

Extraordinary Council – 13 April 2005

Minutes of the **Extraordinary Council** meeting held on **13 April 2005** when there were present:-

Cllr Mrs R Brown (Chairman)
Cllr P F A Webster (Vice-Chairman)

Cllr R A Amner	Cllr Mrs J R Lumley
Cllr C I Black	Cllr D Merrick
Cllr Mrs L A Butcher	Cllr R A Oatham
Cllr P A Capon	Cllr J M Pullen
Cllr Mrs T J Capon	Cllr P R Robinson
Cllr R G S Choppen	Cllr P K Savill
Cllr T G Cutmore	Cllr C G Seagers
Cllr K A Gibbs	Cllr D G Stansby
Cllr K J Gordon	Cllr Mrs M A Starke
Cllr J E Grey	Cllr M G B Starke
Cllr Mrs S A Harper	Cllr Mrs M S Vince
Cllr K H Hudson	Cllr Mrs M J Webster
Cllr T Livings	

APOLOGIES FOR ABSENCE

Apologies for absence were received from Cllrs Mrs H L A Glynn, T E Goodwin, C A Hungate, Mrs L Hungate, C J Lumley, J R F Mason, S P Smith and Mrs B J Wilkins.

OFFICERS PRESENT

P Warren	- Chief Executive
R Crofts	- Corporate Director (Finance and External Services)
R J Honey	- Corporate Director (Law, Planning and Administration)
S Clarkson	- Head of Revenue and Housing Management
D Deeks	- Head of Financial Services
J Pritchard	- Housing Manager
S Worthington	- Committee Administrator

ALSO ATTENDING

T Childs	- Tenant Representative
G Moody	- Graham Moody Associates
A Townshend	- Your Choice Housing Consultants

160 COUNCILLOR G A MOCKFORD

At the commencement of the meeting, Council stood in silent tribute to the late Councillor G A Mockford.

161 DECLARATIONS OF INTEREST

Cllrs R G S Choppen, K A Gibbs, Mrs J R Lumley and Mrs M S Vince each

declared a personal interest in item 3 of the agenda by virtue of membership of the Rochford Housing Options Appraisal Board.

162 HOUSING OPTIONS APPRAISAL

Council considered the report of the Head of Revenue and Housing Management on the recommendations of the Rochford Housing Options Appraisal Board.

Mr Tom Childs, Chairman of the Rochford Housing Options Appraisal Board, was in attendance to introduce the Board's conclusions. He paid tribute to all his Board colleagues for giving up so much of their time over the past year and to the Council staff and the specialists who had given the Board their support, assisting in the work that he hoped would benefit existing tenants and the wider spread community in years to come.

Mr Alan Townshend, the independent tenant adviser (Your Choice Housing Consultants), was in attendance to advise Members about the consultation process for tenants and leaseholders. He informed Members that the role of his team had been to raise awareness of housing options appraisal and to increase tenants' and leaseholders' understanding of what the various options involved. His team had spoken to more than 50% of the total tenant and leaseholder population within the District.

Dr Graham Moody, the Independent financial adviser (Graham Moody Associates), was in attendance to present to Members the key issues that had led the Rochford Housing Options Appraisal Board to its conclusions. The presentation covered the main driver of housing options appraisal, namely the Government requirement that all Council housing should achieve the Decent Homes Standard; it evaluated, within the context of the Housing Revenue Account and the impact on the General Fund, the different options for Rochford, taking into account the need for affordable housing in the District, the condition of the Council's housing stock, tenants' aspirations and Council policies.

Detailed financial modelling of the Housing Revenue Account projected a shortfall of £11.9 million in order to meet the minimum decent homes standard by 2010; accordingly the retention/no change option was not a viable one. It was also concluded that Rochford's housing stock did not meet relevant ODPM criteria for the PFI option. In conclusion, Members were advised that there were only two viable options for Rochford: the Arms Length Management option (ALMO) and the voluntary housing transfer option.

A mock inspection, however, highlighted that there would be significant risks associated with ALMO. It was clear that ALMO would fail to meet the bronze, silver or gold tenant aspirational standards, that there would be insufficient resources to resolve the problems of low demand for the sheltered schemes and it was uncertain whether ALMO would be able to achieve the necessary two-star standard within the specified Government timescale. There would

also be General Fund costs of up to £100,000 p.a. to be managed.

The voluntary transfer of ownership of the Council's housing stock to an independent housing association would achieve both the decent homes standard and most of the aspirations of tenants and leaseholders by 2010. There would be the same General Fund costs of up to £100,000 to be managed as for the ALMO option, with an additional £65,000 p.a. relating to pension contributions for former Council staff which could no longer be charged to the Housing Revenue Account. However, there would be Government help available to redeem the housing debt and to close the Housing Revenue Account.

During debate, Members expressed concern that Central Government, by setting tight parameters for the options appraisal, was forcing a decision that would affect residents for thirty years and beyond. However, it was clear that the Council had insufficient resources to provide its tenants with the standards of housing that they wanted in future; the aspirations of tenants were the most important consideration.

