



The Gateshead Housing Company Board of Directors

Wednesday 22 October 2008 at 10am

To be held in the Board Room, Keelman House, Fifth Avenue
Business Park, Fifth Avenue, Team Valley Trading Estate,
Gateshead

Agenda

Item	Business
1.	Apologies for Absence
2.	Election of Chair and Deputy Chair
3.	Review of Lettings Policy (Pages 2-9) Report of Director of Housing Management
4.	Memorandum of Association – Proposed Amendments (Pages 10-18) Report of Chief Executive
5.	Exclusion of the Press and Public The Board may wish to exclude the press and public during consideration of the remaining business in accordance with the following categories of the company' Access to Information Rules: -
Item	Category
6	5
7	6
8	1

Contact: Stuart Gibson Tel: (0191) 433 5308 Date: 16 October 2008



Report to the Board

22 October 2008

Title: Review of Lettings Policy

Report of: Director of Housing Management

Purpose of Report

1. To advise the Board of consultation on proposed changes to Gateshead Council's Lettings Policy.

Background

2. In recent years there has been a reduction in the availability of council properties. 1,883 properties were let in 2007/08, compared to 2,190 properties in 2003/04 when the company first launched. Looking further back, there were 3,404 council properties let in Gateshead in 1999/2000. Along with this reduction in availability, there is increasing pressure from rising demand for most types of property.
3. In July 2006 we introduced HomeChoice, a choice based lettings scheme. This was accompanied by a change to the council lettings policy, moving away from a traditional 'points based' waiting list to a choice based approach with two bands of applicant – a priority band and a general needs band.
4. The Department for Communities and Local Government (CLG) have recently published a Code of Guidance on Choice Based Lettings which states that a two band system would now only be appropriate in areas of low demand. Instead, four broad levels of priority are recommended.
5. The Code states that in addition to meeting need, other policy objectives such as having balanced, sustainable communities are also appropriate, and so not all properties have to be let on a 'greatest need' basis. The condition is that other methods of selection should not dominate the scheme.
6. The company have been supporting Gateshead Council in a review of lettings policy which has included a Members' survey, three advisory groups and an extensive consultation process. The next stage will be a report to Cabinet in November 2008 on the implementation on the proposed changes to the Lettings Policy.

Proposal

7. The review is proposed to be implemented in two phases.
8. The first phase proposes to:
 - Make the policy easier to use by being more explicit.
 - Place more emphasis on facilitating moves for “under-occupiers”.
 - Make housing more accessible to employees leaving tied accommodation.
 - Change the way that homelessness assistance is provided.
 - Enable council tenants suffering domestic violence to be re-housed without claiming homelessness.
 - Give more housing priority to personnel leaving the armed forces.
 - Give more housing priority to victims of hate crime.
 - Give more priority to Key workers.
9. The second phase proposes to:
 - Increase the number of levels of priorities reflected within the policy to four.
 - Change the framework for advertising to different levels of need
 - Change criteria for exclusion from the housing register but reduce the level of priority for people who have behaved poorly.
 - Include criteria in relation to owner-occupiers.
 - Link into an under-occupation policy.
10. Phase One does not have cost implications and can be implemented quickly. Phase Two would involve the redevelopment of IT systems and review of all existing HomeChoice applications. As a result it would take up to a year to implement.

Consultation

11. Council-led consultation events in March 2008 asked customers and stakeholders for their views on policy proposals, including an increase in the number of priority bands. To gather views from a higher number of customers, the company carried out a newspaper and web based survey in July and August.
12. The company survey focused on two key areas of policy from Phase Two that would have perhaps the greatest impact on determining how tenants would be selected:
 - A proposal for placing applicants in one of four bands of housing need – and with additional priority within a band given to those applicants with multiple needs.
 - Three possible options for how these four bands would then be used when properties are advertised
 - Option 1 - All of the time, in priority order
 - Option 2 - Some of the time, with other adverts based on waiting time
 - Option 3 - All of the time, but with proportions to each band
13. Appendix One contains the information from the survey showing the proposed four bands (at the time of the survey) and descriptions of the three options. Two amendments to the table of bands have been suggested following the consultation:

- ‘Living in’ applicants to be given reasonable preference and included in Band 3.
- Applicants leaving a Gateshead Council Tied Tenancy or Discharged from Armed Forces would initially be placed in Band 3, but as the rehousing need becomes imminent they would be moved into Band 2.

