

South Derbyshire DC

Independent Tenant Adviser Review of Housing Stock Options Appraisal

FINAL REPORT

March 2009



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1

Executive Summary

This report compiles together the details of the process of review of the council housing stock options appraisal carried out between October 2008 and March 2009 in the council district of South Derbyshire.

This review included appointment of Savills as consultants to advise the Council on any changes since 2004, on the viability of its position of achieving and maintaining council owned and managed homes to meet the legal decency standards set by government, maintain current service standards and meet housing needs and aspirations of the local population. and communities of the Council District.

TPAS was also appointed to fulfil a role in ensuring that information and advice for tenants, leaseholders and wider communities provides a fair and accurate version of the facts in an unbiased way. TPAS advice specifically provided to help to empower local people to access impartial and independent support and information whilst forming their responses to consultation throughout the review process. The role of TPAS included direct support to key tenants involved in steering this process, providing a financial appraisal of the facts produced by the Council and Savills, and, conducting a consultation exercise with the wider tenants, leaseholders in the District.

Throughout this process the commitment of tenants, council officers and members of the core consultative project group, known as the SOARG (Stock Options Appraisal Review Group) has been unfaltering regardless of weather, frequency of meetings and throughout the recent festive holiday period. SOARG members have taken part activities at least weekly and travelled to a number of other parts of the country to gain information about the 4 housing options available as potential solutions.

During the review local meetings were held in local venues across the District, two newsletters were circulated, two telephone survey exercises conducted and one 100% anonymous postal survey has taken place.

TPAS conclusions of this review found that South Derbyshire District Council has strong support of its own council housing customers and is valued as a landlord as delivering a good housing service. Views secured through the survey exercises are striking in that, tenants and leaseholders have collectively indicated a strong desire to continue to receive their service from those who currently provide it. Views also indicated that rents and service charges should be maintained at affordable levels, improvements such as new kitchens, bathrooms should be provided more frequently to a higher

quality standard and that a broader range of services for older people should be provided.

South Derbyshire District Council has comparably, with those of other council landlords nationally, a healthy financial position. TPAS believes that for some years ahead this landlord could continue to deliver to its current standards and could choose to reconsider its position at a later date.

The findings of the consultation are striking, responses have indicated two conflicting perspectives in regard to the aspirations of local people; as the independent tenant adviser, we have outlined these conflicts in some detail within the body of this report.

TPAS believes that the collective priorities identified by those participating in this review are at odds. Aspirations to improve and broaden the range of services and the provision of more frequent and higher quality improvements is currently beyond the scope of the Councils current financial position, at the same time the other priorities indicate strong feelings about staying with the Council and receiving the service from the same staff and trades people. Regarding the financial position, TPAS has confirmed that the current basic Decent Homes Standard delivered by the Council meets what is locally known as the “Bronze Standard” and may just border in some aspects on the delivery of the “Silver Service”; this as defined by the 2004 Housing Stock Option Appraisal. Quite clearly the scope a broader range of services and existing standards to be more frequent and delivered to a higher quality standard would involve considerable investment that is at present unaffordable within the current financial position of South Derbyshire District Council.

In summary, TPAS highlights that the extent of information provided to tenants during this review process has not penetrated and achieved a level of clarity for those asked to identify their preferences. The conflicting findings would evidence our theory that as a review, which is based on a sample survey of up to 25% including all forms of competent surveys completed, there are aspirations for improvements in service and physical conditions but there are also significant fears about change in ownership and delivery of the service which appears to relate to high customer satisfaction levels achieved by the current housing service provided.

TPAS recommends that should the Council take a decision to look further at options or proposals for change in the ownership and management of homes and services, an intensive programme of information and awareness-raising is required. Any such process would need to ensure that tenants and leaseholders at a wider level were part of a consultative framework including critically, developing a strong and wide local understanding of the implications of separate and collective aspirations and how these could be met by any or all models being considered.

Kate Newbolt

TPAS Regional Manager - Midlands

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Overview of the Process

- 2.1 TPAS was successful in a competitive tendering process undertaken by the SOARG with the support of the Lead Consultants, Savills, in October 2008.
- 2.2 A project inception meeting was held between TPAS, Savills and the Lead Officer from SDDC in November 2008. The background to the review was outlined including details of the Housing Stock Options Appraisal of 2004 was explained. TPAS consultancy was provided with various documents requested.
- 2.3 Nine well attended SOARG meetings took place between November 2008 and February 2009 (minutes of all of these sessions are available from SDDC). Meetings were open and all participants inclusively contributed to discussions.
- 2.4 TPAS attended a number of sessions with tenant representatives, attended all SOARG meetings and produced SOARG meeting minutes. SOARG training sessions and drafting various relevant written materials was also carried out by TPAS.
- 2.5 TPAS led on drafting and delivering a communications protocol and a comprehensive consultation plan.
- 2.6 A series of visits and presentations were undertaken to ensure that SOARG members had up to date and relevant information on all of the four options available to SDDC and it's tenants, namely;
 - Retaining the housing stock in -house.
 - Establishing an Arms Length Management Organisation (ALMO).
 - Transferring the ownership to a Housing Association.
 - Undertaking a Private Finance Initiative (PFI) for some or all of the stock.
- 2.7 The aim of the review process was to consider the long term financial projections of the four options, taking account of current relevant facts alongside the findings of the tenant consultation exercises.
- 2.8 Surveys and questionnaires to access wider views and opinions have been conducted by TPAS in the form of postal and telephone consultation supported by newsletters jointly agreed with the Council and SOARG members.
- 2.9 TPAS Consultancy would like to thank all of the tenants, members and officers of SDDC who have helped to make the review an enjoyable and professional assignment.

3

The Consultation Programme

3.1 A copy of the full consultation plan that was drafted by TPAS and agreed with the SOARG in December 2008 (See Appendix A). The key elements of this plan were as follows;

3.1.1 A Meeting with the SDTF (South Derbyshire Tenants Forum)

TPAS attended a SDTF meeting in mid December 08 and explained the review process to tenants, members and officers. SDTF members had many questions answered and asked that a further meeting be held later in the review process. This further meeting was held in February 2009.

3.1.2 The first newsletter

The first newsletter was agreed by SOARG, printed locally and distributed by hand by Council employees in early January 2009. A copy of the newsletter is available from SDDC if required. Main headlines in the newsletter were, "What is happening?", "What will happen next?", "The Options" (explained in detail), and "How can I find out more?". This newsletter outlined the review and the next stage of the process. Approximately 25 phone calls were received by TPAS Consultancy in response to this newsletter; all of the issues raised were properly responded to the callers' satisfaction (See Appendix 1 – Newsletter 1).

3.1.3 Phone survey one

The aim of the first phone survey was to ensure that tenants had received the newsletter and to answer any specific questions. The script for the phone survey was agreed as an element of the Consultation Plan. A total of 60 tenants received a phone call from TPAS Consultancy and 55 of these confirmed that they had received the newsletter. 5 tenants were sent another copy of the Newsletter. Of the 55 tenants confirming receipt of the newsletter a total of 42 people had read and confirmed they understood its contents. At the end of the phone calls all 55 tenants agreed that they fully understood the position and were clear on the future implications. TPAS confirmed to SOARG

on the 3rd February that the newsletter had achieved its aims and purpose.

3.1.4 Local drop in sessions

Following discussions with SOARG it was agreed to hold a series of drop in sessions where employees of TPAS would attend with a display of what they were doing in connection with the review process and the Council would attend with a display of general Council activity. These sessions were held at sheltered housing common rooms, in local community venues and took place at different times of the day to maximise attendance. All tenants were sent a postcard outlining the dates, times and locations of the sessions and an invitation for them to attend. TPAS introduced the review and ensured that questions on the process were fully answered. All tenants attending had an opportunity to ask questions individually and collectively. A copy of questions raised was recorded and these were then used to form the detail of articles for newsletter two. Customer satisfaction with existing housing provision was raised at every session and there is clearly a very close attachment between some tenants and the Council as their landlord. Two sessions (at Linton and Hartshorne) had to be re-arranged due to extremely bad weather, and another new session at Kendrick Close was introduced. All sessions were reasonably well attended compared to similar events in other areas TPAS has worked. The dates and number of tenant attendees were;

- Monday 26th January Netherseal – 8
- Wednesday 28th January Repton – 12
- Wednesday 28th January Newhall – 14
- Wednesday 28th January Swadlincote – 33
- Thursday 29th January Church Greasley – 24
- Thursday 29th January Hilton – 18
- Friday 30th January Melbourne – 14
- Friday 30th January Shardlow – 8
- Friday 13th February Linton – 10
- Friday 13th February Hartshorne – 4
- Tuesday 17th February Goseley – 23

In total, 168 tenants attended in person at one of the drop in sessions. Sessions varied in terms of the issues raised at each location and on two occasions strong views to the housing stock transfer option were raised through the discussions. All questions raised at sessions were answered in an open and honest way and tenants thanked for making time to attend. These discussions were wide ranging and tenants were open to new ideas.

3.1.5 Newsletter Two

TPAS prepared a first draft of the second newsletter in early January 2009 which was amended as a result of further work with the Council and SOARG members. A final version was agreed by SOARG and the newsletter was distributed in January 2009 (see Appendix 2).

A series of 10 aspirational statements to be ranked by order of first 5 priorities were agreed and circulated as an anonymous survey “Your Views”, “Your Priorities” with Newsletter two and a freepost envelope for returns directly to TPAS (see Appendix 3).

3.1.6 Free-phone Enquiries

70 people used the TPAS free-phone (at point of writing this report). A recurring theme has been “why are we doing this now?” and from a minority of tenants a strong belief that party political motives are the driving force behind the review process.

4

The Test of Opinion

This element of the review of the South Derbyshire District Councils Housing Stock Options Appraisal concentrates on wider tenant and leaseholder opinion and aspirations for the service

This survey element of the consultation included:

- i) Distribution of an explanatory newsletter with an “Anonymous Priorities Survey” this was distributed to all council tenants and leaseholders across the District (see Appendix B). Respondents were invited to indicate their views on their own priorities by indicating their 1st, 2nd, 3rd, 4th and 5th choice of priority against 10 statements provided.

