

## **APPENDIX F**

### **Housing Revenue Account Final Rent-Setting Report 2015/16**

The sections below all relate to consultation meetings between 14 and 26 January 2015, up to and including last night's meeting of Tenant Council. For the most part, the meetings have taken place since the dispatch date for this meeting of cabinet, and so the papers below are circulated on a 'round the table' basis.

- Section 1      Recommendations of Tenant Council of 26 January 2015
- Section 2      Summary of Consultation Outcomes
- Section 3      Individual Area Forum Feedback
- Section 4      Comments of Home Owner Council of 18 December 2014
- Section 5      Comments of Southwark TMO Committee of 21 January 2015

*N.B. any paragraph and appendix references below are to the Indicative Budget report considered by Cabinet on 9 December 2014 rather than the Final report of 27 January 2015.*

## Section 1 – Recommendations of Tenant Council 26 January 2015

		<b>For</b>	<b>Against</b>	<b>Abstain/ Not voting</b>
1.	Rent increase of 2.2%	18	0	5
2.	Straight to target policy for new lets	See below	See below	See below
3.	Tenant service charge increase of 2.2%	12	8	3
4.	Garage rents/charges increase of 2.2%	See below	See below	See below
5.	No increase in district heating charges	18	0	5
6.	No increase in sheltered housing charges	22	0	1
7.	Thames Water – notification of likely increase	–	–	–
8.	HRA budget – to note	–	–	–

Tenant Council considered amendments to recommendations 2 and 4.

On the straight to target policy, Tenant Council considered three alternative options:

- That the policy be rejected (14 votes):
- That the policy be accepted (2 votes):
- That the policy apply to new tenants only (3 votes).

Given that the first option was successful, Tenant Council had no formal recommendation regarding exception categories.

Notwithstanding the vote regarding recommendation 1 on the rent increase, Tenant Council also resolved that further consideration be given to an annual “top-up” rent increase to match the amount to be generated by the straight to target policy each year. This to be referred to Area housing forums for further consideration.

On garage rents, Tenant Council voted to recommend that any increase apply to non-council resident charges only (17 For: 0 Against: 6 Abstain/NV)

## Section 2 – Summary of Consultation Outcomes

Forum	Date	Rent increase	Straight to target for new lets*	Tenant service charges	Garage charges	No change to district heating charges	No change to sheltered housing charges
		+2.2%	n/a	+2.2%	+2.2%	no increase	no increase
Tenant Council	26 Jan 15	✓	✗	✓	A <sup>2</sup>	✓	✓
Home Owner Council	18 Dec 14	n/a	n/a	n/a	–	n/a	n/a
STMO Committee	21 Jan 15	✓	✓	–	A <sup>2</sup>	✓	✓
Aylesbury	16 Jan 15	✓	✓	–	✓	✓	–
Bermondsey East	14 Jan 15	✓	✓	–	✗	–	–
Bermondsey West	14 Jan 15	✓	✓	✓	✓	✓	✓
Borough and Bankside	22 Jan 15	✓	A*	✓	✓	✗	✓
Camberwell East	19 Jan 15	✓	✗	✓	✓	✓	✓
Camberwell West	21 Jan 15	✓	✓	✓	A <sup>3</sup>	✓	✓
Dulwich	15 Jan 15	✓	A*	✓	A <sup>2</sup>	✓	✓
Nunhead and Peckham Rye	15 Jan 15	✓	A*	N	N	N	N
Peckham	19 Jan 15	✓	✓	✗	A <sup>2</sup>	✓	✓
Rotherhithe	20 Jan 15	✓	✓	✓	A <sup>2</sup>	✓	✓
Walworth East	15 Jan 15	N	✗	–	–	N	–
Walworth West	22 Jan 15	A <sup>1</sup>	–	A <sup>1</sup>	✗	✓	✓
Summary:							
• ✓ Agreed		10	6	6	4	8	8
• ✗ Disagreed outright		–	2	1	2	1	–
• A Alternative suggested		1	3	1	4	–	–
• N Noted		1	–	1	1	2	1
• – No response made		–	1	3	1	1	3
<b>Area Forum Total</b>		<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>

\* – for detail regarding exemption categories please see separate table

A<sup>1</sup> – rent increase of 1.8%. limited to 1.0% for pensioners; service charge increase of 1.0%

A<sup>2</sup> – Garage increase for non-council tenant lets only

A<sup>3</sup> – Garage increase of 25% on non-council tenant lets, no increase on council lets

