

**MINUTES OF THE BRENT HOUSING PARTNERSHIP SPECIAL MEETING
HELD ON THURSDAY 28TH JANUARY 2010**

Present:

Board Members

Karin Jaeger (In the Chair)	TRA
Brian Litchfield	TRA
David Unwin	TRA
Shaidah Ramzan,	TRA
Dennis Woolcock	TRA
Alec Castle	Councillor
Sami Hashmi	Councillor
Jim O'Sullivan	Councillor
Colin Moone	Independent
David Offenbach	Independent

Officers

Helen Evans (HE) (Managing Director) Gerry Docherty (GD) (Director Technical Services), Gary Chase (GC) (Director of Finance), Sandra Royer (SR) (Director of Housing Management), and Jim Cranfield (Clerk)

In attendance for part of the meeting: Martin Cheeseman Director of Housing and Community Care (DHCC), and Eamon McCarrol (EM) Head of Finance, Housing & Customer Care

30 Apologies for Absence

Apologies were received from Joyce Baldy-Gray, Annette Collins, Kathy Ellison, Janice Long and Chirag Pandya

31 Declarations of Interest

None.

32 Housing Revenue Account (HRA) Budget 2010-11 and Rent Increase Proposals for Council Dwellings for 2010-11

In accordance with previous practice, BHP was invited to comment upon proposals to be submitted to the Council's Executive on 15th February regarding the setting of the HRA budget for 2011, associated options and in particular the level of dwelling rents and service charges.

The report for submission to the Council's Executive Committee was submitted.

GC advised that the report had been the subject of consultation and agreement with BHP officers and submitted a briefing paper which addressed the main recommendations.

Martin Cheeseman and Eamon McCarrol provided further explanation on the content of the report and responded to Members questions and comments.

Key Points included:

- In accordance with the provisions of the Local Government and Housing Act 1989 the Council was required to set a Housing Revenue Account budget that does not show a deficit.
- The two main income elements of the HRA budget comprised government subsidy and rents.
- The government had reduced the level of subsidy support for Brent's HRA in 2010/11 by around £1.5m. This reduction came about as the result of the application of the formula for subsidy distribution first introduced in 1990 and now widely considered to be unsatisfactory. Members noted that the review of Housing Finance was expected to be completed shortly following a consultation process commenced in 2009. Officers outlined the two main proposals and in particular the potential benefits to Brent of one option involving a devolved self financing system.
- Disregarding balances, the product of any rent/service charge increases and taking into account growth factors, the HRA budget showed a deficit of £1.829million in 2010/11.
- The rent setting process continued to be influenced by the Government's intention to bring about a convergence between public sector and private sector rents. Deviation from government guidelines would incur financial penalties. An average rent increase of £0.87 per week (1.09%) and an increase in service charges by 1.23% was recommended to comply with the Government's guidelines
- By taking account of rent restructuring the following budget position was shown:

Description	£000's
Deficit	1829
Growth	150
Growth funding proposal	-150
Sub total	1829
Product of service charge increase	-35
Product of rent increase	-419
Revised Deficit	1375

Growth of £150k was provided to meet the revenue costs of a £6m HRA Capital Programme.

It was proposed that the revised deficit be mitigated by the following measures, the detail and nature of which was explained in the report. It was noted that the further savings (£175k) would come from General management budget heads which BHP and Council officers considered were achievable. These would be additional to the HRA net savings of £992k relating to efficiency and stock loss savings.

Description	£000's
Revised deficit above	1,375
Capital financing costs	-100
Further savings	-179
Use of balances (caps and limits in areas)	-500
Review ALMO round 2 Inters Rate adjustment	-596
Revised Deficit	0

- BHP's Management fee had not yet been finalised and the report recommended that the DHCC be delegated to agree the fee following negotiations with BHP.

In Discussion

DO questioned whether the effect of a rent freeze had been considered and it was noted that the effect of various levels of rent increase, including a freeze were set out in the report. A rent freeze would require an additional £419k of savings to be found.

Members noted that there was some uncertainty regarding the Government's timetable for implementing changes to Housing Finance in view of the national elections in 2010. However the expected publication in February of the main proposals should enable the debate to be taken forward and some financial projections to be made.

In conclusion Members thanked the officers for their presentations and agreed to note the report.

MC and **EM** left the meeting at this point.

33 Private and Confidential Businesses

Resolved

That the press and public be excluded from the remainder of the meeting in view of the confidential nature of the business to be discussed.

34 Proposed Restructure of Brent Housing Partnership

Helen Evans presented reports detailing the case for re-organising the company and the decisions required at this stage to enable initial consultations to be undertaken and other preliminary actions to be commenced.

The report advised upon the need for BHP to be able to respond effectively to the changing operational, political and regulatory environment.

Challenges to the operational environment arose from the increasing burdens placed upon landlord and managing agents, particularly the increasing importance placed on health & safety and the likelihood of diminishing overall resources.

The political environment included, at the national level, indications that ALMO's were no longer considered essential to deliver government housing policy and at the local level by the drive for substantial efficiency savings totalling, in Brent, around £50m over four years.

The regulatory environment was undergoing radical change with a new funding and enabling role for the Homes and Communities Agency and the creation of the new Tenant Services Authority.

Taking these factors into account, each service area of BHP had been critically examined to determine the best fit in terms of delivery and cost. An assessment of the overall impact of options in operational, personnel and financial terms was provided.

The Board noted that decisions were not being sought at this stage on the more detailed proposals which would be the subject of further discussion with the Board and formal consultations.

However the Board was advised that, at this time, agreement was sought on the need to make efficiency savings so that priority areas of work could be better resourced and in anticipation of reduced resources resulting from the economic climate.

In Discussion:

Members supported the need for a radical review of the existing structure for the reasons outlined.

It was felt that the process should be supported by a dedicated project group of Board Members who would report to the Board and **HE** was requested to make the necessary arrangements.

Resolved unanimously:

- 1 That the appointment of a full time project manager with appropriate skills to lead the project be agreed;
- 2 Specifically, that the Executive Team be authorised to begin consultation with staff and trades unions on a new structure for Brent Housing Partnership based on the functional principles set out in the main paper;
- 3 That an away day event be arranged for the Board to consider the proposals in detail;
- 4 To agree that the savings targets for this process will be five to ten percent of the current management fee;
- 5 To agree that provision of up to £300,000 in the current and next financial year be made to meet the costs arising from restructure;
- 6 That a project group of Board Members be established to support the process.

35 Director Designate

The Chair welcomed and congratulated Gerry Doherty on his appointment and wished him every success.

The meeting closed at 7.45pm having completed its business

Chair Date