



**Brighton & Hove
City Council**

HOUSING MANAGEMENT CONSULTATIVE COMMITTEE MINUTES – APPENDICES

3.00PM, TUESDAY, 4 NOVEMBER 2008

COUNCIL CHAMBER, HOVE TOWN HALL

ADDENDUM

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Appendix A

Communal Heating and Lighting Charges.

Following the meeting on Friday evening 31st October 2008, the following measures are in process to urgently review the provision of communal heating and lighting.

- 1) The council will arrange for a survey to be carried out this week at Leach Court and St James House to establish that all communal heating and lighting facilities are working correctly and are set at the appropriate level. The survey will examine thermostats and settings, boiler efficiency and timers.
- 2) The council will this week establish a programme of survey and inspection to all other blocks with communal heating and lighting. It is expected that this survey work will be completed by the first week in December.
- 3) The surveys will be carried out in conjunction with Tenant/Resident representatives of the blocks wherever possible.
- 4) We will arrange for the meters to be read and re-read a week later to examine whether the usage is within accepted parameters. We then use this information to verify that the service charge costs are correct.
- 5) We will look into giving future access for Tenant/Resident Representatives to carry out their own meter readings providing this does not compromise health and safety.

The council is committed to employing all reasonable measures to ensure the most economic and efficient provision of heating and lighting to communal areas. Naturally, in light of the recent increases in fuel costs, the council will use every endeavour to examine ways in which costs can be reduced.

The council are already implementing a programme of replacing communal lighting timers with light sensitive mechanisms whenever there is a breakdown. This will overcome the need to attend and alter timeclocks. We will investigate the costs and implications of progressing this across all communal lighting without waiting for a breakdown to occur.

Housing Procurement Progress Report

David Gray
Interim Head of Repairs & Maintenance

Why a revised procurement strategy?

- Post ballot strategy to fund investment gap to achieve the Decent Homes Standard and other works required to the stock:
 - Procurement strategy to maximise efficiencies from modern, long term partnering agreements for the maintenance and improvement of the council housing stock
 - Asset management plan, including new Local Delivery Vehicle to raise investment for council tenants' homes

Current procurement arrangements

- Capital contracts tendered annually with specified supply chains
 - annual tendering costly and inefficient
 - no incentive for contractors to invest in additional benefits
 - no access to contractors' own, cheaper supply chains
- 2 responsive and empty properties repairs partnering contracts of 5 years
- 2 gas installation and maintenance contracts for 5 years
- Ad hoc repairs to services such as lightning conductors and water tanks

Aims of revised procurement strategy

- To tender both capital and revenue works as 10 year long term partnering agreements covering:
 - capital repairs and improvements
 - responsive repairs
 - planned maintenance
 - associated works
- To get the maximum efficiency and value for money by fully developing long term partnering agreements
- To reduce overheads and direct costs
- To achieve economies of scale
- To save an estimated £156 million over 30 years

Aims of revised procurement strategy cont.

- Tenants at heart of maintenance and improvement work
- Proactive, planned service based on good asset management data incorporating tenants' aspirations
- Capital works programme prioritised to meet, as far as possible, Decent Homes, Housing Health & Safety Ratings System, sustainability targets and tenant priorities
- 3* Audit Commission rating with excellent prospects for improvement
- Zero defects/right first time
- Additional benefits and improved contract management

Tenant consultation and necessary approvals

- Procurement strategy approved by:
 - Housing Management Sub-Committee - 11 March 2008
 - Housing Committee - 27 March 2008
 - Policy & Resources Committee - 3 April 2008
- *Homing In* Repairs & Maintenance Special May 2008 and update September 2008

Where are we up to now?

- Asset Management Panel including 12 tenants and leaseholders has been meeting regularly
- Constructors' Pre-Qualification Questionnaires (PQQs) being evaluated
- Invitation to tender (ITT) being prepared

What is the timetable?

- Invitation to tender (ITT) to be sent to shortlisted constructors in December 2008
- Tenders to be evaluated January to April 2009
- Aim to award contracts in May 2009
- Then preparation and mobilisation period, including training, new IT
- Contracts to start on site April 2010



The Asset Management Panel

The Housing Management Consultative Committee
4th November 2008



What is the role of the Asset Management Panel?

- To consider the repairs and improvements that are carried out to our homes.
- To work with officers to help shape the repairs and improvement programme.
- To assist with the choice of constructors for any strategic partnerships.
- To make recommendations to the cabinet member for housing.



How is the Panel made up?

- 12 tenants and leaseholders
- Senior officers
- Michelle Johnson, Community Participation Officer, takes the minutes and provides support to panel members.
- Membership can be up to a maximum of 4 years. Annual rotations provide other residents with the opportunity of being involved.
- There are 6 reserve panel members in place to take over if a member leaves the panel.
- The panel is made up of the following people,

Jerry Gilbert

- Replacement for Simon Throp

Nick Hibberd

- Assistant Director

Mbye

- Albion Hill

Keith

- Bristol Estate leaseholder

Pat

- Clarke Court leaseholder

Ted

- Coldean

Josepha

- Hangleton

Barney

- Sylvan Hall

Roya

- Albion Hill

Phillip

- Knoll Estate

Theresa

- Downland Drive

Edward

- Whitehawk

Sam

- Woodingdean

Jenny

- Whitehawk



What have the Panel been involved in?