## Straight-to-Target Possible Exemptions

Forum	Date	Overall Policy	Decants	Under-occupation	Medical	Domestic Violence/Man't Transfer	Overcrowding
Tenant Council	26 Jan 15	n/a	n/a	n/a	n/a	n/a	n/a
Home Owner Council	18 Dec 14	n/a	n/a	n/a	n/a	n/a	n/a
STMO Committee	21 Jan 15	✓	✓	x	x	✓	x
Aylesbury	16 Jan 15	✓	✓	–	–	–	–
Bermondsey East	14 Jan 15	✓	x	x	x	x	x
Bermondsey West	14 Jan 15	✓	–	–	–	–	–
Borough and Bankside	22 Jan 15	A <sup>1</sup>	–	–	–	–	–
Camberwell East	19 Jan 15	x	–	–	–	–	–
Camberwell West	21 Jan 15	✓	x	x	✓	x	x
Dulwich	15 Jan 15	A <sup>2</sup>	–	–	–	–	–
Nunhead and Peckham Rye	15 Jan 15	A <sup>2</sup>	✓	–	–	–	–
Peckham	19 Jan 15	✓	✓	–	–	–	–
Rotherhithe	20 Jan 15	✓	✓	✓	✓	✓	✓
Walworth East	15 Jan 15	x	–	–	–	–	–
Walworth West	22 Jan 15	–	–	–	–	–	–
Summary:							
• ✓ Agreed		6	4	1	2	1	1
• x Disagreed outright		2	2	2	1	2	2
• A Alternative suggested		3	–	–	–	–	–
• N Noted		–	–	–	–	–	–
• – No response made		1	6	9	9	9	9
<b>Area Forum Total</b>		<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>

A<sup>1</sup> – disagree with policy, but if applied should only be for tenants new to Southwark, not existing ones

A<sup>2</sup> – general top-up rent rise to match cash raised by policy



### Section 3 – Area Housing Forum Comments and Recommendations 2015/16

Aylesbury	16 January 2015
<ol style="list-style-type: none"> <li>1. Forum delegates feel that proposal for all new lets to be set at target rent is fair. However they would like assurances that the promises to improve the quality and standard of all newly-let properties is maintained.</li> <li>2. Delegates are also happy that the rent increase of 2.2% is equivalent to September CPI + 1% for each year up to 2017/18 as this seems a fairer way of introducing the increase.</li> <li>3. Delegates are happy that garage rents are not going up by any more than the rent increase.</li> <li>4. Delegates whom are tenants are happy that the charge for district heating hasn't gone up. However leaseholder delegates feel that this decision is unfair because leaseholder service charges always go up.</li> <li>5. Delegates are happy that the target rent exemption applies to tenants affected by regeneration. Concerns were raised however around the advertising of new let properties and the implications for regeneration tenants. All new lets will be advertised at target rents however as regeneration tenants do not have to pay these, they will not know the rental amount that they have to pay as this information will not be available the point of advertisement. The Forum view was that this factor may deter regeneration tenants from bidding for suitable properties.</li> </ol>	

Bermondsey East	14 January 2015
<p><b>Rent</b> – Increase of 2.2% accepted unanimously on the basis that there is no increase in council tax payments.</p> <p><b>Garage rents</b> – Forum not happy with proposed increase for tenants (regardless of the fact that it is 0.42p a week) as they feel that the garages are not being managed properly. The forum are of the view that the amount being charged for garages being let to non council tenants, especially those that are in prime locations should be more.</p> <p><b>New-lets</b> – Unanimous agreement for higher rents for new lets. However, not agreeable that this should be applied to any other group.</p>	

Bermondsey West	14 January 2015
<ol style="list-style-type: none"> <li>6. <b>AGREED</b> (dwelling rents).</li> <li>7. <b>AGREED</b> (straight-to-formula policy).</li> <li>8. <b>AGREED</b> (tenant service charges).</li> <li>9. <b>AGREED</b> (garage rents).</li> <li>10. <b>AGREED</b> (district heating).</li> <li>11. <b>AGREED</b> (sheltered housing).</li> <li>12. <b>AGREED</b> (Thames Water).</li> </ol>	

The rent increase of 2.2% should be subject to the Council ensuring responsibility for repairs, and not continue to change the tenancy agreement and tenants handbook which appears to reduce the responsibility of the Council's statutory repairs obligations in completing repairs. For instance making the tenants responsible for wear and tear, which is now no longer specified in the tenants handbook or tenancy agreement. It is noted that rent has gone up continually while these responsibilities are continually eroded. Any support for proposed rent increase of 2.2% will be based upon returning back these repairs clauses that have been removed.

