

## **Additional Material for Executive 26<sup>th</sup> January 2010 – Housing Revenue Account Rent-Setting Report 2010/11**

The sections below all relate to consultation meetings of Area Housing Forums in the past 10 days, and to last night's meeting of Tenant Council, which mostly have taken place since the dispatch date for the Executive meeting, and so the papers below are circulated on a 'round the table' basis.

Section 1      Recommendations of Tenant Council of 25<sup>th</sup> January 2010

Section 2      Summary of Area Housing Forum Decisions

Section 3      Individual Area Forum Feedback and Finance Responses

N.B. feedback from Home Owners Council is included under Section 3.

	<b>Recommendations of Tenant Council (25<sup>th</sup> January 2010)</b>	<b>For</b>	<b>Against</b>	<b>Abstain</b>	<b>Not voting</b>
1.	<p>Approve an average rent increase of 1.33% in accordance with the Government's required formula rent guidance (as set out in paragraphs 7 – 11). This is equivalent to an increase of £1.06 per week on average, to be applied to all HRA dwellings (including estate voids and hostels), with effect from 5<sup>th</sup> April 2010. Average budgeted dwelling rent for 2010/11 will be £80.60 per week.</p> <p><b>Tenant Council further agreed to a motion from Peckham Area Forum:</b></p> <p><i>“We (Peckham) encourage Tenant Council to work together and write to the government requesting no increase in rent and that they abandon rent restructuring.”</i></p> <p><b>Tenant Council also passed the following motion:</b></p> <p><i>“With respect to the ‘Revenue Contribution to Investment Programme’ in Appendix D of the report and the Capital Fund, Tenant Council asks Council Management for:-</i></p> <ul style="list-style-type: none"> <li>• <i>a full breakdown of expenditure and income including income from land sales, and</i></li> <li>• <i>a cost-benefit comparison of the reorganisation and relocation of Council offices linked to the opening of 160 Tooley Street, including the effects of staff travel.”</i> </li></ul>	<p><b>10</b></p> <p><b>Agreed</b></p> <p><b>16</b></p> <p><b>Agreed</b></p> <p><b>15</b></p> <p><b>Agreed</b></p>	<p>2</p> <p>0</p> <p>0</p>	<p>4</p> <p>0</p> <p>1</p>	<p>0</p> <p>0</p> <p>0</p>
2.	<p>Approve a freeze in tenant service charges such that each charge remains at the rate determined for 2009/10 (as set out in paragraphs 21 – 23) with effect from 5<sup>th</sup> April 2010.</p>	<p><b>14</b></p> <p><b>Agreed</b></p>	<p>0</p>	<p>2</p>	<p>0</p>

		<b>For</b>	<b>Against</b>	<b>Abstain</b>	<b>Not voting</b>
3.	Defer any recommendation for an increase in rents and charges for all non-residential property, such that each charge remains at the rate determined for 2009/10 subject to a further report on the charging structure for these properties being brought to the Executive during 2010 (as set out in paragraphs 24 – 25) with effect from 5 <sup>th</sup> April 2010.	<b>11</b> <b>Agreed</b>	2	2	1
4.	Approve a standstill in heating and hot water charges such that each charge remains at the rate determined for 2009/10 (as set out in paragraphs 26 – 28) with effect from 5 <sup>th</sup> April 2010.	<b>12</b> <b>Agreed</b>	0	4	0

## SUMMARY OF AREA FORUM DECISIONS – HRA RENT SETTING REPORT RECOMMENDATIONS 2010/11

Forum	Date	Rent +1.33%	Serv. Charge no change	Non-Dwellings temp. no change	Heating no change
Bermondsey East	20/01/10	✓	✓	✓	✓
Bermondsey West	19/01/10	✓	✓	✓	✓
Borough & Bankside	21/01/10	N	✓	N <sup>2</sup>	x
Camberwell East	18/01/10	✓	✓	✓	✓
Camberwell West	19/01/10	✓	✓	✓	✓
Dulwich	21/01/10	✓	✓	✓	✓
Nunhead & Peckham Rye	21/01/10	N	N	N	N
Peckham	18/01/10	x <sup>3</sup>	✓	✓	✓
Rotherhithe <sup>1</sup>	18/01/10	- <sup>4</sup>	-	- <sup>4</sup>	-
Walworth Central	19/01/10	✓	✓	✓	✓
Walworth East	21/01/10	✓	✓	✓	✓
Walworth West	21/01/10	✓	✓	✓ <sup>5</sup>	✓ <sup>6</sup>
Summary:					
• Agreed		8	10	9	9
• Disagreed outright		-	-	-	1
• Alternative suggested		1	-	-	-
• No Decision/Noted		3	2	3	2
<b>Total</b>		<b>12</b>	<b>12</b>	<b>12</b>	<b>12</b>

1. No decision due to inquoracy.
2. Borough & Bankside opposes differential charging for non-dwellings.
3. Peckham rejects rent restructuring, & recommends that rent & service charges should only increase in line with welfare benefits.
4. Rotherhithe – though inquorate, informally accepted the rent increase, but wished to ‘put down a marker’ opposing any deferred non-dwellings increase.
5. Walworth East noted that any subsequent increase should be capped at 10%.
6. Walworth West added a caveat on service & maintenance levels.

