



TITLE:	Housing Stock Transfer Partner Selection
TO/ON:	Council 13th July 2005
BY:	Director of Housing Management Services
LEAD MEMBER :	Cllr. Judith Driver
STATUS:	For Publication

1. PURPOSE OF THE REPORT

1.1 The purpose of the report is to update members on the process undertaken to select our partner for Stock Transfer and recommend that the Council accepts the Stock Transfer Steering Group recommendation on the selected preferred partner.

2. RECOMMENDATIONS

2.1 Members are asked to endorse the recommendation of the Stock Transfer Steering Group that Pennine Housing 2000 are the Councils preferred partner for the transfer of its stock in the event of a successful tenant ballot.

2.2 Members are also asked to endorse the recommendation of the Stock Transfer Steering Group that Twin Valley Homes would be approached if the partnership negotiations with the preferred partner did not proceed successfully.

2.3 Members authorise the Chief Executive to finalise the detail of the partnership agreement in the best interests of the Council.

3. REPORT AND REASONS FOR RECOMMENDATIONS AND TIMETABLE FOR IMPLEMENTATION

3.1 In January 2005, following the Councils decision to adopt stock transfer as its policy for achieving the Decent Homes and Rossendale Standards, the Stock Transfer Steering Group, which consists of elected members, tenants' representatives and staff, evaluated the available options for a future landlord under Stock Transfer. These were:

- Stand Alone as an independent company
- Assimilation into an existing RSL (Registered Social Landlord)

- Seek a partner from existing RSL's to form a new group structure or join an existing group structure.

The Stock Transfer Steering Group made the decision to pursue the partnership option with the intention of joining an existing or creating a new group structure.

3.2 Following nationwide adverts for expressions of interest 16 RSL's submitted expressions of interest. On the April 2005 the Steering Group met to evaluate the submissions against an agreed assessment criteria. The evaluation also included an independent financial assessment of the RSL 's who had submitted stage 1 returns. Six potential partners were short listed and are detailed below.

- Adactus
- Irwell Valley
- New Charter
- Pennine 2000
- Twin Valleys
- Willow Park

3.3 Very early in the second stage of partner selection one short listed partner, Willow Park, advised the Director of Housing Management Services of their decision to withdraw from the process. This came about after they had considered further the information about local conditions and how this sat with their business and the potential risks involved. The Steering Group made the decision not to approach a further bidder as a short list of five was considered sufficient.

3.4 Outlines of the five short listed RSL's are contained in Appendix 1

3.5 The second stage of the partnership selection process included a visit by the Steering Group to each of the potential partners and a further written submission from each organisation based on a list of nine questions considered priorities by the Steering Group. A summary of the stage 2 returns is contained in appendix 2. On the 21st June 2005 the Steering Group met to evaluate the information received and finalise arrangements for the final selection panel 4th July 2005.

3.6 On the 4th July 2005 the Stock Transfer Steering Group met to conduct the final evaluation based on, in addition to the information already received a final presentation and question and answer session from the five short listed organisations. A copy of the questions is contained in Appendix 3. The decision making process was assisted by the use of assessment criteria, an example of which is contained in appendix 4. The key assessment areas were:

- Governance proposals
- Organisational and management style
- Contribution to pre and post ballot set up costs
- Existing repairs and maintenance arrangements and potential for the development of the Direct Labour Organisation
- Potential central support arrangements
- Tennant involvement and participation

- Delivery of the physical improvements to tenants homes and potential development of new affordable housing
- Employee involvement and Human Resource Issues (Including pension provision.
- Partnership and transfer experience.
- Improving communities, regeneration and Anti Social behaviour

3.7 The assessment undertaken by the Steering Group demonstrated that Pennine Housing 2000 offered the council the best partnership opportunity against the range of assessment criteria. In particular the following strengths were noted in relation to the submission from Pendle 2000

- The governance proposal which suggests a new group structure with an equal stake in the parent company between Rossendale's new company Green Vale homes and Pennine Housing 2000 and high degrees of local decision making and autonomy for Green Vale Homes. (Details are contained in Appendix 5. These have yet to be finalised and will form part of the negotiations with Pennine 2000 in the due diligence process.)
- They have a good repairs service delivered through a direct labour organisation and offer tenants a comprehensive appointments service.
- The services for older people were felt to be of a particularly good standard.
- There is a strong apprentice scheme in place.
- Their approach and record on tackling anti social behaviour was felt to be an asset
- Staff representatives and the Unison representative were very positive about their employee relations and terms and conditions.

The Steering Group voted by secret ballot on the preferred partner. The Steering Group recommendation is that Pennine Homes 2000 are chosen as Rossendale Councils preferred partner.

3.8 At all stages in the selection process the ODPM Community Housing Task Force, Housing Corporation and legal advisors Trowers and Hamlin have been kept informed and advice sought and followed.

3.9 The next stages in the stock transfer process and their target completion dates are as follows:

- Finalise negotiations with the preferred partner and sign joint venture agreement (Mid July)
- Agree Gap Funding with the ODPM (early August)
- Business Offer approved by Council (end August)
- Ballot (October / November)

4. CORPORATE IMPROVEMENT PRIORITIES

Housing Stock Transfer is the Council's third improvement priority. The recommendations in this report are a key milestone in delivering this priority.

4a. FINANCE (INCORPORATING PROCUREMENT AND RISK MANAGEMENT)

The details of the partnership with the recommended RSL will need to be completed following the endorsement of full council. However, the financial benefits are likely to include assistance with pre-ballot costs and assistance in kind at the pre-ballot and post-ballot stages.

4b. MEMBER DEVELOPMENT

There are no specific links to member development.

4c. HUMAN RESOURCES

If tenants vote for stock transfer, staff in the housing department and a small number from other areas in the council will transfer from Rossendale Council to Green Vale Homes. TUPE (transfer undertaking protection of employment) conditions will apply.

4d. ANY OTHER RELEVANT CORPORATE PRIORITIES

There are no other material corporate priority implications.

5. RISK

The main risks associated with this report are failure to endorse the recommendation of the Stock Transfer Steering Group and that the final negotiations with the preferred partner prove unsuccessful.

Failure to endorse the recommendation of the Steering Group would have serious consequences for the Council's ambition to transfer its stock. The likely impact on the very successful partnership developed with tenants and staff would derail the process and could potentially be irrecoverable. The Council would be unlikely to deliver its Decent Homes targets and the ODPM through the Improvement Board and the Community Housing Task Force may choose to intervene.

To mitigate the risk of negotiations with the preferred partner not progressing satisfactorily, the report recommends a second RSL is offered a reserve position.

6. LEGAL IMPLICATIONS ARISING FROM THE REPORT

The Council has appointed specialist legal advisors to assist them with the stock transfer process. Following the endorsement of the recommendations in this report, negotiations with the preferred partner will be finalised and a joint venture agreement signed between the council and the RSL.

7. EQUALITIES ISSUES ARISING FROM THE REPORT

There are no material equality issues arising.

8. WARDS AFFECTED

All wards are affected.

9. CONSULTATIONS

Tenants representatives and staff representatives have been equal members of the Stock Transfer Steering Group with elected members that have evaluated potential partners and made the recommendation to the council.

The ODPM, Community Housing Task Force and Housing Corporation have been advised and involved through the process.

Background documents:

For further information on the details of this report, please contact: