

APPENDIX H

Housing Revenue Account Final Rent-Setting Report 2019-20

The sections below all relate to consultation meetings between 7 January and 21 January 2019, up to and including Monday 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 7 January and 21 January 2019
- Section 2 Summary of Consultation Outcomes
- Section 3 Individual Area Forum Feedback
- Section 4 Comments of Homeowner Council of 9 January 2019
- Section 5 Comments of Southwark TMO Committee of 16 January 2019

N.B. any paragraph and appendix references below are to the Indicative Budget report considered by cabinet on 11 December 2018, rather than the Final report of 22 January 2019.

Section 1 – Recommendations of Tenant Council of 7 January 2019 and 21 January 2019

7 January 2019 Recommendations:

After questions to officers regarding the Tenants' Fund, water refunds, Maydeu House rent loss levels, former Heygate Estate receipts, Southwark Building Services (SBS), and area housing forum resourcing, Tenant Council agreed unanimously to refer the Indicative report to Area Housing Forums and to its own next meeting of 21 January 2019.

21 January 2019 Recommendations:

Before considering the specific recommendations of the report, Tenant Council unanimously passed the following resolution:

“That the council's Cabinet notes that the Tenants Levy currently set at 27.75p per week is a separate levy on each secure tenancy and the combined and accrued fund is held in the HRA for accounting purposes and the fund was set up for the sole purpose of constituted tenants organisations and those associated organisations agreed by the Tenants Fund Management Committee.”

Proposed: Ian Ritchie (Nunhead and Peckham Rye AHF); seconded: Piers Corbyn (Walworth North AHF)

1. Tenant Council **agreed** with the recommendation regarding the rent reduction (7 for, 6 against, 4 abstentions)
2. Tenant Council **agreed** with the recommendation regarding tenant service charges (11 for, 3 against, 4 abstentions)
3. Tenant Council resolved to vote on the individual garage charges separately as set out below:

Standard charge	disagreed
Concessionary rate (£5 reduction)	disagreed
Small sites rate	disagreed
Private sector rate	agreed
Larger than average garage	disagreed
Additional parking	disagreed
Water supply	agreed
Additional security	agreed

4. Tenant Council **agreed** with the recommendation regarding district heating charges (15 for, 0 against, 4 abstentions)
5. Tenant Council **agreed** with the recommendation to note the HRA budget report (18 for, 0 against, 0 abstentions)

Section 2 – Summary of Consultation Outcomes

Forum	Date	1% rent reduction	Tenant service charges	Garage charges	District heating charges	To note the HRA budget
Tenant Council	21 Jan 2019	✓	✓	see prev section	✓	✓
Homeowner Council	9 Jan 2019	n/a	n/a	N	n/a	N
Southwark TMO Committee	16 Jan 2019	N	N	N	N	N
Aylesbury	15 Jan 2019	N ¹	N ¹	N ¹	N ¹	N ¹
Bermondsey East	16 Jan 2019	x ²	✓	x ³	✓	✓
Bermondsey West	15 Jan 2019	✓	✓	✓	✓	✓
Borough and Bankside ⁴	No meeting					
Camberwell East	14 Jan 2019	x	x	x	✓	✓
Camberwell West ⁵	No meeting					
Dulwich	10 Jan 2019	✓ ⁶	✓ ⁶	✓ ⁶	✓ ⁶	✓ ⁶
Nunhead and Peckham Rye	17 Jan 2019	N	N	N	N	N
Peckham	14 Jan 2019	✓	✓	x ⁷	x	✓
Rotherhithe	8 Jan 2019	N	✓	x ⁷	N	N
Walworth North	17 Jan 2019	N	N	N	✓	N
Walworth West	10 Jan 2019	x	✓	x	✓	✓
Summary:						
✓ Agreed		3	6	2	6	6
x Disagreed outright		3	1	5	1	0
N Noted or no decision		4	3	3	3	4
No meeting		2	2	2	2	2
Area Forum Total		12	12	12	12	12

Notes: 1. Aylesbury AHF raised no objections to the report but wished to focus more on the borrowing cap than the specific recommendations.

2. Bermondsey East AHF disagreed with the rent reduction but accepted that it was a legal requirement.

3. Bermondsey East AHF suggested a discount where garages are used for parking, as opposed to storage.

4. Borough and Bankside AHF cancelled their scheduled meeting, which was due to be held on 9 January 2019.

5. Camberwell West AHF does not currently send any delegates to Tenant Council, and an AGM has been convened for 23 January 2019.

6. Dulwich AHF expressed qualified agreement with the report.

7. Both Peckham AHF and Rotherhithe AHF agreed with the specific increase on private sector garage lets, but largely rejected other garage proposals.

