

EAST HERTS COUNCIL

COMMUNITY SCRUTINY COMMITTEE – 22 JULY 2008

REPORT BY EXECUTIVE MEMBER FOR HOUSING AND HEALTH

7. ANNUAL PERFORMANCE REPORT FOR RIVERSMEAD AND SOUTH ANGLIA HOUSING ASSOCIATIONS

WARD(S) AFFECTED: ALL

'D' RECOMMENDATIONS – that (A) performance on the housing associations three remaining stock transfer undertakings be noted; and

(B) performance by Riversmead and South Anglia Housing Associations for the year 2007/08 be noted.

1.0 Purpose/Summary of Report

1.1 The report advises the committee on the progress made by the two large scale voluntary transfer housing associations on the three undertakings that remain following the end of the delivery of promises programme in 2007.

1.2 To advise that the two large scale voluntary transfer housing associations will be presenting individual reports to the Committee on a range of measures regarding the management and maintenance of the stock they own in East Herts.

2.0 Contribution to the Council's Corporate Priorities/Objectives

2.1 The monitoring of the remaining stock transfer promises and the performance of the districts large scale voluntary transfer housing association partners contributes to several of the Council's corporate priorities including:

Promoting prosperity and well-being; providing access and opportunities

Enhance the quality of life, health and wellbeing of individuals, families and communities, particularly those who are vulnerable.

Fit for purpose, services fit for you

Deliver customer focused services by maintaining and developing a well managed and publicly accountable organisation.

Leading the way, working together

Deliver responsible community leadership that engages with our partners and the public.

3.0 Background

3.1 In March 2002 the Council sold its stock of some 6,500 dwellings to Riversmead and Stort Valley (now South Anglia) housing associations in return for a capital receipt, 75% nomination rights and a five year programme of improvements to the stock, which has been termed the 'Delivery of Promises'.

3.2 The undertakings were of two types. The majority concerned improvements to the housing stock transferred and had targets for either minimum spend or number of improvements. Additionally there were other conditions attached to the sale of the stock which had a much longer time frame for example nomination rights to their vacant properties.

3.3 The five year Delivery of Promises programme came to an end in March 2007 and a report was presented to the Performance Scrutiny Committee in July 2007 by both officers from the Council and the two housing associations.

3.4 At that meeting members requested, as well as officers reporting annually on the remaining stock transfer undertakings, that the two housing associations present individual annual performance reports to Community Scrutiny Committee. This they agreed to do.

4.0 Report

4.1 Riversmead and South Anglia Housing Associations and Council Officers presented a report on the whole of the delivery of promises programme in July 2007. The majority of the promises ended after five years but three promises have a much longer life span. These remaining promises are monitored by the Housing Service.

4.2 Nomination percentages. The Stock Transfer Nomination Agreement states that the two housing associations give the Council 3 out of every 4 of their vacant homes (of the homes that were

transferred) for the Council to nominate to households on its Housing Register. This agreement is in perpetuity.

- 4.3 Right to Buy Clawback agreement. The agreement entitles the Council to a financial settlement or clawback, from the housing associations, from the sale of each home where the tenant had a 'preserved' right to buy entitlement. The percentage clawback reduces over time to zero percent after 20 years from date of the sale of the stock.
- 4.4 Disabled Adaptations. The agreement states the amount that each housing association is expected to spend on disabled adaptations for their own tenants before the Council can be requested to contribute to adaptations to their own stock. The figure set for the first year, £185,000 per annum, is subject to an agreed annual increase based on RPI. This agreement lasts for 30 years from the sale of the stock.
- 4.5 The performance of the two housing associations is shown below.

	Target	Riversmead Housing Association	South Anglia Housing Association
Percentage nominations to vacant homes	75%	72%	97%
Spend on disabled adaptations	At 07/08 £218,000	£356,703	£235,000
Homes sold under the preserved Right to Buy	40 per annum each	4	7

- 4.6 There are two points to note from the figures presented. South Anglia Housing Association joined the Council's Common Housing Register in late 2006. Therefore the Council's Housing Register contains all of South Anglia's East Herts tenants needing to transfer to an alternative home in East Herts. In return for this the Council has nominations rights to almost all of their vacant homes except for agreed urgent transfers. Therefore the percentage nomination to vacant homes should be close to 100%. Riversmead joined the Common Housing Register in June 2008 and we will therefore receive almost all of their vacant homes from then.

4.7 The Right to Buy (RTB) claw back agreement was based on a target of the housing associations selling 40 properties each per year, based on the previous ten years performance. However sales have experienced a significant down turn with only 11 being sold in total last year and a total of 208 over the previous five years. This is in the main due to significant capping of the eligible discount and high valuations of the properties therefore making them unaffordable. This has significantly reduced the expected income for the Council under this agreement.

5.0 Consultation

5.1 The two housing associations have been consulted on the content of this report and their comments have been included. A colour brochure received from Riversmead has been included as a separate document to this agenda for Members only. A document from Circle Anglia is attached (Appendix 'A7', pages 7.6 – 7.17).

6.0 Legal Implications

6.1 The LSVT and Delivery of Promises is a legally agreed contract.

7.0 Financial Implications

7.1 If the Housing Associations had met the annual target of 40 sales each this would have resulted in the Council receiving substantially more funds in clawback receipts since the transfer. In reality with substantially fewer properties being sold the Council has received receipts totalling £15M since March 2002 with just £1.075M being received in 2007/08. This position has also had an impact on interest earnings which have been lower than would have resulted if the sales targets had been achieved. Reasons for the lower sales levels are set out in Para 4.7 above.

8.0 Human Resource Implications

8.1 None

9.0 Risk Management Implications

9.1 None

Background Papers

None

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