

## **Housing Revenue Account Final Rent-Setting Report 2014/15**

The sections below all relate to consultation meetings between 13 and 27 January 2014, 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 cabinet meeting, and so the papers below are circulated on a 'round the table' basis.

- Section 1      Recommendations of Tenant Council of 27 January 2014
- Section 2      Summary of Area Housing Forum Decisions
- Section 3      Individual Area Forum Feedback
- Section 4      Comments of Home Owner Council of 15 January 2014
- Section 5      Comments of TMO Liaison Committee of 22 January 2014

*N.B. paragraph and appendix references below are to the Indicative Budget report considered by Cabinet on 10 December 2013 rather than the Final report of 28 January 2014.*

## Section 1 – Recommendations of Tenant Council 27 January 2014

Tenant Council passed the following resolution unanimously:

***“This Tenant Council notes with regret that not all area forums considered the same information because of the recommendation to reduce the proposed increase by 50% and this has given rise to a divergence of decisions.”***

Tenant Council was concerned that some area forums received different information regarding the proposed rent increase. This was because of the publicity given to the proposal that cabinet might consider a reduced rent increase, which became available after 9 out of the 12 area forums had already considered the report.

Tenant Council had differing views regarding the proposed rent increase. These included concerns about the implications of a reduced rent increase on the quality of future service delivery and the sustainability of the HRA in the longer term. Views were also expressed around affordability generally of rent given the current economic conditions.

Given the above, Tenant Council decided to conduct its vote on the first recommendation (on the proposed rent increase) in the following way:

An increase of 5.4%:	1 vote
An increase of 2.7%:	9 votes
No increase:	4 votes
To note the proposed increase:	8 votes

		<b>For</b>	<b>Against</b>	<b>Abstain/ Not voting</b>
1.	Rent increase of 5.4%	see above	–	–
3.	No increase in tenant service charges	Unanimous	0	0
4.	No increase in garage rents/charges	Unanimous	0	0
5.	No increase in district heating charges	Unanimous	0	0
6.	No increase in sheltered housing charges	Unanimous	0	0

N.B. recommendations 2, 7 and 8 of the 10 December cabinet report do not relate to decisions of the council regarding rent or other charge levels.

## Section 2 – Summary of Area Housing Forum Decisions

Forum	Date	Rent increase	No change in tenant service charge	No change in the garage charges	No change to district heating charges	No change to sheltered housing charges
		+5.4%	no increase	no increase	no increase	no increase
Aylesbury	21 Jan 14	A (0.0%)	–	A*	–	–
Bermondsey East	15 Jan 14	✓	✓	✓	✓	✓
Bermondsey West	22 Jan 14	✓	✓	✓	✓	✓
Borough and Bankside	23 Jan 14	A (2.7%)	✓	A*	✓	✓
Camberwell East	20 Jan 14	N	✓	✓	✓	✓
Camberwell West	21 Jan 14	✓	✓	✓	✓	✓
Dulwich	16 Jan 14	x	✓	✓	✓	✓
Nunhead and Peckham Rye	23 Jan 14	A (2.7%)	N	N	N	N
Peckham	13 Jan 14	x	✓	✓	✓	✓
Rotherhithe	22 Jan 14	✓	✓	✓	✓	✓
Walworth East	23 Jan 14	x	–	–	–	–
Walworth West	16 Jan 14	x	✓	✓	✓	✓
Summary:						
• ✓ Agreed		4	9	8	9	9
• x Disagreed outright		4	0	0	0	0
• A Alternative suggested		3	0	2	0	0
• N Noted		1	1	1	1	1
• – No response made		0	2	1	2	2
<b>Total</b>		<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>

*\*In both instances, the alternative was to increase garage charges for commercial users.*

