



The Easy Guide to Delivering Decent Homes

Ian Harries

July 2002

Contents

Contents	1
Summary	2
Step 1 - Recognise the Importance of the Decent Homes Standard	3
Government Targets for Social Housing.....	3
Business Plans and Resource Accounts for Council Housing	3
So what is a Decent Home?	4
Criterion A - Meeting the Current Statutory Minimum Standard for Housing	4
Criterion B – Be in a Reasonable State of Repair	5
Criterion C – Have Reasonably Modern Facilities and Services	7
Criterion D – Provides a Reasonable Degree of Thermal Comfort.....	7
Can Decent Homes Work be Deferred?.....	8
Work Other than Decent Homes Work.....	8
Step 2 - Inform and Consult Your Key Stakeholders	10
Who are the Key Stakeholders?.....	10
Step 3 - Determine the Scale and Nature of the Problem	12
Identify Non Decent Homes and those Likely to Become Non Decent.....	13
Commissioning a Stock Condition Survey.....	13
Appropriate Sample	13
Making Use of Existing Data.....	14
Step 4 - Carry Out an Options Appraisal	15
Using the Council's Own Resources.....	15
Transfer the Housing to a Housing Association or Local Housing Company	17
Setting up an Arms Length Management Organisation.....	18
A Private Finance Initiative Scheme.....	18
Decide Whether Some Stock Should be Demolished	19
Step 5 - Develop and Action an Implementation Plan	21
Develop a Sustainable Work Programme	21
Monitoring Achievement of the Standard and the Targets.....	21
Step 6 – Facing Difficult Choices	23
Sources of Further Help.....	23
Government Offices (GOs).....	23
Community Housing Task Force (CHTF).....	24
Training courses.....	24
Consultants.....	24

Summary

Step 1

Recognise the importance of the decent homes standard and familiarise yourself with its requirements.

Step 2

Inform key stakeholders of the decent homes standard and the target to bring all social housing up to the standard by 2010. Keep your key stakeholders informed and consulted throughout the following steps.

Step 3

Assess the level and type of disrepair within your stock compared with the decent homes standard, and how much it will cost to bring and keep homes up to the standard. Put in place mechanisms to keep the information up to date.

Identify the cost of works over the next 30 years, paying particular attention to the years up to 2010, but noting that once the standard is achieved, homes must be maintained in this condition thereafter.

Step 4

Carry out an appraisal of the options available for raising the necessary investment to achieve the decent homes target and to carry out any other improvements your Council wishes to make to its stock. Work closely with tenants, leaseholders and other stakeholders to decide which are viable, and to select a preferred option.

Step 5

Prepare an implementation plan, which clearly shows what you will need to do each year to ensure all your homes are up to the decent standard by 2010. Work closely with residents and contractors to develop a sustainable work programme, and monitor your progress against the implementation plan.

Step 6

Consider what, if any, additional advice and information may be of help to you from any or all of the following sources:

- Government Offices for the Regions
- Community Housing Task Force
- training agencies
- consultants

Step 1 - Recognise the Importance of the Decent Homes Standard

The decent homes standard is the new minimum standard set for all social housing.

It signifies the Government's recognition of the backlog of £19bn worth of repair and improvement work that has built up in the social housing stock - and especially in council housing - over the last 25 years.

The Government has increased the resources available to councils to a level it believes can enable the standard to be achieved across the social housing sector within ten years. Councils now have an essential and pivotal role to play in ensuring the decent homes standard is met.

Government Targets for Social Housing

Local authorities and housing associations have been set a target to bring all their housing up to the decent standard by 2010. The majority of homes below the standard are owned by local authorities.

In 2000, the Government set a Public Service Agreement target to:

Ensure that all social housing meets set standards of decency by 2010, by reducing the number of households living in social housing that does not meet these standards by a third between 2001 and 2004, with most of the improvements taking place in the most deprived local authority areas as part of a comprehensive regeneration strategy.

The target is one of several 'floor' targets announced in a ***New Commitment to Neighbourhood Renewal: National Strategy Action Plan*** which sets out the Government's approach to tackling deprivation in England's poorest communities. Floor targets, for improving the performance of key services where they are failing local communities, are at the heart of the strategy.

The Government is hoping to see the most significant reductions in non-decent homes by 2004 in the 88 most deprived areas in England. The most deprived local authority areas are those identified as such in the ***Indices of Deprivation 2000***. This aspect of the target does not necessarily require social landlords to focus investment on the most deprived neighbourhoods or individual cases of vulnerability, although this may be appropriate as part of an effective investment strategy

Business Plans and Resource Accounts for Council Housing

Local authorities are now also required to produce business plans for their council housing functions, based on the principles of resource accounting. This requirement is likely to be formalised when the draft Local Government Bill becomes law in 2003.

