

APPENDIX C

COMMUNITY SCRUTINY COMMITTEE

Wednesday, 5 February 2020

4. HOUSING REVENUE ACCOUNT BUDGET AND HOUSING RENT SETTING FOR 2020/21

The Committee considered the Housing Revenue Account (HRA) Budget and Housing Rent Setting for 2020/21, being presented as part of the budget consultation process that brought together the latest proposals contained in the revenue and capital budgets for the Housing Revenue Account 2020/23 to be presented to the Executive Board and Council for determination.

The Director of Corporate Services advised that the report had been prepared reflecting the latest proposals contained within the Housing Revenue Account Business Plan, being the primary financial planning tool for delivering and maintaining the Carmarthenshire Homes Standard *Plus* (CHS+) for the future. The proposed investment within the current business plan delivered the CHS by 2015 (to those homes where the tenants agreed to have work undertaken) provided investment to maintain CHS+ and continued investment for the Authority's Affordable Homes Commitment.

The Director of Corporate Services reminded the Committee that with regard to the setting of the Housing Rents, the Authority had, on the 24th February 2015, adopted the Welsh Government's Social Housing Rent Policy for the four year period ending in 2018/19. For 2019/20, the Welsh Government had provided an interim policy while it awaited the results of the Affordable Housing Supply Review.

Following that review, the Welsh Government had decided to retain the policy for a further 5 year period from 2020/21 – 2024/25 with some additional/amended requirements with the annual rent uplift for the revised period being CPI (Consumer Price Index) plus 1%, using the level of CPI from September of the previous year. In applying that policy for 2020/21 the Welsh Government had notified local authorities in December 2019 that the increase in target rent would equate to CPI of 1.7% plus 1% totalling 2.7%, and for those below the target rent, a maximum of £2 per week increase could be applied until the target rent was reached. However the total rent envelope would increase by a maximum of 2.7% (£2.36) from £87.41 to £89.77.

The Director of Corporate Services advised that if the Committee was to endorse the budget proposals the 2020/21 Housing Revenue Account would have an expenditure level of £50.1m with the capital programme being £34.7m for 2020/21, £35.2m for 2021/22 and £31.4m for 2022/23

The following issues were raised in relation to the report:-

- The Director of Corporate Services confirmed the use of CPI in calculating rent increases was set by the Welsh Government and local authorities had no discretion in varying that to apply the Retail Price Index in lieu.
- In response to a question on the introduction of Universal Credit and its

impact on rent arrears, the Head of Homes and Safer Communities advised there had only been a slight increase in rent arrears overall, which was lower than had been expected and compared favourably with other social housing providers. To date, 1200 tenants had transferred to Universal Credit, with a further 4,000 anticipated over the next four years. He confirmed the authority did not implement its arrears policy for any tenants falling into arrears during the transition period to Universal Credit, in view of the fact the initial payment could take up to five weeks.

The Director of Corporate Services referred to the transfer of benefit claimants to Universal Credit and advised that pensioners were exempted from the legislation and would continue to receive their existing benefits.

- In response to a question on the level of rental income for the Council's garages stock, the committee was advised that it equated to approximately £125k per annum. The Council had approximately 160 garage sites and each of those was being evaluated to assess their future best options which could include repairs, demolition and conversion to parking spaces and disposal.
- With regard to a question on the current void loss of 2.7% the Head of Homes and Safer Communities advised that performance was similar to other local authority and social housing providers. Whilst the top performers were achieving 1.6%, that was mainly achieved by social housing providers whose stock was younger than local authorities.

He advised although the authority had a number of long term voids, it had set aside funding to address those. Once brought back into use, it was anticipated void losses would reduce.

The Head of Property in response to the difficulties previously reported to the Committee on the capacity of external contractors to undertake void works, confirmed discussions had been initiated with contractors to increase their capacity to undertake the works. He also advised on the existing and new contractor frameworks that involved awarding works in packages of between 10 and 20 properties. Those properties could either be confined to one region or spread throughout the county. The time period for completing a package depended on the level of works required.

- The Acting Investment and Income Manager referred to the Welsh Government's requirement for local authorities to build homes near carbon zero and to decarbonise its existing stock. She advised that whilst the Council's new build properties would be highly efficient, the council's existing stock of over 9,500 properties would require a range of options to reduce their carbon footprint. In that regard, the authority, in conjunction with Cardiff University was evaluating a sample model of six properties with differing tenant ranges in terms of age and occupancy levels to assess their lifestyles and energy usage. The results of that model would help inform future policy to improve stock performance.

UNANIMOUSLY RESOLVED THAT IT BE RECOMMENDED TO THE EXECUTIVE BOARD/COUNCIL:-

- 4.1 to increase the average housing rent as per the Welsh Government's Social Housing Rents Policy i.e.:-**
- **Properties at target rents to increase by 2.53%**
 - **Properties where rent was below target rent to increase by 2.53% plus a maximum progression of £1 per week**
 - **Properties above target rent be frozen until such time as they met the target**

thereby producing an average housing rent increase of 2.7% (CPI + 1%) or £2.36, producing a sustainable Business Plan, maintains CHS+ and resourcing the Affordable Homes Programme, as supported by the Carmarthenshire Home Standards Steering Group;

- 4.2 To maintain garage rents at £9.00 per week and garage bases at £2.25 per week**
- 4.3 To implement a maximum progression of £1, for rents below target rent, until target rents were achieved.**
- 4.4 To apply the service charge policy to ensure tenants who received the benefit from specific services paid for those services**
- 4.5 To increase charges for using the Council's sewerage treatment works in line with the rent increase.**