No issues with Garages increase or tenant service charge increase. Forum supports as recommended, but additional information would be welcomed at Tenants Council, and the forum rep at Tenants Council will respond accordingly.

No issues with Sheltered housing service charge proposal. Forum supports as recommended, but additional information would be welcomed at Tenants Council, and the forum rep at Tenants Council will respond accordingly.

Target rent: Being based upon property price would be unfair for those given direct offers in a more expensive part of the borough. It should be averaged across the Borough. In principle the Forum do not agree on target rent based upon land or property value. An increase of 5p across all tenancies for example, could raise a suitable amount.

The Forum do not agree with straight to target rent for new lets. It should be for new Tenants only. If it is for new lets that means that any existing Southwark tenants who do a mutual exchange or move within the Borough will be penalised, when they have been contributing to Southwark by paying rent already. It should only apply to new tenants.

Increase in heating costs: As fossil fuel prices have gone down, so should the cost of heating, not stay the same. In addition, the Council must ensure that the investment in heating systems possible due to lower prices of oil should be spent effectively to increase efficiency – and these savings and efficiencies need to be demonstrable by the Council.

Concerns were raised regarding financing costs of £30m. This could be managed better as interest rates are so low the concern of the forum is that ways to save money on financing have not been investigated fully.

Thames Water: Is there any way we can get a better deal, to further reduce prices as we are a large landlord?

The Forum noted that there seemed a lack of detail regarding the savings identified in repairs. We would like to see how this is being achieved so as to not affect the service being delivered. Tenant reps would appreciate this at the Tenant Council meeting.

More needs to be spent on investment. £3.25m is not enough. Many are disappointed by how the new kitchen and bathrooms are assessed. There are issues with the execution of investment works by external contractors leading to poor quality of workmanship. Tenants should be choosing what they get.



Camberwell East	19 January 2015
<ol style="list-style-type: none"> <li>1. Rent increase of 2.2% for all HRA dwellings (including estate voids and hostels) with effect from 6 April 2015. <b>(Agreed)</b></li> <li>2. The forum considered the options relating to achieving Target Rents. The report was summarised into 3 tranches and their views are as follows: <ol style="list-style-type: none"> <li>(i) <b>Against</b> target rent setting for all new relets</li> <li>(ii) <b>Against</b> target rent setting for all new lets with exclusions</li> <li>(iii) <b>Against</b> target rent setting for any group of tenants</li> </ol> </li> <li>3. Increase of 2.2% for estate cleaning, grounds maintenance, communal lighting and door entry maintenance charges. <b>(Agreed)</b></li> <li>4. Increase of 2.2% to charges for garages, store sheds and parking bays. <b>(Agreed)</b></li> <li>5. No increase to district heating and hot water charges. <b>(Agreed)</b></li> <li>6. No increase to sheltered housing service charges. <b>(Agreed)</b></li> <li>7. Water and sewage charges levied by Thames Water are liable to inflationary uplift but the council has not been informed of what the increase will be <b>(Noted)</b></li> <li>8. Officers to provide a final report on rent setting and HRS Budget for 2015/16 after due consultation processes have been followed for consideration at their meeting on 27 January 2015. <b>(Noted)</b></li> </ol>	

Camberwell West	21 January 2015
<ol style="list-style-type: none"> <li>1. General rent increase – <b>Agreed</b>.</li> <li>2. New lets. <b>Agreed</b> – exceptions should not be made for under occupancy moves or decants from regeneration schemes, but SHOULD be made for medical moves. Mutual exchanges should be regarded as new lets and therefore at higher rent after exchange.</li> <li>3. HRA wide charges – <b>Agreed</b></li> <li>4. Garages etc. – <b>Agreed</b> for council and concessionary, but non residents should have an increase of 25% per annum.</li> <li>5. District heating – <b>Agreed</b>.</li> <li>6. Sheltered – <b>Agreed</b></li> <li>7. Water charges – <b>Agreed</b> however the Forum asks that if the single person reduction is received by LBS then that discount should be passed on to the resident.</li> </ol>	