Resource accounts oblige councils as landlords to take a long term view of the future of their housing stock and of the assets which it represents. Taken together with the target of bringing the stock up to the decent homes target within ten years, they will show whether or not the stock has a sustainable future. The business plan is the process by which the Council assesses its options and decides how to make its council housing sustainable - that is, in good physical condition, meeting customer demands, providing a good service and - the bottom line - financially viable. This will require major decisions about how improvements are to be financed, the size and future of the stock, and even whether continued public ownership is feasible.

So What is a Decent Home?

To be defined as decent, each home must:

- a) meet the current statutory minimum standard for housing
- b) be in a reasonable state of repair
- c) have reasonably modern facilities and services
- d) provide a reasonable degree of thermal comfort

Criterion A - Meeting the Current Statutory Minimum Standard for Housing

The Fitness Standard is the current minimum standard for housing.

A home will be unfit (and therefore fail the decent homes standard) if, in the opinion of the authority, it fails to meet one of the following requirements, and is therefore not considered reasonably suitable for occupation:

To meet the fitness standard a home should:

- be free from serious disrepair (see also criterion b)
- be structurally stable
- be free from dampness prejudicial to the health of the occupants
- have adequate provision for lighting, heating and ventilation
- have an adequate piped supply of wholesome water
- have an effective system for the drainage of foul, waste and surface water
- have a suitably located WC for exclusive use of the occupants
- have a bath or shower and wash-hand basin, with hot and cold water
- have satisfactory facilities for the preparation and cooking of food including a sink with hot and cold water

Where the home is a flat, it could be considered unfit if the building or part of the building outside the flat does not meet the following requirements:

- be structurally stable
- be free from serious disrepair (see also criterion b)
- be free from dampness
- have adequate provision for ventilation
- have an effective system for the drainage of foul, surface and waste water

Further advisory guidance on interpreting each of these fitness requirements is included in Annex A of DOE circular 17/96, **Private Sector Renewal: a Strategic Approach**.

At some stage in the future, when parliamentary time allows, the Fitness Standard will be replaced with the new Housing Health & Safety Rating System (HHSRS). Councils are therefore recommended to apply this rating system to their properties, as well as applying the Fitness Standard, when surveying their stock. The HHSRS is designed to ensure that a home provides a safe and healthy environment for the people who live there and those who visit.

Further advisory guidance is set out in **Housing Research Summary 123 – Housing Health and Safety Rating System: Quick Guide**, DETR, 2000, and in **Collecting, Managing and Using Housing Stock Information: A Good Practice Guide, Vol 2: Key principles and methodological issues**, DETR, 2000 (Annex G pages 101-109).

Criterion B – Be in a Reasonable State of Repair

A home will meet this criterion unless:

- one or more key building components are old and, because of their condition, need replacing or major repair

or

- two or more other building components are old and, because of their condition, need replacing or major repair

Key Building Components are those which, if in poor condition, could have an immediate detrimental effect on the building and lead to damage to other parts of the home. For example, a leaking roof could lead to damp insulation, ceilings collapsing and faulty electrics, etc.

Key building components are given below together with agreed component lifetimes and a definition of 'in poor condition'.

Building component	Life expectancy	Definition of 'in poor condition'
Roof structure	50 years (30 years for all flats)	Replace 10% or more or strengthen 30% or more
Roof finish	50 years (30 years for all flats)	Replace or isolated repairs to 50% or more
Chimneys	50 years	1 chimney needs partial rebuilding or more
External wall structure	80 years	Replace 10% or more or repair 30% or more
External wall finish	60 years (30 years for flats of 6 storeys or more)	Replace/repoint/renew 50% or more
Brickwork	30 years	Spalling

Building component	Life expectancy	Definition of 'in poor condition'
External windows	40 years (30 years for all flats)	Replace at least one window or repair/replace sash or member to at least two (excluding easing sashes, reglazing, painting)
External doors	40 years (30 years for all flats)	Replace at least one
Electrics	30 years	Replace or major repair to system
Central heating boilers	15 years	Replace or major repair
Storage heaters	30 years	Replace or major repair

Note: The lifetimes are based on lifetimes agreed with LAs after consultation on the Major Repairs Allowance. The DTLR guidance suggests that landlords should consider whether these lifetimes are appropriate within their own stock for predicting the age at which the component ceases to function effectively. The term 'in poor condition' is defined in the English House Condition Survey.

Other building components include:

Building component	Life expectancy	Definition of 'in poor condition'
Kitchens	30 years (but criterion c below suggests kitchens should be replaced after 20 years)	Major repair or replace 3 or more items out of the following 6 - cold water drinking supply, hot water, sink, cooking provision, cupboards, worktop
Bathrooms	40 years (but criterion c below suggests bathrooms should be replaced after 30 years)	Major repair or replace 2 or more items out of the following 4 - bath, wash hand basin, WC
Central heating distribution	40 years	Replace or major repair

To fail the decent homes standard, the component must be both old and in poor condition. Just being an old component that does not need repair, or being a component that needs repair or replacement earlier than expected but which has not yet reached its expected lifetime, will not fail the standard.