In collating the information responses for this survey TPAS adopted a system of awarding 5 points scoring system for 1st choice priority, 4 points for 2nd choice and so on. TPAS also recorded a 0 score against statements where these were not identified within the respondents 1st, 2nd, 3rd, 4th or 5th choices of priority. This process would therefore allow a collective analysis of priorities to be part of the final conclusions.

The findings of of the consultation are provided in graphs below initially providing information by statement as provided in the survey itself.

- ii) A sample telephone survey of 250 households to include a geographical spread across the Districts township neighbourhoods and the more rural villages where council owned housing stock is present.

1. Anonymous Priorities Survey

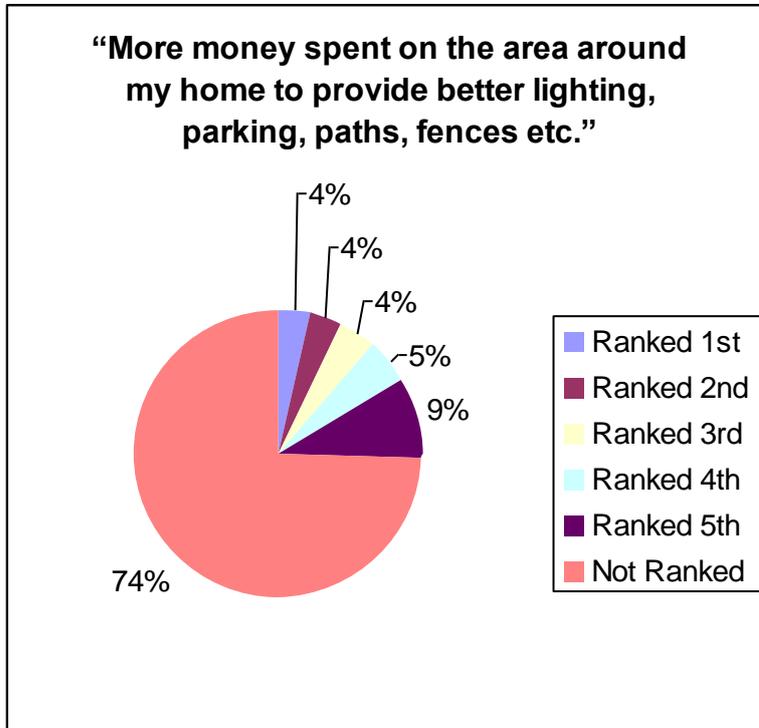
Tenants and leaseholders were invited to anonymously complete and return the survey indicating their 1st, 2nd, 3rd, 4th and 5th priority preference against 10 statements provided.

Opportunity to participate by returning an anonymous and completed response was made possible for all tenants across the District. 477 returns were correctly completed a range of tables below provides an overview of the competent responses provided. A further 143 returns provided were incorrectly completed and not able to be included in the results. It should be noted however that any responses not returned within 14 days of distribution have also not been included in this analysis.

Each statement below shows the total of “competent” responses by priority as the collective 1st Priority “Ranked 1st”, collective 2nd Priority “Ranked 2nd” and

so on. The total number of responses where the statement was not identified in the top 5 priorities is shown as “Not Ranked”.

Statement 1: “More money spent on the area around my home to provide better lighting, parking, paths, fences etc.”

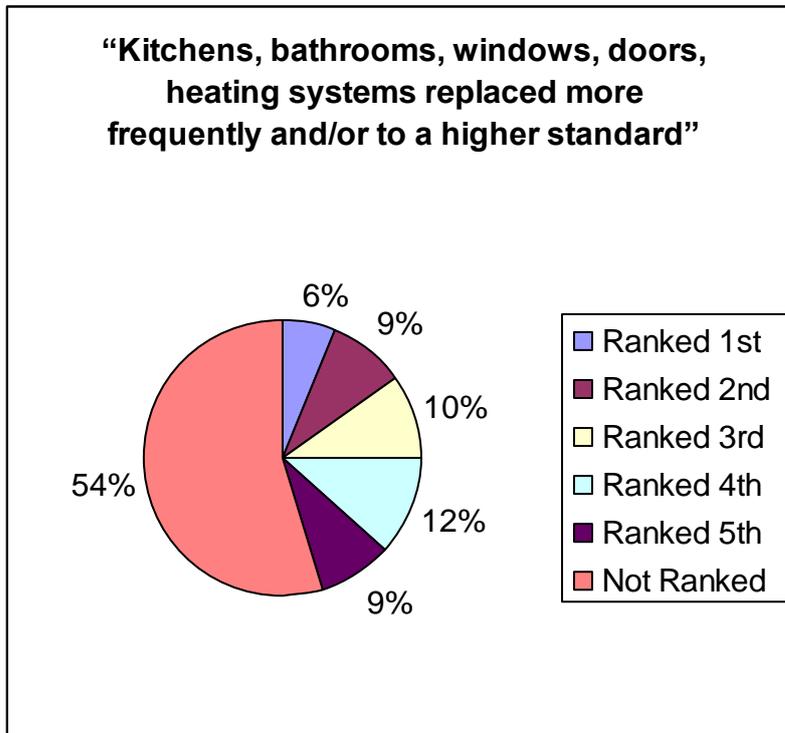


Just over 74% of respondents disregarded this statement as featuring in their top 5 priorities showing that the issue/theme is important to less than 26% of respondents.

In comparison with other statements available, the collective score rated this statement as joint 5th highest priority for those who took part equal to statement 4, this considering whether more services should be provided for older people.

Just 4% of respondents felt that spending more money on areas around the home was their highest priority and the same percentage applied to 2nd and 3rd priorities however as a fourth and fifth priority the issue gained in ranked importance.

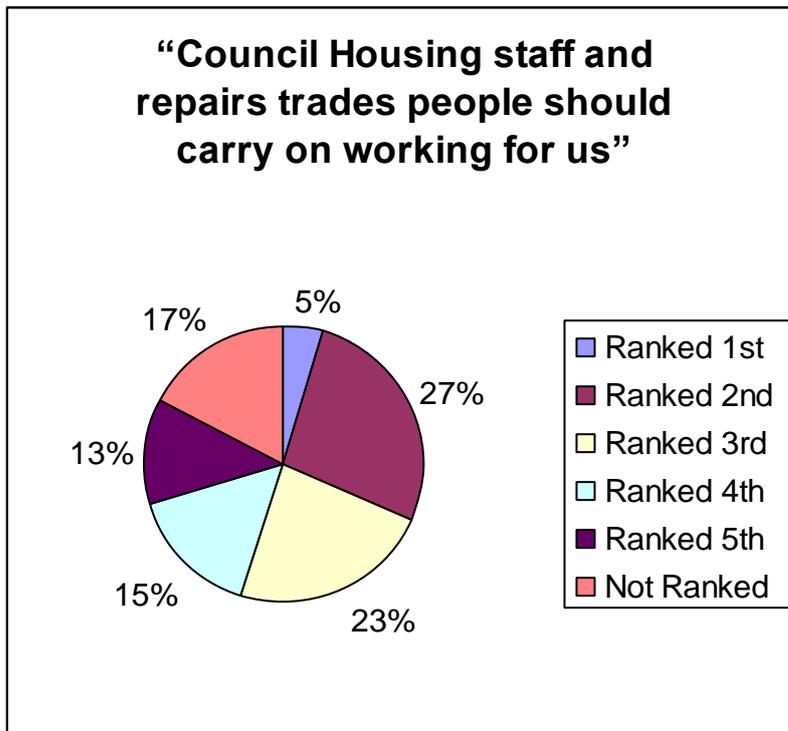
Statement 2: “Kitchens, bathrooms, windows, doors, heating systems replaced more frequently and/or to a higher standard”



54% of respondents disregarded this statement as featuring in their top 5 priorities this showing that the issue/theme is important to 46% of respondents. In comparison with other statements available the collective score rated this statement as the 3rd highest priority area for those who took part in the anonymous priority assessment consultation.

6% of respondents considered this issue more important than any other with views of priority increasing to be important to 12% of respondents as a fourth priority.

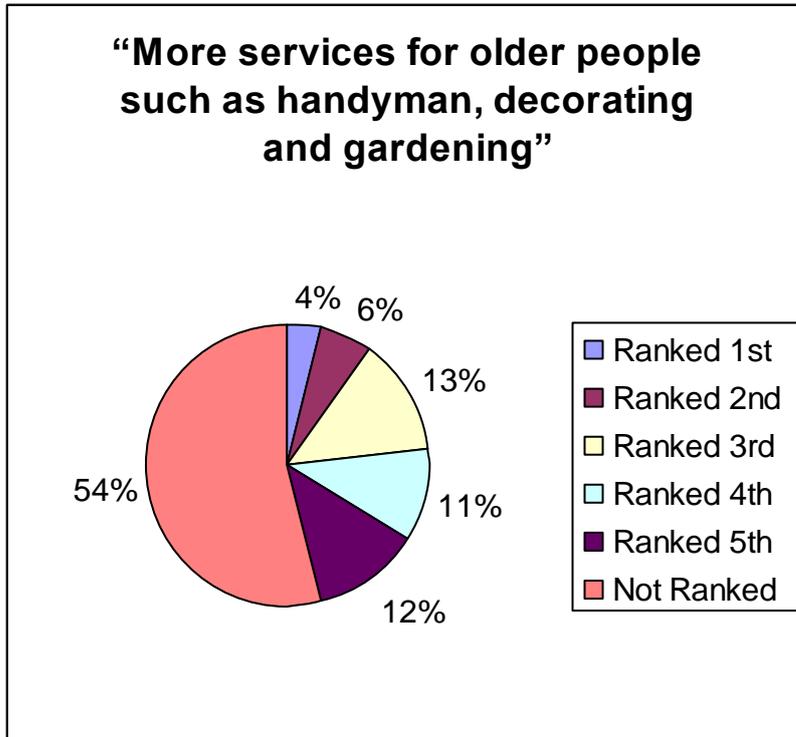
Statement 3: "Council Housing staff and repairs trades people should carry on working for us"



17% of respondents disregarded this statement as featuring in their top 5 priorities showing that the issue/theme is important to 83% of respondents. In comparison with other statements available the collective score rated this statement as the 4th highest priority area for those who took part the anonymous survey.