Responding to Member questions, Dr Moody advised that:-

- It was not possible to predict future legislative changes, but that there were indications that the Government wished to facilitate transfers and it was therefore unlikely that right to buy income would be withdrawn from Authorities who had taken the decision to transfer Council housing stock.
- In the event of the financial failure of an ALMO, the Council would bear any financial responsibility. However, with respect to the possible failure of the housing association, it was mandatory that any transfer would be to a housing association that was regulated by the Housing Corporation. The Housing Corporation had powers that enabled it to replace board members of a housing association, or in a worst case scenario, of forcing a takeover of the housing association by one that was stronger.
- The rules of governance of a housing association could be changed in order that a certain quality of housing was maintained for tenants, but such changes would have to be unanimously agreed by Board members, two thirds of whom, under transfer, would be nominated by the Local Authority.
- After transfer, if tenants exercise their right to buy, the housing association would only keep a portion of the equity sufficient to cover any outlay it had made on the property concerned and some compensation for loss of rent, the balance would be credited to the Local Authority.

Concluding the debate, Members concurred that it was disappointing that the transfer option appeared to be the only one that would give tenants the level of housing standards they deserve, particularly as tenants were extremely satisfied with the housing service they receive from the Council. It was important that the Council negotiated the best possible deal for its tenants,

leaseholders and staff.

A Motion was moved by Cllr T G Cutmore and seconded by Cllr T Livings that the recommendations of the Rochford Housing Options Appraisal Board be endorsed and a further Motion was moved by Cllr P F A Webster and seconded by Cllr T G Cutmore that officers be instructed to develop a strategy to negate the additional financial burden on the General Fund.

On a requisition pursuant to Council Procedure Rule 16.4, a recorded vote was taken on the Motions as follows:-

For (26) Cllrs R A Amner, Mrs R Brown, Mrs L A Butcher, P A Capon, Mrs T J Capon, R G S Choppen, T G Cutmore, K A Gibbs, K J Gordon, J E Grey, Mrs S A Harper, K H Hudson, T Livings, Mrs J R Lumley, D Merrick, R A Oatham, J M Pullen, P R Robinson, P K Savill, C G Seagers, D G Stansby, Mrs M A Starke, M G B Starke, Mrs M S Vince, Mrs M J Webster, P F A Webster

Against (1) C I Black

Abstentions (0)

Resolved

That the recommendations of the Rochford Housing Options Appraisal Board be agreed as follows and that the Regional Government Office be advised of this decision:-

- (1) That the option of large scale voluntary transfer of the whole Council housing stock to a local Rochford housing association (registered social landlord) in partnership with a parent group housing association be endorsed.
- (2) That it be agreed that the local Rochford housing association should have charitable status within a group housing association structure, so as to obtain VAT shelter benefit.
- (3) That the highest standard be sought of investment in the housing service for tenant benefit in Rochford that Government rules allow.
- (4) That every effort be made to minimise the potential cost to the General Fund so as to avoid Council Tax increases.
- (5) That Council staff protection throughout the process should be sought.
- (6) That the housing association be required to make maximum provision of affordable housing in Rochford, in consultation with this Council.

- (7) That the housing association should have an extremely robust business plan and that it should ensure that benefits for and commitments to tenants and residents are delivered.
- (8) That the services of the lead consultants, Graham Moody Associates, financial adviser, and Your Choice Housing Consultants, independent tenant adviser, be retained by this Council.
- (9) That authority be delegated to the Head of Revenue and Housing Management to take all necessary steps to prepare for the transfer and the related statutory ballot of tenants, reporting regularly to Council on progress and in relation to key decisions.
- (10) That a steering group be set up by the Head of Revenue and Housing Management, whose purpose will be to pursue all necessary actions to achieve a smooth transfer in accordance with ODPM guidance. The composition of the Group should be flexible to meet changing requirements, but initially should comprise 4 Council nominees, 3 tenant representatives, 1 leaseholder representative and a staff-side observer. The Group to be supported by appropriate Council staff, including a senior Council officer (who will be expected to remain with the Council after transfer and will be charged with the responsibility of securing best value for the Council) and in due course a representative of the partner housing association.
- (11) That, by agreeing to transfer the housing stock, it is estimated to place an additional financial burden on the General Fund of £165,000. A strategy should, therefore, be developed by officers between now and the transfer taking place to negate these costs. (CD(F&ES))

163 ANNUAL EFFICIENCY STATEMENT

Council considered the report of the Corporate Director (Finance and External Services) on the annual efficiency statement, as required by the Office of the Deputy Prime Minister in connection with Gershon.

Members noted that Government guidance on non cashable savings was still not forthcoming.

Responding to a Member enquiry relating to possible implications in the event of any failure to meet identified savings targets, officers advised that auditors would audit the Gershon Statements and would seek reasons for any failure to achieve the targets; this would impact badly on the Authority's CPA assessment.

Council agreed a Motion, moved by Cllr Mrs M J Webster and seconded by Cllr K H Hudson, relating to the inclusion of reference to Members' disappointment with the requirement to produce the Statement.

Resolved

That it be noted that Members are disappointed by the necessity to produce an Annual Efficiency Statement, but that the Statement, as set out at Appendix 1 to the report, be agreed. (CD(F&ES))

The meeting closed at 9.15 pm.

Chairman

Date