Appendix D (ii)

APPENDIX B – Extract from Adults Communities and Wellbeing 19th January 2022 – showing elements relating to the HRA only.

North Northamptonshire Council

NOTES OF THE BUDGET TASK AND FINISH GROUP FOR

ADULTS, COMMUNITIES AND WELLBEING (INCLUDING HRA)

SESSION 2 – 19 JANUARY 2022 held at 1.30pm using the Zoom platform

Attendees:

Cllrs Mark Pengelly, Richard Levell, Valerie Anslow, Scott Brown, Jim Hakewill, Ken Harrington, Larry Henson, Ian Jelley, Steven North and Malcolm Ward.

Executive Members/Officers: Cllrs Lloyd Bunday, Helen Harrison, Helen Howell, David Howes and Andy Mercer. David Watts, Kerry Purnell, Susan Hamilton, John Ashton, Zakia Loughead, Samantha Fitzgerald and Catherine O'Rourke.

(Councillor Wendy Brackenbury also attended).

Finance Officers: Mark Dickenson, Claire Edwards and James O'Connor.

Democratic Services: Carol Mundy, Raj Sohal and Emma Robinson.

Prior to the meeting formally commencing the chair raised the issue of consultation with the public and asked how the public would be made aware of the budget discussions taking place at the Executive meeting in February. He had been informed that a considerable number of community groups were unaware of the consultation. Would there be a separate consultation meeting arranged for the public to attend to express their views?

Executive members clarified that they were not aware of a separate consultation meeting being planned. They were, however, aware that there had been community engagement with town and parish councils as well as extensive publicity around the consultation process.

Cllr David Howes referenced the former engagement process held in Kettering, where a meeting was held for the public to attend, along with senior officers, where the budget would be presented, and the public had the opportunity to ask questions. He also referenced the Rural Forum, which in future years could be held during the consultation period, to aid the process.

Members also asked if Executive Members could consider visiting communities generally to take on board people's concerns for next year.

1. Presentation

David Watts had circulated a consolidated set of slides to members, which included the slides from session 1 along with a second slide giving the responses to the queries raised at that session.

There were no further questions in relation to public health, and Susan Hamilton left the meeting.

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The slides provided members with the additional information requested and Kerry Purnell explained the position in relation to voids for the HRA and Kettering and Corby.

She reported that the data for each area was collected differently. Her response detailed the number of live voids, properties with the depot, properties ready to let and those expected to come forward within a four-week period.

In Kettering the voids turn-around times for a three-month period averaged between 50 and 70 whilst comparable data for Corby for December 2021 indicated between 90 and 126.

She explained the difference between a standard void, when remedial work would take a shorter time to complete, compared to a major void when a property would need considerable work to bring it to a rentable standard, such as new heating systems, bathrooms and kitchens.

- Members asked why the voids were so different in each area and why there were different timescales for completion of works?

  KP explained that there were various reasons for the differences with one reason being how supplies and stock was obtained. Kettering had its own property store, whilst Corby had a contract with a supplier, and this was dependent on supply. This had an impact on how quickly work could be carried out.

  A project for property stores was underway, with an options appraisal already undertaken, to consider the best way forward. When ready this would be put before the leadership team and the Executive.

- Is there a target for voids and if so, what is it?

  KP was not aware of a target but would investigate this and respond to members.

- Does homelessness have an impact on voids?

  KP clarified that voids sit within the HRA budget and that the housing stock was for housing tenants only and therefore unrelated to homelessness. Prospective tenants on the housing register will be offered a tenancy if they qualify. Properties for homelessness came from the general fund and there are a smaller number of properties for use in this area.

- Clarity was sought over whether homeless families could potentially be housed in stock – though not in a void property – that was funded from the general fund rather than the housing revenue account.

  This was confirmed.

- Why does it potentially take 250 days for a property to be ready for occupation?

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KP clarified that many voids required major refurbishment with new heating, kitchens, bathrooms etc. it depended on what resources were available and prioritisation at the time it became void. The properties that become available were of mixed sizes and some had been occupied by the same tenants for several years and may require complete renovation.

KP will provide data of the 'type' of current voids.

- How long to voids remain with Registered Social Landlords?

  KP clarified that whilst she regularly met with Greatwell Homes she did not know their timescale for voids. She also commented that figures wouldn't necessarily be comparable as a social landlord could move money around to urgently address voids and repairs.

- Looking to the future should the Executive consider a 'stock transfer' to reduce voids and make tenants lives better?