In the case of an old component, councils may wish to voluntarily replace the component as part of an ongoing improvement programme rather than wait for a failure to occur in the future leading to more costly response repairs.

In the case of failure of an isolated component which has not yet reached its expected lifetime, councils would be likely to deal with it as a response repair, unless it was a common failure. In such a case, it may be better to draw up a specific contract to replace all such sub-standard components at a lower unit cost than a response repair.

Where the disrepair is of a component affecting a block of flats, only the flats directly affected by the disrepair would be deemed to have failed the decent homes standard. For example, where a block of flats has a leaky roof, the flats on the top floor should be classified as non-decent and flats on other floors in the block should be classified as potentially non-decent (as they will become non-decent if the roof is not dealt with and this leads to other parts of the building deteriorating).

Criterion C – Have Reasonably Modern Facilities and Services

A home will not meet this criterion if it lacks 3 or more of the following facilities:

Requirements	Additional clarification
A kitchen which is 20 years old or less	Please note the stricter criterion than criterion b on disrepair
A kitchen with adequate space and layout	A kitchen would fail the standard if it failed to contain a sink, cupboards, cooker space and worktops appropriate to the size of the home
A bathroom which is 30 years old or less	Please note the stricter criterion than criterion b on disrepair
An appropriately located bathroom and WC	A main bathroom and/or WC would fail the standard if it is in or accessed through a bedroom (unless the bedroom is not used or the home is for a single person) OR if the WC was outside or located on a different floor to the nearest wash hand basin OR if a WC without a wash hand basin opens on to a kitchen near to a food preparation area
Adequate noise insulation	A home would fail the standard if inadequate noise insulation had been installed to minimise the noise from nearby traffic (rail, road or air) or from factory noise. Many landlords use double, or in the worst cases, triple glazing to minimise this noise
Adequate size and layout of common entrance areas for blocks of flats	A common entrance would fail the standard if there was insufficient room to manoeuvre easily because of narrow access ways, awkward corners and turning, steep staircases, inadequate landings, absence of handrails or low headroom

Note: The lower lifetimes for the kitchen and bathroom are to take account of tenants' wishes for more modern kitchens and bathrooms, as well as their functionality and condition, as agreed with local authorities at the time of the consultation on the Major Repairs Allowance. The DTLR guidance suggests that social landlords should consider appropriate minimum standards to use for their own local assessments.

Criterion D – Provides a Reasonable Degree of Thermal Comfort

This criterion (which was revised in February 2002 following consultation) requires a home to have both efficient heating and effective insulation:

Efficient Heating	Effective Insulation
Any programmable gas or oil central heating	Cavity wall insulation (where there are cavity walls that can be insulated effectively) or at least 50mm loft insulation (if there is loft space)
Electric storage heaters, or programmable LPG or solid fuel heating	Cavity wall insulation (where there are cavity walls that can be insulated effectively) and at least 200mm loft insulation (if there is loft space)
Similar efficient heating systems, eg based on renewable resources	The extent of insulation will depend on whether the form of heating is similar to gas and oil heating systems or to the electric, LPG or solid fuel heating systems

50mm insulation is a minimum standard designed to trigger action on the worst properties. Where insulation is being installed, landlords should take the opportunity to improve the energy efficiency and install insulation of a much greater depth.

Government advice is being developed on how to deal with particularly hard to heat homes.

Where new heating systems are being installed or existing systems are being replaced, landlords should take the opportunity to increase the energy efficiency of the dwelling through installing energy efficient boilers where possible. Energy efficient boilers are those with a SEDBUK A-C rating. Where this is not possible, cavity walls should be insulated where feasible.

When new heating and insulation are being installed, it is essential to ensure that the home is also adequately ventilated.

The **Boiler Efficiency Database** is a regularly updated source of SEDBUK ratings for gas and oil boilers.

Can Decent Homes Work be Deferred?

Only where landlords propose improvements that:

- go against the wishes of the current occupiers

and

- the occupier's health and safety are not put at risk

and

- the structural integrity of the building is not undermined

is it acceptable for works to bring the home up to the decent standard to be deferred until the home is next empty.

Work Other than Decent Homes Work

Although the decent homes standard represents a significant advance by the Government in recognising the need to set standards for social housing and taking steps to achieve them, it by no means reflects all the requirements for having a fully modern and attractive housing stock and a good quality environment.

As part of their business planning and option appraisals, councils will wish to consider whether any further works are needed.

