

Gloucester City Council

Meeting:	Council	Date:	9th June 2014
Subject:	Housing Futures – Stock Transfer Offer Document		
Report Of:	Cabinet Member for Housing, Health and Leisure		
Wards Affected:	All		
Key Decision:	No	Budget/Policy Framework:	Yes
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Appendices:	Appendix A: DCLG Letter		
	Appendix B: Stock Transfer Draft Offer Document		

FOR GENERAL RELEASE

1.0 Purpose of Report

- 1.1 To update Members on the current position regarding the stock transfer proposals and to seek approval from Members for the draft Offer Document to proceed to Stage 1 of the formal consultation, where the Council formally ask all the Council's secure and introductory tenants; and leaseholders and shared owners for their comments on the Offer Document.

2.0 Recommendations

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

- (1) The terms of the formal offer to tenants be noted and agreed.
- (2) The Council proceeds to the formal consultation Stage 1.
- (3) It be noted that the outcomes of the consultation will be reported to a special Council meeting during August 2014.

3.0 Background

- 3.1 At the Council's meeting on 17th October 2013, Members agreed plans for the Council's housing to transfer to Gloucester City Homes (GCH), subject to due diligence being completed on the financial business case when the final Housing Transfer Manual was published.
- 3.2 Council also approved the submission of an application to Government for inclusion of the Council in the 2014/15 Transfer programme, subject to Cabinet finalising the detailed application.

- 3.3 The Government published the updated Housing Transfer Manual on the 4th November 2013 and following consideration of its contents and preparation of a detailed bid document, Cabinet approved the stock transfer bid on 23rd January 2014. It was sent to the Government the following day.
- 3.4 Following detailed Government consideration by the Department for Communities and Local Government, the Homes & Communities Agency and Her Majesty's Treasury, the Housing Minister approved the bid on 7th April 2014 and announced his decision on a visit to Gloucester, the following day. A copy of the Housing Minister's letter is shown in **Appendix A**. The approval gives the Council permission to formally consult with its tenants about transfer and given a positive outcome provides up to £53 million of government assistance towards extinguishing the Council's housing debt on completion of the transfer.

4.0 How the Offer Document has been put together

- 4.1 The reports to Council on 17th October 2013 and Cabinet on 23rd January 2014 both identified the statutory guidance for consulting tenants.
- 4.2 Statutory guidance covers requirements for the formal two-stage consultation process: the language and tone that should be used in Stage 1 (the Offer Document); the conduct and timing of Stage 2 (the Ballot); the local authority's post ballot tasks, and the rights of interested parties to make representations about the transfer proposal to the Secretary of State.
- 4.3 As part of Stage 1 - the formal DRAFT offer document shown in **Appendix B** has been developed inclusively through the Council's and Gloucester City Homes' Senior Management Teams, together with the Council's and GCH's professional advisors including Trowers & Hamlins and Anthony Collins Solicitors, the Housing Futures Residents Panel, the Independent Tenants Advisor, and the Government's Homes & Communities Agency.
- 4.4 In developing the offer document, Members need to be aware that the Council must present an accurate picture to its tenants about the transfer proposal and the implications of staying with the Council, but it should not seek to persuade tenants to vote one way or the other.
- 4.5 The Offer Document reflects the business case for transfer that was made to the Department for Communities and Local Government (DCLG) and approved by the Secretary of State. It identifies a clear picture of what stock transfer will mean to the Council's tenants and what voting "No" could mean. It explains the investment needs identified in the 30 year business plan and how services will be delivered by GCH as an independent registered provider, linked to identified tenant priorities. It also includes details of tenants' rights, how rents will be charged, the new tenancy agreement and how Gloucester City Homes, as a registered provider, would be managed.
- 4.6 The offer is based on the assumptions underpinning the business case for transfer and is included in Gloucester City Homes' draft Business Plan. This includes the

investment needs identified by the most recent general and specialist stock condition surveys carried out by Michael Dyson Associates.

- 4.7 The terms included in the formal offer to tenants will form the foundation of the transfer agreement between the Council and Gloucester City Homes, should tenants vote in favour of the transfer and the Council subsequently approves the transfer. The terms of the Offer Document and transfer agreement will be legally enforceable.
- 4.8 The Offer Document has been formally considered by the Customer Forum and Gloucester City Homes' Board, both of whom have approved the document and would be happy for Council to give it approval and proceed to the formal consultation stages.

