

**HOUSING BOARD held at COUNCIL OFFICES LONDON ROAD
SAFFRON WALDEN at 2.00pm on 23 NOVEMBER 2011**

Present:- Councillor V Ranger – Chairman.
Councillors S Barker, J Loughlin, D Morson, D Perry, V
Ranger and J Redfern.

Tenant Forum representatives: Mrs A Hutton and Mr S Sproul.

Officers in attendance: Maggie Cox (Democratic Services Officer), T
Cowper (Principal Accountant) S Joyce (Assistant Chief
Executive – Finance), Roz Millership (Assistant Director:
Housing and Environmental Services) and Sophie Robinson
(Housing Enabling and Development Officer).

HB25 APOLOGIES AND DECLARATIONS OF INTEREST

Apologies for absence were received from Councillors J Freeman, K
Mackman and J Menell.

Councillor Ranger declared a personal interest as a council tenant.

HB26 MINUTES

The minutes of the meeting held on 28 September 2011 were signed by the
Chairman as a correct record.

HB27 HRA 30 YEAR BUSINESS PLAN UPDATE

The Chairman welcomed Mr Simon Smith from the Chartered Institute of
Housing to the meeting. He had been assisting the Council with the work
around the HRA 30 year business plan.

He gave a detailed presentation to the Board on the HRA Self-Financing
Implementation and Business Plan. He first explained the background, that
self financing would replace Negative Housing Subsidy whereby the council
was required to give to the Government a portion of its income from Council
house rents and services. The new proposal was for authorities to buy out
of the system, to make a one off up front payment, and take on and service
this debt for approximately 30 years. The Council would then be able to
keep its income from rents and services. It was expected that the debt
payments would be less than the amount previously paid in housing
subsidy. This revenue savings to the HRA could be used for stock
improvement, redevelopment or other housing related matters.

He explained that authorities would be allocated a debt based on a 30 year
cash flow forecast, an assumed cost of borrowing of 6.5% and rents to
match existing forecasts. The draft debt settlement had just been
announced at £89.448m (£88.713m with debt adjustment) which equated to

a debt per unit of £31,319. The actual effect, taking account of the Council's historic debt position was £88.410m. The debt cap had been set at £89.448m, which for Uttlesford left headroom to borrow of around £1m. These figures would be confirmed on 27 January 2012.

On 28 March 2012 there would be a series of transactions between the DCLG and local authorities. The Government had announced that on that date local authorities would be able to obtain discounted interest rates if they applied through the Public Works Loans Board. It was noted that this effectively ruled out the Council from borrowing from other sources.

The figures presented confirmed the Council's ability to fund and repay the loan, deliver investment in the stock without the need to borrow up to the debt level.

It was explained why the self financing system was beneficial to the Council. The settlement was based on a cost of borrowing of 6.5%, whereas in reality, with the favourable rates being offered by the PWLB, this would be considerably less, and on projection, could lead to a surplus which would enable the debt to be paid off in less than 30 years. The impact on the HRA showed an immediate gain in year 1 against the subsidy paid under the previous regime. It was projected that under present conditions there would in the region of £1.m+ a year available.

The Council would be required to make decisions on the structure and repayment of the loan; whether to repay the settlement as quickly as possible, over how many years or whether to defer repayment. The Board was of the view that the loan should be repaid within the thirty years but would like to look at the implications of deferring the loan payment for a period of 5 years and using the surplus to fund housing related expenditure, as there were many initiatives that could benefit from immediate funding.

If the Council decided to defer the repayment, it would need to look at and agree its spending priorities. Some expenditure was a given, to maintain management and maintenance budgets and to meet existing and known programme commitments. Other options that the Council would need to prioritise included redeveloping sheltered schemes with high void rates, using council land to provide additional affordable housing and other smaller projects to improve the housing stock and its environs.

There was some concern expressed that if the loan payments were deferred this might place a burden of future councils. Simon Smith suggested that he produce a number of scenarios through the financial modelling tool to show the implications of the various funding options.

