

Report to: The Executive
Date: 18th January 2010

Bolton Council

Report of: Director of Development and
Regeneration

**Report
No:**

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Officer

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Report Title: **The Future of Bolton's Council Housing**

Purpose: To seek approval to consult Bolton's council tenants on future housing options, with a view to potentially carrying out a ballot, on the transfer of the council housing stock.

Recommendations: The Executive is recommended to approve all activities detailed in this report to deliver a consultation exercise on the options for Bolton's council housing.

**Background
Doc(s):**

SUMMARY

Bolton Council has approved, in principle, the *Transforming Estates* proposal which addressed issues of expected repair funding shortfalls; the poor environmental quality on council estates; and socio-economic disadvantage experienced by many tenants.

Included in the proposal is the reconstituting of Bolton at Home from an arms length management organisation, to an independent housing association. That proposal, developed in this report, involves transferring ownership of the Council's housing stock to that new organisation.

The Housing Minister has announced that Bolton and five other local authorities may proceed towards stock transfer. This report seeks approval for the various activities needed to consult all council tenants, leading to a ballot on the transfer of the housing stock to the new organisation.

1. INTRODUCTION

- 1.1 In June 2008 the Executive approved, in principle, the Outline Business Case for *Transforming Estates* which deals with the issues of projected repair funding shortfalls; the poor environmental quality of our council estates; and the socio-economic disadvantage experienced by communities living there. The proposal includes the establishment of a new housing organisation, (which following confirmation from CLG that leasehold transfer would not be allowed and a further options appraisal process), would include a freehold stock transfer. The transfer of all housing stock would require a ballot of all tenants.
- 1.2 In October 2008 the Executive agreed to extend the existing Management Agreement with Bolton at Home until April 2011, to allow sufficient time to progress post-ALMO proposals.
- 1.3 The Housing Minister announced 16th December, 2009, that Bolton, together with five other local authorities at an advanced stage of preparation, can be included on the Housing Stock Transfer Programme. Importantly, we have been also advised that “normal stock transfer rules” on housing debt write-off will apply.

2. Preparing for Change

- 2.1 Bolton at Home was set up as an arms length management organisation (ALMO) in 2002 for an initial 5 year period to enable access to additional funding from the Government. As a highly successful organisation, awarded three stars by the Audit Commission, it has delivered all it set out to do, achieving access to an additional £157m in funding and meeting the Decent Homes Standard by 2008.
- 2.2 However, that funding has come to an end and this has raised a number of issues for the Council to consider in regards to future investment options. These include:
 - A shortfall of capital funding to keep homes decent of as much as £7m in 10/11
 - This shortfall could potentially increase to £14m annually if we planned to continue improving stock and the environment further, equating to 1000 properties becoming non-decent each year
 - There is a need to improve estate environment as well as individual properties. Some will require a complete transformation which will also help support the future development of new homes.
 - There are still property types that are now unsuitable and require investment to remodel or replace (500+)
- 2.3 Earlier this year, the Council undertook a Housing Stock Options Appraisal in accordance with government requirements. The options appraisal included the completion of a stock condition survey, consultation with Elected Members and recognised tenants groups; and financial modelling.

3. Stock Condition Survey Results

- 3.1 The survey confirmed that the potential number of homes falling into non decency will be approximately 1000 per annum, with potentially only £12 million per annum capital investment resources available. Therefore irrespective of which types of repairs are targeted, it is inevitable that the numbers of non decent homes will begin to build up from as early as 2009/10 - with resources of £22 million in 2009/10, it is forecast that approx 500 dwellings will fall into non decency.
- 3.2 The average annual Capital cost of maintaining decent homes and delivering good quality estates over the 30 year period is c.£25 million. (More details attached as Appendix A).

4. Housing Options

- 4.1 Detailed financial modeling based on the results of the Stock Condition Survey and the improved offer to tenants as set out in the Transforming Estates proposal, has shown that the only viable options for Bolton are:
- Remaining as we are now and wait for the implementation of the Government's HRA Subsidy Review
 - Transferring the ownership of the housing stock to Bolton at Home.
- 4.2 Initial analysis of the HRA Subsidy Review proposals suggested that it is unlikely to meet Bolton's long term investment requirements.
- 4.3 Financial advisers Price Waterhouse Cooper carried out an analysis of the HRA Subsidy Review proposals in Autumn 2009 and compared their impact in Bolton, to stock transfer proposals. Based upon information available then, the following table describes the main areas of comparison and demonstrates the significant benefits that stock transfer has over waiting for possible subsidiary review in funding:

Comparing anticipated HRA Subsidy Review impacts with Stock Transfer

Retaining the Stock	Transferring the Stock
The Council will have £30.5 million per year to cover management and maintenance costs.	The transfer proposal includes a very similar annual amount.
Over the 30 years the self-financing cash flows include an estimated £540 million for major works (at current prices).	Over the 30 years the transfer cash flows include £140 million more expenditure on major works (at current prices) than is in the self-financing cash flows.
The annual MRA allowances and any surplus arising (to be invested in capital works) are lowest in the early years and gradually rise.	Expenditure in the transfer proposal reflects the needs of the homes as assessed by an independent surveyor.
The self-financing option provides £66 million for major works in the first five years.	The transfer option provides almost twice that sum (£124 million) in the initial period and £60 million more in years 16 to 20, when the transfer model assumes many of the works completed in recent years will need renewal
Annual costs of supporting the initial allocated debt are £14.57 million (£243 million at 6%)	There is no initial debt to be supported in the transfer proposal

4.4 In his recent statement, the Minister announced that in February 2010 he will produce firm details of the “self-financing” arrangements under the government’s HRA Subsidy Review. He has clearly stated that tenants must be fully advised and consulted on this alternative option before they are balloted on stock transfer.

4.5 However, it should be noted that the HRA review could only be implemented if there is “broad agreement” amongst local authorities. Otherwise, primary legislation would be required.

5. Consultation with Tenants

5.1 In accordance with government guidelines, a Tenants Panel consisting of six volunteers was established in February 2009 to select an Independent Tenant Advisor (ITA), and to carry out a first phase of consultation (based on the options appraisal,) with recognized tenants groups. The Tenants Panel has received training provided by the ITA to increase their knowledge and understanding of the process and the options available. The Tenants Panel has indicated their support for freehold transfer.

5.2 In addition, a small scale consultation exercise was carried out by the ITA with a number of recognized tenants groups across the Borough. Tenants attending these sessions were asked to complete a questionnaire which asked about the improvements tenants would like to see made to their home and environment, as well as whether they would consider supporting the change of ownership. More details of this consultation are attached as Appendix B.

6. The Housing Stock Transfer Programme

- 6.1 An authority proposing to carry out a transfer must be formally accepted on to the Government's Transfer Programme. This programme is a list of authorities that Communities & Local Government (CLG) have agreed may continue to develop their proposals further, with a view to formally consulting tenants (ballot) on transfer. In his December statement, the Minister confirmed that Bolton and the other five authorities would be offered a place on the programme.
- 6.2 Appendix C is Bolton's "Transfer Proposal Summary Sheet" and Appendix D contains supplementary information. These two documents form the basis of Bolton's inclusion on the Transfer Programme.

7. THE CONSULTATION PROCESS

- 7.1 There are government prescribed steps that must be followed in the consultation process, leading to a ballot of all tenants:
- Informal Consultation
 - Formal Consultation (two stages)
 - The Ballot
- 7.1.1 **Informal Consultation** – This is the period during which the Council would advise tenants of all the issues, the options available and what it believes is the best option for tenants. This is a critical part of the process as it is the only time which the authority can actively "sell" its preference. After this stage, communications with tenants must be neutral.
- 7.1.2 **1st Stage Formal Consultation (min.28 days)** – Here, the council delivers its "offer document" to every tenant. It sets out the proposal and details of what the new organisation will look like.
- 7.1.3 **2nd Stage Formal Consultation (min.28 days)** – This stage can be run at the same time as the ballot. Having considered all comments/other feedback from the 1st stage consultation exercise, the council writes to all tenants saying what changes, if any, it has made to the offer document.
- 7.1.4 **The Ballot (28 days)** – This must be carried out by independent recognised specialists e.g. The Electoral Reform Society. Tenants will be sent a free-post ballot form which will include one simple question – basically does the tenant support the proposal to transfer the ownership of council housing to a new landlord (Bolton at Home)?

