


<p><b>London Borough of Hammersmith &amp; Fulham</b></p> <p><b>ECONOMIC REGENERATION, HOUSING AND THE ARTS POLICY &amp; ACCOUNTABILITY COMMITTEE</b></p> <p><b>8 MARCH 2016</b></p>		
<p><b>PROGRESS UPDATE ON THE STRATEGIC HOUSING STOCK TRANSFER PROGRAMME</b></p>		
<p><b>Report of the Cabinet Member for Housing</b></p>		
<p><b>Open Report</b></p>		
<p><b>Classification</b> - For Policy &amp; Accountability review and comment</p>		
<p><b>Key Decision:</b> No</p>		
<p><b>Wards Affected:</b> All</p>		
<p><b>Accountable Directors:</b> Kath Corbett, Housing Director of Finance &amp; Resources and Mike England, Director of Housing Strategy &amp; Options</p>		
<p><b>Report Author:</b> Charles Hyde, Programme Manager</p>		<p><b>Contact Details:</b> Tel: 020 8753 6688 E-mail: Charles.Hyde@lbhf.gov.uk</p>

## 1. EXECUTIVE SUMMARY

- 1.1. This report summarises progress on the Strategic Housing Stock Transfer Programme and in particular seeks the views of the PAC on preliminary thinking by the Residents' Housing Advisory Group about the proposed new Community Gateway landlord.

## 2. RECOMMENDATIONS

- 2.1. The PAC is invited to review and comment on the report and in particular on the current thinking of the Residents' Housing Advisory Group on the proposed new Community Gateway landlord.

## 3. INTRODUCTION AND BACKGROUND

- 3.1. On 3 November 2015, the Residents' Commission on Council Housing presented their recommendation to the PAC *"that the Council should take the immediate necessary steps to prepare for a large scale voluntary transfer of its stock of*

*council homes<sup>1</sup> to a new organisation that would be a not-for-profit housing association (i.e. a Private Registered Provider) with a constitution substantially based on the 'community gateway' model."*

- 3.2. Subsequently, on 7 December 2015, the Cabinet received and unanimously approved a report that proposed *"that Cabinet accept in full the recommendations of the Residents' Commission as to the future ownership of the council's housing stock"*.
- 3.3. The Cabinet Report set out the benefits for both residents and the Council and detailed the next steps required for the pursuit of stock transfer which included *"inviting members of the Residents' Commission who wish to do so to form an Advisory Group to advise on the implementation and planning of [the new organisation]."*

#### **4. UPDATE ON STOCK TRANSFER**

##### **Overall progress**

- 4.1. The Residents' Commission report was considered by the Cabinet on 7 December 2015. The Cabinet accepted all the Commission's recommendations in full. The most significant being the decisions to 1) consult with tenants and leaseholders on the proposal to transfer ownership of council housing to a standalone new Registered Provider based on the Community Gateway Model, and 2) to adopt the Blueprint for housing service transformation. This improvement programme will begin well in advance of transfer.
- 4.2. Following an internal audit review conducted on the programme in late October 2015 its report has given the programme an assessment of "substantial assurance" providing residents and Members with reassurance of the focussed controls being applied to the programme.
- 4.3. Following the Cabinet's decision to pursue stock transfer, the timetable set out in the Cabinet Report envisaged that the Advisory Group would be set up and external advice confirmed in early 2016.
- 4.4. Consultation with tenants and leaseholders will take approximately 9 months and will culminate in an offer document being issued and a formal ballot. It is a statutory requirement to consult with residents concerning a proposed stock transfer, the details of which are included within an Offer Document and to conduct a ballot before an application to transfer can be made to the Secretary of State.
- 4.5. The Council has stated that it wishes to go further than a simple ballot of tenants for and against transfer and fully test the views of leaseholders as well. This is discussed later in the report.
- 4.6. The Commission has now closed having completed its work. However the Council has asked the former members of the Commission to act as a sounding board for the Council to develop their proposals and in particular the governance of the new Registered Provider (RP).