Dulwich	15 January 2015
<ol style="list-style-type: none"> <li>1. Dulwich Area Housing Forum (DAHf) agreed with the proposed 2.2% rent increase.</li> <li>2. DAHF disagreed with the proposal for straight to target rents on new lets on existing properties and recommended that the increase should be spread across all tenancies.</li> <li>3. DAHF agreed with the proposed increase for estate cleaning services provided there would be no planned service reductions.</li> <li>4. DAHF agreed to the increase for sheds and parking bays, but disagreed with the proposed 2.2% rent increase for garages to council tenants, recommending that the increase should be borne by non-council residents only.</li> <li>5. DAHF agreed with the proposal to maintain heating charges at current levels.</li> <li>6. DAHF agreed with the proposal not to increase sheltered housing service charges</li> </ol>	

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<b>Nunhead &amp; Peckham Rye</b>	<b>15 January 2015</b>
1.	The Forum noted the proposal to increase the rent levels by 2.2% for all HRA dwellings (including estate voids and hostels) with effect from 6 <sup>th</sup> April 2015. Having considered the recommendations we acknowledge that there is a need for a rise at this level to continue to maintain housing services.
2.	<p>The Forum considered a number of options relating to achieving Target Rents in some detail as follows:</p> <ul style="list-style-type: none"> <li>(i) All HRA dwelling rents to be raised to Target Rents on 6<sup>th</sup> April 2015.</li> <li>(ii) Equalising the projected increase to the HRA from Target Rents of £474,234 in the 2011/16 across all HRA tenancies equal to a weekly increase of rent by 24p per dwelling.</li> <li>(iii) To continue to levy an additional rent charge that would lead to achieving target rents within the timescale originally agreed by the Council to achieve full convergence. Anticipated as being a further 2.2% increase to all HRA tenancies.</li> <li>(iv) The Forum considered Policy exemptions set out within the briefing papers and felt these required further detailed consideration possibly by a Working Group similar to the Allocations Working Party.</li> <li>(v) The Forum recommends that in respect to Regeneration relets these should not move to Target Rents.</li> <li>(vi) The Forum considered that as a safeguard in any allocation where ambiguities arises it might be appropriate to refer the case to the Allocations Appeals Panel.</li> </ul> <p>The Forum concluded that in respect of (i), (ii) &amp; (iii) above that these should be considered in a wider forum when the full effects and implications could be calculated. In respect of (iv), (v) &amp; (vi) these are forwarded to the Tenants Council as recommendations.</p>
3.	<b>Noted</b> (Tenant Service Charges)
4.	<b>Noted</b> (Garage Rents)
5.	<b>Noted</b> (District Heating)
6.	<b>Noted</b> (Sheltered Housing)
7.	<b>Noted</b> (Thames Water)
8.	<b>Noted</b> (HRA Budget)

Peckham	19 January 2015
<ol style="list-style-type: none"> <li>1. (Dwelling Rents) Majority <b>Agreed</b>.</li> <li>2. (Straight-to-Target Policy) Majority <b>Agreed</b>. However the forum unanimously added that tenants decanted were not to be charged the target rent.</li> <li>3. (Tenant Service Charges) <b>Disagreed</b> – the forum disagreed with increase in charges.</li> <li>4. (Garage Rents) <b>Disagreed</b> – it was the view of the forum unanimously that the increment should be geared towards non council residents/private rentals of garages in the borough as opposed to residents.</li> <li>5. (District Heating) <b>Agreed</b> – the forum added that with the present fall in oil prices they would like this fall to be reflected in their district heating charges as a form of further reduction in their current charges.</li> <li>6. (Sheltered Housing) <b>Agreed</b>.</li> <li>7. (Thames Water) – the forum realised they or the council had no control over Thames Water. However would not like an increase and would like the Council to negotiate with Thames Water on rates if increased.</li> <li>8. (HRA Budget) <b>Agreed</b>.</li> </ol>	

Rotherhithe	20 January 2015
<ul style="list-style-type: none"> <li>• Agree to the 2.2% increase in rent.</li> <li>• Agree to the 2.2% increase in tenant service charge.</li> <li>• Agree to no change in district heating and sheltered housing service charges.</li> <li>• Agree to going straight to target rent for new lets, with the following exemptions: <ol style="list-style-type: none"> <li>1. Decants</li> <li>2. Overcrowding</li> <li>3. Under-occupation</li> <li>4. Medical</li> <li>5. Management transfer.</li> </ol> </li> <li>• Do not agree with 2.2% increase in domestic garage charge, due to the general disrepair of the garages and the lack of proper maintenance. An increase would only be appropriate once the condition of the garages was brought up to an acceptable standard.</li> <li>• Agree with the 2.2% increase in commercial garage rental charge.</li> </ul>	

**The Forum noted the proposal to increase the rent levels by 2.2% for all HRA dwellings (including estate voids and hostels) with effect from 6<sup>th</sup> April 2015.**

Some of the delegates reject 'target rent' and wanted 0% rent increase.

