

WAVERLEY BOROUGH COUNCIL

MINUTES OF THE MEETING OF THE EXECUTIVE – 3 NOVEMBER 2009

SUBMITTED TO THE COUNCIL MEETING – 15 DECEMBER 2009

(To be read in conjunction with the Agenda for the Meeting)

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| * Cllr Richard Gates (Chairman) | Cllr Stefan Reynolds |
| * Cllr Mike Band (Vice-Chairman) | * Cllr John Sandy |
| * Cllr Mrs Carole King | * Cllr Roger Steel |
| * Cllr Robert Knowles | Cllr Adam Taylor-Smith |
| * Cllr Ms Denise Le Gal | * Cllr Keith Webster |

* Present

Cllr Peter Isherwood was also in attendance.

102. MINUTES (Agenda Item 2)

The minutes of the meeting of the Executive held on 29 September 2009 were confirmed and signed.

103. APOLOGIES FOR ABSENCE (Agenda Item 3)

An apology for absence was received from Cllr Stefan Reynolds.

104. DISCLOSURE OF INTERESTS (Agenda Item 4)

There were no interests declared under this heading.

105. QUESTIONS BY MEMBERS OF THE PUBLIC (Agenda Item 5)

In accordance with Procedure Rule 10, the following question had been submitted. The Leader of the Council read out the question in the absence of Mr Hyman.

From Mr Jerry Hyman of Farnham regarding Housing Services

“Council Leader,

The 2004 Ridge Consultants' Report to Council identified a need to spend some £22 million on Waverley's housing stock by 2010/11 in order to meet the government's minimum Decent Homes Standard. The council instead chose to promote a higher Standard which was 'unaffordable'.

The tenants' principled rejection of Stock Transfer's 'Enronesque' offer of unnecessary debt has saved the taxpayer £10 million pa ever since (and retained a valuable asset), surely something to applaud, and furthermore over the 5 year period, the council's housing service will have spent some £60 million on services and substantially improving the stock.

Can you please tell us the current '2010 minimum DHS liability', i.e. by how much has the £60 million expenditure reduced the £22 million Decent Homes backlog? Thank you."

The Portfolio Holder for Housing responded as follows:-

"Mr Hyman, your question is timely and apposite. I wish I could give a short and succinct answer, but the subject area is rather complex.

Had tenants voted for Stock Transfer in 2005, the new landlord would indeed have taken out a loan to purchase the Council's housing stock at Tenanted Market Value and borrowed a further £80 million to bring the housing stock up to the Government's Decent Homes Standard and beyond.

Although you say this was 'unnecessary debt', it is the basis on which all Stock Transfers have been financed to date and has provided many real benefits to tenants elsewhere – such as new kitchens, bathrooms, central heating systems, re-roofing and fencing.

Waverley's tenants voted to remain with the Council as their landlord despite knowing that the Council could not meet the Government's Decent Homes Standard within the resources available to Waverley. This has not, as you suggested, saved the taxpayer £10 million per year, as this would have been paid by the housing association, funded through the rental stream. In fact, Waverley council tax payers would have felt the financial benefit of stock transfer, as the Council would have received a significant capital receipt.

Between the financial years 2005/06 – 2009/10 the Council will have received a total income from its Housing Revenue Account of £109 million. Of this we have had to pay £47.8 million to the Government in Negative Housing Subsidy. This left us with £61.2 million to invest in services.

Most of our revenue expenditure relates to the day-to-day activities of the housing service – approximately a third is spent on day-to-day repairs and cyclical maintenance; a third on management of the housing stock; and a third on depreciation, which is then translated to the Major Repairs Reserve, which funds, in part, our capital programme.

As you will know, Decent Homes work is funded through the Council's HRA capital programme. However, not all capital expenditure contributes to the Decent Homes Standard for example: aids and adaptations, asbestos related work, lift replacement, garage maintenance, etc. However, these are necessary and desirable works.

Since 2005/06 and including the current financial year, the Council will have spent some £35.1m through its capital programme. Approximately, two-thirds of our capital programme is directly Decent Homes related.