For example, careful reading of criteria b and c above will show that a home can achieve the decency standard and still have a less than modern bathroom or kitchen. This may well affect the lettable of the property, and therefore become a priority for improvement work. Similarly, certain estates may be unattractive to new tenants because of aspects of their design such as dwelling curtilages, road layout, open spaces, etc, and councils may decide to prioritise such work.

These works will be in addition to the works necessary to bring homes up to the decent standard and should be considered within the Business Plan when deciding what investment is needed and where.

Step 2 - Inform and Consult Your Key Stakeholders

When introducing any new proposal, it is essential to ensure that all the key stakeholders are in full possession of the facts. Achieving the decent homes standard will not only require new information on council housing, but a radical review of the whole housing function, through the preparation of the business plan. It will also involve crucial decisions on the future of the housing service. Such important issues mean not only informing stakeholders, but involving them from an early stage in considering the options for the housing service and how they should be developed.

Who are the Key Stakeholders?

In this case key stakeholders include:

- tenants, leaseholders and other residents
- councillors
- staff
- housing associations
- contractors
- general public

All stakeholders need to understand the standard, the targets, and how homes in the area measure up against the standard. They should be able to contribute to the business planning process, and to the development of options for achieving the targets.

Tenants, leaseholders and other residents will guide the Council on priorities for improvements needed to achieve the decent homes targets. They will also need to consider alternative investment options to be used to meet the decent homes standards. Ultimately, they may have to vote on one or more of the options.

Councils should develop a communication strategy at an early stage, which builds on the good practice developed through any tenant participation compact. The strategy should outline how the wider community, including leaseholders and freeholders resident in the area, will be kept informed.

Councillors need to oversee an investment option appraisal exercise and endorse the selected delivery route.

Staff need to ensure that their method of collecting stock condition information is flexible enough to answer current (and potential future) decent homes questions, assess future investment needs, identify current and future costs, and prepare realistic programmes of works, to achieve the decent homes target by 2010, and to present these findings to other key stakeholders. They must ensure the standard can be implemented effectively and explore partnering with contractors to build effective long-term delivery of repair and improvement work.

As they are a key part of the housing service themselves, they will want to be consulted on the options for its future. They must also be kept informed about potential changes to their terms and conditions of employment if the Council is considering stock transfer or setting up an arms length management company, and be given access to appropriate training and advice.

Housing associations may have a role to play in helping the Council achieve the decent homes standard, because they may be able to work with the Council in developing options that require private finance, for example stock transfer and PFI schemes. Some associations have helped councils establish community-based organisations to take over the running of parts of a council's stock.

Contractors may need to work in partnership with the Council to ensure that there are sufficient qualified local tradespeople and trainees to deliver decent homes by the target dates within realistically assumed future budgets. It may also be necessary to involve the Local Learning & Skills Council, higher education establishments and the Construction Industry Training Board to ensure sufficient qualified tradespeople are available, now and in the future.

The **general public** needs to understand what the Council is aiming to achieve and how this affects the future of the housing service. For example, although the decent homes standard is about existing homes, there may be general concern about the Council's ability to fund new homes in the future and how changes to the service might affect this. It may also be necessary to explain why more money needs to be spent on housing rather than other public services.

Step 3 - Determine the Scale and Nature of the Problem

As part of HRA Business Planning you will need to assess the current and likely future condition of your housing stock. This should include reliable estimates of the current number of non-decent homes and potentially non-decent homes.

The English House Condition Survey (EHCS), which was previously five-yearly, has been changed to an annual rolling survey, and it is the EHCS that will provide the audited national picture on decent homes. But the EHCS sample size is too small at a local level to give councils sufficient detail to plan their decent homes programme.

As outlined in the DETR guidance ***Collecting, Managing and Using Stock Information***, councils should be developing databases of stock condition and characteristics to help plan investment and undertake effective business planning. An up to date picture is needed of the current condition of council owned homes and what work they need (including that necessary to achieve the decent homes standard, and to ensure that homes that are currently decent do not fall below the standard in the future). To ensure that the information is kept up to date, some form of regular updating will also be necessary.

Some councils will chose to carry out or commission a stock condition survey to gather the information they need to plan their approach to achieving the decent homes standard, while others will have already collected much of the necessary information.

Further guidance on stock condition surveys is available from the ***Housing Stock Information*** section of the ODPM website.

To help with investment planning (including predicting the number of non-decent homes) and subsequent monitoring, the survey and database model should be able to answer the following questions:

- which homes currently fail the decency standard due to:
 - unfitness
 - disrepair
 - lack of modern facilities
 - insufficient thermal comfort?
- which homes are likely to become non-decent in each of the above aspects over the next 30 years if no remedial works are done, and when?
- what will be the cost of the necessary works over the next 30 years, paying particular attention to the years up to 2010?
(use current prices adjusted for assumed inflationary increases in later years)

This should be easy if the survey has collected data on the design of the home, the age and condition of each of the building components and details of when the components should be replaced to avoid future non-decency.

