

Gloucester City Council

Special Meeting:	Cabinet	Date:	23 January 2014
Subject:	Housing Futures – Proposed Transfer Bid		
Report Of:	Cabinet Member for Housing, Health and Leisure		
Wards Affected:	All		
Key Decision:	Yes	Budget/Policy Framework:	Yes
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Appendices:	Appendix A: Housing Transfer Bid		

FOR GENERAL RELEASE

1.0 Purpose of Report

- 1.1 To ask Members to approve the submission of the Transfer Bid to Government for inclusion of the Council in the 2014/15 Transfer programme.

2.0 Recommendations

- 2.1 Cabinet is asked to **RESOLVE** that:

- (1) Approval is given for the Housing Transfer Bid to be submitted to the Government for inclusion in the 2014/15 Transfer programme.

3.0 Background

- 3.1 Members will be aware that, following the Housing Futures Options Review which originally commenced work in November 2010, Members, at the Special Council meeting held on 17th October 2013, approved an application to be submitted to the Government for inclusion in the 2014/15 Transfer programme, subject to Cabinet finalising the detailed application prior to submission.

4.0 Housing Transfer Bid

- 4.1 The bid consists of a full business case for transfer including:
- the **Strategic Case** covering drivers for change, with strong emphasis on macro benefits from new development; repairs and maintenance; training,

apprenticeships, employment; benefits to local businesses and delivering wider government objectives.

- the **Economic Case** covering the macro financial position which monetises the benefits shown in the strategic case to demonstrate the benefit to cost case;
- the **Commercial Case** covering indicative fundability of the transfer, asset management, delivery risks and landlord selection;
- the **Financial Case** covering the specific costs of the proposed transfer including value for money by demonstrating that the transfer value has been maximised and any debt write-off requirements minimised;
- the **Management Case** covering the timely delivery of the transfer project.

4.2 The Transfer Bid shows that, for a variety of reasons, the underlying shortfall in resources has now increased to £22.08m in the first 10 years and that it would take a further 16 years to catch up with the lack of investment. This assumes that being able to defer expenditure until it becomes affordable will have no detrimental effect. However, it is clear that this is not the case and in fact the resulting loss of income from properties becoming void as a result of not doing works would mean that over 30 years, the Council would be £107 million short. Transfer would mean that GCH could borrow to do the works at the right time and save the loss of income.

4.3 Benefits include: the protection of, and improving wherever possible, existing excellent services; maintaining all homes (including non-traditionally built homes) to at least the Decent Home Standard and wherever possible the Gloucester Standard; the regeneration of existing housing estates; the provision of 100 new homes in the first 4 years post transfer and the possibility of up to 300 homes in future on the existing HRA land if additional borrowing can be secured; producing extra training, apprenticeships and employment opportunities for local people; and reducing costs / increasing revenues to government.

4.4 Angie Marshall-Smith, Lead & Financial Consultant from Capita will be available to summarise the Transfer Bid to all three Political Groups and explain any changes since the last report to Cabinet and Council. Special meetings will be arranged during February or March 2014.

4.5 The Government have indicated that it will take them approximately 12 weeks to assess and decide on whether to approve the Bid. The process will involve the Homes & Communities Agency (HCA), Department of Communities and Local Government (DCLG) and Her Majesty's Treasury (HMT). HCA civil servants, with whom officers and advisors have been closely working on drafts of the bid, have already indicated that the bid is clear, concise and comprehensive.

4.6 If the Government give their approval to proceed, (a formal decision is expected around April 2014), the Council will still need to complete a Government approved Offer document; complete a tenant consultation on the Offer document; decide whether to amend the Offer based on tenant feedback; formally ballot tenants on the transfer proposal; and if tenants vote in favour of the proposal, undertake post ballot contractual negotiations with, and finally transfer the Council's homes to, Gloucester City Homes (GCH) before the transfer deadline of 31st March 2015.

5.0 Implications for the Council

5.1 The implications generally remain the same as outlined in the previous report to Cabinet on the 16th October 2014 and Council on the 17th October 2013.

5.2 The exception is if transfer is rejected the Council would now be left with an immediate shortfall of over £22m investment in the first 10 years, which is likely to be worsen to around £107 million as a result of delaying expenditure.

6.0 Implications for tenants

6.1 The implications remain the same as outlined in the previous report to Cabinet on the 16th October 2014 and Council on the 17th October 2013.

7.0 Financial Implications

7.1 The implications remain the same as outlined in the previous report to Cabinet on the 16th October 2014 and Council on the 17th October 2013. All costs will be paid for from Transfer budget of £2.7m approved at the Special Council meeting on 17th October 2013.

7.2 If the Government do not give their approval to the Bid then further transfer costs will not be incurred beyond May 2014.

7.3 If Government approval is given to the Bid but the ballot is not successful or the Council choose not to proceed to transfer, then further costs will not be incurred beyond October 2014.

8.0 Legal Implications

8.1 The implications remain the same as outlined in the previous report to Cabinet on the 16th October 2014 and Council on the 17th October 2013.

9.0 Risk Management Implications

9.1 The implications remain the same as outlined in the previous report to Cabinet on the 16th October 2014 and Council on the 17th October 2013.

10.0 People Impact Assessment (PIA):

10.1 A PIA will be completed as part of the ongoing work and will be a significant part of the work with tenants when determining the pros and cons of the transfer proposal.

11.0 Other Corporate Implications

11.1 The implications remain the same as outlined in the previous report to Cabinet on the 16th October 2014 and Council on the 17th October 2013.

Background Documents:

Gloucester City Council Transfer Bid