



**REPORT BY**

**LIBRA HOUSING ADVISORY SERVICES**

**TO**

**STEVENAGE BOROUGH COUNCIL**

**AND**

**FOSTA**

**ON THE WORK OF**

**THE INDEPENDENT TENANT ADVISOR**

**June 2005**

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BOROUGH COUNCIL AND FOSTA ON THE WORK OF THE  
INDEPENDENT TENANT ADVISOR**

**1.0 Introduction**

**1.1**

Libra Housing Advisory Services (Libra) was appointed as Independent Tenant Advisor (ITA) to the tenants of Stevenage Borough Council (SBC) on Options Appraisal in December 2003 following an interview with members of the Federation of Stevenage Tenant Associations (FOSTA) as advised by the Council's Project Manager (Richard Bramley) and members of the Council's Tenant Participation Team.

**1.2**

At that time it was anticipated that SBC would move to a decision on its preferred option by September 2004 or soon thereafter.

**2.0 Background**

**2.1**

We feel it is important to stress from the outset the basic premise on which SBC were proposing to move towards an agreed position on a preferred option.

**2.2**

The Council had already set up a Housing Strategy Group (HSG) composed of a range of stakeholders including FOSTA representatives (including a leaseholder), Councillors, Council officers and union/staff representatives.

**2.3**

The role of the HSG was to review and assess over a period of time all the necessary information on the options available and to make a recommendation to the Council, ideally by consensus. The views of Councillors and tenants were to be the key inputs.

**2.4**

The understanding was therefore that the ITA should focus its main attention on advising FOSTA members on the HSG as representatives of the wider tenant audience. Although no formal process of election of HSG tenant members had taken place, the membership appeared to be reasonably representative of the Stevenage area.

**2.5**

We were given to understand that this approach had been discussed with the Government Office for the East (GOE) and had precedents. The implication was that the wider tenant audience would not be involved in the detailed assessment of the available options as and when survey/financial information

became available. The reasoning behind that was that the level of knowledge required to make an informed judgement on the ramifications of all the options could not realistically be imparted to the wider tenant audience.

## **2.6**

Libra understood this to be the preferred process from the day of the interview and has subsequently sought to make the process as inclusive as possible while working towards a decision through the HSG. Our range of work is set out in section 3 below.

## **2.7**

Some amendment to the process was required by the Community Housing Task Force representative towards the very end of the process to which we make further reference at section 4 below.

## **3.0 Summary of ITA work carried out by Libra**

### **3.1**

Throughout the process we have communicated with FOSTA on relevant issues on a regular basis both formally and informally.

### **3.2**

We have attended virtually all the HSG meeting since appointment (over 20) and attempted to make an appropriate direct input as well as supporting the HSG tenant members at those meetings.

### **3.3**

Our first specific work related to an advisory input to the Communications and Tenant Empowerment Strategies. The former was obviously related to the preferred process referred to above. We were satisfied that the Tenant Empowerment Strategy was sound and based on good practice.

### **3.4**

In March 2004 we issued to all tenants and leaseholders in the Borough a comprehensive booklet outlining all the options in principle and the points to consider in relation to those options.

### **3.5**

We might note here that Libra did not issue any other publications under the Communications Strategy agreed by HSG but was given access to drafts of Council newsletters/publications and agreed any reference to the ITA role in those publications.

### **3.6**

In April 2004 we followed up the booklet with a series of drop-in meetings for tenants at large in various parts of the Borough. The aim was to discuss tenant aspirations for housing services and investment in the Council stock and to answer any questions on the nature of the options. No basis for comparison in financial terms was available at that point. Attendance was

limited throughout the programme despite attempts to make the times and venues as accessible as possible.

### **3.7**

Our next specific involvement in the process was in the validation of a survey distributed to all tenants by the Council. The ITA and the HSG were both involved in the survey content which was again essentially about tenant aspirations rather than options per se. Our role was to receive all the returned forms (which were relatively detailed), record and validate the data and prepare a report for the HSG. As the responses came disproportionately from older persons, Libra re-weighted the figures and produced a further report but the results were not materially different. The report helped to inform the survey process, especially with regard to the establishment of a 'Stevenage Standard'.

### **3.8**

In June 2004 Libra took part with FOSTA and the Council in three visioning days with presentations made to a range of invited stakeholders but predominantly tenants. The all-day events also included discussion workshops aimed primarily at further testing tenant aspirations but also assessing awareness of the option issues. The events were successful in terms of participation and Libra feels that some of the fundamental issues were reasonably well understood and discussed by participants who had not previously had much exposure to the debate. No Test of Opinion was taken at these events.

