

## **MEETING OF THE COUNCIL - 18<sup>TH</sup> APRIL, 2005**

### **REPORT OF THE CABINET**

#### **HOUSING OPTIONS APPRAISAL REPORT**

##### **1.0 PURPOSE OF REPORT**

- 1.1 To consider the proposal of the Cabinet regarding the Housing Options Appraisal report and to determine which option or options the Council will use to deliver the Decent Homes Standard.

##### **2.0 BACKGROUND**

###### **A Decent Home for All**

- 2.1 The Government established its Decent Homes Standard in 2000. The standard requires the property to:
- Meet the fitness standard,
  - Be in a reasonable state of repair,
  - Have reasonably modern facilities,
  - Provide a reasonable degree of thermal comfort.
- 2.2 It is a minimum standard and does not cover such things as double-glazing, the remodelling of kitchens and bathrooms, adaptations, community safety or environmental works.
- 2.3 The meeting of the Decent Homes Standard should also be combined with improvements to services and the local environment which deliver places where people want to live.
- 2.4 The Government established targets to reduce the numbers of households living in non-decent housing by a third between 2001 and 2004 and for all social housing to meet the standard by 2010.
- 2.5 The Directorate of Housing's latest information (April 2004) is that 6,809 of its properties fail to meet the decent homes standard. This represents a reduction of approximately one-third from the Directorate's initial position of 9,881 non-decent homes in 2001/02.
- 2.6 The options for delivery of the decent homes standard are:
- Arms Length Management Organisation (ALMO)
  - Private Finance Initiative (PFI)
  - Stock retention
  - Stock transfer

## **2.7 Options Appraisal**

- 2.7.1 The Government requires all stock holding local authorities to look at the costs and benefits of each of the options and their ability to meet the decent homes standard and any other agreed objectives or priorities identified by stakeholders before deciding on an option(s) for sign off by the Government Office West Midlands (GOWM) no later than July 2005.
- 2.7.2 It was also expected that the process should look at mixed model solutions and partial options but only as part of an overarching strategy for the whole stock. The impact of any option on the Council's overall objectives, including the financial impact on the General Fund, also needed to be considered.
- 2.7.3 There was also a requirement that an Independent Tenants Advisor (ITA) was appointed to provide good quality independent advice to tenants and leaseholders during the process. This was provided by PEP.
- 2.7.4 The report must be submitted to Government Office West Midlands (GOWM) no later than July 2005 for sign off. They will assess whether the Housing Options Appraisal process has been carried out properly through checking that: tenants have been engaged in the process and support the conclusions; that is based on robust data; that underlying assumptions are reasonable; and that analysis is sound.

## **2.8 Options Appraisal Report**

- 2.8.1 The report outlines how the Directorate will meet the Government's decent homes standard by 2010.
- 2.8.2 The report is based on the Housing Option Appraisal Assessment Criteria outlined in the Office of the Deputy's Guidance for Local Authorities 'Delivering Decent Homes – Option Appraisal'.
- 2.8.3 The first part of the report (chapters 2 – 4) outlines how the Housing Options Appraisal has been managed, our approach to tenant and leaseholder involvement and how tenants and leaseholders have contributed to the decision making process. There is also information about how we communicated with different stakeholders.
- 2.8.4 The middle section of the report (chapters 5 –6) reports the findings of the stock condition survey, the need for investment and the resources available under the different options. The cost of achieving the Decent Homes Standard, carrying out necessary cyclical and responsive repairs and a minimum programme of community safety works and adaptations up to 2010 is forecast to be £362 million.

2.8.5 The main conclusions of our financial appraisal are:

- **Stock retention.** On the basis of delivering a minimum programme of repairs and improvements and reducing expenditure on housing management as properties are sold under the Right to Buy, the Council could achieve the Decent Homes Standard under this option.
- **Arms Length Management Organisation.** This option could deliver around £16 million of additional resources between now and 2010 to assist with delivery of the Decent Homes Standard.
- **Large Scale Voluntary Transfer.** We forecast that this option would deliver the investment required to meet the decent homes standard by 2010 and an additional £160 million to deliver other tenant and stakeholder aspirations.

2.8.6 The demand and need for the Directorate's properties is also assessed and included within this section.

2.8.7 The final part of the report (chapters 10 –13) outlines the evaluation of the options, the decision making process and the final conclusion and recommendations. It includes an assessment of stakeholder acceptability of the options through the tenants and leaseholders survey (chapter 10); the comments of stakeholders (chapter 11); and a recommendation.

