MINUTES OF A MEETING OF THE
TOWNS & COMMUNITIES OVERVIEW & SCRUTINY COMMITTEE
Town Hall, Main Road, Romford
15 February 2012 (7.30 - 9.05 pm)

Present:

Councilllors Frederick Osborne (Chairman), Wendy Brice-Thompson, Osman Dervish, Paul McGeary, Ray Morgon, Garry Pain and Keith Wells

Apologies for absence were received from Councillor Linda Hawthorn and Councillor Michael Deon Burton

Councillor Frederick Thompson was also present for the meeting

19 MINUTES

The Minutes of the meetings held on 14 November and 21 December were agreed as correct records and signed by the Chairman.

20 HOUSING REVENUE ACCOUNT - BUSINESS PLAN 2012-2042

Committee members received a presentation from Tony Huff, Director of Finance & Resources, of Homes in Havering (HiH).

The presentation detailed how the Housing Revenue Account (HRA) was due to become self financing by April 2012.

Members noted that the current HRA was a ring-fenced ‘landlord’ account that looked after the day-to-day running expenses and income for council housing and was separate from Council Tax. It was also noted that no other services within the council to compete with but the Council was competing for resources with other councils.

The present system involved rental income that was paid by tenants and leaseholders being paid to Central Government who then in turn gave a subsidy back to the Council.

Members were advised that debt interest determined whether positive or negative subsidy was given to a council. If a council was in negative subsidy then excess cash was used to cover debt costs of councils where rent income was not sufficient to cover interest payments. The present system meant councils had no real control over rental income as rents were set by a national rent restructuring formula.

The current funding arrangement was unfair to tenants as a whole mainly due to the following reasons

- Future rental surpluses not necessarily spent on services
- Lacked transparency – who really knew what happened to their rents
- Did not support long term planning and efficiency
- Under-funded basic maintenance of the stock in the long term
- Anti-community empowerment – very difficult to have meaningful engagement on spending priorities locally
- Lack of accountability

Members were advised that plans were in place to abolish the current national HRA housing subsidy system by April 2012 and to replace it with a devolved, self financing system. All HRA authorities would retain all rent and capital receipts (excluding those from Right to Buy sales for at least 4 years) plans were in place to develop a single national one-off adjustment in which housing debt was redistributed between HRAs locally which would provide resources to ensure adequate management and maintenance of the stock including communal areas and which would provide resources to meet the backlog of stock investment Decent Homes Funding had missed.

Members noted that Havering's share of the national debt was likely to be just over £243 million which equated to roughly £16,000 - £17,000 per property.

Members were advised that Central Government released bonds that were lent to the Public Works Loans Board who then lend the money to councils who then paid it back over a long term period almost equivalent to a mortgage. Calculations carried out had shown that the Council would be debt free in 19 years.

Members thanked the officer for his presentation.

21 LOCALISM ACT 2011

Committee members received a presentation from the Council's Corporate Policy and Performance Manager, Claire Thompson.

The presentation detailed the impact that the Localism Act 2011 would have on local communities.

Members noted that the Act was central to the Government's agenda of promoting its key themes of Big Society, localism, decentralisation and empowering local communities.

Key parts most relevant to Local Government were:

- Local Government (Part 1) / NNDR (Part 4)

- Community Empowerment (Part 5)
- Planning (Part 6)
- Housing (Part 7)
- London (Part 8)

During the discussions the following topics were discussed

Local Government

The general power enabled local authorities to do "anything that individuals generally could do" that was not expressly prohibited by law. It gave more freedom for local authorities to work together in new, and more innovative, ways. However local authorities could not use the power to delegate or contract out their functions nor alter governance arrangements. They also could not use the power to avoid limitations on them that were already in legislation, e.g. formulate a new form of taxation.

Community Empowerment

The Act made changes to the Local Government Finance Act 1992 in respect of council tax. It placed a duty on local authorities to determine whether their relevant basic amount of council tax is excessive, based on a set of principles determined by the Secretary of State and approved by the House of Commons. If a local authority proposed to raise council tax above the limit (determined by the principles) a referendum would need to be held asking the local electorate to choose between the proposed rise and a 'shadow budget' which would be under the given ceiling (so basically to approve or veto the rise).

Planning

The Act provided for the abolition of the regional planning tier, incorporating regional authorities and regional development agencies, and existing regional strategies. However, it did not change the Mayor of London's statutory planning functions.

It placed a duty on local planning authorities and other public bodies to co-operate and work together on the preparation of development plan documents, and to consider joint planning approaches.

It set out the role of local planning authorities in respect of local development schemes. Local planning authorities would be required to publish up-to-date information direct to the public on the scheme, including compliance with the timetable for preparation or revision of development plan documents. For London Boroughs, the scheme would no longer need to be submitted to the Mayor of London.

All development plan documents must be submitted for independent examination to a planning inspector, who would produce a report determining whether or not it was suitable for adoption. Unlike arrangements before the Act, the inspectors' report would no longer be binding on the local authority.

Assets of Community Value

The Act required local authorities to maintain a list of assets it considered to be of community value, both publically and privately owned, that have been nominated by the local community. These might include the village shop, local pub, community centre or library. When listed assets come up for sale or change of ownership, the Act then gave community interest groups the time to develop a bid and raise the money to bid to buy the asset.

A building or land is defined as being of 'community value' if it furthered the social wellbeing or social interests of the local community. The owner of any listed asset can only dispose of the asset where the specified conditions were satisfied. These conditions provided for notification to the local authority of the intention to dispose of the asset, and for a six week interim moratorium (for community interest groups to express an interest), a six month full moratorium (for community interest groups to put a bid together). If the owner meets these conditions the asset would not be subject to any restriction on disposal for a further 12 months.

The Secretary of State was authorised to provide advice or assistance to any community interest group in connection with bidding for the asset or in connection with bringing the asset into affective use. This included financial assistance, such as grants or loans.

The Government had made clear the Act did not restrict who the owner of a listed asset can sell to or at what price and does not confer a right of first refusal to community interest groups.

Social Housing

The Act placed a new duty on local authorities to prepare a tenancy strategy setting out matters to which all registered providers of social housing should have regard to in framing their tenancy policies. It also provided for the social housing regulator to set a standard on tenure, and for the local housing authority, when formulating its homelessness strategy, to have regard to its current allocations scheme, tenancy strategy and London housing strategy

The Act allowed for more flexible arrangements for people entering social housing in the future. Social landlords would now be able to grant tenancies for a fixed length of time (but not less than 2 years).

The Act removed the statutory right of those other than spouses and partners to succeed to a secure tenancy but provides discretion for landlords to grant succession rights. Existing tenancies were not affected.

Members thanked the officer for her presentation.

____

Chairman