As first priority 5% of all respondents felt that this issue was more important than any other, as second priority this issue increased sharply in importance for 27% of respondents, 23% of people taking part rated it as 3rd, 15% as 4th and as a 5th priority scored 13%.

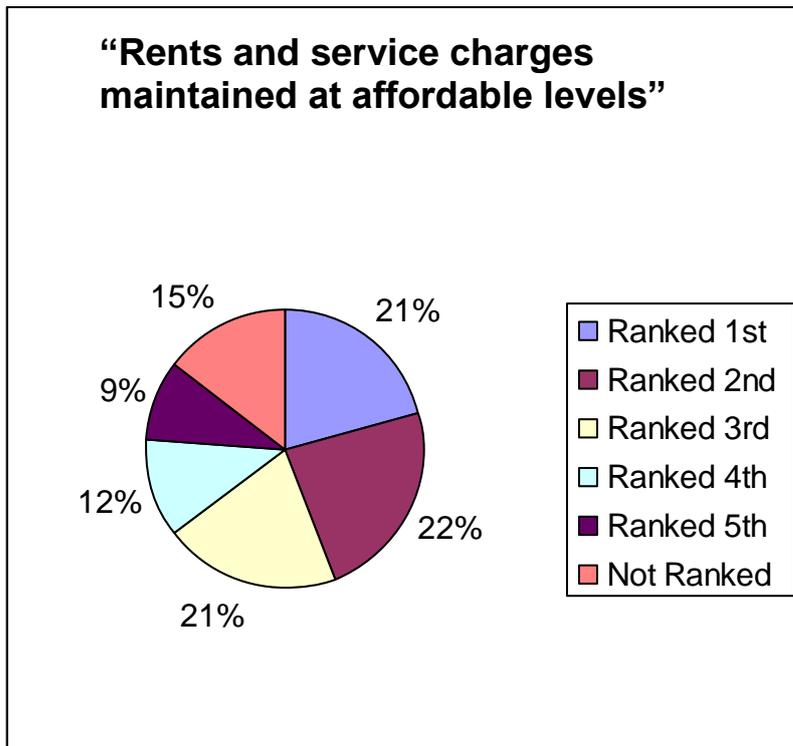
Statement 4: “More services for older people such as handyman, decorating and gardening”



54% of respondents disregarded this statement as featuring in their top 5 priorities showing that the issue/theme is important to 46% of respondents. In comparison with other statements available the collective score rated this statement as the joint 5th highest priority area equal to statement 1 relating to more funds to be spent around people’s homes by those who took part in the anonymous survey.

4% of respondents indicated that this issue is more important than any other area compared, but numbers of respondents identifying this area increased progressively to 12% at the 5th priority level.

Statement 5: “Rents and service charges maintained at affordable levels”

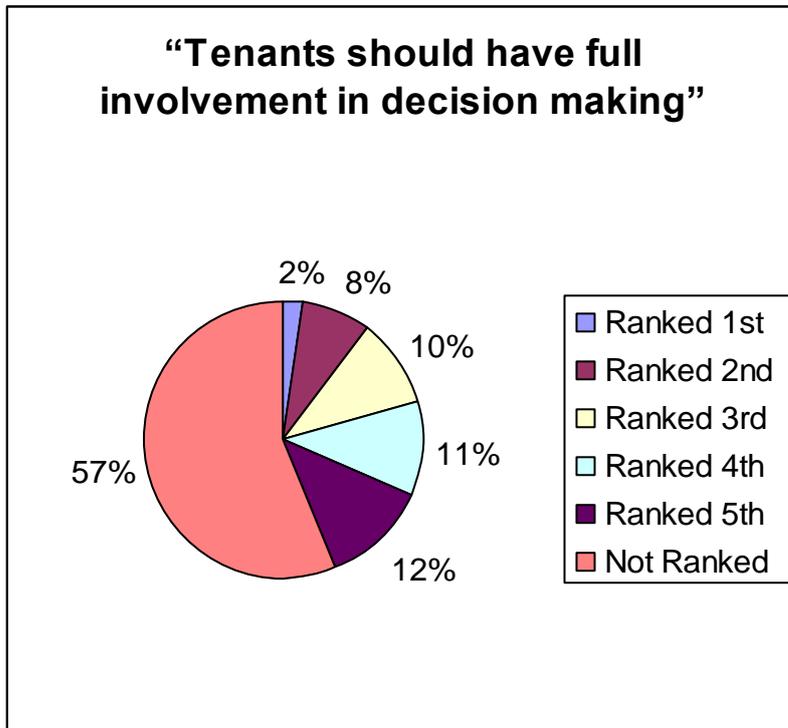


15% of respondents disregarded this statement as featuring in their top 5 priorities showing that the issue/theme is important to 85% of respondents. In comparison with other statements available the collective score rated this statement as the 2nd highest priority for those who took part in the anonymous survey.

21% of respondents highlighted this area as their most important priority, as 2nd and 3rd priority similar percentage support maintained indicating broad support for this area.

This statement was ranked by the second highest overall percentage of respondents in comparison to other statement areas available indicating its level of importance to most respondents further.

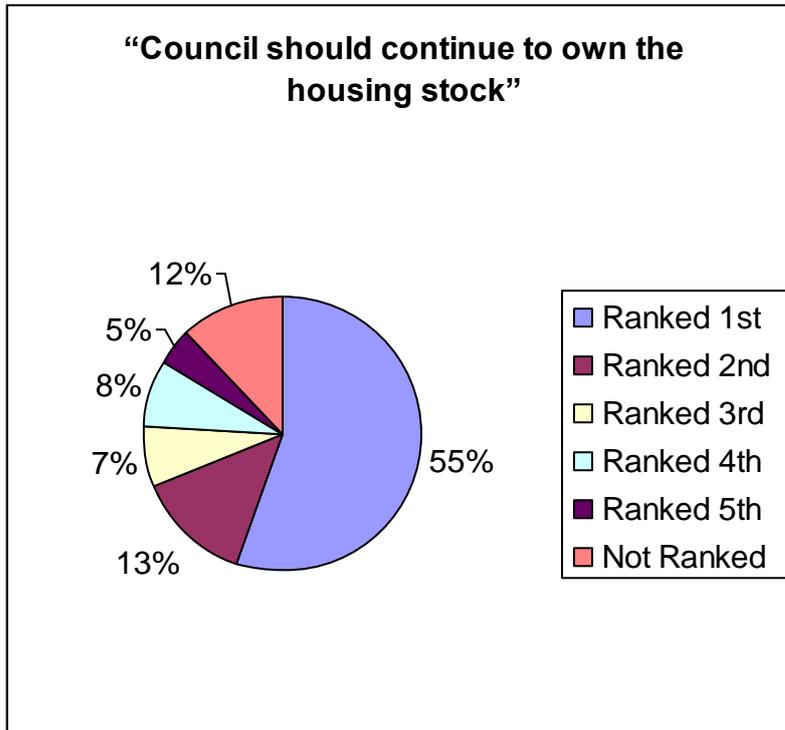
Statement 6: “Tenants should have full involvement in decision-making”



57% of respondents disregarded this statement as featuring in their top 5 priorities showing that the issue/theme is important to 43% of respondents. In comparison with other statements available the collective score rated this statement as the 7th highest priority area for those who took part in this consultation activity.

Just 2% of respondents viewed this area as more important than any other area and importance increased to a maximum of 12% as a 5th priority area.

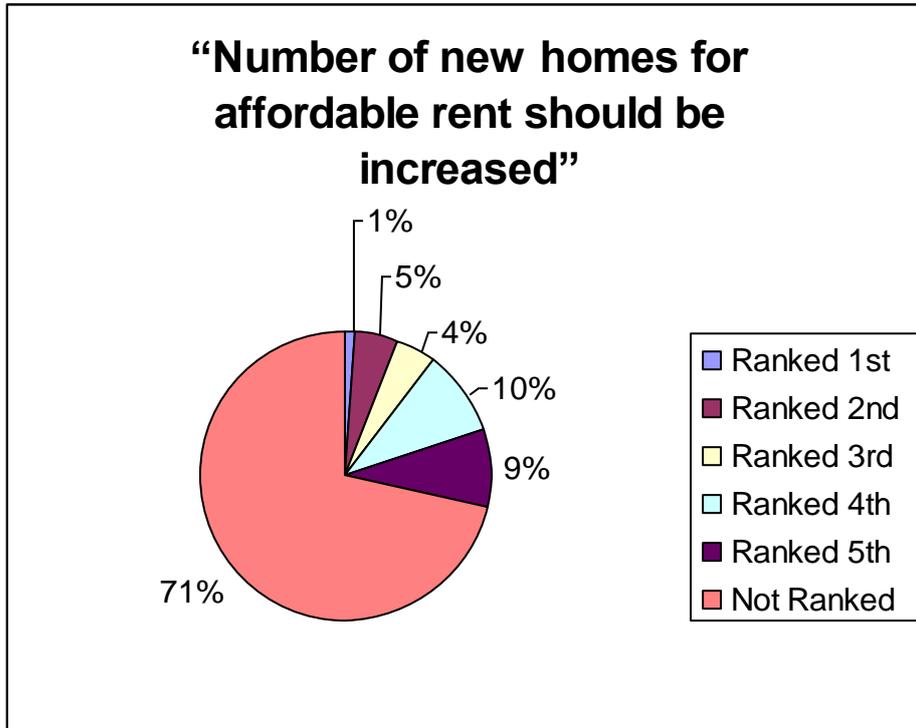
Statement 7: "Council should continue to own the housing stock"



12% of respondents disregarded this statement as featuring in their top 5 priorities showing that the issue/theme is important to 88% of respondents. In comparison with other statements available the collective score rated this statement as the highest priority area for those who took part in this consultation activity overall.

55% of respondents indicated that they valued this area of priority above any other area available across all statements. A sharp drop in priority rating is identified for 2nd, 3rd, 4th and 5th priorities for those taking part in the anonymous survey.

