



Cabinet

Date:	Monday, 29 June 2015
Time:	4.30 pm
Venue:	Committee Room 1 - Wallasey Town Hall

Contact Officer: Patrick Sebastian
Tel: 0151 691 8424
e-mail: patricksebastian@wirral.gov.uk
Website: <http://www.wirral.gov.uk>

SUPPLEMENTARY AGENDA

7. APPROVAL FOR COUNCIL NOMINATED OFFICER TO VOTE AT AGM ON PROPOSAL FOR BBCHA TO MERGE WITH LIVERPOOL HOUSING TRUST (Pages 1 - 24)

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WIRRAL COUNCIL

CABINET 29TH JUNE 2015

SUBJECT:	BEECHWOOD AND BALLANTYNE COMMUNITY HOUSING ASSOCIATION TRANSFER OF ENGAGEMENTS TO LIVERPOOL HOUSING TRUST
WARD/S AFFECTED:	BIDSTON AND ST JAMES
REPORT OF:	STRATEGIC DIRECTOR REGENERATION AND ENVIRONMENT
RESPONSIBLE PORTFOLIO HOLDER:	COUNCILLOR GEORGE DAVIES
KEY DECISION? <i>(Defined in paragraph 13.3 of Article 13 'Decision Making' in the Council's Constitution.)</i>	YES <i>(delete as applicable)</i>

1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to inform Wirral Council, as a Member of Beechwood and Ballantyne Community Housing Association Ltd (BBCHA), of proposed changes to undertake a Transfer of Engagements (ToE) of BBCHA to Liverpool Housing Trust (LHT). It also sets out the ongoing dialogue which has been undertaken with tenants and the lead petitioners following a petition which was presented to the Cabinet Member immediately before Cabinet's consideration of this subject on the 4th June and a further petition which was submitted to the Cabinet Member at a meeting with lead petitioners on 18th June 2015.
- 1.2 BBCHA has been undertaking a review of its current arrangements since May 2014. In particular BBCHA has been considering how best to mitigate the key risks it is exposed to, and ensure the long term protection of services and investment in the Beechwood and Ballantyne neighbourhoods in an increasingly hostile environment.
- 1.3 The BBCHA Board considered a range of possible options for its future and agreed in October 2014 that the best option was to enter into formal negotiations with LHT for a possible transfer. The BBCHA Board presented a detailed 'ask' to LHT, focussed on improving services and homes in Beechwood and Ballantyne, and during negotiations a detailed business case was developed.
- 1.4 Formal consultation was undertaken with BBCHA tenants from 26th March 2015 for a period of 6 weeks. The resulting feedback showed that the majority of tenants are supportive of the ToE on the understanding that services they receive are not

compromised.

- 1.5 Consultation with other key stakeholders including the Homes and Communities Agency (HCA) and funders has been completed with no barriers to progressing the transfer being raised. The BBCHA Board undertook a due diligence exercise and no areas of concern in terms of LHT was reported. The BBCHA Board has also received independent legal advice and support from Trowers and Hamlins and they have confirmed that due process was followed.
- 1.6 After on-going discussions with Officers, BBCHA and LHT, a report was submitted to Cabinet on 4th June for them to consider the rationale of why BBCHA was proposing to undertake a ToE to LHT, a business case which set out the potential benefits of BBCHA transferring to LHT compared to staying as it is now, along with a report on the consultation undertaken, responses received by local tenants affected and the response to these issues raised.
- 1.7 Immediately prior to the Cabinet Meeting, the Cabinet Member was presented with a petition of 271 signatories from tenants and residents from Beechwood and Ballantyne. The petition was dated by 23rd February 2015.
- 1.8 In light of the late petition Cabinet agreed to defer the decision presented until the Council had been given the opportunity to review the petition further and undertake discussions with tenants and BBCHA and report those discussions back to the next Cabinet to inform any decisions made.
- 1.9 At a subsequent meeting with the lead petitioners a further petition was presented which was different to the first and had 428 signatories. A meeting was also arranged by BBCHA in the Community to discuss concerns in response to the petitions. This report deals with both petitions presented to the Council and also sets out the questions raised at the Community meeting.

2.0 BACKGROUND AND KEY ISSUES

- 2.1 In 2005 the tenants of the former Estate Management Board (EMB) for Beechwood and Ballantyne chose the LHT group in a competitive stock transfer process. During this contest tenants had the choice to vote between a number of possible landlords including the LHT Group and Wirral Partnership Homes (now called Magenta Living). Tenants of the former EMB strongly desired a transfer to LHT Group. In April 2011 BBCHA became part of the Symphony Housing Group via the amalgamation of the Contour and Vicinity Housing Groups. Symphony Housing Group is now one of the largest social housing providers in the North West and is united as a federated partnership.
- 2.2 Since the stock transfer BBCHA have met the promises made to tenants at transfer, invested around £20m in the area and continued to work in partnership with the Council both on a formal constitutional basis and in informal relationships with many departments across the Council. BBCHA have consistently performed well and delivers high standards of service, and whilst it is a strong position as an organisation it is unable deliver the efficiencies of scale that a larger organisation can. The Board also has ambitions for the future which are much greater than the current organisation's financial capacity will allow. The Board would very much like to build more new homes on the estate and address key issues including brown field

sites and derelict buildings. It would also like to maintain the close relationship with Wirral Borough Council and develop a closer one with other partners in health and employment to benefit the community. The Board believes that these ambitions are unlikely to be delivered without a different arrangement being in place.

