

**EPPING FOREST DISTRICT COUNCIL
NOTES OF A MEETING OF JOINT HOUSING AND FINANCE AND PERFORMANCE
MANAGEMENT SCRUTINY STANDING PANELS
HELD ON TUESDAY, 12 OCTOBER 2010
IN COUNCIL CHAMBER, CIVIC OFFICES, HIGH STREET, EPPING
AT 7.00 - 8.40 PM**

- Members Present:** R Morgan (Chairman), R Barrett, Ms R Brookes, Mrs R Gadsby, Ms J Hart, Ms J Hedges, D Jacobs, Mrs S Jones, Mrs J Lea, J Knapman, L Leonard, G Mohindra, J Philip, Mrs J Sutcliffe, Ms S Watson, A Watts and Mrs J H Whitehouse
- Other members present:** R Bassett, Mrs D Collins, Mrs M Sartin, D Stallan, Ms S Stavrou, J M Whitehouse and Mrs L Wagland
- Apologies for Absence:** W Breare-Hall, R Cohen, D Dodeja, Mrs A Grigg (Chairman of Council), D C Johnson, A Lion, S Murray and W Pryor
- Officers Present** D Macnab (Acting Chief Executive), A Hall (Director of Housing), P Maddock (Assistant Director (Accountancy)), B Moldon (Principal Accountant) and A Hendry (Democratic Services Officer)

1. APPOINTMENT OF VICE CHAIRMAN

RESOLVED:

That Councillor G Mohindra be appointed Vice Chairman for the duration of the meeting.

2. SUBSTITUTE MEMBERS (COUNCIL MINUTE 39 - 23.7.02)

It was noted that Councillor J Knapman had substituted for Councillor Breare-Hall and Councillor A Watts for Councillor Mrs A Grigg.

3. DECLARATIONS OF INTEREST

There were no declarations of interest pursuant to the Council's Code of Member Conduct.

4. NON HOUSING ASSETS WITHIN THE HOUSING REVENUE ACCOUNT

Brian Moldon, Principal Accountant, Peter Maddock, Assistant Director, Finance and Alan Hall, Director of Housing took the Panel through the background reports to the Cabinet's proposal to transfer the non-housing assets from the Housing Revenue Account (HRA) to the General Fund.

The Panel noted that the Cabinet had met to consider this on 13 September 2010 and had agreed to recommend to full Council that all non-housing assets should be transferred from the HRA to the General Fund from 2011/12, following an updated valuation of the assets. However, they also wished that further scrutiny of this proposal should be undertaken and they asked the Overview and Scrutiny Committee if they could set up a joint meeting of the Finance and Performance Management Standing Scrutiny Panel and the Housing Scrutiny Standing Panel to

provide views and recommendations direct to Council on 2 November 2010. This meeting had resulted from that request.

The Joint Panel had the following papers for consideration:

- An annex from the Communities and Local Government document “Council housing: a real future prospectus”;
- A report from the Director of Housing that went to the Tenants and Leaseholders Federation (TLF) on the implication of the proposed transfer for the Housing Service and the Housing Capital Programme;
- Letter from the Director of Housing to all Members of Council accompanying a copy of the report that went to the TLF, providing some additional information;
- The report that went to the Cabinet on 13 September;
- A Financial Issues Paper; and
- A letter from the TLF setting out their point of view.

The Joint Panel questioned officers about the financial implications for the HRA if the transfer took place and the implications for the General Fund if the transfer did not take place. They noted that:

- There would be a loss in income between £750,000 - £1 million per annum to the HRA due to the proposed transfer;
- It would in time have a detrimental effect on the HRA, the Housing Services and the Housing Capital Programme;
- The TLF strongly opposed the transfer. They would like the Council to defer the decision pending further information or only transfer those non-housing assets that are unrelated to flats or other HRA properties or, as a last resort, transfer no more than 50% by value of the assets;
- The implications for the HRA outlined by the Director of Housing was not the worse case scenario; it was based on the most likely outcome based on the current forecasts;
- There was currently no difficulty continuing to meet the Decent Home Standard and any impact would not be for at least for another 14 years;
- The External Auditor had been consulted by the Director of Finance twice about the transfer and had raised no concerns;
- Once transferred over to the General Fund, it would be very difficult for the assets to be transferred back again to the HRA;
- The Medium Term Financial Forecast is currently based on £2million of savings being required assuming the transfer taking place; if the transfer did not happen then a further £1 million would have to be found elsewhere;
- There was no leeway for raising rents to cover any shortfall as rents had to be set in accordance with the Government’s guidance.

In the general debate that followed the following points were made:

- The General Fund covered the whole district and not just the tenants;
- This was an opportunity to do good for the district as a whole;
- There was not enough of a case for transferring everything, perhaps only the Public Houses and the Petrol Stations;
- On The Broadway it was an historical accident that the flats were not connected with the shops below;
- In the current exceptional economic climate the Council must make savings wherever it could, to not transfer would be unfair to the residents;
- If the transfer did not happen then further cuts would have to be made to the General Fund and that would affect everyone;
- What would be the alternatives for cuts if the transfer did not go ahead?

- Transferring assets from the HRA to the General Fund would give the Council choices on how to use the money; and
- Council tenants are generally the poorer people in the community and taking money away from the HRA does not seem right.

A minority option was put forward by some members that only properties unrelated to flats or other HRA properties such as the Public Houses and Petrol Stations should be transferred and that more research should be carried out on the remaining flats and shops involved. However this was not supported by the majority of the joint Panel.

Recommendation:

To recommend to Council the transfer of the non-housing assets to the General Fund due to the unique financial situation that the Country and the Council finds itself in and to enable the Council to benefit the whole of the District with this transfer of assets.