

MAYOR AND CABINET		
Report Title	Newstead Estate & Leybridge Court (Lee) – Decent Homes through stock transfer	
Key Decision	Yes	Item No.7
Ward	Lee Green	
Contributors	Executive Director for Customer Services, Executive Director, for Resources, Executive Director for Regeneration, Head of Law.	
Class	Part 1	Date: 31 October 2007

1. Summary

- 1.1 The Government's Decent Homes strategy required all local authorities to carry out a stock options appraisal by July 2005 to determine how Decent Homes will be achieved for all Council housing stock by 2010.
- 1.2 Lewisham completed its stock options appraisal in June 2005 and submitted a comprehensive Decent Homes strategy to Government Office for London (GoL) setting out an investment plan for the entire housing stock to meet Decent Homes by 2010.
- 1.3 As part of this investment strategy a stock transfer is proposed for Newstead Estate and Leybridge Estate which consists of 477 tenanted properties and 167 leaseholders.
- 1.4 The report seeks to update members on the progress of the stock transfer application for Newstead Estate and Leybridge Estate (Lee stock transfer) properties and inform members on the key stages of the transfer process. It provides information on the progress of the Registered Social Landlord (RSL) selection process and makes recommendations on the preferred RSL bidder.
- 1.5 It also informs members on the formal consultation process involved in stock transfer involving the development of an outline offer document with resident and the selected successful RSL. This will form the basis of the stage one consultation process. The offer, from the council, sets out how the successful RSL will achieve Decent Homes, additional improvements and improve housing management services.

2. Policy Context

- 2.1 On 5 February 2003 the Government launched the Communities Plan (Sustainable Communities: Building for the future), which set out a long-term programme of action for delivering sustainable communities in both urban and rural areas. Part of this plan was to ensure that all council and housing association housing would be decent by 2010.

- 2.2 The Government defined a decent home as one that should be warm, weatherproof and have reasonably modern facilities, such as kitchens and bathrooms.
- 2.3 The Government required that all local authorities with housing stock to undertake a stock options appraisal by July 2005 to determine how Decent Homes will be achieved for all Council housing stock by 2010.
- 2.4 Lewisham completed its stock options appraisal in June 2005 and a comprehensive Decent Homes Strategy was developed that was endorsed by Mayor and Cabinet on 8 June 2005. The Strategy outlines Lewisham's mixed investment approach including seven stock transfers, two Private Finance Initiatives (PFIs) and the Arms Length Management Organisation (ALMO): Lewisham Homes.
- 2.5 The Strategy was subsequently submitted to Government Office for London (GoL) setting out an investment plan for the entire housing stock to meet Decent Homes by 2010 and was signed off in August 2005.
- 2.6 Lewisham's Community Strategy incorporates the commitment to achieve decent homes.

3. Recommendations

Mayor and Cabinet are asked to:

- 3.1 Note the high level of resident and stakeholder consultation and engagement in the stock transfer and the RSL selection process as outlined in paragraphs 9 and 11.
- 3.2 Note the further key stages of the stock transfer process as detailed in paragraph 9 and summarised in table two paragraph 17.
- 3.3 Note the outcome of the RSL landlord selection process for Lee and to consider officers' recommendation on the preferred RSL bidder as outlined in paragraph 11.
- 3.4 Note the summary of the RSL offer in paragraph 7. which sets out the level of investment anticipated to achieving Decent Homes at Lee together with an outline of the programme of refurbishment works, additional improvements and improved housing management services.
- 3.5 Note the formal consultation process involved with stock transfer and that this report is primarily concerned with the first stage of the process: the formal offer document to residents as set out in paragraph 11.
- 3.6 Endorse officers' recommendations on the preferred RSL bidder, following the landlord selection process in paragraph 11.
- 3.7 Agree the Council pursues the stock transfer process of the properties at Lee to Broomleigh Housing Association, as set out in paragraph 11.8.4.

- 3.8 Agree officers work with the selected RSL partner, Broomleigh, and the Independent Tenants Adviser (ITA) and the residents to develop the stage one offer document over the next 3-4 months as set out in paragraph 12.2.1.

4. Background

- 4.1 The high number of properties not meeting the Decent Homes standard at Lee and the aspirations of the residents for their properties determined that stock transfer was the only investment option to deliver Decent Homes and provide value for money. Following the conclusion of the options appraisal residents proposed to pursue stock transfer to an existing RSL as their preferred option.
- 4.2 On the 18th October 2006 the Mayor agreed to undertake consultation with residents steering groups on Newstead Estate and Leybridge Estate (Lee) and that officers submit transfer applications for Orchard and Lee following discussions with CLG. Maps of the Leybridge and Newstead estates are attached at Appendices 1 and 2.

