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Department for Transport, Local Government and the Regions

Housing Transfer Guidance 2002 Programme

ANNEX P

Consultation material – good practice guidance

INTRODUCTION

1. The main purpose of this guidance is to help authorities proposing transfer to prepare a Stage 1 notice, more commonly known as the formal consultation, or offer, document. It is aimed at improving the content and presentation of consultation documents so that they are accessible to tenants. They also must meet the statutory requirement for tenant consultation and this guidance sets out how this may be achieved.
2. The aim of this guidance, which was drawn up after research and in light of experience, is to improve the readability of the consultation document, ensure a degree of consistency in approach, and address concerns that the documents can be unwieldy, difficult to follow, and expressed rather too legalistically to be widely read and understood.
3. Research indicates that tenants prefer to receive comprehensive information about the proposed transfer at one time, presented in simple, concise language, without unnecessary repetition and with a clear explanation of why they are being sent the material – information not slogans. The consultation document can then be kept by tenants for future reference. These views correspond with the Department's: we want the document to provide complete information on why the transfer is being proposed and the terms of the offer, presented clearly and accurately, while emphasising the consultative nature of the process at this, pre-ballot, stage. Effective presentation is clearly vital and advice on this aspect is given below.
4. Although tenants must be formally consulted about a transfer proposal at key stages, this is always the climax of an informal awareness-raising exercise, beginning at the investment appraisal stage, although this generally increases as soon as the transfer process gets underway. The purpose of the informal stage is to inform tenants of the key facts and features of the proposal as it develops and ensure that they are prepared for the arrival of the formal consultation document. Advice and guidance on how this informal material should be handled in relation to the Stage 1 and 2 notices is also given below. This guidance also gives advice on the question to be asked on the ballot paper.
5. Councils should ensure that the information provided gives a full and fair picture of the proposed transfer so that they can demonstrate that

tenants have been properly consulted and informed. They should tailor their consultation document according to specific local circumstances and with particular reference to the interests and needs of their tenants. Issues that should be covered in the document, and advice on how best to do this, is also set out below. This is not necessarily a comprehensive list – authorities should consider and explain any further issues that are relevant to the specific circumstances of their proposed transfer.

6. Although this guidance is primarily concerned with the formal consultation document, the whole consultation process – whether formal or informal – should be coherent and leave tenants in no doubt as to the terms or implications of the transfer proposal. The informal consultation stage will follow an investment appraisal involving a wide range of tenants in the decision making process.

Informal consultation material

7. In advance of issuing the formal consultation document, authorities generally use a range of informal methods to raise awareness explain key features of the proposals, keep tenants informed and seek feedback on developments with the transfer proposal, and to generate and maintain interest in the process. The Department expects to have an early opportunity to see and comment on this material (drafts, scripts, etc) in the same way as it sees drafts of the formal consultation documentation.

8. We want to ensure that authorities only produce accurate and balanced material that reflects the development of the transfer proposals, although the style and presentation of the material can vary significantly. Informal material should always contain sufficient information to allow tenants to form their own views of the proposal and to ask relevant questions of either the authority and/or the independent tenant advisors if necessary.

9. Material produced by the authority should explain clearly the options that are available to address the housing investment and management needs. It should state both the possible benefits and disadvantages of the options as determined by the investment appraisal. Whilst the authority may well have resolved to pursue transfer, it should ensure material on other options, such as Arms Length Management Companies and the Private Finance Initiative, remains accessible to tenants.

10. The informal material should never be written in such a way that tenants feel the authority is actively promoting a yes vote by presenting only the pro-transfer arguments. Neither should it include logos or 'chartermarks' which claim that the information presented is any one of the following: honest/truthful/legal/fair/approved by the Department. The Department's role when considering and commenting on this material is to ensure that it is accessible to tenants, consistent with Government policy, and reflects our understanding of what the transfer proposal is intending to deliver. Logos and chartermarks of the type described could deter tenants from raising issues with the authority about the terms of the proposal.

