).
  - Tenant engagement work undertaken to date (via the establishment of a 'Housing Futures Customer Group', 'Your Home, Your Say')

workshop and the production of 'Your Home, Your Say' Newsletters issued to all council tenants and leaseholders.

- A stock condition survey had been completed (see point 3).
  - Sustainability Modelling had been undertaken to determine if all current housing stock was fit for purpose and assess whether it will continue to meet current and prospective tenants needs.
3. The findings of the stock condition survey are critical to the option appraisal exercise. The survey undertaken during 2007 assessed the current and future repairs and maintenance liabilities of the stock over the next 30 years. The survey concluded:
- Additional capital funds secured by the establishment of an Arms Length Management Organisation were 'self evident' i.e. very few outstanding repairs were identified, approximately 70% of properties have had new windows and doors, a large programme of kitchen and bathroom replacement had been undertaken.
  - As investment had been concentrated on 'decent homes' work, non-decent items had not been addressed. These included improvements work to non-traditional stock, roofing and external environmental improvements.
  - The total future investment needs of the stock (to maintain to the current decent homes standard) over the next 30-years is just over £596m at a cost of £56,617 per property.

Attached at **Appendix 2** is the 'Executive Summary' of the Stock Condition Survey. Further detail is also provided in **Appendix 3**.

#### The current project position

4. Since the April 2008 Member Briefing Note, critical financial modelling and evaluation has commenced. This work has taken longer than originally programmed due to the ongoing national review of the Housing Revenue Account and a delay in the release of key consultation papers issued by the Department of Communities and Local Government (CLG) for example the 'Housing Revenue Account, Self Financing' pilot evaluation.
5. The financial modelling currently being undertaken reviews all of the potential options available to the council i.e. the 'Stay as we are' option (ownership of the housing stock remains with the Council), Stock Transfer, Private Finance Initiative and the establishment of Regeneration/Special Purpose Vehicles. Each model is being considered on its merits and whether it will deliver a whole scale or partial stock solution or whether a combination of options would be more effective.
6. For each option available a series of financial scenarios and sensitivities are being modelled to determine their potential impact in terms of securing necessary investment and what impact it may have on the Authority. For example, in considering stock transfer regard must be given to any potential impacts on the General Fund (and if so, whether this would be positive or adverse, one off or ongoing).

7. This level of financial evaluation is essential as neither Government Office or CLG will 'sign off' the Councils option appraisal unless they are satisfied that a robust and detailed analysis of all potential options has been undertaken.

Next steps

8. It is anticipated that the financial modelling will be complete within the coming six weeks. Once complete a series of member consultation and briefings meetings will be held over the summer months. Members' views and comments will feed into the option appraisal and it is anticipated that a report will be taken back to Cabinet in October 2008. Running parallel to member consultation will be further meetings of the Housing Futures Customer Group, wider tenant meetings and future editions of the 'Your Home, Your Say' newsletter.

## **FINANCIAL AND LEGAL IMPLICATIONS**

Each of the options available to the Council has a series of bespoke financial and legal implications. These are being considered as part of the option appraisal exercise.

## **RISK ASSESSMENT**

As identified in the original Cabinet Report (Aug 2008), the option appraisal has been categorised as low to medium risk. Existing management systems and daily routine activities are sufficient to control and reduce risk.

**Jane Edmends**  
**Housing Strategy and Development Manager**  
**Telephone 01642 526682**  
**Email Address: [jane.edmends@stockton.gov.uk](mailto:jane.edmends@stockton.gov.uk)**

Background Papers:

Housing Futures and Revised Housing Capital Programme – Cabinet 2 August 2007

Ward(s) and Ward Councillors:

All