

Housing Transfer Programme Board
17th October 2007

Attendance:

Councillors – Graham Butland (Chairman), John Gyford, and Eric Lynch.

Consultants – Rob Beiley (Trowers and Hamlins) Simon Martin, Price Waterhouse Cooper (PWC)

Officers – Joanne Albini, Head of Housing, Lesley Day, Audit Manager, Andrew Epsom, Head of Asset Management, Chris Fleetham, Finance Director and Allan Reid, Chief Executive.

Action by

1 **Apologies**

Apologies for absence were received from Councillors Michael Lager and Simon Walsh.

2 **Minutes**

DECISION: That the minutes of the Board meeting held on 19th September 2007 be approved as a correct record and signed by the Chairman.

3 **Valuation**

Simon Martin of PWC circulated a report that indicated that the estimated net tenanted market valuation was £37.6m having made adjustments based on the estimated costs of grounds maintenance and the pension deficit. It was noted that these issues were not in dispute but needed further analysis. Taking into account levy calculations and other costs, this meant that based on this figure there would be a net capital receipt of £23.7m, leading to £11.8m going into the Community Fund.

The Programme Board received a confidential report from Lesley Day concerning the investigation into the amended valuation. It was agreed to defer consideration of this report to the next meeting.

4. **Community Fund**

The Programme Board was reminded that at its last meeting it had been agreed that officers would investigate if the project to rejuvenate parts of the Templars Estate in Witham could be brought forward and agreed in principle by GCH and the Council so that the expenditure could benefit from the VAT shelter. Having discussed this with Greenfields Chief Executive it was his view that this would not be possible, given the short timescales and the importance they attached to giving tenants/the Community Gateway Group an opportunity for meaningful involvement.

The Programme Board moved on to consider the covenant covering governing arrangements for the discharge of the Community Fund. It was noted that in drafting the Covenant, the Council's VAT advisors, KPMG had included suitable wording with the view to maximising the opportunity of projects funded from the Community Fund being eligible to fall under the remit of the VAT shelter.

In considering the draft covenant it was agreed that paragraph 3 be amended to show that the Partnership Board comprise three nominees from GCH and three nominees from the Council but no third part representatives.

It was also agreed that paragraph 8 be amended to clarify the definition of “a year”.

DECISION: That subject to the above amendments, the proposed covenant be agreed.

5. **Transfer Agreement**

Rob Beiley of T & H gave Members an update on progress with the Transfer Agreement. The remaining issues of concern included:

- The implementation of a Single Tier Work Force – this was still in dispute;
- The fact that GCH funders had yet to provide the required information
- The late Peak Debt dealt with under minute 14 below.
- The conveyancing arrangements were behind schedule and a meeting had been arranged between key officers for Thursday 18th October to discuss the implications of this and what can be done to bring this back on track. The implications of this aspect falling behind could be a delay to the date of transfer. If necessary, arrangements would be put in place to defer the date of transfer.

It was noted that an update would be presented to Cabinet and recommendations made to Council on 5th November 2007.

6 **Essex Pension Fund Admission Agreement**

The Programme Board was advised that prior to Essex County Council accepting a new body to the pension fund they either required a performance bond (from GCH) or for a third party (e.g. the Council) to stand as guarantor.

The Programme Board noted that the chances of GCH failing to meet its pension responsibilities were slim but if it did then the impact on the Council could be devastating. For this reason it was agreed that it be recommended that GCH should take out a performance bond at a cost of £45,000 per annum, which would reduce the valuation by approximately £500,000.

DECISION: That the Council will not stand as guarantor for GCH in respect of the ECC pension fund and the valuation is reduced accordingly.

7 **Service Level Agreements**

Lesley Day circulated an updated report outlining the position with regard to each Service Level Agreement. The Board was advised that discussions were continuing with respect to some areas including Street Scene, ICT and Customer Service Centre.

Concern had been raised at the cost of the Area Office charges to the Council.

The Board noted the current position.

8. Temporary Accommodation, Homelessness and Allocations

Joanne Albin, the Head of Housing presented a comprehensive summary of the implications of transferring the Council's housing stock on Allocations, Homelessness and the use of temporary accommodation.

The Board was informed that following discussions with GCH and with the introduction of a system of Choice Based Lettings from December 2008 it was proposed that Council staff would control the central register using a new banding system (recently replacing the old points process) and GCH staff would be using the information from the Council register to make an offer upon a vacancy arising.

This process was possible as both organisations would use the Anite software but this would require a new working relationship and trust on both sides.

It was noted that the Council would still be responsible for making nominations to other housing associations.

The staff implications were that two posts would need to transfer and other posts would need to be renamed/changed.

Turning to the use of temporary accommodation and Homelessness, Mrs Albin advised the Board how the Council currently operated and its proud record of not resorting to Bed and Breakfast Accommodation. The Council was able to do this by retaining a number of units to deal with emergency situations.