14. Appendix Two shows the headline results of the survey.

- Excluding ‘No opinion’ and ‘Don’t know’ responses, 58% were in favour of the four band system.
- Option 2 was the most popular of the 3 options for using the bands.

Elected Members’ Advisory Group

15. The results of this consultation were discussed at an Elected Members’ advisory group on 9 September. The advisory group discussions will inform the Cabinet report to be received in November.

16. Issues raised by the Advisory Group included: -

- ‘Living In’ applicants should be given some level of preference above band 4 general needs
- The Group felt that Option 3 would be a fairer way to distribute access to properties (a proportion of homes allocated to each band)
- More priority should be given to people discharged from the Armed Forces than those who leave voluntarily.
- More information requested on issue of granting priority for owner occupiers
- People living in under occupied properties should be encouraged to move to more suitable accommodation
- More information requested on rehousing of offenders
- More consideration should be given to the operation of management moves and more priority needs given to housing homeless.

Link to values

17. This report relates to the following Company values:

- Being a listening and learning organisation – *staying in touch with what customers want*
- Being customer focused, innovative and professional - *involving customers in what we do*
- Being honest, accountable and transparent – *delivering excellent services with integrity*

Impact on tenants

18. Opportunities for existing tenants to transfer to other homes will be influenced by any review of lettings policy, although this will not be the only factor. Availability of properties and assessment of housing needs will also influence their opportunities.

Risk Management Implications

19. This report relates to the strategic risk around reduction in stock / stock availability. The risk is controlled by monitoring lettings activity and property availability and reviewing this information with the council. The policy review is itself a response to reducing supply and increasing demand.

Financial Implications

20. We have advised the council that our current estimate of costs associated with implementing phase 2 of the policy review would be up to £100,000. This estimate is subject to the scheme and review not becoming more complex and would consist of: -
- £50,000 temporary staffing costs (assuming initial review of existing applicants can be actioned with 8 additional temporary staff in 13 weeks)
 - £35,000 costs associated with redevelopment of the Lettings IT module
 - £15,000 costs for revised scheme literature, communications and mailing
21. These costs are based on experience of the last review that accompanied major change to the lettings policy: -
- Once the policy has been built and tested in the IT system, we write out to all existing applicants to check that they still wish to remain on the Housing Register.
 - For the proposed policy with additional levels of priority, we will need to explain the new ways in which priority may be awarded and collect more information about customers who may fit the new criteria.
 - Recognising multiple needs will be a new feature, and many customers will need to be assessed on more than one criteria.
 - There are currently 10,700 members of HomeChoice. New applications have increased recently so the figure may be higher when we come to carry out the review.

Equality and Diversity Implications

22. An Equality Impact Assessment has been carried out on the existing Lettings Policy, and would be carried out on the new policy.

Value for Money implications

23. The costs of implementing phase 2 of the policy review will be subject to council scrutiny. Our approach will be to minimise costs whilst ensuring that customers are given sufficient opportunity and support to respond to the implementation of the new lettings policy.

Recommendations

24. The Board is requested to: -

- note the progress of the lettings policy review and comment on the consultation proposals;
- receive a report on the outcome of the November Cabinet meeting.

Contact: Kevin Johnson, Boroughwide Services Manager

Tel No: (0191) 433 5378

Extracts from Lettings Policy Survey July / August 2008

Proposal for Four Bands:

