

**Cabinet
Council****12 December 2011****25 January 2012****Stock Transfer of Ethelred, Thorlands and Magdalen
Estates as the Lambeth Alliance of Tenant Management
Organisations (LATMOS)**

Prince's, Herne Hill and St Leonard's Wards

Estates:

Ethelred – Prince's Ward

Thorlands – Herne Hill Ward

Magdalen - St Leonard's Ward

Cabinet Portfolio:

Cabinet Member for Housing:
Councillor Lib Peck

Report authorised by:

Executive Director Housing Regeneration
and Environment: Sue Foster

Executive summary

The LATMOS project incorporating Magdalen, Thorlands and Ethelred TMOs was on the Homes and Communities Agency (HCA) stock transfer programme. This was due to have completed by March 2010 but has encountered delays due to the complexities of the Community Gateway transfer model and in particular the issues around financial viability of a new stand-alone landlord initially envisaged by the LATMOS.

Following a financial appraisal of the proposals, LATMOS accepted that their initial vision of forming a stand-alone Registered Provider to take freehold ownership of the three estates proved economically unviable and that in order to proceed they would need to work with a Registered Provider partner. Following a rigorous selection process Walsall Alliance of TMOs (WATMOS) Community Homes were selected as their preferred Registered Provider partner.

The stock transfer of LATMOS needs to complete by 31 March 2012 in order to adhere to the pre self financing guidelines. The proposal has been supported in line with the 14 April 2003 Executive decision to adopt a mixed options policy including partial stock transfers.

The formal ballot has now closed with the majority of tenants voting in favour of transfer. This report seeks the approval of Cabinet to the proposed stock transfer of the three estates following the positive outcome of the formal ballot, to WATMOS Community Homes, the Registered Social Landlord selected by residents on the estates.

Summary of financial implications

Capital funding relating to the costs of consultation, negotiation and fees for legal and financial advice has been identified and is within existing budgets.

The financial implications of the proposed transfer include:

- a. Investment of approximately £24m, on the part of WATMOS Community Homes, in the housing stock and environmental improvements on the rest of the estates;
- b. The value of continuing nominations to the Council;
- c. A nil overall impact on the HRA due to reduced income flows matched by reduced expenditure levels
- d. A reduction in the level of overhanging debt attributable to the HRA under self financing
- e. A reduction in the overall capital investment requirements of the Asset Investment Strategy to be delivered
- f. Possible income generated from a VAT sharing agreement which will be recycled within the business plan.

Recommendations

Cabinet

- (1) To note the result of the LATMOS stock transfer ballot for the three estates.
- (2) To approve the proposed transfer by 31 March 2012 subject to:
 - a) Full Council approving the application to the Secretary of State for consent to the proposed stock transfer
 - b) The Secretary of State granting consent for the proposed stock transfer.
- (3) That, subject to noting recommendation (1) and the adoption of recommendation (2), Cabinet delegates to the Executive Director of Housing, Regeneration and Environment the authority to progress the negotiation of the financial and other terms of the proposed transfer to the point of completion of the transfer, such transfer being subject to Full Council approving the application to the Secretary of State as per (2a) above, and subject to the Secretary of State granting consent, as per (2b) above.
- (4) That, subject to noting recommendation (1) above and the adoption of recommendation (2) above, Cabinet recommends to Full Council that an application be made to the Secretary of State for consent to the proposed transfer.

Council

- (1) To note the result of the LATMOS stock transfer ballot for the three estates.
- (2) To approve the proposed transfer by 31 March 2012, subject to the Secretary of State granting consent for the proposed transfer.
- (3) To approve the application to the Secretary of State for consent for the proposed stock transfer by 31 March 2012.

