

Meeting: COUNCIL
Portfolio Area: Housing and Resources

Agenda Item: **2**
**Supplementary
Report A**

Date: 27 January 2010

HOUSING REVENUE ACCOUNT – RENT SETTING – 2010 / 2011

RECOMMENDATIONS FROM THE EXECUTIVE – 25 JANUARY 2010

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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 recommendations of the Executive (25 January 2010) on the proposals for the 2010 / 2011 rent setting.

2. RECOMMENDATIONS

- 2.1 That in order for to determine the rent levels to be set for 2010/2011 for implementation from April 2010, Council will be recommended to firstly approve the suspension of Budget and Policy Framework Procedure Rule 2 in relation to the arrangements for consultation.
- 2.2 That, subject to the final determination from the DCLG being known the Council meeting on 27 January, the following recommendations be approved for recommendation to that meeting:
 - a) That the rents of HRA dwellings be increased, with effect from the week commencing 5 April 2010 by 1.72% in accordance with the Government's Revised National Rent Restructuring Formula, subject to the Government's caps and limits applicable to each property.
 - b) That delegated authority be given to the Strategic Director (Resources), in consultation with the portfolio holders for Resources and Housing, for any change to the rent increase as a result of the final subsidy determination, within a tolerance up to the guideline rent increase of 3.1%.

3. BACKGROUND

3.1 At its meeting on 20 January 2010 the Executive considered the officer report 'Housing Revenue Account (HRA) Rent Increase and Budget proposals for 2010/2011' and resolved –

1. That the Executive and the Scrutiny Overview Committee note that in order for Council on 27 January to determine rent levels to be set for 2010/2011 for implementation from April 2010, Council will be requested firstly to approve the suspension of Budget and Policy Framework Procedure Rule 2 in relation to the set arrangements for consultation.

2. That, subject to the final determination from the DCLG being known before the Executive and Scrutiny Overview Committee meetings on 25 January and/or the Council meeting on 27 January, the following draft proposals, as detailed in the attached report from SHL, be considered for recommendation to Council on 27 January 2010:-

a) That the rents of HRA dwellings be increased, with effect from the week commencing 5 April 2010 by 1.72% in accordance with the Government's Revised National Rent Restructuring Formula, subject to the Government's caps and limits applicable to each property.

b) That the Executive give delegated authority to the Strategic Director for Resources, in consultation with the Portfolio Holders for Resources and Housing, for any change to the rent increase as a result of the final subsidy determination, within a tolerance up to the guideline rent increase of 3.1%.

3. That the following draft proposals be approved for recommendation to Council on 24 February 2010, subject to further consideration by the Executive on 10 February;

a) That a contingency sum for 2010/11 of £250,000 for the HRA is approved in line with the Council's Budget and Policy Framework.

b) That the proposed Management Fee for 2010/11 of £14,420,420 and a further £180,000 held in the HRA for the additional cost of responsive repairs is noted and will be reported to the February Executive.

c) That the Draft 2009/10 Projected and 2010/11 HRA Estimates as detailed in Appendix B is noted and will be reported to the February Executive.

d) That Members note the projected SHL retained year end surpluses as at 31 March 2010 of £820,633.

4. That given the curtailed consultation period for the proposals to change the Budget and Policy Framework, it be noted that the Scrutiny Overview Committee may comment directly to Council.

5. That Stevenage Homes Limited be requested to align their strategic financial planning and reporting processes to that of the Council, and report to the Executive in July on its agreed programme for budget (HRA)

setting for 2011-2012 together with an updated HRA Medium Term Financial Strategy.

6. That the Council work jointly with SHL to ensure that the communication of the rent increase to tenants includes an explanation of the part year reduction in rents for 2009-2010 in order that there is not a false perception that the increase for 010-2011 is higher than it is and, that if necessary, public meetings be arranged to explain the rent increase directly to tenants.

- 3.2 These decisions were reported to the Scrutiny Overview Committee on 21 January 2010. On that occasion particular consideration was given to the draft rent setting proposals with the detailed scrutiny of the HRA being undertaken by a Strategic Topic Group on 26 January (outcome to be reported to the Executive on 10 February).
- 3.3 At a special meeting on 25 January 2010 the Executive considered the report circulated for Council entitled 'Housing Revenue Account (HRA) Rent Setting for 2010/11' together with the attached report (Appendix A) that detailed the comments of the Scrutiny Overview Committee of 21 January on the draft proposals.
- 3.4 It was reported at the special meeting that the final determination on the rents was still awaited from the DCLG and that it was unlikely to be known before early February as the consultation deadline was that day (25.2.10) and it was likely to take some time for the DCLG to review responses.
- 3.3 The decisions taken by the Executive on 25 January form the recommendations to Council (see section 2 above). These were reported to a special meeting of the Scrutiny Overview Committee, also on 25 January. The comments of that Committee are circulated separately.

BACKGROUND DOCUMENTS

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

APPENDICES

- Comments of Scrutiny Overview Committee – 21 January 2010