

## **SLOUGH BOROUGH COUNCIL**

**REPORT TO:** Cabinet **DATE:** 22nd January 2018

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**WARD(S):** All

**PORTFOLIO:** Cabinet Member for Corporate Finance & Housing, Cllr Nazir

### **PART I** **KEY DECISION**

#### **UPDATE ON HOUSING OPTION APPRAISAL**

##### **1 Purpose of Report**

In October 2016, when Cabinet was considering the council's 30 year Housing Revenue Account (HRA) Business Plan, one of Cabinet's resolutions was that:

- That the Strategic Director, Regeneration, Housing and Resources, following consultation with the Cabinet Member for Housing and Urban Renewal, be authorised to begin planning for the Options Appraisal of the Council's housing stock, with a proposal to be brought back to Cabinet for approval.

The purpose of this report is to provide Cabinet with an update on the Housing Option Appraisal and to present a number of options and opportunities for innovation.

##### **2 Recommendation(s)/Proposed Action**

The Cabinet is requested to resolve:

- (a) That following the Budget announcement, the Council reviews whether to apply for additional funding from the Government/Homes and Communities Agency . This could focus on a bid for additional borrowing headroom and/or loan funding for remodelling;
- (b) That the Council pursues an option to raise private finance through pension fund or institutional investment to deliver new affordable rented housing in the borough, and specifically for the proposed remodelling of the Tower and Ashbourne site (subject to planning permission);
- (c) That the Council develop a bespoke model for Shared Ownership in Slough, offered initially on a limited basis to test demand;
- (d) That the Council keep open the option to discuss partnerships with housing associations;
- (e) That the Council continue to pursue opportunities for new delivery through Herschel Homes and James Elliman Homes recognising that the objectives set for these companies primarily relate to the acquisition of market rented housing

for use as temporary accommodation, and accommodation for key workers and vulnerable groups such as care leavers;

- (f) That the Council continues to investigate options for the optimal reinvestment of One-for-One retained Right to Buy receipts into social housing in the borough, in the light of the establishment of the establishment of the Council's Partnership Venture with Osborne's, and the opportunity that DISH may present, for the benefit of the Council's social housing objectives;
- (g) That the Council develops an Active Asset Management Strategy based on the analysis within the Asset Performance Evaluation - to be updated annually;
- (h) That within the Asset Management Strategy, the Council appraise the options for those assets which are under-performing relative to the rest of the stock with a view to remodelling, redeveloping or re-providing in the context of increasing supply.

### 3. **The Slough Joint Wellbeing Strategy, the JSNA and the Five Year Plan**

#### 3a. **Slough Joint Wellbeing Strategy Priorities**

The option appraisal will enable the council to identify and develop innovative options for its housing stock that link with the following Slough Joint Wellbeing Strategy priorities:

- Increasing life expectancy by focusing on inequalities - the links between decent housing and health are well documented
- Housing – identification of options that would result in an increase in numbers of affordable homes. In addition the repair, maintenance and investment in the Council's housing assets is funded directly by the HRA

#### 3b. **Five Year Plan Outcomes**

The option appraisal will help to deliver the following Five Year Plan outcomes:

Outcome 3 - Slough will be an attractive place where people choose to live, work and visit;

Outcome 4 - Our residents will have access to good quality homes;

Outcome 5 - Slough will attract, retain and grow businesses and investment to provide jobs and opportunities for our residents

### 4. **Other Implications**

#### (a) Financial

Whilst there are no direct financial implications from the outcomes of the option appraisal itself, implementation of the recommendations will have specific financial implications depending on the precise terms of any detailed proposals. These implications will be reported at the appropriate time.

(b) Risk Management

<b>Risk</b>	<b>Mitigating action</b>	<b>Opportunities</b>
Legal	See 4 c)	
Human Rights	None identified	
Health and Safety	None identified	
Employment Issues	None identified	
Equalities Issues	None identified at this stage	
Community Support	None identified	
Communications	None identified	
Community Safety	None identified	
Financial	See 4 a)	
Timetable for delivery	N/A	
Project Capacity	TBD	
Other		

(c) Human Rights Act and Other Legal Implications

Whilst there are no direct legal implications from the outcomes of the option appraisal itself, implementation of the recommendations will have specific legal implications depending on the precise terms of any detailed proposals. These implications will be reported at the appropriate time.