11. As part of the strategy it would be helpful to tenants to keep an

ongoing index, accessible by tenants, of what information is available to them. Copies of all consultation material produced should be retained for future reference by tenants. Some authorities have adopted what could be described as a 'transfer marketing strategy' from an early stage in the process. Whilst such a 'strategy' may be acceptable in terms of considering how best to raise tenant awareness (eg, tabloid style newsletters, videos, etc), authorities must be very careful about the extent to which any strategy is carried forward into the informal material and formal consultation document. Under no circumstances should the strategy take precedence over the need to explain comprehensively the detail and consequences of the transfer proposal. Tenants need to know from the earliest stage onwards that an authority is proposing to transfer the ownership and management of its homes to a new landlord. The concept of transferring ownership and management should be consistently and fairly presented in all the information provided to tenants, even where an authority decides as part of its marketing strategy to adopt a 'tabloid style' in its informal material.

12. Any details about the transfer given in the informal material must be carried through to the formal consultation document, or if changes are made, the reasoning should be explained.

FORMAL CONSULTATION DOCUMENT OR STAGE 1 NOTICE

Style and Presentation

13. Good practice on how consultation documents are presented continues to evolve and the Department encourages better documents. Research has shown that there are a number of key issues for tenants.

Covering letter

14. The Council should include a covering letter, introducing the consultation document which sets out the offer being made to its tenants. The Leader of the Council or the Chair of Housing should sign the letter. Alternatively it might be appropriate for a senior officer such as the Chief Executive or Director of Housing to sign it.

15. The letter should be brief (preferably no more than a page) and be used to highlight the purpose of the document (especially its consultative nature) and emphasise the importance of tenants' views at this stage of the process. It should make clear that the transfer is still at the stage of a proposal and that the detail can still change.

17. Attention should be drawn to the response form on which tenants' views/comments can be recorded and to the deadline for submitting comments. An indication of the later stages of the process should be given ie, that any amendments to the offer which are made as result of tenant comments, or other circumstances, will be included in a further (Stage 2) notice which will be issued before a ballot is held.

Front cover

18. The impact of the front cover can not be under estimated. It should encourage tenants to read further. It should inform tenants that the document is important because it concerns the proposed transfer of their home to a new landlord, and make clear that this is a proposal on which they are being consulted and on which decisions have not yet been taken.

19. Using colour printing, representative photographs or relevant pictures on the front page can make the document more inviting and therefore more likely to be read by those who receive it. A plain cover may suggest that a document will be formal and heavy-going and might discourage tenants from reading it.

Response form

20. A response form should be enclosed with the document or clearly flagged within it on a tear out page which:

- is easy to find;
- has space for comments on the terms of the offer;
- has tick boxes to indicate initial voting intentions or whether a recipient is undecided;
- makes clear that it is not the formal ballot;
- indicates clearly the date for its return;
- is self contained and does not need a separate envelope;
- has prepaid postage.

Size of document

21. The aim should be to keep these documents as undaunting and as manageable as possible, which generally tends to mean short. Some documents have exceeded 120 pages, and fewer than half of these pages covered specific information about the actual transfer proposal and its implications. A4 or A5 size pages are easiest to handle.

22. Some consultation documents have been produced as a number of separate booklets, sometimes up to five. This has been done by putting key sections and appendices into individual booklets which have then been put together in a folder. This may be a useful approach if the single document is becoming too long (see comments above), but there are drawbacks in that some booklets may become separated from the rest and such an approach can encourage unnecessary repetition and information overload.

23. If a multiple booklet approach is adopted, each booklet should be clearly numbered in relation to the others (ie, 1 of 4, etc).

Contents page

24. A contents page, reflecting the subheadings used in the document, is a key requirement because it allows each separate section to be easily located. It should provide details of the page and paragraph reference for each heading, and headings should be easily understandable to those with no specialised knowledge.