5. Introduction

- 5.1 Lee is a proposed stock transfer put forward and supported by residents. Residents are aware that the investment required to bring their properties up to the Decent Homes standard can only be achieved through stock transfer. Transfer should also provide residents with greater opportunities for resident participation and improved housing management services.
- 5.2 The proposed transfer involves 477 tenanted and 167 leasehold properties to an RSL. Newstead Estate comprises of 228 tenanted and 94 leasehold properties. Leybridge Estate consists of 249 tenanted and 73 leasehold properties. The proposed transfer is classified by the Department for Communities and Local Government (CLG) as a Large Scale Voluntary transfer (LSVT) and therefore requires a formal programme application being made to the CLG. However the CLG have yet to announce another programme, it is anticipated that this would happen in Autumn of this year.
- 5.3 In March 2007 the process of selecting an RSL landlord began (The details of this process are set out in paragraph 11) and the final part was completed in October 2007.
- 5.4 This approach was fully supported by Communities and Local Government (CLG). Throughout the stock options appraisal process and the development of investment proposals the Council has maintained a positive relationship with CLG. CLG fully support our proposals to achieve Decent Homes in Lewisham and for Lee.

6. Stock Condition Survey

- 6.1 The properties in Lee suffer from a high level of non decency as identified by the stock condition survey at the beginning of April 2004. Without further investment the survey suggests that by 2010 all the properties in the area will fail the standard.

6.2 The Lee stock profile is not dominated by one archetype. Archetypes within Newstead Estate and Leybridge Estate consist of low rise flats, maisonettes and houses with the exception that there are 4 high rise tower blocks located at Leybridge Court. There is also a two storey sheltered block at Woodville Close, which is also located on Leybridge Estate.

7. Investment required to achieve Decent Homes

7.1 The stock condition survey identified a total of £267,423 would be required in the first five years after transfer to deal with catch up repairs, future programme renewals, improvements, contingent major repairs, and the removal of asbestos. Investment costs per property in Lee are high in the first five years.

7.2 This results in an average investment per unit of £561 over five years. Overall costs are in line with the whole stock figures, and high when compared with average costs nationally. Costs are based on estimated costs at date of transfer, excluding fees and VAT.

7.3 Consideration has been given to the recovery of costs of works to leasehold properties. Experience has shown that currently the Council can recover 90% of these costs. This assumption is used in the calculation of the initial expenditure requirements.

7.4 The RSL has carried out its own initial survey of the stock and has committed to spend more than the estimates set out in the Savills survey. Broomleigh have promised to spend a total of £36.3m over the 30 year period which equates to £23.9m over three years. Broomleigh, in consultation with tenants, will refine the stock condition information available and draw up detailed works programmes. Broomleigh would need to validate and update stock condition expenditure for business planning purposes. Further due diligence is also to be carried out in order to maximise recovery of leaseholder costs.

8. Tenanted Market Value

8.1 Financial analysis undertaken by PricewaterhouseCoopers (PWC) indicated that the Lee transfer could be delivered without gap financing. The indicative tenanted market valuation of Lee housing stock was calculated as marginally negative. As part of the landlord selection exercise Broomleigh have made commitments to funding post transfer investment and services, and to delivering transfer without gap funding. They have committed to paying £2.5m to the Council for the housing stock.

8.2 The valuation was based on the assumptions that management costs per unit are significantly lower than the Council's current management costs for the whole stock. This reflected the cost reductions achieved through improved housing management, and assumed future costs based on average RSL costs.

9. Resident consultation and support for stock transfer

- 9.1 Lewisham's residents have been at the heart of the stock options appraisal process from the very outset. It is the Government's intention that residents should determine on a local area basis which investment solution best meets their housing needs and aspirations.
- 9.2 Lewisham's consultation strategy was agreed with residents and the Community Housing task force. It targeted residents at three levels, borough-wide, local and estate level.
- 9.3 All residents have received leaflets setting out the findings of the borough wide appraisal. Individually addressed letters and newsletters have been sent to all residents setting out the position in Lee. This has ensured everyone is properly briefed about the process and provided opportunities to be fully involved.
- 9.4 Newstead Estate and Leybridge Estate Tenants' and Residents Associations' initially began talking to the Council about the opportunities available with a stock transfer to achieve Decent Homes Standard following borough wide consultation in March 2006. A Steering Group of tenants and residents representatives, including leaseholders was set up to explore the potential investment solutions.
- 9.5 The two TRAs at Newstead Estate and Leybridge Estate are both in the Lee Green ward. The TRAs feed into the Central Lewisham housing panel, which enjoys good involvement and respect from residents and local authority services.
- 9.6 A full-time Development Officer with support from other departments have facilitated tenant engagement in the stock options process. There has been a rolling programme of briefings and meetings with the local group throughout the options appraisal process.
- 9.7 The Steering Group comprises a core of 6 tenants and 3 leaseholders who wish to take an active involvement in progressing proposals. They have considered this application for transfer and contributed to the proposals to ensure the Council's application matches their aspirations.
- 9.8 After a selection process the Lee steering group appointed Open Communities in December 2006 as their Independent Tenant Adviser (ITA).
- 9.9 The Steering Group have met regularly to consider:
- results of the stock condition survey for Newstead Estate and Leybridge Estates
 - base financial position for the whole stock, and as it applies to Newstead Estate and Leybridge Estates
 - available investment options
 - options for increased community involvement through housing transfer
 - decision on preferred solution to progress proposals to transfer ownership and management of the stock to an existing RSL