The 1996 English House Condition Survey found the following causes of non-decent homes in the social rented stock at that time:

Non-decent due to	% of non-decent homes
Insufficient Thermal Comfort	83
Lack of Modern Facilities	19
Disrepair	18
Unfitness	15

Identify Non Decent Homes and Those Likely to Become Non Decent

Commissioning a Stock Condition Survey

Volume 3 of ***Collecting, Managing and Using Stock Information*** is essential reading, as it gives a detailed steer on specifying and commissioning stock condition surveys.

You may wish to work with a specialist contractor to carry out the survey. But you must ensure that in-house surveyors are trained in the methodology of the surveys and modelling, preferably working alongside the contractor. This will equip them to keep the survey up-to-date after the contractors have left, and will enable you to make maximum use of the data in testing out the impact of different investment strategies. Understanding the base data is essential if you are to update it.

Updating the database can be achieved through a number of routes. You could use information from visits to homes for normal response repair inspections, void property inspections, cyclical prior-to-painting inspections, etc. However you may need to supplement these 'routine' inspections to achieve a representative sample each year.

Ongoing cyclical inspections should ensure that, over a period of time (most likely four to five years), all of the stock will be surveyed as part of the normal work programme, and at minimal additional expense.

The person responsible for running the survey should be able to demonstrate:

- knowledge of the decent homes standard
- expertise in how best to collect the information you require
- ability to complete the work within a reasonable timescale
- quality control methods, including methods of ensuring consistency between surveyors and over time
- ability to upload survey information collected into your chosen property database
- techniques to allow you to monitor progress against decent homes targets
- ability to model future works programmes

Appropriate Sample

Volume two of ***Collecting, Managing and Using Stock Information*** gives authoritative advice of the issues to consider in determining the sampling strategy and sample size, how to determine the type of data that needs to be collected and how this can be collected in a way that permits flexible analysis.

Detailed guidance is provided on the principles connected with sampling for stock condition surveys and stresses that large scale surveys of all dwellings in the stock (100% surveys) are often difficult to achieve and expensive. Therefore, sample surveys and continual updating of information databases are advocated.

Stratified rather than simple random samples are often the most effective in ensuring that problems concentrated in particular types of stock are included - it is more important to have all types of property represented in the sample, than to have large samples of the same type. These examples of properties are often known as 'archetypes' or 'beacon' properties because they are representative of a larger number of properties.

It will then be possible to use a technique known as 'cloning', explained in the guidance, for expanding a sample database to a 100% database. Cloned data should be clearly identified as such, so that it is not confused with actual survey findings. As further information is collected in future stratified surveys and/or updates from day to day inspections, the cloned information can be replaced by actual data, building a robust and reliable database of information.

Making Use of Existing Data

If all the necessary data is not available from an existing stock condition survey, councils may be able to assemble much of the necessary information from landlord records, the original drawings or specifications and any records of subsequent modifications.

It may be acceptable to substitute estimates or assumptions for missing data in some circumstances. For instance, homes built in the last 15 years are likely to comply with building regulations on energy aspects, and to conform to current standards on provision of facilities, space and layout. They are not likely to fail on the disrepair criterion since no individual component lifetime has been exceeded, nor to be unfit. So it may be appropriate to assume that there are no non-decent dwellings which were built in this period.

A strategy can then be developed to collect any remaining outstanding data.

Decent Homes, Capturing the Standard at the Local Level gives more detailed advice, showing the opportunities for approximating the calculations to reduce both the workload and the data required.

Step 4 - Carry Out an Options Appraisal

Even with the additional resources being facilitated by the Government, many councils will be unable to generate sufficient money to ensure all their homes meet the decent homes standard by 2010. It is at this stage that you need to consider the various investment options for delivering decent homes.

The options are:

- using the Council's own resources
- transferring the housing to a housing association or local housing company
- setting up an Arms Length Management Organisation
- developing a Private Finance Initiative scheme

These options are not mutually exclusive, nor are they incompatible with the Council retaining parts of its stock. Whilst many councils are adopting 'whole stock' solutions, some are pursuing mixed or phased approaches. Here are some examples of what councils are currently doing:

Liverpool City Council has decided to transfer its stock to associations already operating in the Liverpool area, but on a phased basis over several years. In the process, it will also reconfigure its stock and deal with demand issues.

Leeds City Council wants to retain its stock but knows that it cannot meet the decent homes standard from its own resources. It has therefore embarked on a mixed approach involving both arms length management and PFI.

Coventry City Council decided that the most effective route to achieving the standard was through transfer to a new landlord which it established. Tenants voted for the transfer and now it has taken place work is already in progress towards meeting the standard.