Use of annexes

Use of annexes 25. Annexes are frequently used although they add to the overall length of the document and often repeat information covered in the main body of the document. Our research has shown that a bulky consultation document has a deterrent effect on tenants' willingness to read it, and this is of obvious concern. In particular, tenants find the material that is commonly found in these annexes to be unwieldy and off-putting. Tenants who have read it, have expressed concern that they may be being given different information from that which is set out in the main body of the document. This can give rise to suspicion that the whole picture is not being made available to them in a coherent way, and that the purpose of the annexes is to hide the detail.

26. In general, we therefore advise against the inclusion of unnecessary annexes wherever possible. Where an authority wishes to draw tenants' attention to material such as the Assured Tenants Charter, biographies of Board or Shadow Board members, the Grounds for Possession of Secure and Assured Tenants, and the Detailed Comparison of Rights Before and After Transfer, it is preferable to provide clear information on where and how an interested tenant can get hold of an individual copy. Authorities should put in place mechanisms to ensure this material can be made readily available on demand.

27. Ideally, there should be no need for glossaries or 'guides to jargon' as all terms should have become familiar in earlier consultation material and any new unfamiliar terms should be explained in plain English as and when they occur. If one is to be included this needs to follow the format and explanations used by the council in earlier consultation material.

Presentation of contents

28. The contents of the document are likely to be clearer and more easily read if the following principles are applied:

- use a reasonable size print – anything less than font size 12 is hard work;
- ensure sentences and paragraphs are short and well spaced;
- although bullet points are succinct and easier to read than long, unbroken paragraphs, they should not be so succinct that they become meaningless;

- avoid long horizontal lines of text by giving generous margins or breaking text into two columns;
- headings and sub-headings, distinguished by larger print, different type face or colour, can help readers find their way around;
- use tables to give comparative information, but ensure they should have sufficient space within the document, are clearly labelled, and any assumptions used are fully explained on the same page as the table itself;
- present information on one subject in one place, together with cross references to other subjects if necessary;
- provide an explanation of an unfamiliar term in a highlighted box positioned close to where the word appears;
- a question and answer format (perhaps placed in boxes) can be helpful in conveying information less formally about particular aspects of the offer;
- key statements can be highlighted or repeated in the margin to draw attention to them and encourage more detailed reading;
- colour can highlight key points and create interest – but too much colour can appear extravagant and raise cost concerns;
- relevant photographs, drawings and plans can add interest to a document and break up text into more manageable sections;
- concrete examples which illustrate a point can provide useful clarification;
- tenants should be informed about where – exactly – they can see or obtain a copy of any material which is referred to in the document but not appended.

Language and tone

29. It is crucial that the consultation documents should be expressed in plain, jargon-free, English. If specialist language or unfamiliar terms have to be used, their meaning should be explained in simple words straight away.

30. The document should be honest and open about the reasons for and implications of the proposals. It should avoid statements implying that decisions have already been taken when they have not, and throughout the document the future conditional tense (ie 'would', rather than 'will'), should be used to describe the implications of a proposed transfer. Tenants should be left in no doubt that any undertakings being made about a proposed transfer are conditional on the majority of tenants who take part in the ballot voting in favour of the transfer.

31. Vague or subjective terms should be avoided. For example, referring to a rent increase as 'modest', or an investment programme as 'massive' should be avoided because ideas of what may be modest or massive will vary. Words like 'similar' and 'general' should be used with care, as they may suggest that information is being hidden.

32. Statements such as: 'Some of this may be difficult to follow...' should always be avoided: not only can they appear patronising, but every effort should be made to ensure the document is as easy to follow as possible.

33. Addressing tenants as 'you' rather than referring to 'tenants' is a more personal approach which engages more effectively.