- 9.10 The Steering Group and the independent adviser, Open Communities, have arranged training sessions to support residents through the process. The Group discussed their priorities of improvements and service standards. They developed an assessment criteria for short-listing and final selection of a possible new landlord.
- 9.11 The Steering Group have been explicit from the outset that stock transfer must deliver an improved housing management service. Housing management of Lee is currently undertaken by Lewisham Homes, the Council's Arms Lengths Management Organisation. Supporting People funds Housing support at some of the properties in Woodville Close. Lee Housing Management services are provided through the Lee Green housing office along Eltham Road.
- 9.12 In June 2007, an Expression of Interest was sent to all RSL's working in the South East sub region seeking their interest in the transfer of Lee.
- 9.13 A communication and consultation strategy has been devised. This included regular newsletters to all tenants, leaseholders and stakeholders with provision made for a translation service including audio, large print and Braille. Open Communities has produced two newsletters, sent out letters, leaflet drops and carried out door knocking exercises at key stages in the process. They also provided a free phone telephone number available to all residents in Lee.
- 9.14 A programme of visits and meetings were arranged to ensure that the Steering Group have the information required to be meaningfully involved in the decision making process, including:
- A briefing on the financial issues relating to options appraisal and housing transfer facilitated by PWC
 - Interested RSLs met with the Resident Steering Group on site visits at Newstead Estate and Leybridge Estate.
 - Visits to existing RSLs and meetings with RSL tenants and officers to consider the experience of housing transfer and RSL management
 - A briefing on stock condition issues
 - Community events with RSLs to raise awareness and capture the views of the residents.
- 9.15 The Residents Steering Group have been keen to ensure that as many residents as possible have been involved in the selection process for the preferred RSL for Lee. Officers, the ITA and the Steering Group devised a series of events and meetings to ensure local involvement.
- 9.16 Lee residents' aspirations go beyond the physical improvements to their properties. From the beginning of the stock option process they have expressed the need for continued high level of housing management services and improved security. Also improved participation and decision making in the management of Lee.
- 9.17 One of the first tasks for the ITA was to work with residents to develop objectives for their future landlord. The selection of the future landlord has considered how the prospective landlord reflects the make up of the tenants

and can meet the specific needs of local residents. A consideration of existing RSLs has included local BME RSLs to consider the extent to which they could meet residents' objectives for the future, either directly, or in partnership with the prospective new landlord.

- 9.18 The ITA conducted an ongoing programme of door knocking and a survey of residents to measure understanding and support for the proposal and to engage with hard to reach groups. Home visits have been carried out where requested to enable further explanation and discussion with residents following receipt of printed material.
- 9.19 Residents have received regular newsletters inviting comment and the opportunity to attend steering group meetings. Translations, audio tapes, large print and Braille have been offered where requested. Content of the newsletters have been jargon free and as visual as possible.
- 9.20 On 13 June 2007 a public meeting was held in order to update all residents on the progress of the proposed stock transfer. Nearly 40 residents attended.
- 9.21 A key consideration during the RSL selection process and a first stage short listing criterion was how tenant participation post-transfer can be developed. And related to this, how provision of community facilities can be improved. The new landlord will develop in consultation specific resident participation arrangements and local compacts in line with residents' wishes.
- 9.22 Site visits to the short-listed RSLs were arranged on Saturday 15th September and Wednesday 19th September and all residents were given the opportunity to attend. Residents visited Broomleigh Housing Association and London & Quadrant on 15th September and Hyde on the 19th September. This gave residents an opportunity to talk to RSL residents who had experienced stock transfer and lived in similar property types and to meet key personnel from the RSLs.
- 9.23 On Saturday 29th September and Saturday 6th October, the residents steering group and Lewisham Council invited all tenants and leaseholders in the area to open days to meet the RSLs remaining in the competition. The first Open day was specifically held for the tenants and leaseholders of Newstead Estate, 23 households residents attended the event. The second open day on the 6th was held for the residents of Leybridge Estate to meet the remaining RSLs and talk through issues and concerns and 33 households attended providing vital feedback for the selection process.
- 9.24 These various communication methods, combined with the impetus of change itself has meant that all sections of the community are engaged in the discussions. The communication and consultation strategy has successfully enabled the views of those not normally represented to be expressed.

