

COMMUNITY AND REGENERATION SCRUTINY COMMITTEE

Tuesday, 2 February 2021

EXTRACT FROM THE MINUTES OF THE COMMUNITY AND REGENERATION SCRUTINY COMMITTEE HELD ON THE 2ND FEBRUARY 2021

MINUTE

5. HOUSING REVENUE ACCOUNT BUDGET AND HOUSING RENT SETTING FOR 2021/22

(NOTE: Councillor J Gilasbey having earlier declared an interest in this item left the meeting during its consideration)

The Committee considered the report presented by the Executive Board Member for Resources on the Housing Revenue Account (HRA) Budget and Housing Rent Setting for 2021/22, being presented as part of the budget consultation process that brought together the latest proposals for the Revenue and Capital budgets for the Housing Revenue Account 2021/24 to be presented to the Executive Board and Council for determination.

The Executive Board Member advised that the report had been prepared reflecting the latest proposals contained within the Housing Revenue Account (HRA) 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 Executive Board Member 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, as detailed within the report. The annual rent uplift (total rent envelope) would be up to the Consumer Price Index (CPI) + 1% for each of the 5 years, using the level of CPI from September of the previous year. CPI + 1% would be the maximum increase allowable in any one year but must not be regarded as an automatic uplift to be applied by social landlords and their decisions on rent should have regard to the affordability for tenants.

In applying that policy for 2021/22, the Welsh Government had notified the level of rents for individual tenants could be reduced or frozen or rise by up to an additional £2 over and above the CPI+1% on condition the total rental income collected increased by no more than CPI +1%

If the budget proposals were to be endorsed, the 2021/22 Housing Revenue Account would have an expenditure level of £51m, with the capital programme being £37.6m for 2021/22, £37.4m for 2022/23 and £30.6m for 2023/24

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

- In response to a question on the percentage of Council Tenants in receipt of Housing Benefit, the Committee was advised one third were paying full rent, one third partial rent and the remaining third were received full benefit. The Head of Homes and Safer Communities advised that setting rent levels represented a difficult balancing act between ensuring rises did not adversely impact on tenants' ability to pay, whilst providing funding for the capital programme to improve the condition of the housing stock and the building of additional affordable homes
- Reference was made to the numbers of council tenants who had transferred from housing benefit to Universal Credit and to what impact that may have had on rent arrears and how that transfer was being managed.

The Executive Board Member for Housing confirmed that currently 1904 tenants had transferred to Universal Credit to date, increasing by 100 per month on average, with it being anticipated approximately 3,500 would transfer over time. Whilst current rent arrears were £1.5m, representing a £50k increase on the same time last year, it was less than anticipated and better than within other local authorities. The Council also worked with tenants on managing their transfer which included encouraging rent payment by direct debit.

- In response to a question on the decarbonisation proposals for Council homes, the Executive Board Member for Housing advised that the type and nature of work to be undertaken would vary from property to property depending on age and design and it was anticipated those works could save tenants between 60%-70% on their energy bills. While the cost of the proposals would be funded by the Council, via borrowing on capital, it was hoped the Welsh Government would provide grant aid towards those costs.
- The Head of Homes and Safer Communities confirmed that the rent increases proposed within the report only applied to council owned homes. For those homes managed by the Council, on behalf of other landlords, rental levels would be higher.

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

- 5.1 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 1.27%**
 - **Properties where rent was below target rent to increase by 1.27% 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 1.5% (CPI + 1%) or £1.35, producing a sustainable Business Plan, maintain CHS+ and resourcing the Affordable Homes Programme, as supported by the Carmarthenshire Home Standards Steering Group;

- 5.2 To maintain garage rents at £9.00 per week and garage bases at £2.25 per week;**
- 5.3 To apply the service charge policy to ensure tenants who received the benefit from specific services paid for those services;**
- 5.4 To increase charges for using the Council's sewerage treatment works in line with the rent increase;**
- 5.5 To approve the Housing Revenue Account Budget for 2021/24 (2022/23 & 2023/24 being soft budgets) as set out in Appendix A to the report;**
- 5.6 To approve the proposed Capital Programme and applicable funding for 2021/22 and the indicative spends for 2022/23 to 2023/24, as set out in Appendix B to the report.**