5.0 Future Work

- 5.1 Following Council approval of the Offer Document, it will be converted into an attractive publishable format in accordance with the design members were briefed on by the Council's and Gloucester City Homes' communications specialists, IPB Communications. It will be accompanied by a summary leaflet and a DVD. It will also be available in a range of other formats to meet the individually identified needs of tenants, leaseholders and shared owners (e.g. large print, audio and in a smaller number of cases, alternative first languages).
- 5.2 It will be sent to all the Council's secure and introductory tenants, leaseholders and shared owners in early July 2014 and they will have 28 days within which to make their comments on the Offer. This is known as Stage 1 of the Formal Consultation.
- 5.3 A Special Council will need to be called during August to consider the comments and whether the Council wishes to amend the Offer as a result. Council will also need to formally approve moving to Stage 2 of the formal consultation - the Ballot - which will also take place over 28 days.
- 5.4 Secure and Introductory tenants have a legal right to be balloted. Leaseholders and shared owners will be balloted separately as a matter of good practice. The outcomes of the ballots will then be reported back to the Council for a decision on whether to move forward with the transfer.
- 5.5 For the transfer to proceed, only a majority of the tenants voting would need to vote in favour of transfer.

6.0 Implications for the Council

6.1 There are no specific implications beyond those identified previously in reports to Council on 17th October 2013 and Cabinet on 23rd January 2014.

7.0 Implications for tenants

7.1 There are no specific implications beyond those identified previously in reports to Council on 17th October 2013 and Cabinet on 23rd January 2014.

8.0 Financial Implications

8.1 There are no financial implications beyond those identified previously in reports to Council 17th October 2013 and Cabinet on 23rd January 2014.

8.2 All the promises made in the Offer document are fundable by the draft Gloucester City Homes' Business Plan, subject to independent funding being secured on reasonable terms from lenders as indicated in the expressions of interest given by funders for the business case.

8.3 If transfer proceeds, the Council's historic housing debts would be repaid or written off, following formal approval of the transfer by the Secretary of State for Communities and Local Government, leaving the Council with the ability to extinguish all of its housing related debt.

(Financial Services have been consulted in the preparation of this report)

9.0 Legal Implications

9.1 The Council has the power under Sections 32-34 of the Housing Act 1985 to transfer its housing stock provided certain conditions are met and defined procedures are followed.

9.2 If transfer is approved, a Transfer Agreement, based in part on the Offer document, will set out various matters relevant to the transfer. Detailed work to identify the land and housing that is to be transferred will then be completed and will ensure that appropriate obligations are transferred, and appropriate rights are retained, by the Council.

(Legal Services have been consulted in the preparation of this report.)

10.0 Risk and Opportunity Management Implications

10.1 There are no specific risk issues for members to consider other than those already considered in previous reports to Council and Cabinet.

10.2 Risks within stock transfer tend to be generic in the main and have been managed many times in the past by the relevant specialists employed in the transfer process. Risks will be monitored and mitigating actions taken.

10.3 The opportunities afforded by the transfer include:

- Maintaining the existing homes to the Decent Homes Standard
- Maintaining services to the standards expected by our tenants
- Regenerating communities and building new homes

11.0 People Impact Assessment (PIA):

11.1 A PIA has been completed and only positive and neutral impacts have been identified as a result of the transfer proposal. No negative impacts have been identified.

12.0 Other Corporate Implications

Community Safety

12.1 Refurbishment of existing homes, regeneration of estates and the provision of new build housing will also contribute positively to enhanced levels of community safety as existing and new homes will incorporate more Secure By Design measures as recommended by the Association of Chief Police Officers.

Sustainability

12.2 Refurbishment of existing homes, regeneration of estates and the provision of new build housing will also contribute positively to enhanced levels of sustainability as existing and new homes will incorporate more environmental sustainability measures as recommended by the Government and adopted as best practice by the social housing sector.

Staffing & Trade Union

12.3 If transfer is supported, there will need to be further discussions with Council staff and trade unions about the proposal and any possible impacts of a change in service delivery arrangements.

Background Documents:

People Impact Assessment