10. Stock Transfer Application

- 10.1 Mayor and Cabinet agreed on the 8 June 2005 to endorse Lewisham's Decent Homes Strategy.

- 10.2 As Lee is deemed a LSVT, a stock transfer application for Lee will need to be submitted but we are awaiting further information from CLG about the timeframes.
- 10.3 To date CLG has fully endorsed our approach to meeting the Decent Homes standard for Lee and we are confident the properties will secure a place on the next transfer programme.

11. Landlord selection process

- 11.1 During 2004-2005 Lewisham organised a series of briefings for RSLs with a presence in the sub-region. The briefings highlighted Lewisham's stock option appraisal process and strategy for moving towards the Government identified options for meeting the Decent Homes Standard. This enabled the RSLs in the sub-region to gain a regular update on how our Decent Homes Strategy was developing and establish their role in its implementation.
- 11.2 In June 2005, Mayor and Cabinet approved Lewisham's Decent Homes Strategy. On 18th October 2006, Mayor and Cabinet agreed to progress the stock transfer of Lee by beginning the selection of the RSL partner. Government Office for London (GoL) endorsed the Mini Stock Options Appraisal for Lee in January 2007.
- 11.3 There are over 50 RSLs active in the Lewisham who manage over 8,400 properties. The majority have less than 200 properties in the borough. RSLs with larger stock numbers include Beaver, Family, Hexagon, Horizon, Hyde, and London & Quadrant.
- 11.4 The RSL competition process commenced in June 2007, when expressions of interest were sought from all RSLs with a presence in the south-east sub region (London Boroughs of Bexley, Bromley, Greenwich, Lewisham and Southwark).
- 11.5 Discussions were held with the Housing Corporation on assessment rating of the RSLs. The aim of the assessment process was to ensure that RSLs could meet both the Council's financial requirements for the transfer and residents aspirations.

11.6 Expressions of Interest

- 11.6.1 Expressions of interest were sought from all RSLs operating in the south east London sub region. There was considerable interest in the Lee transfer with ten RSLs registering an interest in bidding. These were:

- Broomleigh (Affinity Sutton)
- Circle Anglia
- Family Mosaic
- Gallions
- Guinness Housing Trust
- Hyde Housing
- London & Quadrant
- Metropolitan Housing Trust

- Moat Housing Group
- The Riverside Group

11.6.2 Four of the ten RSLs dropped out of the selection process due to other commitments. Circle Anglia, Family Mosaic, Guinness and Metropolitan did not submit tender documents.

11.6.3 A one stage tender assessment was developed with the Steering Group to reduce the number of RSLs to a manageable number.

11.7 First Stage submissions

11.7.1 Information was sought from ten RSLs who had registered their interest. The first stage was designed to enable the Council and residents to assess whether the RSLs would be able to address residents priorities and meet the Council's requirements, in particular the financial criteria.

11.7.2 The first stage of the assessment process began on Friday 13 July 2007 and the RSLs were given six weeks to return their submissions with the deadline of Friday 24 August 2007. Of the ten RSLs expressing an interest four withdrew from the competition. The six RSLs submitting were:

- Broomleigh (Part of Affinity Sutton)
- Gallions Housing Association
- Hyde
- London & Quadrant Housing Trust (L&Q)
- Moat Housing Group
- The Riverside Group

11.7.3 The Lee Steering Group views were fully taken into account in the short-listing process. The ITA held training sessions with the Group to prioritise their requirements, assess tenders, to provide a financial appraisal and the interviewing process. The decision to short-list the RSLs down to three was made by officers based on financial advice from PWC, the Council's RSL partnerships manager and based on recommendations by the Steering Group.

11.7.4 Feedback from the Steering Group automatically eliminated Riverside. The Group cited the following reasons:

- considered weak across most areas
- leasehold management, service delivery, community facilities considered weak
- didn't address residents aspirations
- no additional investment proposed

After the initial elimination, the group carefully discussed the remaining candidates, choosing Broomleigh, Hyde and London & Quadrant.

