

Note of Special Consultation Meeting for Area Panel Representatives and other Tenants and Leaseholders on 19 September 2008 concerning the Housing Local Delivery Vehicle proposal

The meeting had been called by Councillor Mary Mears, Leader of the Council, and Councillor Maria Caulfield, Cabinet Member for Housing, for tenants, leaseholders and their representatives to hear a presentation and have the opportunity to ask questions on the council's investigation of Housing Green Paper options and the proposed Local Delivery Vehicle. This is the funding option that will bring in investment to improve council homes. The proposal is an essential part of the strategy to get the millions of pounds needed to improve tenants' homes while ensuring that the council keeps ownership of all the housing stock for the future benefit of the city.

An article in the September edition of the tenants and leaseholders newsletter *Homing In* explains the Housing Local Delivery Vehicle proposal, which will be discussed at Housing Management Consultative Committee on 23 September and by the Cabinet of the council on 24 September 2008. The article invited all tenants and leaseholders to book a place for this meeting. It also gives contact details for tenants to ask any questions by telephone (on 293832) or email (to council.housing@brighton-hove.gov.uk).

Martin Reid, Head of Housing Strategy, gave the presentation (a copy of which is on the council's website). He, Joy Hollister, Director of Adult Social Care and Housing and Nick Hibberd, Assistant Director (Housing Management) then answered questions from tenants and representatives, with additional comments from Councillors Mears and Caulfield, as follows:

Timetable

Q: How long will it take to set up the Local Delivery Vehicle (LDV)?

A: The council is aiming to have it set up by April 2009.

Q: Will people in Temporary Accommodation have to wait until April then?

A: The people currently housed in the 106 Temporary Accommodation units which would be leased to the LDV will all be rehoused before April. There is a high natural turnover in this Temporary Accommodation for homeless people.

Q: Is this Plan B and was it thought of before the No vote [by tenants to large scale voluntary stock transfer in February 2007]?

A: No. The government's Housing Green Paper came out after the No vote. The council has two main plans to meet the gap in funding to carry out all the repairs and improvements needed to tenants' homes: this proposal to set up an LDV and a new procurement strategy, which will bring in much more money to fund the gap.

Q: How long will it take to start the scheme and to get the money to refurbish council tenants' homes?

A: We hope to release the first batch of units next year and the money from the lease payments to the council would then be available straight away. We know there are council homes which desperately need investment. The LDV proposal is one way of drawing in more money for the programme of works to tenants' homes.

Q: What has happened since we first learned of the proposal?

A: The council's officers and advisers have been working hard on the financial modelling and working up a viable proposal. Our priority is to get investment into the Housing Revenue Account as soon as possible.

Q: Will this be an ongoing programme for x years or have a final end? Will the five years be extended?

A: Properties will be held for longer than five years, because of the need to repay the loan which will fund the up to £45 million payment to the council and the refurbishment costs. But the programme of leasing will take place over five years.

Q: The leases would be for up to 125 years. Would income be coming in for 125 years?

A: We can't speculate what will happen so far into the future, but the council would get up to £45 million payments for the lease premiums in the first five years. The LDV would borrow the money to make those payments and repay the loan over a longer period of time.

Decent Homes Standard

Q: Will this proposal do away with the deadline to achieve Decent Homes Standard?

A: The government still requires all council stock to meet Decent Homes Standard. This proposal will assist our programme with additional funding.

Q: Will the LDV homes be the first ones to meet Decent Homes Standard?

A: No. Around half of council homes already meet Decent Homes Standard and our works programmes will bring more stock up to the standard.

Q: A lot of tenants have put in their own kitchen. Would the proposal mean those would be taken out?

A: No.

Q: The council doesn't seem to know what work needs doing. It has refurbished some properties several times and others not at all.

A: We have good information on what works are needed. We have surveyed properties and will repeat this on an ongoing basis. We do not need to survey every single property to be able to calculate what needs to be done.

Proposed company and board of management

Q: What sort of companies will lease the properties?

A: There would only be one company, and this will be set up by the council who will use it to house some of the 700 or so people the council already has to house each year anyway. The benefit is that the company can borrow money to pay the council up to £45 million in lease payments which the council will use to improve council tenants' homes.

Q: Will the board be elected?

A: The LDV would have a board of management of four council tenant board members, four council member board members and four independent board members. The tenant board members would be elected by the council's Area Management Panels. The tenant and council board members would appoint the rest of the board.

Q: If the chairman is thrown out, would they get a £2 million bung to go?

A: No. This would be a not for profit company, with no shareholders, and there would be safeguards in place to ensure benefits go back to the council. Board members would not be paid. Councillors already get an allowance.

Q: Will the board be in line with the management committee proposed by the Sheltered Housing Action Group?

A: No. This is a completely separate proposal to the Sheltered Housing Action Group proposal.

Q: Will the LDV be exactly like the housing association would have been?

A: No. The LDV will not be a housing association and no tenanted properties will be affected. The proposal is to raise money without transferring the freehold of properties to another landlord. It deals with the restrictions facing the council in accessing funding, without selling homes.

Q: Is the council going to keep permanent control over the company it will set up?

A: The council will protect its interests through membership of the board and company and through legal agreements, including the lease and nominations agreement. Council tenants' interests will also be represented by the tenants on the board.

Q: Will two thirds of the LDV's income go on management and salaries, like regeneration companies?

A: The LDV would be a very small organisation, not a vehicle to give a lot of people jobs. The preference is for the council to continue managing the properties as now, under a management agreement.

Payment of up to £45m to the council for investment in council homes

Q: How much do you envisage the council will get over the life of the scheme?

