

COMMUNITY SCRUTINY COMMITTEE

5TH FEBRUARY 2020

Housing Revenue Account Budget and Housing Rent Setting for 2020/21

To consider and comment on the following issues:

- That as part of the Budget Consultation process, the Scrutiny Committee considers the revenue and capital budgets of Housing Revenue Account (HRA) and rent setting proposals for 2020/21. This will be considered by Executive Board 24/02/2020 and subsequently County Council on 3/03/2020

REASONS:

- To enable the Authority to set its Housing Revenue Account Budget and the Housing Rent levels for 2020/21.
- To formulate views for submission to the Executive Board / Council for consideration.

To be referred to the Executive Board for decision: YES
Executive Board – 24th February 2020
Full Council – 3rd March 2020

EXECUTIVE BOARD MEMBER PORTFOLIO HOLDER:- Cllr David Jenkins

Directorate: Corporate Services Name of Director: Chris Moore	Designations: Director of Corporate Services	Tel No's / E Mail Addresses: 01267 224160 CMoore@carmarthenshire.gov.uk
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EXECUTIVE SUMMARY COMMUNITY SCRUTINY COMMITTEE 5TH FEBRUARY 2020

Housing Revenue Account Budget and Housing Rent Setting for 2020/21

This report has been prepared in conjunction with officers from the Communities Department and brings together the latest proposals for the Revenue and Capital Budgets for the Housing Revenue Account 2020/2023, which will be presented to the Executive Board on 24th February 2020.

The report is presented to the Community Scrutiny Committee as part of the budget consultation process and the Executive Board will consider any views expressed by this Committee when setting the Budget and Housing Rents for 2020/21.

The report has been prepared reflecting the latest proposals contained in the Housing Revenue Account (HRA) Business Plan, which is the primary financial planning tool for delivering 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 tenants agreed to have work undertaken), provides investment to maintain CHS+ and continues investment for our Affordable Housing Commitment.

The report also details how rents will increase for 2020/21:

- Appendix A provides the proposed Capital Programme for 2020/23.
- Appendix B of this report provides the proposed Revenue Account Budget for 2020/23.

The HRA budget for 2020/21 is being set to reflect:

- Social Housing Rent Policy set by Welsh Government (WG)
- Proposals contained in the Carmarthenshire Homes Standard *Plus* (CHS+)
- Affordable Homes Delivery Plan

Part of the agreement to exit the Housing Revenue Account Subsidy system included LAs with retained stock were required to adopt the new Social Housing Rents Policy set by the WG. It developed a coherent and consistent rent policy framework that would apply to all social landlords, reflect local variations in affordability and housing market values, providing for a more equitable distribution of rents for social sector tenants across Wales, while at the same time ensuring the viability of individual social landlords. County Council approved the implementation of the policy on 24/02/15. This policy provided consistency for 5 years but ended in 2018/19. WG provided an interim policy for 2019/20 while they await the results of the Affordable Housing Supply Review. The result of this review was to retain the existing policy for a further 5 years with some additional/amended requirements. The policy will be applied to all our social housing including new build, properties bought from the private sector as well as our existing stock.

Below are the main points detailed in WG letter:-

- An annual rent uplift (total rent envelope) of up to CPI+1%, each year for 5 years from 2020-21 to 2024-25 using the level of CPI from the previous September each year. September 2019 was 1.7%.
- CPI+1% will be the maximum increase allowable in any one year but CPI+1% must not be regarded as an automatic uplift to be applied by social landlords. Landlords decisions on rent should take into account the affordability of rents for tenants as set out below.
- The level of rents for individual tenants can be reduced or frozen or can rise by up to an additional £2 over and above CPI+1%, on condition that total rental income collected by the social landlord increases by no more than CPI+1%. This provision is designed to enable social landlords to restructure rents payable where necessary. However, the freezing or reducing of rents will only apply to local authorities who have the scope to do so within their target rent band and they continue to comply with the social housing rent policy.
- Should CPI fall outside the range of 0% to 3%, the Minister with responsibility for housing will determine the appropriate change to rent levels to be applied for that year only.
- Social landlords should advise the Welsh Government where they have concerns about the impact that rent policy has upon their business plan or financial viability, or on their ability to meet their obligations to tenants and lenders.
- As an intrinsic part of the five year rent policy, social landlords will be expected to set a rent and service charge policy which ensures that social housing remains affordable for current and future tenants. As part of their annual decision on the level of rent uplift/reduction to be applied they should make an assessment of cost efficiencies, value for money and affordability for tenants which should be discussed at the Board/Cabinet/Council.

The letter also refers to shortage of social housing and the need to build homes near carbon zero and decarbonisation of existing stock. WG want LA's to consider the "whole cost of living in a property", looking at not only rent and service charges but energy costs also in order to reduce the financial burden on tenants. In recognition of the greater stability and certainty due to the rent policy WG also want to strengthen joint working with LA's in a wider rental agreement. WG also want LA's to produce annual assessments of affordability, value for money and demonstrate finding efficiencies as part of monitoring compliance.

DETAILED REPORT ATTACHED?

YES

IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report :

Signed: Chris Moore

Director of Corporate Services

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets
NONE	NONE	YES	NONE	NONE	NONE	YES

FINANCE

The report details the HRA proposals to be considered by Executive Board. If the proposals are agreed the budget for the HRA will be set for 2020/21 with an expenditure level of £50.1M. The average rent will increase from £87.41 to £89.77 (2.7% or £2.36).

The proposed Capital Programme will be £34.7M for 2020/21 £35.2M for 2021/22 and £31.4M for 2022/23.

Physical Assets

The capital programme continues the works to maintain the Carmarthenshire Home Standard *Plus* and deliver the Affordable Homes programme as per the 30 year business plan.

CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below

Signed: Chris Moore

Director of Corporate Services

1. Local Member(s) - Not applicable
2. Community / Town Council – Not applicable
3. Relevant Partners - Not applicable
4. Staff Side Representatives and other Organisations – Not applicable

Section 100D Local Government Act, 1972 – Access to Information
List of Background Papers used in the preparation of this report:

THESE ARE DETAILED BELOW

Title of Document	File Ref No.	Locations that the papers are available for public inspection
Social Housing Rents Policy		Financial Services, County Hall, Carmarthen
30 year Housing Business Plan		Financial Services , County Hall, Carmarthen