### Section 3 – Area Housing Forum Comments and Recommendations 2014/15

<b>Aylesbury</b>	<b>21 January 2014</b>
<p>General comments from forum delegates were:</p> <ul style="list-style-type: none"> <li>• Did not feel reviewing the document and making comments would have any impact on final report, so felt it was a pointless exercise.</li> <li>• Felt garages should be increased as usually now used for commercial purposes.</li> <li>• Should consider a freeze to prevent further residents falling into the poverty trap or being forced to claim benefits.</li> </ul>	
<b>Bermondsey East</b>	<b>15 January 2014</b>
<p>Rent increase: <b>Agreed</b> – don't like the rent increase but understand the reasons why.</p> <p>Tenants service charges: <b>Agreed</b></p> <p>Garage charges: <b>Agreed</b></p> <p>District heating charges: <b>Agreed</b></p> <p>Sheltered housing charges: <b>Agreed</b></p>	
<b>Bermondsey West</b>	<b>22 January 2014</b>
<p>Rent increase: <b>Agreed</b></p> <p>Tenants service charges: <b>Agreed</b></p> <p>Garage charges: <b>Agreed</b></p> <p>District heating charges: <b>Agreed</b></p> <p>Sheltered Housing charges: <b>Agreed</b></p>	
<b>Borough and Bankside</b>	<b>23 January 2014</b>
<p>Rent increase: <b>Disagreed</b> with the recommendation and suggest no increase above the rate of inflation as at 23 January 2014.</p> <p>Tenants service charges: <b>Agreed</b></p> <p>Garage charges: suggest no increase for Southwark Council residents (tenants and leaseholders) and an increase for non-residents; also the introduction of a three-tier charging regime: low for Southwark tenants and leaseholders; medium for other Southwark residents; high for commercial lets to businesses.</p> <p>District heating charges: <b>Agreed</b></p> <p>Sheltered housing charges: <b>Agreed</b></p>	

<b>Camberwell East</b>	<b>20 January 2014</b>
<p>Rent increase: <b>Disagreed</b>. The forum appreciates that the council is in a difficult situation and has no choice with regards to the increase.</p> <p>Tenants service charges: <b>Agreed</b></p> <p>Garage charges: <b>Agreed</b></p> <p>District heating charges: <b>Agreed</b></p> <p>Sheltered Housing charges: <b>Agreed</b></p>	

<b>Camberwell West</b>	<b>21 January 2014</b>
<p>The forum <b>agreed</b> with the recommendations.</p>	

<b>Dulwich</b>	<b>16 January 2014</b>
<p>Rent increase at 5.4% – <b>Disagreed</b>. The projected underspend from 2013/14 should be used to off-set increases.</p> <p>No change in tenant service charge – <b>Agreed</b>. However, the forum asked if there will be a reduction in service as a result and will no increase in tenant service charge result in the leaseholders having increased costs.</p> <p>No change in garage charges – <b>Disagreed</b>. The forum said that the prices are already too high and should be reduced.</p> <p>No change to district heating charges – <b>Agreed</b>. However, costs have been frozen therefore they must have been too high to begin with. Tenants should get compensation if the district heating system goes down.</p> <p>No change to sheltered housing charges – <b>Agreed</b>.</p> <p>Two further general comments were:</p> <p>The chairman said that more detail is needed on the budget when presented to the forum.</p> <p>The chairman said somebody from Finance was expected at the forum, as promised last year.</p>	

<b>Nunhead &amp; Peckham Rye</b>	<b>23 January 2014</b>
<p>We note with regret and concern this coalition government's approach to social rents.</p> <p>It would be easy to say we do not support and will not vote for a rent increase. However this is not the case this year. We are concerned by what can only be described as a 'knee jerk' approach to social rents by changing the calculator from RPI to CPI and to arbitrarily cancelling convergence of rents which will potentially impact the HRA by millions and potentially hundreds of millions of pounds.</p> <p>The Nunhead and Peckham Rye Area Housing Forum notes that the rent rise is unavoidable and in consequence reluctantly endorses it. We welcome the recommendation to reduce the increase by 50% to <b>2.7%</b>.</p> <p>We also <b>note</b> the Council's recommendation to hold all other charges at the 2013/14 levels.</p>	

<b>Peckham</b>	<b>13 January 2014</b>
<p>Rent increase – <b>Disagreed</b>. People can't afford to pay their rent now so an increase would make it more difficult.</p> <p>No change in tenant service charges – <b>Agreed</b>. No further comment.</p> <p>No change in garage charges – <b>Agreed</b> BUT the prices are too high to start with, they should be made more affordable.</p> <p>No change to district heating charges – <b>Agreed</b> BUT prices should be reduced and compensation should be paid for tenants who suffer outages.</p> <p>No change to sheltered housing charges – <b>Agreed</b>. No further comment.</p>	

<b>Rotherhithe</b>	<b>22 January 2014</b>
<p>Rent increase: <b>Agreed</b> but under duress</p> <p>Tenants Service Charges: <b>Agreed</b></p> <p>Garage Charges: <b>Agreed</b> but want the Council to improve the letting of sheds to generate income</p> <p>District Heating Charges: <b>Agreed</b></p> <p>Sheltered Housing Charges: <b>Agreed</b></p>	

**Walworth East****23 January 2014**

Walworth East forum **did not agree** with the recommended above inflation increase of 5.4%. They commented that Southwark was not a 'rich' borough and rents were rising too fast.