(d) Equalities Impact Assessment

Equality Impact Assessments are routinely carried out as part of operational service delivery and reviews. There are no equality related issues in relation to the option appraisal at this stage

(f) Property

The housing option appraisal supports the Council's ambition to maintain and invest in its current housing assets whilst continuing to deliver a development programme to build new, affordable homes in Slough.

## 5 Supporting Information

5.1 At the meeting of 17th October 2016, Cabinet resolved :

- That the Strategic Director, Regeneration, Housing and Resources, following consultation with the Cabinet Member for Housing and Urban Renewal, be authorised to begin planning for the Options Appraisal of the Council's housing stock, with a proposal to be brought back to Cabinet for approval.

- 5.2 Work on an options appraisal of the Council's housing stock led by Cllr Ajaib, Commissioner for Housing & Urban Renewal, began in the latter part of 2016, with the project being split into two phases. Phase 1 involved;
- Establishment of the Consultative Commissioning Group (CCG), chaired by Cllr Ajaib;
  - Appointment of Independent Tenant Advisor and recruitment to Resident Consultative Group (RCG)
  - Analysis of the existing HRA Business Plan by Savills:
  - High level review of options available by Trowers & Hamlin with an in depth review of stock transfers by Savills, so as to establish a credible range of options for further evaluation; and
  - Modelling of social rent levels for development sites, by 31Ten Consulting.
- 5.3 An interim report was taken to Cabinet on March 20th 2017, with an update on progress. Cabinet resolved:
- (a) That the following recommendations from the Commissioning Consultative Group be endorsed, for the reasons set out in paragraphs 5.4 and 5.5 of the report –
- The option to 'do nothing' is not accepted; and that
  - The option of Large Scale stock transfer is not to be progressed further
- (b) All other options are to be considered and reviewed by the Commissioning Consultative Group, chaired by Cllr Ajaib, Commissioner for Housing and Urban Renewal, and Resident Consultative Group with final recommendations being brought to Cabinet in December 2017.
- 5.4 Phase 2 of the project began in April 2017 and concluded at the end of October 2017, to enable sufficient time to prepare the final report for Cabinet, originally scheduled for December 2017. The remit of Phase Two was:
- To identify all the options for the delivery of new homes
  - To test each of the options financially, in the context of deliverability and affordability within Slough, and test the extent to which each of the options is able to meet the needs for new affordable homes
  - To appraise the options against the tests set by the CCG and RCG
  - To identify and recommend those options to be taken forward into a delivery phase.
- 5.5 CCG and RCG identified 9 options for review in Phase 2. These are set out in Appendix A along with an overview of the work undertaken and the timing followed.
- In general terms, the options divide into three groups:
- Existing delivery mechanisms in place at the Council
  - New routes to public/private partnerships to lever in additional resources
  - Options driven by the condition and nature of existing council housing stock.
- 5.6 For full details of the different options and their consideration, please refer to Appendix B - *Appraising the options for new affordable housing in Slough – Phase 2: Summary Report*.

- 5.7 Feedback from the Tenant & Leaseholder Conference held on 28th October 2017 has been provided to the Council within a separate report – Appendix C. In the context of this Option Appraisal, there was a general degree of support from the conference towards pursuing an institutional investment option with a rather more lukewarm approach towards shared ownership. We note also the focus of all delegates on the need for suitable quality and space standards for all new developments and that the initial proposals for the redevelopment of Tower and Ashbourne would meet such a need.
- 5.8 Going forward, the option appraisal will evaluate the future of the DISH, as there is an opportunity to enable the DISH to evolve as a means of undertaking activities and functions that the council's existing companies are unable to deliver.

## 6 **Comments of Other Committees**

None

## 7 **Conclusion**

- 7.1 The Cabinet in October 2016 agreed it was the time for the Council, in open and transparent partnership with residents, to undertake a comprehensive Options Appraisal to look at the future of the housing stock over the next 15 to 20 years. The first two phases of the options appraisal have achieved this objective and with resident agreement provided a focused range of options for evaluation for the next phase. The opportunity now presents itself to continue with the options appraisal with a range of options that have credible and meaningful basis for delivery for the residents of this borough.

## 8 **Appendices**

- A - Diagram of options reviewed
- B - Appraising the options for new affordable housing in Slough – Phase 2: Summary Report.
- C - Report of Tenant & Leaseholder Conference