Consultation

Name of consultee	Department or Organisation	Date sent	Date response received	Comments appear in report para:
Internal				
Rachel Sharpe	Divisional Director(Housing) HRE	10/11/11	10/11/11	Throughout
Greg Carson	Governance and Democracy	24/11/11	24/11/11	Para 4
Frank Higgins	Corporate Finance	24/11/11	1/12/11	
Paul Cooper	Assistant Director Strategy and Regeneration	10/11/11	10/11/11	Throughout
Philip Crow	Housing Finance	10/11/11	23/11/11	Para 3
Christina Thompson	Divisional Director (Resources) HRE	24/11/11	30/11/11	
Sue Foster	Executive Director Housing, Regeneration and Environment	24/11/11	1/12/11	
Councillor Lib Peck	Cabinet Member for Housing	24/11/11	1/12/11	

Report history

Decision type: Key decision (recommendation (2) to Cabinet)		Key decision: reason EITHER a) expenditure or savings of £500,000 or more <input checked="" type="checkbox"/> OR/AND: b) proposal affects significantly two or more wards <input type="checkbox"/>	
Authorised by Cabinet member:	Date report drafted:	Date report sent:	Report deadline
See above	09.11.11	01.12.11	21.11.11
Report no.:	Report author and contact for queries:		
209/11-12	Chris Christou, Manager, Housing Projects Team 020 7926 3475 cchristou@lambeth.gov.uk		

Background documents

Formal Consultation Documents

Appendices

None

Proposed Stock Transfer – LATMOS (Ethelred, Thorlands and Magdalen Estates)

1. Context

- 1.1 The three estates expressed an interest in pursuing stock transfer following the 14 April 2003 Executive decision to adopt a mixed options policy including partial stock transfers. Subsequently residents approached the Council via a Section 16 agent, Open Communities, seeking to explore a Tenant Led Stock Option appraisal.
- 1.2 The three estates comprise a total of 959 tenanted dwellings and 349 leaseholders. The estates are in Prince's, Herne Hill and St Leonard's wards. They consist of a number of post-war blocks.
- 1.3 In June 2008 the council agreed to work with the LATMOS steering group to undertake a feasibility study of current stock options to establish the best way forward for devolving power to the tenants in the future ownership and management of the estates. The steering group received a grant to undertake the Tenant Led Stock Option (TLSO) appraisal from the then Housing Corporation. This was match funded by LBL up to a capped level of £58k.
- 1.4 In December 2010 following a selection process WATMOS Community Homes was selected as the preferred partner. WATMOS Community Homes is an alliance of eight Tenant Management Organisations based in Walsall. In choosing WATMOS, LATMOS has chosen a partner which it believes will not only improve the estates to a higher standard, but one which understands the ethos of tenant management and which will support and strengthen that tenant management function for future generations.
- 1.5 A ballot of residents living on the three estates was carried out between 11th October 2011 and 8 November 2011. Prior to the ballot the Council set a threshold that for a valid result 50% turnout of tenants was required and of these more than 50% needed to be in favour of the transfer in line with good practice and policy adopted in previous transfers.
- 1.6 The requirement to consult on stock transfers is set out in section 106A and Schedule 3 of the 1985 Housing Act. Both this section and schedule restrict the requirement to consult to secure and introductory tenants. Whilst it is correct to state that leaseholders are tenants, the consultation requirements set out in the 1985 Housing Act only require statutory consultation with secure and introductory tenants. Therefore the outcome of the ballot is determined by the vote of secure and introductory tenants.
- 1.7 The Council was also clear the outcome of the ballot would be based on the overall result of the three estates, as part of the LATMOS partnership. As a result the voting outcome of each individual estate was not canvassed.

- 1.8 The HCA (Homes and Communities Agency) has reiterated that this transfer must complete before April 2012 as the new guidance in respect of HRA 'self financing' being introduced will apply beyond that point and mean the transfer cannot proceed. The HCA has received a business case for this particular proposal in respect of the 'overhanging' debt attached to the properties transferring. Under current legislation this debt is "written off" by the government.
- 1.9 The investment to be provided by the Registered Provider partner (WATMOS) is greater than Lambeth is able to make through its own capital resources. Stock transfers are financed through Registered Provider partners who, unlike Local Authorities, have the ability to borrow against their future rental income from the private lenders. By binding the Registered Provider partner contractually, Lambeth is able to safeguard most of the terms and conditions enjoyed by existing Council tenants when transferring housing estates.