- We have received training and presentations.
- We are focusing on the procurement of the new repairs and improvement contracts.
- We are involved in the development of Key Performance Indicators
which the constructors will use to measure their performance.
- We have met with Area Panels to develop relationships.
- The final decision from any recommendation we make ultimately lies with the cabinet member for housing.



Feedback from the Area Panels

Ted and Pat attended all of the Area Panel meetings.

They will briefly explain the feedback received from the meetings.



Next steps

- Sue Chapman will be delivering training on business planning and the Housing Revenue Account.
- We have been invited to attend the constructors evaluations and interviews.
- We will continue to strengthen our relationship with Area Panels.



Thank you for your time

Local Delivery Vehicle update

Martin Reid

Head of Housing Strategy, Development and Private Sector

Housing

Where are we up to?

- LDV proposal aims:
 - To raise investment for improving council tenants' homes
 - To refurbish leased stock
 - To provide a stable supply of accommodation for homeless households and other groups for whom the council has a duty to provide housing

•Parameters

- No RSL involvement
- No freehold transfer of properties
- No transfer of tenanted properties
- No more than 499 empty properties leased to the LDV over 5 years

Tenant consultation and necessary approvals ?

- Approvals received from:
 - Housing Management Consultative Committee - 23 September 2008
 - Cabinet - 24 September 2008
 - Full Council - 9 October 2008

What next?

- Now planning implementation, including:
 - Recruiting board of management
 - Setting up and registering the company
 - Finalising LDV business plan and obtaining funding
 - Producing agreements between the council and LDV
- Tenant board members will have key input

Housing Management Consultative Committee 23 September

- Unanimous support
- HMCC representations included:
 - Regular updates to be provided to HMCC
 - Further information regarding the financial detail of establishing LDV
 - More information on charitable status
 - Further information to be provided to Area Panels
 - Clear commitment to ongoing consultation with tenants

Financial Model

- Lease payment to Council of up to £45m
- Invested to improve the homes of secure tenants of the Council
- Funding to refurbish the leased stock
- Business plan for the LDV to fund refurbishment of leased stock and lease premiums to Council
- LDV lets to households nominated by the Council

Financial Model

- LDV rents within housing benefit levels already used for accommodating households in temporary housing
- LDV borrow capital on the basis of revenue from these rents, to be repaid over 30 years
- Pays for lease payments to the Council and refurbishment costs for leased properties
- Lease payments to the Council invested to improve in Council retained HRA stock

Length of leases

- Council retain freehold
- Project only works if properties leased out of the HRA (minimum 21 years)
- Lease of up to 125 years proposed in order to be long enough to raise private finance and minimise lender risk
- Longer lease reduces cost of borrowing and offers a more attractive investment opportunity.
- Option of break clause at year 30 without Council paying the LDV

What kind of company will it be?

- Company limited by guarantee, not for profit
- Independent of the council
 - off council's balance sheet and
 - not subject to EU procurement regulations and various other controls if privately funded
- Recommend charitable status as tax benefits contribute up to £10 million toward lease payments to Housing Revenue Account
- Board members will approve the constitution
 - memorandum and articles of association
 - board to choose the company's name

Charitable status - financial advantages

- Financial advantages of achieving charitable status
- Maximises funding for investment in improving secure tenants homes

Charitable status - Tax benefits

- LDV would not pay Stamp Duty Land Tax (SDLT) on leases.
- On a lease payment of £45m this equates to a saving of £1.8m
- LDV would not have to pay corporation tax on any surpluses from charitable activities after debt paid off - saves as much as £2.5m a year

Charitable status - tax benefits

- VAT shelter savings on costs of refurbishing properties estimated at £8m
- Based on Council entering into a development agreement with LDV to refurbish the properties with Council recovering VAT
- Unless the LDV is charitable saving the VAT creates more corporation tax liability than VAT saved.

Charitable status - other benefits

- Charities not associated with profit making or risk taking
- Proposed objects around who the LDV would house fit within the activities of a charitable organisation.

Charitable status - disadvantages

- A charitable LDV would have to be independent of the Council
- However, Council has the right to approve constitution and any proposed changes, is represented on the Board and has leasehold interest and nominations agreement
- Once constituted as a charity the LDV would not be able to cease being charitable.
- In the future the LDV could set up non-charitable subsidiaries to undertake non-charitable activities

Charitable status - other issues

- Charitable status has no impact on Council rights to exercise break clause at year 30
- Charitable status would not stop the option of building in 'overage' provisions so that if there turns out to be more value in leases than expected this is shared with the Council

Who will run the company?

- Board of management:
 - 4 council tenants or leaseholders selected by Area Panels
 - 4 council board members appointed by the council
 - 4 independent board members appointed by tenant and council board members
- Tenant board members will also be company members
- One third tenants, one third independents and one third council voting rights at board and company membership

level

Reporting back to Area Panels

- Cabinet agreed further information to be provided to Area Panels as part of the ongoing consultation process
- Regular updates and financial information also to go to HMCC
- Tenant board members to keep Area Panels and Citywide Assembly updated