



ADDENDUM NOTE by Angie Marshall - Smith, Lead Advisor CAPITA

5TH June 2014

This note has been prepared to highlight the changes made to the offer document from the version circulated to members with the Council papers and the version now being put forward for approval at the Council meeting on the 9th June.

A draft version for approval of the Council's offer document to tenants for consultation on the proposed stock transfer was circulated to Members, the Customer Forum and Gloucester City Homes' Board in accordance with the timescales required to meet the Council meeting on 9th June 2014.

During week commencing 2nd June 2014, all three organisations were provided with briefings on the offer document by the Council and GCH's lead adviser, Capita. The Council's legal advisers, Anthony Collins Solicitors were also provided with a copy for review.

As a result of comments made during the briefings and from the Council's legal adviser, amendments have been made to the offer document to reflect changes that are considered appropriate as a result of either:

- A slight technical change to the Tenancy Agreement in Section 8;
- Jointly (GCH and the Council) agreed amendments arising from the briefings which strengthen the offer to tenants;
- Grammatical / semantic amendments throughout the document to improve understanding.
- Some portfolio updates for GCH Board members

The attached version includes ALL tracked changes from the version circulated with Members' papers so that it is easy to see what has changed.

The key changes that Members' should note are:

1. The commitment from GCH to invest in the stock has been strengthened to say that GCH "would", rather than "plans to" spend what the independent surveys say, which is around £120 million in the first 10 years and around £292 million over 30 years. GCH need some flexibility in case for example, the level of Right to Buy sales continues at the current level of over 40 per annum and as such the reduced number of homes could mean that they may not need to spend the full £292 million due to having less stock. This has

been achieved by including reference to the need to spend being estimated as the “current requirement” from “independent surveys”.

2. The commitment from GCH with regard to the building of 100 new homes has been strengthened from “aims to build 100 new homes and aims to do this in the first 4 year” to “would build 100 new homes and aims to do this in the first 4 years”. There is therefore a commitment to build 100 new homes. It is however recognised that due to planning and consultation needed (which is dependent on achieving a positive ballot outcome) on a large number of small sites to achieve 100 new properties, that if not straightforward, it may take more than 4 years.
3. The commitment to achieve the 8 promises in the offer document has been strengthened from GCH would “look to” deliver the 8 promises, to simply say it “would” deliver the promises. This point was specifically raised during the Members’ briefing session.
4. “The next steps” , a description of the consultation process has been improved to explain the test of opinion for leaseholders and shareholders and the fact that their responses will be considered but will not count in the result of the ballot. This is because the nature of the ballot is set out in statute. Again, this was requested by Members.
5. In the description of how GCH would be managed, the Customer Forum requested that the offer reflected the future agreed position on the GCH Board of leaseholder board members. The present constitution (as an ALMO) has a ring-fenced place for one leaseholder, but this ring-fence would no longer apply in a newly constituted GCH as a registered provider. However, it is noted that a leaseholder could be voted on to the new board as a tenant member. The definition of a leaseholder for the purposes of becoming a Board Member is also updated to ensure that the leaseholder would need to be resident in the dwelling to be eligible for appointment to the Board. This has been agreed by GCH Board.
6. A minor technical change has been agreed and made to the proposed Tenancy Agreement. The main change is to include a clause to allow “miscellaneous charges” which are charges other than service charges, for example, tenant insurance policy fees or rental of furniture (if required) can be increased in future. This mechanism had been omitted for miscellaneous charges but had been included for rent and service charges. This has been updated for consistency.

It is intended that, subject to Council approval, the revised version will be used to produce the formal offer document for circulation to tenants.