

Housing Transfer Committee

Tuesday, 12 September 2006

Present: Councillor Peter Goldsworthy, Councillors Francis Culshaw, Peter Malpas and Greg Morgan

Also in attendance: Councillors

06.HTC.01 APPOINTMENT OF CHAIR

Councillor P Goldsworthy was nominated and seconded to act as Chair of the new Committee.

RESOLVED – That Councillor P Goldsworthy be appointed as Chair of the Housing Transfer Committee for the remainder of the 2006/07 municipal year.

(Councillor P Goldsworthy assumed the Chair at this point).

06.HTC.02 TERMS OF REFERENCE AND ACCOUNTABILITIES OF HOUSING TRANSFER COMMITTEE

The Committee received a note which set out the terms of reference of the Housing Transfer Committee, which included, inter alia, authority to oversee the housing stock transfer process, take action under delegated powers and to recommend to the Council the final Transfer Contract setting out the proposed terms of the housing stock disposal.

The note also clarified the decision making powers of the Committee, including the protocols and procedures under which the Committee would operate.

The Committee were reminded that the formally appointed Committee would need to consider a degree of commercially sensitive information and that the meetings' agendas would need to be structured accordingly.

RESOLVED – That the terms of reference and proposed accountabilities of the Housing Transfer Committee, as now presented, be noted.

06.HTC.03 DECLARATIONS OF ANY INTERESTS

The Committee noted that, while Councillors Culshaw and Malpas were currently Borough Council representatives on the Chorley Community Housing Shadow Board, the Council were being recommended at its next meeting on 19 September 2006 to replace the two Members on the Shadow Board.

06.HTC.04 OVERVIEW OF HOUSING STOCK TRANSFER PROCESS AND KEY MILESTONES

The Committee received a report prepared by Mr A Johnson from the Council's lead consultants, Enterprise BWNL, which outlined the key tasks to be undertaken during the period up to the completion of the transfer of the housing stock to Chorley Community Housing following the positive result from the tenants' ballot.

The report summarised and commented on the various necessary tasks, categorised as follows:

- identification of the assets (including staff) to transfer;
- financial elements of the transfer;

- the ongoing relationship between the Council and Chorley Community Housing;
- the legal agreements.

In particular, Mr Johnson explained the special circumstances applying to Chorley in relation to the repayment of HRA debts based on the relevant Subsidy Capital Financing Requirement, calculated to be approximately £7m in Chorley's case. In essence, the Council would be allowed to borrow the outstanding sum from the Public Works Loan Board, with the debt being written off by the Government at the point of transfer. Whilst being unable to spend the £7m, the Council would be permitted to invest the money and benefit from the income generated.

RESOLVED – (1) That the report be noted.

(2) That a report on the anticipated financial impact on the Council of the housing stock transfer, together with a report clarifying the precise nature of the assets to be transferred and retained, be presented to a future Committee meeting.

06.HTC.05 PRESENTATION ON FINANCIAL POSITION

Mr A Johnson from Enterprise BWNL submitted a report and gave a short presentation on the wide range of financial issues and transactions that would need to be addressed during the post ballot period.

Mr Johnson reminded the Committee that agreement would require to be reached on the financial arrangements for the transfer of assets from the Council and a range of services to be provided to and from the Council. The report explained the nature of the envisaged financial transactions and sought Members' initial views on the arrangements in advance of the negotiation of the formal agreement.

The Consultants had recommended acceptance of the provisional valuation of the housing stock for negotiation purposes, being of the opinion that any increase in the valuation would only result in a reduction of the amount of debt to be written off by the Government and would not be beneficial to any of the parties.

The Committee's attention was also drawn, in particular, to both the Council's and CCH's post ballot set up costs, estimated to be in the region of £432,000 and £1,043,000 respectively. While, technically, CCH's costs would be funded by a Council loan repayable upon completion of the transfer, it was expected that all of CCH's set up costs would be met from the stock transfer valuation.

The Committee also referred to the expectation for the Council to write off the loan in respect of CCH's post ballot costs in the eventuality that the transfer was not completed. In this context, the Director of Finance intimated that he would be examining the implications of this eventuality, with a view to identifying the means by which the resultant impact could be mitigated.

RESOLVED – That the report and presentation be noted.