THE STRUCTURE AND CONTENT

34. Consultation documents are more likely to be accessible and relevant to tenants if they follow a sensible and logical structure. They should provide detailed information on the key areas in one place. In general, the document should

- begin with a clear explanation of the transfer proposal and the reasons for it;
- give information on any one subject logically grouped together under a key heading so that it is easy to find;
- provide information which is of most practical interest to tenants, eg on improvements and on rents, near the beginning;
- use plain English; and
- use annexes sparingly, if at all.

35. The Department considers that consultation documents should provide detail on the following:

- Reasons for proposing transfer;
- Basic facts about the proposed transfer;
- Tenancy agreement;
- Information about the proposed new landlord;
- Proposed capital expenditure programme;
- Rents and other charges;
- Management standards (including repairs, specialist services for elderly people etc.);

- Arrangements for tenant representation, consultation and participation;
- Tenants' rights after transfer.

36. The following paragraphs give an indication of the information that we consider should be included under the above headings. This is not intended to be a comprehensive blueprint for a document, and authorities should give careful thought to other issues which will have an impact on the proposal and about which tenants should be made aware. At the formal consultation stage we do not believe it is necessary to rehearse the range of other possible options as these will have been addressed in the informal consultation.

Reasons for Proposing Transfer

37. Tenants need to understand why the Council is proposing to transfer their housing, but should not feel that the main purpose of the consultation document is to sell the transfer; rather, it should give neutral information. A balanced and informative approach is needed, which provides brief information on all the options that have been considered.

38. If the transfer is being proposed to enable significant investment to be made in the stock, tenants should be told why it is not possible for the Council to make that investment. Housing finance is a complex area, but our research indicates that some tenants may be broadly aware of policy in this area and the constraints under which local authorities operate and they appreciate having the specifics of their Council's position explained to them. Anecdotal evidence suggests that where tenants are informed in some detail of the Council's particular financial circumstances, they are more likely to understand why a transfer has been proposed.

39. Other information that should be available is:

- how the value (sale price) of the housing covered by the proposal has been calculated, and why this is different from the price a tenant would pay for the property under the right to buy;
- how the Council proposes to use any proceeds from the sale;
- details of how the Council's interest in the stock would continue through the transfer contract;
- information about the housing role the Council would retain post transfer.

Basic Facts About The Transfer

40. Information should be included on:

- Identification of housing to be transferred (eg, whole stock, named estates);

- Identity and status of proposed new landlord;
- Summary of consultation requirements, stressing that tenants' views are sought at this stage and can make a difference;
- Details of ballot, and mandate which will be required for transfer to go ahead;
- Proposed timetable for consultation, ballot, consent application and transfer;
- Contacts for advice and further information, including named independent tenant adviser and council contact.

Information About the Proposed New Landlord

41. Tenants may not be familiar with the terms 'registered social landlord' or 'non-profit distributing company' so these concepts should be clearly explained.

42. Other information should include:

- name and status of the proposed new landlord (whether registered or seeking registration with the Housing Corporation, intention with regard to charitable status, if applicable);
- the regulatory framework within which it will operate, including information about the Housing Corporation's role and Performance Standards for RSLs;
- why the proposed new landlord would be able to borrow money when the Council cannot;
- from whom it would borrow, and the length of the repayment period;
- what safeguards will exist if the proposed landlord cannot repay the money it has borrowed;
- composition of the voluntary Board or Shadow Board of Management, including information about relevant experience;
- an explanation of how tenants, independents and Councillors have been selected as Shadow Board Members (if a new LHC is proposed) and how this process will work in future, or, where a transfer is proposed to an existing RSL, details of the tenant representation structures that will be put in place;
- objectives of the proposed new landlord;
- information about other properties managed by the same landlord, where appropriate, so that tenants have an idea of its track record.