Gallions were not chosen due to:

- scored low overall compared to short listed RSL's
- proposals for community facilities not specific enough

- financial commitment unsubstantial
- tenancy management proposals considered weak
- resident involvement not enough

Moat subsequently were not chosen as they:

- scored low compared to those RSL's short listed
- failed on previous stock transfer
- proposals for community facilities, financial offer and resident involvement considered weak
- vague/bland and non-proactive design and use proposals

11.7.5 The three RSLs remaining were:

- Broomleigh Housing Association
- Hyde Housing Association
- London & Quadrant Housing Group

11.7.6 All three RSL's received mostly positive feedback from the Steering Group and were favoured for their clear plans, investment levels and vision for the area. Broomleigh scored high for their community facilities and repairs commitments. Hyde scored high for finance, repairs, environment and tenancy management. L&Q were favoured for their environmental and security proposals. However it was felt that both Hyde and L&Q could improve on their leasehold proposals and Broomleigh could improve on service delivery.

11.7.7 On the 29 September and 6 October 2007, two open days were held, the first was held for Newstead Estate residents at St. Mildred's Church and the latter at Leybridge Court. These open days gave the residents an opportunity to meet the short-listed RSLs. The events were well attended and residents were able to ask questions and give their feedback.

11.7.8 A series of residents' visits to the three short-listed RSL estates were held in early mid September 2007. The steering group were very specific about what they wanted to get from the visit and each RSL was asked to accommodate their requirements. They sought:

- examples of refurbished properties- generic and sheltered accommodation
- to meet tenants and leaseholders
- to walk around similar properties/estates to gauge how well services were delivered
- to see community facilities in the areas.

11.8 Final Selection – The panel interview

11.8.1 The criteria for the selection of the preferred RSL was determined by the Lee residents steering group and the Council. On the 13 October 2007, selected members of the Steering Group and the Council held a panel interview to question the three RSLs; Broomleigh (Affinity Sutton), Hyde and London & Quadrant. Residents were invited to attend as observers and twelve came along and this included three of the Steering Group members.

11.8.2 Residents interviewed the three remaining RSLs focussing on their criteria and ability to deliver the necessary change for they area. The interview questions had been developed following discussion by the Resident Steering Group, Open Communities (ITA) and Council officers.

11.8.3 At this stage the Lee residents steering group voted to select their preferred RSL partner. Their choice was based on:

- Resident feedback from open days and visits to the RSLs
- Performance of RSLs at open day sessions
- Performance of RSLs at interview
- Financial criteria set by residents and the Council

11.8.4 Residents voted in favour for Broomleigh as their recommendation for preferred partner. Hyde and L&Q were rejected.

11.8.5 L&Q were discounted due to achieving a much lower score when rated from their responses to the interview questions. The main concerns being their management of ground maintenance as seen on the visits and their approach to resident engagement was too rigid.

11.8.6 Overall, the Interview Panel viewed Hyde quite positively, they liked their vision of regenerating the area but felt they would be also less flexible in their approach to resident involvement.

11.8.7 The reasons for recommending Broomleigh are:

- Provide a well monitored residential caretaking service
- A flexible and tailored housing service which can be provided at the residents home through use of IT, e.g. each tenancy officer will have access to laptop when carrying out home visits
- Examples of well maintained grounds as demonstrated on the visits
- Liked their innovative ideas for the high rise properties on Leybridge i.e. the cladding
- Liked their approach to tackling anti-social behaviour i.e. wardens and CCTV
- Interview Panel felt that the team were approachable and enthusiastic about working with the residents through the process

11.8.8 The Mayor is asked to endorse Officers' recommendations on the preferred RSL bidder following the landlord selection process and to agree that the Council should pursue stock transfer of the properties at Lee to Broomleigh's ownership.

12. Overview of the formal consultation requirements

12.1 A local authority landlord considering stock transfer is required by the Housing Act 1985 to enter in to formal consultation with residents about the proposal. The required process has two stages:

12.2 Stage 1 Notice

12.2.1 Following the completion of the landlord selection process and Members agreement to endorse the decision to transfer the ownership of Lee properties to Broomleigh. It is proposed that the Council commences detailed discussions with Broomleigh and residents to develop a high quality accessible offer document for residents to inform their decision on the transfer proposal.

12.2.2 This notice is usually referred to as the 'offer document' and must invite representations within a reasonable period. Due to the size of the proposed transfer we are advised that 28 days is sufficient time for representations.

12.2.3 The authority is required to consider any representations made within that period and may revise its proposals as a result. Where the authority proposes to change the terms of the offer following Stage 1, the revised terms must be clearly set out in the stage 2 notice.

12.2.4 The offer document is a key document in the stock transfer process, setting out to tenants the reasons for the transfer and the works proposed by the new landlord to bring residents homes up to the decent homes standard. It will also detail any additional improvements to their homes the successful RSL may have offered in the landlord's proposals in the landlord selection process. It will also set out the key policies and approach of the new landlord including management and service arrangements

12.2.5 The offer document will be accompanied by a letter emphasising the importance of tenants' views at this stage of the process. It will make clear the transfer is still at the stage of a proposal and the details can still change.

