

# REPORT

**Cllr Cole-Morgan: Cabinet Member for Housing and Community**

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## **HOUSING STOCK OPTION APPRAISAL - CONSULTATION ISSUES**

### **1. Purpose of report**

To agree the key issues for consultation on the housing stock option appraisal following the presentation of a summary report of the financial appraisal of the four options to the Stock Option Project Board on 19<sup>th</sup> October 2004.

### **2. Background**

- 2.1** The Stock Option Appraisal which has to be completed by July 2005, has reached the financial appraisal stage. On 19<sup>th</sup> October the Project Management Board received a presentation on a comparison of the 4 options, Stock Retention, Private Finance Initiative (PFI), Arms Length Management Organisation (ALMO), and Stock Transfer against the base budget position and the condition of the stock.
- 2.2** The presentation and summary report concluded that there was little or no merit in the PFI and ALMO options and we are therefore effectively faced with a choice between stock retention and stock transfer.
- 2.3** The financial appraisal showed that if the stock were retained while it would be possible to meet the government's decent homes by 2010 target it would not be possible to meet the full repairing requirements identified in the stock condition survey or tenants' aspirations expressed as the Salisbury Standard. It would also be necessary to make revenue savings of £1.2m, i.e. around 30% on either current management or maintenance costs or a combination of the two. This is primarily because of the £6m lost in the negative subsidy paid annually to central government out of rental income. RSLs do not pay this negative subsidy and therefore have more disposable income.
- 2.4** Stock transfer would make it possible not only to meet the decent homes target but also the full condition survey requirements and the Salisbury Standard. There would be no requirement to make revenue savings. The Council would receive a net capital receipt of around £30m and the General Fund is estimated to receive a further £12m over the next 10 years due to a share of right to buy receipts following transfer.

### **3. Key Issues for Consultation**

- 3.1** As the option appraisal reaches a critical stage it is important that we agree the key issues for consultation. Consultation will be undertaken with tenants, leaseholders,

staff, each of the political groups and the strategic alliance for broader community issues. The Project Board agreed the following key issues:

- 3.2 That the consultation should concentrate on stock retention and stock transfer as ALMO and PFI offer relatively few if any benefits.
- 3.3 What level of investment in the stock should we be aiming for?
  - (a) Full Decent Homes Standard only;
  - (b) Full Stock Condition survey works;
  - (c) Full Stock Condition survey works plus tenants aspirations expressed in the Salisbury Standard;
  - (d) Full decent homes plus some of the survey work in accordance with the current budget.
- 3.4 Retention would require a significant reduction in expenditure on Management and Maintenance. A question should be asked regarding which of the following options would be preferred
  - (a) reduce management expenditure by 33%;
  - (b) reduce maintenance expenditure by 32%;
  - (c) a combination of these;
  - (d) maintain current service standards (which would require a transfer).
- 3.5 Transfer would result in a net capital receipt and cumulative savings on the General Fund. A question should be asked regarding how the receipt could be used as an indication of this would need to be included in the final report to obtain sign off.
- 3.6 Transfer would require agreement on how the transferred stock should be governed. A question should be put regarding the choices that would be available i.e. a new or existing registered social landlord.
- 3.7 A survey carrying an explanation of the likely consequences of each course of action in practical down-to-earth terms and seeking an indication of whether people prefer stock retention or stock transfer should accompany the consultations.

#### 4. **Recommendation**

- 4.1 That Cabinet endorses the key issues of consultation expressed in 3.2 – 3.7 above.

#### 5. **Background Papers**

- 5.1 HACAS Chapman Hendy - Salisbury District Council Housing Options Appraisal Summary of Draft Report 15<sup>th</sup> October 2004.
- 5.2 A timetable for consultations is attached as Appendix I.

#### 6. **Implications**

- 6.1 **Legal** : Council's have a legal duty to consult tenants on all issues which affect their management
- 6.2 **Financial** : None at this stage as the report is concerned with consultation
- 6.3 **Human Rights** : None
- 6.4 **Personnel** : None at this stage as the report is concerned with the consultation process.
- 6.5 **Community Safety** : None

## APPENDIX I

### 29<sup>th</sup> November

A.M.	Mere
P.M.	Tisbury

### 30<sup>th</sup> November

A.M.	Amesbury
P.M.	Wilton
Evening	Downton

### 2<sup>nd</sup> December

P.M.	City Hall
Evening	City Hall