During the formal consultation period the council is only able to encourage tenants to vote, and to counter false information which might be put about by other sources. It is not allowed to actively campaign on how tenants should vote.

- 7.1.5 Timetable – If the Executive approves the recommendations in this report, the table below summarises the timetable leading up to the completion of an all-tenant ballot:

<i>Milestone</i>	<i>Dates</i>
<i>Informal Consultation(to also include consultation with Unions, staff and Elected Members)</i>	12 th January 2009 - April 2010
<i>HRA Subsidy Review issued</i>	February 2010
<i>Produce Offer Document</i>	April 2010
<i>1st Stage Formal Consultation</i>	May/June 2010
<i>2nd Stage Consultation</i>	June/July 2010
<i>Ballot</i> (overlapping 2 nd Stage Consultation)	June/July 2010
<i>Result</i>	Mid July 2010

- 7.1.6 Consultation with Unions, staff and Elected Members will be carried out.

7.2 Communications

- 7.2.1 Effective consultation and communications will be one of the most critical factors in the successful delivery of the exercise.

- 7.2.2 As stated, an Independent Tenant Advisor (PEP) was appointed earlier in the year and has already carried out some initial consultation as detailed above. Further informal consultation will need to take place to inform the offer document and provide tenants with the necessary information on which to base their decision.

- 7.2.3 A specialist public relations consultant has been recruited and will be formally appointed immediately. Their work will be to support the development of a detailed and comprehensive consultation and communications plan. This will be led in the Authority by the Council's Marketing and Communications Team.

7.3 Establishing Project Teams

- 7.3.1 Most of the work needed for this substantial project will be delivered in-house through project teams both in the local authority and Bolton at Home.

- 7.3.2 This will require the temporary freeing-up of, and possible secondment of staff from both organisations to lead and deliver this work. In order to keep core services running, some back-filling will be required.

- 7.3.3 Approval was given at the Executive on the 2nd February 2009 to commence a number of tasks relating to the lead up to a ballot of all tenants and the associated spend required to achieve this. This included the following:

- (i) the commissioning of an independent Stock Condition Survey (excluding energy performance survey work proposed in the report) and that Standing

Orders relating to Contracts be excepted in the matter to allow Savilles to undertake the work;

- (ii) the recruitment of an Independent Tenant Adviser;
- (iii) the development of a consultation and communications plan, with associated commissioning of specialist elements;

7.3.4 Some of these tasks and others such as the continued financial and legal consultancy and the establishment of project teams have not been progressed as confirmation had not then been received from CLG that the authority's transfer requirements would be met. These tasks will need to commence immediately. The originally estimated cost implications for this were included in a report to the Executive 02.02.09 (See Appendix E). These were preliminary estimates and a further report will be presented to the Executive Member for Housing, Neighbourhoods and Regulation with updated costs, together with other specialist costs e.g. complex legal advice.

7.3.5 It should be noted that costs associated with set-up are normally met from the overall valuation of the housing stock.

7.4 *Non Housing Management Services*

7.4.1 In anticipation that Bolton's transfer proposal is allowed to progress, work has been undertaken to review the services currently provided by Bolton at Home that are general funded. At this stage, it is proposed that HRA services (e.g. Housing Management, Repairs, Regeneration etc.) would be the only functions to transfer permanently.

7.4.2 Private Sector Housing (including Disabled Facilities Grants) will remain a council controlled function which may continue as a service commissioned from Bolton at Home.

7.4.3 Supported Housing functions (including Warden Services, Careline, floating support etc.) would be commissioned by the Council through Supporting People.

7.4.4 Any changes to the way services are provided by Bolton at Home must be included in the Offer document ,which is expected to be finalised in early April.

8. RECOMMENDATION

8.1 The Executive is recommended to approve all activities detailed in this report to deliver a consultation exercise on the options for Bolton's council housing, potentially leading to a ballot of all tenants on the transfer of ownership and landlord responsibilities to Bolton at Home.

ALMO Capital Investment

Over the first five years of Bolton at Home, £242m was invested in the council's housing stock and council estates, of which £157.5m was secured as a result of creating Bolton at Home and its status as an 'excellent' ALMO (i.e. additional ALMO borrowing).

With this money the following major elements were completed:

- 9,482 kitchens and bathrooms.
- 8,547 electrical rewires or upgrades to modern standards.
- 13,449 new central heating systems using the highest energy efficient products.
- 14,067 external refurbishments, including roof and chimney renewals or repairs, pointing, new gutters, fascias, and soffits, window and doors repairs and replacements
- 1230 whole house improvements including all the works detailed above.
- All our homes have cavity wall insulation and loft insulation where access has been permitted.

In addition to the above, funding has also been directed towards lift refurbishment, fire detection, means of escape and other health and safety measures, common areas, disabled facility adaptations, office accommodation improvements, extra care provision and environmental upgrades, including remodelling pilots, garage refurbishment and renewals and outhouse repairs.

The funding has facilitated the significant achievement of making all Bolton's council houses "decent" (12,684 non decent at start of ALMO), 2 years ahead of the government target.

Future Funding Implications

The current ALMO 30 year spend profile identifies an average annual capital spend requirement of £25 million

In 2008/9, £25.4m of funding (including some prudential borrowing) was secured to maintain the Decent Homes standard and continue with minimal environmental improvements and regeneration initiatives on our estates. There were no non-decent homes. 2009/10 capital investment resources

stand at £22.2M but with 533 projected non-decent homes. The forecast capital investment resources for 2010/11 are £18M resulting in a further 1,000 non-decent homes.

With annual resources of £12 million as the worst case scenario from 2011/12 onwards, this means Bolton has only half the resources needed to maintain decent homes.

Some of the implications of this are as follows:

- 8,304 kitchens and bathrooms require replacement at a cost of £45million. With new ALMO resources this could be achieved in 4 to 5 years. The forecast of £12 million resources means the timescale would increase to at least 15 years.
- £20 million is needed in the next 5 years to carry out external refurbishment including cyclical painting to all our homes, essential to maintaining decent homes. Reducing work to this element will not only result in failure to meet decent homes but is likely to cause dampness problems, increasing the risk to the health and safety of our customers, increased disrepair claims and higher day to day repair and maintenance costs.
- In 2014, £3.6 million will be required to start the replacement of old PVCu windows. £19 million will be needed by 2022. Failure to carry out this element will have major security implications for the housing stock.
- £11 million is required in the next 5 years to complete the 3,613 homes remaining on the heating programme. Failure to carry out this element will put more people into fuel poverty and possibly risk their health and wellbeing.
- £11 million is required in the next 10 years to carry out electrical rewires and upgrades to 4,081 homes. Failure to complete this work would have the obvious safety implications.



APPENDIX B

Feedback to date from meetings with organised tenants

Meetings attended:

BATRA Central 1st June
BATRA North 10th June
Deepdale RA 10th June
Eastfield 15th June
BATRA South 15th June
Captain Clough RA 16th June

BATRA Central

Attended by 16 tenants and 4 staff (Bolton Council and Bolton at Home).

Issues raised regarding the housing options:

- None, most tenants seemed well informed.

Questionnaire:

- All tenants completed a questionnaire:
- The most common types of improvement that tenants identified as being 'very important' were: new kitchen and new bathroom (13 out of 16)
- New front or back door and improved security were the next in importance (11 said either 'very important' or 'important')
- New windows, new heating system, rewiring or new roof were described as mainly being 'important' or 'slightly important', though to 2 people they were 'very important'
- 'Improving the appearance of your estate' attracted mixed priorities. For 6 tenants this is 'very important' but for other only 'slightly important'. Environmental improvements and external condition were seen mainly as 'slightly important' though for 3 tenants they are 'very important'.
- 87.5% (14 out of 16) of tenants said that they would be prepared to consider a change in ownership of homes to Bolton at Home if it meant that extra money could be spent on their housing choices.
- 8 tenants expressed concern that investment might fall and standards slip if extra money is not made available. Tenants were especially concerned for those people who hadn't had a new kitchen or bathroom yet. One tenant expressed concern about future rent levels and another about security of tenure should a change in ownership go ahead.

Other issues raised:

- Related to the programme for highways repairs and potholes.

BATRA North

Attended by 14 tenants and 6 staff (Bolton Council and Bolton at Home).

