

SUBJECT:	<i>London and Quadrant Merger Announcement</i>
REPORT OF:	<i>Healthy Communities – Councillor Paul Kelly</i>
RESPONSIBLE OFFICER	<i>Head of Healthy Communities – Martin Holt</i>
REPORT AUTHOR	<i>Housing Manager – Michael Veryard (01494 732200 – mveryard@chiltern.gov.uk)</i>
WARD/S AFFECTED	<i>All or specify individual wards affected by the item of report</i>

1. Purpose of Report

The purpose of this report is to advise Members of proposals for London and Quadrant Housing to undertake a merger with Hyde Group and East Thames Group.

RECOMMENDATION

That Members note the contents of the report.

2. Reasons for Recommendations

Not applicable as report is for information.

3. Content of Report

3.1 L&Q (London and Quadrant Housing) is the largest social housing landlord in South Bucks with approximately 3,000 properties in the district. South Bucks District Council is reliant on L&Q to deliver most of the social housing vacancies that the Council requires to meet its statutory duties and secure accommodation for homeless households and for persons on the Council's Housing Register (Bucks Home Choice)

3.2 L&Q (London and Quadrant) and two other Registered Providers, Hyde Group and East Thames Group, have announced that they intend to merge. The merged organisation will have a combined housing stock of 135,000 dwellings in total (L&Q currently owns 72,000 properties nationally and will be contributing the highest proportion of housing stock). This will make it one of the largest Registered Providers in the country. The three providers have announced that the proposed merger will:

- Support a development programme of 100,000 new properties across the south east (35,000 more properties than would have been the case if the three registered providers were developing as separate organisations)
- Deliver efficiency savings of £50 million per annum

3.3 The current Chief Executive of L&Q, David Montague, and current Chair of L&Q, Aubrey Adams, are designated to take on these roles in the merged organisation.

3.4 In assessing the potential impact of the merger on South Bucks and its residents, it should be noted that other large scale Registered Provider mergers have given rise to concerns about a loss of local focus. In interviews that took place at the time of the merger announcement, L&Q, Hyde and East Thames announced that they would retain local offices (L&Q's housing management services for South Bucks currently operate out of its Slough office). They also announced that the new merged structure would help free up staff to work more in the local community.

- 3.5 Some of the services that L&Q delivers for housing management in South Bucks are already centralised. The main example of this is rent administration and collection which is operated from a central office in Kent. Currently, housing management and allocations for South Bucks are operated locally from the Slough office. It is possible that the merger and the drive for more efficiency may see more centralisation of services. Housing management will probably need to retain a local presence in order to respond effectively to tenancy issues. However, the merged organisation may look at centralising other functions such as allocations. This would potentially make it more challenging for the Council to deliver its statutory housing duties. The ability of Council officers to work with L&Q at a local level to manage voids and discuss housing allocations plays an important part in the delivery of the Council's housing and homelessness services on a day to day basis. It is particularly important in the supporting the ongoing management of the Council's temporary accommodation responsibilities and minimising the use of bed and breakfast (by ensuring that clients can be moved on the other accommodation at the earliest possibility). A centralised allocations system may make it more difficult for the Council to manage its homelessness and allocation duties effectively. It must be stressed that L&Q has made no announcement of any such proposals at this time. However, the Council needs to be aware of the possibility and ensure that it maintains regular discussions with L&Q in order to understand and minimise the impact on South Bucks of any increased centralisation of L&Q services in the new merged organisation.
- 3.6 From a development viewpoint, the merger announcement has highlighted the increased level of new building that the merged organisation will be able to undertake. However, this will not necessarily mean that L&Q will seek to undertake additional development in South Bucks. In recent years, L&Q has focussed its development capacity on larger sites and this is likely to continue to be the case with the merged organisation. The development opportunities in South Bucks are relatively small scale compared to those in other locations and often do not present sufficient economies of scale or returns. It is noticeable that L&Q has not actively taken on significant new developments in South Bucks in recent years when opportunities have arisen via the Council's planning policy requirements and associated Section 106 agreements.
- 3.6 In addition, it should be noted that the development programme of 100,000 new properties included in the merger announcement is heavily weighted towards market housing and starter homes. Only 25% of the programme will comprise sub-market affordable rented housing and there is no reference to any new social housing provision. This reflects the wider picture across the Registered Provider sector whereby a combination of Government changes in both planning and financial policy mean that many providers are focusing more on new provision for market sale and rent and will be delivering less sub-market rented affordable housing as a result. This has significant implications for South Bucks District Council as sub-market rented housing is the only realistically affordable housing option for most clients seeking housing and homelessness assistance from the Council. Officers are due to meet representatives from L&Q on 10th June 2016 to discuss the organisations plans for future development in the South Bucks district and Members will be given a verbal update on these discussions.
- 3.7 Officers will continue to liaise with L&Q representatives as the merger plans go forward and will keep Members updated.

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4. Consultation

Not applicable

5. Options

Not applicable

6. Corporate Implications

There are no specific corporate implications at this point. Potential implications and issues for the Council are highlighted in the report and will be monitored

7. Links to Council Policy Objectives

Not applicable

8. Next Step

Officers will continue to liaise with L&Q representatives as the merger plans go forward and will keep Members updated.

Background Papers:	It is a legal requirement that we make available any background papers relied on to prepare the report and should be listed at the end of the report (copies of Part 1 background papers for executive decisions must be provided to Democratic Services)
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