2. Proposals and reasons

- 2.1 The final outcome of the ballot indicated that 51.1% of tenants were in favour of the transfer to WATMOS Community Homes. This meets the criteria established prior to the ballot of more than 50% turnout of tenants, and of those tenants more than 50% voting in favour, and as such it is recommended that the transfer of the three estates to WATMOS progresses. A breakdown of the voting outcome is provided below:

Outcome of ballot

Tenants Votes - Turnout 68.5%

Voted Yes	51.1%
Voted No	48.9%

- 2.2 The stock transfer proposed would contribute to an improved quality of life in Lambeth by ensuring there is investment in the properties on these estates and continued support for the existing individual TMOs which will remain autonomous. Residents of the estates would benefit from an investment in the region of £24M, which is a level of investment above that required to meet the current Decent Homes Standard. At the same time the transfer would contribute to the Council's investment strategy for its own housing stock by freeing up resources otherwise required to make these estates decent, (particularly as and when properties fall out of decency over the next few years).
- 2.3 Benefits to Residents as highlighted in the Council's Offer Document to residents include:
- 2.3.1 Rents would increase by no more than the formula of current rent plus Inflation plus 0.5% plus up to £2.00 per week every year until the target rent level for each home is reached in line with national guidelines subject to any change in government policy. This is a standard rent increase level supported by the Tenant Services Authority (TSA) and the HCA in stock

transfers. It fits within the rent convergence framework and is designed to bring Registered Provider partner rents in line with Local Authority Rents.

- 2.3.2 The rights existing tenants enjoy pursuant to their tenancy agreement with Lambeth Council will be protected through contractual clauses in their new tenancy agreements as Assured Tenants with WATMOS Community Homes. The right to succession will also be retained in this proposed transfer.
- 2.3.3 Preserved Right to Buy to existing tenants
- 2.3.4 Direct involvement in the management of their homes through ongoing autonomous TMOs.
- 2.3.5 Existing TMOs to be supported and maintained
- 2.3.6 A planned maintenance programme linked to the business plan which would make sure that the homes across the estates are maintained over the next 30 years and beyond.

2.4 Additionally, the Council would benefit from the following which will be embedded in the provisions of the transfer agreement:

- 2.4.1 An increased number of dwellings in the borough meeting the Decent Homes Standard and beyond leading to greater quality of life.
- 2.4.2 Improved quality of the built environment as external improvements are also envisaged, resulting in an area more likely to attract businesses and economic activity.
- 2.4.3 100% nomination rights to the transferred properties.
- 2.4.4 A tax efficient treatment of VAT resulting in savings, with a possible share accruing to the Council
- 2.4.5 A share of capital receipts on future Right to Buys unless such proceeds are to be invested to provide additional affordable housing in the Borough, provided that the receipts are not needed to support the Transfer Business Plan.
- 2.4.6 A price for the current tenant and leasehold arrears which the Registered Provider is required to buy from Lambeth at their face value in the accounts.

2.5 WATMOS Community Homes will be committing c. £24M investment into the three estates over the next 5 years. This is above the investment that could be delivered through Lambeth Living, and represents a level of investment that would be above Decent Homes. It is worth noting that the cost of bringing the three estates up to the Decent Homes Standard is £4.5M. If the ownership of the three estates remains with the Council, the following costs would be incurred:

- 2.5.1 The cost of planned maintenance of the estates over the next 30 years including the cost of carrying out works to empty properties would be approximately £23.5M.

2.5.2 The cost of continuing to manage the tenancies, leaseholds, and customer service functions, including collection of rents, service charges, arrears administration and estate services. It is worth noting that many of these costs are fixed in nature and therefore a reduction in service requirement will not necessarily lead to a cost reduction.

2.6 The price to be paid by WATMOS Community Homes for the transfer of the estate is nil. The basis for determining the transfer price, known as Tenanted Market Value (TMV), is laid down by HCA. In effect TMV values the housing stock as a social housing operation, where rents are kept to government target levels, consultation promises are kept, and good standards of management and maintenance are provided. As such it does not reflect the "bricks and mortar" or open market value of the stock.

