

## **PROJECT DOCUMENTATION**

## **HIGHLIGHT REPORT**

### ***Chorley Council Housing Stock Transfer***

Version: 17

Date: 31/01/07

**This Project utilises Chorley Borough Councils Project Management Methodology**

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Project Manager: Helen Schofield

Programme Board: Housing Transfer Negotiating Group

**Date of Report 31/01/07**

**Period Covered**

From September 2005 to January 2007

**Overall Project Status** **A**

A positive ballot result was achieved on August 8<sup>th</sup> with 69.6% of tenants voting, and 63.1% of those who voted, voted 'Yes'. The result was accepted and approval given to proceed with the transfer (subject to contract and Secretary of State's consent) and the post ballot arrangements by the Executive Cabinet on August 24<sup>th</sup> and full Council on 19 September 2006.

The post ballot stage is proceeding to plan with no exception reports to date. All current indications point to the project remaining on track with completion of transfer taking place by the target date of 26 March 2007.

However, the overall project status has now moved to amber, pending confirmation by DCLG of the notional overhanging debt treatment (see Actual Problems section below).

**Budget Status** **G**

The post ballot budget has now been agreed by the Council and Section 25 consent for the set up costs loan to CCH has been approved by the Secretary of State for Communities and Local Government.

Spent this period	Spent to date	Balance
113,426	459,152	1,016,848

*This includes interest on the loan and non-recoverable VAT and is the total of both budgets.*

**Schedule Status** **G**

*The project plan is currently on track, with all items/tasks assigned.*

**Actions Completed** **A**

- Pre ballot and ballot stage complete
- Stage 2 ended 8<sup>th</sup> August
- Positive ballot result achieved
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- Stock condition survey completed by FPD Savills
- Implications of stock condition successfully incorporated in draft business plan
- 
- Environmental survey commissioned – to include asbestos
- Survey ready in draft form
- Classification of HRA nearing completion
- Draft report on future arrangement for Homelessness Service issued
- Homelessness report has been reviewed and now completed – been reviewed by Councils consultants, awaiting comments from the Director Of Finance

- Repository now on netstore for all documents
- Disengagement issues identified and meeting held on 21<sup>st</sup> April – updates have now been collated and a more detailed approach will be taken at the Disengagement Sub Group
- Post ballot consultants for Council have now been appointed – Lead are Enterprise BWNL and Legal are Trowers and Hamblins. Tribal and Wright Hassall have been retained as the lead and legal advisors respectively to CCH
- 1<sup>st</sup> post ballot report went to the Exec Cabinet on 24<sup>th</sup> August
- A Housing Transfer Committee has been set up to meet on the same day as the HTNG meetings.
- Negotiating structures have been drawn up and staffing arrangements set up
- Extra sub groups have been established – Asset, Disengagement and Finance and are due to meet monthly
- CCH has also established extra groups – Project Management Board, CCH/Adactus liaison group, engagement group and finance group
- The Corporate Team has gained an ICT Project Manager, a Corporate Transfer Accountant and the part time Project Assistant's role has become a full time Project Officer.
- The Section 25 letter has now been sent
- VAT Advisor has now been appointed - PWC
- Draft environmental survey has been received, reviewed by Trowers and Hamblins and a second draft has now been requested from RPS in light of their comments.
- Risk management consultant to be appointed. Tenders have gone out.
- 1<sup>st</sup> draft of the Transfer Agreement has been discussed by the Council
- Review of post ballot stage by Audit Commission has started – HS has sent documents etc. and interviews are being arranged with the Audit Commission.
- The 1<sup>st</sup> draft of the Transfer Agreement has been sent to CCH for comments.
- The Audit Commission visited the Council and no major issues were found. Report to follow.
- It was agreed that the SLA's would be removed from the Disengagement Group and passed over to the Finance Sub Group with Gary Hall as the owner.
- A database has now been set up by IT to record, track and manage all issues.
- The Homelessness and Allocations Service Review and Private Sector Lifeline proposals are now with the Council for decision.
- Marsh Ltd. have now been appointed as the environmental risk management consultants for the Council.
- Section 25 consent has been given.

#### Areas Provisionally Agreed with CCH

- Assets to transfer/retain
- Accommodation Offer
- TUPE 2 list
- Homelessness and Allocations Service Proposal (including transfer of Cotswold House)

#### Progress achieved on main Transfer Contract and its schedules:

- Principal Agreement. Agreed between Council and CCH subject to negotiation on employment clauses and VAT advice from PwC.
- Second Schedule. Comments awaited from Wright Hassall/CCH. RB will be circulating drafting under separate cover to deal with temporary accommodation and Cotswold House.
- Fourth Schedule (Part 1). Agreed between Council and CCH subject to extent of covenant on contact centre.

- Fourth Schedule (Part 2). Comments awaited from Adactus.
- Fifth Schedule (Parts 1 and 2). To be negotiated following review by Addleshaws.
- Fifth Schedule (Part 3). Agreed between Council and CCH.
- Seventh Schedule (Part 1). Comments awaited from Wright Hassall/CCH.
- Seventh Schedule (Part 2). Being negotiated separately.
- Tenth Schedule. To be drafted.
- Fourteenth Schedule (Parts 1-3). To be developed once commercial settlement agreed.
- Fifteenth Schedule. Comments awaited from Wright Hassall/CCH
- Sixteenth Schedule. Comments received from Wright Hassall/CCH; being considered by T&H (tax) and PwC.