Statement 8: “Number of new homes for affordable rent should be increased”

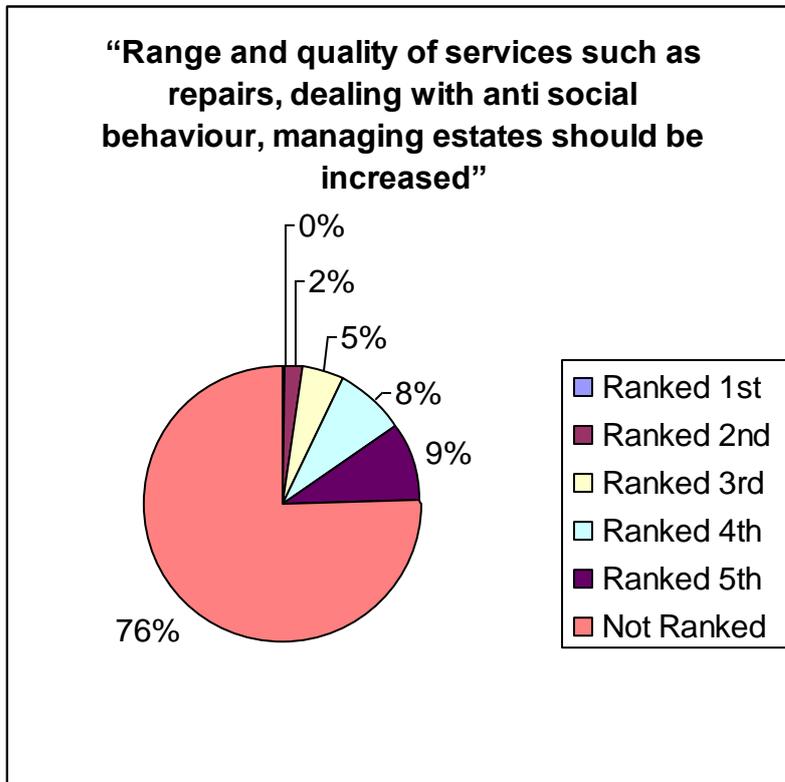


71% of respondents disregarded this statement as featuring in their top 5 priorities showing that the issue/theme is important to 29% of respondents. In comparison with other statements available the collective score rated this statement as the joint eighth highest priority area equal to maintaining opportunities to involve councillors discussed in statement 10, for those who took part in the anonymous survey.

Just 1% of respondents considered this more important than any other area considered with the level of importance increasing to around 10% by 4th and 5th priority.

This statement was disregarded as having any level of importance by the 3rd highest number of respondents taking part in this consultation activity.

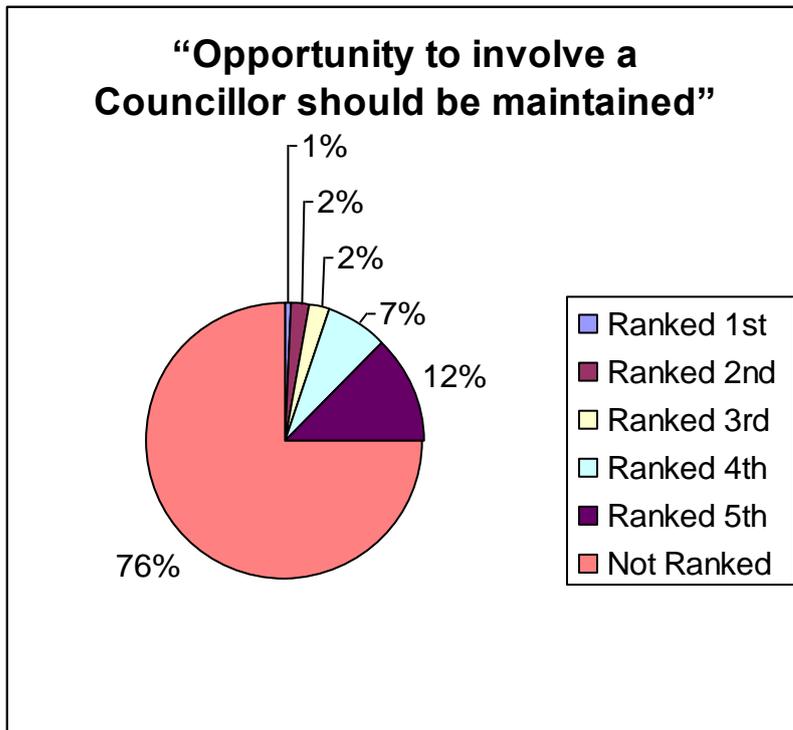
Statement 9: “Range and quality of services such as repairs, dealing with anti social behaviour, managing estates should be increased”



76% of respondents disregarded this statement as featuring in their top 5 priorities showing that the issue/theme is important to 24% of respondents. In comparison with other statements available the collective score rated this statement as having the lowest priority by those who took part in the anonymous survey.

Less than one percent of people considered this area to be of highest priority compared to other areas identified in the survey and importance growth gradually increased to 9% as 5th priority.

Statement 10: “Opportunity to involve a Councillor should be maintained”



76% of respondents disregarded this statement as featuring in their top 5 priorities showing that the issue/theme is important to 24% of respondents. In comparison with other statements available the collective score rated this statement as joint eighth highest priority area equal to increased provision of new homes considered in statement 8, by those who took part in anonymous survey.

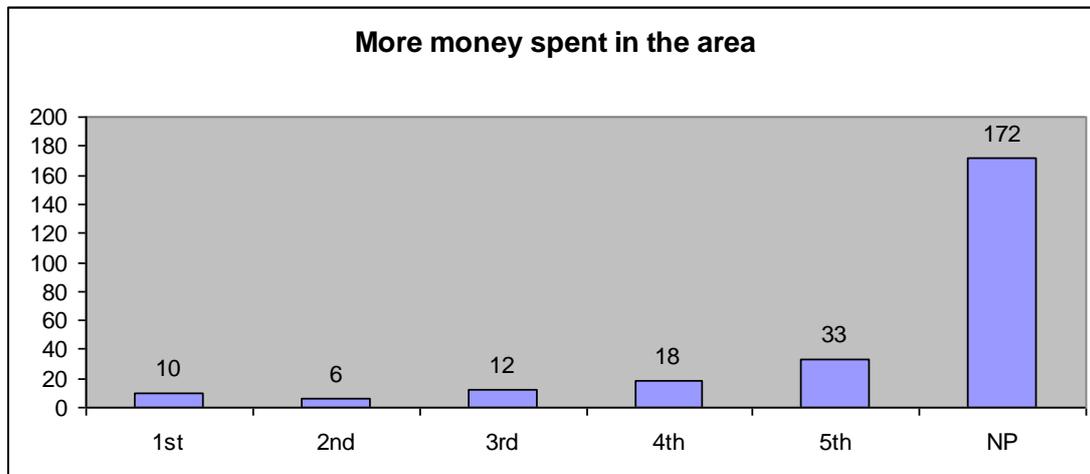
1% of respondents identified this area as their top priority with just 2% rating this as their 2nd and 3rd priority area. As a 4th priority an increase indicated 7%.

2. Telephone Survey

This stage of the consultation set targets to ensure that a geographical representative perspective is included. The confidence level set for this work was 250 surveys proportionately distributed across 31 identified areas (see Appendix C). In addition, the TPAS telephone team were directed to complete surveys with one third tenants over 60 years, and two thirds under 60 years, this to balance the outcomes in line with the Councils current tenant profile. In the event 251 calls were successful during the period achieving a 10.8% sample telephone survey across the 31 identified areas. The split between those completing surveys over 60 years was 40.6% and those under 60 years were 59.4%. Of those 251 respondents completing the survey 207 confirmed that they had not returned their anonymous survey this means that up to 44 survey responses may be duplicated but some of these may also have been included in the unrecorded returns where the 1st, 2nd, 3rd, 4th and 5th choice system had been misunderstood. It is not possible to accurately identify the level of duplications.

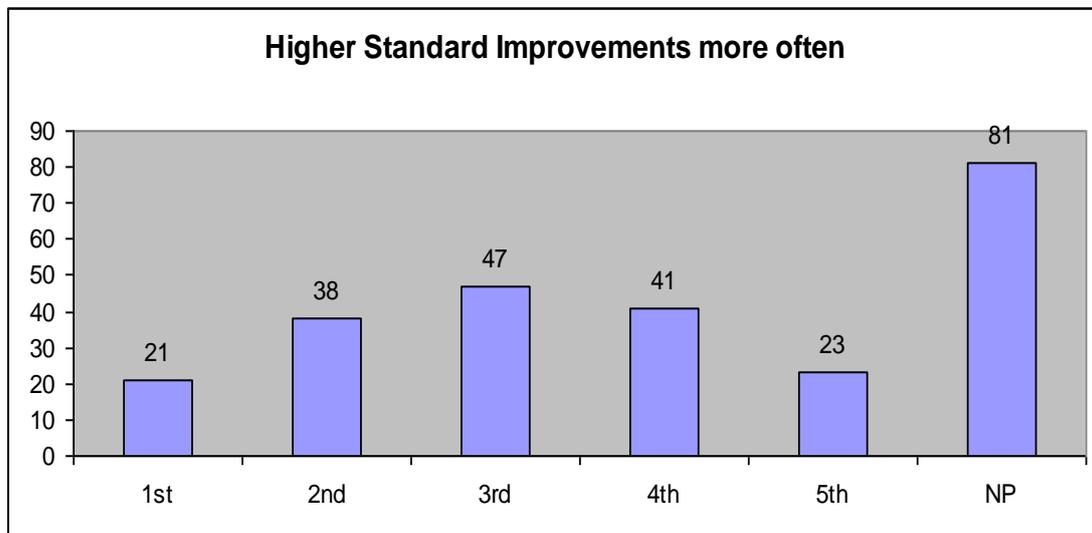
The telephone survey questions used the same questions as included in the anonymous postal survey but also included questions relating to age, receipt of the newsletter and return of the anonymous priority survey.

Statement 1 “More money to be spent on areas around my home to provide better lighting, parking, paths, fences etc.”