2.3 The BBCHA Board therefore undertook a review of future options and considered the significant risks the association is exposed to through its current operating arrangements. These risks were identified as:

- An increasingly hostile financial environment which is placing income under pressure. During 2013 this was particularly acute with the introduction of the first phase of welfare reforms and the impact this had on tenancy turnover, which directly increased costs by £200,000 (relating to 100 homes becoming empty and the costs associated with reletting them).
- Restrictive bank loan covenants which limit the ability to invest in homes as planned. In 2013-14 investment spends had to be reduced by £180,000 to ensure there was sufficient headroom in place for loan compliance. This headroom was significantly eroded due to the rapid increase in empty homes and the only option was to reduce investment spend.
- The 2014-15 investment plan had to be condensed into the final four months of the year to help BBCHA avoid a repeat of the previous year's problems. This decision helped reduce BBCHA's risk of potential loan breaches and also ensured the organisation was not committed to financial spend it could not pull out of if necessary.
- Pressure to deliver front line services and also deliver all the corporate and governance requirements of an independent organisation within current resources. The challenge for BBCHA is to meet all the same operational and regulatory requirements that a larger registered provider has to meet but without the specialist staffing resources to do so.
- BBCHA generates rental income from 823 homes. When compared to a much larger organisation BBCHA spends a higher proportion of its overall income on things like corporate services (i.e. human resources, ICT systems and infrastructure, internal audit, regulatory and financial services). This essentially means less money is available to spend on things that are important to tenants.
- Becoming more flexible, creative and agile to respond to changing customer needs as well as meeting government and regulator expectations. Within BBCHA there is little flexibility to respond to changing demands or requirements and simultaneously maintain an effective front line service.

2.4 Given all these risks the BBCHA Board felt that it was better to consider the future options from a relatively strong position than wait for a future time when the position of the organisation is likely to be much weaker. The Board therefore agreed that they needed to find a way of delivering what is required, reduce the likelihood of risks materialising and deliver better value for money for customers. The Board with the support of an independent critical friend, David Tolson Partnership, began the process to consider all the viable options for BBCHA's future.

- 2.5 To help the Board determine a possible future they considered five options. These options were reviewed by the Board who concluded that options such as BBCHA staying as it is and BBCHA demerging from Symphony and seeking to join another organisation could be discounted immediately as they either did not address the risks outlined or could, in fact, create further risks to BBCHA. The options that had the strongest support were BBCHA increasing its stock holdings, forging a formal partnership with LHT or transfer to LHT and for BBCHA to cease to exist as a separate entity. In order to assess each preferred option the BBCHA Board developed a set of criteria on which to assess each option e.g. securing the need to retain community identity and build upon the legacy, better value for money, increasing investment into the area, removing key risks.
- 2.6 Following this assessment of all the options the BBCHA Board agreed the only viable option to pursue was to pursue a transfer with LHT. If this was not possible the Board also agreed to pursue the less favourable option to form a formal partnership with LHT.
- 2.7 Throughout the discussions about the options the BBCHA Board considered how best to approach any potential transfer of engagements and who indeed would be a preferred partner. BBCHA have always had a close relationship with LHT which has worked to the benefit of both organisations. The Beechwood Ballantyne EMB chose the LHT Group in a competitive process back in 2005 and since then this relationship has been cemented. Most recently, BBCHA signed a service level agreement with LHT to handle all tenant telephone enquiries which has resulted in improved service standards and reduced BBCHA's direct costs of running services. LHT have recently funded and built 18 new homes on the Beechwood estate and are building a further 11 homes in 2015 on a long standing derelict site offering tenants more housing choices. These homes are managed by BBCHA but owned by LHT. The Board felt that these initiatives clearly demonstrate the long standing commitment LHT has offered BBCHA and its tenants through investment and service provision.
- 2.8 LHT themselves have a physical presence on the Wirral with 489 homes they own and provide services to and over the years have developed a number of new build schemes within the Wirral area. LHT see the clear benefits of the possible transfer as it would change how they operate in the Borough if they were to become the fourth largest landlord on Wirral. They are already members of the Property Pool Plus Choice Based Lettings arrangements and are keen to build upon the existing close relationships they have with Council officers and further develop relationships with Health and the Care Commissioning Groups for Wirral. LHT can see the benefit of having a closer relationship with BBCHA for their tenants in Wirral and the close geographical connection is another reason why BBCHA are a logical organisation to join with.
- 2.9 A further consideration was the fact that LHT are members of the same Group and therefore the risks were felt to be minimised in any negotiation or transfer talks. Both BBCHA and LHT use the same computerised systems and processes for the running of housing management and property maintenance services. The same policies and procedures are in place for financial and treasury management and staff benefit from the same terms and conditions including pension arrangements. These factors reduce the potential risk of any transfer impacting negatively on service delivery and maximise the ability to realise benefits and minimise costs associated with a transfer.

Because of all this, the Board decided not to approach any other partner to explore future options for BBCHA.

3.0 BBCHA PROPOSAL AND BUSINESS CASE

- 3.1 The decision to enter negotiations and transfer talks with LHT was agreed by the BBCHA Board in October 2014 following the approval of a set of specific commitments they would want delivered by LHT if the option to transfer was pursued. A formal approach was made by the BBCHA Board and considered by LHT's Board at their November 2014 meeting and they agreed to enter formal negotiations.
- 3.2 The BBCHA Board set up a formal Negotiation Panel consisting of independent and tenant Board Members to work with officers and their independent advisor (David Tolson Partnership) to begin discussions of how the key commitments would be delivered and any added benefits to customers and the BBCHA neighbourhoods. Four specific commitments were put forward in the form of an 'ask' of LHT; namely a summary of these asks are included as Appendix 1 to this report however included the same level of investment in BBCHA homes over 30 years as if BBCHA was still the landlord; a Master Plan for the Beechwood and Ballantyne area for the future to address specific areas that BBCHA is unable to financially resource such as providing more new homes; delivering high quality local services that demonstrate value for money to stakeholders; and an involvement and engagement strategy to ensure the community are engaged with monitoring performance and service improvements.
- 3.3 A detailed business case was considered and approved in February 2015 by BBCHA's Board. The Board concluded that the business case responded to the 'asks' it set out and was compelling enough to progress the ToE subject to tenant consultation. Members can view the full business case in the Council Web Library at <http://democracy.wirral.gov.uk/ecCatDisplay.aspx?bcr=1&sch=doc>.
- 3.4 The headlines contained within the Business Case on the implications include:-