During the discussion members expressed concern at the Government's recently announced proposal to change the discounts offered under the right to buy scheme and the affect that this might have on the viability of the business plan and the Council's decisions to fund provision of new affordable housing. This issue would be considered by the Board, and a response made, once the consultation document had been received.

Members said that they would like to explore the option of developing Council owned land for affordable properties and asked if information could be provided for the next meeting on the number of properties that could be delivered and an approximate costing.

It was AGREED that as a way forward two financial models be prepared for the next meeting based on the following.

Funding options

- 1) To pay interest only on the debt for the first five years.
- 2) To repay the debt on an even basis over a period of 30 years.

Each model to include

- 1 The average rent level increases in line with the formula rents
- 2) The following spending priorities.
 - Maintain revenue management and maintenance budgets.
 - Meet existing and known programme commitments.
 - A sum to develop District Council owned land to provide additional affordable housing. (subject to further clarification on the issue right to buy).
 - To redevelop/refurbish high void sites, ensuring the properties meet the identified need).

This information would show what could be achieved with the additional money and highlight remaining funding available for other spending priorities.

HB28

HOUSING REVENUE ACCOUNT PROPOSED RENT INCREASE

The Board received a report which set out the proposed 2012/13 Housing Revenue Account (HRA) increase in rent levels. The increases had been set in line with the Government's policy to bring about a converging pattern of rents for all similar social housing properties. The current target date for convergence to this 'formula rent' was 2015/16. The calculation showed that the average weekly increase would be 7.7%, bringing the average rent to £89.15.

The Tenant's Forum had considered the report at its recent meeting and had endorsed the proposed rent increases and the move towards the formula rent. To assist with the transition it was agreed that for new tenancies rents would be set at target formula rents.

RECOMMENDED to Cabinet that

- 1 dwelling rents continue to converge with Formula rents resulting in an average increase of 7.70%.
- 2 From April 2012 the rents for all new tenancies, not including transfers, be set at target formula rents.

HB29 **SOLAR PV PANELS**

The Board was informed that following the Government's recent announcement on the new Feed in Tariff rates, the solar PV project for council properties would no longer be affordable in its current form. It could only proceed if the Council was to make a financial contribution. This was not considered to be a viable option and the Tenant's Forum at its recent meeting had confirmed this view. There appeared to be little likelihood of the Government reverting to the previous regime but the situation would continue to be monitored.

RECOMMENDED that the Council does not proceed with the project to install solar PV panels on Council owned properties.

HB30 **AFFORDABLE HOUSING DEVELOPMENT PROGRAMME**

The Board received the updated Affordable Housing Development programme. It was noted that a number of the schemes had been completed and it was likely that the target of 84 completions would be met by the end of the financial year

HB31 **HOUSING POLICY ACTION PLAN**

The Board received an update on the Housing Policy Development Action Plan.

HB32 **HOMELESSNESS UPDATE**

The Assistant Director - Housing and Environmental Health advised the Board that there had been a **continuing increase in the number of people presenting as homeless and that they were having to be placed in bed and breakfast as all the Council's temporary accommodation was full.** The Board discussed options for managing this increase and suggested the possibility of using more of the vacant units at Mead Court for a temporary period. Options for the use of other vacant units would be explored.

It was AGREED that further vacant units at the Mead Court Sheltered scheme be used to provide extra emergency temporary accommodation.

HB33 **SUPPORTING PEOPLE/ SHELTERED HOUSING REVIEW**

The Housing Development and Enabling officer reported that work was continuing on the background reports with a view to producing the Older Person's Strategy in March 2012. In relation to the redevelopment of Mead

Court Stansted, it was suggested that a Task Group be set up in order to take forward this project.

AGREED that Councillors Ranger, Redfern, Loughlin and Perry be appointed to the Holloway Crescent Task Group.

HB34

DATE OF NEXT MEETING

The next meeting was arranged for Tuesday 10 January 2012 and would consider the HRA Business Plan.

The meeting ended at 4.30pm.