## 2.9 Tenant and Leaseholder Surveys

2.9.1 The Directorate commissioned MEL Research to consult with tenants and leaseholders on their views of the four options for meeting the Government's decent homes standard and a range of other issues and priorities for housing improvement.

2.9.2 MEL interviewed a total of 3000 tenants with the sample structured to reflect housing proportions across the borough. A total of 423 leaseholders were also interviewed.

2.9.3 The preferred option for tenants across the five areas and all major demographic groups was for 'Council own and maintain the housing' with 60% support. 91% of leaseholders supported this option.

2.9.4 These findings were confirmed through a series of questions designed to 'dig deeper' into what was of overriding importance to residents. The overriding priority stemmed back to the core features of 'being a council tenant'

## **2.10 Views of Stakeholders**

- 2.10.1 The draft report has been considered by the five Area Housing Panels and the Project Board – set up to oversee the Housing Options Appraisal project.
- 2.10.2 There was an acceptance from the area housing panels that tenants and leaseholders wanted to stay with the Council. There were concerns, however, over feedback from the survey that had suggested that tenants mistrusted the Council, or had not believed or understood the messages. It was commented that since the previous vote services had improved and that perhaps tenants and leaseholders did not believe that services would necessarily deteriorate under the stay with the Council option. It was also commented that particularly with the stock transfer option tenants were asking themselves what's the catch - historically improvements led to higher rents. There was also a concern over the unrealistic expectations that tenants had of what the Council could deliver under stock retention.
- 2.10.3 The panels believed that the Directorate needed to move on, and (although there was a minority view that more work was required before a decision could be made) meet the decent homes standard and continue to improve services through stock retention. It was felt that there was a need to deliver clear messages about what the Council would be able to deliver under this option – including managing aspirations and expectations - and to tackle mistrust. The majority of panels also expressed the view that they would not want to close their minds to a future review in the medium to longer term if the service needed it and tenants supported it.
- 2.10.4 The discussions at Project Board also focussed on communication and the approach that the Directorate had adopted. The issue of mistrust amongst tenants was also raised. The Board did not express a view on a preferred option.
- 2.10.5 The Dudley Federation of Tenants and Residents Associations (DFTRA) believe that stock transfer would have been the best option for both the council and tenants of the borough, but recognise that pursuing this option would be pointless given the results of the tenants & leaseholders survey. They also questioned whether it would be worth the time, expense and upheaval in establishing an ALMO given the limited amount of resources it would attract and that stock retention and streamlined planning could meet the decent homes standard.
- 2.10.6 They also expressed the view that they believed that the majority of tenants were content with council services. There had been marked improvements in council services: repair times reducing, void turnover times reducing, a better choice of doors, kitchens, a more efficient call centre, patch working and the involvement of local area panels. They believed that these improvements coupled with the high percentage of elderly tenants resulted in tenants preferring a landlord they knew and a

secure tenancy with that landlord over any other aspirations they may have.

2.10.7 The Select Committee on the Environment support the proposal in paragraph 3.1 below.

2.11 The above matter was considered at the meeting of the Cabinet held on the 16<sup>th</sup> March, 2005. At the meeting, reference was made to the inequity of the current Governmental financial arrangements both in respect of the Negative Housing Revenue Account subsidy and the proportion of the capital receipts from housing stock sales retainable by Local Housing Authorities.

2.12 The Cabinet resolved to recommend the Council to approve the proposals set out in Section 3 below.

### **3.0 PROPOSALS**

3.1 That the Housing Options Appraisal report, accompanying this Agenda, and the recommendation in Chapter 13 that the Decent Homes Standard be met through the option of the Council retaining the direct management and maintenance of its stock, be approved.

3.2 That the Cabinet Member for Housing be authorised to agree any final amendments to the report with the Government office for the West Midlands to enable sign off by July, 2005.

3.3 That the Council press the Government to remove the clawback of rent income by way of negative Housing Revenue Account Subsidy and take action to encourage the sale of Council houses to allow the Council to invest the whole of its capital receipts derived therefrom in improving the Council's Housing Stock.

### **4.0 FINANCE**

4.1 The financial implications of options for the housing stock are outlined in paragraph 3 above and explained in more detail in the report accompanying the Agenda.

### **5.0 LAW**

5.1 The Council may do anything incidental to, conducive to or which facilitates the discharge of its functions under Section 111 of the Local Government Act 1972. This would include anything incidental to the Council's housing powers and duties under the various Housing Acts.

**6.0      EQUAL OPPORTUNITIES**

6.1      This report takes account of the Council's equal opportunities policies.

**7.0      RECOMMENDATIONS**

7.1      That the proposals set out in 3 above, be approved.

.....  
LEADER OF THE COUNCIL