If the Transfer went ahead	If the Transfer did NOT take place
Between 20 to 25 new affordable homes built over the next 3 years, including smaller homes to improve the choices available to customers.	No new homes would be built by BBCHA alone would need to work in partnership with other providers.
BBCHA loan will be repaid with savings in interest and repayments totalling £455,000 per annum for 8 years. This money will be invested in homes and services.	30 year investment plan delivered but BBCHA would have to prioritise what additional areas to invest in, based on consultation and available resources each year.
Development and delivery of a Neighbourhood Master Plan following consultation with customers. It is predicted that tenants will raise the need to address things like antisocial behaviour, improved play areas for children, improved employment opportunities for local people and tackling the derelict pub sites and garages across the neighbourhood	Repayment of loan continues and existing loan restrictions still apply. Restrictions remain on the level of investment that can be made to homes based on the loan requirements and the need to give financial headroom limiting the ability to use surpluses fully. However, year on year as the loan is repaid the position becomes more positive.

<p>In order to align rent increase dates LHT's Board will be asked in December 2015 to consider not increasing rents for Beechwood Ballantyne in May 2016, the next increase being due in April 2017. This would mean that customers would not pay an additional £90,500 in 2015-2016 in rent increase charges - no rent increase for 11 months.</p>	<p>In consultation with customers BBCHA would need to choose what is a priority and develop a longer-term plan to tackle environmental issues and improve the landscape. However, this could take over 5 to 10 years as finances become available.</p>
<p>Additional stock investment of £660,000 would be allocated over the next 5 years. This could address tenant demand for things like an upgrade to downstairs toilets, more energy efficiency works etc.</p>	<p>BBCHA would require additional staffing and support to a cost of £150k per annum to reduce the organisations exposure to risks of failing to comply with regulation and legislation requirements</p>

4.0 BBCHA TENANT AND STAKEHOLDER CONSULTATION

- 4.1 As part of the process for considering a transfer of engagements to LHT, BBCHA undertook a formal 6 week consultation process involving a wide range of stakeholders. The consultation process commenced formally on 26th March and ran until 11th May 2015. The process adopted included a number of methods to encourage participation from stakeholders including formal letters, meetings with Wirral Borough Council and shareholders, open events for the public and updates on progress being posted on BBCHA's website, tenant's newsletter, twitter and Facebook. This process followed the requirements of the Homes and Communities Agency and was shaped based on advice sought from Trowers and Hamlin's (BBCHA's legal advisors).
- 4.2 Members should note however prior to the formal consultation with stakeholders a range of information advising of the up to date negotiations and activity of BBCHA was undertaken, this is detailed within Appendix 1 of this report.
- 4.3 134 contacts were made to BBCHA asking about the transfer (121 of these were contacts from tenants). Some of these included repeat contact from the same stakeholders. Those who contacted BBCHA were predominately tenants but contact was also made by community groups, commercial leaseholders and residents. This gives an overall response rate from tenants of 15% (based on BBCHA's 823 homes).
- 4.4 In summary, of the 121 tenants, 91 (76%) had no major concerns about the transfer as long as services were guaranteed to be maintained and no changes to tenancy rights take place. 21 tenants simply wanted more information about why a transfer was being considered and 9 tenants (7%) expressed direct opposition to the transfer proceeding.
- 4.5 No petition was submitted to BBCHA for consideration however some specific concerns were raised directly by a shareholder and a commercial leaseholder. Their main concerns were about ensuring leaseholders rights were protected and that the shops and commercial units owned by BBCHA would be retained. Following liaison

with council members and BBCHA clear assurances were given and the matter was resolved to the satisfaction of all parties.

5.0 PETITIONS RECEIVED BY THE COUNCIL

- 5.1 Just immediately prior to Cabinet on the 4th June a petition was received by the Cabinet member. In light of the late submission of the petition Cabinet agreed to defer the decision presented until the Council has been given the opportunity to review the petition further and discuss the issues with the petitioners so this could be fed back to Cabinet to inform any future decision.
- 5.2 The reason for the petition was stated as *“We the Tenants & Residents of the Beechwood and Ballantyne Estate do not want Beechwood and Ballantyne Housing Association to transfer its assets to the Liverpool Housing Group. We want you to find another organisation other than Liverpool Housing Group by using a more transparent method of selection that is acceptable to the Tenants and Residents of the Beechwood & Ballantyne Estate”*.
- 5.3 The council reviewed the petition which included 271 signatures. 233 were verified as valid (the 38 discounted signatures were due to people signing multiple times or where there was no signature, no name or address or could be verified by Council or BBCHA tenant records). Of the 233 verified signatories, 144 are BBCHA tenants; the remaining 89 were either residents of the Beechwood and Ballantyne Estate or did not live in the area. 13 BBCHA tenants who had signed the petition subsequently contacted BBCHA during the formal consultation period. 2 now felt positive about the transfer, 6 had neutral views as long as their rights were protected and 5 remained opposed to a transfer taking place.
- 5.4 Given the fact that there were concerns raised by tenants who would be directly affected by the proposal, Officers from the Council along with the Cabinet Member, Ward Members, Officers from BBCHA, a Board Member and LHT met with the four lead petitioners to discuss the concerns raised via the petition.
- 5.5 At this meeting a further petition was presented to the Cabinet Member which had 428 signatories. This petition was different to the first one received with the reason stated as *‘ We the Tenants and Residents of Beechwood and Ballantyne Estates do not want the Beechwood and Ballantyne Housing association to transfer their assets to the Liverpool Housing Trust. We believe BBCHA should have provided an independent Tenant Advisor (ITA) which is common practice in any stock transfer explaining the process and the role of the shareholders which we are being told is key for the transfer to take place’*.
- 5.6 The council reviewed the further petition which included 428 signatures. 368 were verified as valid (the 60 discounted signatures were due to people signing multiple times or where there was no signature, no name or address or could not be verified by Council or BBCHA tenant records). Of the 368 verified signatories, 267 are BBCHA tenants; the remaining 101 were either residents of the Beechwood and Ballantyne Estate or are operating businesses in the area. 20 BBCHA tenants who had signed the petition had also contacted BBCHA during the formal consultation period. 13 were supportive of the transfer, 3 had neutral views either way as long as their rights were protected and 4 were opposed to a transfer taking place.