Issues raised regarding the housing options:

- Questions were asked about stock transfer ballots elsewhere. Tenants wanted to know what percentage had voted and of these how many had voted for transfer? Information given about the range of voting (from Birmingham voting 3:1 against to places like Worcester or Daventry where 85% of tenants had voted and of these 90% voted for transfer). Advice given that a rough guide would be to expect to see more than a 60% turn out.

Questionnaire:

- These were only completed by the 7 tenants who had not attended the previous BATRA Central meeting.
- The most common types of improvement that tenants identified as being 'very important' were: new kitchen and new bathroom (5 out of 7) with one of the other stating that they had already received these improvements.
- New front or back and security improvements were 'very important' or 'important' to 5 of the 7 tenants responding
- Improving the appearance of your estate was 'very important' to 4 of the 7 tenants
- Rewiring, new heating or new roof were 'very important' to 3 of the 7 tenants
- External appearance and environmental improvements were 'very important' to 2 of the 7
- 57% (4 out of 7) of tenants said that they would be prepared to consider a change in ownership of homes to Bolton at Home if it meant that extra money could be spent on their housing choices. 2 tenants said they would not support this and one person did not complete this section.

Other issues raised:

- Related to bin collections, access problems caused by car parking. Also, tenants were informed of forthcoming changes as to what and how food waste should be binned.
- Related to highways repairs and potholes.

Deepdale RA

Attended by 5 tenants.

Issues raised regarding the housing options:

- Tenants present were satisfied with the housing service and the improvements that they had received. They were aware of some tenants who had not received these improvements yet and felt it was important that they should not be forgotten.

Questionnaire:

- These were only completed by 3 tenants
- The only types of improvement that tenants identified as being 'very important' were: new kitchen, new bathroom and new windows.

- One tenant wanted double-glazing in the porch.
- All other types of improvements were deemed as 'not important'.
- 2 of the 3 tenants responding said that they would be prepared to consider a change in ownership of homes to Bolton at Home if it meant that extra money could be spent on their housing choices. One person did not complete this section.

Other issues raised:

- Lack of fencing / repairs required
- Anti-social behaviour from youths

Eastfield RA

Attended by 6 tenants, 7 residents,

Issues raised regarding the housing options:

- Rent increases were the main topic of discussion plus comments on the quality of the repairs service. There were several comments about the satisfaction with the area and some surprise that changes were being considered to BH.

Questionnaire:

- Completed by 6 tenants
- Very important or important issues were, new windows (2), heating (2), doors (2), rewire (2), kitchen & bathroom (1), better security (1), roof (1), external condition (1)

Other issues mentioned in the questionnaire:

- Is BH financially viable
- Are there any other options
- Need more information
- 5 out of 6 said they would be prepared to consider the change of ownership option. One wanted more information first.

BATRA South

Attended by 9 tenants and residents, several of whom had been at the earlier BATRA Central meeting.

Issues raised about the options:

- One resident raised concern about information that had been received by a neighbour during the door-knocking exercise. There was a general discussion about this and the need for consistent messages to be given about the housing options.

Questionnaire:

- Completed by 1 tenant

- The only issues mentioned as very important or important were kitchen, bathroom and doors
- There was a “don’t-know” response to the change of ownership question, but they felt that it was important that any promises made were kept.

Captain Clough RA

Attended by 10 residents (4 of whom were Council tenants, 2 were private tenants and 4 were owner-occupiers).

Issues raised regarding the housing options:

- Tenants present were satisfied with the housing service and the improvements that they had received. They were aware of some tenants who had not received these improvements yet and felt it was important that they should not be forgotten.

Questionnaire:

- These were completed by 4 tenants
- The only types of improvement that tenants identified as being ‘very important’ were: new kitchen, new bathroom and new windows.
- One tenant wanted double-glazing in the porch.
- All other types of improvements were deemed as ‘not important’. However, 2 tenants said that they wanted to see more investment in their homes.
- 3 of the 4 tenants responding said that they would be prepared to consider a change in ownership of homes to Bolton at Home if it meant that extra money could be spent on their housing choices. One person did not complete this section.

Other issues raised:

- Poor state of roads / potholes due to heavy traffic use (school)
- Assistance to owner occupiers – pointing front and back walls
- Anti-social behaviour by older youths from outside the area using the school’s play equipment / playground in the evenings (raised three times).

Summary:

37 tenants have completed the Questionnaire to date

28 said they **would be** prepared to consider the change of ownership option

5 said they **did not know**

4 said they **would not be** prepared to consider the option

John Edwards/ Rob Webb
PEP
27.06.09

Bolton MBC –Housing Stock Transfer

Transfer Proposal Summary Sheet

(Following Annex L of the Supplement to the Housing Transfer Manual – 2006)

Local authority Whether a proposed LSVT or SSVT	Bolton Metropolitan Borough Council LSVT
If partial stock, give the name of area or that by which the transfer proposal is known AND number of units to transfer and % of total housing stock that would transfer.	Bolton at Home, or ALMO, managed stock. 18, 213 homes would transfer, 100% of the total housing stock. (As at 18/9/09)
If whole stock, how many units would transfer?	18, 213
How many leasehold properties would transfer?	245 (actual as at September 2009)
How many units that are currently tenanted would transfer?	18, 213 less 230 properties that are management voids at 18/9/09 and will be quickly relet
How many decent units would transfer?	17, 680 (as at 18/9/09)
How many non-decent units would transfer?	533 (as at 31/3/10)
Date by which all properties would meet the decent homes target.	All properties met the decent homes target at 31/3/08. Currently maintaining decency standard but anticipated that at the 31/3/10 there would be 533 non-decent. This will increase year on year without additional funding.
How many (if any) new build properties would be available for social rent?	It is hoped that new rented and (possibly) shared ownership dwellings will be facilitated by transfer. The preferred option includes for the provision of 1,500 new rented homes (925 new homes net for demolitions)
How many (if any) new build properties would be for sale?	
How many (if any) properties would be demolished?	575 in the preferred transfer option
How many (if any) new build properties would be for sale?	0 *
How many (if any) properties would be demolished?	75 in Business Plan *
Details of any prospective new landlord (whether existing RSL, subsidiary or new RSL) and whether part of group structure.	Bolton at Home, the Council's ALMO, will be the new landlord and established as a Housing Association.
Where the new landlord has not been selected, timetable for the choice process.	Not Applicable
Proposed sale price/gross receipt (total and per dwelling)	£6,860,107 (£386 per dwelling)

Estimated net receipt (gross receipt less set up costs)	£0
Estimated PSNB effect (total and per dwelling).	(£92,465 million); (£5,073) per dwelling
Estimated private finance required to fund transfer.	£130m
Estimated attributable housing debt.	£288m
Estimated levy payable.	£0
Estimated usable receipt.	£0
Where there would be overhanging debt, estimate of one off payment necessary (excluding Debt Redemption Premia).	£288m All the figures assume that the Council will not carry out any further debt re-scheduling exercises between now and the date of transfer.
Debt redemption Premia.	£37m
Proposed dates for formal consultation.	Stage 1: January 2010 Stage 2: February –March 2010
Proposed date of ballot	February/March 2010
Proposed date of (Housing Corporation) Tenant Services Authority registration.	November 2010
Proposed date of transfer	November 2010
Date of options Appraisal sign-off.	
Full name and address, including e-mail, of lead local authority officer/project leader.	Lead local authority officer: Jeff Smethurst Chief Officer Housing and Regeneration Development & Regeneration 1st Floor Wellsprings Howell Croft South Bolton BL1 1US Jeff.smethurst@bolton.gov.uk Project Leader: Michelle Horrocks Housing Strategy and Performance Manager Development & Regeneration 1st Floor Wellsprings Howell Croft South Bolton BL1 1US Michelle.horrocks@bolton.gov.uk
Full Name and address, including e-mail, of the Council's Chief Executive.	Sean Harriss Chief Executive, Bolton Council Town Hall

	Victoria Square Bolton BL1 1RU Sean.harriss@bolton.gov.uk
Full name and address, including e-mail, of the Leader of the Council	Councillor Cliff Morris, Leader, Bolton Council 2nd Floor Town Hall Victoria Square Bolton BL1 1RU Cliff.morris@bolton.gov.uk
Full Name and e-mail address where possible of local MPs (whose constituencies fall within the transfer area).	Ruth Kelly David Crausby Dr Brian Iddon

* Further discussion required, linked to Transforming Estates proposals.