2.7 To arrive at the transfer price the receiving Registered Provider develops its Business Plan by projecting forward the rent and other income (taking into account government/ TSA rent policies and the limit on individual rent increases), and also projecting its costs - investment in the stock, management, repair and maintenance etc. The Plan is a long-term document and will extend over at least 30 years. Typically during the early years, when the key promises made on investment in homes and estates are being honoured, income is less than expenditure, and borrowing takes place to fund the works programmes and interest payable on loans. In later years works costs will reduce once the promised higher standards have been achieved and income may exceed expenditure to enable the initial loans to begin to be repaid.

2.8 The relevant title searches have yet to be completed but any land that is not appropriate for transfer will be excluded from the plans for transfer. Should there be any unregistered land, this will be registered by the time of completion.

2.9 Reasons for the recommended decisions.

2.9.1 Options Appraisal

The Stock Options Appraisal in 2004 recognised that an additional number of transfers might be necessary to reach a sustainable HRA at that time and reiterated the criteria set by the Housing Commission for eligible transfers. The three estates met these criteria when the submission was originally submitted to CLG. An assessment of the three estates resulted in a negative valuation according to the government's model for stock transfer, reflecting the level of investment required to maintain the properties.

The transfer would not be detrimental to the rest of the Council. (See paragraph 3.4 for the impact on HRA.) The proposed transfers would be at nil value.

2.9.2 Informal Consultation and Selection Process

The offer to residents which had been widely consulted on via the LATMOS Shadow Board, individual TMO committee and open meetings, special interest groups, surgeries on the estates, door knocking to inform of the

proposals, leaflets, awareness days and the continued services of an Independent Tenants Adviser. To prepare the offer the LATMOS, officers, WATMOS and the ITA organised the informal consultation events to discuss the content of the offer to fulfil both the aspirations of the residents and the conditions set by HCA. At the end of this consultation exercise the offer was prepared and distributed to all tenants and leaseholders on the estates.

2.9.3 Formal Consultation – Offer Stage

Residents were consulted formally on the offer made by WATMOS according to the consultation framework governing stock transfers. This is separated in the Offer Document Stage, called Stage 1, and Stage 2 which also includes the ballot. The Council made the offer to transfer to residents based on the proposals made by WATMOS; after a period of 28 days the Council reviewed the responses received. Following the review it was agreed that minor material changes were required to the offer and Stage 2 and the ballot commenced on 10th October 2011

The outcome of the ballot was that the majority of the 68.5% of tenants who voted were in favour of the transfer by 51.1%. In keeping with established good practice and the government's transfer manual guidance (as outlined in paragraph 4.4 below) leaseholder's views were also sought by ballot. The outcome was 40.7% in favour and 59.3% against from a 49.5% turnout.

2.9.4 Investment

The cost of bringing the estates up to the Decent Homes Standards is estimated £4.5M. Lambeth would need to ask for an increase to the ALMO funds to include these estates. Under the transfer proposals residents are set to benefit from an investment of c. £24M. The Council is not able to offer these residents a comparable investment. It offers a higher quality of life as well as just Decent Homes works. WATMOS Community Homes has a track record of investing in communities as well as in bricks and mortar and the wider benefit of sustainable communities and on going support of the existing TMOs must be considered. While stock transfers are mainly based on financial models and the value of the repairs, a key criterion for residents is the social resident empowerment and the ongoing support to the existing TMOs to manage the capital works and manage their estate through this mechanism was a key factor in selecting WATMOS Community Homes.

3. Finance Comments

3.1 The transfer of the LATMOS estates is programmed to complete towards the end of March 2012, and WATMOS Community Homes, the new landlord, has undertaken to pay the Council's pre ballot costs to a cap of £240k and a further £240K post ballot set up costs. Costs are expected to be within this cap and are detailed below.

3.1.1 The overall costs of the transfer are shown in the table below. The costs are those incurred to date and forecasted.

Expenditure on Transfer	£
Tenant Advisers	20,000
Legal Advice	10,000
Offer Document Costs	15,000
Specialist Financial Advice	5,000
Informal Consultation	2,000
Further costs which will be incurred in completing the transfer: additional legal and financial advice costs and the appointment of the VAT advisor.	55,000
Total Projected Expenditure to be financed from Capital Receipts	107,000
Statutory ballot costs under S106a of the Housing Act 1985 financed from the HRA as per SORP guidance	7,500
Total Projected Expenditure	114,500

3.1.2 If the stock transfer does not proceed the costs financed by capital receipts will taken to the Housing Revenue Account.

