

THE OVERVIEW AND SCRUTINY COMMITTEE

13 February 2012

EXTRACT FROM MINUTES OF CABINET (HOUSING) COMMITTEE HELD 1
FEBRUARY 2012

REPORT OF HEAD OF DEMOCRATIC SERVICES

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RECENT REFERENCES:

Housing Revenue Account (HRA) Budget 2012/13 and Business Plan 2042/43
(Report [CAB2287\(HSG\)](#) refers) – 1 February 2012

EXECUTIVE SUMMARY:

This report sets out an extract of the minutes of Cabinet (Housing) Committee held 1 February 2012, with regard to an item referred to the Overview and Scrutiny Committee.

RECOMMENDATION:

That The Overview and Scrutiny Committee consider and make any necessary decisions on the matters contained in the minute extract.

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EXTRACT FROM MINUTES OF CABINET (HOUSING) COMMITTEE HELD 1 FEBRUARY 2012

Report of Head of Democratic Services

CABINET (HOUSING) COMMITTEE – 1 FEBRUARY 2012

1. HOUSING REVENUE ACCOUNT (HRA) BUDGET 2012/13 AND BUSINESS PLAN 2042/43

(Report [CAB2287\(HSG\)](#) refers)

The Committee noted that the Report would also be considered by Cabinet at its meeting on 8 February 2012 and at The Overview and Scrutiny Committee on 13 February 2012.

The item had not been notified for inclusion on the agenda within the statutory deadline. However the Chairman agreed to accept the item onto the agenda, as a matter requiring urgent consideration, so that the comments of the Committee could be referred onwards to Cabinet and to The Overview and Scrutiny Committee.

The Head of Landlord Services explained that the HRA (Housing Revenue Account) Business Plan had been developed with close regard to addressing the current shortfall in the maintenance requirements for housing stock. Also, in response to discussions of the Housing Self-Financing Informal Policy Group (IPG), it incorporated increased provision for a new build programme over the first 10 years of the Plan. This programme was ambitious and would total £3.2 million per annum, which equated to £42 million over 10 years. This was likely to substantially increase revenue (rental) income in future years which would be considerably more than the interest repayable on the loan during that period.

Mrs Steventon-Baker emphasised TACT's overwhelming support to the proposals outlined in the Report, especially the opportunity to construct new Council houses.

The Head of Landlord Services corrected an error in the Report. Within the last sentence of paragraph 2.1 on page 3, the existing debt to the HRA should read £10.131 million as opposed to £10.3 million.

With regard to the new build programme, the Corporate Director (Operations) drew attention to limited capacity within the Council to deliver such schemes. It was likely that an in-house team would be developed, who would work in

partnership with consultants who were expert in the necessary skills to deliver the programme, such as procurement etc.

The Head of Landlord Services clarified that future Large Scale Voluntary Transfer (LSVT) of stock from the Council to an alternative landlord remained a possibility. However, this had never previously been an attractive option to tenants, and arguably this would be even less attractive in the future. It was also reported that with regard to paragraph 5.2(g), a Report would be brought to the next meeting of the Committee with further details on the proposal to introduce a discretionary internal decoration programme.

Responding to questions, the Head of Finance drew attention to section 4 of the Report that set out the possible structuring of the debt. It was clarified that all borrowing undertaken would have a finite term and that, in the event of early repayment of a loan, it was likely that there would either be a premium or a discount, proportional to the amount of the loan outstanding, and dependent on interest rates at the time. The Treasury Management Strategy would need to be sufficiently flexible to help delivery of the various priorities within the Business Plan and maximise the ability to spend, at the minimum associated cost to the Council. The IPG had considered the structuring of the borrowing in detail over its 30 year period and requested a model that allowed an increase in resources available during the first 10 years, to commence the programme of new build.

The Corporate Director (Governance) highlighted that, on the day that the borrowing was confirmed (26 March 2012) officers would complete the procedure in line with the approved Treasury Management Strategy, and in consultation with the Council's Treasury Management consultants. With regard to the new build programme and potential for opportunistic and or property purchases, he also advised that detail of frameworks for various officer delegations would be formulated in due course.

The Committee referred to the proposed Revenue growth items listed in section 9 of the Report. Whilst welcoming the extension to Independent Money Advice service for tenants (provided by the Citizens Advice Bureau), it was agreed that Ward Councillors be kept informed of any outreach service to be provided within the communities that they represented. The Head of Landlord Services also advised that the proposed new Systems Administration Support post was a technical officer, who would provide a critical role which was unable to be delivered within existing teams, or by the IM&T team on a day to day basis.

With regard to the various sensitivities that could impact upon delivery of the Business Plan (section 10 of the Report refers), the Head of Landlord Services explained that significant increases in interest rates before 28 March 2012 (above 3.8%) would impact on the interest costs to the Council. As a consequence, although it was envisaged that usual tenant services could be maintained, the capacity to deliver other elements of the Business Plan (such as the programme of new build) would be constrained.

At conclusion of debate, the Committee supported the recommendations of the Report as set out. Members welcomed the opportunities to improve services to tenants and to commence a programme of building new Council houses.

RECOMMENDED (TO CABINET AND TO COUNCIL):

- 1. That the HRA Budget for 2012/13 as set out in the Appendices 1 and 2 be approved.**
 - 2. That all revenue growth proposals as set out in paragraph 9 of the report be approved.**
 - 3. That the 2012/13 Maintenance Programme as set out in Appendix 4 be approved.**
 - 4. That the Business Plan priorities as set out in paragraph 5.2 of the report and the key service priorities for 2012/13 as detailed in Appendix 6 be approved.**
 - 5. That proposals for the establishment of a programme of Council new build housing as set out in paragraph 6 be supported and that a detailed report on the programme and developing capacity to support it be taken to the Cabinet (Housing) Committee in June 2012.**
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