

# Minutes

<b>Meeting name</b>	<b>Scrutiny Committee</b>
<b>Date</b>	<b>Tuesday, 14 June 2022</b>
<b>Start time</b>	<b>6.30 pm</b>
<b>Venue</b>	<b>Parkside, Station Approach, Burton Street, Melton Mowbray, Leicestershire. LE13 1GH</b>

## Present:

**Chair** Councillor R. Child (Chair)

**Councillors**

J. Wilkinson (Vice-Chair)	S. Atherton
P. Chandler	J. Douglas
C. Evans	E. Holmes
P. Posnett MBE	T. Webster

**In Attendance** Councillor R. Browne

**Officers**

- Director for Housing and Communities (Deputy Chief Executive)
- Director for Corporate Services
- Assistant Director for Housing
- Housing Management – Strategic Projects Lead (via remote link)
- Housing Asset Manager
- Housing Development Manager
- Senior Technical Accountant
- Senior Democratic Services and Scrutiny Officer
- Democratic Services Officer (CR)

Minute No.	Minute
10	<p><b>APOLOGIES FOR ABSENCE</b> An apology for absence was received from Councillor Glancy.</p>
11	<p><b>DECLARATIONS OF INTEREST</b> A personal interest in respect of Councillor Posnett was noted as being on record for any matters which related to Leicestershire County Council.</p>
12	<p><b>HOUSING REVENUE ACCOUNT (HRA) BUSINESS PLAN (2022-2052)</b> The Portfolio Holder for Housing and Landlord Services, Councillor Ronan Browne, introduced the report and the Housing Revenue Account Business Plan. Councillor Browne informed Members that he had decided to delay the Business Plan because it needed to be stress tested and in order to incorporate new regulations.</p> <p>Following a query raised regarding the sensitivity analysis and the projected finances which ranged from a negative £4.5m to a positive £120m, it was explained to the Committee that the sensitivity analysis is designed to highlight the variations that could occur upon the budgets, e.g. if rental income couldn't be raised as much as anticipated. Members were reassured that Officers would be closely monitoring budgets and adjusting them when required.</p> <p>Members were informed that the consultant who assisted with the development of the Business Plan stated that in regard to the Council's costs, rents were low and staffing costs are high. It is hoped that through the Asset Management Plan and the Business Plan, costs would be lowered through targeted interventions. In addition, Members were reassured that Officers would review the Business Plan each year and make amendments as necessary.</p> <p>The Council would join HouseMark and, following a query, it was confirmed to the Committee that HouseMark would provide opportunities for informal peer reviews as well as benchmarking data but that the data would be only as good as the data inputted by the Council. Members were also informed that more self-assessments would be carried out by the Council.</p> <p>The question was asked as to why the Asset Management Plan wasn't completed prior to the Business Plan, as it was felt that the Council would produce a better Business Plan if all assets were known, however it was explained that Officers needed to establish an overview in which to develop strategy. This would be done through the Business Plan which would then inform the Asset Management Plan. Members were reminded that the Business Plan won't do everything but it would highlight what tenants view as important.</p> <p>Concern was raised regarding registered providers allocating affordable homes to people from outside of the Borough. Officers reassured Members that when registered providers acquire or provide affordable housing then they are bound by the Housing Allocations Policy which includes local connection criteria.</p>

A Member raised a concern regarding an over reliance on consultants to support Council work, however in response it was explained that the use of the consultant provided the Council with extra assurance and validation to the Business Plan. Although the cost was £4,200, it was recognised that in comparison to the multimillion-pound Business Plan, then the cost for the feedback and extra assurance represents good value. The feedback received from the consultant meant that hiring them was worthwhile and represented value for money. It was recognised that the Council's housing assets are important and that the Council must take care, even if that means acquiring extra assurance and validation for the Business Plan from a consultant.

Further discussion ensued regarding the use of consultants and it was explained that the consultant met with the Portfolio Holder and Officers. It was noted that the Council had used consultants 10 years ago and not needed them again, as there was knowledge transfer, until the development of the Business Plan.

The comment was made that 20% of the housing stock had not been surveyed as part of the stock condition survey, therefore meaning that the Council do not know the condition of 20% of the housing stock. In response it was explained that the stock condition survey was not the only time Officers obtain access to properties and that elements of the stock, e.g. the heating system, are regularly inspected and maintained. In addition, it was recognised that access to properties is an issue but that safeguarding issues mean that Officers have to carefully manage requests for access. Officers also explained that 80% of the stock had been visually inspected, and that whilst other local authorities had reported stock condition surveys achieving 100% that was due to the fact that the stock had been profiled, so that not all properties were inspected, just inspections of the main property types. Members were assured that the uninspected 20% will be a targeted and each year 20% of the stock will be reinspected to ensure that the stock condition data remains current and accurate to inform both the Business Plan and Asset Management Plan.

It was noted that the capital programme was underspent by 50% in 2021/22, but Members were reminded that reassurance was given at the time of budget setting that all available funds would be spent going forward. Key to achieving this was the awarding of the capital programme.

A discussion on garages ensued and Members commented that garages shouldn't be demolished without the correct consideration being given to what replaces them. In response, it was explained that garages are not commercially viable, however if a garage is let then it needs to be in a good condition and occasionally the cost to bring a garage up to standard outweighs the potential income.

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**AFFORDABLE HOUSING DEVELOPMENT PLAN 2022-26**

The Housing Development Manager introduced the Affordable Housing Development Plan with a presentation and outlined to the Committee the issues and challenges with developing a plan.

The Chairman queried whether borrowing for the Development Plan was affordable. In response, Members were informed that until the Asset Management Plan is developed then it would be difficult to assess.

The query was raised with regard to how the Council is going to prevent the investment (in building new affordable housing) from being sold under the right to buy scheme. The Committee were reassured that once a property has been built, the Council will be able to recover its investment in new homes if these are sold. This is due to the cost floor figure which is the amount of money spent on an individual property in the 10 year period prior to the sale, for properties acquired or built after 1 April 2012 this period increases to 15 years. This means that the purchasers full discount would not be applied if that would result in the purchase price being below the cost of purchase/build plus repairs.

Concern was raised that the targets for the development plan were not ambitious and actually represent a net loss of 5 properties per year when factoring in sales under the right to buy scheme. In response, it was explained that the targets are based on the Council's ability to borrow. Members were informed that the development plan has to be proved as a concept before ambitions are raised. Also, the right to buy receipts have to be spent within a defined timescale otherwise monies have to be returned to the government, although it was confirmed that the Council have never returned right to buy monies to the government.

Further discussion on the development of affordable housing ensued and the question was asked as to how many affordable homes had been built in the previous 5 or 10 years. In response, the Committee was informed that the Council have built 10 properties and purchased 12 in the last 10 years. The replacement hasn't been like for like, as the Council does not receive like for like monies through right to buy sales.

A comment was made that there had been discussions about building affordable housing for a number of years and that there had been little progress. In response, Members were assured that it is the intention to start building replacement affordable homes at a rate of 5 per year but that the concern had been noted. However another Member commented that they welcomed the cautious approach because the priority is to have enough resources to look after tenants. They added that they want the Council to have plans and fulfil them but this shouldn't be done rashly.

The point was made that the Council should be ensuring that developers build the affordable housing they said they agreed to do when their applications were given planning permission, particularly in the villages where there isn't as much affordable housing.

The meeting closed at: 8.33 pm

