

THE ROYAL BOROUGH OF KENSINGTON AND CHELSEA**OVERVIEW AND SCRUTINY COMMITTEE ON HOUSING,
ENVIRONMENTAL HEALTH AND ADULT SOCIAL CARE -
12 JULY 2006****REPORT BY THE EXECUTIVE DIRECTOR FOR HOUSING, HEALTH
AND ADULT SOCIAL CARE****HOUSING STOCK OPTIONS APPRAISAL**

This report concerns the need to undertake an options appraisal for the whole of the Council owned housing stock. This is in view of a projected Housing Revenue Account deficit and the need to consider the strategic direction of housing services once the Decent Homes Programme has been completed.

FOR INFORMATION

1. INTRODUCTION

- 1.1 A Key Decision report is currently under consideration by the Deputy Leader and Cabinet Member for Planning Policy, Housing Policy and Transportation and the Cabinet Member for Finance and Property. This report is attached.
- 1.2 The report recommends that a full appraisal of possible stock options is carried out to ascertain whether any or all of them can meet strategic criteria, concerned with area regeneration, renewal of estates and meeting the expectations of residents for housing in the 21st Century. Of key importance will be whether the different options can also provide business certainty for the next 30 years and provide balance to the Housing Revenue Account.

2. THE GOVERNMENT PILOT SCHEME

- 2.1 Whilst the Key Decision report was in preparation, the Government made an announcement about the next programme of delivering Decent Homes and Arms Length Management Organisations (ALMOs). The Government has been working on various options for ALMOs beyond the delivery of the Decent Homes Programme. Unfortunately the announcement has not made it clear which option the Government prefers but rather it concentrated on arrangements for Round 6 of Decent Homes delivery vehicles and possible models for community involvement in delivering investment to create sustainable mixed communities.

- 2.2 The Government stated that it considered that Councils have an important role in delivering housing for communities. To this end, it will work (as a pilot scheme) with a number of 'excellent' local authorities with three star ALMOs to examine the costs and benefits of operating their finances outside of the national housing subsidy system. It considers that this approach could improve long term sustainability of investment in housing, as well as provide evidence for decisions in the Government 2007 spending review.
- 2.3 This particular approach may be able to generate funding for investment in housing and give stability to the Housing Revenue Account – changes in the housing subsidy system being the chief reason for the projected HRA deficit. Both the Council and the Tenant Management Organisation consider this to have benefits and have applied to the Department for Communities and Local Government to be part of the pilot scheme. It is known that the numbers of places on the pilot scheme are limited and the outcome of our application is uncertain.
- 2.4 The Government is still due to consult on options for ALMO futures (as set out in paragraph 4.1 of the Key Decision report).

3. RECOMMENDATION

- 3.1 The Overview and Scrutiny Committee is asked to note the contents of this report and the attached Key Decision Report.

FOR INFORMATION

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Background papers: Housing Stock Options Appraisal Key Decision report dated 13 June 2006.

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