3.2 The transfer of the estates will remove the net cash flows from the HRA, and in compensation the DCLG has undertaken to ensure that the Council's HRA debt calculation does not include the overhanging debt from the transferring stock.

3.3 The Councils current capital investment plans have no provision for Decent Homes investment in the Estates for the next three years. This reflects that they are in relatively good condition compared with other areas of housing stock. This transfer will allow investment of circa £24m to be over the next 5 years based on the current WATMOS commitment. This is a significant level of investment that is in excess of any investment level that may have been achieved through existing arrangements.

3.4 The net effect on the Housing Revenue Account should be broadly neutral providing that pro rata savings can be made in management and maintenance costs.

Income

3.4.1 The Council currently holds an income budget of approximately £3.5m for these properties. This reflects the average income that could be secured from these properties reduced for void levels and income collection performance. This income would be lost to the HRA following the transfer.

Expenditure

3.4.2 The delegated HRA budgets will reduce by £2.6m due to savings on management and maintenance allowances. The balance of the costs will be offset through reduced interest payments against a reduced overhanging debt charge. There will be no impact on the management fee provided to the

ALMO as the TMO allowances are included in the delegated budgets for the HRA.

- 3.5 The transfer of the estates will have an impact on the overhanging debt attributable to these properties which becomes critical under the new self financing arrangements for the HRA that will be introduced in April 2012.
- 3.6 Where the authority disposes of some of its HRA stock and the set aside part of the capital receipt is insufficient to repay the estimated debt attributable to that stock, the authority is said to be left with overhanging debt. This is the case with this stock transfer since no capital receipt is payable by the registered provider. However, this overhanging debt is then discharged by DCLG.
- 3.7 DCLG have confirmed (as at November 2011) that the overhanging debt charge of £22.6m will be discharged in before the end of 2011/12 in respect of this stock transfer. Based on this assessment the HRA will pay approximately £1m less in interest charges.

3.8 VAT sharing

The Estates cash flows under transfer indicate a negative value of some £2.86m. To facilitate the transfer the Council has agreed to allow WATMOS to retain sufficient of the VAT savings to support a viable financial business plan. The development of the business plan under transfer has not been completed and negotiations on this issue continue.

Preserved Right to Buy

- 3.9 Transferring tenants with the Right to Buy will have those rights preserved. The intention is to negotiate an agreement with WATMOS that permits them to retain sufficient of the RTB proceeds to compensate it for the lost net rent income and sales costs, with the balance of the receipts accruing to the Council.

Rent and Service Charge Arrears

- 3.10 The intention is to sell the Council's rent and service charge arrears to WATMOS. This has been agreed in principle but the details have yet to be negotiated.

4. Comments from Director of Governance and Democracy

- 4.1 Section 135 of the Leasehold Reform, Housing and Urban Development Act 1993 sets out the statutory provisions relating to programmes for transfers of local authority houses. All such transfers require the consent of the Secretary of State under section 32 of the Housing Act 1985 and, where the transfer involves more than 499 houses, it will have to be included in the Secretary of State's, "disposals programme" for any particular financial year. The disposal may then take place in that or the following financial year.
- 4.2 The duty to consult with tenants is prescribed in section 106A of, and Schedule 3A to, the Housing Act 1985 and the Secretary of State is under a duty to refuse to give consent to the transfer if it appears to him that the majority of the secure tenants who would be affected by the disposal oppose it. The Council, in carrying out the stage 1 and 2 consultation process has complied with the consultation requirements set out in

section 106A and schedule 3A to the Housing Act 1985 as amended by the Housing and Regeneration Act 2008.