Capital Expenditure Programme

43. The programme of repairs and improvements that will be offered to tenants is one of the key benefits of transfer and is important in delivering the Government's decent home objective. Consultation documents should enable each tenant to identify the works that will be carried out to his/her home if the transfer goes ahead. In doing so, tenants should be aware of:

- the works that would be carried out;
- whether tenants can opt to have additional works undertaken for which a separate charge will be made;
- the proposed timescale for carrying out work;
- the existence of a planned maintenance programme;
- whether tenants would have to move – either temporarily while work is carried out, or permanently where demolition is being proposed – and what the arrangements and entitlement to compensation are;
- who, in broad terms, will carry out these works, eg, whether the Council's DLO will transfer, or carry out the works under contract, or whether the proposed new landlord will contract out the work to a range of businesses.

Rents and Other Charges

44. Rents are one of the key issues for tenants. They should be presented in a clear and accessible way. In the light of the Government's rent reforms, we would suggest something along the lines of the following for the beginning of the rents section to put the prospective new landlord's rent plan into context.

“Background

The Government believes that:

Social housing rents, ie rents charged by local authorities and RSLs, should be affordable and well below those in the private sector;

social housing rents should be fair and consistent;

there should be a closer link between the rent a social housing tenant pays and how they value their home; and

unfair differences between the rents charged by local authorities and by RSLs should be removed.

Therefore, in December 2000, the Government announced its 'rent reform' proposals which aim to ensure rents charged by local authorities and RSLs are set on a much fairer basis. Rent reform will enable local authorities and RSLs to provide their tenants with a much more reliable prediction of the rent they will pay in the future.

To achieve rent reform, a 'target rent' will be calculated for all social housing property using a formula made up of three elements:

- the market value of the property compared with the national average value of social rented property in the sector (ie the RSL or local authority sector);*
- local average earnings compared with national average earnings;*
- the property's size, in terms of the number of bedrooms it has.*

It is expected that it will take local authorities and RSLs 10 years to reach their respective target rents. Both will be required to set their rents in line with the annual target levels.

Because the Government thinks the current differences between local authority and RSL rents are unfair, on average local authority rents will need to increase more quickly than RSL rents if rent reform is to be achieved within 10 years. Subject to any future Government policy, this is likely to mean an annual increase of 1 1/2 % above the rate of inflation ('inflation + 1 1/2 %') for RSLs and 1 1/2 % above the rate of inflation ('inflation + 1 1/2 %') for local authorities,. This will be on top of the annual increase needed to meet the target rent, which cannot exceed £2 per week in either sector.

Though the target rent calculation will not result in exactly the same figure for both sectors, because of differences in the age, type and condition of local authority housing compared to that in the RSL sector, it will be based of the same formula, as described above. At the end of the 10 year period, social housing tenants should be paying similar rent for a property of a similar standard, size and location, whether their landlord is a local authority or an RSL. This is the Government's aim"

45. The consultation document should then go on to describe the rent plan appropriate to the proposed transfer.

RENT COMPARISONS

46. We do not consider a 'ready reckoner' type comparison of RSL and local authority rents which features a range of transferring rents now and in 10 years' time will be particularly helpful given rent reform as it will be difficult for an individual tenant to relate the table to their rent with any certainty. We suggest as a minimal approach the following wording:

"If the transfer goes ahead, the annual increase in the rent charged by your new landlord would not exceed inflation +

1 / 2 % plus an amount needed to achieve the rent reforms which would be no greater than £2 per week. This is the same approach as the local authority would adopt. Once the target rent has been achieved, the rent charged by the new landlord would be broadly similar to that charged by the local authority had the transfer not gone ahead."

47. If the partners to the consultation document wish to include any further details of rent increases, we would prefer average percentage increases, rather than sample weekly or annual rents, allowing tenants to make a general comparison of rents that would be charged by the new landlord or the local authority. This could read as follows:

"If the transfer goes ahead, your rent would be likely to increase annually by x% on average over 10 years from [date] in order to reach the RSL target rent, then by inflation + 1 / 2 %. If the transfer does not go ahead and you remain a tenant of the local authority, it is estimated that your rent would increase annually by z% on average over 10 years from [date] in order to reach the local authority target rent, then by inflation + 1 / 2 %."

