



Lewes District Council

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Housing Working Party

Minutes of a meeting of the **Housing Working Party** held in the **Warren Room, Lewes House, 32 High Street, Lewes** on **Monday 19 December 2011** at **3:25pm**

The meeting was preceded, at 2.00pm, by a presentation on 'Treasury Management Implications and the Housing Revenue Account' led by David Blake, Arlingclose.

Present:

Councillor R K Maskell (Chair), S Adeniji, S B Davy, S Saunders and A X Smith

Officers Attending:

A Chequers, Corporate Head – Housing Services
Z Downton, Committee Officer
T Johnson, Head of Housing Repairs and Improvements
S Jump, Head of Finance
J Magness, Director of Finance
S Osborne, Principal Accountant (Housing and Corporate)

Also Present:

D Blake, Arlingclose Representative
A Hill and L Steer, Tenants' Representatives
R Tahsin, Tenant Participation Manager
S Wells, Tenant Participation Worker

Minutes

1 Thanks

The Committee thanked Mr Blake, Arlingclose, for his presentation to councillors, officers and tenants' representatives prior to the meeting of the Housing Working Party.

2 Minutes

The Minutes of the meeting held on 14 December 2010 were approved as a correct record and signed by the Chair.

3 Apologies for Absence

An apology for absence had been received from Councillor M P Chartier.

Action

4 Housing Revenue Account Self-financing Reforms

The Working Party considered Report No 211/11 which updated councillors on the timetable for the implementation of the Housing Revenue Account Self-financing reforms and which outlined the areas needing further consideration prior to March 2012.

The Report outlined that the Treasury Management transactions needed to underpin the new reforms must complement the 30 year Housing Revenue Account Business Plan and objectives.

Council housing was accounted for within a separate ring-fenced account, the Housing Revenue Account (HRA). At a national level, the HRA subsidy had been used to reallocate resources between councils according to nationally identified needs.

Some councils received positive subsidy where their costs were deemed to exceed their income and some, like Lewes District Council, made 'negative subsidy' payments to the Government where their income was deemed to exceed their costs. Many councils paying over negative subsidy found themselves in a position where they had insufficient resources to fund the capital element of their 30 year business plans, but could have been self sufficient had they retained all rent income. Without the reforms the Council's HRA was forecast to move into a deficit position within 6 years, in the absence of corrective action.

The current Coalition Government had continued with the reforms and the necessary legislative measures for change from April 2012 were contained within the Localism Act. The Self-financing proposals would enable councils to retain all of their rental income in future.

The settlement payment for Self-financing was based upon notional income and expenditure streams and assumptions such as the rate of inflation, borrowing cost and capital expenditure profiles over the next 30 years. The proposal would see the Council making a payment to the Government of £57.064m on 28 March 2012. The Council was able to borrow the money needed to fund that payment from the Public Works Loans Board (PWLB) or market loans and bonds. The Government's announcement to lower PWLB rates for that specific transaction made that source of finance the most attractive at the present time.

The timetable for moving to the new reforms, which had been followed and continued to apply, was set out under Section 5 of the Report. A significant date to be added to that timetable was 26 March 2012. On that one date councils which elected to borrow from the PWLB would need to place their requirements online with the PWLB.

The extract from the travelling draft of the Housing Business Plan, which was appended to the Report, stated that following April 2012 the Council would no longer be required to make an annual payment into the national housing subsidy pool. Instead, the Council would need to finance a level of

		Action
<p>housing debt, which the Department for Communities and Local Government (DCLG) had calculated using a methodology that valued the stock over 30 years, and aimed to leave the Council with a long term sustainable business plan.</p>		
<p>The Corporate Head – Housing Services informed the Working Party that he was currently updating the various sections of the 30 year business plan, to be completed by mid-February 2012, for members to consider.</p>		CHHS
<p>The Tenant’s Representatives asked whether it would be good for the Council to look at increasing its housing stock over the next 20 years. The Corporate Head – Housing Services responded that the business plan would include regeneration options such as investing in the housing stock which members would be able to consider.</p>		
<p>The Working Party discussed the financing options of managing the housing debt as a result of the introduction of the Self-financing reforms. By structuring the debt to generate surplus, funding would be available for capital expenditure on regeneration, investment in new builds, increasing the housing stock and repairs and improvement works objectives. Councillors concluded that the Working Party would re-convene in order to consider the updated business plan in 2012.</p>		
<p>In response to a question from a councillor, the Director of Finance explained that development costs would be available only from the Housing Revenue Account and not from other budgets. Mr Blake, Arlingclose, explained that if surplus was generated, essentially the cash would be there for the Council to use on capital expenditure.</p>		
<p>The Director of Finance further explained that the Housing Working Party would be able to oversee implementation of the HRA reforms and would be kept updated on its progress.</p>		
<p><u>Resolved:</u></p>		
4.1	That the timetable for the Housing Revenue Account reforms, as set out in Report No 211/11, be noted;	
4.2	That it be noted that the Housing Working Party be asked to agree the business planning principles before the end of February 2012; and	All to note
4.3	That the Committee Officer be requested to schedule a meeting of the Housing Working Party in mid-February 2012 in order for members of the Working Party to consider the Housing Business Plan.	All to note /CO
5	Date of Next Meeting	
<p><u>Resolved:</u></p>		
5.1	That it be noted that the next meeting of the Working Party will be	All to

scheduled for mid-February 2012. The date, time and location of that meeting would be confirmed.

The meeting ended at 4.00pm

R K Maskell
Chair

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note/CO**