Programme Criteria	Demonstration of Compliance with Criteria	Supporting Information
Options Appraisal and preparatory work		
a. Whether the authority has undertaken an Options Appraisal exercise and transfer has been identified as the preferred route for decent homes delivery	Provide evidence that GO-R has formally signed off the Options Appraisal	Ministerial statement issued on the 16 th December 2009 confirming that Bolton had been offered a place on the Housing Transfer Programme.
b That the proposal can demonstrate that it provides value for money for the authority and that it forms a coherent part of the authority's HRA Business Plan, Local Strategic Partnership and Community Partnership and that these have been drawn up after the Options Appraisal in which tenants were involved and which was informed by a housing needs assessment and a stock condition survey.	<p>Details of</p> <ul style="list-style-type: none"> the investment appraisal and tenant involvement in this; how transfer fits into the authority's HRA Business Plan; the Housing needs assessment undertaken in Options Appraisal; how transfer provides value for money for the authority as identified in Options Appraisal; and 	<p>This has already been addressed in the Housing Options Appraisal process and approved by Government Office North West/HCA.</p> <p>Tenant involvement has been through existing mechanisms and new dedicated structures including the establishment of the Tenants Panel. 6 consultation workshops took place to establish the views of tenants.</p> <p>The Council's HRA Business Plan has been reviewed as part of the Options Appraisal process. Current projections show that investment resources are expected to reduce to £12m by early 2011, this compares to an annual investment need of at least £25m. Already in the current financial year Bolton is projecting that approximately 500 will be non-decent as at the 31st March 2010 due to insufficient investment resources being available (this position being projected after Bolton met the Governments decent homes target in 2007/8). Decent homes standards cannot be sustained in the transferring stock without an alternative investment strategy.</p> <p>A Housing Needs Survey and Strategic Housing Market Assessment (SHMA) was undertaken in 2006/7 which informed the options appraisal process. In addition regular housing market tracking/monitoring has continued to support the findings of these surveys. The findings being that there is continued demand for social housing in the Borough which outstrips supply. (Copies attached)</p> <p>Stock transfer is the only option available to the Council to</p>

	<ul style="list-style-type: none"> • the CHTF, GO-R and where appropriate NDC's role in advising on the scheme. 	<p>secure the investment required to maintain the basic decent homes standard and deliver the additional improvements to meet the aspirations and expectations of tenants, and wider regeneration objectives of the council, LSP and communities.</p> <p>CLG, HCA and Government Office have all played a critical role in advising, shaping and directing the proposal at all stages. HCA have been members of the project group and worked closely with us though out the process.</p>
c That there would be long term demand for the housing it is proposed to transfer, how it is proposed it would be sustained and, if not, details of the strategy in place which will address demand problems.	<p>Details of</p> <ul style="list-style-type: none"> • the extent of long-term demand for social housing in the region, borough and wider area, and for the types of housing being proposed for transfer and whether this is likely to be sustained; • any demand and/or unpopular housing issues and proposed measures to address them; • how much detail will be available to tenants at the proposed time for ballot 	<p>The Bolton Housing Needs Survey and SHMA, along with the Greater Manchester SHMA, demonstrates clear demand, unmet need, major affordability issues and increasing household formation, projecting even greater demand for social housing over the long term.</p> <p>The Council has an established process for Stock Option Appraisal of problematic stock. Briefly this process involves looking at a variety of measures to address issues, consulting with stakeholders and implementing a preferred option. This has included Improvement, Conversion, Demolition, Sale and Disposal to a Housing Association. In addition the Council has a comprehensive approach to tackling empty properties which focuses on using intelligence to prioritise and target resources to tackle those properties that have the most detrimental effects on our residents and neighbourhoods. As part of developing our proposals for New Build under the Transforming Estates Initiative, we would be looking to build on this approach by further examining how our approach to dealing with issues of poor housing stock and spatial layouts could be integrated with our desire to increase housing supply in Bolton and further improve local communities.</p>

		<p>The preferred transfer proposal includes a reduction of 75 properties arising from the conversion of unpopular bed-sit homes to larger (one and two bedroom dwellings). It also includes for the demolition of approximately 500 less popular house types (as yet not specified in detail) where the demolitions would facilitate the development of additional and more desirable homes as part of the regeneration initiatives.</p>
<p>d The extent to which the transfer would contribute to the authority's strategy for building sustainable communities and achieving the Government's wider regeneration, social and economic objectives</p>	<p>Provide:</p> <ul style="list-style-type: none"> • an explanation of how transfer would contribute to achieving the Government's sustainable communities strategy and its regeneration, social and economic objectives; and • if the transfer is part of a larger regeneration scheme, give details of the roles of stakeholders delivering the project and whether bids have been made to finance the project and the stage reached in the approval process; how the transfer will fit in with not only the NDC's strategy but also the authority's wider Options Appraisal. • What arrangements are in place to deal with any separate planning consent that may be required and how this fits in with the scheme timetable 	<p>Transfer will ensure that all tenants are provided with a decent home, meeting the Government's minimum standard and in addition improving homes and the surrounding environment to a standard that will meet tenants' needs and aspirations.</p> <p>The transfer is part of a larger regeneration initiative to be delivered through a partnership approach - Transforming Estates, which accepts the need for a holistic approach to creating sustainable communities. Transforming Estates involves the development of 6,000 homes over the next 12 years in Bolton, a significant step change in housing supply. These properties will be developed with the Council, housing association partners and Bolton at Home. In addition it recognises the need to build on the achievements of Decent Homes and has clear plans for improving the design and quality of local environments. Finally, it involves a step change in the way in which the Council and its partners approach community and economic regeneration. All of the above is to be developed with the full engagement of local communities in the planning, design and stewardship of their local areas</p>

		<p>Bolton at Home will be a major player in the Transforming Estates programme. Potential Transforming Estates New Build Sites have been identified as part of the SHLAA (evidence base information for the emerging Core Strategy for the LDF). Individual residential development schemes will require planning consent as they are progressed.</p>
<p>e The level of support amongst Councillors, tenants and stakeholders for the proposed transfer</p>	<p>Details of:</p> <ul style="list-style-type: none"> the informal consultation on the proposed transfer carried out to date and the views of tenants expressed so far; and the Council's resolution to pursue transfer, in particular the composition of the Council and the level of support for the proposed transfer amongst Councillors, leaseholders and tenants federation and other stakeholders 	<ul style="list-style-type: none"> Informal consultation started in January 2009 with the establishment of the Tenant's Panel. 6 tenants volunteered to form the panel, along with a member of BATRA (Bolton's umbrella tenants and residents group) who advised the members of the panel. The Tenants panel recruited the Independent Tenant Advisor (PEP) in March 2009, following a selection process designed and led by the panel. The Tenants Panel underwent a series of training sessions with the ITA to develop their understanding of the transfer process and what it would mean for them. 6 workshops were run throughout June across the Borough. 67 attended and 37 questionnaires were completed. Ongoing discussions have been taking place with BATRA for the past 2 years whilst developing the options and proposals for the transfer. Bolton at Home carried out a survey of 1000 tenants including hard to reach groups (BME, 18-44 yr olds, and disabled people). A response rate of 67% was received. Informal indications from tenants are that they would positively support the transfer of ownership. Sample surveys show there are low numbers of tenants opposed to transfer. <p>The Council composes of 28 Labour, 23 Conservative and 9 Liberal Democrat Councillors. All party leaderships have expressed commitment to the principle of transfer and supporting the outcome of a tenants' ballot. This was approved at the Council's Executive on the 9th October 2010.</p>

