

EAST HERTS COUNCIL

COMMUNITY SCRUTINY COMMITTEE – 28 AUGUST 2012

REPORT BY REPORT BY EXECUTIVE MEMBER FOR HEALTH,  
HOUSING AND COMMUNITY SUPPORT

ANNUAL PERFORMANCE REPORT FOR RIVERSMEAD AND SOUTH  
ANGLIA HOUSING ASSOCIATIONS 2011/12

WARD(S) AFFECTED: ALL

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**Purpose/Summary of Report**

- 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.

**RECOMMENDATIONS FOR Community Scrutiny: That:**

|            |  |
|------------|--|
| <b>(A)</b> | The Committee note performance by both Riversmead and South Anglia Housing Associations on the three remaining stock transfer undertakings for the year 2011/12. |
|            |  |

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 time frame for example nomination rights to their empty properties.

1.3 At the Community Scrutiny Committee meeting in July 2008 it was agreed that officers should report annually on the remaining stock transfer undertakings.

## 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 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.

2.4 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.

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

| <b>2011/12</b>                         | Target   | Riversmead Housing Association | South Anglia Housing Association |
|--|----------|--------------------------------|----------------------------------|
| Percentage nominations to vacant homes | 75%      | 100%                           | 100%                             |
| Spend on                               | At 11/12 | £249,145                       | £259,017                         |

|   |                   |   |   |
|---|-------------------|---|---|
| aids and adaptations                        | £246,698          |   |   |
| Homes sold under the preserved Right to Buy | 40 per annum each | 2 | 3 |

- 2.6 There are three 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 type of aids and adaptations works varies from small scale hand rails and grab rails, for which tenants can self refer through the repairs service for both housing associations, to major works recommended by Adult Care Services at Herts County Council. However the although the spend on aids and adaption's is in excess of the level set by stock transfer agreement it is less than in previous years. This is of concern and the housing associations believe it is in part due to the reduce number of referrals they are currently receiving from Herts County Council compared to previous years.
- 2.8 The preserved 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 five being sold in 2011/12 and five in 2010/11. A total of 234 properties have been sold in the ten years since stock transfer; an average of 23 per annum. This is significantly less than the target of 40 per annum. This is in the main due to significant capping of the eligible discount and high valuations of the properties therefore making them generally unaffordable. In addition the number of tenants eligible for the preserved Right to Buy is reducing each year. This has significantly reduced the expected income for the Council under this agreement.
- 2.9 The government has recently doubled the national discount levels which brings East Herts' discount cap to £75,000. This is to try to reinvigorate the right to buy nationally. The government has

carried out a national advertising campaign and the Council has also done a local press release. Both housing associations have reported an increase in the number of enquiries but it is too soon to say whether this will translate into sales.

### 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

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