Band 1 - Critical housing need (applicants who qualify on more than one ground would be considered first)	Band 2 - Priority housing need (applicants who qualify on more than one ground would be considered first)	Band 3 - Reasonable housing need (applicants who qualify on more than one ground would be considered first)	Band 4 - General
<ul style="list-style-type: none"> • Applicants with a critical medical need who must be rehoused in order to be discharged from hospital or a care home • Applicants who are experiencing severe harassment, and have been assessed as being at risk unless rehoused • Applicants who must be rehoused to prevent a child being taken into care or to ensure the safety of children under the Child Protection Order • Urgent homeless cases, where Gateshead Council needs to discharge its statutory duty as a matter of urgency. 	<ul style="list-style-type: none"> • Statutorily homeless applicants • Applicants with a severe medical need who are at risk in their current home • Cases of severe overcrowding • Proposed demolition of home/change of use agreed by Gateshead Council • Single Gateway - Gateshead's supported tenancy scheme • Leaving care - Gateshead Council has parental responsibility to minors • Applicants leaving a Gateshead Council tied tenancy • Applicants who are entitled to alternative accommodation, instead of succeeding to a tenancy • Under-occupied tenancies - to release a larger property in high demand, and move to a smaller one in lower demand • Best use of housing stock - to release a property in high demand, and move to one in lower demand. 	<ul style="list-style-type: none"> • Non-priority homeless applicants, but not intentionally homeless • Applicants who are threatened with becoming homeless • Applicants with a medical need that may be worsened by living in current home • Overcrowded, but not severely • Households who need to live in a particular locality, where failure to do so would cause hardship • Leaving Armed Forces • Children in multi-storey flats • Intentionally homeless applicants in a priority need group – however these applicants are only considered after other Band 3 members. 	<ul style="list-style-type: none"> • All other applicants.

Related question:

7 Do you agree with the proposed four-band system to differentiate between levels of housing need?

- Strongly agree Agree
 No opinion Disagree
 Strongly disagree

Suggested Amendments following the survey:

- 'Living In' Applicants to be in Band 3
- Applicants leaving a Gateshead Council Tied Tenancy or Discharged from Armed Forces would initially be placed in Band 3, but as the rehousing need becomes imminent they would be moved into Band 2.

Three Options for using the proposed bands:

How will the new bands be used to select the successful bids?

It is not only important that we have your feedback on the proposed bands, but also on how they are used to select successful bids.

There are three possible options for your consideration:

Option 1 - 100% band-based

This would mean assessing bids on every property advertised in priority order, for example from Band 1 down to Band 4.

This would mean that a bid from a higher band member would always beat one from a lower band.

How does option 1 compare with the current system?

Some, but not all properties are currently advertised with preference to those in priority need.

Option 2 - Some properties advertised on a priority basis, and some on waiting time

In order to give members on lower bands more chance of making a successful bid, properties would either be advertised on:

- Bands, or
- Waiting time.

The adverts would clearly state which method was being used.

How does option 2 compare with the current system?

This option is quite similar to the current system, in that homes are advertised with or without preference to those in priority need.

The key difference would be that where homes are advertised with preference, there will be more bands to consider.

Option 3 - A proportion of homes advertised to each of the four bands

Adverts would state which of the four bands would be given preference, with the majority of properties being advertised at the higher bands (i.e. Bands 1 and 2).

How does option 3 compare with the current system?

As there are only two bands at the moment, there is no need to target specific bands.

If this system was agreed, applicants would have to wait for their particular band to be advertised.

How would the agreed new system effect the advertisement of adapted properties?

Please note that whichever option is chosen, some adverts will be restricted to those applicants who require adapted properties.

Related question:

8 Of the three possible options for selecting successful bidders, which do you think is the most fair?

- Option 1 (100% based on bands)
- Option 2 (Some on priority, some on waiting time adverts)
- Option 3 (A proportion of adverts for each band)

Headline Survey Results

Four Bands

506 responses were made to the question asking if the customer agreed with the proposal for four bands:

- 55 - Strongly agree
- 195 - Agree
- 78 - No opinion
- 89 - Disagree
- 89 - Strongly disagree

Without the 'No opinions' this meant that 58% agreed with the proposal.

Many of those who did not agree added a comment to the effect that they thought four bands would mean fewer opportunities than the current two bands.

Three Options

505 responses were made to the question about the three options:

- 73 - Option 1
- 260 - Option 2
- 130 - Option 3
- 42 - Don't know / No opinion

Option 2 was the most popular choice.

