

Information/Discussion Paper

Social and Community Overview and Scrutiny

9 May 2011

Cheltenham Borough Homes

1. Why has this come to scrutiny?

- 1.1** The committee asked for Cheltenham Borough Homes to make a presentation to them on their strategic direction. This paper sets out some additional information for the committee to support them in their role this evening.

2. Summary of the Issue

- 2.1** Cheltenham Borough Homes (CBH) is the council's arms length management company which undertakes the management of the council's housing stock under a management agreement which was last updated in September 2009. The company prepares a CBH business plan (attached at appendix 1) and a housing revenue account business plan, which support the delivery of the council's objectives as set out in our own strategic plans. Under the new senior leadership structure, with effect from 1 April, client side monitoring is undertaken by the Commissioning division, and meetings have taken place with officers in CBH to identify how the current monitoring arrangements are working and how these will be taken forward in the future.
- 2.2** In 2009 the Council agreed that CBH should be the council's preferred delivery partner for the development of new social housing. This produced successful bids for 16 homes at Brighton Road and 48 homes at St Paul's. The spending review in October 2010 introduced a new affordable rents model for the delivery of new affordable housing from 2011 -2015. This model sees an increase in rents for new social housing from the current 50% of market rent to 80% of market rent. The Homes and Communities Agency will invest £4.5bn (of which £2.2bn in uncommitted) through an affordable rents programme and cabinet in April endorsed the submission by CBH (through a consortium lead by Bromford Housing) to the HCA for Social Housing Grant (SHG) to build 57 new social homes which would be in CBH ownership..
- 2.3** In order to facilitate the HCA bid the articles of association for CBH needed to be reworded to make explicit reference to social housing; the current articles refer just to housing. More importantly there is a new addition at 1.3.1B of the articles which enable CBH to provide, manage, maintain, improve, demolish or convert any other social housing or other housing stock that does not belong to the council or CBH. This enables CBH to manage housing stock for another registered provider which is consistent with clause 19.3 of the management agreement which was approved by Council in 2009. Cabinet on 19 April delegated authority (in consultation with the cabinet member and borough solicitor) to the Director of commissioning to approve the change. At the time of drafting this briefing note this delegation had not yet been exercised as the call-in period had yet to expire. A full set of the revised articles

showing tracked changes has been placed in the members room.

- 2.4** Council housing has been historically funded through government subsidy and for many years there has been a criticism of these arrangements. Following a period of consultation, the DCLG has announced its intention to change the funding regime and legislative changes will be made via the localism bill. The proposal is to scrap the current Housing Revenue Account subsidy system and replace it with a one-off settlement which leads to a self financing model. These changes will need to be incorporated into the new 30 year HRA business plan which will seek approval by Council in February 2012 for implementation from April 2012. A workshop is being arranged by CBH in June 2011 to explain the initial assumptions and consider the future strategy. CBH have already provided a briefing to SLT.
- 2.5** The current changes to the welfare regime, the proposed change to self financing as opposed to housing subsidy, and the new affordable rent product will all impact on housing in Cheltenham, both for CBH and other registered providers. Cabinet therefore at its meeting on 19 April agreed to set up a housing working group, the terms of reference of which are set out in appendix 2.
- 3. Next Steps -**
- 3.1** Members of the committee will hear this evening from CBH about their plans. In light of issues that they raise or that members of the committee raise this evening, the committee may wish to consider whether there are any specific matters for the housing review working group to consider in more detail.

Background Papers

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Scrutiny Function	Social and community