12.2.6 Responses must be recorded and tenants must be advised of the later stages of the process and how any amendments to the offer will be made as a result of comments made or any other circumstances that necessitated an amendment to the offer. These changes should be presented in a further 'stage 2' notice which must be issued before a ballot is held.

11.2.7 The Mayor is asked to agree that officers work with Broomleigh, the residents and their supporting ITA to develop the stage one offer document over the next 3-4 months and to return to Mayor and Cabinet for final approval.

12.3 Test of Opinion

12.3.1 It is proposed that a test of opinion is carried out before proceeding to ballot to ensure that there is sufficient support for the transfer proposal.

12.4 Stage 2 Notice

12.4.1 The stage 2 notice is a statutory requirement set out in letter form to all tenants drawing attention to the fact that the Secretary of State (SoS) may not give consent to a transfer if it appears that a majority of tenants are opposed to the transfer. The letter specifies a period of at least 28 days during which tenants may send any objections to the SoS.

12.4.2 The CLG expect the ballot to commence immediately after the issue of the stage 2 notice and the 28 day period to run concurrently with the ballot.

12.4.3 It is intended that the stage 2 notice will be used to announce when the ballot period will begin and end.

12.5 The Ballot

12.5.1 The ballot will commence immediately after the issue of the stage 2 notice and it is anticipated that the stage 2 period and the ballot period will run concurrently.

13. Leaseholder Consultation

13.1 There are no statutory requirements for consulting leaseholders as the terms of their lease would not change if the freehold transferred to an RSL. Lewisham recognises that leaseholders are key stakeholders in any transfer and have sought to involve them in the consultation process from the outset of the stock options appraisal and RSL selection.

13.2 Lewisham policy is to ballot only tenants, but to ensure that leaseholders are fully involved a bespoke leaseholder offer document will be produced which will be distributed to both tenants and leaseholders for consultation purposes. The document outlines the implications for leaseholders of the proposed transfer. This is in accordance with CLG guidance. The Lee Steering Group have agreed the formal consultation document should be sent to all leaseholders for consultation purposes.

14. Stakeholder Consultation

14.1 The communications strategy agreed for the borough wide options appraisal has been followed. This has ensured staff and other stakeholders, including partner landlords are kept informed of the appraisal process.

14.2 Local organisations and Council staff at Lee have been briefed on Decent Homes Strategy. Those briefed included, housing management partners, tenant participation manager, caretakers and housing officers. Consultation with stakeholders is ongoing. Staff affected by the proposals will be able to continue to attend meetings and have access to advice.

15. Staff Consultation

15.1 The Council has consulted with staff regarding the options and the implications for them in the context of the overarching strategy for the borough. This has included staff involved in housing services - sheltered housing, caretakers and support staff. All have had access to information on the options appraisal process through regular briefings and the Council's web site.

15.2 The consultation was led by officers from the Council's Strategic Housing section, working closely with the staff from Lewisham Homes.

16. Member Consultation

16.1 Council members have been engaged in the options appraisal process with regular presentations on the findings of the stock condition survey, financial analysis and results of resident consultation. The formal process of members endorsing the Council's approach to Options Appraisal has included:

Table One: Member Involvement

Date	Members	Involvement
23 April 2003	Mayor and Cabinet	Initial report on Housing Stock Options Appraisal
17 September 2003	Mayor and Cabinet	Agree policy framework for Housing Investment Strategy
10 December 2003	Mayor and Cabinet	Advised PWC commissioned for the first stage of the Stock Option Appraisal process, the appointment FPD Savills to update the stock condition survey, PPCR appointed as the ITA and a Strategic Project Steering group had been set up
9 June 2004	Mayor and Cabinet	Progress report on Stock Option Appraisal
15 December 2004	Full Council	Endorse the continuation of fourfold approach. Mainstream capital programme, existing major regeneration schemes, proposed regeneration schemes and Brockley PFI. Note progress on the Borough wide stock option approach to complete the appraisal
29 June 2005	Full Council	Endorse Lewisham's Full Decent Home strategy and agree to submit an application for inclusion on the 2006 Housing Transfer programme
9 November 2005	Mayor and Cabinet	Approve the outcome of the submission to GoL of Lewisham's full Decent Homes strategy.
26 July 2006	Full Council	Members were given a presentation about the delivery of the Council's Decent Homes Strategy. The presentation outlined progress towards meeting decent homes standards in Lewisham. Information was also provided on each individual scheme currently underway.