This is the option most similar to current arrangements, with some properties advertised on a priority basis and others on a waiting time basis.

This was consistent with feedback from the earlier council-led consultation events.

Report to the Board

22 October 2008



Title: Memorandum of Association – Proposed Amendments

Report of: Chief Executive

Purpose of Report

1. To recommend to the Council amendments to the Memorandum of Association.

Background

2. The original Memorandum of Association was adopted when the Housing Company was created in October 2003.
3. The Memorandum of Association sets out the objects of the organisation and identifies what it can do. The Housing Company along with most ALMOs adopted a template version, which was appropriate for the initial phase of ALMO's development.
4. It is now appropriate to consider amendment of the Memorandum of Association to allow the company the appropriate freedom and flexibilities to take the development of the organisation forward, especially in the light of the proposal to build new properties for rent and to manage properties on behalf of other landlords.

Proposals

5. The Memorandum of Association has been reviewed and a summary of the proposed amendments is attached at Appendix 1. The Memorandum showing tracked changes is attached at Appendix 2. Should the Board agree the proposed amendments, they would need to recommend this course of action to the Council as the sole member of the company.

Link to values

6. This report is in line with the following value of the company:
 - Being a listening and learning organisation – *staying in touch with what customers want*

- Being honest, accountable and transparent – *delivering excellent services with integrity*

Impact on tenants

7. Widening the objects of the organisation could result in a broader range of services being offered to our customers.

Risk Management Implications

8. The proposed amendments will provide the potential to replace lost income from the reduction in housing stock.

Financial Implications

9. There are no financial implications arising directly from this report.

Equality and Diversity Implications

10. There are no equality or diversity implications arising directly from this report.

Value for Money implications

11. By reviewing the Memorandum the Board is ensuring that the organisation has the freedom and flexibilities to take the development of the company forward.

Consultation carried out

12. Officers of the Council have been consulted on the proposals contained in this report.

Recommendation

13. The Board is recommended to
 - (i) approve the proposed amendments to the Memorandum of Association;
 - (ii) recommend to the Council the proposed amendments.

SUMMARY OF DRAFT AMENDMENTS

Clause 3	Existing object of the company shall be in areas where Gateshead MBC own or manage housing	Sentence deleted and replaced by "The objects of the company shall be to:
Clause 3(1)	Existing object to provide manage etc the Council's housing stock	Extended to include stock owned by GHC or any other person or organisation with the approval of the Council
Clause 3(2)	Existing object to provide amenities and services to residents of Council's housing stock	Extended to include residents of housing stock owned by GHC or other person or organisation with the approval of the Council
Clause 3(4)	Existing object to do anything which contributes to the regeneration of Gateshead	Extended to include any other area as agreed by the Council
Clause 3(5)	Existing object to provide construct etc housing for letting or hostels	Extend to include housing for sale and to be explicit about building houses
Clause 3(7)	Existing object to provide services of any description for the Council	Amend to cover any other person or organisation as agreed by the Council



The Gateshead Housing Company
Working with Gateshead Council

NO.

THE COMPANIES ACT 1985

COMPANY LIMITED BY GUARANTEE
AND NOT HAVING A SHARE CAPITAL

MEMORANDUM OF ASSOCIATION

- of -

THE GATESHEAD HOUSING COMPANY

1. **NAME**

The name of the company is the Gateshead Housing Company

2. **REGISTERED OFFICE**

The company's registered office is to be located in England.

3. **OBJECTS**

The objects of the company shall be to:

- (1) provide, manage, maintain, improve, demolish or convert the housing stock owned or managed by Gateshead MBC or the organisation or any other person or organisation with the approval of the Council from time to time together with any other amenities or facilities for the benefit of residents of such housing stock either exclusively or together with persons who are not residents of such housing stock;
- (2) provide amenities and services of any description for residents of housing stock owned or managed by Gateshead MBC or the organisation or any other person or organisation with the approval of the Council from time to time either exclusively or together with persons who are not residents of such housing stock;

Deleted: The objects of the company shall be in the areas where Gateshead Metropolitan Borough Council ("Gateshead MBC") own or manage housing stock to: ¶