### **3.9**

As a direct result of the difficulty experienced by the Council in reaching an agreed position on stock investment requirements ( see section 7 below), our next specific involvement (other than HSG attendance) was not until December 2004 when Libra delivered training sessions for HSG members on Housing Associations.

### **3.10**

There was a further gap in activity until May 2005 when the survey results were finally agreed. Following two sessions of the HSG on the Base Case and the other options at which specific financial data first became available, Libra were provided with detailed figures by the Council's financial advisor, Housing Quality Network (HQN), to carry out the ITA scrutiny work (see 5.3 below). Libra then facilitated a meeting of FOSTA HSG members with the HQN to discuss financial issues further ahead of the tenant day referred to at 3.11 below.

### **3.11**

Libra was involved in setting up (in conjunction with the Council and FOSTA) and facilitating two sessions for invited tenants to discuss the way forward. The sessions involved presentations on the survey results, financial assessment and the ITA view. These were followed by discussion group work and questions with the sessions culminating in an informal Test of Opinion carried out through the issue of a pro-forma inviting views on the deliverability

of the options and an order of preference for those options. Libra subsequently tabulated the results and produced a brief report for the HSG the following day on which the HSG recommendation for a preferred approach was to be agreed. That report was not discussed at the HSG but was made available to HSG members on the day. The report indicated that, in the view of the ITA, the results were not conclusive

### **3.12**

Libra's final specific involvement was in supporting the 8 open meetings for tenants at large, set up after the HSG meeting on 13<sup>th</sup> May 2005, and held across the Borough between 31<sup>st</sup> May and 16<sup>th</sup> June 2005. The ITA's role was as a key speaker in the presentations and to be available to answer questions from an independent point of view. We refer to this process separately at section 4 below.

### **3.13**

Throughout our period of appointment Libra has run a Freephone line which has tended to be active at a limited number of key points e.g. issue of the ITA booklet, tenant opinion survey, final Test of Opinion. Further reference to the nature of the calls is made in section 4 below.

### **3.14**

Finally, we might make brief mention of a separate but linked involvement in the Council's 'mini-transfer' of the Stony Hall estate to a Housing Association for refurbishment and new-build as part of a mixed tenure site. We advised on the selection of the Housing Association partner, attended a range of stakeholder meetings and advised the tenants on the draft Offer Document and draft Tenancy Agreement.

## **4.0 The open tenant meetings and the Test of Opinion**

### **4.1**

At the meeting of the HSG on 13<sup>th</sup> May 2005, following an input from the representative of the Community Housing Task Force, it was agreed that the Council should have access to the views of the wider tenant audience on the way forward prior to its formal decision on a preferred option on 29<sup>th</sup> June 2005.

### **4.2**

It was agreed that a series of public meetings should be arranged as soon as possible to address primarily the two key deliverable options identified by the HSG viz. ALMO and LSVT. At the same time it was agreed that all tenants should be invited to give an opinion on those two options.

### **4.3**

Subsequently, a programme of meetings was arranged at short notice at which it was agreed that two presentations would be made, one on the process followed in Stevenage, the other from the ITA with an independent assessment of the key issues involved and their impact in Stevenage. We feel

that the meetings had a satisfactory level of attendance with most meetings attracting well over 20 tenants. The debate and questions at the meetings were generally useful in putting over the key choices to the tenants attending.

#### **4.5**

The letter publicising the meeting contained a pro forma Test of Opinion. No additional information was sent out with the letter itself but tenants were advised as to where and how to access such information. After the first meeting further printed information was made available at the subsequent meetings. Tenants were invited to respond to the Test of Opinion via a number of routes at any time from the receipt of the form (just before the first scheduled meeting) up to 17<sup>th</sup> June 2005.

#### **4.5**

Libra offered its comments on the draft of the Test of Opinion form, some of which appeared to be taken into account, and indicated some reservations on the final wording of the form. Essentially, the Test of Opinion focused on the key choice of retaining the stock in the Council's ownership via an ALMO or increasing investment potential through stock transfer. There was always the possibility that some confusion could arise amongst tenants at large who had not been involved in detailed discussions that ALMO was in fact retention in that the covering letter did not specifically say that the full retention option had already been assessed by the HSG as undeliverable.

#### **4.6**

Approximately forty calls from tenants were made to the Libra freephone number following the distribution of the letter referred to above. Well over half of those tenants contacting Libra via the freephone number were of the belief that the choice was between retention and stock transfer, rather than ALMO and stock transfer. However, once the process and the options were explained to tenants, the vast majority indicated that they would prefer the ALMO option in Stevenage. The predominant reasons for this being that tenants believe that Stevenage BC is a good landlord and 'better the devil you know'.

