

APPENDIX M

WAVERLEY BOROUGH COUNCIL

EXECUTIVE – 29 SEPTEMBER 2009

Title:

OCKFORD RIDGE – INVESTING IN THE FUTURE

[Portfolio Holder: Cllr Keith Webster]

[Wards Affected: Godalming Central and Ockford]

Note pursuant to Section 100B (5) of the Local Government Act 1972

The EXEMPT ANNEXE to this report contains exempt information by virtue of which the public is likely to be excluded during the item to which the report relates, as specified in Paragraph 3 of the revised Part 1 of Schedule 12A to the Local Government Act 1972, namely;-

Information relating to the financial or business affairs of any particular person (including the authority holding that information).

Summary and purpose:

This report outlines the results of the summer consultation exercise undertaken by the Council at Ockford Ridge. It reflects on the information that the Council holds in respect of Ockford Ridge and the condition of the homes on the estate.

This is an interim report outlining that the Council should:

- note that residents have a very positive view and experience of the Ockford Ridge area;
- acknowledge that the community has welcomed the work undertaken by statutory and voluntary bodies in their area over the past years, which has helped improve the quality of life in that area;
- note that Ockford Ridge is an area where people want to live and continue to live;
- positively respond to the request of tenants to have their homes double-glazed;
- recognise on-going investment needs of the area and, at the same time, the very limited capital resources available to the Housing Revenue Account;
- dispose of two vacant Council-owned dwellings on Ockford Ridge, in order to avoid substantial renovation costs and generate capital receipts in order to invest in a double-glazing programme; and
- receive a further report on improving the quality of life at Ockford Ridge in due course.

How this report relates to the Council's Corporate Priorities:

This report relates to two of the Council's Corporate Priorities namely: Improving Lives – Improving the quality of life for all, particularly the more vulnerable within our society; and Subsidised affordable housing – Working for more affordable housing to be built and managing council housing well.

By upgrading from single-glazed windows to double-glazing, it is possible to make a typical annual savings (per dwelling) of 1,618 kwh of electricity, 95kg of carbon and 348 kg of CO₂. Tenants should save approximately £49 per year in heating costs. Double-glazing will significantly improving the look of the estate and help protect the integrity of the buildings.

Equality and Diversity Implications:

According to a range of indicators, Ockford Ridge is one of the most needy areas in the Borough. It is well recognised that a decent home improves the quality of life for the occupants in terms of health and education. Double-glazing will help reduce fuel usage and bills, as well as providing additional security. Properly maintained homes help improve the quality of life in the wider community.

Resource/Value for Money implications:

To double-glaze the homes at Ockford Ridge will cost an estimated £638,000; and new front doors would cost £80,000. It would be possible to extend the existing double-glazing contract, following a renegotiation. The Council's HRA Capital Programme is under increasing pressure as funds diminish and expenditure requirements increase. However, the Council has recently sold two homes at Ockford Ridge in order to avoid major capital expenditure and to raise a capital receipt. These sales have realised £337,000. More recently two more homes have become vacant, both of which fail the Government's Decent Homes Standard and require significant investment to bring them up to a lettable standard. It is proposed that, once again, these homes should be sold on the open market in order to avoid major capital expenditure and generate capital receipts. These capital receipts could then be used to cover the capital expenditure proposed at Ockford Ridge within this report.

The resource also relate to the disposal of two dwellings at Ockford Ridge, Godalming. By disposing of these properties – which need major renovation – the Council will avoid the need for significant capital investment in these two properties, at a time when HRA capital resources are under increasing pressure. The Council will receive a capital receipt, which, because it will be used for regeneration in the area, can be utilised at 100%. An indicative valuation is detailed in (Exempt Annexe 3).

Legal Implications:

The legal implications relate to the conveyancing work associated with the proposed disposal of the two dwellings.

Background

1. Some 203 homes were built at Ockford Ridge, Godalming in the early 1930s. Most of the homes have the original Crittal (metal) windows. The Council now owns 146 of these homes – most of the others having been sold under the Right-to-Buy, and two having been recently sold on the open market by the Council.
2. There has been a recognition, for some years now, that the properties are ageing and need investment, but there has been no clear plan of action about what to do. Because of the poor condition and layout of the homes, some were subject to a modernisation programme 15-20 years ago, address the layout problems.
3. In order to help bring some direction to the future investment needs of the homes at Ockford Ridge, the Council agreed to undertake a summer consultation exercise with the residents – both owner-occupiers and Council tenants – to find out their views about the area and their hopes and aspirations.
4. The findings of this exercise were broadly that:
 - Ockford Ridge is a good place to live.
 - There is a real sense of community with people knowing each other.
 - People like their gardens and, generally, people look after them.
 - Most people would like to continue to live in the area and do not wish to move away.
 - Tenants like having Waverley as their landlord.
 - Everyone agreed that the Waverley-owned homes needed investment in them.
5. In recent years there has been investment in community activities and the public realm – both by the statutory, voluntary and private sectors. There is a relatively new church community centre; the social club was rebuilt; new play equipment installed; a community art project and some new housing development. The Town Council has renovated the cemetery lodge. Green Oaks School is now receiving good reports.

