

Extract of the Minutes of the Housing Transfer Programme Board Meeting - 22<sup>nd</sup> August 2007

## 3 Valuation/Capital Receipt

Chris Fleetham, Finance Director presented a report that updated the Board on the latest position with regard to the valuation of the housing stock and put forward proposals that would enable a joint approach with GCH on how the additional capital receipt could be used to support both the Council's and GCH priorities.

The Board was advised that, as reported at the last meeting, following a process of validation and further negotiations the valuation of the housing stock had been agreed at £45.5m. This was after allowing GCH an additional £5.6m to carry out improvements to sheltered housing. After deduction of the pension deficit of £5.9m, debt premia of £5m, costs of £4.5m and the Government levy of £3.9m this should leave the Council with a capital receipt of £26.2m. It was noted that this figure was still subject to further adjustments notably as a result of the actuarial review of the pension fund.

GCH Board had raised concern that they believed the valuation should remain at £4.5m as this was what they felt tenants were informed at the time of the ballot. They were not therefore prepared to agree to the revised valuation. Members noted that if this remained the case then the transfer could not proceed.

Discussions had therefore taken place between the Leader of the Council, the Chairman of the GCH Board and a proposal had been put forward for consideration at this meeting and a similar recommendation was being submitted to the GCH Board tonight that would involve 50% of the net capital receipt being placed into a fund that could only be spent with agreement of both the Council and GCH on projects that deliver both organisations priorities. The type of projects that could be funded would include:

- The development of affordable housing
- The development of Local community facilities
- Redevelopments of specific areas that contribute to residents feeling safe and well
- Estate enhancements

Members discussed the proposal at some length. Firstly concern was expressed as to how the substantial changes in the valuation had occurred and that this information should be made available to all Councillors. The Leader advised the Board that he had asked the Chief Executive to carry out a review of the valuation process and a report would be presented to Cabinet as soon as this review had been conducted. **Chief Exec**

Secondly, concern was expressed that the Council had to meet considerable costs as a result of the transfer and although this was a reasonable compromise that could hopefully be agreed by both organisations it still left the Council in a difficult financial situation with substantial savings/reductions in costs to meet as a result of the transfer.

The Leader advised that this recommendation would go to the Cabinet meeting on 3<sup>rd</sup> September followed by Council on 17<sup>th</sup> September 2007.

**DECISION:** That it be recommended to Cabinet and Council:

- (1) That Council agree to the principle of setting up a fund that will contain 50% of the net capital receipt and which can only be spent with the agreement of both the Council and GCH on projects which deliver both organisations objectives/priorities examples of which are described above.
- (2) That the details of how the fund is established, maintained and used be the subject of separate negotiations and a report to future meetings of GCH and the Council. **CF**