A: The council would get up to £45 million in the first five years, and the business plan shows that this works. The LDV offers a real opportunity to raise investment for council tenants' homes.

Q: Where did the figure of £45 million come from?

A: We did the work ourselves, then got in specialist advisers to help us with the financial modelling, which shows the council could get up to £45 million from this proposal.

Q: Will the £45 million be enough? What happens when it's all spent?

A: It's one part of the jigsaw, along with the procurement strategy which aims to get better value for money from the resources we have.

Properties

Q: Who came up with the figure of 499 properties for leasing? Would it make any difference to go over that number?

A: In law 499 is the maximum number of properties that can be leased to an organisation over a period of five years without having to go on the government's programme for large scale stock transfer. We know from the ballot last year that is not what tenants want.

Q: The proposal still means 499 properties will be taken out of the council's control and won't be council tenants.

A: The council would have 100% nomination rights to the properties, so all the tenants would be ones put forward by the council.

Q: You've stuck to 499 so everyone does not get a vote.

A: Voting only applies where tenanted properties are transferred to another landlord, regardless of whether more or less than 499 properties are involved. This proposal does not involve leasing any tenanted properties. We have talked to tenants and are answering your questions. We have worked on this proposal right up to the present. All tenants have been consulted through *Homing In*, these consultation meetings with tenants and Area Panel reps and through the Housing Management Consultative Committee.

Q: The sheltered housing review proposal has insufficient funds. Will the £45 million mean it will now be possible to deal with the sheltered stock?

A: The sheltered housing review consultation taking place now is specifically on staffing and management of sheltered housing. The up to £45 million has to be spent on physical improvements to the stock. Sheltered housing is part of our Housing Revenue Account stock, therefore the money will be spent on sheltered housing schemes too.

Q: How will you deal with the shared facilities in sheltered schemes?

A: We will visit schemes with shared facilities individually to see realistically what we can do. The money the proposal brings in would be used to invest in our stock to bring it up to Decent Homes Standard.

Q: Does this involve the Kingswood and Milner and Circus Street site?

A: The proposal only involves properties which become empty.

Tenants and rents

Q: Who will the tenants be – asylum seekers?

A: The tenants, who would all be nominated by the council, would be homeless households and other groups the council has a duty to house, from Children's and Young People's Trust, Learning Disabilities and Adult Social Care. These are the same people that the council currently houses mostly in the private rented sector. This is essentially the same business model as private landlords use, using the income stream from rents as funding, but the council will get the financial benefit from the scheme.

Q: Will the LDV's rents be higher?

A: The rents would be on the same basis as people the council currently houses in temporary accommodation in the private rented sector.

Other

Q: Money from Right to Buy sales goes into government coffers. Why aren't councillors campaigning about that?

A: 75% of sales receipts go to government and 25% is kept by the council. Councillor Mary Mears has arranged for half of that 25% to now go to the Housing Revenue Account. The council this year has also fallen out of government subsidy for the Housing Revenue Account.

Q: Can't we go to the European Union on this?

A: The council, with other local authorities, is campaigning on this, but has to abide by government criteria which mean it has to work under very tight financial constraints.

Tenants' and Area Panel representatives' comments also included the following:

- A letter in the *Argus* saying rents will rise as a result of the proposal and it's a sell-off is not true. Council officers are not misleading tenants. All tenants won't have a vote, but can all feed back comments today or via their Tenants Association to Housing Management Consultative Committee. It would have been better to discuss the proposal at Area Panel meetings, but the council needs to move forward quickly on the proposal to get the funding for improvements to tenants' homes.
- I am disappointed the council has not gone through Area Panel meetings.
- We are very lucky to have a strong tenant movement in Brighton & Hove. Tenants' associations elect representatives to Area Panels and everyone in council housing has an opportunity to have a say. Area Panels democratically elect the representatives for focus groups and Housing Management Consultative Committee and tenants can have confidence in their reps. I am not 100% in agreement with the report contents, but we have to raise money to keep tenants' homes standing. We need to look

forward. The four tenants on the board will be looking after tenants' interests.

- This is clarity and common sense. The council has no money and doesn't have the funds to do Decent Homes Standard so we're going to borrow money by setting up our own business which will be a limited liability company. That will pay the council for the leases with £45 million we need for Decent Homes Standard.
- The LDV is like a little ALMO, but we don't need stars to do it. There will be rotation of tenant board members.

Councillor Mary Mears stressed she understood the real concerns tenants have. They had made very clear in the stock transfer ballot that they want to stay with the council. But the government is also very clear the council still has to reach Decent Homes Standard, without the government money which had been on offer if the stock had transferred.

She saw there to be just three options:

1. doing nothing and leaving the stock to get worse;
2. stock transfer – which the council knows tenants do not want; and
3. raising money for the stock. The proposal to set up an LDV to borrow on the rental income it would get from leased properties would achieve this.

When the administration came in there was an investment gap of around £239 million. The new procurement strategy would deal with a big chunk of this, but a gap of around £50 million remained. She, as Leader, has made a commitment to invest in the stock and the council proposes using the Housing Green Paper to find our own way to solve our problem. If anyone can come up with a better idea to invest in our stock she will listen to it.

The meeting finished with a discussion on how to recruit new, younger people onto the existing tenants association and other committees. Councillors Mary Mears and Maria Caulfield gave their commitment to support tenants associations which were new or thin on the ground.

Mary Mears closed the meeting by thanking everyone for attending and for their input. She stressed tenants have a really strong voice and encouraged them to use it. The council needs to hear when we get things wrong. Tenant reps do fantastic work under difficult circumstances representing tenants in the city, but their voice is important and they are listened to.