

**HOUSING INITIATIVE TASK GROUP held at the COUNCIL OFFICES
LONDON ROAD SAFFRON WALDEN at 10.00 on
8 JANUARY 2008**

Present: Councillor R H Chamberlain – Chairman
Councillors E L Bellingham-Smith, E W Hicks, J E Hudson,
J E Menell and D J Morson

Tenant Forum representatives: Mrs D Cornall and Mr S Sproul

Officers in attendance: P Clanchy, S Clarke, H Joy, L Petrie,
R Patterson-Smith, J Snares and P Snow

HTG 23 APOLOGIES

There were no apologies except to note that the Head of Housing Management was unable to attend because of an urgent meeting with the Chief Executive. The Chairman wished those present a happy New Year and welcomed Councillor Hicks who had been indisposed prior to Christmas.

HTG 24 MINUTES

The Minutes of the meeting held on 10 December 2007 were received, confirmed and signed by the Chairman as a correct record.

HTG 25 BUSINESS ARISING

(i) Minute HTG 20 (i) – Negative Housing Subsidy

In response to a question, the Tenant Participation Officer said that officers were investigating the feasibility of establishing our own on-line petition about the impact of negative housing subsidy. Any such petition would have to be worded differently to the one already made available on the Prime Minister's website as the same wording for more than one petition was not permitted.

Mrs Cornell was concerned that the wording used should be easily understood to gather the maximum level of support.

It was proposed to hold a workshop on this topic to explain the effect of negative subsidy. Members felt that it would benefit them to attend the workshop to assist them in understanding the complexities of housing finances. The workshop would need careful management as some tenants might be resistant to Member participation.

Councillor Morson asked whether, in any of its communications, the Government had explained why rental income was removed from areas like Uttlesford by the negative subsidy system. He considered the removal of this income to be a redistributive measure tantamount to a stealth tax as the process employed was neither open nor transparent. He felt the Government was morally obliged to state clearly the reasons for its policy and identify where the money was going.

The Chairman agreed with Councillor Morson and said that the letter received from Yvette Cooper at the Department for Communities to be most unsatisfactory in the lack of detail given. He urged the Community Committee to pursue this matter further and to enlist the support of other authorities in a similar position, giving the example of the London Borough of Barking and Dagenham.

(ii) Minute HTG 21 – HRA Business Plan update

The Chairman referred to a note he had received from the Head of Housing Management about the recalculation by Government of the Council's housing revenue allocation. He said this was appalling and made proper budgeting difficult to achieve. Further details would be reported to the Community Committee.

(iii) Minute HTG 22 – Initiatives for Holloway Crescent

Members noted the recommendations to the Community Committee about plans to redevelop this site. It was agreed that there were two major issues still to address relating to housing strategy and proposals for Holloway Crescent and Mead Court.

It was agreed to set dates for future meetings of the Task Group as follows:

- Monday, 10 March – meet at Mead Court at 10.30 to consider future development proposals; if this is not possible the meeting will take place at London Road at 10.00.
- Monday, 7 April – to consider housing strategies.

HTG 26 HOUSING REVENUE ACCOUNT AND RENT LEVELS 2008/09

Peter Clanchy, in the capacity of Finance Consultant, tabled a draft of a detailed report to be submitted to the Community Committee on 24 January. The report set out draft estimates for the Housing Revenue Account (HRA) and incorporated proposals for rent levels in 2008/09.

The Chairman said that he appreciated that all officers were working under enormous pressures but it was difficult for Members to have due regard to complicated matters such as housing finance without having adequate notice of reports. In his view, this was something the Council had to tackle on a concerted and corporate basis.

He asked for it to be Minuted accordingly that the late tabling of the report meant that the Task Group was unable to give the report the full scrutiny it merited.

The consultant gave a broad overview of the position of the HRA and outlined the need to increase housing rents in line with the formula set by central government. He drew attention, in particular, to the expected decline in the HRA balance to £605k by 31 March 2008 and £497k by 31 March 2009. He said that corrective action was needed to prevent the balance disappearing altogether within five years. He noted that the original 2007/08 budget envisaged that the HRA balance would be maintained at a minimum of £525k

with an expectation that it would increase to ensure the future viability of the HRA.