5.7 The petitioners were given the opportunity to set out their concerns with regards to the BBCHA proposal. Those concerns are set out below and the responses that were given to the petitioners from those in attendance:-

- ***LHT were not part of the Symphony Group when this was considered and voted for as part of the stock transfer to BBCHA; Why can't BBCHA demerge from LHT***

The Estate Management Board (EMB) for Beechwood & Ballantyne selected LHT through a competitive stock transfer process in 2005 which resulted in the selection of LHT Group. Tenants had the choice to vote between a number of possible landlords including LHT Group (now Symphony Housing Group). Tenants strongly desired a transfer to LHT Group and once this vote was made the EMB chose LHT as the transferring organisation within this Group structure. In order for this to happen LHT had to agree to put in place a bond of £1.6m. This bond enabled BBCHA to be established as a separate organisation within LHT Group (BBCHA was not considered viable as a stand-alone organisation without this bond in place).

LHT and BBCHA have an existing strong relationship. LHT have long standing and financial commitments to the Estate and have supported BBCHA via the bond, they are investing in the estate already and have built and own 18 new homes already which BBCHA manage to offer more choice to tenants and are proposing will complete a further 11 this year, LHT also handle all tenants telephone enquiries which has resulted in improved service standards and reduced BBCHA direct costs.

BBCHA can't continue as they are, this is not a decision that has been taken lightly by the Board, BBCHA have had to make harsh decisions on cutting investment, 6 people have been made redundant, BBCHA have retendered all contracts to make savings. All savings that could be made have been made but there if BBCHA continue as they are then this will mean cuts to services and reduced investment as more money will have to be taken from tenants rents to pay for back office costs which BBCHA can't absorb as they are too small an organisation. This will have no real benefits to the community though and less investment will be able to be made.

Demerging from the Group is an option which was considered by the Board, during the stage when some of the petitioners were Board Members and was dismissed due to the fact the regulator (Homes and Communities Agency) would not authorise a demerge as the Group is not in any financial difficulty and it would make BBCHA more vulnerable/would not be secure; it would cost £300,000 to demerge which is money that BBCHA does not have available and it would not make any financial sense to do this due to the issue of the Bond which is currently in place.

- ***The Community Assets which form part of the transfer are being given away to LHT and the work which the former EMB and community Association undertook is not being protected for future generation of the estate;***

Nothing is being proposed to be taken away from the Community. The Community assets will still be available and all leaseholders of the buildings and shops have been given reassurances via letters from BBCHA that their current lease arrangements will still be protected under LHT for the duration of their lease terms. The current protection via their leases would be protected and will not be affected by the proposal.

LHT acknowledged that there is some work to do with the community to build a rapport and trust as individuals obviously have no direct relationship at present and this was something which LHT are committed to working with the community on if the proposal goes ahead. They have experience of this elsewhere and have worked with many communities/business on community assets and supporting those to be sustained in the Community and examples where given.

- ***The process undertaken by BBCHA has not be fair, tenants were not included in the discussions and the decision and the Consultation was done during Purdah therefore there was no opportunity to lobby councillors;***

During the process of considering the future options of BBCHA, Board members have been actively involved in determining the best options for the organisation and this was directly influenced by all members including tenant members (three of which have subsequently been involved in directly opposing the decision they approved up to August 2014). The BBCHA Board have satisfied itself that it has a sound business case to recommend the transfer of assets to LHT. During all these discussions some of Lead Petitioners had been involved with in depth discussions on the risks BBCHA were facing and the options.

An explanation of purdah was given to those present and it was advised there was no political aspect to the engagement with residents on the proposal. The Consultation started before purdah was in place therefore there was no reason why tenants could not have approached Councillors.

- ***No tenant advisor was appointed to help assist tenants as was the case when the stock transfer to BBCHA took place.***

It was confirmed that this proposal is not a stock transfer similar to the one which was done in 2005. It is a transfer of engagement and therefore has a legal definition therefore there is no requirement to provide an Independent Advisor to tenants, there is no vote on this. As long as no rights are being changed and the same protection is being given to tenants/stakeholders and they are in no worse a position in the transfer of engagement to another company then by law there is no right for tenants to vote on the subject. BBCHA has however engaged with

tenants though on the proposal to ensure that people are aware that there are no changes and they will get as a minimum the same service but it is intended following discussions with the community on priorities that there will be additional benefits which will be realised.