48. This could be accompanied by a comparison of the estimated overall average weekly or annual rent over 10 years under the local authority and RSL, with an explanation of the assumptions used. The figures could be further broken down by bedroom size. Authorities will wish to decide whether this would be more confusing than helpful. *In any event, we would wish to agree the proposed wording on rents.*

49. We do not consider that rent guarantees of RPI + a set percentage are necessary under the rent reform proposals as these already provide proposed rent increases to a set target over 10 years. However, if after consultation with all parties the Council believes that there remains a case for offering a 5 year rent guarantee as part of its transfer proposal, this should not prevent rent reform (ie convergence with the RSL target rent) and must first be agreed with the Department.

50. To link rents to the repairs programme, a further paragraph could read :

"Despite additional Government finance for local authorities, the Council is still unlikely to be able to afford the same level of capital investment in the housing which would deliver the level of improvement promised by [the new landlord]. As a result, the properties are likely to remain at a lower overall standard, with Council rents reflecting this."

51. In providing the suggested text on rents, it is assumed that elsewhere in the consultation document the authority has provided an explanation of what an RSL is.

52. Other issues to be covered in the rents and other charges section are

as follows:

- *Service Charges.* It is not enough to say that service and other charges under the proposed new landlord will be treated in the same way as under the Council – how they will be treated should be explained in precise terms, which include:
 - what service charges would cover and how they would be calculated;
 - the notice period tenants would receive of any increase in these charges;
 - how the proposed charges compare with charges paid to the Council (which may currently be included in the rent);
 - treatment of payments to utility companies where these are at present collected by the Council or included in the rent;
 - that service charges would also be subject to rent reforms and would be expected to increase by no more than inflation +1/2% from April 2002 (see Annex J);
 - that service charge proposals will be required to take account of the introduction of Supporting People Grant arrangements from April 2003 (see Annex J).
- *Rent increases for improvements* Tenants should be told which, if any, improvements would attract additional rent increases above those necessary for rents to reach the RSL target rent; at what point these will be charged; and whether these are permanent increases. We would expect improvements attracting such increases to be those which would increase the capital value of the property above that of a local RSL property or a minimum decent home (see Annex A). Again, it is not sufficient to say that such additional increases would be charged in line with the Council's existing policy: if this is the case, the policy should be stated, clearly. It should be clarified for tenants why some improvements attract additional rent increases while others do not.
- *Arrangements for payment of rent.* Tenants should be informed of any changes to existing arrangements for payment of rent; for example changes in the location of offices where payment can be made, or in the methods of payment. Similarly, tenants should be informed that no change to the present arrangements is being proposed, if this is the case.
- *Housing benefit.* Tenants need to know that they will continue to be eligible for Housing Benefit, where they can obtain advice, and who will pay the Benefit.
- *Policy on rent arrears.* The document should explain the proposed new landlord's policy on rent arrears and, if applicable, how this

differs from the Council's existing approach. The document should also explain the position for tenants who have a Notice Seeking Possession or a Possession Order issued against them by the Council, because they will not be treated as qualifying tenants should the transfer go ahead, unless or until their arrears have been cleared.

Management Standards

53. An equally important reason for proposing a transfer is to deliver improved housing management services to tenants. The document should explain the standards of service that will be offered by the proposed new landlord, making clear in precise terms where these differ from and improve upon the Council's current standards. Bland phrases such as 'seek to improve upon' should not be used. Although the Council will have to judge which aspects are of particular interest in respect of individual transfers, taking into account tenants' views on the existing service and how much detail is needed, this section is likely to include information on:

- Response times for routine repairs and maintenance. These can be presented in a table comparing the RSL and the Council. Examples should be given of what would qualify as an emergency, urgent or routine repair, where these terms are used.
- Responsibilities and performance standards for maintenance of common areas, e.g. cleaning, grounds maintenance, maintenance of security systems.
- Responsibilities and performance standards for any specialist services, eg: warden services in sheltered housing and other care links for elderly people and disabled people.
- Complaints procedure and ways of contacting the proposed new landlord.