- 4.3 The definition of a secure tenant being set out in section 79 of the Act. Schedule 1 of the Act sets out those tenancies which are excluded from being secure tenancies (and by virtue of that, introductory tenancies). Paragraph 1 of Schedule 1 excludes 'long tenancies' from being a secure tenancy. Section 115 of the Act defines a long tenancy to be a tenancy granted for a term certain exceeding 21 years. Therefore, whilst leaseholders are tenants, they are not secure (or introductory) tenants and there is not statutory duty to ballot them.
- 4.4 Authority to approve a transfer sits with the Secretary of State, who will only agree to the transfer on the basis that the statutory duty to consult (i.e secure and introductory tenants) has been completed. The Secretary of State will not give his consent unless the ballot demonstrates that the majority of tenants who voted in the ballot were in favour of the proposed transfer, but this does not affect his general discretion to refuse consent on grounds relating to whether the transfer has the support of the tenants or on other grounds. The 2005 Transfer Manual contained the following advice in respect of leaseholders:

“Leaseholders

10.31 There are no statutory requirements for consulting long leaseholders (i.e. people who have exercised their Right to Buy (RTB) on a long leasehold basis or have bought from those who have exercised their RTB) as the terms of their lease would not change if the freehold transferred to an RSL. However, an authority should have engaged leaseholders in the development of the transfer proposal as they are important local stakeholders.

The authority will also need to involve leaseholders in the detail of the transfer proposal, where it would result in leaseholders being asked to pay a larger than normal amount towards the cost of repairs or improvements, for example to communal areas of blocks of flats.

10.32 Many leases only allow for recovery of repair charges, and works promised to tenants in the offer document might be improvements, such as CCTV, door entry systems, etc.

Other types of works are not easily categorised as repairs or improvements, so recovery from leaseholders is not always possible. Even if the work is rechargeable, there may be limits on the amount leaseholders can pay, and these may not allow full recovery.

In these cases, if the authority is proposing to include such works as part of its offer document, then it should clarify where the costs to the leasehold properties will fall.

The terms of the lease will be critical, so the authority's legal advisers need to be consulted about what elements can be re-charged, and these can be costed by cross referencing to the Stock Condition Survey. It is likely that local authorities will not have just one form of lease, and many leases only allow re-charges for

repairs rather than improvements. Much of what tenants will expect will be improvements. These will be part of a legally binding promise in the formal consultation document, so because the authority is committing itself and the RSL to carry out these works, it must be clear exactly how any shortfall in leaseholder contributions will be funded.

10.33 There is no limit on what leaseholders may be re-charged. The £10,000 cap that was applicable in Estate Renewal Challenge Fund schemes does not apply to any subsequent LSVT schemes. The freeholder should therefore assume recovery of the full amount that the lease provides for.

- 4.5 Pursuant to the requirements of The Local Authorities (Functions & Responsibilities) (England) Regulations 2000 as amended, certain decisions relating to the transfer of housing land can only be authorised by full Council. These decisions include any proposed disposal of housing land where the consent of the Secretary of State is required under sections 32 or 43 of the 1985 Housing Act. Therefore, in the case of any proposed disposal which is not covered by General Consent (and where, therefore, an application to the Secretary of State for specific consent is required) the authorisation of the application must be obtained from the full Council before the application is made.
- 4.6 Section 149 of the Equality Act 2010 sets out the new public sector equality duty replacing the previous duties in relation to race, sex and disability and extending the duty to all the protected characteristics i.e. race, sex, disability, age, sexual orientation, religion or belief, pregnancy or maternity, marriage or civil partnership and gender reassignment. The public sector equality duty requires public authorities to have due regard to the need to:
- Eliminate unlawful discrimination, harassment and victimisation
 - Advance equality of opportunity and
 - Foster good relations between those who share a protected characteristic and those who do not
- 4.7 The Equality Duty must be complied with before and at the time that a particular policy is under consideration or decision is taken – that is, in the development of policy options, and in making a final decision. A public body cannot satisfy the Equality Duty by justifying a decision after it has been taken.
- 4.8 The purpose of TUPE is to preserve continuity of employment and to safeguard employment rights of all employees whose employment transfers to a new employer as a result of a relevant transfer. Dismissal of staff that are protected by TUPE will be automatically unfair unless there are valid economic, technical or organisational reasons. Any changes to terms and conditions of employment which are related to the transfer will be invalid unless the changes are made for economic, technical or organisational reasons entailing changes in the workforce.
- 4.9 In brief TUPE will apply where there is a transfer of a business involving the transfer of an "economic entity" that retains its identity upon transfer, or when there is a service provision change under which services are either contracted out or brought back in-house.