You rightly point out that Ridge and Partners identified that the Council needed to spend a minimum of £22 million (calculated at 2004 prices) to meet the Government's most basic Decent Homes Standard. In fact, Ridge and Partners made it clear that whilst this figure was possible in theory, it would be virtually impossible to achieve in practice. They did not recommend that the Council should adopt this approach.

Let me illustrate the point - a home can meet the Government's Decent Homes Standard on one of the criteria so long as either the bathroom or the kitchen meets the Decent Homes Standard. When a property becomes vacant we might well find that the bathroom meets the DHS, but the kitchen is old, in very poor condition and needs replacing. We have taken the view that it is unreasonable not to replace the kitchen – even if technically, under the DHS, it does not need replacing. It seems to me that we have to apply common sense to these issues and not slavishly follow a minimalist theoretical approach.

Ridge and Partners suggested that a possible (but not ideal) spend to achieve the minimum Decent Homes Standard would be in the order of £35 million; but recommended that a figure of £41 million should be invested in the Council's housing stock to meet the Decent Homes Standard in a realistic and sustainable way.

In 2004, 58% of the Council's housing stock was non-decent and 42% decent. By comparison, at the end of March 2009, 48% of the Council's housing stock did not meet the Decent Homes Standard and 52% met the standard. We anticipate that by March 2010, 60% of the Council's housing stock will meet the Decent Homes Standard, so we are making steady progress and improved the situation by 18% over that period. However, as you will appreciate, because the DHS has age related elements, more stock becomes non-decent and there is always more work to do simply to stand still.

The main reason why the Council cannot meet an acceptable Decent Homes Standard – as explained to tenants in 2005 - is that we have had to pay increasing amounts of negative housing subsidy to the Government – some 47% of our income this year goes directly to the Government.

You mention, in your question, 'unnecessary debt'. Actually, the Government is currently proposing to change the current HRA subsidy system by giving to local authorities, like Waverley, a large debt to service through its rental stream. The Stock Transfer proposal had the advantage of providing tenants with decent homes and significant improvements to their homes and services; and indeed, the Council would also have received a capital receipt to invest in more affordable homes.

The current proposal being put forward by the Government has no merits or advantage to Waverley's tenants, as our tenants will be given a debt to service, which was incurred by local authorities elsewhere in the country. We estimate that Waverley could be given a debt of around £180 million and very possibly more to service. This is outrageous!

If ever there was 'unnecessary debt', as you put it, this is about to be foisted on us. We are working hard to resist these proposals and get a better deal for tenants.

I am committed to improving the homes in which our tenants live, there is much more to do. However, we find ourselves in the grips of a bad financial regime, which it appears is about to be replaced by an even worse one for our tenants."

PART I - RECOMMENDATIONS TO THE COUNCIL

There were no matters falling within this category.

Part II – Matters Reported in Detail for the Information of the Council

There were no matters falling within this category.

Part III – Brief Summaries of Other Matters Dealt With

106. **EXECUTIVE FORWARD PROGRAMME** (Agenda Item 6; Appendix A)

RESOLVED that the forward programme of key decisions for Waverley Borough Council be adopted.

107. **BUDGET MONITORING** (Agenda Item 7; Appendix B)

RESOLVED that

1. the position as at 30th September 2009 be noted;
2. £15,000 of the car park Capital Programme savings be now reinstated;
3. £225,000 of HRA capital receipts be brought forward into 2009-10 to support the kitchen replacement programme; and
4. the Budget continue to be monitored closely during the remainder of 2009/10.

108. **TREASURY MANAGEMENT** (Agenda Item 8; Appendix C)

The Executive commended officers on the work undertaken on investment performance and

RESOLVED that the first half year's Treasury Management Performance for 2009/10 be noted.

109. **PHILLIPS MEMORIAL GARDENS IMPROVEMENT PROJECT** (Agenda Item 9; Appendix D)

The Executive noted that discussions had taken place with Godalming Town Council to determine whether they were content for the land to continue in Waverley's ownership.