54. This section could also contain a statement of the proposed new landlord's lettings policy. This is of concern to existing tenants because of the perceived impact which lettings have on the character of an area or estate, and because their children and friends may wish to become tenants in future years. The proposed new landlord's future relationship with the Council (eg, maintenance of Single Housing Register) should also be described.

Tenant Participation, Representation and Consultation

55. Ministers attach particular importance to delivering a greater tenant role in the management of their homes. Therefore, this section should explain the proposed new landlord's policy on tenant participation, and involvement in the management of their homes and decisions on housing matters which affect them. Given that Tenant Participation Compacts are now in place, it should explain the ways in which the proposed new landlord would consult tenants and what support and training it would

give to tenants' organisations and representatives to develop and sustain active tenant engagement.

56. Tenants are often unclear about the different levels of participation that are available to them as local authority tenants. Some clarification of the existing tenant association network and other participative structures at local and area-wide level, as well as the arrangements that are being proposed for the future, may serve to engage tenants further. The document should explain which bodies are open to all tenants, to which bodies only tenant representatives are invited, and what their roles and responsibilities are, and whether any fees are payable. It should also state the arrangements that have been agreed for electing tenant representatives.

57. If there is already a TMO in place, or in the process of being developed, the document should explain what role and responsibilities it would have within the proposed new landlord's structure, and the level of support that will be provided to enable TMOs in development to complete. The presumption should be that existing and proposed TMOs will continue and, where there is demand, new TMOs developed.

Tenants' Rights After Transfer

58. The document should explain what rights tenants would have if the transfer were to go ahead. The proposed new tenancy agreement will incorporate the majority of statutory rights that secure tenants have, and tenants should be clear that, should the transfer go ahead, their rights would be based on contract (the tenancy agreement) rather than statute. Tenants should be made aware of those rights that would not be retained contractually should the transfer proceed.

59. Some explanation of the extent of the rights that would be given contractually is necessary, because tenants may not remember the existing rights that they have as secure tenants. A table can be a simple way of giving tenants information about the rights they currently have with the Council, those they would retain and would lose if the transfer were to go ahead, and the rights that new (assured) tenants of the RSL would have. Further detail, summarising the position in plain English, should be provided on at least those issues set out below.

60. The document needs to explain that, like the Council, the proposed new landlord would be able to recover possession of a property only if it obtains a court order, and that the reasons for which a court may grant possession are broadly similar. Examples, such as that rent has not been paid, an obligation of the tenancy has been broken, the condition of the house or flat has deteriorated due to acts of neglect by the tenant or anyone else living in the house, the tenant or anyone else living in or visiting the house or flat has been guilty of conduct likely to cause a nuisance, etc, should be provided in broad terms.

61. The additional grounds for possession available to RSLs that may be used against existing tenants in the event that the transfer goes ahead should be explained. There is, however, no need to reproduce in full the

grounds for possession available to RSLs which would only apply to new tenants. The Council may, however, tell tenants where they could obtain a copy of this information should they wish to see it.

Right to Buy and Preserved Right to Buy

62. The document should explain the right to buy for council tenants and the preserved right to buy, including the fact that tenants would continue to qualify for discounts if they were to move to another council home or to another property owned by the proposed new landlord. An explanation of the cost floor should be provided, together with the maximum regional discount available under the cost floor rules. The Right to Acquire should be explained in relation to new tenants.

63. The position in relation to introductory tenants should be covered. If the transfer goes ahead, they are given a contractual right to buy on the same terms as the PRTB for secure tenants.

