

Supplementary Committee Agenda



**Epping Forest
District Council**

Cabinet Monday, 5th December, 2011

Place: Council Chamber
Civic Offices, High Street, Epping

Time: 7.00 pm

Democratic Services: Gary Woodhall - The Office of the Chief Executive
Tel: 01992 564470
Email: democraticservices@eppingforestdc.gov.uk

11. HRA 30-YEAR FINANCIAL PLAN (Pages 193 - 196)

(Housing Portfolio Holder) Attached are the views of the Housing Scrutiny Panel and the Tenants & Leaseholders Federation, as well as a benchmarking table showing rent increases for other Councils.

This page is intentionally left blank

Epping Forest District Council

Cabinet Meeting – 5th December 2011

Comments of the Housing Scrutiny Panel (to which members of the Finance & Performance Management Scrutiny Panel were invited) on the proposed HRA Financial Plan - agreed at its meeting on the 28th November 2011

The Housing Scrutiny Panel (with the concurrence of the Finance and Performance Management Scrutiny Panel):

- (1) Generally supports the Housing Portfolio Holder's recommendations to the Cabinet.
- (2) Endorses the proposal to repay the housing debt over a longer period than the minimum practical.
- (3) Supports the proposal to maintain the Council's housing stock to a full, modern, standard.
- (4) Supports the proposed commencement of a Council Housebuilding Programme.
- (5) Supports the proposal to make additional resources available within the Financial Plan for housing improvements and service enhancements.
- (6) Welcomes the proposal to invite the Housing Scrutiny Panel and the Tenants and Leaseholders Federation to consider and make recommendations to the Cabinet on proposed housing improvements and service enhancements that could be funded from the additional resources becoming available.
- (7) Supports and understands the need for the HRA to assist the General Fund, by mitigating the effects of HRA self-financing on the General Fund
- (8) Proposes that the Financial Plan should assume an average rent increase of **6% from April 2012**, with subsequent rent levels achieving convergence with average housing association rents by **April 2017**, accepting that this would:
 - (a) Require subsequent average rent increases of RPI + 1.96% between April 2013 and April 2016 inclusive; and
 - (b) Reduce the amount that could fund housing improvements and service enhancements to an estimated £770,000 per annum for the next 8 years, from the £970,000 per annum that could be funded if rents were increased in April 2012 by the amount assumed by the Government for its proposed self-financing debt settlement for the Council (7.9%)

Epping Forest District Council

Cabinet Meeting – 5th December 2011

Comments of the Tenants and Leaseholders Federation on the proposed HRA Financial Plan - agreed at its meeting on the 1st December 2011

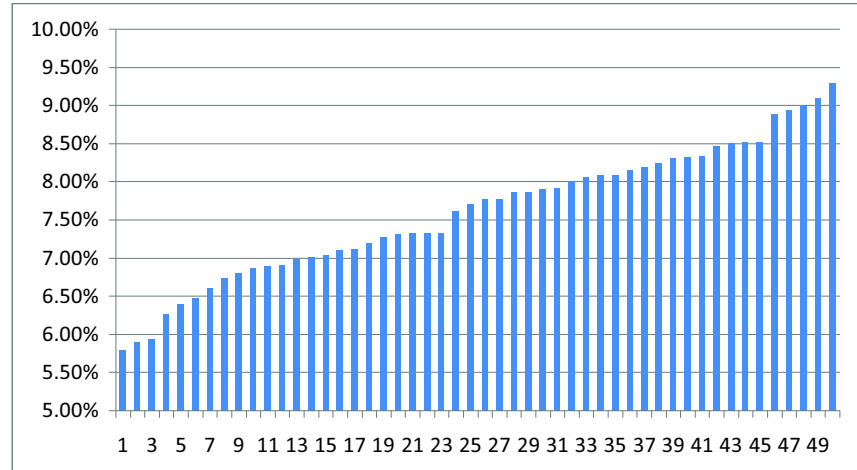
The Tenants and Leaseholders Federation:

- (a) Welcomes the opportunities and benefits that HRA self-financing brings for the Council and its tenants, compared with the current Housing Subsidy System.
- (b) Concurs with (1) – (3) of the Housing Scrutiny Panel's comments to the Cabinet.
- (c) Although supporting the proposed commencement of a Council Housebuilding Programme, is of the view that the rents for the newly-built Council properties should be charged at social rent levels and not affordable rent levels, unless and until there is an opportunity to obtain grant funding from the HCA, when the policy should be reviewed.
- (d) Concurs with (5) & (6) of the Housing Scrutiny Panel's comments to the Cabinet.
- (e) Disagrees with the Housing Portfolio Holder's recommendation and the Housing Scrutiny Panel's view that the HRA should over-borrow from an external loan in order to assist the General Fund to borrow internally from the HRA at a lower rate of interest. On this issue, the Tenants and Leaseholders Federation would request:
 - (i) The Council to obtain, and provide to the Federation, a legal view on the Council's ability to allow the HRA to charge interest to the General Fund at a lower rate than the rate it is charged by an external lending source, having regard to the statutory ring-fencing arrangements for the HRA; and
 - (ii) That, if it is legal and the Council does decide to apply a lower interest rate for the internal borrowing arrangement, the interest rate applied is realistic, having regard to the external interest rate charged to the HRA for borrowing this additional amount to assist the General Fund.
- (f) With reluctance, concurs with (7) of the Housing Scrutiny Panel's comments to the Cabinet, with regard to the April 2012 and future rent increases.

Currently Proposed Rent Increases by CIHConsult's Local Authority Clients

(as at 29.11.11 - Excluding EFDC's and not showing other LA names)

Authority	Rent Increase	Authority	Rent Increase
1	7.70%	30	5.94%
2	9.29%	31	5.90%
3	9.00%	32	8.47%
4	7.86%	33	5.80%
5		34	6.47%
6	8.52%	35	9.10%
7		36	6.27%
8	8.09%	37	7.32%
9	6.99%	38	7.01%
10	8.51%	39	7.10%
11	6.74%	40	8.34%
12	8.00%	41	7.91%
13	8.32%	42	6.80%
14	6.87%	43	7.33%
15		44	8.09%
16	7.12%	45	8.25%
17	6.60%	46	8.52%
18		47	7.27%
19	7.04%	48	7.77%
20	8.20%	49	7.31%
21	6.91%	50	8.06%
22	7.77%	51	7.61%
23		52	7.86%
24	6.89%	53	8.15%
25	7.90%	54	7.20%
26	7.33%		
27	8.94%		
28	8.89%		
29	6.40%		
30	8.31%		



Minumum Increase	5.80%
Maximum increase	9.29%
Average increase	7.60%