6.0 FEEDBACK ON THE BBCHA MEETING HELD IN THE COMMUNITY

6.1 Whilst BBCHA had undertaken a 6 week consultation process which began on 26th March 2015 upon hearing that the first petition had been submitted, they were concerned that some of their tenants had signed this petition but that the petition was also dated 23rd February 2015 and predated the information which was sent to and shared with tenants and stakeholders about the business case and the reason for the transfer of engagement. Whilst the findings of the petition in terms of opposing the transfer are at direct odds with the results of the BBCHA consultation process, BBCHA wished to be open and transparent and therefore sent a letter to all of its stakeholders inviting them to a further meeting on Thursday 18th June at 7pm to discuss the proposal so any concerns or queries could be raised direct with Officers.

6.2 A Council Officer was in attendance at the meeting in the Community to observe what concerns were raised and the answers that were given. The full range of questions asked at the meeting along with the responses given is attached as Appendix 2 to this report however in summary they include:-

- ***If the proposal went ahead will the estate come under Liverpool Council***
No. BBCHA or LHT are not governed by any Council and they are organisations in their own right.
- ***Will we be better off? Is this the best offer with LHT?***
Yes. At present there is a covenant from Barclays Bank which restricts BBCHA on what it can spend so this limits what they can spend on investment. The Banks do this to protect and have comfort that they will get their loans paid back. It is proposed LHT will pay this off and then the money can be released to spend on investment in homes and the surrounding area.
- ***Why can't you tackle the vacant pubs on the estate? Are these earmarked for Housing? If you can't get the pubs off the owners will it still be viable to build?***
The pubs are owned by private owners and the council has been working with them and doing work on enforcement for fly tipping. It is intended that LHT would work with these private owners to address the unused sites and if agreement can be reached for them to sell the sites then they would be developed for new homes. As part of the proposal the whole estate would be to assess land available from the pub sites, old garage sites, other land, these would all be looked at for a range of solutions i.e. housing and looking at improving the landscape/greenspace on the estate.
- ***Don't we have the right to demerge from the Group?***
BBCHA can demerge from the Symphony Group but the regulator won't agree to this as they will say BBCHA is already in a stable group and it would cost a

significant amount of money for this to be undertaken which means less again to invest in the area and services. The choice of who potentially could be an alternative is very restricted and this is not because of LHT or BBCHA but it is set by the regulator/Government. This process of transfer is not the same as the old stock transfer so it is not a beauty contest or a right to vote.

- ***If LHT take over will you close the local office?***

LHT have given assurances that there are no plans to close down the local office; they have given firm confirmation that for the next 5 years they would not close the office. LHT could not give any firm guarantees for in 15-20 years which no one could due to the nature of not knowing what in the future may impact on this.

- ***Many of the Units and Shops are on peppercorn rents to support local businesses, will they stay the same or will they be on one rent/will they increase in the long term?***

BBCHA confirmed that all the commercial premises/shops have been sent letters confirming that all the current rights and protection they have now in their lease will remain the same and LHT will honour this, it is part of the transfer. LHT gave reassurances that they have worked with other businesses in areas where they own buildings and have arrangements in place and if the shops are unviable then they have looked at renewing leases on not increasing rent where businesses have struggled but they are meeting a fundamental service for the community.

6.3 In summary, all of the issues that have been raised via the petitions, the meetings with the Lead petitioners and the Community have been answered and addressed and there are no valid outstanding concerns that should have any direct impact on Cabinets decision.

6.4 LHT is performing well and is in good financial health. During due diligence it was confirmed that LHT is a strong organisation with consistently high levels of performance and a solid financial position to ensure the long term protection of BBCHA assets.

6.5 By joining LHT BBCHA would ensure greater long term security for the Beechwood and Ballantyne area and also deliver some immediate benefits for the area as outlined in detail in the Business Case. In summary the key benefits to be realised in the short term include:

- Between 20 to 25 new affordable homes built over the next 3 years, including smaller homes to improve the choices available to customers.
- BBCHA loan will be repaid with savings in interest and repayments totalling £455,000 per annum for 8 years
- Development and delivery of a Neighbourhood Master Plan following consultation with tenants and local stakeholders to address key issues on the estate
- Additional stock investment of £660,000 would be allocated over the next 5 years.

- 6.6 LHT themselves have a physical presence on the Wirral with 489 homes they own and provide services to. LHT see the clear benefits of the possible transfer as it would change how they operate in the Borough if they were to become the fourth largest landlord on Wirral. They are already members of the Choice Based Lettings arrangements and are keen to build upon the existing close relationships they have with Council officers and further develop relationships with Health and the Care Commissioning Group's for Wirral.
- 6.7 Whilst it is acknowledged that the concerns raised by petitioners are issues which they feel need to be considered and addressed, the business case, the confirmation given in writing by BBCHA to local business/community groups who have leases within the commercial premises and the rationale for the transfer to LHT which has been both relayed to tenants affected and is outlined within this report provides a compelling argument against the petitioners request for the transfer to not go ahead, to seek a transfer to another organisation outside of Symphony Housing Group or for an Independent Tenants Advisor to be appointed.

7.0 RELEVANT RISKS

- 7.1 If the transfer does not take place BBCHA would continue to provide services to customers. However, it is envisaged that maintaining services and the focus on improving them would become increasingly difficult. BBCHA would need to increase its staffing resources in order to allow for the completion of a number of corporate functions, this would result in an additional cost (up to £150,000 per annum, £700,000 over five years discounted) which would mean more pressure on front line service budgets and the ability to improve homes. These costs would not benefit customers but would be required to provide administration support, work on policies and performance, communications, and finance. If BBCHA were to stay as there are it would seek to renegotiate the current loan agreement after repaying a proportion of the outstanding loan but this would limit cash capacity and would result in an increase in interest costs and less money being spent on investment to benefit the tenants and wider community.
- 7.2 If the transfer does not take place the risk is that BBCHA could be forced into a transfer at a later date. If this was to happen it is likely that this transfer would not be of BBCHA's choosing and would be undertaken from a weakened bargaining position resulting in fewer benefits for tenants than those secured in the current transfer proposal with LHT. This has been the experience of other small registered providers locally and nationally including Venture Housing.
- 7.3 If the transfer was to take place with LHT the risks are considered low in terms of ensuring future investment and service standards for customers. Due diligence has confirmed that LHT are a financially healthy organisation with more resources at its disposal to support the long term sustainability of the Beechwood and Ballantyne area than BBCHA has capacity for now and in the future.
- 7.4 WBC would no longer have a shareholding position through BBCHA and there would no longer be a BBCHA Board. However, LHT would become the 4th largest housing provider on the Wirral and as such would be a more influential partner with whom to work with in delivering Borough wide priorities.

