

REPORT OF HOUSING TRANSFER COMMITTEE

GENERAL REPORT

1. A meeting of the Housing Transfer Committee was convened on Thursday, 22 March 2007 principally to consider (i) the procurement of an insurance cover in respect of potential claims under the environmental warranties; and (ii) an update on the outstanding Transfer Agreement issues.
2. This report summarises briefly the Committee's discussion and decisions on these two issues.

Environmental Warranty

3. We were reminded by the Director of Finance that the Council will be required to grant warranties to indemnify Chorley Community Housing against claims for contamination and pollution which might arise during the 18 years from the transfer of the Council's housing stock.
4. An environmental study commissioned by the Council to assess the potential risks has identified a number of medium risk areas and quotations have been secured from two short-listed insurance companies for the provision of an insurance cover in respect of the Council's potential liability. The two quotations vary considerably and contain numerous provisos and exclusions which will require further evaluation by the Council's legal and insurance advisors.
5. We accepted the wisdom of advice to seek insurance cover against any potential liability and have given the Director of Finance delegated power to agree the best available terms for an insurance policy to cover as much as possible of its potential liability under the environmental warranty to be granted by the Council to Chorley Community Housing.

Transfer Completion Arrangements

6. The Council, at its meeting on 6 March, approved the transfer of the Council's housing stock to Chorley Community Housing (CCH) on the best acceptable final terms, as based upon the draft terms and provisions contained in the Consultant's report to the Council, with delegated powers being granted to the Housing Transfer Committee to agree all outstanding matters, including any consequential variations that may be required to complete the transaction.
7. We were presented at the start of our meeting on 22 March with a supplementary briefing note from the Council's Legal Consultants (Trowers and Hamblins) on the terms and provisions of the housing stock Transfer Agreement, which updated us on the issues that had remained outstanding at the last meeting of the Council on 6 March. We were informed on 22 March that a number of issues still remained to be resolved before the Transfer Agreement could be finalised and signed and that negotiations between the two parties and their respective Consultants were continuing in the hope that the transaction could be completed, as envisaged, on Monday, 26 March 2007.
8. The meeting was, in fact, adjourned twice, firstly to 2:00pm on Friday, 23 March and, secondly, to 9:00am on Monday, 26 March 2007.
9. At the adjourned session on Monday, 26 March we were told that the negotiations were still on-going, with discussion focusing on the resolution of three outstanding commercial issues centring around the Pensions Admission Agreement, the implications of the job evaluation

process and indemnities in relation to disclosures made by the Council in respect of a number of staff transferring to CCH under the TUPE regulations.

10. The Committee indicated its support of the Officers' and Consultants' negotiating stance on the outstanding issues, and resolved under their delegated powers (i) to approve the transfer of the housing stock on the basis of the terms and provisions previously agreed by the Council on 6 March, but as revised and updated by the Consultants at the three sessions of our last meeting; and (ii) to grant delegated authority to the Executive Director (Environment and Community) and the Director of Finance to determine all outstanding issues in relation to the Transfer Agreement and agree final variations to the Agreement.
11. The Committee meeting terminated at 9.30am, on Monday, 26 March, following which the negotiations between the Council, CCH and Consultants continued for the remainder of the day, concluding only in the early evening with the completion and signature of the Transfer Agreement. This was facilitated by the earlier agreement by the Executive Director (Community and Environment) and the Director of Finance to the provision of a Council indemnity to CCH in respect of staff disclosures, subject to the Council being reimbursed for any claims under the indemnity through a further tranche of the VAT sharing agreement.
12. This concludes one of the most significant, longest and complex transactions in which the Council has been involved and the Council's gratitude is extended to each of the Councillors, Officers, Consultants and tenants who have engaged in and contributed to the arduous work involved in the transfer process. We wish Chorley Community Housing well in its future management, maintenance and improvement of the housing stock.

COUNCILLOR P GOLDSWORTHY

Executive Leader and Chair of the Housing Transfer Committee

AU

There are no background papers to this report.