

**Report to:** Executive  
**Date:** 2<sup>nd</sup> February 2009

# Bolton Council

**Report of:** Director of Development and  
Regeneration

**Report  
No:**

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**Report Title:** **Transforming Estates: Planning for Post-ALMO Arrangements**

**Confidential /  
Non Confidential:**

**(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 seek approval to commence the initial preparatory work leading to the introduction of a new housing model, in anticipation of Government support to develop the Transforming Estates proposal.

**Recommendations:**

The Executive is recommended to approve the following tasks as detailed and costed in paragraph 3 and 4 of this report, to commence as soon as possible in order to enable the delivery of the Transforming Estates timetable:

- Confirmation of the commissioning of an independent Stock Condition Survey
- Recruitment of an Independent Tenant Adviser
- Development of a Consultation and Communications Plan, with associated commissioning of specialist elements
- Continued financial and legal consultancy
- Establishing project teams

**Background  
Doc(s):**

## **SUMMARY**

Bolton Council has approved, in principle, the development of the *Transforming Estates* option which deals with issues of expected repair funding shortfalls; the poor environmental quality on council estates; and socio-economic disadvantage experienced by many tenants living there.

The proposal would include the reconstituting of Bolton at Home from an arms length management organisation, to a leasehold stock transfer company. The project's timetable would require a ballot of all tenants aimed to be carried out during the Autumn of this year and although Government have yet to confirm their support for the proposals, certain works need to start now, in order to be able to achieve that target.

## 1. INTRODUCTION

- 1.1 In June 2008 the Executive approved, in principle, the Outline Business Case for *Transforming Estates* which deals with the issues of projected repair funding shortfalls; the poor environmental quality of our council estates; and the socio-economic disadvantage experienced by the communities living there. The proposed option includes the establishment of a new leasehold transfer housing organisation, which would require a ballot of all tenants.
- 1.2 In October 2008 the Executive Member for Strategy and External Relations agreed to extend the existing Management Agreement with Bolton at Home until April 2011, to allow sufficient time to progress post-ALMO proposals.
- 1.3 It is anticipated that the Government will formally announce its view of the Outline Business Case in May 2009 but if we were to have any chance of achieving the targeted all-tenant ballot during September, certain tasks need to be started now.

## 2. PREPARING FOR CHANGE

- 2.1 The Transforming Estates option makes stock transfer in Bolton different to that carried out anywhere else in the country. A consequence is that communications and project management would be much more complex, needing to be about the full package on offer, rather than just on future repair and management issues.
- 2.2 A more detailed proposal including stock options will be presented to Members after the Government announcement but an outline of the main tasks leading to a tenant ballot are set out in Appendix A. There is a clear government-prescribed procedure to follow on consulting and balloting tenants in advance of transfer.

## 3. IMMEDIATE TASKS

- 3.1 In order to meet the various milestones leading to a ballot in September, a number of tasks need to be started now:
- 3.2 **Stock Condition Survey** – The essential reason for creating an independent Bolton at Home through stock transfer, is to allow it to raise funding through the private financial sector. In order for this to happen, any lender would require an independent stock condition survey which sets out the valuation and condition of the housing stock. Appointment of Savilles, the firm which carried out the pre-ALMO stock condition survey, has already been sanctioned by the Director of Corporate Resources under delegated powers. The cost for this work has been agreed at £135K together with £70K for production of necessary Energy Performance Certificates – total £205K.
- 3.3 **Appointment of an Independent Tenant Advisor** – It is a Government requirement that leading up to a tenant ballot for stock transfer purposes, local authorities in partnership with their tenants, appoint an independent tenant advisor who will examine the Council's proposals and help ensure that tenants receive an unbiased view of what is being offered and advise on how they can respond. This is a specialist function and prescriptive government guidance

means it could not be carried out in-house. The indicative estimated cost, based on experience of other local authorities of this procurement, is £75K.

### **3.4 Consultation and Communications**

**3.4.1** Effective communications will be the most critical factor in the successful delivery of Transforming Estates, including any stock transfer proposals.

**3.4.2** Whilst no formal communications can take place until the Government has confirmed that Transforming Estates is a viable option, it is essential to start developing a detailed consultation and communications plan, which meets the statutory requirements and successfully conveys the Council's vision backed up by the very positive opportunities for its tenants.

**3.4.3** Led by the Council's Marketing and Communications Team, it is proposed to recruit a specialist public relations consultant in support of the development of a detailed and comprehensive consultation and communications plan. This would cover the recruitment of a specialist consultant but particularly the costs of intensive communication with Bolton's 18,000 council tenants. The indicative estimated cost of this work is £85K.

**3.5 Consultancy Fees** – The Executive Member Housing and Regeneration approved the appointment of highly specialist legal and financial consultants to carry out preliminary work to shape the outline business case. Funding was for the first half of 2008/09. Additional funding for the remainder of the year requires approval, at the same rate, amounting to £53.5K.