8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

8.1 The Business Case includes a commitment to continue building partnership working with local organisations, this is something which has been reinforced at the meetings with the lead petitioners and also in the meeting held with the local community. The neighbourhood master planning exercise proposed in the Business Case includes the need to work collaboratively with a range of local organisations which would include voluntary, community and faith groups. These groups alongside tenants would be involved in influencing and shaping the longer term plans for the area. The Business Case also outlines clearly the need to ask local people how they want to be involved in determining how the neighbourhood's performance is monitored and how the additional investment is spent in the area. Engaging with voluntary, community and faith groups in deciding what the area will look like would be an important part of this consultation process committed to by LHT.

9.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

9.1 I would say there are no direct resource, financial, IT, staffing or asset implications for the Council arising from this report. The financial benefits to the Beechwood and Ballantyne Communities are detailed elsewhere within this report. The majority of BBCHA staff share common terms and conditions with LHT including pensions. Member's attention is drawn however to the impacts that would affect BBCHA as an organisation and the staff currently employed by them as outlined below.

9.2 Those staff affected in BBCHA is protected under TUPE and a clear consultation and engagement process is in place to ensure a smooth transition to their new employer. It is not envisaged that any redundancies will be required as BBCHA has already streamlined all its services in the previous two years.

9.3 BBCHA share common ICT systems, payroll processes and housing management and maintenance arrangements. No issues are expected to materialise and no substantial costs will be incurred due to the transfer.

10.0 LEGAL IMPLICATIONS

10.1 The legal implications are set out in the main body of the report.

11.0 EQUALITIES IMPLICATIONS

11.1 The ToE of BBCHA does not relate to any services provided by the Council however the transfer in itself does not result in the reduction or removal of any services to the local community. The transfer focuses on maintaining current service provision and enhancing the services provided to tenants. Within the Business Case the development and delivery of more services to support vulnerable households including providing specialist welfare advice service and Tenant Support is confirmed. It was therefore concluded that an Equality Analysis of the transfer was not merited or required.

12.0 CARBON REDUCTION IMPLICATIONS

12.1 None.

13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

13.1 None.

14.0 RECOMMENDATION/S

14.1 Cabinet is recommended to:

- a. Agree to support the ToE of BBCHA to LHT.
- b. Authorise relevant Council officers to vote on the proposal (and associated matters) proposed and referred to in this report at the forthcoming BBCHA Special General Meeting.
- c. Refer this on 6th July 2015 to Council.

15.0 REASON/S FOR RECOMMENDATION/S

15.1 That Wirral Council, as a Member of BBCHA, indicate their agreement to the proposed transfer of engagements to Liverpool Housing Trust.

REPORT AUTHOR: Lisa Newman
Senior Manager Housing Strategy, Standards and Renewal
telephone: (0151) 691 8197
email: lisanewman@wirral.gov.uk

APPENDICES

Appendix 1 Consultation Report
Appendix 2 Notes on key issues from the meeting in the BBCHA Community

REFERENCE MATERIAL

None

SUBJECT HISTORY (last 3 years)

Council Meeting	Date



Title	BBCHA/LHT Transfer Consultation Outcome Report
Purpose of Report	To summarise the feedback received from stakeholders during the 6 week consultation period about the potential transfer of BBCHA to LHT (running from 26 th March to 11 th May 2015).
Executive Summary	n/a
Links to Key Corporate/Business Objectives	Best for People Best for Customers Best for Value for Money
Financial/Efficiency Implications	The business case previously presented and approved by Board outlines the significant efficiency and financial benefits to the community if the transfer was to proceed.
Equality & Diversity Considerations	The consultation process included a variety of communication methods to gain stakeholder feedback. This ensured that as many people as possible could give their views in whatever way they preferred (included Facebook, email, text messaging, open events, face to face contact).
Risk/Risk Management Considerations ----- High/Medium/Low	Medium Ensuring stakeholders are well informed and feel able to ask questions about the possible transfer is important in influencing the decision to vote for or against by shareholders. We also want tenants to feel confident that the benefits are attractive and worth pursuing and that their tenancy is secure no matter who is landlord.
Implications for Member Organisations	Direct implications on LHT
Health & Safety Implications	Venues and activities were devised to ensure accessibility and safety for staff and stakeholders.
Recommendation	The Board are asked to approve the report which will be sent to Wirral Borough Council as part of the Cabinet paper for approval.
Author/Contact Person Tele/email	Fiona Wilkie Acting Lead Officer fwilkie@bbcha.org.uk 0151 606 6275

BBCHA/LHT Transfer Consultation Outcome Report

1. Introduction and Background

As part of the process for considering a transfer of engagements to LHT, BBCHA undertook a formal 6 week consultation process involving a wide range of stakeholders. This process followed the broad requirements of the Homes and Communities Agency and advice sought from Trowers and Hamlins (BBCHA's legal advisors).