- (3) provide advice and assistance to all tenants, leaseholders, and licensees, of Gateshead MBC and applicants for housing and applicants for housing advice in respect of local authority housing;
- (4) carry out any activity which contributes to the regeneration or development in the area of Gateshead MBC (within the meaning of Section 126 of the Housing Grants Construction and Regeneration Act 1996) or such other area as maybe agreed by the Council including but not limited to:-
 - (a) securing that land and buildings are brought into effective use;
 - (b) contributing to or encouraging economic development;
 - (c) creating an attractive and safe environment;
 - (d) preventing crime or reducing the fear of crime;
 - (e) providing or improving housing or social and recreational facilities for the purpose of encouraging people to live or work in the said area or for the purpose of benefiting people who live there;
 - (f) providing employment for local people;
 - (g) providing or improving training, educational facilities or health services for local people;
 - (h) assisting local people to make use of opportunities for education, training or employment;
 - (i) meeting the special needs of local people which arise because of disability or because of their sex or the racial group to which they belong;
- (5) provide, ~~build~~, improve or manage housing to be kept available for letting, ~~hostels~~ or for sale
- (6) provide, manage, maintain or improve accommodation required from time to time for the benefit of persons who require temporary accommodation
- (7) provide services of any description for Gateshead MBC or any other person or organisation with the approval of the Council
- (8) assess applicants for housing assistance
- (9) assess applications by residents of housing stock owned or managed by Gateshead MBC to exercise the right to buy under Part V of the Housing Act 1985;

Deleted: construct,

Deleted: or

- (10) enable or assist any residents of the housing stock owned or managed by either Gateshead MBC or the company to acquire, or to acquire and enter into occupation of, houses.

4. **POWERS**

Subject to Clause 6 the company shall have power to do any thing that a natural or corporate person can lawfully do which is necessary or expedient in furtherance of its objects unless prohibited by this Memorandum

5. Subject to Clause 6 and without limiting the powers described in Clause 4 the company shall have power to:
- (1) carry out works to land, buildings or other property;
 - (2) contract with the Council Member in furtherance of its objects;
 - (3) subject to the prior written consent of the Council Member and to such consents as may be required by law to borrow money, issue loan stock or raise money in such manner as the company shall think fit and to secure the repayment of any money borrowed raised or owing by such security as the company shall see fit (including by way of floating charge) upon the whole or any part of the company's property or assets (whether present or future) and also by giving similar security to secure and guarantee the performance by the company of any obligation or liability it may undertake or which may become binding on it;
 - (4) insure and arrange insurance cover for the company from and against all such risks as the Board may think fit and to pay any premium in respect of such insurance;
 - (5) insure and arrange insurance cover for and to indemnify its employees and voluntary workers and the Council Member from and against all such risks incurred in the proper performance of their duties as it shall consider appropriate and to pay any premium in relation to indemnity insurance in respect of liabilities of its directors or any of them which would otherwise attach to them in respect of any negligence, default, breach of duty or breach of trust of which they may be guilty in respect of the company PROVIDED THAT such insurance shall not extend to any liability in respect of an act or omission which such director knew or ought reasonably to have known was a breach of duty or trust or which was committed by such director recklessly without due regard as to whether such act or omission might be a breach of duty or trust;
 - (6) invest any monies of the company not immediately required for the furtherance of its objects as it determines and as permitted by law;
 - (7) subject to such consents as may be required by law and compliance with all formal guidance issued by the company's regulators (if any) to purchase or otherwise acquire or to encourage or promote and in any

way support or aid the establishment and development of any subsidiary, or any other body established for the purposes of carrying on any trade or business either for the purpose of raising funds for the company or for the furtherance of the objects of the company;

- (8) subject to the prior written consent of the Council Member, make donations, grants or loans or provide services or assistance to such persons and organisations and on such terms as the company shall think fit to further the objects of the company

PROVIDED THAT in case the company shall take or hold any property which may be subject to any trusts, the company shall only deal with or invest the same in such manner as allowed by law, having regard to such trusts.

