

EXECUTIVE

Minutes of the meeting held on Tuesday 6 March 2012 at the Town Hall, Royal Leamington Spa at 6.00 pm.

PRESENT: Councillor Michael Doody (Chairman), Councillors Caborn, Coker, Mrs Gallagher, Mrs Grainger, Hammon, Mobbs, Shilton and Vincett.

ALSO PRESENT: Councillor Boad (Liberal Democrat Group Observer), Councillor Gifford (Chair of Overview and Scrutiny Committee), Councillor Mrs Knight Chair of Finance and Audit Scrutiny Committee).

133. DECLARATIONS OF INTEREST

There were no declarations of interest.

PART 1

(Items which a decision by Council is required)

134. HOUSING REVENUE ACCOUNT BUSINESS PLAN 2012-2062 AND SELF FINANCING

The Executive considered a report from Housing and Property Services which explained that the existing Housing Revenue Account (HRA) subsidy system will be replaced by a self financing model in April 2012.

This would mean that the District Council would take on a debt of £136.2m to be paid to the CLG on 28 March 2012. The report set out how the Council would service the debt and maintain a viable Business Plan over the 50 year period from 2012 to 2062.

Under the current Housing Subsidy System, the HRA paid around £8m to the national subsidy pool, and this was generally referred to as "negative subsidy". Out of the payments into the pool, the majority was paid to other housing authorities to help maintain their housing stock. Under Self Financing authorities were required to "buy" themselves out of the subsidy system by way of payment of a single upfront commuted sum.

The introduction of the Localism Act would abolish the HRA subsidy system and introduce a new compulsory system of Self Financing in April 2012. Warwick District Council had one unifying purpose, *"To make Warwick District, a great place to live, work and visit, where we aspire to build sustainable, safe, stronger and healthier communities"*. The Housing Business Plan, attached as an appendix to the report, set out the strategic purpose of the housing landlord service to deliver this through three overarching objectives; Improving Services for Customers, Leading Change Positively and Financial Viability.

The report advised that the Business Plan had been externally validated by Chartered Institute of Housing with independent treasury management advice received from Sector Treasury Services Ltd. The Plan had been based on 30 year stock condition survey information which was

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independently updated and validated by Michael Dyson Associates in October 2011.

The report proposed that any surpluses generated from the Housing Business Plan, at the end of each year, be transferred to a separate HRA Capital Investment Account, to be preserved for use on new investment and spending opportunities, as they arose. In addition, the Business Plan had the financial capacity to deliver approximately an additional 1,400 homes over the 50 year period based on current assumptions.

Details of the period of debt were set out at appendix 3 of the report including the possible scenarios for the debt maturity.

The alternative option to do nothing was not acceptable because the clauses in the Localism Act were compulsory and the Council had no choice but to take on and transfer the agreed debt to CLG.

An alternative Business Plan could be agreed with different policies, services standards and investment options. Members needed to be mindful, however, that the re-drafting of an alternative Business Plan would need to be accomplished within the set project timetable.

Councillor Mrs Knight, Chair of Finance and Audit Scrutiny Committee, addressed members and outlined the committee's comments.

She advised that Members had commented that there needed to be close scrutiny of the £100,000 expenditure detailed in recommendation 2.6 and how this was to be monitored should be explained to members as soon as practicable.

The Committee also felt that there should be check points and milestone reports made more often than annually to the Executive, and exception reports should be made to the next meeting of the Executive. The frequency of the check point reports and the trigger points for exception reports should be detailed within the project plan as agreed with the Housing Portfolio Holder at the Scrutiny meeting.

Councillor Gifford outlined the Overview and Scrutiny Committee comments, who were keen that the present Project Board remain in place until September, and that the planned replacement governance structure should be subject to a wide ranging review. The Overview and Scrutiny Committee felt that councillors from all parties, the relevant Portfolio Holders and tenant representatives should be involved in this review.

Councillor Gifford also thanked the Portfolio Holder for attending their meeting last night and was satisfied that Councillor Vincett saw no issues in involving all interested parties in the review.

The Portfolio Holder for Housing & Property Services, Councillor Vincett, addressed members and endorsed the report. He confirmed that, as stated at the Finance and Audit meeting the previous evening, the committee were invited to scrutinise any aspect of the Business Plan as they felt necessary.

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He also highlighted that recommendation 2.5 addressed the frequency of reports and advised that the Project Plan, due to be published in June, would detail a report schedule which members would then be welcome to scrutinise.

Councillor Vincett agreed with the Overview and Scrutiny Committee's comments regarding governance of the Project Board and anticipated that the board would bring a recommendation forward regarding their structure, in line with the Overview and Scrutiny committee's suggestions.

The Leader, Councillor Doody, addressed members and stated that he felt this was a very courageous decision for the Council to take. He reminded members that the decision had already undergone a great deal of scrutiny and would continue to do so.

Councillor Shilton proposed that the Executive's thanks be passed to Councillor Vincett, Jameel Malik and all the Housing and Property Services team for a well laid out and concise presentation the previous evening. He felt it was important to congratulate them on their hard work in ensuring all parties understood the proposals.

Having read the report, and having taken the scrutiny committees comments into account, the Executive decided to agree the recommendations as set out and pass their congratulations to all involved.

RECOMMENDED that;

- (1) the Housing Business Plan 2012 to 2062 based on the final determination, be approved;
- (2) the rent policy contained in section 4.4 of the Business Plan, be approved;
- (3) authority be delegated to the Head of Housing and Property Services, Head of Finance in consultation with the Portfolio Holders for Housing and Property Services and Finance, to enter into all associated borrowing transactions leading up to Self Financing and payment of the final settlement;
- (4) a Housing Revenue Account (HRA) Capital Investment Reserve be set up for the surpluses expected to be generated from the Housing Business Plan, to be used on capital projects;
- (5) through continuous monitoring and management of the programme any emerging new investment and spending opportunities will be brought forward as recommendations for Executive approval;

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- (6) authority be delegated to the Head of Housing and Property Services, in consultation with the Portfolio Holder for Housing and Property Services, to incur expenditure, as necessary, of up to £100,000 from HRA balances to prepare a Business Case to maximise the provision of new homes;
- (7) the performance of the HRA Business Plan will be continuously monitored and managed and any divergence from the agreed programme will be reported to Executive at least annually and as part of the mid-year estimates; and
- (8) a further report will be presented by September 2012 to evaluate and recommend a preferred governance structure that is fit for purpose and reflects the complexity and risk-profile of the Housing and Property Service.

(The meeting ended at 6.09 pm)