

Housing Revenue Account (HRA) – Revised Rents for 2009/10

Special Committee

Date: 28th May 2009

Author: Cabinet Member for Health, Housing & Adult Social Care and Director of Housing and Leisure

Wards Affected: All

Purpose

- To approve the proposed revised rents for 2009/10.

Recommendation

The Special Committee on behalf of the Council is invited to approve the recommendations as follows, subject to the provision outlined in point 2.3 below:

- The proposed average rent for Housing Revenue Account (HRA) dwellings for 2009/10 of £69.80 per week (48 week basis) be reduced to £67.75 per week (48 week basis), to bring it in to line with the 3.1% increase proposed by the Government's revised rent restructuring guidance issued in March 2009.
- Rents charged on General Fund properties are reduced in line with reduction in the average rents for HRA dwellings (3.1%), be approved.
- Rents charged for plots at the Hay Lane Residential Gypsy Site be reduced by £1.00 per week to £38.00 per week (52 week basis), be approved.

1. Reasons

- 1.1 To inform Members of changes proposed by the Government after the rents were set by the Council at its meeting on the 23 February this year.

2. Detail

- 2.1 The Council agreed an increase in the rents charged to Housing Revenue Account (HRA) and General Fund property tenants at its meeting on 23 February this year. The rent was set at an average of £69.80 per week, an increase of 6.2% in line with Government guidance.
- 2.2 On the 6 March Margaret Beckett MP Minister for Housing announced that the guideline rent increase was to be cut from 6.2% to 3.1%. Full details of the proposal were received in the following weeks. The Government indicated that they will reduce the negative subsidy for all those authorities that reduce the rents in line with the revised guidance.
- 2.3 The Government has not yet issued final details, these are expected this month. The recommendations proposed in this report are made on the basis that the final details are in line with the draft guidance that has been issued.

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In the event that there is a significant change in the guidance the recommendations will not be implemented and a further report will be presented to the Council.

Impact on HRA Budget

- 2.4 The change in rent will reduce the income for the HRA by £1.033 million, the Government have indicated that our negative subsidy will be reduced by the same amount therefore the net impact will be Nil.
- 2.5 For 2009/10, it is recommended that the revised rent increase of 3.1% proposed by the Government be adopted for all HRA dwellings.

General Fund Rents and Service Charges

- 2.6 There are a number of rented properties in the General Fund including the David Murray John Tower (DMJ). Rent restructuring affects only HRA properties although it would be reasonable for Members to apply the same principles to the Council's General Fund properties. For 2009/10, it is recommended that the revised rent increase of 3.1% proposed for HRA dwellings be also applied to General Fund properties. There is no Government compensation available for General Fund properties.

Hay Lane Residential Gypsy Site

- 2.7 The rent for residential sites at Hay Lane was increased by £2.00 per week in line with other General Fund properties; it is proposed that this be revised to a £1.00 per week increase.

Alternative Options

The Council has the option to not change the rents that were agreed at the meeting on the 23 February.

Risk Management

Financial and Procurement Implications

- The proposals outlined in the report will ultimately result in a reduction in the rents that were introduced on 6 April 2009 i.e. start of the 2009/10 rent year. The revised rents will be backdated to the 6 April 2009.
- There will be a minimal impact on the General Fund due to the reduction of the rent increase; this is estimated to be less than £10,000.

Legal/Human Rights Implications

- The Council's rent setting powers are outlined in the Housing Act 1985. A local

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housing authority may make such reasonable charges as they may determine for the tenancy or occupation of their houses. The authority shall from time to time review rents and make such changes, either of rents generally or of particular rents, as circumstances may require.

Links to Corporate Plans and Policies (in particular to Swindon 2010 Promises)

- The HRA helps to achieve the objective of enabling people to live in a healthy and safe environment and ensures that the Decent Homes Standard target is met by 2008 (promise number 13 in Swindon 2010).

Consultees

- The Director of Finance (Section 151 Officer) and Director of Law and Democratic Services (Monitoring Officer) are consulted in respect of all reports.

Background Papers and Appendices

- Appendix 1 – Statement From Margaret Beckett MP Minister for Housing 6 March 2009.

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APPENDIX 1

Written Ministerial Statement

Friday 6 March 2009

COMMUNITIES AND LOCAL GOVERNMENT

Local Authority Rents

The Minister for Housing (Margaret Beckett): Each autumn, after consultation, the Government publish formal guideline rents so that local authorities know where they stand on Government subsidy on the Housing Revenue Account (HRA) system.

Authorities are then free to make their own decisions on the actual rent level to set in their particular circumstances. Many authorities set actual rents below the guideline figure.

Last year, the Government were pressed to give authorities greater financial certainty and responded by giving guidance for two years rather than one—which authorities appeared to welcome. However, since recent major changes in the economic situation, the Government are under substantial pressure from local authorities who would prefer us to reconsider the two-year deal. I have already indicated that we will re-examine the guideline rents for the second year, 2010-11.

More recently, we have also had increased pressure to re-examine the guideline rents already issued for this coming year. Under normal circumstances, this is not something that I would be prepared to contemplate.

But, in, and only in the context of the present unprecedented global downturn, it is right that the Government offer real help to council tenants. I am therefore quite exceptionally prepared to offer authorities the opportunity to bid for additional subsidy, if, and only if they are preparing to revisit the level of rents set and reduce them by that amount.

We are therefore halving the national average guideline increase from 6.2 per cent. to 3.1 per cent. This will require the Department to issue new 2009-10 guideline rents for all local authorities. I am prepared to change the subsidy position of those authorities who reduce their actual average increase in rents in 2009-10 in line with the new national average.

We will be inviting authorities to let us know whether they will take this up by around the end of April. They will be able to introduce the new rent increases as soon as is practicable for them.