#### **4.7**

The results of the Test of Opinion favoured the ALMO option by a wide margin which must be seen as a significant input into the debate. Over 95% of tenants responding to the test of opinion cited ALMO as their preferred option. Libra's view on this part of the process is that as an exercise in establishing a steer to the Council on the acceptability or otherwise of stock transfer, the results are clear and valid. We have some reservations on the process as an exercise in the comparison of significantly different levels of potential investment and relative value for money. Beyond that we would offer no further comment.

## **5.0 Survey and Financial Assessment**

### **5.1**

Libra has been provided with appropriate material relative to the two surveys carried out by Savills and Curtins and the validation process carried out by Ridge and Partners. It is not the role of the ITA to offer any form of technical appraisal in detailed aspects of the survey. We are satisfied that the material provided constitutes a reasonable basis for comparison (both financially and otherwise) of the options including stock retention. We have recorded at section 7 of in this report our concerns about the length of the survey process and its consequent impact on the consultation process as a whole but appreciate that any delay was not attributable to the above parties.

### **5.2**

The surveys in our view adequately cover and cost:

- A standard which reflects the surveyors' assessment of optimum asset management requirements and embraces aspirational elements identified by tenants – The 'Stevenage Standard'
- A standard which addresses the Decent Homes Standard on a sustainable basis – a 'minimum sustainable position'

Other variants were also costed.

### **5.3**

Libra was provided with a comprehensive set of figures by HQN relating to the translation of the survey data into the financial comparison between the options (subsequently embraced within HQN's formal report to the Council). The financial data was produced within a short period following the agreement of the survey details but had to be absorbed and discussed within a very limited timescale for the reason already referred to at 5.1 above.

### **5.4**

In financial terms, Libra was able to make its own assessment of the data but again we do not see our role as the ITA as 'second guessing' all the assumptions involved. Our report does not repeat the detail given within the HQN's report.

### **5.5**

Our most important statement must be that we find the calculations and assumptions involved in the financial assessment to be fair and reasonable and in line with good practice and precedents. The figures are clearly linked to the survey data relative to the various options.

### **5.6**

In relation to the retention (Base Case) position, we are satisfied that the key assumptions behind management and maintenance costs, subsidy calculations and future Right to Buy sales are reasonable. We are also satisfied that:

- Rent restructuring constraints are properly factored in as per Government requirements
- The available resources for capital expenditure are fairly assessed and that conclusions on the likely scope for use of the Council's non-housing capital resources is realistic

### **5.7**

As a consequence of the above, we feel that the HQN's key conclusions on the HRA revenue and capital position under retention are fair being that:

- No immediate crisis faces the HRA in the short term but that the mid-longer term health is not assured
- Required new investment in the properties even to basic DH standard cannot be delivered under retention
- Specifically, a shortfall on investment by 2010/11 of some £47m would likely to arise in present resources which could escalate over 30 years to as much as £112m

These comments obviously recognise that future changes in policy on the finance of Council housing could change that position significantly for better or worse.

### **5.8**

From the above, Libra must agree that alternative options needed to be placed before the tenants both to meet Government Office requirements on the DH standard and, more importantly, to offer an acceptable way forward, at least for the short-mid term.

### **5.9**

No evidence was presented to Libra which would encourage us to see the PFI option as credible in Stevenage but that conclusion has to be based largely on trust and, to some degree, on the survey process. The transfer of the Stony Hall estate arguably removed the most likely candidate for PFI treatment.

### **5.10**

Libra is satisfied that the two deliverable options in Stevenage are likely to be ALMO and LSVT and would be happy to accept that any meaningful debate had to centre on those options.

### **5.11**

In relation the ALMO option, it would appear reasonable to suppose that any bid for funding might only realise funding sufficient to meet DHS by the due date given the competition for funds. Any additional funding (other than the 5% for social/environmental issues) to go some way towards higher/aspirational standards would have to be seen as something of a



'bonus'. The minimum bid would appear to be in the region of £20m on the same survey data as used to assess the Base Case position.

Libra cannot usefully comment on the debt issues arising under the ALMO option still to be clarified in relation to the overall impact on the Council's financial position but we understand that this is likely to be satisfactorily resolved in the near future.

#### **5.12**

In relation to the LSVT option, we are satisfied that an approved model has been used in the calculation of the stock valuation and that again the financial assumptions employed were reasonable and properly linked, where appropriate, to the same data and assumptions as used in the assessment of the Base Case position. In the case of LSVT, the full Stevenage Standard was assumed to be delivered. We are happy that all of the potential shortfall referred to at 5.7 above could be addressed through the LSVT option.

#### **5.13**

It is not a primary role of the ITA (or indeed tenants) to address the Council's overall financial position in the case of stock transfer but there seems to be adequate indications that no insuperable problems would face the Council under this option.