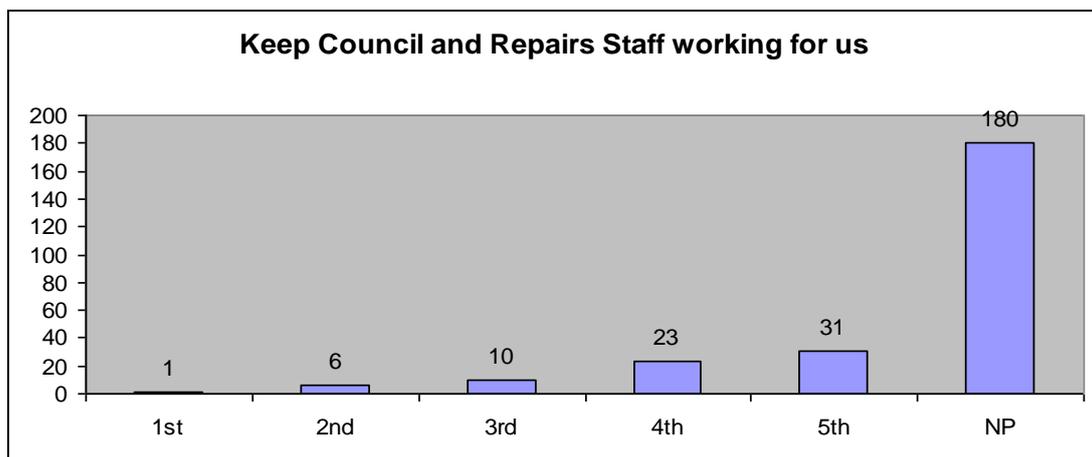
This statement was not a priority for 172 of those surveyed by telephone. 10 respondents rated this as most important, 6 felt it to be their 2nd choice, 12 chose this as their third priority, 18 people put it in 4th place and 33 felt it should have 5th priority.

Statement 2 “Higher standard and more frequent improvements kitchens, bathrooms, windows, doors and heating systems”.



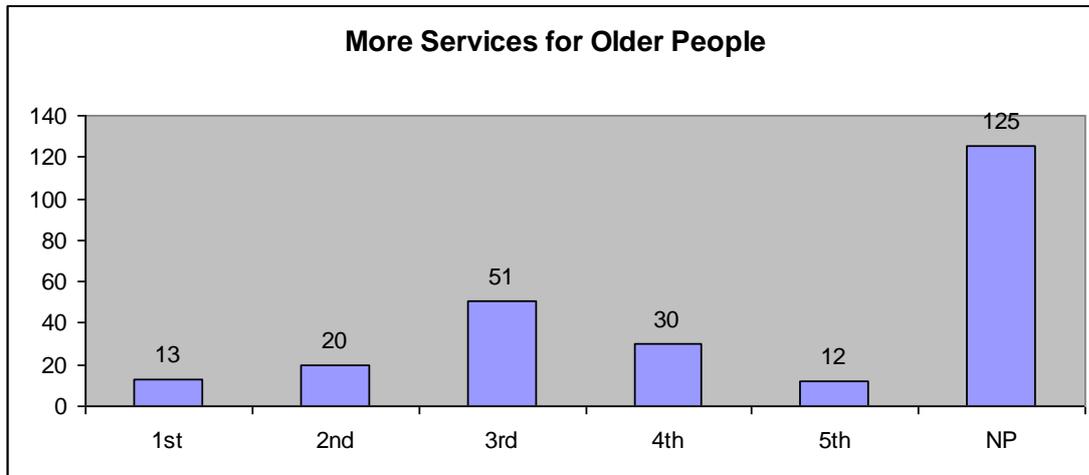
81 of those contacted felt that this area should not feature in their 5 top priorities. 21 respondents rated this as their 1st priority, 38 indicated this area as their 2nd choice. 47 people felt this statement should be their 3rd choice and 41 rated it as 4th with 23 of those taking part placing this as their 5th priority.

Statement 3 “Council Housing and Repairs trades people to continue working for us”



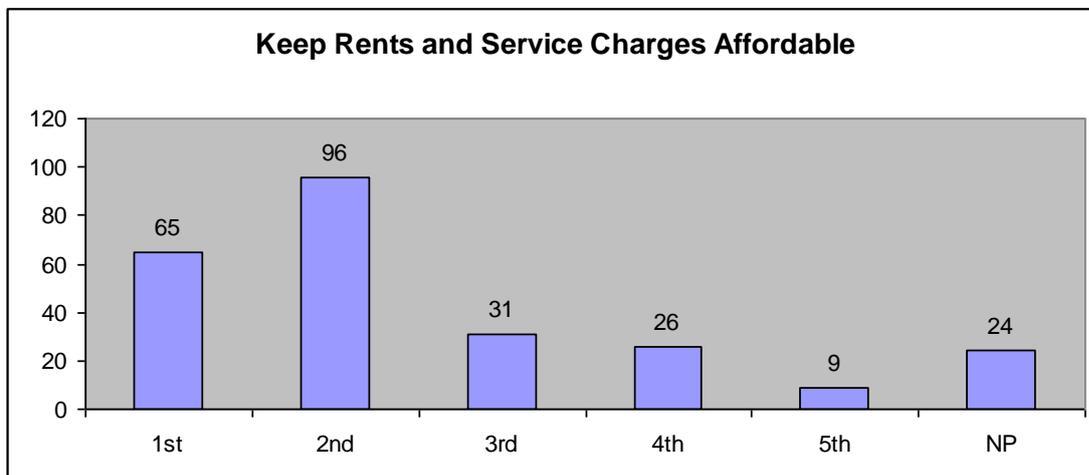
Across the 251 people taking part in this telephone survey 180 chose not to include this statement area in their top 5 priorities. 1 person felt it most important, 6 considered this as 2nd choice, 10 indicated it as 3rd priority, 23 as 4th choice and 31 rated this as their 5th priority.

Statement 4 “More services for older people such as handyman, decorating and gardening”



125 of those contacted did not include this statement area in their top 5 priority areas. 13 respondents placed this as most important and their 1st priority choice, 20 of those taking part felt it to be their 2nd choice, 51 considered this area as their 3rd choice, 30 placed it in 4th place and 12 rated it as their 5th priority.

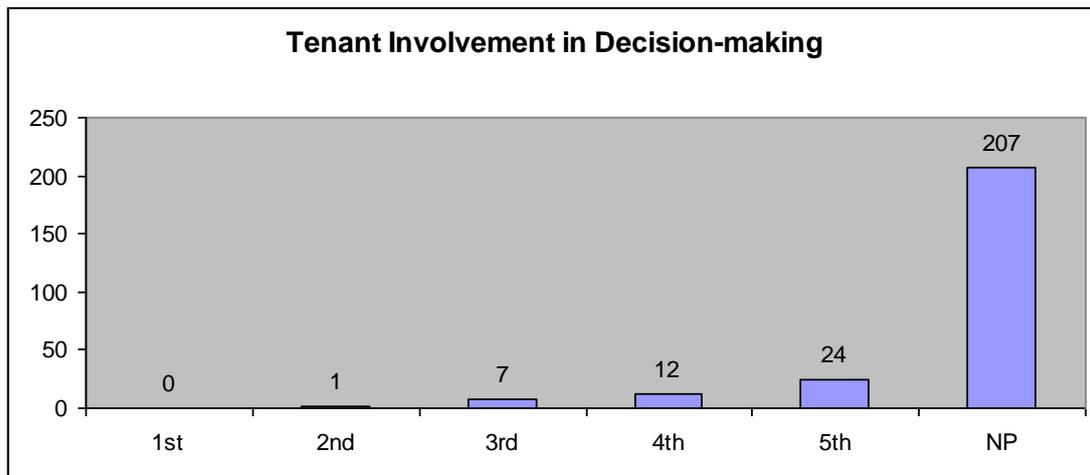
Statement 5 “Rents and service charges to be maintained at an affordable level”



This statement area was disregarded by 24 of those 251 taking part in the telephone survey.

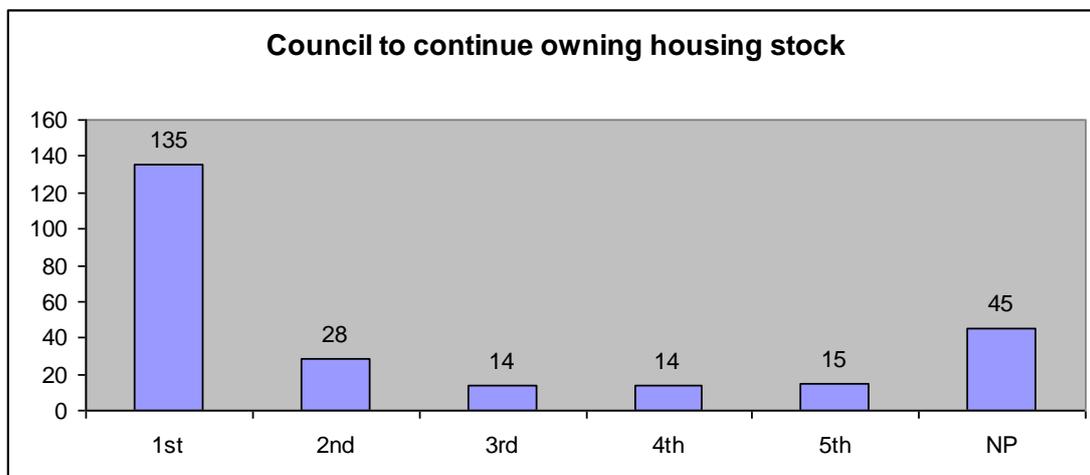
65 respondents considered this most important and 96 indicated it as 2nd priority for them, A further 31 considered that this should be their 3rd priority choice and 26 felt it should be in 4th place. 9 people rated this area as their 5th priority.