**3.6 Establishing Project Teams** – The above paragraphs set out where either skills and/or capacity are currently lacking, to secure expert outside support to prepare for establishing a new housing model and certain related tasks. However, most of the work needed for this substantial project will be delivered in-house through project teams both in the local authority and Bolton at Home.

**3.6.1** This will require the temporary freeing-up of, and possible secondment of staff from both organisations to lead and deliver this work. In order to keep core services running, some back-filling will be required.

**3.6.2** A more detailed report will be submitted on receipt of the Government's deliberation on the new model's viability but, in the meantime, Strategic Housing Unit staff are being dedicated to the project and it is proposed to now recruit to approved, but unfilled posts of two principal housing strategy officers, at a cost full year of £69.6K.

**3.6.3** Similarly, Bolton at Home have identified project team and related staffing needs amounting to £61.8K full year and £10.3K in 2008/09.

## **4. FINANCIAL IMPLICATIONS**

**4.1** The immediate known 2008/10 cost implications of the above proposal are estimated at £480K. Of this £299K is expected to be spent in 2008/09.

**4.2** These costs are for the minimum, essential tasks which need approval now. A follow-up report will contain a more detailed, time tabled project plan and full

costings for all elements of the Transforming Estates Proposal.

- 4.3** It is important to set out that some of this initial work and expenditure, which will be met from existing housing resources, may be “at risk” – should the anticipated Government approval or a positive tenant ballot not occur. However, officers will seek to recover all costs from the new financial model, if approved.

## **5. RECOMMENDATION**

- 5.1** The Executive is recommended to approve the following tasks as detailed and costed in paragraph 3 and 4 of this report, to commence as soon as possible in order to enable the delivery of the Transforming Estates timetable:
- Confirmation of the commissioning of an independent Stock Condition Survey
  - Recruitment of an Independent Tenant Adviser
  - Development of a Consultation and Communications Plan, with associated commissioning of specialist elements
  - Continued financial and legal consultancy
  - Establishing project teams

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Chief Housing & Regeneration Officer

## **OUTLINE LEASEHOLD TRANSFER OPTION PROJECT PLAN**

The following is an outline of the initial tasks that would need to be completed by the Council and Bolton at Home prior to a full tenant's ballot on the leasehold transfer model option. A full and detailed project plan will be developed in due course and shared with Members. Timescales are included but should only be used as a guide. Until formal approval has been received from CLG and the Council, the timescales for submitting the optional appraisal and application to the transfer programme are subject to change.

### **Project Set Up – January 2009**

- Establish Lead officer and support officer
- Establish/Formalise steering group, Joint Project Team with Bolton at Home and Project working group
- Establish approval routes
- Develop Project Initiation Document
- Review Risk Register

### **Approvals – February/March 2009**

Council approval for appointment of Advisors/Consultants – A Resources Report going to the Executive 2<sup>nd</sup> February to seek approval for Bolton at Home to appoint Stock condition survey consultants, for Council to appoint an Independent Tenants Advisor, Communications Consultant and establishment of project team.

The current understanding of the formal approvals timetable is:

Government decision on viability of Leasehold Transfer Model.

Council approval for Stock Options.

GONW sign off of Options Appraisal.

### **Appointment of Independent Tenants Advisor (ITA) – February 2009**

The principle of appointing an Independent Tenants' Advisor is a requirement of the Government, in line with the guidance from Communities and Local Government Department. It is for the tenants to choose their own advisor (facilitated by the Council) after a properly conducted selection and interview process. The ITA's role will be to advise tenants throughout and to ensure that the process leading up to the formulation of the Offer Document and ballot is validated.

- Establish tenants panel
- Develop brief for ITA
- Start tendering process
- Interviews
- Appointment of ITA

### **Publicity, Consultation and Communications – February/March 2009**

A key part of the process leading up to a ballot is the need to engage and inform tenants in clear detail on the issues of transfer and how these will affect individual tenants. It is usual to employ specialist advisors with experience of maximising involvement and understanding for this role. They would work closely with the Project Team, Tenants panel and the ITA to develop the most effective ways of communicating and engaging with the wider tenant population.

- Develop brief for communications consultant
- Start tendering process
- Interviews
- Appointment of consultant
- Develop communications plan with consultant, ITA etc

### **Develop Options Appraisal – February 2009**

- Overview of alternative models
- Outline Bolton model (Leasehold Transfer) and benefits of this
- Maintaining decent homes
- Demonstration of tenant and community Support for option
- Financial viability of option
- GONW sign off of options appraisal

### **Housing Transfer Application – March 2009 (to be confirmed)**

- Complete application
- Submit application to CLG/HCA
- Approval

### **Finance and Business Planning**

- Update valuation assumptions
- Update draft business plan
- Consider corporate impact on GRF
- Review of non- housing management functions

### **Preparation of offer document**

- Establish working group
- Project plan
- Development of offer document
- Informal consultation
- Council approval of offer document
- Formal consultation
- Ballot

### **Key**

CLG	- Department for Communities & Local Government
GONW	- Government Office North West
GRF	- General Revenue Fund
HCA	- Homes and Communities Agency
ITA	- Independent Tenant Adviser