A Way Forward

6. For some years there has been under-investment in the Council-owned housing at Ockford Ridge, and it is now some of the poorest housing stock in the Council's portfolio. Ockford Ridge presents a dilemma because the properties are relatively old and the internal layout of some of the properties is poor, and rooms are small. Only 6 of the homes at Ockford Ridge will meet the Decent Homes Standard by 2010 if no further works are undertaken.
7. There is a range of possibilities that the Council could consider:
 - Whole scale redevelopment of Ockford Ridge
 - Transfer the estate to a housing association
 - Renovating existing homes

- A mixed approach – renovating most homes and some small-scale redevelopment
8. Officers have met with the local councillors, a representative from the Tenants' Panel and local community and the Housing Portfolio-holder to consider the options. Visits have also been made to Ockford Ridge with two housing associations, who have acted as 'critical friends' to Waverley to see what sort of approach they would adopt to the estate, were they in our position.
 9. The housing associations were of the view that:
 - The estate is attractive and has a traditional 'garden suburb' layout;
 - The area is clearly not 'failing', as properties are occupied, homes put onto the open market are readily sold; and there are no real signs of vandalism or anti-social behaviour;
 - The area does not appear to need a full scale regeneration programme;
 - The Council homes do indeed need investment – and over time it would be appropriate, when properties become vacant, to extend and renovate the existing housing stock;
 - As there are so many owner-occupied homes on the estate, wholesale regeneration is not financially viable. However, there is an opportunity for some small-scale redevelopment, but this would take time to bring about and would need transparent consultation with local residents.
 10. In light of the findings thus far, local councillors and the Housing Portfolio-holder have expressed a firm view that the Council needs to take some decisive action and respect the views of the local residents, whilst taking into account the independent advice we have received from RSLs. It is recognised that dealing with the condition of the housing stock at Ockford Ridge will be a long-term project, which ever approach is adopted. However, the Council needs to take early action to demonstrate its intent to work positively with residents on a way forward for the estate.
 11. It is proposed that, as a visible, practical and necessary first step, the Council should resolve to invest in Ockford Ridge by double-glazing all of the Council-owned homes. This will:
 - Mean that 117 homes at Ockford Ridge, which currently fail the Decent Homes Standard relation to windows – which is a 'key component' – will then meet the DHS for this element
 - Make 39 of the Council owned homes meet the DHS now – bringing the Council 0.8% closer to meeting the DHS across its housing stock
 - Increase thermal efficiency – reducing heating bills and energy consumption
 - Improve the look of the estate
 - Improve home security
 - Be a positive response to what residents at Ockford Ridge have told us.
 12. It should be recognised that this will only be the start of a programme to improve the housing stock at Ockford Ridge. Further work will need to be undertaken about how best the Council can achieve this within very limited capital resources.

13. 28 homes are already double-glazed, leaving 116 single-glazed homes. It will cost in the order of £638,000 to double-glaze some 116 homes (£3,500 for double-glazing and £2,000 to insert new lintels per property). It would also be appropriate to take the opportunity to replace front doors, at a cost estimated to be £80,000 – a total potential expenditure of £718,000.
14. These costs can be defrayed by using the capital receipts recently generated from the sale of two homes at Ockford Ridge, which realised £337,000. By selling the two further properties which have become vacant, each of which need significant capital investment (around £40,000 per property), this could raise another capital receipt. Any balance needed to finance the programme could be met from bringing forward capital resources from previously accumulated capital receipts.
15. In 2008, the Council approved an HRA Asset Management Strategy that set out the policy framework within which its housing-related assets would be managed. The HRA Asset Management Strategy signalled a more business like approach to decision making, recognising the need to both maximise resources and reduce liabilities.
16. The Strategy acknowledges that more capital resources are needed than are available to meet the Decent Homes Standard in the existing housing stock. One way to secure additional capital is the sale of property on the open market. This has to be set against the significant demand for affordable housing. Therefore the Council needs to make some difficult decisions about disposing of housing stock.
17. Details of the two properties, which it is proposed to sell on the open market, are detailed in Annexe 1 and 2 and (Exempt) Annexe 3 provides valuations of the properties.
18. An alternative, of course, would be to dispose of the two dwellings to a housing association. The benefit of this course of action would be that the homes could be improved and then let to households on the Council's Housing Needs Register. The disadvantage would be that the Council would receive little, if anything, in respect of a capital receipt.

Resource and Legal Implications

19. Should the Council wish to pursue the proposal to double-glaze and replace the front doors at the homes at Ockford Ridge, Godalming, a sum of £718,000 will need to be found from the HRA Capital Programme. The HRA Capital Programme is under considerable pressure.
20. In order to mitigate the costs, secure a capital receipt and reduce the Council's liabilities, it is suggested that two Council owned dwellings, which are currently vacant at Ockford Ridge, should be sold on the open market. It is anticipated that the sale will realise the sum detailed in (Exempt) Annexe 3 and added to the £337,000 which has recently been received for two other properties, these capital sums could cover most of the costs of double-glazing and new front doors.