#### **Target Rents for New Lets**

The forum considered a number of options relating to achieving Target Rents.

The forum rejects the recommendation (in its totality) which they believe is totally unfair and divisive. It will create a 2-tier rent system and may cause discord in the community (you may be paying a lot more than your neighbour who may be more vulnerable).

Some delegates also believe this may lead to the council then 'sneaking up' rent increase next year to balance things up so everyone end up paying target rent sooner rather than later.

Leaseholders are unhappy about no change to district heating; they believe they are subsidising the tenants. They believe the discrepancy in the amount they pay for district heating and those paid by the tenants is unfair.

Majority of the delegates agree with the 2.2% increase and acknowledge that it is necessary.

The forum discussed the proposed 2.2% rent increase proposed in the report and **DISAGREED:**

FOR = 0 AGAINST = 8 ABSTENTION = 0

ALTERNATIVE MOTIONS PUT FORWARD

**First Motion** – that the rent is increased by 3%. **DISAGREED:**

FOR= 1 AGAINST = 4 ABSTENTION= 2

**Second Motion** – that the rents are increased by 1.8%. **AGREED:**

FOR = 7 AGAINST = 0 ABSTENTION = 0

**Third Motion** – that there is only a 1.0% increase for pensioners. **AGREED.**

FOR = 7 AGAINST = 0 ABSTENTION = 1

TENANT SERVICE CHARGE – the forum discussed the proposed 2.2% tenant service charge increase and **DISAGREED:**

FOR = 0 AGAINST = 8 ABSTENTION = 0

A motion for the tenant service charge to increase by 1% was **AGREED:**

FOR = 7 AGAINST = 0 ABSTENTION = 1

GARAGE INCREASE – the forum discussed the proposed 2.2% garage rent increase and voted as follows;

FOR = 1 AGAINST = 10 ABSTENTION= 3

A counter motion was proposed for the garage rents to be frozen was **AGREED.**

FOR = 10 AGAINST= 0 ABSTENTION = 3

DISTRICT HEATING – **AGREED.**

SHELTERED HOUSING SERVICE CHARGES – **AGREED.**

THAMES WATER RATE TO BE ADVISED – **NOTED.**

£5.4 million savings identified – **AGREED.**

£3.3 million increased support for the investment programme – **AGREED.**

£2.6 million planned preventative maintenance programme – **AGREED**

£5.4 million additional income from leaseholders major works – the forum was concerned about the quality of the major works especially on Pelier Estate where residents voiced concern about the refurbishment works.

General repairs - one of the forum members noted that it would be best if the council struck a balance between cost and quality and not to always seek to appoint contractors who submit the cheapest prices when contracts are put out on tender.

## **Section 4      Comments of Home Owner Council of 18 December 2014**

Home Owner Council did not pass a specific resolution regarding those aspects of the HRA Rent-Setting and Budget Report that were relevant to leaseholders. However, there was a discussion around the report itself, and the key areas raised by delegates are noted below:

- The proportion of repairs spent on communal areas and the impact on this on variable service charges;
- The proposal to earmark expenditure to further develop a planned preventative maintenance programme;
- Expenditure on Fire Risk Assessments; and
- Expenditure on heating system repairs.

## **Section 5      Comments of Southwark TMO Committee of 21 January 2015**

### **Rents – agreed**

Straight to target policy for new-lets – the committee **agreed** with the overall policy change, but asked that two exemptions be made:

- Regeneration cases; and
- Those cases where domestic violence or associated circumstances necessitated a move.

Tenant service charges – due to time constraints this aspect of the budget was not discussed.

Garage charges – after some discussion, the committee resolved that any proposed increase should be levied on commercial garage lets only, and that those to tenants (with or without discount) be held at the 2014/15 level.

District heating – **agreed**

Sheltered housing – **agreed**.