Statement 6 “Tenants should have full involvement in decision-making”



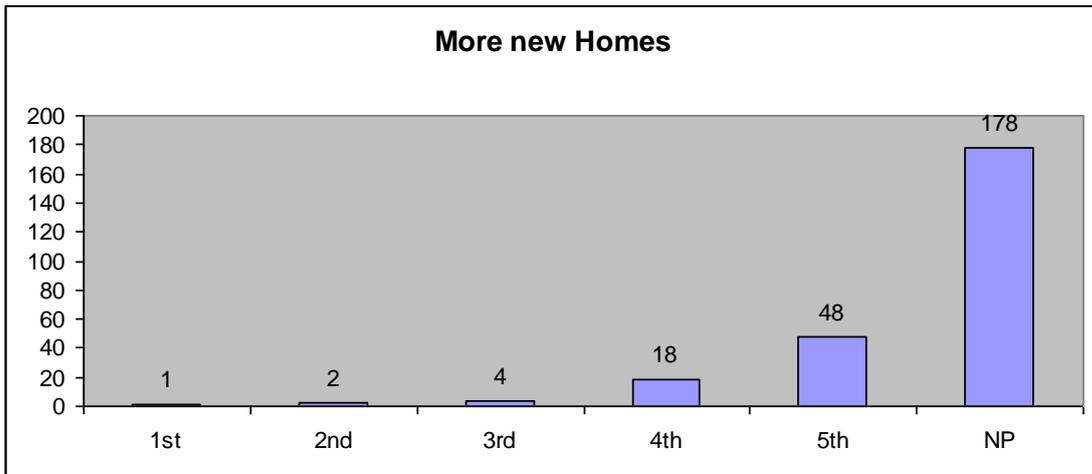
207 people did not consider that tenant involvement should be one of their top 5 priorities. There were no views considering this as 1st priority and just one respondent felt it should be their 2nd priority. 7 of those taking part considered this area as their 3rd priority, 12 rated it in 4th place and 24 people indicated this area as their 5th choice.

Statement 7 “The Council should continue to own the housing stock”



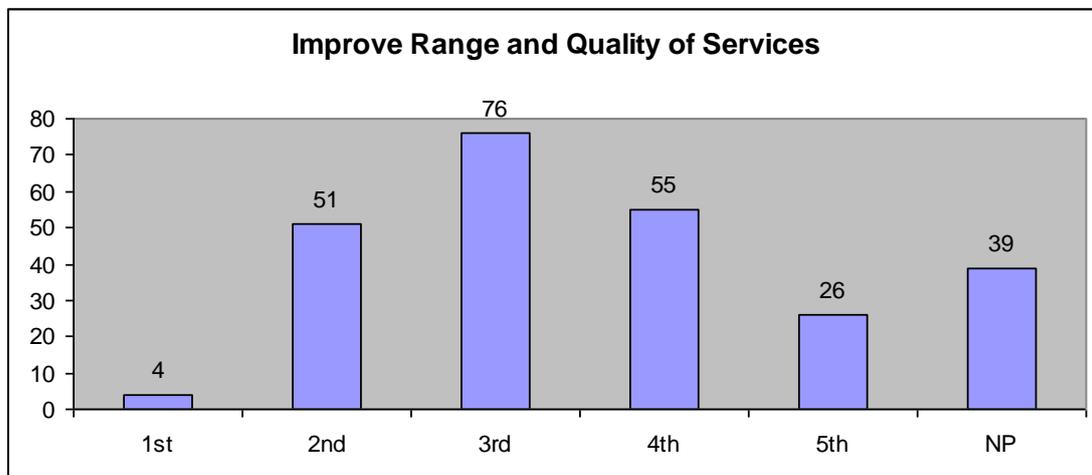
Of the 251 taking part in the telephone survey 45 did not include this in their first 5 priorities. 135 respondents rated this statement as their most important priority and 28 placed it as their 2nd priority. 14 people considered this to be their 3rd priority and the same number felt it should be 4th in their choice of priorities. 15 of those contacted put identified this area as their 5th choice.

Statement 8 “More new homes for affordable rent”



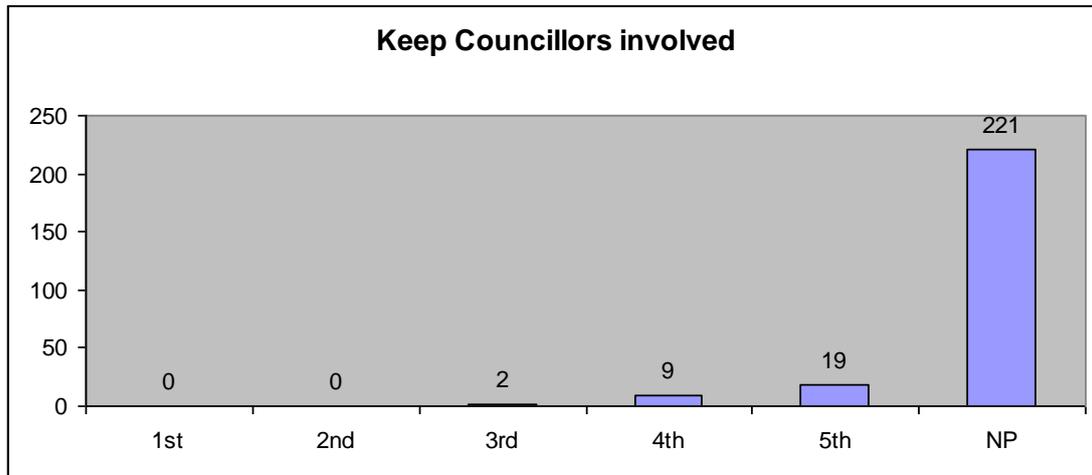
Out of 251 respondents taking part in the telephone survey 178 did not include this as one of their 5 priorities. One person indicated that this was the most important area of priority, 2 people indicated it as their 2nd choice, 4 rated it as their 3rd choice. As 4th priority 18 of those contacted identified this area and 48 identified it as their 5th choice.

Statement 9 “Range and quality of services such as repairs, ASB and managing estates to increase”



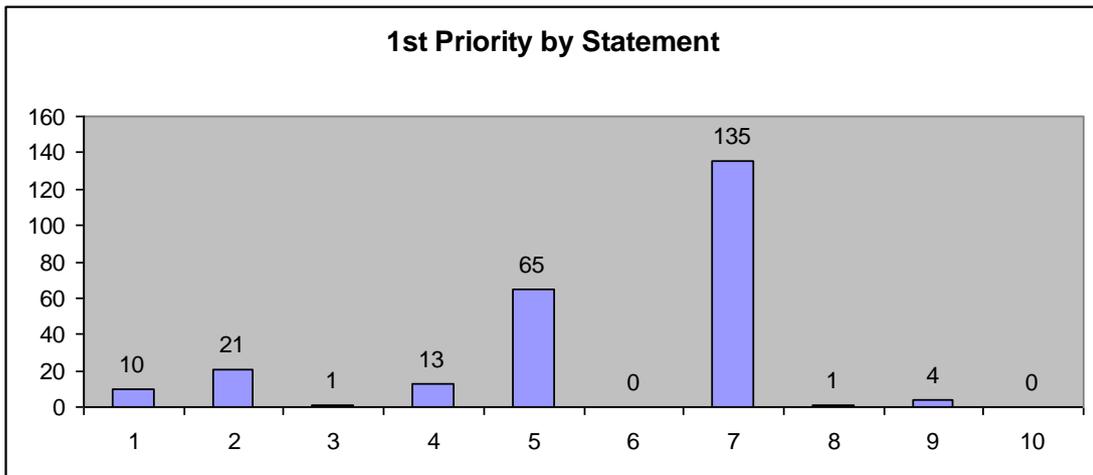
39 out of 251 respondents contacted did not include this statement area as one of their priorities and just 4 others considered this as their 1st choice priority area. As 2nd choice 51 of those taking part rated this area as their 2nd choice with a further 76 placing it in 3rd position. 55 people considered this as their 4th choice and 26 included the area as their 5th choice of priority.

Statement 10 “Maintain opportunities to involve Councillors”



221 of those contacted by telephone did not include this area in their 5 priority choice areas and there were no respondents including this as their 1st or 2nd priority. 2 of those taking part placed this statement area in 3rd place, 9 people considered the area as their 4th most important priority and 19 rated this area as their 5th choice area.

1st Priority by Statement – Collectively



1st Priority Statement 7 (Council to continue to own the housing stock, 135),

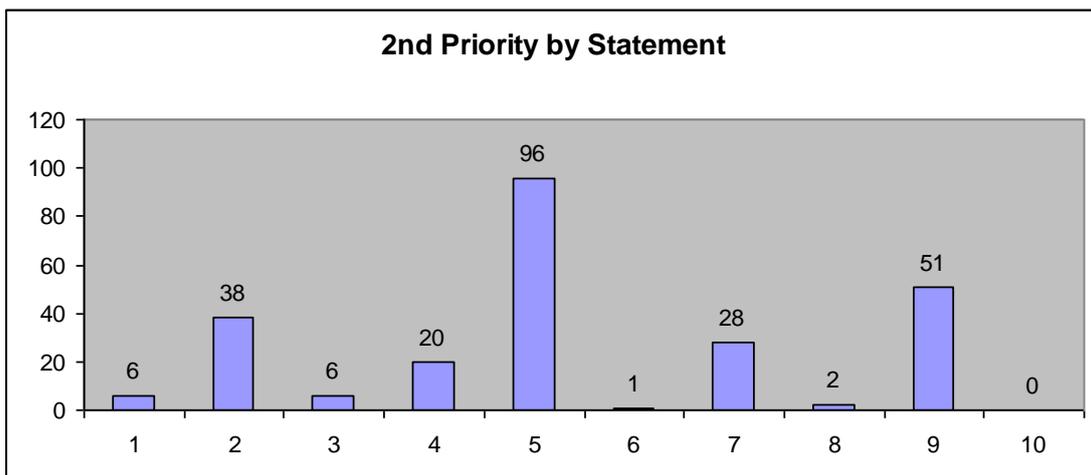
2nd Priority Statement 5 (Rents and service charges maintained as affordable, 65),

3rd Priority Statement 2 (Kitchens, bathrooms, windows, doors and heating systems replaced more often and to higher standard, 21)

4th Priority Statement 4 (More services for older people, 13)

5th Priority Statement 1 (More money spent in areas around my home, 10)

2nd Priority by Statement - Collectively



1st Priority Statement 5 (Rents and service charges maintained as affordable, 96),