---

<sup>1</sup> This does not include homes on the West Kensington and Gibbs Green estates that are sold to Capital & Counties PLC (Capco).

- 4.7. The new short term sounding board (entitled Residents' Housing Advisory Group (RHAG)) has met four times to date and will continue to meet until April when it is hoped the RHAG will report on its recommendations for the way forward to create the new RP.
- 4.8. Officers have met with the Department of Communities and Local Government (DCLG) to open discussions about the transfer and further meetings are planned.

#### **Convening the Residents' Housing Advisory Group**

- 4.9. In early January 2016 following the festive break, the members of the Residents' Commission reconvened and following the invitation from the Cabinet; members who still had the capacity to advise the Council, formed the Residents' Housing Advisory Group.
- 4.10. The Advisory Group endorsed their Terms of Reference at their third meeting on 3 February 2016 and led by the Right Honourable Keith Hill, the Group is made up of four tenants, two leaseholders and two independent members. The members of the Advisory Group are: Anthony Wood (Tenant), Shirley Cupit (Tenant), Kim Shearer (Tenant), Lorna Wynter (Tenant, Mathias Kulubya (Leaseholder), Jonnie Ghazi Quick (Leaseholder), Peter Bevington (Independent) and Anthony Mason (Independent).
- 4.11. The programme of work for the Advisory Group has consisted of developing the principles and the constitution for the new housing organisation with advice and support from the legal adviser, independent tenants and leaseholders adviser and the programme team.
- 4.12. The Advisory Group presented their initial principles for the constitution of the new organisation to the Housing Representatives Forum on 1 March 2016 and invited discussion and debate around key issues which will then be considered and incorporated into the Advisory Group's Report expected to be presented to the Council by the end of March 2016. The interim views of the Advisory Group are summarised in Appendix 1 to this report and will be presented in detail at the meeting.

#### **Appointment of external advisers**

- 4.13. During the Strategic Housing Stock Options Appraisal stage, contracts were let with a number of external advisers with provisions for contract extensions should the adviser's performance and capability expectations be met in the first stage as follows:
- Legal and regulatory advice – Trowers & Hamblins LLP
  - Financial and valuation advice – Capita Property and Infrastructure Ltd
  - Communications advice – SKV Communications Ltd
  - Property advice and stock condition – Savills (UK) Ltd
  - Independent tenants and leaseholders advice – TPAS UK Ltd
- 4.14. Following a performance review and discussions with each of the external advisers, contract extensions have been confirmed with Trowers & Hamblins LLP, SKV Communications Ltd, Savills (UK) Ltd and TPAS UK Ltd.

- 4.15. A decision was made to re-procure financial advice following an internal reorganisation within Capita Property & Infrastructure Ltd leaving the key personnel no longer available and accordingly a reprocurement is currently underway with a contract award envisaged for mid-March 2016.

#### **Involving residents and staff**

- 4.16. Following the Residents' Commission's recommendations, the Chair of the Commission and currently Chair of the Advisory Group, the Right Honourable Keith Hill, has already held coffee mornings at all 22 of the council's sheltered housing schemes and is in the process of similarly meeting with each of the Tenants and Residents Associations in the Borough to explain the Commission's recommendations and reasons for them.
- 4.17. A coach visit was made on Tuesday 9 February 2016 for 45 members of staff to visit an established community gateway in south east London, Phoenix Community Housing, who recently celebrated their eighth birthday and a similar visit, was made by 50 tenants and leaseholders on 9 February 2016. The residents' visit was video recorded and a copy of the recording has been uploaded to the Commission's old website for those who were unable to attend.
- 4.18. The study visits offered residents and staff an opportunity to experience Phoenix's culture and the way they deliver services. The council are currently looking at arranging follow up visits for other residents and staff to either Phoenix or another of the community gateways.
- 4.19. The programme and the proposed Shadow Board will be holding public meetings and estate engagement events after the London Assembly and Mayoral Elections on 8 May 2016.
- 4.20. The independent tenants and leaseholders adviser is continuing to provide updates and answering questions at each meeting of the Borough Forum, Leaseholder Forums, Housing Representatives Forums and attends both Tenant and Resident Association and Sheltered Scheme meetings wherever invited.
- 4.21. Monthly staff briefings in each of the housing offices are continuing offering all staff the opportunity to hear updates, ask questions and be involved in the stock transfer process.

