



CABINET – 3RD FEBRUARY 2016

SUBJECT: HOUSING REVENUE ACCOUNT CHARGES – 2016-2017

REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES AND SECTION 151 OFFICER

- 1.1 The attached report, which provided details of the proposed increased charges which are intended to be effective for the Housing Revenue Account (HRA) for the 2016/17 financial year, was considered by the Policy and Resources Scrutiny Committee on 19th January 2016. The report sought the views of Members on the proposed increases contained therein, prior to its presentation to Cabinet.
- 1.2 The report summarised the process involved in preparing the Housing Revenue Account (HRA) budget. Members were advised that a new rent policy came into effect from April 2015 (as part of the Welsh Government's (WG) new Policy for Social Housing Rents) which was accepted by the Scrutiny Committee in the 2015/16 HRA Charges report. The policy sets a target rent band for each Authority whereby councils will have to adjust average rents for their properties in line with this banding. The uplift on the new rent policy is fixed for five years and uses the previous September Consumer Price Index (CPI) inflation figure (as opposed to the RPI inflation figure), plus a 1.5% real increase to the average local authority rent, with further discretion for local authorities to apply an additional £2 per week increase. WG have announced the minimum rent uplift for 2016/17 to be 1.4% (which is CPI at -0.1% plus 1.5%). However if this increase is applied it will not meet the rent policy target rent band that has been set for CCBC.
- 1.3 It was therefore proposed to apply a minimum rent increase of 3.5% per property from April 2016 to ensure compliance with the new rent policy and to maintain the viability of the Council's current business plan. Council tenants were consulted on whether CCBC rent setting policy should change to take into account regional and energy efficiency factors that make up the WG rent matrix, with the majority in agreement that the existing policy should remain unchanged, and hence there is no intention to include these factors within the Council's rent setting policy.
- 1.4 The report also proposed increased service charges relating to the Council's Sheltered Housing Schemes and rent increases for Council-owned garages. Officers explained that it was not proposed to increase the current guest room charge in sheltered housing complexes (in that a decrease in charges is being considered in order to increase their demand) and that a consultation exercise on alternative uses for these rooms is being arranged.
- 1.5 Discussion took place regarding the consultation exercise in respect of the rent setting policy and the mix of Council tenants surveyed, and Officers outlined the processes used in contacting tenants to invite them to the consultation events. Members were informed that from 970 tenants who were invited to take part in the consultation, 56 tenants attended the events and a further 17 tenants attended a tenant information exchange. Those in attendance gave constructive and in-depth feedback on the proposals, with representation from a number of areas across the county borough. Members suggested that it would be useful for the details of the demographic mix of tenants surveyed to be included in the report in order to demonstrate that tenants within the borough were fairly represented. Officers advised

Members that the tenants who attended the focus groups were from all parts of the borough, lived in a variety of property types, were of mixed ages and held various employment status.

- 1.6 Discussion also took place in regards to the letting and use of Council-owned garages, the number of vacant garages within the Authority's portfolio, and a recently approved programme to improve and rationalise the Council's garage stock. In response to Members' queries, Officers confirmed that replacement hard standing parking would be considered in those cases where garages are removed, and that a 2% increase in garage rental charges was considered to be appropriate in line with the Council's plans to improve their existing garage stock.
- 1.7 Following consideration of the report, and by a show of hands and the majority present (and in noting there was 1 abstention) the Policy and Resources Scrutiny Committee recommended to Cabinet that for the reasons contained therein:-
- (i) a minimum rent increase of 3.5% per property be applied from April 2016 to ensure compliance with the new rent policy and to maintain the viability of the current business plan, which is equivalent to an increase of CPI plus £1.63 (52 week basis);
 - (ii) that the current rent setting policy agreed in December 1997 remains in place;
 - (iii) the variable service charge at sheltered complexes with communal facilities be set at £28.18 (bronze service), £30.63 (silver service) and £34.20 (gold service) over a 48 week basis from April 2016;
 - (iv) the variable service charge in the four declassified sheltered schemes without communal facilities be set at £10.31 (bronze service), £12.76 (silver service) and £16.33 (gold service) over a 48 week basis from April 2016;
 - (v) the service charge payable by residents of Tredegar Court be increased to £65.26 over a 48 week basis from April 2016;
 - (vi) the meal cost at Tredegar Court be increased to £35.89 based on a 48 week basis from April 2016;
 - (vii) the guest room charge for sheltered housing complexes be not increased from April 2016;
 - (viii) the garage charges for Council and non-Council tenants be increased to £7.96 based on a 48 week basis from April 2016.
- 1.8 Members are asked to consider the recommendations.

Author: R. Barrett, Committee Services Officer, Ext. 4245

Appendices:

Appendix 1 Report to Policy and Resources Scrutiny Committee on 19th January 2016 – Agenda Item 8