17. Timetable for stock transfer

Table Two: Lee

Task	Timescale
Stock Options Appraisal	2003 -2005
Invitation to tender sent to all RSL's operating within the South-East Sub – Region deadline	13 June 2007
Selection of landlord – First stage submissions deadline	24 August 2007
Selection of landlord	13 October 2007
Submit transfer application to CLG	TBC
Members endorse: <ul style="list-style-type: none"> officers' recommendations on preferred RSL following completion of competitive process. 	31 October 2007

Members agree: <ul style="list-style-type: none"> officers and residents work with the RSL to develop the Offer Document (stage 1 notice) and return to Mayor and Cabinet for endorsement of the formal offer document 	
Develop Offer Document (stage 1 notice) with RSL & residents	November 2007 – February 2008
Test of opinion prior to ballot	March 2008
Mayor and Cabinet endorse stage 1 formal offer document	March 2008
Formal consultation period – Offer Document to all residents	April 2008
Issue stage 2 notice – letter to all tenants & Ballot period	May/June 2008
Ballot	June 2008
Transfer Contract developed and agreed between Lewisham and the new RSL Landlord	July-December 2008
Lewisham Apply for Secretary of State consent to transfer properties and related land to new RSL landlord	Autumn 2008
Formal transfer to new RSL landlord	January 2009

18. Contingency Plan

18.1 In June 2005, Members agreed that housing stock included in a transfer bid which did not achieve government funding or where a positive resident ballot did not occur, that the Council would consult residents of the area with a view to its being managed by the Lewisham ALMO. Although no funding would be available for improvements, any future applications for ALMO funding would include the Lee area. The level of investment available in an ALMO would be insufficient to meet residents' current aspirations.

19. Financial Implications

19.1 Impact on revenue budgets (HRA and general fund)

19.1.1 In the event of the stock transferring a new landlord, HRA income will be reduced as the Council will no longer receive rent, service charges or housing subsidy in relation to the properties. The Council will make savings on management and maintenance costs. Because the Council's costs include an element of fixed costs and overheads there will be a net pressure on the HRA

19.1.2 The timetable in this report allows for transfer in January 2009. The effect on the HRA in 2008/09 would be £142k. In a full year the effect would be £567k. The necessary savings will form part of the HRA budget strategy for 2008/09 and future years.

19.1.3 The loss of housing stock reduces the level of recharge of General Fund services such as environmental and central support services. The Council's General Fund budget strategy will take account of these effects.

19.2 Housing Investment Programme

19.2.1 The Council is not in a position to fund the investment requirements of Lee from its existing capital resources. Because it is outside the local authority

housing subsidy system, the new landlord is able to use tenants' rent fully for the benefit of the stock. The new landlord will have greater freedom to borrow and will be able to use some of its existing funds to bridge any remaining shortfall.

19.3 Funding of the transfer

19.3.1 The Council's costs related to the transfer are estimated at £422k in total.

19.4 Capital receipts

19.4.1 It is estimated that a capital receipt of £2.5m will be received for the transfer of Lee. Receipts from stock transfers such as this (large-scale voluntary transfers) are subject to pooling arrangements. This receipt can be used to meet the Council's costs of transfer. The Council has asked CLG for consent for surplus after this to be used to meet the costs of other transfers.

19.5 RTB Receipts

The Council will receive a proportion of the RTB receipts following transfer. However as the number of sales has reduced significantly recently the receipt is likely to be small.

20. Legal Implications

20.1 Where a stock transfer is proposed Section 106A of and Schedule 3A to the Housing Act 1985 impose additional consultation requirements on the Council, and these apply in place of the general duty to consult on matters of housing management under section 105 of the Housing Act 1985. Authorities are required to consult with affected tenants providing them with details of the proposal including the identity of the proposed transferee landlord, the likely consequences of the disposal for the tenant (including the preserved Right to Buy for secure tenants) and the effect of the consultation requirements. The authority must allow tenants a reasonable period within which to make representations and the authority is required to consider any responses received and to serve a further notice on the tenants advising them of any significant changes to the transfer proposal and of their right to object to the proposal to the Secretary of State. The Secretary of State cannot give his consent to the transfer if it appears to him that the majority of tenants do not wish to proceed with the proposed transfer.

20.2 The Council would need to undertake this consultation once the transfer proposals had been worked up in sufficient detail, and following Ministerial approval to include the transfer in the disposals programme. At that stage Mayor and Cabinet would need to consider the outcome of the consultation and make a formal decision whether or not to proceed with the proposed transfer.

