

APPENDIX C

REPORT OF DIRECTOR OF CORPORATE SERVICES		
COUNTY COUNCIL		
21st FEBRUARY 2018		
<u>Housing Revenue Account Budget 2018/19 to 2020/21 and</u>		
<u>Housing Rent Setting for 2018/19</u>		
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SCRUTINY COMMITTEE – BUDGET CONSULTATION COMMENTS

1. COMMUNITY SCRUTINY COMMITTEE – 30th JANUARY 2018
(Draft Minutes)

HOUSING REVENUE ACCOUNT BUDGET AND HOUSING RENT SETTING FOR 2018/19

The Committee considered the Housing Revenue Account (HRA) Budget and Housing Rent Setting for 2018/19, being presented as part of the budget consultation process and brought together the latest proposals contained in the revenue and capital budgets for the Housing Revenue Account 2018/19 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 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 previously adopted the Welsh Government’s Social Housing Rent Harmonisation Policy with the aim of progressing to the mid-point target rent. For 2018/19, the Welsh Government had notified local authorities that the increase in target rent would be the Consumer Price Index (CPI) of 3% plus 1.5% totalling

4.5%, and for those below the target rent, a maximum of £2 per week increase would be applied until the target rent was reached, equating to an average increase of 5.49% for the Council's tenants. However, whilst that policy had not changed, the Welsh Government had taken the unusual step of informing local authorities that due to a relatively high CPI of 3%, they may wish to consider using a lower option for 2018/19.

Having regard to the Welsh Government's indication, and recognising the squeeze on household budgets as wage increases had not kept pace with rising price inflation, it was being proposed that the Council's rent increase for 2018/19 be minimised as far as possible, utilising the flexibility outlined by the Welsh Government, whilst still complying with its policy target rent band. If the Council was to endorse that proposal, it would result in its rent being set at the lowest allowable level representing a 3.5% increase for all tenants, with a reduced maximum progression of £1.62, producing an average rent of £85.27 representing an increase of 4.34% or £3.55.

The Director of Corporate Services advised that if the Committee was minded to endorse the report's recommendations to the Executive Board and Council, it should note that unlike in previous years when rents for garage / garage bases had been increased, the current budget strategy did not include any proposals for their increase in 2018/19.

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

- Clarification was sought on whether proposed 3.5% average increase for all tenants, with some paying in excess of that, could result in the lowest paid facing the higher payments.

The Director of Corporate Services advised there was no correlation between the two and the proposed increase was not linked to affordability.

- In response to a question on the council's policy for the provision of affordable housing and the use of Section 106 Planning Agreements, the Director of Corporate Services reminded the Committee of the policy for the delivery of additional social housing within Carmarthenshire via various means including, the proposals for the establishment of a council owned arms-length local Housing Company. Those proposals also included for the purchase of private homes for rent or constructing new properties.

The Head of Homes and Safer Communities endorsed the Director's comments and advised that to date the Authority had purchased 70 privately owned properties which had then become available for rent. The establishment of the Local Housing Company would also provide the Council with alternative options for the delivery of affordable homes be that via homes for rent or new build. With regard to the use of a Section 106 Agreement, that related to planning legislation requiring a housing developer to ensure a certain percentage of homes constructed on a site were affordable or that they paid a commuted sum to the authority in lieu of that provision, which could then be used to facilitate the purchase of homes for rent.

UNANIMOUSLY RESOLVED that the report and the following proposals be endorsed for submission to the Executive Board:-

5.1 to increase the average housing rent as per the Welsh Government's Social Housing Rents Policy (low end target) i.e.:-

- **Properties at target rents to increase by 3.5%(CPI + 0.5%)**
- **Properties where rent was below target rent to increase by 3.5% (CPI + 0.5%) plus a maximum progression of £1.62**
- **Properties above target rent be frozen until such time as they met the target**

thereby producing an average housing rent increase of 4.34% or £3.55, producing a sustainable Business Plan, which maintains CHS+ and resources the Affordable Homes Programme, as supported by the Carmarthenshire Home Standards Steering Group;

5.2 To implement the maximum progression of £1.62 for rents below target, until target rents were achieved;

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.