

Cabinet

Tuesday 17 January 2023

11.00 am

Ground Floor Meeting Rooms, 160 Tooley Street, London SE1 2QH

Supplemental Agenda No. 2

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Date: 17 January 2023

RESULTS OF RESIDENT ENGAGEMENT

APPENDIX F

TENANT FORUM - 11 JANUARY 2023

<p>The Chair, Althea Smith opened the meeting.</p>	<p>The meeting was a 'hybrid' of in-person attendees (60-70) and on-line attendees (over 140).</p>
<p>Introduction by Cabinet Member for Homes and Homelessness – Cllr. Darren Merrill.</p>	<p>The HRA is under severe pressure and the proposed rent increase of 7% is necessary to maintain decent homes, including fire safety, warm, dry and safe homes and deal with mould and damp issues.</p>
<p>Questions were asked about the purpose and method of consultation and whether the rent increase had already been decided.</p>	<p>Cllr. Merrill responded that the decision has not been made and any representations made will be taken into account in making the final decision. He further advised that residents could attend his next surgery to discuss matters. Additionally, the observation was noted and referred to Resident Involvement Team for review.</p>
<p>HRA Rent Setting and Budget Presentation by Ian Young - Departmental Finance Manager (Housing & Modernisation).</p>	<p>Presentation outlining the key proposals contained in the 6 December Cabinet report in relation to rents and charges and budgets for 2023-24. Noted that the report had been in the public domain since early December 2022.</p>
<p>A resident added that food prices have increased by about 20 to 50 percent and this should be taken into consideration before any rent increase is proposed.</p>	<p>Cllr. Merrill responded that the council is not immune to inflation and the HRA is ring-fenced. If the council does not have the money, the quality of the service cannot be improved. Heating and hot water improvement requires investment. Any increase will be hard for everyone. There are recommendations for money to be allocated to the hardship fund for residents who find it very difficult.</p>

<p>A Tenant Resident Association (TRA) rep asked about the actual level of rent increase and what help there is for residents in cold and overcrowded properties.</p> <p>There was additionally a request for better communication. Whilst the council has a right to increase the rent, it would be beneficial if the TRAs were funded to provide benefit advice to residents.</p>	<p>Ian Young, (DFM), explained that the proposed rent increase is 7% so if for example your rent is £100 then the weekly increase will be £7. Also advised that rent and service charges are eligible for housing benefit/universal credit. A large proportion of residents are in receipt of either full or partial benefit which would help to mitigate the impact. Example average rent increases for different sizes of homes are set out in the Cabinet report.</p>
<p>A tenant raised concerns about the despair many felt over the cost of living and suggested working collaboratively with the tenants' movement to lobby the government for more funding.</p>	<p>Cllr. Merrill responded that he agrees that the issues with the HRA need to be put to the government. Council housing self-financing is not providing all the funds needed and the council needs to work with residents. The resident involvement strategy is in place and the council is determined and willing to work with residents and make sure TRAs are functional.</p>
<p>It was suggested by one attendee that in future the proposed HRA budget could be discussed by TRAs, and local housing forums before it is presented to the borough-wide tenants' forum.</p>	<p>Observation noted and referred for Resident Involvement Team to consider this as part of a strategy review.</p>
<p>A resident asked whether the revenue collected will help residents with damp and disrepair and will the revenue be invested in the homes of residents to make their homes comfortable and habitable.</p>	<p>Cllr. Merrill responded that some of the money raised via the HRA will be spent on important work such as damp and mould and building and fire safety in council homes. Residents will have a say in how the money raised is invested in their homes.</p>

<p>Another resident asked why the money spent on road improvements is not spent on improving council homes. The resident suggested that the money needs to be allocated properly.</p>	<p>Ian Young referred to the earlier presentation which set out the statutory framework for the HRA and restated there are regulations governing what can and can't be charged to the HRA. Spending on highway improvements is a General Fund function paid for by council tax.</p>
<p>A TRA rep suggested that the government should pay for the 7% rent increase. Although the rent is below market rents, council tenants should be protected and would like the government to fund the rent increase. Southwark should give residents something to support.</p>	<p>IY responded that as part of the government's rent capping consultation the council responded and lobbied the Department for Levelling Up, Housing and Communities (DLUHC) to make up any shortfall between the prescribed cap (finally agreed at 7%) and the normal guideline rate of CPI+1% (i.e. £11.1%), but to no avail. The council engage with DLUHC on a regular basis to lobby for Southwark on a range of financial matters, but ultimately the Treasury has the final say on funding matters.</p> <p>Cllr. Merrill agreed that government should be meeting the loss of income that a capped rent increase means and welcomed tenant support to lobby government.</p>
<p>A TRA rep asked about HRA debt.</p> <p>HRA debt is expected to increase to over £430m for the "Fairer Future" new homes programme. What revenue financing costs of borrowing for the new homes programme has the HRA been paying for in recent years and expected for the current year? For example interest paid.</p>	<p>Response from Ian Young:</p> <p>Since the 6 December indicative budget report, the estimated level of borrowing required to finance the new build programme for 2022-23 has been revised downwards to £100m. This reflects a lower outturn cost forecast and higher level of capital receipts being applied to finance the programme, in preference to borrowing. Therefore, the cumulative amount borrowed between 2017-18 and 2022-23 is £300.9m. The cumulative interest payable up to 31 March 2022 was £3.338m. For the current financial year (2022-23), the interest payable is expected to be £5.021m, rising to £6.201m in a full-year.</p>