## **5. LEASEHOLDER CONSULTATION**

- 5.1. The Council believes that the transfer of over 12,000 tenanted properties, 4,500 leases and 200 freehold service charge deeds would be the best way of providing its residents with good quality, well managed, well maintained homes, as well as improving estates for the benefit of all. The Residents' Commission on Council Housing and subsequently the Council have considered all alternative ways to try and raise sufficient funds to improve the quality of the tenanted properties in Hammersmith & Fulham.
- 5.2. Transferring its homes to a housing association is regarded as the best way for the council to raise the significant amount of investment and resources needed to improve homes to the standard tenants expect. Leaseholders and freeholders will also see significant improvements to the estates and environments in which they live.

- 5.3. At Cabinet on 7 December 2015, members indicated that officers would outline to this PAC meeting the position with regards to the leaseholder consultation and the Council's proposed approach on canvassing the views of leaseholders on any stock transfer.
- 5.4. The requirement to consult on stock transfers is set out in section 106A and Schedule 3 of the 1985 Housing Act. Both this section and schedule restrict the requirement to consult to secure and introductory tenants. Whilst it is correct to state that leaseholders are tenants, the consultation requirements set out in the 1985 Housing Act only recognise statutory consultation with secure and introductory tenants.
- 5.5. The statutory guidance<sup>2</sup> published by the Department for Communities and Local Government contains the following advice in respect of leaseholders:
- “There are no statutory requirements for consulting long leaseholders (i.e. people who have exercised their Right to Buy on a long leasehold basis or have bought from those who have exercised their Right to Buy) as the terms of their lease would not change if the freehold transferred to a private landlord.*
- However, leaseholders should be kept informed of progress on the transfer proposal and told that they may make any objections to the transfer to the Secretary of State, who will take such objections into account when making a decision on the consent application. Although an authority may, in order to ascertain their views, ballot leaseholders about a transfer proposal (which should run concurrently with the statutory tenant ballot), it is not obliged to do so and it should conduct such a ballot as a separate exercise to ensure that tenants' views can be clearly demonstrated.”*
- 5.6. Authority to approve a transfer sits with the Department for Communities and Local Government, who will only agree to the transfer on the basis that the statutory duty to consult (i.e. secure and introductory tenants) has been completed.
- 5.7. The position on this issue is therefore governed by both statute and Government policy. However, the Council's stance on this is that residents living in council homes form part of the same community and have a collective interest as a community in the implications of a proposed transfer whether they are tenants or leaseholders. The Council have therefore committed to go further than the law requires and to fully consult and gauge the views of leaseholders, notwithstanding the provisions of the law. The proposal is therefore to canvass the views of leaseholders, concurrently with the tenants' ballot, either in a ballot or test of opinion. Within this, the Council would separately gauge the views of resident leaseholders, because they have a particular interest as members of the community. The results for tenants, resident leaseholders and non-resident leaseholders would all be published. The Council would take all these views into account in deciding whether to proceed with the transfer, bearing in mind the

---

<sup>2</sup> Statutory guidance – paragraph 3: requirements as to consultation regarding The Housing Act 1985: Schedule 3A – consultation before disposal to private sector landlord, Department for Communities and Local Government, July 2009.

distinction that the law and Government policy makes between tenants and leaseholders.

**LOCAL GOVERNMENT ACT 2000**  
**LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT**

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
1.			

Appendix 1 – Governance note on the principles of the new Community Gateway **(To Follow)**