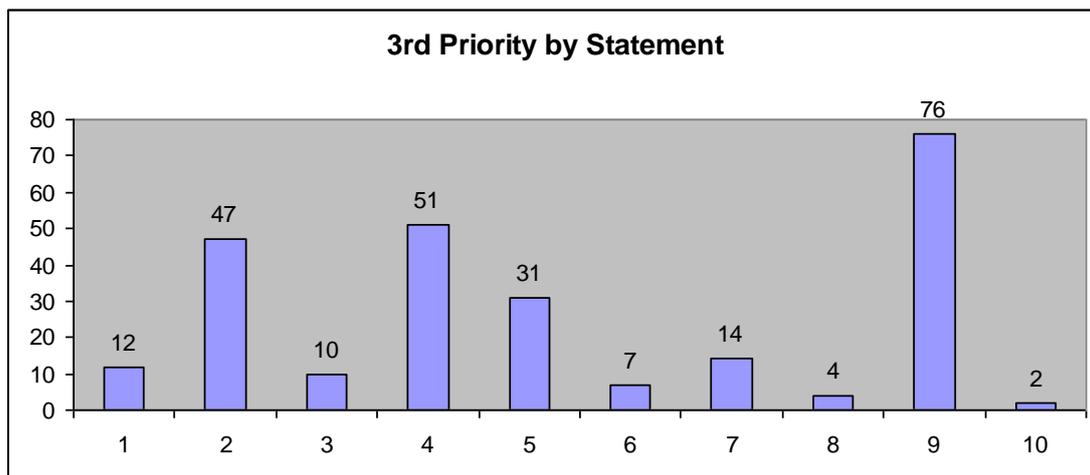
2nd Priority Statement 9 (Range and quality of services such as repairs, ASB and estate management increased, 51),

3rd Priority Statement 2 (Kitchens, bathrooms, windows, doors and heating systems replaced more often and to higher standard, 38)

4th Priority Statement 7 (Council to continue to own the housing stock, 28)

5th Priority Statement 4 (More services for older people, 20)

3rd Priority by Statement – Collectively



1st Priority Statement 9 (Range and quality of services such as repairs, ASB and estate management increased, 76),

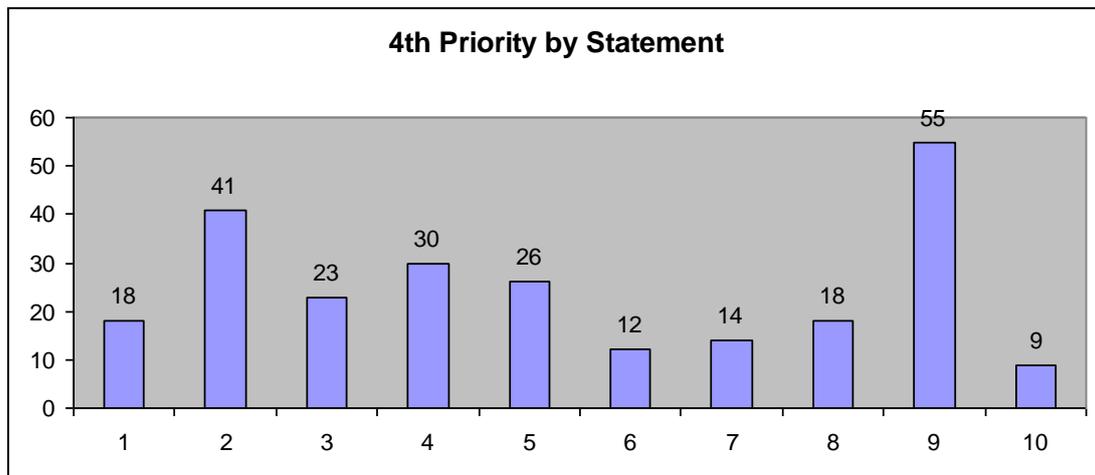
2nd Priority Statement 4 (More services for older people, 51),

3rd Priority Statement 2 (Kitchens, bathrooms, windows, doors and heating systems replaced more often and to higher standard, 47)

4th Priority Statement 5 (Rents and service charges maintained as affordable, 31),

5th Priority Statement 1 (More money spent in areas around my home, 12)

4th Priority by Statement – Collectively



1st Priority Statement 9 (Range and quality of services such as repairs, ASB and estate management increased, 55),

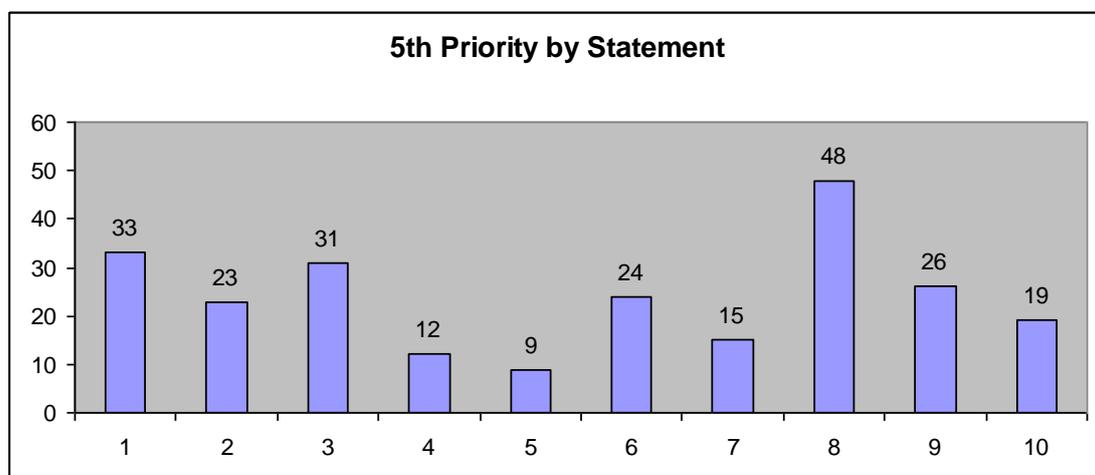
2nd Priority Statement 2 (Kitchens, bathrooms, windows, doors and heating systems replaced more often and to higher standard, 41),

3rd Priority Statement 4 (More services for older people, 51),

4th Priority Statement 5 (Rents and service charges maintained as affordable, 26),

5th Priority Statement 3 (Council housing and repairs staff to work with us, 23)

5th Priority by Statement – Collectively



1st Priority Statement 8 (Number of affordable homes for rent should be increased, 48),

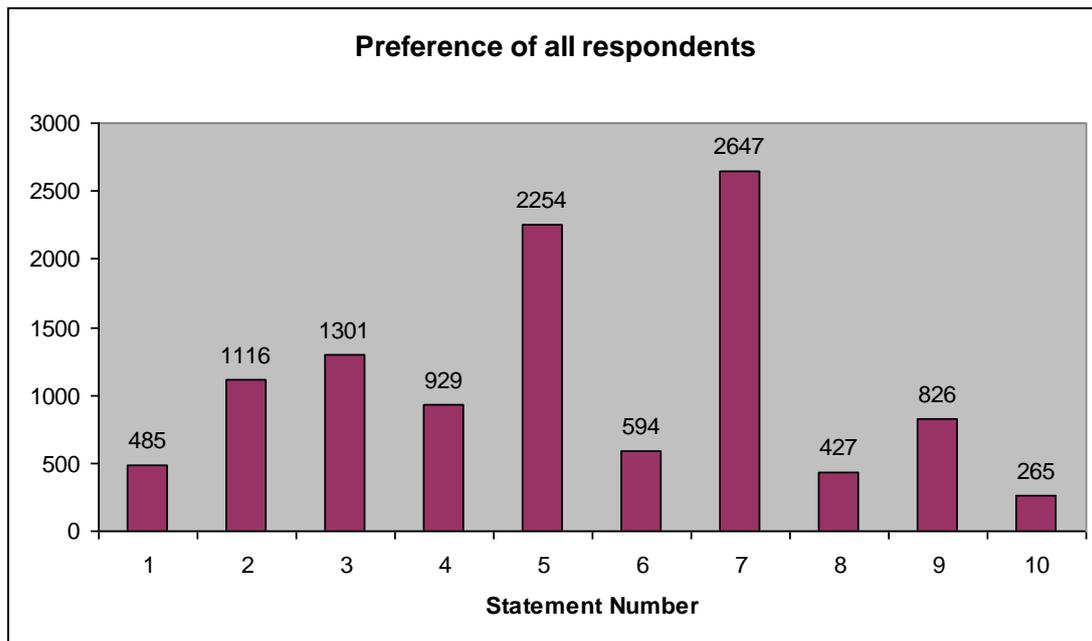
2nd Priority Statement 1 (More money spent in areas around my home, 33),

3rd Priority Statement 3 (Council housing and repairs staff to work with us, 31),

4th Priority Statement 9 (Range and quality of services such as repairs, ASB and estate management increased, 26),

5th Priority Statement 6 (Tenants should have full involvement in decision-making, 24).