2. Consultation Process and Timetable

The consultation process commenced formally on 26th March and ran until 11th May 2015. The consultation process adopted included a number of methods to encourage participation from stakeholders including formal letters, meetings with Wirral Borough Council and shareholders, open events for the public and updates on progress being posted on BBCHA's website, twitter and Facebook.

The consultation with stakeholders included the following formal actions:

Date	Details
12 th January 2015	A letter sent to all tenants and leaseholders explaining that the BBCHA Board was considering negotiations with LHT and that over the coming months more information would be provided.
9 th February 2015	Meeting with Wirral Borough Council Officers, Symphony Housing Group and BBCHA to explain the rationale behind the possible transfer.
26 th March 2015	Meeting with Wirral Borough Council Officers, BBCHA and LHT to provide an update on progress and the outline business case.
26 th March 2015	More detailed information on how the negotiations were progressing was sent to all BBCHA tenants. Included frequently asked questions, summary of benefits, comments card and freepost envelope. Letter advertised the open sessions and how to get in touch with BBCHA. Mirrored information was also placed on BBCHA website, twitter and Facebook.
31 st March 2015	Meeting with Wirral Borough Council Officers and Councillors to provide a briefing on the business case.
8 th April 2015	Invitation sent to all shareholders to attend a consultation/communication meeting to outline the business case. Invitation included a full copy of the business case document.
15 th April 2015	Tenants newsletter published outlined key benefits that could be realised with the transfer took place compared to BBCHA staying as it is.
16 th April 2015 (Thursday)	Open session held at BBCHA office in the early evening. Advertised via mailshot, twitter, website and Facebook. Staff and Board Members also talked to local people about the transfer outside the main shopping area.

17 th April 2015 (Friday)	Open session held at BBCHA office at lunch-time. Advertised via mailshot, twitter, website and Facebook. Staff and Board Members also talked to local people about the transfer outside the main shopping area.
18 th April 2015 (Saturday)	Open session held at BBCHA office at lunch-time. Advertised via mailshot, twitter, website and Facebook. Staff and Board Members also talked to local people about the transfer outside the main shopping area.
22 nd April	Letter sent to all BBCHA tenants providing an update on the consultation process so far giving answers to the common questions asked. Invited tenants to contact BBCHA if had any further queries.
22 nd April	Letter sent to all commercial leaseholders confirming their position in relation to the transfer and to confirm no plans are being contemplated regarding shutting the shops.
24 th April 2015	Meeting held with BBCHA shareholders, BBCHA and LHT officers to outline the business case and answer questions.
28 th April 2015	Meeting with Wirral Borough Council Officers to provide an update on the consultation process to date.

Throughout the process BBCHA staff and Board Members have responded to emails, text messages and direct contact from tenants and other stakeholders asking questions about the possible transfer. All questions and comments were formally recorded by staff and Board Members and these were logged on BBCHA's contact system.

It should be noted that prior to the consultation process commencing tenants reported to BBCHA that a petition had been started by a tenant shareholder who opposed the transfer. The Acting Lead Officer met with the person organising the petition and during this meeting asked them to engage in the consultation process and to voice their concerns directly to officers so that issues could be addressed and discussed. No petition was submitted to BBCHA for consideration and no specific concerns were submitted other than they were opposed to any transfer.

3. Summary of Comments and Feedback from Stakeholders about the Transfer

134 contacts were made to BBCHA asking about the transfer. (A small number of these include repeat contact from the same people).

Of those who contacted BBCHA 121 contacts were from BBCHA tenants (90%) and 14 contacts were from other people living and working in the area (including those living with other social landlords, owner occupiers and 2 commercial leaseholders). This gives an overall response rate from tenants of 15% (based on BBCHA's 823 homes).

Stakeholders in the main wanted to know how the transfer would directly affect them and asked for clarification about the impact it could have on them and sought reassurance.

The table below shows the most common questions or queries raised by stakeholders. A much more detailed report is included in appendix 1.

What common questions did stakeholders ask about?	Number	% of all BBCHA tenants who made contact	Response provided
Overall no concerns as long as services can be guaranteed to be maintained and no changes to tenancy rights take place	98 (7 are not tenants)	76%	<ul style="list-style-type: none"> - Right to Buy and Right to Acquire confirmed is protected - Repairs service confirmed will be of the same standard - Home support service will be retained - Local office retained - No changes to tenancy agreement will take place - No increase in rent charges other than outlined in tenancy agreement - Will still address ASB - Shops will not be shut - Will continue investing in the area including building more homes and addressing issues like vacant land and play areas
General enquiry about why the transfer was being considered	24 (3 non-tenants)	17%	<ul style="list-style-type: none"> - Provided information on why LHT chosen - Provided information about the Boards decision and the risks BBCHA are exposed to - Provided information on potential benefits - Reiterated information previously sent out
Opposed to transfer including being unhappy about consultation process	13 (4 non-tenants)	7%	<ul style="list-style-type: none"> - Provided additional information including Business case Summary and offered discussions with officers - Provided details about consultation process being followed - Number of comments did not give specific reasons why opposed so general information given

* The percentage of responses received has been divided by the total number of contacts made by tenants to BBCHA.

A Shareholder meeting was arranged on 24th April to discuss the Business Case in more detail. Of the 6 shareholders who attended the meeting 4 were tenants.

The main questions raised included:

Questions/Comments	Answers
The need to retain the identity of the estate and the legacy of investment already made	Reassurance that LHT will deliver a local neighbourhood service run from the retained local office on Beechwood
Why has LHT been selected? Tenants should have been given a choice.	Outlined relationship with LHT past and present and the proven service history in the area. The need to minimise the risks and costs associated with entering into transfer talks is less with LHT as part of the same Housing Group. Any move to approach another partner would require a demerger from Symphony Housing Group.
Concern that this was taking place during election time and impact on the ability of people to lobby councillors	Confirmed WBC representation on the BBCHA Board including councillors and their involvement in developing the decision reached so far and the ongoing dialogue with ward and local councillors via the WBC representative on the BBCHA Board

4. Outcome following the consultation process

Officers have reviewed the comments and questions received so far from stakeholders and considered if anything needed to be revised in the transfer of engagements negotiations. Comparing the feedback received with the reassurances built into the transfer the conclusion is that the key concerns highlighted by tenants are protected and addressed (i.e. the ability to exercise their right to buy, security of tenure, continuity of services received).