6. The company shall not, without the prior written consent of the Council Member, have the power to:
 - (1) receive a sum which, if it were a local authority, would be a capital receipt;
 - (2) receive consideration to which, if it were a local authority, Section 61 of the 1989 Act would apply;
 - (3) receive a sum by way of grant from a European Union institution to which, if it were a local authority, Section 63(4) of the 1989 Act would apply;
 - (4) enter into a credit transaction (as defined by Article 12(2) of the Order);
 - (5) with respect to a credit transaction agree to a variation of terms which, if it were a local authority, would be a variation within the meaning of Section 51(1) of the 1989 Act;
 - (6) incur additional liabilities within the meaning of Article 16 of the Order;
or
 - (7) reduce its liabilities within the meaning of Article 16 of the Order.

7. **APPLICATION OF INCOME AND PROPERTY**

The income and property of the company shall be applied solely towards the promotion of its objects as set forth in this Memorandum of Association and no portion thereof shall be paid or transferred, directly or indirectly, save as provided below by way of dividend, bonus or otherwise howsoever by way of profit, to the Council Member and no director shall be appointed to any office of the company paid by salary or fees or receive any remuneration or other benefit or money or money's worth from the company PROVIDED THAT nothing herein shall prevent any payment in good faith by the company:-

- (1) of reasonable and proper remuneration (including pensions, contributory pension payments, payment of premiums to pension policies and terminal grants and gratuities) to any officer or employee of the company (not being a director) in return for any services rendered to the company;
- (2) of fees, remuneration or other benefit in money or money's worth to a company of which a director may be a member holding not more than 2% of the share capital of that company;
- (3) to any director of reasonable out-of-pocket expenses and such other sums as maybe determined by the Council Member PROVIDED THAT no sum shall be paid to a director in excess of that which would be permitted to be paid to a board member of a social landlord registered under the Housing Act 1996
- (4) of reasonable and proper remuneration to the Council Member or employees thereof (not being directors) in return for any services rendered to the company;
- (5) of reasonable and proper rent for premises demised or let by the Council Member;
- (6) of reasonable and proper interest on money lent by the Council Member;

PROVIDED FURTHER THAT nothing shall prevent the company from managing a property in accordance with its objects (including the full range of activities it may undertake) notwithstanding the fact that the tenant, lessee or licensee (or prospective tenant, lessee or licensee) of such property may be a director SUBJECT TO the proviso that any director who is in a position to benefit from decisions on property matters by the company shall not be entitled to speak in any debate or cast his vote in respect of any matter relating solely to the property of which he is lessee, tenant or licensee and shall absent himself from such proceedings but such director shall be entitled to speak and vote in respect of matters which relate not only to such property but also to other properties managed by the company.

8. **EQUAL OPPORTUNITIES**

The company shall at all times take into consideration the principles of equality of opportunity irrespective of age, gender, race, nationality, ethnic origin, religion, sexual orientation or disability.

9. **LIMITED LIABILITY**

The liability of the Council Member is limited.

10. **MEMBERS GUARANTEE**

The Council Member undertakes to contribute to the assets of the company, in the event of the same being wound up while it is a member of the company,

or within one year after it ceases to be a member of the company, for payment of the debts and liabilities of the company contracted before it ceases to be a member of the company, and of the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributories among themselves, such amount as may be required not exceeding one pound.

11. WINDING UP

If, upon the winding up or dissolution of the company, there remains, after the satisfaction of all its debts and liabilities any property whatsoever, the same shall be paid or transferred to the Housing Revenue Account (as defined in the 1989 Act) of the Council Member.

12. DEFINITIONS

- (a) "Order" means the Local Authorities (Companies) Order 1995 as amended or re-enacted from time to time;
- (b) "the 1989 Act" means the Local Government and Housing Act 1989 as amended or re-enacted from time to time;
- (c) terms defined in the Articles of Association of the company shall have the same meaning in this Memorandum of Association.

I, the person whose name and address are subscribed, am desirous of being formed into a company in pursuance of this Memorandum of Association.

THE COMMON SEAL of THE BOROUGH COUNCIL OF)
GATESHEAD)
was hereunto affixed in the presence of:)

Mayor

Solicitor to the Council

Dated []