He then drew attention to the key recommendation to increase rents by an average figure of 6.6%, in line with the Government's proposals for rent restructuring. He explained the impact of formula rents, requiring a converging pattern of rents for all similar social housing properties for the ten year period ending in 2011/12.

In practice, this meant there was limited scope in agreeing appropriate rent levels as the HRA surplus was calculated on the basis of the criteria set by the Department for Communities and Local Government (DCLG) designed to bring about full convergence by 2011.

It was also noted that the draft subsidy determinations issued on 23 November last year by DCLG had been corrected on 10 December. The subsidy mechanism identified notional levels of expenditure and rent and other income. The notional surplus was then used to calculate the level of subsidy to be paid back to the Government in the form of negative housing subsidy.

In concluding this part of his presentation, the consultant said that the business plan had flagged up the need to bolster balances soon to prevent the position from becoming more acute. In this respect, it was noted that the estimates included provision for a stock options appraisal as already recommended by the Task Group.

The consultant then answered a series of questions from Members and the tenant representatives. Councillor Menell asked about the charges made to former tenants in Littlebury for sewerage services. The accountant confirmed that the services were provided on a 'not for profit' basis and that charges for the maintenance of sewerage treatment plants were based on actual costs.

The consultant agreed with the Chairman that the need to restore a working balance on the HRA would severely limit the scope to promote capital expenditure. The Chairman thought that this would also impact on the Council's ability to maintain the decent homes standard.

Mr Sproul asked about the financial impact of selling Council dwellings. The consultant replied that the majority of sales were arranged through the Right to Buy scheme but only four such sales a year had taken place recently. The Council retained 25% of the sale value and this revenue was put into the capital budget.

Members identified a number of elements of the report where the consultant was asked to provide further clarification for the Community Committee. In particular, he was asked to look further at the estimated increase in the capital programme, and the apparent contradictions within the draft budget in the levels of expenditure on staffing (supervision and management functions).

The Chairman said that Members needed to know the impact caused by the policy of not filling vacancies. If staffing costs were funded fully by the HRA, it was hard to justify leaving vacancies unfilled as a result of pressures on the General Fund. He commented that all Members could unite on the unfairness

of the housing subsidy system and the need for the Council to retain more of its own rental income. He agreed on the need to maintain suitable balances but took the view that a fall in HRA balances was less critical as compared with the Council's other financial difficulties.

Mrs Cornell summarised the views of tenants as outlined at the Tenants' Forum meeting held the previous day. She confirmed that the meeting had reluctantly agreed that there was no option other than to apply a 6.6% rent increase, but concern had been expressed that some tenants would inevitably have to pay an amount above the average increase. Particular concern had been expressed that large increases would be needed in future years to enable the formula rent to be met.

The comment had also been made that the increase in the charge for the Lifeline service should not exceed the percentage increase for the old age pension.

As a final comment, the Tenant Forum had expressed a wish for the Council to continue to fulfil its landlord function and to maintain the housing stock in good repair. It was understood that the Council was committed to a joint procurement policy and time would tell how successful that policy would prove to be.

In response, the Chairman commented that the Building Services Manager had been asked to monitor the new procurement system to assess the level of savings produced, and to report back to this Group in due course.

Councillor Morson asked how differential rents had arisen and whether this was due to the different types of property within the housing stock? The consultant replied that this had resulted from adoption of the Government's formula and that factors such as type of property and area were involved.

The consultant confirmed that questions raised at this meeting about levels of staffing cost and capital expenditure would be investigated and the report amended, where necessary, before the Community Committee meeting.

RECOMMENDED TO THE COMMUNITY COMMITTEE that the draft HRA estimates for 2008/09 be accepted (subject to clarification of some points of detail), and that the following rents and charges be adopted:

- the weekly dwelling rents be increased by an average of 6.6%, in line with the Government's proposals for rent restructuring;
- garage rents increase from £7.40 to £7.60 per week (2.7%) and that heating and sewerage charges be increased in line with actual costs capped at 5%;
- charges for warden services be set from April 2008 in accordance with the contracts with the Commissioning Body, and that protection be continued for tenants at 31 March 2003 who were ineligible for supporting people grant assistance; charges for lifeline services were similarly set from April 2008 in line with the contract with the Commissioning Body.