Members were advised that although the agreement (copy attached to the agenda) specified that GCH would retain up to 30 properties for temporary use, the concern of officers was that this was a new relationship and relied upon GCH keeping to the agreement. Such issues were presently within the Council's control but after transfer they would be the responsibility of GCH and it was this loss of control and the unknown that was of concern.

Members endorsed their desire to avoid using bed and breakfast for temporary accommodation and noted the concerns expressed by officers.

9. Sheltered Accommodation

At a previous meeting it was noted that GCH had set aside £5.6m for remodelling of Sheltered Housing Accommodation. The Board received a report that detailed the substantial works required to bring the Council's sheltered housing up to modern day standards.

Joanne Albin went on to raise the issue of the agreement with the PCT. Currently the PCT which took over from the Care Trust manages the Care Call alarm system and approximately 30 staff previously transferred from the Council to the Care Trust – now the PCT. This service is funded by the Council and the Supporting People Grant. It stands on a partnership agreement. It was noted that GCH are happy to enter into such an agreement to maintain the service but what is not clear is in the event of the service folding who would pick up any redundancy costs.

The Board was clear that the object of any agreement would be to ensure the Council has no ongoing responsibility as far as this service is concerned.

10. **Staffing Issues**

Chris Fleetham, the Finance Director advised the Board that the TUPE list of 164 had been finalised. The initial tranche of seven new posts had been advertised with all posts being advertised on the same terms and conditions as current Council staff. Council staff would be given the opportunity to apply for these posts before opening them up to the market.

11. **Environmental Warranties**

Mr Epsom reminded Members of the discussions that had taken place at the last meeting when Members had agreed to familiarise themselves with the executive summary report from Heath Lambert.

Mr Epsom updated the Board with the final quotations. The Board accepted that the risk to the Council was low but felt that cover of £10m at a one-off cost of £164,900 should be taken out.

DECISION: That it be **recommended to Cabinet and Council** that Environmental Warranty Insurance be taken out covering up to £10m over the next 10 year term at a cost of £164,900.

12. **Sewers**

Rob Beiley from T & H advised the Board that GCH had expressed concern that the information available on the Council's sewers was insufficient to enable them to take a decision on the potential risks to GCH over the next 30 years. They were therefore recommending that the Council apply an indemnity to cover any risks over and above what had been allowed for in their business plan for the maintenance and upkeep of the sewers over the next 30 years.

Having been advised that any such agreement would seek to enable the Council to benefit from any unspent funds the Board agreed with this approach in principle and noted that it would be the intention to establish the indemnity using the proceeds of the VAT shelter.

DECISION: That the principle of the indemnity, as described above, be agreed.

13 **Shops**

Chris Fleetham updated the Board with discussions regarding the potential transfer of the Council owned shops. In so doing he reminded the Board that the shops were not part of the Council's Housing Revenue Account, no agreement had been made to transfer these as part of the transfer to GCH and that the Council was duty bound to achieve the best possible price from the sale of any of its assets.

Mr Fleetham read out the contents of an email that he had received from John Flack expressing his strong view that it had been agreed that these would be transferred to GCH with the housing stock.

Members noted that the Council received approximately £150,000 rental income per annum from the shops. The Council would need to receive at least £3m and invest this at 5% return to break even. GCH had been invited to make an offer for the shops but at this moment in time no such offer had been received.

DECISION: The Board noted the position and were of the view that the transfer of the shops was separate to the transfer of the housing stock.

14 **Section 25 Loan**

The Finance Director advised the Board that after the last meeting officers had sought clarification on the level and timing of the Peak Debt and therefore the cost of this to GCH.

It was noted that following satisfactory discussions it was now accepted that the additional level of the Peak Debt would increase the loan arrangement fee by £300,000 and this should be met from the Section 25 Loan.

DECISION: That officers apply to adjust the Section 25 Loan in accordance with the above.

15 **Right to Buy Proposals**

Simon Martin explained that officers had again discussed this issue of right to buy sales and the impact on the loss of rental income by GCH. The discussions had concluded on a recommendation that GCH be allowed to retain approximately £20,000 of each sale, this being the estimated impact in the loss of rental income over the period of the business plan. The remainder of the sale proceeds would be retained by the Council.

DECISION: That Cabinet/Council be recommended to accept that Right to Buy arrangements as set out above.

16 **Issues from Joint Meeting with GCH held on 17th October 2007**

Rob Beiley advised the Board that officers had discussed the need for a Member protocol to deal with arrangements post transfer. In particular this protocol would deal with how Members contact the RSL, what level of officer would be contacted, how the response would be given and what timescale would be reasonable.

There were no other issues arising that were not covered elsewhere on these minutes.

17 **Project Plan**

Simon Martin from PWC advised the Board that the transfer date was still achievable with the biggest cause for concern being the conveyancing aspect as referred to above.

18 **Date of Next Meeting**

It was agreed that an additional meeting be arranged and this be held at 7.15pm on Wednesday 31st October 2007 at Causeway House.

19 **Any Other Business**

No issues to discuss.

The meeting commenced at 7.15pm and closed at 9.39pm

CLLR G BUTLAND

Chairman