Here is a brief outline of the options and their implications. Councils should bear in mind what was said earlier about the need to involve and consult stakeholders on these options from the earliest stages. The Government has established a Community Housing Task Force whose role is to assist councils in considering their options and in particular to find out about stock transfer or arms length management.

Using the Council's Own Resources

Sources of income will include:

- Rental Income and Housing Revenue Account Subsidy
taking account of the impact of Major Repairs Allowance, rent restructuring, service charge accounting and Supporting People Grant
- Basic Credit Approvals
to be replaced by the prudential borrowing regime, outlined in the Local Government White Paper, but which for housing authorities will only allow limited

extra flexibility because of their dependence on the subsidy system and restrictions on their ability to increase their rents

- Specific Capital Grants

possibly including specific neighbourhood renewal grants, New Deal money, European funds, etc. However, these are more likely to be appropriate for wider regeneration work than for work designed to achieve the decent homes standard.

- Capital Receipts

taking account of the Government's intention to move from the current requirement for councils to set aside a proportion of the receipt to repay debt. The proposed replacement will pool capital receipts, redistributing money from councils deemed to have lesser needs to those with greater needs.

Additional flexibility in resources available for repairs and improvements may also be created by:

- best value reviews identifying improvements in efficiency and effectiveness, eg through IT improvements, etc
- implementing 'Rethinking Construction' principles through partnering arrangements, more cost-effective procurement, and introducing factory produced solutions to common repair and improvement problems

Specific programmes are also now available to help councils raise additional resources to finance energy efficiency, or achieve significant savings through joint procurement:

- the Energy Efficiency Commitment (EEC) – which requires gas and electricity companies to encourage or assist domestic consumers to take up energy efficiency measures
- Transco's Affordable Warmth Programme – which allows the installation of efficient gas central heating coupled with other energy efficiency measures to be carried out and paid for through a lease rather than outright purchase. See www.affordablewarmth.co.uk.
- Sustain's Big Green Boiler Scheme – which offers low cost energy efficient boilers to participating landlords. See www.green-boilers.co.uk.
- Community Energy offers funding for community heating and Combined Heat and Power (CHP) schemes, including upgrading existing networks and installing more energy efficient new ones. See <http://www.est.org.uk/local-authorities/est.html?local-authorities-community-energy.html>
- the Photovoltaic Demonstration Programme - which offers substantial grant funding to subsidise the take-up of solar electricity. See www.est.org.uk/solar.

Transfer the Housing to a Housing Association or Local Housing Company

Currently the most significant option involves transferring the ownership of council housing to a registered social landlord (RSL). There are two types of transfer:

- partial transfer - involves the transfer of some of the authority's housing, perhaps a particular block of flats or an estate. Partial transfers might form a phased programme for transferring the whole stock over a period of years.
- large scale stock transfer - involves the transfer of the authority's entire housing stock

The landlord chosen to receive the transferred housing will either be an established housing association or a new local housing company (LHC) set up specifically for the purpose. Both types of landlord are regulated by the Housing Corporation.

After a whole stock transfer, the Council retains its statutory housing responsibilities, although the recipient landlord may carry out some of these responsibilities on an agency basis.

The board of management has a balance of representatives. For example, a board of 15 members may have 5 council nominees, 5 tenants and 5 independent people with experience in relevant fields, eg legal, finance, personnel, social housing, regeneration, social support. Tenants may occupy up to 49% of the board, but only at the expense of the council nominees.

The majority of staff would be likely to move to the new organisation, and the authority and recipient landlord would need to take legal advice as to the applicability of the Transfer of Undertakings Public Employees Regulations (TUPE), under which staff would retain their existing terms and conditions of employment.

Further information on TUPE is available from the Department of Trade and Industry web site at www.dti.gov.uk/er/individual/tupe-pl699.htm

Tenants are given new assured tenancies and it is normal to give additional contractual rights making the new tenancy very similar to their existing council secure tenancies.

The property transferred is likely to be all housing revenue account (HRA) land and property, with the exception of development land. The stock is valued at tenanted market value (TMV) which, in simple terms, equates to the income the new landlord can expect to receive in the form of rent less the amount the new landlord will need to repair and improve the property and maintain it over 30 years.

The Council receives a capital receipt which is broadly the TMV less:

- costs associated with the transfer
- costs of paying off the debt on the stock transferred.
- a government levy (currently 20%)

The Council must then use 75% of the balance to pay off or finance any remaining debt, and the remaining 25% may fund, for example, the development of new affordable homes.

Where the Council is free of debt, the remaining money is available in its entirety to fund new capital schemes or provide revenue from its investment. However the Government is currently looking at a capital receipts redistribution pool, and it may be that receipts are redirected to councils with greater housing needs.

