

WRITTEN STATEMENT OF A KEY DECISION CABINET

ITEM:	VARIATION TO THE LARGE SCALE VOLUNTARY TRANSFER AGREEMENT (LSVT) WITH HEREFORDSHIRE HOUSING LTD
Members Present:	Councillors: AW Johnson (Leader), H Bramer, D Harlow PM Morgan (Deputy Leader), PD Price
Date of Decision:	3 November 2016
Exempt:	No
Confidential	No
<p>This is a key decision because it is likely to result in the council incurring expenditure which is, or the making of savings which are, significant having regard to the council's budget for the service or function to which the decision relates.</p> <p>and</p> <p>This is a key decision because it is likely to be significant in terms of its effect on communities living or working in an area comprising one or more wards in the county.</p>	
<p>Notice has been served in accordance with Part 3, Section 10 (General Exception) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) Regulations 2012.</p>	
Urgency/Special Urgency: (As defined in Constitution)	No
Purpose:	To approve the variation of the large scale voluntary transfer agreement (LSVT) with Herefordshire Housing Limited (HHL) to waive the council's right to clawback on property disposals to 2020 so as to enable increased housing development consistent with the council's strategic priorities.
Decision:	<p>Recommendation(s)</p> <p>THAT:</p> <p>(a) a variation of the LSVT with HHL be approved to waive the clawback of capital receipts by the council where up to 20 properties are sold, conditional upon those properties meeting specified criteria for disposal and all net receipts from sales being invested in new social and affordable housing in Herefordshire; and</p> <p>(b) the director for adults and wellbeing be authorised to determine the criteria and conditions to which the waiver will be subject in allowing disposals.</p>
Reasons for the Decision:	Among the assets transferred by the council under the LSVT, HHL owns some properties which it is no longer economic for it to let and which it may therefore wish to sell. Under the LSVT, the council is entitled to receive 50% of the net value of receipts

	<p>from any such sales. HHL has asked the council to waive this entitlement so that all of the capital receipts from up to 20 properties can be invested in new housing development.</p> <p>The LSVT expires in 2020 and with it, the council's entitlement to receive a share of capital receipts from disposal. HHL's current obligation to obtain consent for disposals will shortly be lifted by the Planning and Housing Act 2016. Therefore, whilst HHL currently requires the council's approval to sell properties and invest the receipts, in 2020 it will not and has stated clearly that it would wait until that time if the council declines to waive its rights.</p> <p>HHL has undertaken to use all receipts from the disposals to invest in additional housing development, over and above its existing development programme. As a condition of the variation to the LSVT, the council would require this additional development of around 35 housing units to be focused on supported housing for vulnerable people, including care leavers and learning disabled people. Such new supported housing would make a valuable contribution to improving outcomes for vulnerable people and to increasing the availability of affordable housing in Herefordshire.</p> <p>The availability of up to 35 new units of supported housing will enable savings to be made on the costs of supporting both learning disabled adults and young people leaving care. Supporting people in housing of this kind is a cost effective alternative to residential care including specialist placements. Savings engendered from an additional 35 units will contribute useful savings to medium term financial strategy targets.</p> <p>In order to facilitate a waiver of rights in respect of multiple properties, the council will need to negotiate a variation to the LSVT agreement by way of a change and control notice. The notice will incorporate a maximum number of possible property disposals and the criteria which each property must satisfy for approval. It will also set out the conditions to which the retention and subsequent investment of capital receipts will be subject to ensure consistency with strategic housing priorities.</p>
Options Considered:	<p>The council could decline to waive its right to clawback of receipts for any HHL properties. This option is not recommended as it would in all likelihood not result in any capital receipts to the council under the LSVT. Once the agreement expires in 2020, the council will have no right to clawback monies and as a result of changes in national policy, would also have no right of veto over disposals. In the light of this, HHL would be obliged to consider how best to maximise the value of its assets and has confirmed that it would to opt to defer disposals in order to do so. Declining to waive the council's rights in this way could be expected to disrupt and impair the strategic and operational partnership with HHL, which encompasses significant provision of social housing and many other services and initiatives. Additionally, if HHL were to defer all disposals until 2020, this option would also reduce the scale of HHL's additional housing development programme and deny the council any additional influence over it. This is likely to minimise the availability of</p>

	<p>newly developed housing for care leavers, people with learning disability or other priority groups of vulnerable people.</p> <p>The council could decline to provide a general waiver of its rights and continue to waive its rights only for specific properties on an ad hoc basis. This option is not recommended as it is likely to have similar effects as option 1 above. HHL will defer much of its additional development programme and negotiate housing for the council’s priority vulnerable groups only so far as required within the usual planning processes. This option therefore is likely to bring no capital income to the council, impair and disrupt the partnership with HHL and allow little or no additional housing development to meet strategic priorities.</p>
<p>Conflict of Interest ■ (See below):</p>	
<p>Date the key decision is due to take effect:</p>	<p>3 November 2016</p> <p>Under the Council’s Constitution – 4.5.17 Limitations of Call Ins – decisions taken under Regulation 10 General Exception or Regulation 11 Special Urgency are not subject to call in</p>

<p>COUNCILLOR AW JOHNSONDate: 3 November 2016 LEADER OF THE COUNCIL</p>
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- a record of any conflict of interest declared by any executive member who is consulted by the member which relates to the decision;

And

- in respect of any declared conflict of interest, a note of dispensation granted by the relevant local authority’s head of paid service.