- 4.10 In determining which employees will transfer to WATMOS regard should be had as to whether an employee is engaged wholly or mainly in the carrying out of activities which are to be transferred to WATMOS. Staff who are not wholly or mainly engaged in carrying out these activities may not be subject to TUPE but will need to be consulted in relation to any impact which the transfer of functions to the registered provider may have on their terms and conditions of employment or working arrangements.
- 4.11 There is an obligation under TUPE to inform and consult with trade unions in good time before a transfer takes place. There is also an obligation on the Council/Lambeth Living to provide information to the registered provider in relation to the transferring employees and penalties for failing to provide timely and accurate information. The Council, Lambeth Living and WATMOS will separately be embarking on the consultation required to ensure compliance with the TUPE regulations.

5. Results of consultation

- 5.1 Formal consultation with residents on Ethelred, Thorlands and Magdalen Estates took part during September 2011 – Nov 2011, in compliance with guidance set out by HCA. The ballot was held in Oct 2011 and the outcome of the ballot demonstrates that 671 secure tenants voted and 343 (51.1%) of them supported the transfer.
- 5.2 The consultation on stock transfer proposals is set by schedule 3A of the Housing Act 1985 and the HCA in its guidance. In addition to this Lambeth carried out extensive consultation prior to the formal consultation exercise (see 2.9.2 and 2.9.3).

6. Organisational Implications

6.1 Risk management:

Lambeth needs to complete this transfer by 31 March 2012, CLG having given Lambeth the authority to pursue the transfer proposal on condition that this deadline is achieved. The Local Authority remains responsible for the terms of the Offer to Residents. The economic environment is currently quite erratic and may lead to increasing the costs of the works and services and of the debt servicing. If this were to happen to the extent that a registered provider was unable to keep the promises in the Offer Documents, the registered provider and Lambeth would consult residents on alternatives. The risk in the Business Plans would be borne by WATMOS and its funders. There would be no provision for Lambeth to step in either financially or in management terms. As a risk containment strategy, Lambeth would set up a detailed monitoring arrangement with WATMOS. This would have its basis in the transfer agreement binding WATMOS contractually to the monitoring process.

6.2 Equalities impact assessment:

The Equality Impact Assessment on the original Stock Options Appraisal indicated that there was low impact of stock transfer. The BME population of Lambeth is 37.6%, with 61.7% of social housing tenants being from BME communities. The LATMOS transfer proposes a high level of investment in housing stock where there is a high concentration of BME communities. WATMOS will be expected to make

homes suitable for a person's needs, and in the case of people with disabilities, are incumbent upon the same regulations that apply to the local authority.

6.3 Community safety implications

Works to doors and windows will be to the Secure By Design Standard on the three estates.

6.4 Environmental implications:

Extensive works across the three estates will improve thermal insulation and reduce heat loss from homes thereby reducing heating bills. The investment carried out by WATMOS will be at a standard above Decent Homes and will ensure thermal comfort, new kitchens and new bathrooms as necessary. Landscaping works will increase the variety and robustness of plant species, combining rock and wood in landscaping designs all helping to attract native wildlife.

6.5 Staffing and accommodation implications

WATMOS recognises that TUPE may apply. Lambeth Council, Lambeth Living are in the process of identifying posts which may be affected by this proposal.

6.6 Any other implications:

The Council has the legal duty to have a Homelessness Strategy, part of which is a general duty to secure that there is sufficient accommodation for persons who are or who may become homeless in the borough. In accordance with the duty, the transfer contracts would provide for people on the Council's waiting list to be nominated to the empty properties on the three estates.

7. Timetable for implementation

	Proposed Time-table	Action
Cabinet	December 2011	Recommends to Full Council the stock transfers
Full Council	January 2012	Council will be given a progress report on negotiations.
Transfer of the three estates (Subject to all consents being received)	By 31 March 2012	The dwellings are passed to the respective WATMOS and the change of landlord is effective.
Refurbishment Works	2012 – 2017	WATMOS to complete investment up to decent homes plus standard.