#### **5.14**

One further issue which we might mention in relation to LSVT is that surrounding the provision of new homes. The net proceeds to the Council (around £10m) are limited in comparisons with some other LSVTs but still sufficient to make a useful contribution to add to future Right to Buy sales monies. However, some doubts have been expressed about land availability about which we can offer no comment. The survey of tenant views referred to at 3.7 above indicated a significant emphasis on new affordable homes for rent as a key issue.

### **6.0 The Project Leader's Report**

#### **6.1**

We offer no detailed comments on the Project Leader's final report on the work of the HSG leading to the Group's view on a preferred option to be recommended to the Council. Effectively, we have covered most of the issues elsewhere in this report. However, we feel we might note two points not already specifically mentioned:

- The FOSTA tenant HSG members were in favour of LSVT by a margin of four to two. (One member abstained) The consensus leading to the HSGs recommendation embraced a unanimous view in favour of ALMO from the Councillors attending and registering a view.
- The recommendation for the ALMO option included a reference to the need for that option to take into account the Community Gateway

Model but no detailed discussion was held at the HSG meetings on available ALMO or LSVT models

## **7.0 Observations and Reservations on the Process**

### **7.1**

We feel that we should first express our concern about the difficulties surrounding the definition of an available option which really relates to the conduct of Options Appraisal in general and which still seems to require some clarification through the Government Office and/or the Community Housing Task Force.

### **7.2**

From all the evidence available to Libra the vast majority of tenants in Stevenage would prefer the full retention option. Tenants seem generally well satisfied with the Council as landlord. This is not an uncommon position in the areas where Libra has acted as ITA. On the other hand, where a Council cannot meet government required standards within a given period, full retention is not in fact a real option. This remains a difficult concept to put across.

### **7.3**

This issue is linked to the whole question of the degree to which the wider tenant audience can be fully involved in all the detail surrounding specific options and the comparison between those options. In practice, it is difficult to stimulate the same focused level of interest in Options Appraisal as, for example, in the case of a straight comparison between retention and stock transfer. The distinction between retention per se and the setting up of an ALMO with the Council retaining ownership is a difficult topic to explain without a long process of information in which many tenants are reluctant to engage.

### **7.4**

We understand that the approach adopted in Stevenage – essentially placing reliance on a significant input from members of the FOSTA to the Housing Strategy Group – was aimed at finding an informed way forward which might be seen as representative of the views of the majority of tenants. The HSG's role was to make a recommendation to the Council and the HSG was itself rooted in an existing housing policy group. The FOSTA representatives were all regular attendees at the HSG meetings and acquired a good understanding of all the many issues involved.

### **7.5**

Under the process envisaged, no programme of public meetings following the HSG recommendation was originally planned. At the HSG meeting of 13<sup>th</sup> May such a programme was agreed as referred to in section 4 above. Libra as ITA welcomed any attempt to address the wider tenant audience in itself but the introduction of the process at such a late stage inevitably had

limitations, particularly in the relation to the information available to maximise the impact of the meetings.

## **7.6**

This leads on to another reservation which we must offer. The high proportion of the time between the appointment of an ITA and the HSG recommendation spent on establishing an agreed position on the survey results limited the opportunity to discuss the financial issues for HSG members, FOSTA itself and the wider tenant audience prior to the deadline for the submission to GOE.

## **7.7**

Our other reservations have already been set out in sections 4 and 6 on the material sent out with the invitations to tenants to attend the open meetings and on the process of HSG consensus respectively.

## **8.0 Conclusion**

### **8.1**

Overall, despite the reservations expressed above and especially in view of the Test of Opinion results referred to at section 4 above, Libra feels that the consultation process in Stevenage ultimately reached a fair conclusion about the preference of tenants in the Borough and that it was probably as indicative of tenant views as the majority of such consultations which have been conducted in a wide variety of ways.

### **8.2**

The choice ultimately rested very much on the simple comparison between staying with a familiar landlord with a lower level of investment and no longer term guarantees and a change of landlord with more investment but significant longer term guarantees. Given the rejection of full retention as a deliverable option prior to the involvement of the wider tenant audience, Libra feels that the choice offered was a valid and fair and that a reasonable attempt had been made to give tenants the basic information at least to endorse or otherwise, prior to the Council's formal decision on a preferred option, the HSG recommendation which had itself been reached after a acceptable process.

## **9.0 Acknowledgements**

### **9.1**

Libra would like to register its appreciation for its close involvement in the process and the support it has received from:

- FOSTA
- Members of the HSG
- The Council's Tenant Participation Team which has given Libra administrative support as required.