RESOLVED that the Executive

1. agree to the formation of an Officer's project group to take the project forward and instructs this group to work with the new steering group to put together a 'Phase 1' Parks For People application in time for the February 2010 deadline and to add a Finance Officer to the proposed Group;
2. agree that, in order to meet the requirement of the Parks for People fund that 25% partnership funding is found by the applicant, the proposed project be considered as a high priority for the next three years for any S106 and Infrastructure Tariff moneys coming forward for 'Environmental Improvements' in the Godalming area;
3. instruct officers to seek alternative third-party funding for the project which can either be used as partnership funding for the wider project or provide an alternative to the HLF funding should the HLF bid be unsuccessful;
4. agree that, in order to accurately quantify the potential costs involved in the project (with specific reference to the Cloister), a suitably qualified consultant be appointed to produce a 'Conservation Management Plan' for the site as soon as possible, and that £10,000 of the 2010/11 draft capital allocation of £50k for this project be brought forward to finance this; and
5. instruct officers to seek confirmation from Godalming Town Council, that because of the potential risk to HLF funding, it would be content for Waverley not to progress the devolution of this site and for the land to continue in Waverley's ownership.

110. WAVERLEY BOROUGH COUNCIL OLDER PERSONS HOUSING STRATEGY 2009-2012 (Agenda Item 10; Appendix E)

RESOLVED that the Executive strongly endorse the Waverley Borough Council Older Persons Housing Strategy 2009-2012.

111. DEVELOPING AND WIDENING TENANT PARTICIPATION AND INVOLVEMENT (Agenda Item 11; Appendix F)

RESOLVED that the Executive endorse the report and the comments of the Community Overview and Scrutiny Committee.

112. PROGRESS REPORT: LANDLORD SERVICES AUDIT COMMISSION INSPECTION (Agenda Item 12; Appendix G)

RESOLVED that the report be endorsed.

113. DISPOSAL OF HOUSING REVENUE ACCOUNT PROPERTY (Agenda Item 13; Appendix H)

RESOLVED that

1. the Council dispose of Woolmer Hill Lodge, Haslemere, on the open market on terms to be negotiated by the Council's Estates and Valuation Manager and Deputy Chief Executive; and
2. the capital receipt from the sale of this property be applied to contribute toward achieving the Decent Homes Standard in the remaining Council housing stock.

114. SOCIAL HOUSING GRANT : AFFORDABLE HOUSING, WHARF STREET, GODALMING (Agenda Item 14; Appendix I)

RESOLVED that the Executive approve making a grant of £135,000 from earmarked housing capital resources to Pavilion Housing Association to support the development of nine properties in Godalming.

115. SOCIAL HOUSING GRANT: AFFORDABLE HOUSING FOR HOMELESS YOUNG PEOPLE (Agenda Item 15; Appendix J)

The Executive welcomed the opportunity to support homeless young people from Waverley in a shared facility and

RESOLVED that the Executive approve making a grant of £100,000 from earmarked housing capital resources to Step-by-Step to support the development of a new supported housing building for homeless young people.

116. CUSTOMER SERVICE STRATEGY 2009-2012(Agenda Item 16; Appendix K)

RESOLVED that the Executive approve the Customer Services Strategy 2009-2012.

117. CUSTOMER SERVICES SPECIAL INTEREST GROUP (Agenda Item 17)

RESOLVED to appoint Cllr Dr Nicky Lee in place of Cllr Steven Renshaw on the Customers Services Special Interest Group.

118. ACTION TAKEN SINCE LAST MEETING (Agenda Item 18)

The Executive noted the action taken by the Chief Executive after consultation with the Chairman and Vice-Chairman since the last meeting.

119. EXCLUSION OF PRESS AND PUBLIC (Agenda Item 19)

At 7.45 p.m. it was

RESOLVED that pursuant to Procedure Rule 20 and in accordance with Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting during consideration of the following items on the grounds that it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present during these items there would be disclosure to them of exempt information (as defined by Section 100I of the Act) of the description specified in the following paragraph of the revised Part I of Schedule 12A to the Act, namely:-

Information relating to the financial or business affairs of any particular person (including the authority holding that information) (Paragraph 3).

120. REQUEST FOR FLEXIBLE RETIREMENT (Agenda Item 20; [Exempt] Appendix L]

RESOLVED that the recommendations in the [Exempt] report at Appendix L be approved.

The meeting commenced at 6.45 p.m. and concluded at 7.49 p.m.

Chairman