

Meeting: COUNCIL
Portfolio Area: Housing and Resources

Agenda Item: **2**
**Supplementary
Report B**

Date: 27 January 2010

HOUSING REVENUE ACCOUNT – RENT SETTING – 2010 / 2011

COMMENTS OF THE SCRUTINY OVERVIEW COMMITTEE ON THE RECOMMENDATIONS FROM THE EXECUTIVE

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This report was not circulated five clear days before the meeting, nor was it available for public inspection for that time. The person presiding is therefore requested to accept the report as urgent business as it directly relates to other business it is considering on this occasion.

1. PURPOSE

- 1.1 To report to Council the comments of the Scrutiny Overview Committee (25 January 2010) on the Executive's recommendations on the 2010 / 2011 rent setting as shown in Supplementary Report A

2. COMMENTS OF THE SCRUTINY OVERVIEW COMMITTEE (25.1.10)

- 2.1 Having considered the final recommendations from the Executive to Council on the rent setting for 2010/2011 the Scrutiny Overview Committee agreed the recommendations at 2.4 and 2.5 of the circulated report.
- 2.2 During discussion on this matter a Member expressed the view that the Council should complain to the Department of Communities and Local Government (DCLG) over the timetable it has set for consultation that has caused a delay in the announcement of the final rent determination and the adverse impact on the HRA due to variance in the percentage increase between the Government's Rent Restructuring Policy (1.72%) and the guideline rent included in the draft subsidy determination (3.1%).
- 2.3 The Head of Finance explained that SHL had written to the DCLG on behalf of the Council, in response to the HRA draft subsidy determination. The letter highlighted the adverse impact of £495,000 on the HRA due to the differential between the 2010/11 guideline rent increase and the 2010/11 rent restructuring increase. There was a mechanism - the 'caps and limits mechanism',

whereby the HRA could get back some of the subsidy withdrawal in the following year. The Council had sought assurances that this will happen. She added that there would be further subsidy withdrawal next year if the guideline rent was increased to a level higher than the actual rent based on the rent restructuring formula.

BACKGROUND DOCUMENTS

- See original report - Housing Revenue Account (HRA) Rent Increase and Budget proposals for 2010/2011

APPENDICES

None