64. In the case of commercial properties, the Council has to decide whether it intends to transfer the freehold of the properties or retain it and lease any homes above to the proposed new landlord. Should the Council decide to lease the properties, the tenants in these properties should be informed that, if the transfer goes ahead, and they decide to exercise the PRTB, they would be purchasing a long lease from the RSL. In addition, the arrangements for insuring, improving and maintaining the building (interior and exterior) should be detailed.

Right to succession

65. This should explain that (at least) the same people would have the right to take over the tenancy as with the council, and, if applicable, that any previous succession will be ignored.

Right to exchange homes

66. The proposed landlord's intention to participate in a national mobility scheme should be explained, together with the arrangements that would apply to transfers within the transferred stock.

Right to sub-let

67. The arrangements for sub-letting and taking in lodgers that would apply should be explained.

Right to repair

68. This section should explain that approval would be needed for tenants to carry out repairs and improvements, on what grounds this could be withheld, and in what circumstances compensation would be payable for work carried out by the tenant.

Right to be consulted and receive information

69. The Housing Corporation's requirements on the proposed new landlord to consult and provide information about management, maintenance and other policies should be covered.

Rent to Mortgage

70. This is a right which tenants would lose (ie, it would not be contractually replicated) if the transfer takes place. In many cases, it is a right that has been exercised seldom, if at all, and it is worth drawing attention to this fact.

Right to Manage

71. Although the proposed new landlord could not be obliged, in law, to transfer management to a Tenant Management Organisation (TMO) in the same way that a Council can, the Department would expect the new landlord to honour the existing arrangements and support the development of new TMOs.

THE STAGE 2 NOTICE

72. The Stage 2 notice is a statutory requirement and must be laid out as a formal letter, rather than a newsletter or other format. It should draw attention to the fact that the Secretary of State may not give his consent to a transfer if it appears to him that a majority of tenants are opposed to the transfer, and should specify a period of at least 28 days during which tenants may send any objections they have to the Secretary of State.

73. As a ballot is usually held to test tenant opinion on the proposal, the Stage 2 notice is often used to announce when the ballot period begins and ends. Ballots normally run for at least four weeks to ensure maximum voter turnout and we would usually expect the ballot period to end at the same time as the period for objections to be made to the Secretary of State. It is not acceptable for a ballot to close before the 28-day period for objections to be made is over.

74. In addition, the Stage 2 notice is required by law to describe any significant changes to the proposal. In practice, and for the avoidance of doubt, this means any variation to the terms of the offer set out in either the formal consultation document or in any subsequent informal consultation material. Details of the changes (which have variously been described as amendments, clarifications, variations, revisions etc) should always be included within the Stage 2 notice, together with an indication of the corresponding page and paragraph number in the formal consultation document for ease of reference. The details should not be attached as an Annex or included in an accompanying newsletter.

75. It may be necessary to change the terms of offer at Stage 2 for a number of reasons, and some explanation of the change should be offered. The Stage 2 notice should not, however, be used to repeat the main terms of the offer which have already been set out in the consultation document.

THE BALLOT PAPER

76. We are aware that the phrasing of the question on transfer ballot papers varies between transfers. We believe it is important that the question posed is as unambiguous and direct as possible and reflects the

terms in which the consultation material has been expressed. Like the Electoral Reform Ballot Services organisation, who conduct the majority of transfer ballots, and for the avoidance of doubt, we would always wish to see tenants being asked the question:

'Are you in favour of the Council's proposal to transfer the ownership and management of your home to [proposed new landlord]?'

77. Where an authority proposes to use a different phrasing on the ballot paper, we would expect to be consulted. Tenants should then have the choice of ticking either a yes or a no box.

78. Frequently, ballot papers include an introductory paragraph which serves to set the question being posed in context. This should not be used to restate the benefits or summarise the rationale behind the proposal.

[[Previous](#)] [[Contents](#)] [[Next](#)]

Published 28 September 2001

[Return to Housing Transfer Policy Index](#)

[Return to Housing Home Page](#)

[Return to DTLR Home Page](#)

[Web site terms](#)