Section 3 – Area Housing Forum Comments and Recommendations 2019-20

Aylesbury	15 January 2019
Aylesbury AHF raised no objections to the proposals contained in the report. The forum particularly considered the implications of lifting the borrowing cap, and expressed regret that this had not happened earlier, particularly in the context of the regeneration programme.	

Bermondsey East	16 January 2019
<ol style="list-style-type: none">1. Rent decrease of 1% - Forums disagreed because it is taking money out of the HRA that could be used to improve services. However, it is accepted this is the legal position so the council cannot change this.2. Service charges – Forum agreed to the slight increases for cleaning and grounds maintenance. Comments made that the cleaning has improved and is now at a good standard. Also agreed to no change to communal lighting and door entry.3. Garage charges – disagreed with all increases. Garages are not maintained properly and many are not fit for purpose. Suggested that residents who use garage to park a car should pay £5 less than those who use it for storage.4. District heating and hot water – Forum agreed to no change in charges.5. Savings to be met where possible by efficiencies – Forum agreed <p>Officers to provide final report for consideration at Cabinet on 22 Jan 2019 – Forum agreed.</p>	

Bermondsey West	15 January 2018
The area housing forum agreed the report and its recommendations, but made the comment that they felt that they had no choice in the matter.	

Borough and Bankside	9 January 2019
The scheduled meeting was cancelled.	

1. There were 5 delegates present at the forum meeting. All 5 delegates are **opposed** to the provisions of the Welfare Reform and Work Act 2016 imposing a 1% percent reduction in rents. They believe that the 1% percent cut adversely impacts on the services residents receive and although one of the aims was to reduce the housing benefits bill in the private sector, this has not been achieved. It has starved the council of the vital resources it needs (£62.5 m) to invest in frontline services and building new homes to provide accommodation for those in housing need.
2. The 5 delegates who attended are **opposed** to the 30p a week in tenant service charges on the grounds that they have not seen any noticeable changes to the cleaning standards. They would however consider accepting the increase if they see tangible improvements in the cleaning of their estate especially the lifts where they are often confronted with a pool of urine.
3. On garage charges:
Standard rate: The 5 delegates are **opposed** to the 50p increase in the standard rate.
Concessionary rate: The 5 delegates are **opposed** to the 50p increase in the concessionary rate.
Small sites rate: The 5 delegates are **opposed** to the 50p small sites rate.
Private sector rate: 1 delegate was in favour of the proposed £1.00 increase and 4 delegates were **against** the proposed £1.00 increase. The 4 delegates felt that the increase was very modest as car parking and garages in the private sector per annum is in excess of £1,000.00 and the council needs to price its garages and parking spaces for none Southwark residents more competitively to raise more revenue to fund public services. They also felt that the charges should reflect the proximity and access to integrated public transport services and ease of access to the city.
Larger than average garage: 5 in **favour** of the 15p increase but all 5 delegates also felt that the increase should be more private individuals or businesses owners who do not live in Southwark but rent the garage spaces for their private use.
Additional parking – all 5 were **against** the 15p increase in the additional parking charges. All 5 of them felt that that none Southwark residents should be charged more to raise more revenue for frontline services in the council.
Water supply – all 5 were in **favour** of no increase in the water supply charges.
Additional security – all 5 were **against** the additional security charges.
4. All 5 were in **favour** of not increasing the district heating and hot water charges.
5. All 5 were **against** the proposal of the cabinet to generate savings based on efficiencies or reducing staffing numbers. The forum felt that the cabinet must focus on generating revenue (high levy of garages for rented to none Southwark residents, higher levies for new builds for private sector rents) to generate more resources and deploy them to provide front line services.

Camberwell West	23 January 2019
<p>This forum does not currently send delegates to Tenant Council, and an annual general meeting has been called for the date above in order address this and other organisational matters. Unfortunately, the AGM date is outside the budget consultation period.</p>	

Dulwich	10 January 2019
<p>The area forum expressed broad agreement, if not a ringing endorsement on the main points within the budget report. A detailed query on charges for water use in garages was raised, and the forum generally felt that more detailed briefing on the budget was desirable.</p>	

Nunhead and Peckham Rye	17 January 2019
<ol style="list-style-type: none"> 1. Nunhead & Peckham Rye Area Forum notes the decision on a provisional basis a rent decrease of 1.0% but would remind the Council that we are opposed to the rent reduction because of the adverse effect on service delivery. 2. Noted. 3. Noted – that the Council is carrying out a review of the costs of private sector garage hire. The Council should adopt a realistic charging regime to reduce the pressure on the HRA. 4. Noted. 5. Noted. <p>This Forum further notes that all recommendations are provisional and in the event that there are any proposed changes to the rent & service charges in the 2019-20 financial year they are in full consultation with Tenants & Residents.</p>	

1. Rent Decrease; **Agreed**
2. Tenants service charges/other charges
Service charges – Forum requests that a complete breakdown of charges should be shown as charges are shown on their rental agreements
Other charges increase **agreed**.
3. Garage increases – Partially with comments as below:
3 streams of thought
For tenants; 6 – **against**; 0 For
Private tenants – 3 for
Increased for both – 1
4. District Heating Increase; **Not agreed**
5. Forum requests disclosure on the savings made based on efficiencies where staffing reduction forms part of any savings proposal – but **Agreed** provisionally.