## **Response of the Finance Director to Area Housing Forum Comments from the HRA Rent Setting Report 2010/11 Consultation**

*The four recommendations on the main report are:*

1. *To increase dwelling rents by 1.33%;*
2. *To freeze tenants service charges;*
3. *To defer any increase non-dwellings charges until the conclusion of a review by Housing Management; and*
4. *To maintain heating and hot water charges at 2009/10 levels.*

**Bermondsey East** (20<sup>th</sup> January 2010)

**The Area Forum agreed with the 4 recommendations.**

**Bermondsey West** (19<sup>th</sup> January 2010)

**The Area Forum agreed with the 4 recommendations, but queried the lack of refund for heating and hot water charges.**

The Council has undertaken to continue reviewing heating charges on an annual basis, despite the extension of the relevant supply contract period from 2 to 4 years, on the basis that Council policy has been (since 1994) that the first call on any surplus would be to mitigate future increases, and secondly fund a reduction in charges to tenants. In 2010/11, officers advice is that the Council can fulfil the first objective, but not the second. However it is intended to continue with the annual review process in future years to ensure that tenants carry on enjoying stability in a volatile and unpredictable marketplace.

**Borough & Bankside** (22<sup>nd</sup> January 2010)

**The Area Forum noted the recommendation on rents and agreed with the recommendation on tenant service charges. In terms of the other two recommendations:**

- **The Area Forum opposes differential charging for non-dwellings, and also challenges the lack of evidence on the proposal.** It is for the Director of Environment and Housing's review to provide this evidence, and the purpose of deferring any increase is an acknowledgement that this process is not yet complete; and
- **The Area Forum states that it is unhappy with the lack of information on the cost of heating and fuel costs.** Energy supply costs are forecast to broadly match budgets for 2009/10, and there is some evidence of additional cost pressures in early 2010/11, although overall the contract is delivering expected savings, but insufficient to warrant a reduction in charges for 2010/11.

**Camberwell East** (18<sup>th</sup> January 2010)

**The Area Forum agreed with the 4 recommendations.**

**Camberwell West** (19<sup>th</sup> January 2010)

**The Area Forum agreed with the 4 recommendations.**

**Dulwich** (21<sup>st</sup> January 2010)

**The Area Forum agreed with the 4 recommendations.**

**Nunhead & Peckham Rye** (21<sup>st</sup> January 2010)

**The Area Forum noted the recommendations. They also commented regarding the allocation of costs between the HRA & the General Fund. They wish the Council in conjunction with Tenant Council to “...review these charges and ensure that with effect from 2011 they are allocated to the correct cost centres within the General Fund”. In response, the Council notes that it has always complied in full with all professional guidance on this matter, and anticipates continuing to do so if the Government issues new instructions as part of their reforms of HRA finance.**

**Peckham** (18<sup>th</sup> January 2010)

**The recommendation of this Forum was that rents and service charges should rise in line with welfare benefits, and not as prescribed under rent restructuring. Further, that the Council should make representations to the Government “[to ensure that] ...the annual rent increases guideline and formula rent should be limited to the rate of inflation applied to welfare benefit increases”. Council policy is to adhere to rent restructuring in order to maximise resources both in terms of dwelling rents and housing subsidy, which results in the proposed increase of 1.33% in rents, which compares very favourably with an increase in the State Retirement Pension of 2.5% from April 2010.**

**Rotherhithe** (18<sup>th</sup> January 2010)

**Despite being inquorate, Rotherhithe Area Forum informally accepted the proposed rent increase. With regard to their informal rejection of any future increase in non-dwellings charges, the decision of the Director of Environment and Housing to ensure that her review of this area is both wide-ranging and thorough is welcome, and officers will assist in ensuring that her recommendations are financially robust.**

**Walworth Central** (19<sup>th</sup> January 2010)

**The Area Forum agreed with the 4 recommendations.**

**Walworth East** (21<sup>st</sup> January 2010)

**The Area Forum agreed with the 4 recommendations.**

**Walworth West** (21<sup>st</sup> January 2010)

**The Area Forum agreed with the recommendations on rents and tenant service charges and added caveats to the other two:**

- **The Forum recorded that any subsequent increase in non-dwellings charges should be capped at 10%.** As noted under the Rotherhithe Area Forum response above, the review of garages being undertaken by the Director of Environment and Housing is welcome, and officers look forward to its results – however an increase in the average charge of 10% would not generate significant additional income by itself due to high void levels, which the review is also addressing; and
- With regard to heating charges; as in previous years, the Forum did not appear to take into account that the charges relate only to utility costs, and that the issue of the efficiency and maintenance of the heating systems is therefore not covered by this charge; however their acceptance of the recommendation itself is noted.

**Home Owners Council** (18<sup>th</sup> January 2010)

**Home Owners Council noted the report, and welcomed the reintroduction of budget-related appendices (excluded from early versions last year).**