  Cllr Mercer commented that this could be looked at, in his opinion he had found that some stock transfers had been very impressive and others not so good. Ultimately the decision would lay with the tenants if this was even considered.

  Cllr Harrison commented that as a member of the Executive all options for delivery of the best service for residents had to be considered. At this time this option was not being investigated.

- Could scrutiny look at this?

  MD cautioned that a stock transfer may not be viable. With the current level of debts, the level of receipts would be less than the debt and NNC would potentially end up with no taxable receipts which could result in a government intervention.

- A further explanation of the way stock was obtained was requested.

  KP clarified that Kettering had a depot store of essential stock products and materials that were frequently used, along with a digitalised stock control system. This enabled good control and ensured appropriate payments to suppliers.

  Corby has a contract with suppliers Jewson's which was due to expire in January 2023. It was harder to manage stock control and supplies generally and to monitor payment.

  The options appraisal would consider various efficiency methods for the future.

- A member cautioned that holding stock was not always the best way to run a business and asked if enquiries had been made of RSL's to see how they did this. Would this have an impact on budgets?

  KP clarified that there were various options to be considered and this would time some time to bring forward. It would not impact next year's budget.

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- Members were generally in support of a need for a better system to ensure stock was available for popular products that were being used all the time.

  Councillor Mercer would arrange for a report on stock control at some point in the future. Councillor Harrison commented that this was something that could be discussed through the EAP.

  Right to buy receipts

  Officers provided an explanation on how the right to buy scheme, introduced in 1980, works. Qualifying tenants have the right to buy their council home with a substantial discount, which increases with the length of a tenancy to a maximum limit as follows:

  - Houses - the discount is set at 35 per cent of the property value plus 1 per cent for each year beyond the qualifying period of 5 years up to a maximum of 70 per cent
  - Flats - the discount starts at 50 per cent and rises by 2 per cent each year up to a maximum of 70 per cent.
  - The maximum discount is £84,600 across England, except in London boroughs where it is £112,800. It increases in April each year in line with the consumer price index (CPI).
  - Must have held a tenancy with any council or housing association for at least 3 years & have a secure tenancy at time of application.

  The right to buy assumptions for both Kettering and Corby had been factored into next year's budget and the complex calculation process was explained in more detail.

  From 1 April 202 changes had come into effect on how 1-4-1 receipts could be used. This included:

- Increasing the time limit for the use of the receipts from three to five years this covers not just future receipts but existing ones (i.e. back to 2017- 18).
- That the use of 1-4-1 Receipts to fund eligible expenditure for the provision of new homes be increased from 30% to 40%.
- Introduction of a cap on the use of Right to Buy receipts on acquisitions to help drive new supply with the phased introduction, with the cap limiting acquisitions to 50% of delivery from 1st April 2022, then reducing to 40% from 1 April 2023, and to 30% from 1st April 2024 onwards. The first 20 units of delivery in each year will be excluded.

- Members asked if the 20 units were for North Northamptonshire?

  MD clarified that the 20 units were for North Northamptonshire and not each separate account.

- Clarification was sought that for each right to buy sale the council was making a small loss.

  MD advised that the RTB scheme is a national scheme and tenants can acquire homes at a discounted price again set by Government.

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- Members thanked officers for the clear explanation and commented that numbers were more favourable than previous information had indicated. Clarity was sought about the percentage of the receipt that could be used to invest.

  MD confirmed that 40% of the receipt could be invested, with 60% having to be funded directly by NNC.

- The administration fee seemed particularly low. Was that correct and was a loss being made?

  MD clarified that this figure was set nationally.

- Who pays the stamp duty?

  Stamp duty would be paid by the tenant on the purchase as they were the buyer of the property.

- Officers were asked to clarify that if upon the sale of one property could NNC build another property using 40% of the receipts and separately fund 60% from capital and would the property then return to the HRA for rental.

  MD confirmed that this would be delivered from the HRA programme – and that this reflected the funding split shown within the accounts.

- Would any receipts have to be returned if they were not spent.

  MD confirmed that NCC was not looking to return any receipts. Projects were on target for June 2024. An annual return was submitted to government, and a request for the return of receipts could be made if monies were not spent. The timeframe was closely monitored to ensue schemes were brought forward and the period for using 1 4 1 receipts has been increased from 3years to 5 years.

- With regard to the legal documentation could a clause be added to the contract to ensure that right to buy properties could **not** be used as an HMO in the future.

  KP confirmed there was a clause relating to HMO's within the legal documentation, but she would see if this could be enhanced.

3. Close

The chair thanked all for attending and closed the meeting at 4.10pm.