

CABINET (HOUSING) COMMITTEE**26 November 2014****Minute Extract****366. HOUSING REVENUE ACCOUNT RENT SETTING 2015/16 AND BUDGET/BUSINESS PLAN OPTIONS**

(Report CAB2631(HSG) refers)

The Head of Housing Finance gave a detailed explanation of the contents of the Report and he, the Assistant Director (Chief Housing Officer) and Head of New Homes Delivery answered questions from Members as summarised below.

The Head of Housing Finance noted a correction to Paragraph 6.1 c) as the New Queens Head development was due to be completed in 2016.

In response to questions regarding the possible conversion of some sheltered schemes communal areas to provide additional residential accommodation, the Assistant Director (Chief Housing Officer) confirmed that full consultations would take place. He emphasised that the proposals related to a small number of declassified schemes where the communal areas were rarely, if ever, used and in general had resulted from residents' requests. Communal areas would be retained in full sheltered housing schemes.

The Head of Housing Finance advised that the rent proposed did not take account of the findings of the Housing Rent Setting Informal Policy Group as this had not yet finished meeting or produced a final report. He confirmed that the £50 million reduction in the HRA surplus at the end of the 30 year Business Plan was primarily because of the extra spending proposed on major works to the housing stock. The debt profile over the next 30 years was represented in Appendix 6 of the Report.

The Assistant Director advised that funding for Supporting Families had been included in the base budget as it was uncertain how long the national programme of funding would continue. However, it was recognised that there would be on-going demands in addition to the benefits of continuing the closer working links that were being developed between the Council and other organisations involved.

The Assistant Director explained that the RPI was a key assumption in the Business Plan for calculating costs etc so it was considered to be the most appropriate index for increasing garage rents. He highlighted that the vacancy rate for Council owned garages was reasonably low and that the rent charged was below the average charged with other local authorities.

With regard to the proposed Extra Care Scheme in Chesil Street, the Head of New Homes Delivery clarified that although the original scheme did include six shared ownership units, this was no longer essential. The scheme could still be viable if only rental accommodation was included.

The Assistant Director confirmed that consultation would be carried out with tenants affected regarding the proposed changes to the caretaking/estate services as set out in Paragraph 7.2 (f) of the Report.

The Assistant Director advised that he had anecdotal evidence that private market rents were increasing at a rate above inflation. Council social rents averaged at just below 50% of market rents, where new builds would be at 50-80%, depending on costs.

Mrs Steventon Baker emphasised the TACT comment in Paragraph 14.2 that there were no proposals to move away from an affordable rent policy for new Council homes of "up to 80% rents."

Members welcomed the proposed budget to enable the provision of 26 new Council dwellings and noted that any conversions of communal areas would be in addition to this number. Members also welcomed the Report generally and commented that it was a reflection of the good service provided by the Housing Department.

The Committee agreed to the following for the reasons set out above and outlined in the Report.

RECOMMENDED:

1. THAT SOCIAL AND HOSTEL RENTS FOR 2015/16 BE INCREASED BY SEPTEMBER CPI + 1% FROM 6 APRIL 2015, GIVING AN OVERALL INCREASE OF 2.2%.

2. THAT THOSE AFFORDABLE RENTS FOR 2015/16 BE INCREASED BY CPI + 1% FROM 6 APRIL 2015, GIVING AN OVERALL INCREASE OF 2.2%.

3. THAT GARAGE RENTS FOR 2015/16 BE INCREASED BY RPI FROM 6 APRIL 2015, GIVING AN INCREASE OF 2.3%.

4. THAT THE UPDATED HOUSING REVENUE ACCOUNT (HRA) CAPITAL PROGRAMME AT APPENDIX 4 OF THE REPORT, WHICH INCLUDES THE UPDATED NEW BUILD PROGRAMME, BE APPROVED.

RESOLVED:

1. That the revised budget for 2014/15 be approved as set out in Appendix 1.

2. That the options for service changes and additional expenditure be approved as detailed in Paragraph 7 of the Report and approve the preparation of a detailed HRA Budget and Business Plan based on these proposals.

3. That the service charges be raised to cover the cost of specific accommodation based services at communal housing schemes based on recovering the full cost of services.

4. That the Assistant Director (Chief Housing Officer) be granted delegated authority, in consultation with the Portfolio Holder for Housing, to determine:

- a) the tenure mix for the proposed Extra Care Housing scheme as set out in Paragraph 6 of the Report; and
- b) the level of service charges at communal housing schemes.

5. That it be noted that more details of the major works spending in 2015/16 and future years will be presented to the February 2015 meeting of the Committee.