OVERVIEW & SCRUTINY COMMITTEE - 11 JANUARY 2023

<p>Introduction by Cabinet Member for Homes and Homelessness – Cllr. Darren Merrill.</p>	<p>Short summary of HRA financial position and proposals for a capped rent increase and other charge increases.</p>
<p>Clarification sought around district heating (fuel) charges.</p>	<p>Confirmed 70% increase in charges from April necessary to align with higher fuel costs for 2022-23. Charges to be reviewed quarterly going forward and adjusted to reflect cost movements. Will require variation to the Tenancy Agreement to exempt district heating charges from consultation as there is no discretion other than to recover full cost from DH recipients to avoid subsidy from wider tenant group.</p>
<p>OSC commented on the issue of whether we are consulting or informing, and that the approach should be around informing and asking how the council can help residents.</p>	<p>Where the cost of a service is controlled by the council this gives tenants an opportunity to express views and to influence the final decision and represents meaningful consultation. However, where the council has no discretion other than to pass on the actual cost incurred (e.g. district heating fuel), then residents need to be informed and views sought on potential mitigations such as ways to reduce usage and lower costs.</p>
<p>Clarification sought around heat metering.</p>	<p>All new build properties are fitted with meters as standard. The council is in the process of retro-fitting around 2,000 council properties based on a government devised methodology, which identifies those where it is financially viable to do so. As energy prices increase, more properties will fall into scope, but retro-fitting remains costly to do. No overall programme or timetable currently exists as dependant on financial viability tool to determine in-scope properties.</p>

<p>The Chair raised a point around the scale of leaseholder major works bills and whether the council could look at the current repayment options for the larger sums due.</p> <p>And a later point about this facility only be afforded to resident leaseholders and not landlords.</p>	<p>Major works repayment options are currently being reviewed by the Homeownership Services Team.</p> <p>Confirmed.</p>
<p>Specific recommendations/ outcomes from OSC.</p>	<p>There were no direct recommendations agreed by OSC in relation to the HRA Rent Setting and Budget Report 2023-24.</p>

HOMEOWNER FORUM - 12 January 2023

<p>Introduction by the Chair Ina Negoita</p>	<p>The Chair introduced the council officers who were in attendance at the meeting. The meeting was attended by over 400 people on line and around 20 in person in the council office.</p>
<p>HRA Rent Setting and Budget Presentation by Ian Young - Departmental Finance Manager (Housing & Modernisation).</p>	<p>Short presentation outlining the statutory background to the HRA and key proposals contained in the 6 December Cabinet report in relation to rents and charges and budgets for 2023-24. Noted that only garage charges and budget proposals impacting on homeowner service charges are within scope for Homeowner Forum to consider, as other proposals specifically relate to tenants. Noted that the report had been in the public domain since early December 2022.</p> <p>There were no specific questions or recommendations in relation to garages or specific budget proposals, other than the block insurance policy, which is currently up for retendering.</p> <p>Homeowners were primarily concerned about revenue service charges and the need for greater clarity of the way major works contracts were awarded, managed and monitored and more scrutiny around the construction of major works bills to ensure they are getting value for money.</p>
<p>A homeowner asked for major works to be added to the next homeowners' forum agenda. The homeowner also asked for the name of the Head of Major Works?</p>	<p>The request to include major works in the next homeowners' forum meeting will be discussed with the chair of the homeowners' forum. The Director of Asset Management responded that the recruitment process for the Head of Major Works is in progress.</p>
<p>There were numerous queries raised in relation to individual major works bills that</p>	<p>Individual casework matters to be referred to Asset Management in relation contracts and works and the Homeownership Team in terms of billing construction.</p>

<p>weren't able to be addressed in the meeting.</p>	
<p>So what inflation are we to expect for service charges? Why are they excessive?</p>	<p>Inflation assumptions for 2023-24 range across the HRA depending on the type of expenditure, i.e. employees, running costs and works and contracts, covering all aspects of the landlord service, but predominantly, repairs and maintenance of the housing stock.</p>
<p>Please give more info on what the 'range of other income sources' are? Where can we see this report please?</p>	<p>This is outlined in the HRA Rent Setting and Budget Report 2023-24, which went to 6 December Cabinet and the Final report going to 17 January Cabinet.</p>
<p>What is the complaints pathway at the council, please? If I have a problem with my energy, the company has a series of levels of complaint and I can then go to the ombudsman if the company can't fix it. Does the council have a similarly-structured pathway?</p>	<p>Complaints can be directed to the complaints team @ (complaints@southwark.gov.uk) The complaints escalation process is set out on the council's website.</p>
<p>Who is the regulator to judge the right level of care please? What is the contact? Which regulator is it who ensures that Southwark do what they are supposed to be doing</p>	<p>From 1 April 2020, local housing authorities came under the jurisdiction of The Regulator of Social Housing.</p>

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CABINET AGENDA DISTRIBUTION LIST (OPEN)**MUNICIPAL YEAR 2022-23**

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		Total: 18	
		Dated: 11 January 2024	