Not voted but with a comment that in future they would like the financial experts to be presenting the indicative rent setting and budget report. It was their view that some of the questions will require the experts to provide a response.

Other comments:

Forum would like a report completed to demonstrate the cost effectiveness of district heating; the savings accrued in figures for gas charges. Also forum requested sign of a copy of the heating policy not the strategy before officers attend the next forum.

Forum would like a statement to confirm that we are not selling off high valued properties and the council will not be implementing the 5 years renewable tenancies policy.

Rotherhithe	8 January 2019
<p>1. 1% decrease in rent – No comment (Government policy) [It is noted that HRA reserves increased £5.6M last year as at 31/03/2018];</p> <p>2. Estate Cleaning – Agreed increase of 26p per week provided that a copy of the original SLA / contract is provided together with a list of all variations and provided that cleaning standards are delivered including cover for staff absence / changes over and the cleaning service is adequately staffed; Grounds Maintenance – Agreed increase of 4p a week provide that grounds maintenance standards are maintained and delivered; Communal Lighting – Agreed. The Forum would like a full explanation about the solar panels installed on the Hawkstone Estate low rise blocks; Door-Entry Maintenance – Agreed provided that the existing door entry installations are properly and timely maintained. There are concerns about response times / timescales;</p> <p>3. Garage charges Standard rate – Not agreed; Concessionary rate (£5 reduction) – Not agreed; Small sites rate – No comment; Private sector rate – Agreed however Southwark Council promised to give estate residents priority. The practice of giving the private sector priority must stop. Concerns were raised about uses of garages; Larger than average garage – Not agreed; Additional parking – Not agreed; Water supply – No comment Additional security – No comment</p>	

Walworth North	17 January 2019
<p>1. Walworth North Area Housing Forum recognise that we live in environment where Central Government is passing on cuts to local government, however they are not happy with the decrease as noted in last year's HRA feedback from their Forum. Walworth North Area Housing Forum believes the council should stand by their own policies and fight the government on this issue.</p> <p>2. Walworth North Area Housing Forum appreciates the price increase, but want to highlight that estate cleaning has deteriorated, due to less staffing and wants more support for existing staff. Walworth North Area Housing Forum raised a question about staff deductions and wants to know how many staff will be released and from what departments. The Forum also noted the £1m reduction in the budget for employees (Appendix F) and oppose this reduction in employees spending.</p> <p>3. Walworth North Area Housing Forum appreciates the increases for garages and non-residential facilities.</p> <p>4. Walworth North Area Housing Forum agrees with this.</p>	

1. The majority of forum members remain **opposed** (6 votes against and 2 in favour) to the 1% reduction in rent introduced by the Welfare Reform Act 2016 as they believe that the adverse impact on the ability of the council to continue to deliver critical services to residents far outweighs the infinitesimal savings to tenants. The estimated loss of revenue (over £62m) in the four years of the statutorily imposed 1% cut in rent is money that could have been deployed by the council to build new homes to reduce the number of households in temporary accommodation and to provide homes for the homeless.
2. The majority of forum members **support** the changes to the tenant service charges (7 in favour and 1 against).
3. A majority of forum members are **opposed** to the increase in charges for garages and other non-residential facilities (7 against and 1 abstention).
4. The whole of the forum members **endorse** the decision not to increase district heating and hot water charges (8 in favour and 0 against). However the forum would like the council to put a simple and streamlined process in place for compensating residents when there is a failure of the heating system. There was also some appetite for individual boilers for those who want to opt out of the district heating system.

General recommendations

5. A majority of forum members are in **favour** of the savings proposals (7 in favour and 1 abstention) but stressed that they are opposed to any job losses as the council needs more frontline staff to deliver services to residents.

Section 4 Comments of Homeowner Council of 9 January 2019

Homeowner Council considered this item, and raised specific questions to officers around the £10m income budget identified for major works, administration fees (and other overheads) associated with this area, and homeowner service charge benchmarking.

Section 5 Comments of Southwark TMO Committee of 16 January 2019

The Committee considered a report from officers regarding the HRA Budget and rent-setting for 2019-20. Questions were raised regarding the retention of capital receipts, and the non-movement of TMO allowance levels between years. A general request was also made for more long-term financial planning to assist TMOs.

After a short discussion, the meeting did not vote on specific recommendations but **noted** the report as a whole.