		Individual tenants and representative bodies positively support the principle of transfer as described above. Leaseholders do not have the right to vote on the transfer proposal but they have been included in the initial consultation exercises along with other residents that are members of recognised TRA's.
f That the proposed timetable for completion of the transfer appears achievable and that the authority has a project plan that allows sufficient time for the various key stages.	<p>Details of:</p> <ul style="list-style-type: none"> the outline timetable, including proposed dates for tenant consultation, ballot, registration with the Housing Corporation and completion of the transfer; and the planned activity and milestones since Options Appraisal sign off and a place being granted on the LSVT programme. 	<p>The Council's outline timetable is as follows:</p> <ul style="list-style-type: none"> Submit formal transfer application documentation 6/10/09 Informal consultation 6/10/09 – 18/12/09 Offer document approved by Council and endorsed by Tenants Panel 7/12/09 Stage 1 formal consultation to commence Dec 09/Jan 10 Stage 2 formal consultation and ballot to commence Jan/Feb 10 Council approval of ballot result and transfer 3/3/10 <p>These stages are subject to change as we are currently awaiting further indications from HCA/CLG.</p> <p>Awaiting HCA approval</p>
Decent Homes		
g That the authority has validated information on the extent of condition of decency within its current stock and how the proposal would ensure as a minimum delivery of the decent home target by 31 December 2010 for all homes transferred.	<p>Details of the condition of the stock to be transferred including</p> <ul style="list-style-type: none"> the type of housing concerned; any problems faced by it and an indication of how these have arisen, e.g. poor initial design, subsequent misuse, inadequate maintenance, lack of routine repairs etc; and 	<p>The independent Stock Condition Survey (SCS) completed by Savilles in June 2009 identified 1101 dwellings not meeting the Decent Homes Standard, dwellings which have become non decent in 2009/10, after successfully achieving the target (with ALMO funding) of making all our homes decent by April 2008, 2 years ahead of the governments target. It is projected that with current resources in 2009/10, it is estimated that 533 dwellings will remain non-decent by April 2010.</p> <p>The investment in the stock in the last five years has necessarily focused on work to meet the Decent Homes Standard which does not encompass all aspects of the property nor the future repairs and maintenance liability or requirement to undertake work to the general environment around the properties. Extensive detail has been provided within the SCS and Cost generation Model (CGM)</p>

	<ul style="list-style-type: none"> • an assessment of the stock to identify appropriate energy efficiency improvements. 	<p>The affordable measures including cavity wall and loft insulation, double glazing and high efficiency gas boilers with full heating controls have been carried out to our properties within the Decent Homes programme. This has resulted in the average SAP increasing from 36 to 81.</p> <p>The SCS identifies funding requirements of £11 million in the first 5 years to complete the 3,613 homes remaining on the heating programme. In addition a further £1.4 million is required to carry out external wall insulation to our solid wall construction dwellings.</p>
	<p>Details of the repairs and improvements works the new landlord would carry out and an estimate of their cost over 30 years, broken down into the following categories (which correspond to those in the cost generation model):</p> <ul style="list-style-type: none"> • Catch-up repairs • Future major repairs/planned maintenance • Contingent repairs • Cyclical maintenance • Response and void repairs • Exceptional extensive works • Estate works • Improvements 	<p>Extensive detail has been provided within the SCS and Cost generation Model (CGM)</p> <p>The SCS identified total expenditure of £1,072 million over 30 years. Of this total £63.5 million relates to estates and environmental regeneration and improvements. The average annual Capital Cost requirements over the 30 year period is £25 million.</p>
	<p>An explanation of how the works expenditure data has been gathered and calculated, including the date and nature of any stock condition survey.</p>	<p>Included within the Stock Condition Survey</p>

	Details of proposed energy efficiency measures and advice, installation or updating of community heating systems and mechanisms for the new landlord to report to the authority on energy efficiency measures	The accompanying public sector energy efficiency report on the 24 th October 2009 identifies the strategy, objectives, achievements, future proposals and an action plan.
	A draft action plan setting out how the prospective new landlord would achieve “Egan Compliance” and Gershon Efficiencies for its procurement principles.	The proposed landlord has a seven year track record of delivering capital Investment and demonstrating efficiency savings year on year through our Partnering Process using initially 6 Partners including our In-House contractor, and latterly 2 partners including the In-House contractor. The 3* status of the organisation reflects the Audit Commission view of the procurement process. Bolton at Home has achieved efficiencies of £5.1m since it was established.
	A timetable showing the years in which various portions of the transferred housing would reach the decent home target.	At the proposed transfer date all our stock would have met the Decent Homes target originally set. However, a number of properties are becoming non-decent each year. It is estimated that 533 properties will be non decent at 31/3/10. The SCS and CGM already submitted identifies the detail.
h Where partial transfer is proposed, that the authority has a coherent strategy for the delivery of decent homes.	<p>For a proposed partial transfer</p> <ul style="list-style-type: none"> • an explanation of how the properties were selected; • plans for the rest of the stock, including any other small or large scale transfer proposals and/or PFI, ALMO or retention proposals in the HRA Business Plan; • an assessment of the net effect on the authority’s HRA and HRA subsidy entitlement for future subsidy years, using the HRA 	N/A

	<p>Business Plan; and</p> <ul style="list-style-type: none"> • details (number and location) of any properties transferred to the prospective new landlord in the five years prior to the proposed transfer date. 	
Tenant Involvement		
<p>i Following on from the work on Options Appraisal, how tenants have been instrumental in developing the transfer proposal (including whether the possibility of a tenant led or community based transfer has been considered) and will continue active involvement throughout the proposed delivery stages including considering and choosing landlord options and, where there is a competition for the prospective new landlord, that tenant representatives are included on the assessment panel.</p>	<p>Provide</p> <ul style="list-style-type: none"> • a description of the authority's tenant participation policy and procedures and whether these have been brought together in participation compact. Where a compact does not exist, details of the arrangements established to involve tenants in the development of the transfer proposal, including the repair and improvement plans and the post transfer monitoring; • information on whether an Independent Tenant Adviser had been appointed and, if so, at what stage, details of how tenants were involved in their selection, the length of the appointment, i.e. whether it will extend beyond the formal 	<p>Bolton at Home is currently reviewing its approach to tenant participation and its compact which was first introduced in 2000. The development of a full customer engagement strategy is crucial to continuing Bolton's strong record, confirmed by the Council previously securing Beacon status for Involving Customers in Shaping Services.</p> <p>Following the Council's decision to pursue an options appraisal process, a Tenants Panel was established consisting of volunteer tenants covering the whole Borough. These tenants have been advised, trained and supported by the ITA with the intention that they work with the Council, its advisors and Bolton at Home to develop the offer document. All have been committed to ensuring that tenants are at the centre of the process. Its work and emerging developments/issues will be shared with wider tenants through existing mechanisms and special arrangements such as newsletters, websites and events.</p> <p>In respect of future involvement mechanisms, new governance arrangements which will form part of the offer document, are likely to include a tenants Committee which will be responsible for monitoring the performance of the new organisation, setting service standards and policy development.</p> <p>As described earlier, an Independent Tenant's Adviser was appointed in March 2009 – PEP. The ITA was selected through a tendering process which was led by the Tenants Panel. The panel was responsible for setting their own selection criteria, interview process etc. They have worked with the tenants panel since then to develop the options appraisal and carry out initial</p>

