

**Report to:** Executive Member for  
Housing, Neighbourhoods &  
Regulation

# Bolton Council

**Date:** 30<sup>th</sup> March 2010

**Report of:** Director of Development &  
Regeneration

**Report  
No:**

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**Report Title:** **STOCK TRANSFER CONSULTATION COSTS**

**Confidential /  
Non Confidential:**  
(delete as approp)

(**Non-Confidential**) This report does **not** contain information which warrants its consideration in the absence of the press or members of the public

**Purpose:**

To update the Executive Member on expenditure to date on

- developing stock options for Bolton's council housing and associated consultation of council tenants
- to seek approval for ongoing and future costs relating to the consultation and ballot exercise

**Recommendations:**

The Executive Member is asked to:

- Note the cost incurred so far in developing housing models and consulting tenants on those options so far.
- To approve the pre-ballot consultation costs of £306K covering the period up to and including the ballot.

**Decision:**

**Background  
Doc(s):**

## **SUMMARY:**

For the past 2/3 years, the Council has been examining its post-ALMO housing options. The work has concluded that the preferred option is stock transfer, originally *leasehold* but following ministerial rejection, freehold. In January 2010 the Council decided to consult and ballot its tenants on a freehold stock transfer proposal. This report details the costs already incurred in this activity and projected costs up to and including the ballot.

This report details the cost so far of developing options and, for consulting/balloting tenants. A decision by tenants to support stock transfer would lead to all reasonable costs being recovered from the stock valuation/post-ALMO finance arrangements.

## 1. BACKGROUND

- 1.1 Over the past 2-3 years, officers have been examining options for Bolton's council housing following the successful completion of ALMO-related repairs during 2002-2008. Much of the work focused on developing a leasehold stock transfer model which was eventually rejected by the Housing Minister in 2009. Since then the Council has been seeking ministerial support to progress with tenant consultation with a view to traditional freehold stock transfer. The Minister announced his consent for this in December 2009.
- 1.2 In January this year the Council's Executive approved an exercise to consult Bolton's council tenants on the future of their homes. The paper advised that a further report would be presented to the Executive Member for Housing, Neighbourhoods & Regulation with updated costs of this work.

## 2. COSTS INCURRED 2008-2009

- 2.1 A report was approved by the Executive in February 2009 to fund preparatory work (prior to ministerial consent). It was estimated then, that expenditure relating to:

- Carrying out an independent stock condition survey
- Appointment of an independent tenant adviser
- Developing, with specialists' input, a consultation and communications plan
- Ongoing financial and legal specialist support
- Project staffing.

Would be in the region of £480K. In the event the actual amount incurred up to the decision to move on to consulting tenants on possible stock transfer was £524K. The difference relates to the overall costs of developing stock options over the period.

<b>TABLE A: Developing New Housing Model Pre Jan 2010</b>	
	£000
<b>Consultants Costs</b>	
Independent Tenants Advisor (PEP)	5
Communications (IPB)	1
Stock Condition Survey (Savilles)	135
Lead Consultant (PwC)	180
Legal Consultant (Trowers & Hamlin)	68
<b>Officer time/secondments</b>	128
Mail etc.	7
<b>TOTAL</b>	<b>£524K*</b>

*\*These costs were met out of 2008/09 Housing budgets*

### 3. CONSULTATION COSTS IN 2009-2010

- 3.1 Following ministerial approval to start consultation with a view to balloting all tenants, significant work has taken place during January-March of this year. The table below illustrates the estimated total costs for the fourth quarter 2009/10:

<b>TABLE B: Consultation/Pre-Ballot Costs Jan-March 2010</b>	
	£000
<b>Consultants Costs</b>	
Independent Tenants Advisor (PEP)	20
Communications (IPB)	30
Other communication costs	60
Lead Consultant (PwC)	25
Legal Consultant (Trowers & Hamlin)	15
Finance consultant (Sector Weedon Grant)	5
Staff briefing/training	2
Roadshows (Towmaster)	10
<b>Officer time/secondments</b>	
Bolton at Home	64
Strategic Housing	24
Roadshow staff time	7
<b>ESTIMATED TOTAL</b>	<b>£ 262K (Forecast)*</b>

*\*Will be met out of 2009/10 Housing budgets*

### 4. ESIMATED CONSULTATION/BALLOT COSTS APRIL-JULY 2010

- 4.1 The next four months will see the final stages of tenant consultation, including the ballot of all 18,000 tenants on the stock transfer proposal. The table below shows the estimated costs for that period:

<b>TABLE C: Consultation/Ballot Costs April-July 2010</b>	
	£000
<b>Consultants Costs</b>	
Independent Tenants Advisor (PEP)	22
Communications (IPB)	22
Other communication costs	68
Lead Consultant (PwC)	25
Legal Consultant (Trowers & Hamlin)	25
Finance consultant (Sector Weedon Grant)	5
Ballot	40
<b>Officer time/secondments</b>	
Bolton at Home	51
Strategic Housing	48
<b>ESTIMATED TOTAL</b>	<b>£ 306K (Forecast)</b>

## **5. ESTIMATED TOTAL COSTS**

- 5.1** From the above information it can be seen that the total estimated cost (Totals of Tables A+B+C) of developing a new housing model and consulting/balloting tenants on options amount to £1.092M. We are advised that this is consistent with costs leading up to and including ballot, of other transferring local authorities of a similar size.

## **6. FUTURE RELATED EXPENDITURE**

- 6.1** All reasonable costs associated with stock transfer can be added to the valuation and recovered from post-transfer financing. However, a “NO” vote would require costs to be recovered from future housing budgets.
- 6.2** A successful ballot would lead to significant additional expenses linked to transferring the ownership and establishing a new housing model etc. Further reports will be presented in relation to this work and related costs.

## **7. RECOMMENDATIONS**

- 7.1** The Executive Member is asked to note the cost incurred so far in developing housing models and consulting tenants on those options so far.
- 7.2** The Executive Member is asked to approve the pre-ballot consultation costs of £306K (Table C) covering the period up to and including the ballot of all tenants.

Jeff Smethurst  
Chief Housing & Regeneration Officer