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<b>REPORT TO:</b>	<b>Housing and Community Services Committee</b>	<b>AGENDA ITEM:</b>	<b>11</b>
<b>DATE OF MEETING:</b>	<b>17 July 2003</b>	<b>CATEGORY:</b>	<b>DELEGATED/ RECOMMENDED OPEN</b>
<b>REPORT FROM:</b>	<b>Director of Community Services</b>	<b>DOC:</b>	
<b>MEMBERS' CONTACT POINT:</b>	<b>Mark Seaborn (ext 5775)</b>	<b>REF:</b>	
<b>SUBJECT:</b>	<b>Housing Stock Options</b>	<b>TERMS OF REFERENCE:</b>	
<b>WARD(S) AFFECTED:</b>	<b>All</b>		

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#### **1.0 Reason for Exempt (if appropriate)**

1.1 Not exempt.

#### **2.0 Recommendations**

2.1 To approve the consultation and empowerment strategy (Annex 1 to this report)

2.2 To approve an additional budget of £59,000 to be met from Housing Revenue Account reserves.

#### **3.0 Purpose of Report**

3.1 To seek a mandate from members to undertake the next stages of the options appraisal study, namely an extensive consultation and engagement process.

#### **4.0 Executive Summary**

4.1 The Council has previously received a report from Pennington Consulting setting out the initial results of the stock option appraisal, plus a report from the Business Planning Working Group, which consists of members and tenants on the same subject. This work needs to be progressed to a decision on which option to engage with tenants on in more detail, later in 2003. Recent guidance from the Government has emphasised the importance of tenant involvement in such decisions. Annexed to this report is a draft consultation and empowerment strategy, which will allow the Council to move forward in an inclusive manner, with the results of the process, feeding into the formal decision making as to which option should be pursued.

#### **5.0 Detail**

5.1 Members will recall the Housing Options Review Report produced by Pennington Consulting and presented to members at their meeting in March 2003. The report was subsequently the subject of a seminar open to all members in June 2003.

- 5.2 Government have always expected local authorities to engage and consult thoroughly with tenants and other stakeholders, such as staff as part of considering options for the future ownership and management of the housing stock. The Government have strengthened their advice in this respect through guidance – ‘Delivering Decent Homes – Option Appraisal; Guidance for Local Authorities’, June 2003.
- 5.3 The Council has already undertaken a very inclusive and thorough process as part of considering options. This has included working with a group of tenants and members (the Business Planning Working Group) to examine not only the options, but to conduct a ‘visioning’ exercise for the service. The Working Group have supported this work with a number of site visits to see how other options have worked or are working for other authorities.
- 5.4 The stock option process that the Council has undertaken has been subject to external scrutiny by the Audit Commission as the Council’s external auditor. The feedback has been positive about the process and the way in which tenants have been engaged.
- 5.5 The newly published guidance places great emphasis on the need to properly engage with and consult tenants. The Government has also stated that all local authorities must conduct an option appraisal and that each authorities appraisal must be signed off by the relevant Government Office. The guidance identifies the need for tenants to be involved in the process as a ‘must do’ part of the option appraisal, if it is to be endorsed by the Government Office.
- 5.6 A consultation and empowerment strategy has been prepared for consideration by members, which is attached as Annex 1 to this report.
- 5.7 The strategy sets out:
- Objectives for the Council
  - Proposed engagement activities
  - Evaluation arrangements
- 5.8 The strategy is aimed at tenants, staff and elected members, although the principal focus is, perhaps somewhat inevitably, on tenants.
- 5.9 This consultation process is the start of a lengthy journey, particularly if the Council decides in due course to pursue an option other than stock retention. While the Council has already conducted a large amount of work on this subject, it has been directed at a relatively small number of people. This process will be the first real opportunity for the wider tenant population to receive information on the options, how they might work, their implications and the broader issues that are driving any potential change.
- 5.10 Within this context members need to be mindful that feedback at this stage is likely to be around the need for more information, detail and re-assurance than necessarily a firm opinion from tenants one way or the other. Therefore seeking such an opinion is unhelpful at this stage, in that tenants will typically require a lot more information, time and staff contact, than that proposed in the strategy, before they can reach such an opinion, in an informed and reliable manner.

## **6.0 Financial Implications**

- 6.1 The annexed strategy has a total budget estimate of £59,000. This consists of external consultancy support to deliver the main elements of the strategy, a budget of £17,000 for materials and disbursements and a budget of £10,000 for an Independent Tenant Advisor.
- 6.2 The costs of the consultation process will need to be met from Housing Revenue Account reserves. The Financial Services Manager has been consulted in this context.
- 6.3 Members will recall the measures set out as part of the budget process in order to ensure that the HRA has a £500,000 balance. The out-turn accounts for 2002/03 are not yet available. It may be the case that there the out-turn for 2002/03 is better than budgeted, hence giving a better reserve position, hence softening the impact of this additional expenditure.
- 6.4 In the worst case scenario the 2002/03 out-turn will not assist. In this case the full amount will have to be met from balances. There appears little choice but to do so, with balances arguably existing to meet such one-off items of expenditure. The risk of not undertaking a thorough approach, leading possibly to a failed process is considerably more significant than the immediate cost of funding the consultation strategy.

## **7.0 Corporate Implications**

- 7.1 The consideration of stock options has potentially significant corporate implications. Within the strategy is identified work that will help to better quantify what these are.

## **8.0 Community Implications**

- 8.1 The conclusion of stock options will be fundamental to the Council in meeting its housing strategy objectives, which in turn impact on the Community Strategy objectives. The delivery of decent homes and good housing services will only be achieved through fundamental change to the housing service, regardless of which option is finally chosen.

## **9.0 Background Papers**

- 9.1 Housing Options Review Report, Pennington Consulting, March 2003  
9.2 Delivering Decent Homes – Option Appraisal; Guidance for Local Authorities