	<p>consultation period, and brief details of their remit;</p> <ul style="list-style-type: none"> • details of the future consultation strategy; • what the process will be for selecting the new landlord; • whether the prospective new landlord had yet been selected and, if so, how tenants were involved in considering the alternatives and choosing the landlord; • what consideration to pursue a tenant or community led transfer • whether the authority has considered that the recipient landlord reflects the make-up 	<p>consultation on the transfer proposal with formally recognised groups of tenants. Initially, the appointment was based on a two phase appointment – to take forward and conclude the informal consultation and then a second phase (dependant on the outcome of CLG/Treasury decisions on whether ALMO's would be allowed to transfer) to deliver the formal consultation pre ballot. Assuming there is a positive outcome of the ballot and tenants are satisfied with the ITA's performance, the tenants may seek to further engage the ITA through the transfer process.</p> <p>The ITA's remit is to "advising tenants on the development of the transfer option in the informal and formal consultation period, the ITA will be required to explain to tenants the results of the Council's option appraisal."</p> <p>Future consultation will include a period of informal consultation with the wider tenant base (as detailed in the outline timetable), which will include getting out to as many tenants as possible through the distribution of newsletters, pocket guides, estate roadshows, door to door and formal TRA's. We recognise this will be intensive due to the tight timescales, but we believe we have the capacity to deliver this and the ITA has assured us that they also have capacity to deliver.</p> <p>The proposed new landlord has already been selected through the options appraisal process. Tenants had no desire to consider alternative options to Bolton at Home becoming the new landlord due to high levels of satisfaction with current services delivered by the ALMO. The Council also supports this decision.</p> <p>As above</p>
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	<p>of the tenants and whether a role for BME RSLs has been considered; and</p> <ul style="list-style-type: none"> • if the prospective new landlord has yet to be selected, how it is proposed to involve tenants in considering the alternatives, drawing up any shortlist and making the final selection. 	<p>A full range of options was considered before adopting the current option, which is seen as the best for Bolton and its tenants.</p> <p>The proposed new landlord, Bolton at Home is the Council's ALMO, and is based in Bolton. Its entire existing operational remit is undertaken in Bolton. It has a sound track record of reflecting and ensuring it represents the local community through its workforce, governance arrangements and policies/service provision, and complying with Council objectives on community cohesion.</p> <p>N/A</p>
<p>j How the transfer would provide greater tenant participation opportunities across all communities within the transferring stock, including consideration of whether a tenant led or community based transfer would work locally.</p>	<p>Details of</p> <ul style="list-style-type: none"> • the policies and procedures that the new landlord would put in place to ensure all tenants would be more effectively involved in the management of their homes and decision making post transfer; • any discussions with existing TMOs or TMOs that are in the process of being established; and • how the authority has engaged local BME communities and other hard to reach groups. 	<p>In respect of future involvement mechanisms the new Bolton at Home Community Engagement Strategy (in development) will update BH's general approach to community engagement. This sets out a wide range of participation opportunities including involvement at a local neighbourhood level as part of our proposed neighbourhood management arrangements but also involvement in our formal governance structure with a proposed tenant focus by the creation of a new customer committee to which the performance of the organisation would be accountable. Tenants will also continue to be involved in policy development and the setting of service standards.</p> <p>N/A</p> <p>Tenants needs have been addressed individually to ensure communication processes are fair. The survey carried out by Bolton at Home specifically targeted tenants from BME</p>

		communities and young people. The ITA has carried out consultation with older people and offers a full interpretation service and helpline. The Tenants Panel includes a representative with disabilities and also a young person.
Landlord Issues		
k That the prospective new landlord is registered or is likely to achieve registration with the Housing Corporation and that any group structure complies with policy on operational independence and de-merger	<p>Details of</p> <ul style="list-style-type: none"> discussions with the Housing Corporation Stock Transfer Registration Unit and name of contact. <p>Details of prospective new landlord including:</p> <ul style="list-style-type: none"> whether an existing RSL, a subsidiary of an existing RSL or a new RSL, and whether it is/would become part of a linked group; whether it is or would be a not-for-profit Companies Act company or Industrial and Provident Society, and whether it has or would seek charitable status; if it is or would become part of a linked group, the nature of that group and the distribution (by local authority area) of housing stock owned by members of the group; and the actual or proposed make up of the governing body and the management structure. 	<p>Contact within TSA is Rob Buswell. Ongoing discussions are taking place with him around the proposal and process to transfer.</p> <p>The prospective new landlord is Bolton at Home, the Councils ALMO. It is yet to be registered as an RSL, which we have been advised won't take place until the transfer is almost complete. It would stand alone.</p> <p>It will operate on a not for profit basis and seek charitable status. However, decisions in respect of the form of corporate body that the transfer organisation may take have not yet been made. These decisions will be taken by the Board once the Council has approved a decision to move to ballot.</p> <p>N/A</p> <p>The main Board will retain the current 1/3 : 1/3 : 1.3 Council /</p>

	<ul style="list-style-type: none"> • if it is intended that the RSL would be a Community Gateway Association, how it is intended to implement the Community Gateway principles on community empowerment, tenant membership and providing local opportunities for community involvement. <p>Details of the arrangements to be put in place to avoid conflicts of interest on the part of officers and councillors in addition the report of the council should be attached as an Annex.</p>	<p>tenants / independents membership, its future membership will be confirmed as part of the decision making progress regarding the form of corporate body for the transfer organisation and the transition to the new corporate body. The Board will review the existing Executive function and structure in advance of registration.</p> <p>Not applicable</p>
I That the prospective new landlord would not become a predominant owner of social housing in the region.	<p>Details of</p> <ul style="list-style-type: none"> • what the landlord's vision of its role within the area is, its growth strategy and other stock it has in the area; • how the landlord's proposals fit in with the authority's priorities are in the area 	<p>The landlord's vision will be "to create great homes in great communities" by continuing to be an active partner with the Council and Bolton Community Homes in delivering sustainable communities. The organisation's priorities going forward will be to deliver against its promises to tenants as set out in the offer document. It will also continue to play its part within the region and sub region. The growth strategy is centred around Transforming Estates and the delivery of 6000 new homes over the next 12-15 yrs. Details of which have already been submitted to both HCA and CLG.</p> <p>The proposals have been drawn up with it's current owner, the Council and tenants. It's priorities are centred around delivering the transfer promises to tenants and the objectives set out in the</p>

	<p>eg sustainability, liveability, and growth; and.</p> <ul style="list-style-type: none"> • what other RSL presence is there in the area. 	<p>Sustainable Communities Strategy and are entirely focussed on the improvement and sustainability of homes and neighbourhoods.</p> <p>As at 31/3/09 there were a total of 24,491 social housing stock in Bolton. Of these, 25.59% (6,268) were supplied by our existing Housing Association partners, with Bolton at Home supplying the remaining 74.41% (18,223).</p> <p>Bolton has a long standing Housing partnership Bolton Community Homes (BCH Ltd.) Partners include the Council, currently Bolton at Home and all the major RSL's active in the area. The partnership works collaboratively to develop new sustainable affordable homes in, regeneration activities and strives to improve service excellence.</p>
<p>m That there is a strategy to deliver a higher quality housing service for tenants and take into account the findings of previous Best Value Reviews and Housing Inspectorate reports.</p>	<p>Detail of</p> <ul style="list-style-type: none"> • what the authority's current star rating is for its housing service and what is its strategy for improving the rating or for ongoing improvement; • how the transfer would deliver a higher quality 	<p>The last Audit Commission inspection took place in 2005. This covered all services delivered by the organisation and the result was three stars with promising prospects of improvement.</p> <p>All the main recommendations provided as part of the inspection have been acted upon. The organisation has a robust business planning process and services are continually improved to meet customers' expectations. Customer involvement in the development of services is also strong with a range of mechanisms for customers to influence service delivery and in the formulation of future plans.</p> <p>Customers priorities are consistently centred around the quality of their home, the repairs and maintenance service, the quality of the local environment and the organisation's approach to dealing with nuisance and anti social behaviour . The business plan includes our aspirations to address all of these issues and the full delivery of that plan is dependent on the transfer going ahead.</p>

	<p>housing service for tenants;</p> <ul style="list-style-type: none"> • any Best Value Reviews and Housing Inspectorate reports on the services that would be transferred, together with details of their findings and how these have been taken into consideration in drawing up the proposals for the prospective new landlord's housing service; and • an outline plan for Best Value reviews by the prospective new landlord after transfer. • What proposals the RSL has in place to address the agenda as Respect neighbourhood managers 	<p>The transfer would deliver the resources required to deliver our "Transforming estates" vision – (this includes the Great Estates plan, the provision of new affordable housing and Socio-economic plans) and allow us to maintain the Decent Homes standard into the future.</p> <p>Best value reviews and other service reviews have been merged with the organisation's continuous improvement and performance management approach. There are a range of mechanisms adopted to improve services including: a well established Customer inspectorate who inspect all customer facing services, annual review of services through the business planning process, process improvement reviews, benchmarking analysis looking at service delivery and VFM as well as many other initiatives. There are also clear processes for risk management, internal and external audit of services and a strong performance management framework.</p> <p>Not applicable</p> <p>The Anti-Social Behaviour Service Centre is now fully operational and offers a cross tenure seamless approach to preventing and tackling anti – social behaviour, with all our partner agencies. A delivery plan has been agreed with our Registered Social Landlord partners and close partnership working is evidenced by the St Vincent's Housing Association Anti-Social Behaviour manager being based within the Centre. Work in the private rented sector continues to be a priority with the establishment of a private sector development and support officer to work with private sector landlords in renewal areas with a focus on the selective licensing area around Union Rd.</p>
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Financial Appraisal		
n That DCLG is satisfied that the transfer would provide value for money for the taxpayer.	Details of how this has been assessed by the authority. Include a copy of the value for money assessment supporting transfer as the choice of option.	HCA formally endorsed the findings of Bolton's Housing Options Appraisal in ????, which included a value for money assessment, recognising the need to take radical action in anticipation of projected deficit arising in the HRA from 2011.
O A Single Transfer Model has been completed for an authority proposing an LSVT or an SSVT involving 200 properties or more.	<p>A written account (the figures and their derivation) of the following assumptions in the Pricing Model:</p> <ul style="list-style-type: none"> • Relet rate • Initial rents for transferring tenants • Initial rent for new tenants • Void and bad debt rate • Per unit supervision and management expenditure • Discount rate. 	<p>The key assumptions in the pricing model and their derivations are as follows:</p> <ul style="list-style-type: none"> • The re-let rates used reflect recent experiences of managing the homes. Smaller properties turnover more regularly and the re-let assumptions range from 18.5% per year for bed-sits to 3.9% per year for the larger homes, • The initial rents used in the model are based on actual average rents for each property size in the 2009/10 rent roll and range from £36.72 for a bed-sit to £95.87 for a six bedroom home, • Rents for new tenants are assumed at the target rent calculated in accordance with the government's rent formula for Bolton, • Void and bad debt losses (rate) are assumed at 2.83% of rental income per year. This figure is based on the current position and recent historical performance, • The supervision and management expenditure is assumed at the equivalent of £784 per home per year. This figure is based on a detailed analysis of the costs currently incurred that would transfer with the housing stock and on factors that recognise the differences between and a RSL and a local authority (e.g. insurances, tax and the like), • The discount rate has been assumed at 6.5%. This is towards the lower end of the range recommended in the guidance and reflects the impact of recent changes in the transfer funding market.