The forum recognise that the increase would be applied anyway as it always has been in the past, but all members felt that the proposed increase was unfair.

The forum did not have a specific % increase recommendation about the level of the rents as they did not have the expertise to apply the impact, but all strongly felt that it should definitely not be higher than inflation.

Comments were made that the proposed increase would drive more people into debt, and that Southwark would not be able to collect the increased rent from people, there would be a spiral and things will just get worse for tenants.

Recognition that there must be a rent increase at this time, but comment that it is the same process every year and rents always go up and not down.

When residents are asking for things, they are always told that 'Southwark has no money', will the increase mean that services are improved?

Walworth West forum voted as follows on the proposed rent increase of 5.4% an average increase of £5.21 per week:

IN FAVOUR 1 **AGAINST** 4 ABSTENTIONS 6

The forum felt that the services provided did not offer value for money especially the repairs service, the Veolia contract especially as rubbish is not regularly collected and some bins are allowed to overflow. The forum took the view that the rent increase had to be supported by service improvement and that there was a compelling need to cut down on wastage of resources and for the council to demonstrate visible improvement of services.

The forum would be keen to get an update on Cabinet's instructions for officers to explore the options regarding the rent increases fro 2014/15.

The forum welcomed the option not to increase fixed service charges on provisional basis and hoped that there will be no increase in the fixed service charges in the 2014/15 financial year.

The forum welcomed the option not to increase the standard charge for garages or other non-residential charges as set out in paragraphs 40 – 41 with effect from 7 April 2014 on a provisional basis and hoped that there will be no increases in the 2014/15 financial year.

The forum welcomed the option not to increase district heating and hot water charges as set out in paragraphs 42 – 43 with effect from 7 April 2014 on a provisional basis and hoped that there will be no increases in the 2014/15 financial year.

The forum welcomed the option not to increase sheltered housing service charges as set out in paragraph 44 with effect from 7 April 2014 on a provisional basis and hoped that there will be no increases in the 2014/15 financial year.

The forum felt that although the council should do all it can to keep the cost of water and sewerage charges levied by Thames Water at paragraph 45 at affordable levels.

The forum hopes that their observations in paragraph 1 – 7 above would be taken into consideration when cabinet meets on 28 January 2014.



#### **Section 4      Comments of Home Owner Council of 15 January 2014**

During a discussion on the Indicative HRA budget and Rent-Setting report, Home Owner Council raised questions/made observations about various aspects of HRA income and expenditure, and resolved to **AGREE** with the recommendation regarding no increase in garage rents.

In addition, the chair of Home Owner Council submitted the following observations by e-mail to the head of Specialist Housing Services after the meeting:

[The council's] new budget does not reflect any projected decrease in expenditure from initiatives to improve monitoring of contractors' works and expenses:

- bringing the Repairs Line in-house;
- communicating with residents to confirm work has been carried out;
- re-opening job numbers when the work has been found unsatisfactory within twelve months;
- hiring additional inspectors; and
- a more robust and efficient complaints procedure.

All of the above should equate to considerable savings, but their policies lack financial incentives. We ask that cabinet require housing to set and meet target reductions in spending through increased monitoring of contractors.

The points made are under consideration by officers, and a response will be sent to the chair in due course.

## **Section 5      Comments of TMO Liaison Committee of 22 January 2014**

The committee noted the proposed increase in rents of 5.4%, particularly adding that this was generated in line with central government requirements on social rents and convergence to target rent levels.

The committee agreed with the recommendations regarding no increases in non-dwellings (garages), tenant service charges, district heating charges and charges for sheltered housing.

In terms of the HRA budget, the committee welcomed the additional contribution of £4.5 million to the investment programme, but wished for more information regarding the bidding and allocation processes. They also asked for reassurance that additional works funded by the enhanced contribution would be reflected in TMO-managed stock as well as that still managed centrally by the council.