21. A disposal of 'one-off' properties in such circumstances is covered by the General Consents relating to property disposals issued by the Department of Communities and Local Government. There are some restrictions under the General Consent viz:
 - the property has got to be for the purchaser to live in or to put in good repair to sell to someone else for them to live in; and/or
 - simply sold at market value to a purchaser, provided he has not already bought a property from the Council on the same basis during the same financial year. It is under this category that the disposal will be made.
22. The financial implications are that the Council would avoid the cost of bringing these homes up to the Decent Homes Standard and into a lettable condition for future occupiers.
23. The Council would receive a capital receipt. A guideline price is detailed in the (Exempt) Annexe 3 attached. However, if the Council wishes to retain the whole of the capital receipt, it is required by the Department for Communities and Local Government to resolve to reinvest the capital sum arising from the disposal in its retained housing to contribute towards meeting the Decent Homes Standard or for a specified regeneration project. Should the Council decide to use the capital receipt for other activities the Council would only be able to retain 50% of the resulting receipt and the balance would have to be paid to the Government. Given that the Council needs to invest in its own housing stock, it is recommended that the capital receipt be applied to the Decent Homes Standard, thereby allowing the Council to retain 100% of the receipt for these purposes.
24. The HRA will, of course, forgo the rental income from these properties, which currently amount to £9,399.52 per annum – though 47% of the rental income currently has to be paid to the Government in Negative Housing Subsidy.

Conclusion

25. There are no quick and easy solutions to the investment needs at Ockford Ridge. However, the Housing Portfolio-holder and the local members are clear that decisive action needs to be taken to start to practically address the needs of the area. As a first step, it is proposed that a programme of double-glazing would achieve a number of social, environmental and property objectives. In order to fund this programme, it is considered appropriate to dispose of two dwellings that are in need of significant capital investment that the Council's landlord account can ill afford. Increasingly, the Council as landlord has to make business decisions, which reflect the HRA's financial difficulties.

Recommendations

It is recommended that:

1. action should be taken to improve the housing at Ockford Ridge, Godalming and, as a first step:

2. the Council disposes of two dwelling houses owned by the Council at 167 and 168 Ockford Ridge, Godalming on the open market on terms to be negotiated by the Council's Deputy Chief Executive and the Estates and Valuation Manager;
3. that the capital receipt from the sale of these properties be applied to Decent Homes work to the housing stock at Ockford Ridge, Godalming;
4. the Council agrees to undertake a programme of double-glazing Council-owned homes at Ockford Ridge, Godalming and makes budget provision within the HRA Capital Programme (2009/10 and 2010/11) of £718,000 for this purpose;
5. the Deputy Chief Executive and Head of Housing be authorised to extend the current double-glazing contract subject to a re-negotiation of terms in consultation with the Portfolio-holders for Housing and Finance; and
6. the Housing Portfolio-holder, with the support of officers, works up a medium-term strategy for addressing the wider needs of the Ockford Ridge community and the investment needs of the property and continues to communicate and liaise with residents, the local community and local councillors.

Background Papers

There are no background papers (as defined by Section 100D(5) of the Local Government Act 1972) relating to this report.

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ANNEXE 1

Proposal to Dispose of Two Council Owned Dwellings at Ockford Ridge

1. The Council owns three properties – 167 and 168 Ockford Ridge, Godalming, which are vacant. See location plan at Annexe 2.

167 and 168 Ockford Ridge, Godalming

2. These are semi-detached properties both are two-bedroom houses. Each has a small kitchen; bathroom and living room on the ground floor. There are two bedrooms on the first floor.
3. Major renovation will be needed to bring these properties back into lettable condition. Indeed, ideally, at this juncture, if resources allowed, it would be sensible to extend the properties to provide a better layout, kitchen and bathroom facilities.
4. The following issues and works have been identified:
 - both kitchen and bathroom need to be replaced.
 - window replacement.
 - External doors to be replaced.
 - Ground floor slab replacement .
 - Re-pointing of the whole property.
 - New boiler and central heating system.
 - Rewiring.
 - Redecoration
 - Re-building 'outside' WC.

The costs of these works are estimated to be in the order of £80,000.

There is scope to extend the property, subject to planning permission.

In the case of this property it is considered that the balance of advantage to the Council is in disposal. This will relieve the HRA of a capital liability; and produce a capital receipt all of which will be invested in the Decent Homes Standard works to other HRA homes.

There is a demand for two- and three-bedroom properties in the Godalming area. However, this is a relatively small two-bedroom house. The Council does not have sufficient capital resources to undertake major works to this property without displacing other priority capital works.

It is considered that the balance of advantage to the Council is in disposal. This will relieve the HRA of a capital liability; and produce a capital receipt all of which will be invested in the Decent Homes Standard works to other HRA homes.