<p>P That the proposed terms of the transfer are acceptable, including whether the price would take account of the housing's Tenanted Market Value, which has been calculated on the basis of a rent plan which conforms to government policy and reasonable estimates of expenditure.</p>	<p>Whether it is proposed to transfer the freehold or the leasehold interest in the property and, if the latter, an explanation of why this is necessary.</p> <p>Details of the prospective new landlord's proposed rent plan, including an outline strategy for delivery of the rent reforms by 2011/12, how rents for new tenants would be set, the level and length of any rent guarantee and</p> <p>Explanation of the proposals for handling service care and support charges.</p> <p>The proposed sale price and, for proposed SSVTs of less than 200 properties where a Pricing Model has not been completed, an explanation of how this had been calculated.</p>	<p>It is proposed to transfer the freehold of the homes.</p> <p>The new landlord's rent plan assumes that rents for transferring tenants would migrate to target (formula) rents as quickly as possible within the constraints of the increase caps. Rents will meet targets between 2013/14 and 2015/16 for the different property sizes. This policy reflects that of the Council (modified by the recent changes introduced by the government). Homes let to new tenants following the stock transfer will be let at target rents. Tenants will be advised that rent increases will be in line with the migration to target rents.</p> <p>There are no assumed increases in service charges for existing services.</p> <p>Many details of the assumed sale price of the proposed transfer have been shared with CLG / HCA. The preferred transfer has a price, calculated using the CLG model, of £6.86 million.</p>
<p>q That the transfer would be fundable and, where an authority would have (i) overhanging debt, the transfer receipt would be sufficient to cover set up costs and the remainder</p>	<p>Where the stock has a negative value, the proposed source of dowry and whether a firm commitment</p>	<p>The stock does not have a negative value and so dowry funding is not required.</p>

<p>used to offset part of the PWLB loan and premiums</p>	<p>has been secured.</p> <p>An estimate of the private finance needed to fund the transfer, whether the new landlord intends to fund from within existing loan facilities or take out a new loan and details of any feedback from potential funders. Where there would be overhanging debt</p> <ul style="list-style-type: none"> • confirmation that the proposed valuation is based on expenditure requirements revealed by a recent stock condition survey and the date of the survey; • confirmation that funders have indicated that the transfer would be fundable on the basis of the proposed valuation; • an estimate of the total PWLB debt at the time of transfer; • an estimate of the premiums payable on the early debt redemption of the attributable housing debt; and • an estimate of the one off payment necessary to enable the attributable housing debt to be redeemed and details of how this has 	<p>Private finance is estimated to peak at a requirement of £130 million. This will be funded through a new facility and initial discussions have been held with lenders. The Council has appointed funding advisers earlier than is usual (i.e. prior to the ballot) in recognition of the need to proactively approach the market.</p> <p>There will be overhanging debt of some £288 million plus and early redemption penalties.</p> <p>We can confirm that:</p> <ul style="list-style-type: none"> • The expenditure requirements in the valuation are derived from a recent stock condition survey that reported in June 2009, • Early indications are that funders do consider that the transfer would be fundable on the basis of the proposed valuation. (Funder's comments have previously been shared with HCA / CLG), • The Council's estimated total PWLB debt at the time of transfer will be £296m. • The premiums payable on the early redemption of this debt are estimated to be £37m.
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<p>(ii) Gap funding, that the cost of decent home delivery to the public purse has been minimised.</p>	<p>been calculated. Confirmation that the proposed valuation is based on expenditure requirements revealed by a recent stock condition survey and the date of the survey</p> <ul style="list-style-type: none"> • all options for either reducing or meeting the gap have been pursued • confirmation that funders have indicated that the transfer would be fundable on the basis of the proposed valuation • that there are clearly identified assumptions about the scope for improved efficiency 	<ul style="list-style-type: none"> • The one off payment necessary to enable the attributable debt to be redeemed is £323.7m This comprises the debt of £288 million and the premiums above plus £37m debt redemption premia, minus £1.3m. All the figures assume that the Council will not carry out any further debt re-scheduling exercises between now and the date of transfer. <p>Not applicable</p>
<p>R That the proposed use of any usable capital receipt from the transfer would benefit the delivery of the sustainable community</p>	<p>Provide</p> <ul style="list-style-type: none"> • an explanation on what the receipt will be used for; • an estimate of the capital receipt (gross receipt less set-up costs); • an estimate of the authority's attributable housing debt at the time of transfer, how this has been calculated and an estimate of the overall debt position; • an estimate of the amount of levy payable; 	<p>It is assumed that the capital receipt of £6.86 million will be used to cover the costs of the transaction and so there will not be a net capital receipt.</p> <p>The Council's attributable housing debt at transfer has been assumed at £288 million. This comprises an SCFR of £131 million and £157 million of debt incurred on investment in the homes outside the SCFR since the inception of the ALMO. The Council's overall debt position is £369m</p> <p>No levy will be payable.</p>

	<ul style="list-style-type: none"> • whether the authority will become debt free; and • where whole stock is proposed, confirmation that the authority intends to close its HRA 	<p>The Council will not become debt free after the transfer.</p> <p>It does propose to close its HRA.</p>
Monitoring		
s That the authority and prospective landlord have in place proposals to ensure they comply with DCLG and Housing Corporation requirements to monitor delivery of the transfer proposal and promises made to tenants.	What plans the authority has in place to monitor delivery of the transfer proposal and promises to tenants.	Compliance will be monitored by the Council's existing Strategic Housing team, led by a Chief Officer who will report to the Executive Member. Details of the schedule and specification of the monitoring framework will be clarified post ballot. This will integrate with any regulation requirements of the TSA.
Authority		
t That the authority has appointed a project manager and where necessary a support team to see through the transfer	Name and their involvement in the transfer to date.	A joint project team with Bolton at Home has been established. Leading on behalf of the local authority is Michelle Horrocks who has had a lead in contract relations and performance management of the ALMO to date. Bolton at Home's project management is being led by Sharon Taylor, their deputy chief executive.
u That the authority has assessed the corporate impact of the proposed transfer and not identified any insurmountable problems, that the authority has worked with its staff to consider the implications of the housing transfer on their employment arrangements agreed an acceptable way forward for all parties and that it has in place a change management	<p>Provide</p> <ul style="list-style-type: none"> • an assessment of the impact of the transfer on the authority's other services and, in the case of whole stock transfer, on the authority's corporate structure, together with proposed solutions to address any potential problems identified; and 	Most of these issues have already been addressed through the establishment of the Council's ALMO. A number of Council services to the ALMO are retained by SLA or separate contract/management agreement. These will be renegotiated as part of the transfer agreement and any consequences addressed.

