

EAST HERTS COUNCIL

COMMUNITY SCRUTINY COMMITTEE – 27 JULY 2010

REPORT BY EXECUTIVE MEMBER FOR HOUSING AND HEALTH

ANNUAL PERFORMANCE REPORT FOR RIVERSMEAD AND SOUTH ANGLIA HOUSING ASSOCIATIONS 2009/2010

WARD(S) AFFECTED: ALL

Purpose/Summary of Report

The report advises the Members 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.

RECOMMENDATION FOR: Community Scrutiny Committee	
	The Committee note the performance by both Riversmead and South Anglia Housing Associations on the three remaining stock transfer undertakings for the year 2009/2010.

1.0 Background

1.1 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'.

1.2 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. 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. Additionally there were other conditions attached to the sale of the stock which had a much longer timeframe for example nomination rights to their empty properties.

1.3 At the Community Scrutiny Committee meeting in July 2008, it was agreed that as well as officers reporting annually on the remaining stock transfer undertakings, that the two housing associations would present individual annual performance reports to Community Scrutiny Committee.

2.0 Report

2.1 The majority of the promises following stock transfer ended after five years but three of the promises have a much longer life span. These remaining promises are monitored by the Housing Service.

2.2 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.

2.3 Right to Buy Claw-back agreement. The agreement entitles the Council to a financial settlement or claw-back, from the housing associations, from the sale of each home where the tenant had a 'preserved' right to buy entitlement. The percentage claw-back reduces over time to zero percent after 20 years from date of the sale of the stock.

2.4 Aids and Adaptations. The agreement states the amount that each housing association is expected to spend on aids and adaptations for their own tenants before the Council can be requested to financially 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.

2.5 The performance of the two housing associations is shown below.

2009/10	Target	Riversmead Housing Association	South Anglia Housing Association
Percentage nominations to vacant homes	75%	100%	100%
Spend on aids and adaptations	At 09/10 £222,701	£348,468 (<i>plus</i> £176,000 on <i>level access</i> <i>showers</i>)	(to follow)
Homes sold under the preserved Right to Buy	40 per annum each	0	3

2.6 There are two points to note from the figures presented. South Anglia and Riversmead Housing Associations both belong to the Council's Common Housing Register. Therefore the Council's Housing Register contains all of South Anglia and Rivermead Housing Association tenants, in East Herts, needing to transfer to an alternative home in East Herts. In return for this the Council has nominations rights to all of their vacant homes. Therefore, the target percentage nomination to vacant homes under this agreement is 100%.

2.7 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 three being sold in 2009/10 and two in 2008/09. A total of 224 properties have been sold in the eight years since stock transfer, an average of 28 a year. 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.

2.8 This reduction in sales of Right to Buy (RTB) properties is a national trend. In England there has been reduction in Local Authority RTBs from 69,990 sold in 2003/04 to 3,130 in 2008/09. This is a reduction of 95.5%.

3.0 Implications/Consultations

3.1 Information on any corporate issues and consultation associated with this report can be found within Essential Reference Paper 'A'.

Background Papers

Stock Transfer Agreements 2002

Contact Member: Councillor Bob Parker – Executive Member for Housing and Health

Contact Officer: Simon Drinkwater – Director of Neighbourhood Services – Contact Tel Ext 1405
Claire Bennett – Housing Strategy and Policy Manager – Contact Tel Ext 1603

Report Author: Claire Bennett – Housing Strategy and Policy Manager – Contact Tel Ext 1603

ESSENTIAL REFERENCE PAPER 'A'

<p>Contribution to the Council's Corporate Priorities/ Objectives</p>	<p>Promoting prosperity and well-being; providing access and opportunities <i>Enhance the quality of life, health and wellbeing of individuals, families and communities, particularly those who are vulnerable.</i></p> <p>Leading the way, working together <i>Deliver responsible community leadership that engages with our partners and the public.</i></p>
<p>Consultation:</p>	<p>Both housing associations have been consulted on the content of this report</p>
<p>Legal:</p>	<p>The Delivery of Promises Programme is a legally binding contract.</p>
<p>Financial:</p>	<p><i>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 £16.103M since March 2002 with just £0.403M being received in 2009/10. 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 2.7 above.</i></p>
<p>Human Resource:</p>	<p>None</p>
<p>Risk Management:</p>	<p>None</p>

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