It is common for there to be an arrangement whereby the receipts from right to buy sales after transfer are shared between the new landlord and the Council.

Stock transfers typically take around 18 months, require Secretary of State Approval to get onto an Annual Stock Transfer list, and must be approved by a majority of tenants in a ballot. Experience indicates the need to involve and consult tenants from the earliest stages in the process, even before a formal decision has been made to consider transfer.

As at March 2002, a total of 620,000 council homes had been transferred to new landlords.

Guidance is available at the ODPM **Housing Transfers Policy** website at www.housing.odpm.gov.uk/transfers/

Setting up an Arms Length Management Organisation

Typically this involves setting up a limited company, 100% controlled by the Council. As with stock transfer, the board of management is likely to be 15 people: 5 council nominees, 5 tenants and 5 independents.

If the Council wishes to pursue this option and gain government approval to extra borrowing, it needs to ensure that its housing service is going to get an excellent or good rating from the Housing Inspectorate.

At present the extra resources average £5,000 per property in credit approvals to invest in the stock. The Government will give the necessary supplementary credit approval and pay the costs of borrowing. When the Local Government Bill is implemented, there will be no need for extra credit approvals as the councils with approved ALMOs will be able to take advantage of extra subsidy to borrow prudentially for the investment they want to make.

Tenants need to be involved in the decision making process and be consulted formally. Although there is no requirement for a formal ballot, most councils have decided to hold one. So far, 21 councils (mainly in London and in the north of England) have received approval in two rounds of ALMO allocations.

Final approval to this arrangement is needed from the Secretary of State. Applications are expected by the end of February each year (although this may be subject to variation).

Further information is available in **Guidance on Arms Length Management of Local Authority Housing**, DTLR, April 2001.

A Private Finance Initiative Scheme

The Private Finance Initiative (PFI) was introduced to allow public organisations to access investment via a private sector partner, outside the normal constraints of the public sector borrowing requirement.

Typically it involves the Council entering into a long term (25-30 years) service contract with a private sector provider for the refurbishment, and continuing management and

maintenance, of some of the Council's housing stock. The Council defines the standards and outcomes it wants.

To ensure value for money, potential contractors compete for the work and raise the funds necessary for improvement. The Council pays for the service on an annual basis over the course of the contract, retaining ownership of the stock. Tenants remain secure tenants with all their usual rights.

Tenants should be involved in:

- consultation on the type of scheme proposed, possibly including a ballot
- identifying and commenting on proposed service standards and outcomes
- drawing up the specification
- short-listing contractors
- evaluating final bids from different consortia
- helping to select the contractor
- evaluating and monitoring the contractor's performance

The Government helps meet the costs of the capital element of the contract by providing 'PFI credits'. Projects will only be approved if the Council can demonstrate that it offers good value for money compared to direct investment or stock transfer. The project should support the Council's wider housing and regeneration strategies, and enjoy good levels of support from key stakeholders.

Guidance is available at the ODPM ***Housing and the Private Finance Initiative (PFI)*** website at www.housing.dtlr.gov.uk/information/index10.htm.

PFI is particularly suitable for properties in significant need of extensive works and for which long-term demand can be demonstrated. However, although there have been two rounds of 'pathfinder' project approvals, PFI has proved complicated and the first schemes have been slow to get started.

Decide Whether Some Stock Should be Demolished

Bringing all of the authority's housing up to the decent homes standard will not always be the most efficient use of resources. It may be appropriate to reduce the stock of social housing by demolishing homes where supply exceeds demand, or where demolition opens up the possibility of bringing in additional resources to fund redevelopment.

However, decisions to reduce stock need careful handling, and must be part of an agreed overall strategy for the wider district and neighbourhood. Demolition should be assessed using option appraisal techniques as part of HRA business planning.

Sheffield City Council's public sector Stock Reduction Programme began with detailed research and assessment indicating that there was an oversupply of approximately 10,000 council homes spread across the city. A carefully targeted programme started in 1999/2000 and since then over 3,000 properties have been demolished.

Further DETR guidance is available on dealing with low demand in ***Low Demand and Unpopular Neighbourhoods***, 2000 and ***Responding to Low Demand Housing and Unpopular Neighbourhoods: A Guide to Good Practice***, 2000.

Step 5 - Develop and Action an Implementation Plan

Prepare an implementation plan which clearly shows what you will need to do each year to ensure all your homes are up to the decent standard by 2010.

Develop a Sustainable Work Programme

The first requirement of a works programme is that it can realistically be achieved.

Different components will need replacing at different times, creating peaks and troughs in work.

This can lead to:

- dissatisfied tenants having to accommodate too many works one year, with hardly any the next
- surveyors having too much work one year, too little the next
- alternating labour shortages and lay-offs for contractors

Therefore, having identified from the survey when these peaks and troughs are likely to occur, councils should aim to reduce fluctuations in work volumes. Consulting with tenants and other residents, councillors, staff and contractors should allow the development of a sustainable programme up to 2010, and beyond.