	<ul style="list-style-type: none"> ● details of staff involvement in the process to date and the authority's approach to managing the change that the transfer will constitute for its staff. 	<p>Staff representatives from both the Council and Bolton at Home have been fully involved in the process to date and will continue to be. Briefing sessions and newsletters have gone out to staff periodically informing them of the options available and progress being made. The establishment of, and effective separation of the ALMO in 2001 has meant that many of the usual changes that are necessary in traditional transfers, have already been achieved. However, more frequent communications with staff will take place as we progress towards transfer.</p>
v. That the authority has set out clearly how it will undertake its strategic housing function and other statutory housing functions post transfer.	<p>Provide</p> <ul style="list-style-type: none"> ● evidence of a strengthening of the strategic role of the council following transfer; ● details of how the authority would continue to fulfil its statutory obligations in respect of social housing, including maintenance of a housing register and an allocation scheme. ● Details of the proposed way forward for dealing with choice-based lettings policy. 	<p>The creation of the ALMO in 2001 resulted in the separation of the Strategic and operational functions. Housing Strategy is a distinct function within the Council and is led by a Chief Officer within the Development and Regeneration department.</p> <p>All statutory housing functions will continue to be delivered through existing arrangements. There will only need to be minor adjustments to the current arrangements.</p> <p>A choice based lettings system already works successfully in Bolton, along with a common housing register. We are also leading on the development of a sub regional choice based lettings scheme. Both of these schemes are currently maintained and administered by the Council.</p>

Report to: Executive

Date: 2nd February 2009

Bolton Council

Report of: Director of Development and Regeneration

Contact Officer: Jeff Smethurst
Chief Housing & Regeneration Officer

Report No:

Tele No: 331008

Report Title: **Transforming Estates: Planning for Post-ALMO Arrangements**

Confidential / Non Confidential: (**Non-Confidential**) This report does **not** contain information which warrants its consideration in the absence of the press or members of the public

Purpose: To seek approval to commence the initial preparatory work leading to the introduction of a new housing model, in anticipation of Government support to develop the Transforming Estates proposal.

Recommendations: The Executive is recommended to approve the following tasks as detailed and costed in paragraph 3 and 4 of this report, to commence as soon as possible in order to enable the delivery of the Transforming Estates timetable:

- Confirmation of the commissioning of an independent Stock Condition Survey
- Recruitment of an Independent Tenant Adviser
- Development of a Consultation and Communications Plan, with associated commissioning of specialist elements
- Continued financial and legal consultancy
- Establishing project teams

Background Doc(s):

SUMMARY

Bolton Council has approved, in principle, the development of the *Transforming Estates* option which deals with issues of expected repair funding shortfalls; the poor environmental quality on council estates; and socio-economic disadvantage experienced by many tenants living there.

The proposal would include the reconstituting of Bolton at Home from an arms length management organisation, to a leasehold stock transfer company. The project's timetable would require a ballot of all tenants aimed to be carried out during the Autumn of this year and although Government have yet to confirm their support for the proposals, certain works need to start now, in order to be able to achieve that target.

1. INTRODUCTION

- 1.1 In June 2008 the Executive approved, in principle, the Outline Business Case for *Transforming Estates* which deals with the issues of projected repair funding shortfalls; the poor environmental quality of our council estates; and the socio-economic disadvantage experienced by the communities living there. The proposed option includes the establishment of a new leasehold transfer housing organisation, which would require a ballot of all tenants.
- 1.2 In October 2008 the Executive Member for Strategy and External Relations agreed to extend the existing Management Agreement with Bolton at Home until April 2011, to allow sufficient time to progress post-ALMO proposals.
- 1.3 It is anticipated that the Government will formally announce its view of the Outline Business Case in May 2009 but if we were to have any chance of achieving the targeted all-tenant ballot during September, certain tasks need to be started now.

2. PREPARING FOR CHANGE

- 2.1 The Transforming Estates option makes stock transfer in Bolton different to that carried out anywhere else in the country. A consequence is that communications and project management would be much more complex, needing to be about the full package on offer, rather than just on future repair and management issues.
- 2.2 There is a clear government-prescribed procedure to follow on consulting and balloting tenants in advance of transfer.

3. IMMEDIATE TASKS

- 3.1 In order to meet the various milestones leading to a ballot in September, a number of tasks need to be started now:
- 3.2 ***Stock Condition Survey*** – The essential reason for creating an independent Bolton at Home through stock transfer, is to allow it to raise funding through the private financial sector. In order for this to happen, any lender would require an independent stock condition survey which sets out the valuation and condition of the housing stock. Appointment of Savilles, the firm which carried out the pre-ALMO stock condition survey, has already been sanctioned by the Director of Corporate Resources under delegated powers. The cost for this work has been agreed at £135K together with £70K for production of necessary Energy Performance Certificates – total £205K.
- 3.3 ***Appointment of an Independent Tenant Advisor*** – It is a Government requirement that leading up to a tenant ballot for stock transfer purposes, local authorities in partnership with their tenants, appoint an independent tenant advisor who will examine the Council's proposals and help ensure that tenants receive an unbiased view of what is being offered and advise on how they can respond. This is a specialist function and prescriptive government guidance means it could not be carried out in-house. The indicative estimated cost, based on experience of other local authorities of this procurement, is £75K.

3.4 Consultation and Communications

- 3.4.1** Effective communications will be the most critical factor in the successful delivery of Transforming Estates, including any stock transfer proposals.
- 3.4.2** Whilst no formal communications can take place until the Government has confirmed that Transforming Estates is a viable option, it is essential to start developing a detailed consultation and communications plan, which meets the statutory requirements and successfully conveys the Council's vision backed up by the very positive opportunities for its tenants.
- 3.4.3** Led by the Council's Marketing and Communications Team, it is proposed to recruit a specialist public relations consultant in support of the development of a detailed and comprehensive consultation and communications plan. This would cover the recruitment of a specialist consultant but particularly the costs of intensive communication with Bolton's 18,000 council tenants. The indicative estimated cost of this work is £85K.
- 3.5 Consultancy Fees** – The Executive Member Housing and Regeneration approved the appointment of highly specialist legal and financial consultants to carry out preliminary work to shape the outline business case. Funding was for the first half of 2008/09. Additional funding for the remainder of the year requires approval, at the same rate, amounting to £53.5K.
- 3.6 Establishing Project Teams** – The above paragraphs set out where either skills and/or capacity are currently lacking, to secure expert outside support to prepare for establishing a new housing model and certain related tasks. However, most of the work needed for this substantial project will be delivered in-house through project teams both in the local authority and Bolton at Home.
- 3.6.1** This will require the temporary freeing-up of, and possible secondment of staff from both organisations to lead and deliver this work. In order to keep core services running, some back-filling will be required.
- 3.6.2** A more detailed report will be submitted on receipt of the Government's deliberation on the new model's viability but, in the meantime, Strategic Housing Unit staff are being dedicated to the project and it is proposed to now recruit to approved, but unfilled posts of two principal housing strategy officers, at a cost full year of £69.6K.
- 3.6.3** Similarly, Bolton at Home have identified project team and related staffing needs amounting to £61.8K full year and £10.3K in 2008/09.

4. FINANCIAL IMPLICATIONS

- 4.1** The immediate known 2008/10 cost implications of the above proposal are estimated at £480K. Of this £299K is expected to be spent in 2008/09.
- 4.2** These costs are for the minimum, essential tasks which need approval now. A follow-up report will contain a more detailed, time tabled project plan and full costings for all elements of the Transforming Estates Proposal.
- 4.3** It is important to set out that some of this initial work and expenditure, which will be met from existing housing resources, may be "at risk" – should the anticipated Government

approval or a positive tenant ballot not occur. However, officers will seek to recover all costs from the new financial model, if approved.

5. RECOMMENDATION

5.1 The Executive is recommended to approve the following tasks as detailed and costed in paragraph 3 and 4 of this report, to commence as soon as possible in order to enable the delivery of the Transforming Estates timetable:

- Confirmation of the commissioning of an independent Stock Condition Survey
- Recruitment of an Independent Tenant Adviser
- Development of a Consultation and Communications Plan, with associated commissioning of specialist elements
- Continued financial and legal consultancy
- Establishing project teams

Jeff Smethurst
Chief Housing & Regeneration Officer