5. Recommendation

The Board are asked to note the outcome of consultation process.

This report will be shared with Wirral Borough Council as part of their report to Cabinet about the transfer.

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Key Issues Raised at the Meeting held between BBCHA, LHT and the Community RE the proposed BBCHA Transfer of Engagement to LHT

Below is a summary of the discussions held with the BBCHA Community at a meeting on Thursday 18th June 2015 at The Chapel, Beechwood Drive, Beechwood in respect of the proposal for BBCHA to undertake a transfer of engagement to LHT. Officers from the Council were present to capture the key issues raised. These notes are a reflection of the discussions and are set out to inform members of the key concerns and the responses in order for Cabinet to make an informed decision.

Notes From BBCHA Meeting in the Community

BBCHA asked for a Local Community Member of the Estate to chair the meeting to ensure that all parties got the opportunity to raise and discuss any concerns. Officers from the Council were present to observe the concerns raised by those present to report back to Cabinet for them to consider in any final decision made. Ward members along with a Board member were also present. A total of 16 people attend the meeting, consisting of 9 tenants of BBCHA, 6 owner occupiers and 1 tenant of another registered provider who lived on the estate.

The Lead Officer for BBCHA set out the background on austerity measures BBCHA were facing and the Government policy resulting in the environment that BBCHA now find themselves currently in. The background to the financial situation was set and the clear difficulties which BBCHA are in to secure long term investment and delivery of services for the benefit of the community. The process and options which were considered by the Board were set out and the reasons why the option to transfer to LHT was approved by the BBCHA Board to secure long term investment and security for the tenants of BBCHA and the community as a whole.

All who attended were advised of the petitions which had been received by Council and the Lead Officer addressed the concerns that had been raised through these.

Queries raised at the meeting included:-

Will the estate come under Liverpool Council as they had heard that Joe Anderson was talking on the radio and it seemed that this was a done deal?

No. Neither BBCHA nor LHT are governed by any Council and they are organisations in their own right. There are a number of other registered providers

who have the word Liverpool in their company name e.g. Liverpool Mutual Homes and South Liverpool Housing Trust which have stock in the Liverpool Area. It may be the particular radio talk was about one of these organisations.

Will we be better off? Is this the best offer with LHT?

Yes. At present there is a covenant from Barclays Bank which restricts BBCHA on what it can spend so this limits what they can spend on investment. The banks do this to protect themselves and have comfort that they will get their loans paid back. It is proposed LHT will pay this off and then the money can be released to spend on investment in homes and the surrounding area.

Why are homes being remortgaged?

The homes are not being remortgaged; they were mortgaged at the point the stock transferred from Wirral Council back in 2005 and this was to fund the stock transfer process and investment of the stock.

Are you bankrupt? Is this why you have to transfer?

BBCHA is not bankrupt. The transfer is protecting the position of the estate and company. Income is under threat; empties have increased costs have increased. BBCHA is a small organisation and can't absorb costs like larger companies can.

Why can't you tackle the vacant pubs on the estate? Are these earmarked for Housing? If you can't get the pubs off the owners will it still be viable to build?

The pubs are owned by private owners and the Council has been working with them and doing work on enforcement for fly tipping. It is intended that LHT would work with these private owners to address the unused sites and if agreement can be reached for them to sell the sites then they would be developed for new homes. As part of the proposal the whole estate would be to assess land available from the pub sites, old garage sites and other land. These would all be looked at for a range of solutions such as housing and looking at improving the landscape/greenspace on the estate.

Why do you need to build more homes?

To offer a greater choice on the estate as there are limited options for people who need to move to smaller accommodation, so it is meeting needs.

Don't we have the right to demerge from the Group?

BBCHA can demerge from the Symphony Group but the regulator won't agree to this as they will say BBCHA is already in a stable group and it would cost a significant amount of money for this to be undertaken which means less again to invest in the area and services. The choice of who potentially could be an alternative is very restricted and this is not because of LHT or BBCHA but it is set by the

regulator/Government. This process of transfer is not the same as the old stock transfer so it is not a beauty contest or a right to vote.

Will the BBCHA logo change and be on the office, who will be in charge and will there be a competition to design a new logo?

If LHT Take Over will you close the local office?

LHT would take over the stock and office and their logo would be used. LHT have given assurances that there are no plans to close down the local office, they have given firm confirmation that for the next 5 years they would not close the office. LHT could not give any firm guarantees for in 15-20 years which no one could, due to the nature of not knowing what in the future may impact on this.

Many of the Units and Shops are on peppercorn rents to support local businesses, will they stay the same or will they be on one rent/will they increase in the long term?

Is it feasible for people to meet with other areas to get comfort/reassurance ?

BBCHA confirmed that all the commercial premises/shops have been sent letters confirming that all the current rights and protection they have now in their lease will remain the same and LHT will honour this, it is part of the transfer. LHT gave reassurances that they have worked with other businesses in areas where they own buildings and have arrangements in place and if the shops are unviable then they have looked at renewing leases on not increasing rent where businesses have struggled but they are meeting a fundamental service for the community.

LHT were more than happy for anyone who was interested for people to talk to other businesses who they have worked with.

Three questions were asked that did not directly related to the proposals being discussed and have not been included in this note.

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