20.3 Disposal Consent/Disposal programme

20.3.1 Under section 32 of Housing Act 1985 local housing authorities cannot dispose of land held for housing purposes without the consent of the Secretary of State. In considering whether to grant consent the Secretary of

State will be mindful of the tenants ballot discussed above. The formal application for Ministerial Disposal consent under section 32 of the Housing Act 1985 would need to be authorised by full Council.

20.4 Homelessness

20.4.1 Where decisions are being made in respect of the future provision of housing within the borough, Members should bear in mind the Council's specific duties under the homelessness legislation and the general duties under Section 3 of the Homelessness Act 2002 requiring the Council to develop a strategy for:-

- a. preventing homelessness in their district
- b. securing sufficient accommodation is and will be available for people who are or may become homeless
- c. securing satisfactory provision of support for people in their district
- d. who are or may become homeless; or
- e. who have been homeless and need support to prevent them becoming homeless again.

20.5 TUPE

20.5.1 Should the transfer take place certain employees of the Council and those of any contractors wholly or mainly employed in the management of the properties to be transferred will be entitled to transfer to the new RSL owner under the Transfer of Undertakings (Protection of Employment) Regulations. To date two caretakers, one cleaner and up to three Building Services staff have been identified to transfer to the new landlord.

21. Equality Implications

21.1.1 A full equalities impact assessment (EIA) on the stock options appraisal process has been carried out to assess the possible negative and positive impact on all equality groups in Lewisham. This is available and the effect of the policy is monitored. The EIA will also be presented to shadow boards and steering groups leading the process in each area so that the findings can be taken into account.

22. Environmental Implications

22.1 Works carried out to bring homes up to the Decent Homes standard by the successful RSL should lead to greater energy efficiency, reduced maintenance costs and lower fuel bills for residents. It will also reduce the level of harmful gases being released into the air.

22.2 The new landlord will develop minimum standards that tenants can expect from their home. A key part of that will be the affordability and sustainability of the energy usage. SAP rating information will be utilised to inform decisions on the type and targeting of enhancements to be included in the overall improvement works.

22.3 The improvement and exceptional extensive works programmes will include works to install double glazed windows, wall insulation, and new or upgraded heating systems. Many of these works would not be possible under existing

resources. These works are all designed to improve the thermal efficiency of dwellings. The new landlord will also consider the provision of advice to tenants on energy efficiency and how they can reduce their fuel bills.

- 22.4 Detailed proposals will be developed by the new landlords in full consultation with the Council, especially in the context of the Council's Local Agenda 21 action plan. Mechanisms would be established between the new landlord and the Council to monitor the action taken by the new landlord towards meeting the Council's targets under the Home Energy Conservation Act 1995. The business plan for the new landlords would make provision for all works necessary to bring the properties up to modern standards of thermal efficiency and comfort.

23. Crime & Disorder Implications

- 23.1 One of the key priorities of the Resident Steering Group in selecting a preferred RSL was how it would tackle crime and anti social behaviour in the Lee transfer area. Broomleigh has a strong track record in dealing with crime and anti social behaviour across a range of different property types. Broomleigh are committed to adopting a robust approach to dealing with crime and anti social behaviour. It is committed to working with the Resident Steering Group, Council and the Police through Lewisham's Crime Reduction Partnership to ensure that safety at Lee is improved.
- 23.2 One of the sub-groups developing the offer document will specifically consider the crime and disorder implications of the stock transfer. The offer document will outline in specific detail the physical improvements, enhanced estate management and the diversionary opportunities which Broomleigh will implement to help reduce crime and anti-social behaviour. The offer document will also demonstrate Broomleigh's commitment to tackling race and hate crime, domestic violence and improving child protection which residents at Lee seek.

24. Conclusion

- 24.1 This report seeks Members' endorsement of the prospective new Landlord for the properties at Lee. The new landlord Broomleigh will bring not only major financial investment to ensure sustainable decent homes are achieved by 2010 but will also bring excellent housing management services with enhanced resident participation.
- 24.2 With Members' approval the Council will work with residents and Broomleigh over the following weeks to develop the formal offer document for Lee residents. Officers will return to Mayor and Cabinet in Spring 2008 to seek endorsement of the offer document and to progress to the next step in the consultation process.

Background Papers

title document	Date	Location
Decent Homes update	Mayor and Cabinet 9 November 2005	5th Floor Laurence House
Decent Homes Strategy	Full Council 29 June 2005	5th Floor Laurence House
Decent Homes Strategy	Mayor and Cabinet 8 June 2005	5th Floor Laurence House
Housing Stock Option Appraisal - Overarching strategy	Full Council 15 December 2004	5th Floor Laurence House

For more information on this report please contact Dave Baptiste, Acting Head of Strategic Housing – on 020 8314 3795.

Map of Newstead Estate

Appendix 1

Map of Leybridge Court