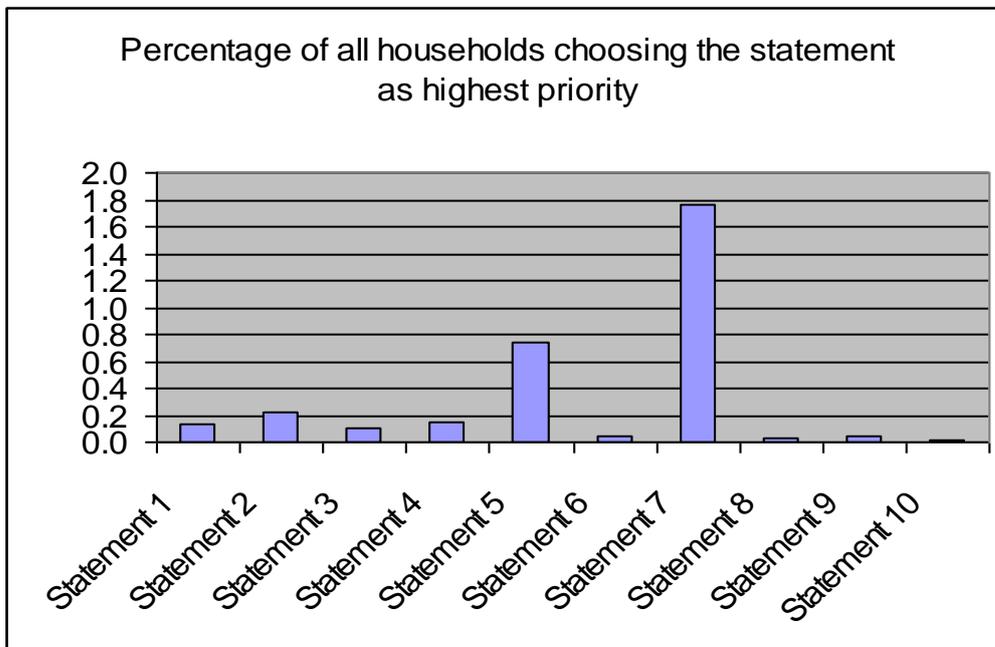
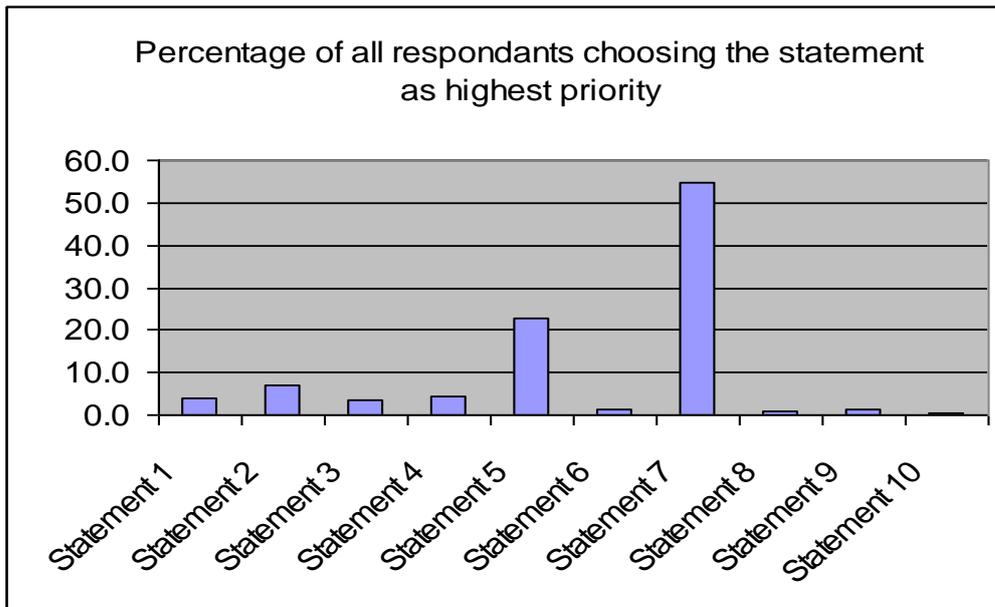
Common Themes and Conclusions



The above graph shows the relative importance placed on each statement by all respondents for both the anonymous and postal surveys collectively. Choices have been weighted so that the 1st Priority indicated has been given 5 points, 2nd Priority 4 points, 3rd Priority 3 points, 4th priority and 5th Priority just one point for each respondents choices made.

This shows that the majority of respondents preferred that the council continues to own the housing stock. The second preference expressed was for rent and service charges to be maintained at affordable levels. The third preference focuses on continued service provision by the current housing staff and trades workers. The fourth preference of respondents being for improvements to be more frequent, and, meet higher standards with the fifth most important area being more services for older people.

The above chart shows actual respondent percentages by statement against each statement area collectively across both the telephone and anonymous surveys.



The final chart above considers the percentage of responses by statement of all tenants and leaseholders offered the opportunity to participate.

Conclusions regarding the analysis are discussed in this report together with those of the financial analysis.

5

The Financial Position

5.1 Financial Information

TPAS has been provided with a substantial amount of financial information relating to the housing stock, the Housing Revenue Account (HRA) business plans and actual expenditure. All of the requests for financial information have been met in full.

5.2 Meeting the Decent Homes Standard

Subject to new information being available from an updated stock condition survey (TPAS Consultancy have been told this will be available at the end of 2009), the Council will meet the 2010 Decent Homes Standard (DHS) and should be able to maintain Decent Homes in the short term up to 2015.

5.3 Stock Condition

The original stock condition survey (commissioned in 2002), based on a 25% internal sample and 100% external showed that the stock was in good condition, and the estimated (as per the Business Plan) £93.2m cost of maintaining the stock to the 'Bronze Standard' (minimum Decent Homes plus day to day and cyclical maintenance) seem a reasonable estimate over 30 years, which based on a housing stock of about 3,100, and works out just over £30,000 per unit on average over 30 years. This is slightly lower than the figure for most local authorities that TPAS has seen, but reflects the generally existing good condition of the stock.

5.4 Achieving Decent Homes by 2010/11

To meet basic DHS by 2010/11, the cost according to the Business Plan would be £6.4m – there are sufficient resources available to meet this and to make some progress towards meeting the higher 'silver' standard.

5.5 Housing Revenue Account Surplus

According to information received at the point of finalising this report the Council did not implement the full recommendations for a 6.28% rent increase and opted for a 4.9% rent rise which produced a result whereby the Council is operating to an annual deficit in 2010/11. This point of relevance, at the point of writing this report, has not been validated by TPAS.

5.6 Housing Revenue Account Deficit

From 2011-12 it is projected that the HRA will sustain an annually increasing deficit. However, the reserves (subject to year end closedown) will still be approximately £2.75m at the end of the current financial year (2008-09). The high level of these reserves means that the HRA will suffer a decreasing “balance” on an annual basis – to make up for these annual deficits. By 2017-18 it is felt that reserves of only £224.5k are insufficient to sustain an estimated expenditure of £14.61m.

5.7 Right to Buy Receipts

In terms of additional capital resources, Council policy is not to use usable capital receipts from Right To Buy (RTB) sales for funding HRA Capital works although some one-off funding has been used. RTB has substantially declined in the current year (only 5 RTB's took place in the first 6 months of the financial year 2008/9). The Council is currently 'debt free' and the Business Plan assumes that no 'prudential borrowing' is utilised.

5.8 Councils Financial Position and Impact of Stock Transfer Option

In effect, the revenue funding for local authority housing stock comes from the Management, Maintenance and major repairs allowances; these are set out in the subsidy calculations set by government. The rent is almost irrelevant in terms of existing revenue funding. As SDDC is in 'negative subsidy', stock transfer would provide a major financial boost in that all the rent could be used to fund the organisation, directly or indirectly through providing sufficient income to fund substantial loans. The situation has not changed since the last option appraisal in 2004 and indeed, it could be argued that the present financial position is better than in 2004 (it will take more years for reserve balances to be exhausted now than was being projected in 2004). From the Council's point of view transfer is also likely to provide a substantial capital receipt.

This would present a potential improved position for the Council in terms of future investment options which may include supporting development of more new homes locally.

5.9 Review of the Local Authority Housing Finance System

The Government are however undertaking a review of the local authority Housing Finance system - despite some pilot schemes it is unclear what the outcome of this review is likely to be, whether sufficient funding will be available so that authorities such as SDDC can benefit, and if the financial penalties of retaining stock will be significantly reduced.

Reforms to the HRA subsidy system may or may not bring financial benefits to local authorities like South Derbyshire. In the current financial year (2008/9) South Derbyshire contributes over £2.4m through negative subsidy; policy

reform could reduce this amount. At the point of writing this report TPAS is unable to confirm any firm outcomes of the current Reform.

5.9.1 Sheltered Housing

Sheltered housing forms a relatively large proportion of the stock, and future demand for sheltered housing, and any need for investment to bring this segment of the stock up to date is a key issue. The need to “de-pool” the sheltered rents and service charges and move towards a customer focussed level of service delivery will have financial implications for all tenants. It is important to note that the council has no choice but to comply with requirements for “de-pooling” under other areas of central government policy.

5.9.2 Housing Stock Size Implications

Given the relatively small stock size, stock transfer would probably be financially more viable to an existing Registered Social Landlord (RSL), rather than setting up a new housing association. Transfer to an existing RSL can often be a harder ‘sell’ to tenants than setting up a new association, although in practice, many of the perceived disadvantages of joining an existing RSL can be overcome using a group structure.

6

Conclusions and Recommendations

6.1 Council Obligations

South Derbyshire District Council is obliged to fulfil a strategic role in monitoring its position in terms of its provision of housing to meet local need. As a landlord it also currently has obligations to ensure that homes and services meet the governments' requirements for Decent Homes Standards.

Housing Stock Options Appraisals are a government requirement of all local authority landlords.

The Housing Stock Options Appraisal conducted by South Derbyshire District Council in 2004 was part of the governments' national policy driving forward achievement of the Decent Homes Standard.

The Council is equally obliged to ensure that enough housing is available to meet local housing demand for affordable homes.

6.2 Financial Considerations

TPAS has considered financial information provided and confirms that South Derbyshire District Council is currently in a viable position to achieve and maintain the governments Decent Homes Standard at a basic level locally defined as "the Bronze Standard" and shows some signs of being able to finance further progress toward a slightly higher standard locally defined as "the Silver Service". However this should be recognised as a potentially possible to a limited degree.

The benefits of a capital receipt in the case of a transfer option could significantly improve the Councils financial position and could improve opportunities for those currently experiencing unmet housing need. The health warning is that this would only be the case where the Council took a policy decision to direct capital receipts to support development of affordable new homes.

6.3 Consultation Outcomes

Consultation outcomes of survey work with around 25% of the wider council tenant and leaseholder population have identified 5 clear priority areas in the following order of importance:

- 1 Council continues to own the housing stock
- 2 Rents and service charges to be maintained at affordable levels
- 3 Council housing staff and trades persons to continue working with us
- 4 Home improvements to be more frequent and to a higher quality
- 5 Provide a wider range of services for older people

This combination of priorities presents a situation of the Council being unable to satisfy collective aspirations as identified by overall views of respondents taking part in the survey consultation elements of the process. However the current housing finance review may have an impact on this position and the planned new stock condition survey may also change current assumptions.

The investment required to meet the aspirations for a wider range and higher quality services and improvements is not achievable within current finance available and in addition to its current legal obligations in respect of other government policy.

TPAS views that this demonstrates need for further work at community level to raise awareness effectively and develop a broad understanding of the potential of different options to deliver across the range of aspirations.

6.4 TPAS Views and Recommendations

- 6.4.1 TPAS would encourage the Council to consider the outcomes of the Government review in to the housing subsidy system due to report (Summer 2009) and the new stock condition survey to be completed (November 2009) before taking the options appraisal process any further.
- 6.4.2 In the event of the Council choosing to consider transfer of its homes, that they do indeed ensure that, resourcing of the exercise to develop a broad understanding of the model is adequate.