Councils should consider working in long term partnerships with contractors and, where possible across council boundaries and with other social landlords, if this will provide more cost effective procurement. Many housing associations established to accept transfer of former council homes are using partnering successfully to deliver large scale improvement programmes:

Whitefriars Housing Group selected two contractors for a five year partnering initiative for a programme of kitchen, bathroom and other improvements in homes across Coventry, which entails spending £1 million each week.

Richmond Housing Partnership has selected a contractor for a ten year, partnering deal worth over £120 million. The chosen partner took over response repairs on 1 April 2002, and will begin improvement works later in the year.

Providing sustainable programmes of work over reasonable periods of time should allow the Council and contractors to build the capacity to carry out repairs, maintenance and improvement in the local area. It should also allow the development of training and apprenticeship schemes, ensuring good quality workmanship throughout the programme and employment opportunities for local people.

Monitoring Achievement of the Standard and the Targets

The Council is expected to monitor carefully its progress in implementing its business plan and particularly its progress towards getting homes up to the decency standard by 2010. The Minister for Housing, Planning and Regeneration receives quarterly progress reports compiled by the Housing Performance Unit of the ODPM, based on information supplied by each of the regional Government Offices. Each Government Office has made its own arrangements for quarterly or, where necessary, more frequent monitoring of individual

housing authorities. Councils making good progress are generally monitored less frequently than those who are perceived to be making slower progress.

Step 6 – Facing Difficult Choices

Councils are faced with difficult challenges as a result of the requirement to produce viable business plans and attain the decent homes standard. The most difficult of all is likely to arise where resources are insufficient to achieve the objectives, yet the Council is unwilling to consider stock transfer or the option is rejected by tenants. It is difficult to give general guidance on how to proceed in these circumstances, but here are some possibilities:

- Carry out a wider-ranging consultation exercise on the options, involving tenants, perhaps with independent advice on the costs and benefits of the alternatives. Such an approach was followed by Barnsley and more recently, following a 'no' vote on transfer, by Birmingham.
- Consider whether an approach to transfer could be devised which involves tenants from the start and builds in a stronger measure of tenant management or control. For example, the Chartered Institute of Housing is developing (in conjunction with the Confederation of Co-operative Housing and the Co-operative Union) an approach called the Community Gateway Model - a report on this will be published in late 2002.
- Consider partial or phased transfer. For example, Birmingham responded to tenant demand and transferred an inner city estate to Optima - a new local housing company which it established. Manchester has embarked on transfers for estates which are outside the city boundaries, of which the first was Partington. In both cases transfer was attractive because of the degree of community regeneration built into the transfer plans. The Chartered Institute of Housing will publish a report on these examples in September 2002.
- Even if the Council's housing service is not yet likely to be eligible for extra funding as an ALMO, consideration could be given to separating out the landlord function and perhaps to setting up a council-owned company which could work towards gaining the status to receive extra government resources. Councils which have undertaken such a separation, independently of resource requirements, include Ipswich.

In these cases it will be useful to discuss the position with your regional Government Office or the Community Housing Task Force.

Sources of Further Help

Government Offices (GOs)

Each GO has been provided with additional resources to provide a decent homes advisor who will be able to give more detailed support to local housing authorities in its region.

They will not be able to promise additional resources, but they may be able to help you consider further options or advise you of forthcoming developments which may help.

Further details of your local GO are available at the **Regional Co-ordination Unit** website at www.government-offices.gov.uk.

Community Housing Task Force (CHTF)

The CHTF is the division of the OPDM which was established in May 2001 to work with all those involved in developing housing transfer proposals and, more recently, proposals to establish an arms length management organisation to ensure that they deliver decent homes for all in thriving communities.

The CHTF comprises experienced housing practitioners offering authorities and tenants 'on the ground' advice and support.

Further details of the CHTF are available at the **Community Housing Task Force** website at www.housing.odpm.gov.uk/chtf/.

Training courses

To give additional support to local authorities in understanding and implementing the decent homes standard, the ODPM has worked closely with the Chartered Institute of Housing to develop specialist introductory training.

Further details of CIH training events are available in the Services section of the **Chartered Institute of Housing** website at www.cih.org.

Many other organisations can provide training that will be of use to councils when developing strategies, business planning and implementing repairs and improvement programmes. Housing Potential, the national training organisation for housing has an online database which can be searched for specific training courses, conferences and providers of in house training.

Further details are available from the **Housing Potential** website at www.housingpotential.com.

Consultants

Specialist consultants may be able to help councils in a number of ways, eg with stock condition surveys, option appraisal, working up detailed proposals for action arising from the option appraisal, advising tenants and leaseholders.