

Epping Forest District Tenants & Leaseholders Federation

Also the figures shown in the report assume an average interest rate which may be appropriate in the long term but is unlikely to be applicable over the next few years, which will further increase the loss to the HRA in the short term. If actual interest rates are much lower than assumed over the next 2-3 years then the annual loss to the HRA might be around £1m per annum.

We also strongly believe the transfer of these assets will have a detrimental impact on the housing services to Tenants. The report says in the Resource Implication "This would not have an impact on Council tenant's rents for future years." This may be strictly true BUT the quality of the service will suffer, may be not now but in year 12 onwards. We had been very keen over the years as the Tenants Federation to ensure prudent accounting and so the fact that we had 28 years before the account fell into deficit was a great position. To more than halve that makes us believe the Council is not acting with the same level of care on its HRA account. We also believe that it will make it more difficult for the Council to set rents below the restructuring level. We would stress that we believe this change will have:

- a) the detrimental effect on the Housing Capital Programme and the Council's associated ability to meet the Decent Homes Standard; and
- b) in addition, the cuts that would have to be made to the Housing Service, which would result in a significant reduction in the housing service that can be provided to tenants, amounting to either £0.5 million per annum from Year 11, or £0.25 million per annum from next year.

Our final point is that there are lots of pieces of information not yet available for you to make a proper reasoned decision:

- The Comprehensive Spending assessment is not out until later this month and the detailed assessment of it is unlikely to be able to be taken into account if a decision is made at full Council in November.
- More importantly, the Government's review of self-financing for the HRA (where councils would be asked to take on the debts of other councils, in return for ceasing the housing subsidy system to which this Council contributes around £10m per annum from tenants' rents) is not yet completed. Although the Council rejected the offer from a General Fund perspective we believe that the Council's consultants concluded that, financially, the HRA would be better off if this went ahead, based on the "offer" from the previous Government. If a solution could be found that does not adversely affect the General Fund but still reduces the costs to the HRA then the proposed Transfer may not have such a detrimental impact on the HRA. We understand the new Government's Housing Minister has apparently said that he wants to consider the outcome of the consultation with LAs, and then make a decision on whether or not to go ahead with the proposals and, if so, on what terms.

To conclude we would ask you to defer decision on this issue until ALL the information is known. This is a one time decision with very long term consequences.

We would suggest that if the financial situation makes it impossible for you to defer the decision you only transfer those properties that are unrelated to flats or other HRA properties. For example perhaps the petrol station; pubs and shops without any residential properties above.

As a last resort, if the financial situation is so desperate the Council feels unable to take Tenants views into account we would at least ask a fairness in sharing the pain/benefits of the transfer and not transferring more than 50% by value of the Assets.

Thank you for reading this and apologise once again that neither of us can be at your meeting in person. We are disappointed that the meeting is not being web-cast (as we requested) as this does not help us (or the tenants and leaseholders) understand the outcome of your meeting.

Yours sincerely



Molly Carter, Chair



Mike Tobin, Vice Chair