06.HTC.06 EXCLUSION OF THE PRESS AND PUBLIC

RESOLVED – That the press and public be excluded from the meeting during consideration of the following item of business on the ground that it involves the likely disclosure of exempt information as defined in Paragraph 1 of Part 1 of Schedule 12A to the Local Government Act 1972.

06.HTC.07 BEST VALUE REVIEW OF HOMELESS AND ALLOCATIONS SERVICES

The Committee received and considered the final report of the Best Value Review of the Homeless and Housing Allocation Services.

The Council would retain statutory responsibility for homeless services and the allocation of housing after the transfer of the housing stock to Chorley Community Housing, but could choose either to retain the services or contract them out. Any decision would need to be made on 'Best Value' principles, after an assessment of the respective merits of either retention or contracting out to the stock transfer registered social landlord (CCH) or to another provider. The Best Value review had, therefore, been commissioned to examine all relevant factors associated with the two functions and make a recommendation on the most appropriate and effective means by which the services could be delivered after transfer.

Owing to the complexity of the issues surrounding the Council owned temporary accommodation facility at Cotswold House, the facility had been excluded from the review.

While the conclusions of the Best Value Review report had supported recommendations to retain the homeless and allocations services in-house, the Committee were cognisant of the fine balance between the respective options, particularly in relation to the need to ensure that the services would be delivered by appropriately experienced and qualified staff on a cost effective basis.

It was accordingly

RESOLVED – (1) That Chorley Community Housing be invited to submit costed options proposals for the delivery of the Homeless and Allocations services based on the service specifications set out in Appendices 7 and 8 to the Best Value Review report on the basis:

- (a) that the ownership and operation of the Cotswold House facility transfers to CCH; and**
 - (b) that the Cotswold House facility does not transfer to CCH.**
- (2) That further consideration of the submitted Best Value Review report be deferred to await receipt of Chorley Community Housing's proposals requested in Resolution (1) above.**

(The meeting was re-opened to the press and public at this stage).

06.HTC.08 PROCESS FOR APPOINTMENT OF VAT ADVISORS

The Director of Finance reiterated the Lead Consultants' intimation of the intention to apply the VAT shelter arrangements to the stock transfer.

The Director reminded the Members of the de minimis rules operating for local authorities whereby a breach of the current limit would lead to the Council being liable for VAT payments. The Director, therefore, advised the appointment of VAT Advisors to assist the Council in managing the inherent risk of exceeding the threshold.

RESOLVED – That expressions of interest be sought from appropriate companies for the provision of a VAT advisory service.

06.HTC.09 FORWARD PLAN

The Executive Director – Environment and Community presented, for information, a draft forward work plan for the Committee up to the completion of the transfer arrangements, identifying the various issues for decision and information.

The Officer emphasised that the programme was likely to be refined and revised as the transfer process progressed and pointed out the need to rearrange the Committee

meeting scheduled for 7 March 2007 in order to ensure that the draft final contract was agreed for submission to the 6 March Council meeting.

RESOLVED- That the Forward Work Plan, as now submitted, be noted.

06.HTC.10 HOUSING STOCK TRANSFER PROJECT HIGHLIGHT REPORT

The Committee received the updated project highlight report produced by the Corporate Transfer Project Officer. This was the principal high level project monitoring document under the Council's performance management system and indicated that the overall project status was satisfactory (Green).

The project plan has been updated and expanded to incorporate more corporate issues. The post ballot plan produced included both Council and CCH actions and tasks required to ensure that the project remained on track.

RESOLVED – That the project highlight report be noted.

06.HTC.11 ACCOMMODATION FOR CHORLEY COMMUNITY HOUSING LIMITED

The Director of Property Services reported that, as a result of the re-organisation of the Council's office accommodation requirements, it was likely that the Council would be able to offer Chorley Community Housing the use of the Gillibrand Street offices, together with accommodation at the Bengal Street Depot. The Officer intended to commence negotiations with the Managing Director (Designate) of CCH on terms for a three year lease of the premises.

The outcome of the negotiations would be reported to a future meeting.

06.HTC.12 DATE OF NEXT MEETING

The next meeting of the Housing Transfer Committee was scheduled to take place at the Town Hall, Chorley on Tuesday, 10 October 2006 at 5.00pm

Chair