These areas have been informally agreed at Officer level subject to Board and Council approval. Informal negotiating meetings are now being held between the Council and CCH to progress issues outside the formal Housing Transfer Negotiating Group meetings.

## Sub Group Reports

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**Asset Sub Group** – Paul Morris (Lead Officer), Roger Handscombe, Helen Schofield, Mike Wingeatt, Sharon Simmonds and Dawn Highton.

The schedule for property assets to transfer/retain was approved by the Housing Transfer Committee on 7<sup>th</sup> November and details of the registered titles passed to Adrian Bode of Trowers and Hamlins for documentation. All pre contract issues raised to date have been dealt with.

Terms have been agreed for CCH to take Gillibrand St offices on a 3 year lease and were approved by the Housing Transfer Committee on 5 December. Arrangements have been made to re-locate staff within the building to facilitate alteration works during January & February prior to full occupation by CCH in March.

A questionnaire has been sent out to all housing staff and long serving non housing staff to obtain information which may help identify any risks associated with the warranty process. Responses have been collated and sent to Trowers and Hamlins and the exercise has been brought to a close with a final round of enquiries to complete all responses.

The Environmental survey is complete and the first draft report reviewed in conjunction with Andrew Wiseman of Trowers & Hamlins. Our consultants RPS are now working on stage 2 assessments with a view to producing the final report in early February. Garry Barclay is co-ordinating indemnity insurance through specialist brokers, Marsh, with quotes to be invited based on the final report.

Airborne Environmental Consultants have been commissioned to carry out work to validate the contingency sum put on the asbestos liability by Savills as part of the stock valuation. This work should be complete by the second week in February. No insurance cover is available against the liability.

**Finance Sub Group** – Gary Hall (Lead Officer), Helen Schofield, Richard Roe, Malcolm Shorrock  
The Business Plan reconciliation has been received and discussions have moved on regarding the VAT Shelter sharing agreement. It was agreed that the valuation figure will now be altered to £2.66 million including the loan arrangement fee. The issue of how to deal with the £650k has now been resolved also. Progress is ongoing regarding the RTB sharing agreement

**Disengagement Sub Group** – Tim Murphy (Lead Officer), Cath Bell, Graeme Walmsley, Helen Schofield, Sharon Simmonds, Dave Watt, Graeme King.

Discussions with the leasing company have shown there to be a cost to extending leases so work is to begin on contingency arrangements so that this can be avoided. Adactus have confirmed their agreement to providing their equipment early to allow them to be used to release the CBC PC's.

Initial meetings with the cabling company have been held and the Gillibrand St. – Bengal St. network connection project scoped. Work to be completed within the next 2-3 weeks.

CCH are to use the existing telephone network in Gillibrand St. A meeting has been held with Telewest to explore the options. These are now being considered by CCH.

CCH are currently considering the Streetscene SLA. The majority of the document appears agreeable to both parties but the grounds maintenance service is the subject of further consideration by CCH.

The level of ICT resource available to the new organisation has been questioned. Discussions with CCH have indicated that they feel their computing environment will not require extensive on-site support and Adactus will meet the gap left by the corporate team. As the majority of their infrastructure is to be hosted by Adactus and a thin client infrastructure implemented, it is thought that the initial structure should be sufficient. Any subsequent revision to the structure can be based upon hard evidence.

### **CCH update**

- The CCH Business Plan was approved for submission to the Housing Corporation at the Board meeting on 9 January 2007. The Business Plan has now been submitted to the Housing Corporation.
- Mitchell Charlesworth have been appointed as Business Plan Validators and work has commenced on the validation of the Business Plan.
- The schedule for moving Housing staff to Gillibrand Street has been agreed. Staggered moves will commence on the weekend of 17/18 February 2007, with moves to be completed by 5 March 2007. The Transfer Team will remain at Cleveland Street until completion of transfer.
- A Housing staff conference was held on Friday, 19 January 2007. All staff were invited to attend. The branding of CCH was discussed, as was Schedule 1 compliance. Staff also took a look at the future with CCH.
- The launch of CCH is currently being carefully planned. The launch will take place on Monday, 2 April 2007 at St. Mary's Parish Centre. Invites are currently being printed.

<b>Actual Problems (Issues)</b>	<b>A</b>
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The issues log is up to date and being dealt with by the Sub Groups. There is now a database capturing all issues, actions and owners.

This project element has now been given an amber status pending confirmation by DCLG of the notional overhanging debt treatment that is currently still outstanding. Realising the notional overhanging of c£8m is critical to mitigating the financial impact of transfer on the Council's

General Fund Revenue Budget. While its non-receipt is a potential show stopper, the Council has been repeatedly advised that precedent for such payments exists and it should therefore be a formality. Accordingly, the status has been moved to amber rather than red. The Director of Finance has a meeting scheduled with senior DCLG officials to discuss and resolve the current impasse.

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<b>Potential (Risks)</b>	<b>A</b>
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The risk log is currently up to date and monitored regularly.  
The increasing risk associated with the outstanding DCLG confirmation of the notional overhanging debt treatment gives rise to the amber status for this element.  
[..\Risk Logs\Stock transfer Risk Log 19 250107.doc](#)

<b>Project/Forward Plan</b>	<b>G</b>
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The next milestones to be achieved are JE, the VAT Shelter sharing agreement, the finalisation of the environmental survey and asbestos management report and the RTB sharing agreement

All indications suggest that the project will remain on track.