

## APPENDIX A.

### MINUTE FOR MOS/20/2 DRAFT HOUSING REVENUE ACCOUNT (HRA) 2021/22 BUDGET AND FOUR-YEAR OUTLOOK - OVERVIEW AND SCRUTINY COMMITTEE 14 JANUARY 2021 (in draft format and subject to changes)

- 6.1 The Chair, Councillor Welham invited the Cabinet Member for Finance to introduce Paper MOS/20/2.
- 6.2 Councillor Whitehead stated that for the year 2021/22 a surplus on the Housing Revenue Account (HRA) of £116k had been forecasted. This was a contrast to the large deficit forecasted for 2020/21 of £564k. The table in paragraph 5.2 compared the budgets for the two years with explanations behind the various line movements set out in detail in paragraph 5.5. Savings and efficiencies have been identified during a robust budget-setting process, as set out and explained in the report.
- 6.3 He would like to take this opportunity, to give Members some more background to the proposed Council House rent increase. In April 2020 council house rents was increased by 2.7%, being the Consumer Price Index plus an additional 1.0%. This was the first increase after four years of a central government-imposed reduction of rents by 1% each year. For the coming year, from 1<sup>st</sup> April 2021, an increase based on September 2020's CPI plus one percent works out to be only 1.5%. The net effect of these decreases then increased over a six-year period so that the average council house weekly rent in March 2022 would only be 11p higher than it was in March 2016 and therefore virtually unchanged.
- 6.4 Sheltered Housing utility charges would not be changed in 2021/22. There was an element of subsidy presently built into these charges there had been some reductions in the price of gas, electricity and especially oil. Therefore, utility prices for 2021/22 would be frozen whilst still make some reduction in the level of subsidy.
- 6.5 Sheltered Housing Service Charges had not been increased this current year. There remained an element of subsidy with these charges and to eliminate this subsidy in 2021/22, and Service Charges would need to be increased by £2.90. The Council was not proposing to make such an increase and the recommendation for 2021/22 was an increase of just £1.00 per week. Members should note, as mentioned within paragraph 5.5 that it was the intention to develop a Rent and Service Charge Policy for sheltered housing during 2021 with a view to bringing it into effect for 2022/23.
- 6.6 There was an ambitious Capital Programme for the four years from 2021 to 2025. The Council had now identified development sites for 254 affordable homes and 119 shared ownership homes. New builds and acquisitions were forecast to cost £42.2m and the Housing Maintenance Programme £15.8m. Appendix A indicated how the capital programme was to be financed.
- 6.7 Councillor Whitehead draw Members' attention to paragraph 4.2, which explained how the Council would be reviewing the 30-year HRA Business Plan to incorporate new build specifications, the Design Guide, environmental 'retrofit' improvements and new safety enhancements. This new Business

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Plan, articulating the Council's vision for Council Housing should be coming to Cabinet by this summer.

- 6.8 Councillor Carter queried how the council would manage the utilities bills with regards to the 11 pence per month, as he was concerned for residents, who had lost employment or had reduced income caused by the current circumstances.
- 6.9 The Cabinet Member- Finance explained that the capping of utilities cost was for tenants in sheltered housing, which was collated and paid centrally. Council house tenants negotiated their own utilities contracts.
- 6.10 The Assistant Director – Housing added that the Council as landlord sought to support tenants, who were struggling, to help them remain in their homes. The Council had also imposed an eviction ban before Central Government, to support tenants who were impacted by the covid-19 pandemic.
- 6.11 Councillor Whitehead explained that the HRA budget was a ring-fenced account and was not subsidised by the General Fund, and therefore the Council produced a 30-year business plan to ensure a sustainable position. It was difficult to increase Council Housing rent but an increase would ensure retrofitting and improvement to tenant houses for environmental improvements and that they were sustainable.
- 6.12 Councillor Scarff referred to page 39 and the Right to Buy receipts, paragraph 7.17. The money received from this scheme could only be used as a 30% contribution toward a replacement home. He asked what happened to the 70%, of the sale of assets, which belonged to the authority.
- 6.13 The Assistant Director – Housing responded that when the Council received value for a property, a significant amount belonged to the Government, therefore when the Council used the 30% value of the receipts, the value had to be matched funded from the Capital Programme.
- 6.14 Councillor Scarff referred to the Councils Development Programme, paragraph 5.18, and the ability to spend all its receipts. If the Council failed to spend all the receipts due to the restrictions imposed by the Covid-19 Pandemic, would the receipts have to be paid back to Government, or were officers confident that the full spend could be achieved under the current circumstance.
- 6.15 The Assistant Director – Housing assured Members that the Assets and Investment Team had been focusing on spending the Right to Buy receipts and the Government had extended the deadline for spending the receipts. This had been due to the housing market slowing down and that estate agents and legal establishments had been closed during the Covid-19 Pandemic lockdowns. It was possible to spend the amount of the receipts up front based on the houses being sold and the Assets and Investment Team was currently undertaking this.

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During the past eighteen months the Right to Buy scheme had slowed down due to the economic down-turn.

- 6.16 Councillor Carter questioned the increase for Council tenant rent, though he did not disagree with an increase, as he understood the reasoning.
- 6.17 The Assistant Director – Housing clarified that the increase was for all council tenants and the utility charges were for all communal council tenants, who shared a communal metering.
- 6.18 The Chair invited non-committee Members to ask questions.
- 6.19 Councillor Field question solar panels on council housing and whether tenants who lived in these properties received their electricity for free or at least as a reduction in their utility charges.
- 6.20 The Assistant Director – Housing responded that tenants received a reduction in utility charges.
- 6.21 Councillor Field then questioned the issues around the 30% restriction on the Right to Buy scheme. The Council must use the 30% of money to buy further housing and the Government was therefore forcing the Council to borrow the remainder of the money to be able to add to the Council housing stock. Did the Council then have to buy three times as many houses than planned in order to use the 30% allocation.
- 6.22 The Assistant Director – Housing explained that the Council did have to find the additional capital to supplement the 30% retained from the receipts from the Right to Buy Scheme.
- 6.23 Councillor Whitehead, Cabinet Member – Finance, added that the Council did not have to borrow all the money to supplement the scheme, funding was detailed in the Appendix. There were other ways of getting funding.
- 6.24 The Assistant Director – Corporate Resources clarified that there were different rules depending on what kind of property was sold, The Government allowed a number of assumed Right to Buy properties in the Business Plan and for some of those the Council was allowed to keep 100% of the receipt However, for other properties the figure was 25%.
- 6.25 Members debated the issues including:
- That the increases in rents for Sheltered Housing was sensible and represented value for money.
  - That the report was excellent, well-constructed and thorough.
  - That the increase in council rents was acceptable.

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- That the Right to Buy receipts should be allowed to be kept by the Council for reinvestment into council housing.
- That the increases were modest in the Budget.

6.24 Councillor Whitehead clarified that the weekly increase in Council rent was on average £1.20 a week. The 11 pence were the difference between the Council rent six years ago and the current rent including increases and decreases. The 11 pence were included to illustrate that the increase of £1.20 had just surpassed the Council rent six years ago by 11 pence.

6.25 Members considered recommendations and the Chair suggested that the Committee endorsed the budget, but that Cabinet took the comments made at this meeting into account when considering the HRA Budget in February.

6.26 Councillor Ekpenyong proposed the recommendation, which was seconded by Councillor Caston.

By a unanimous vote

**It was RESOLVED:-**

**That the Overview and Scrutiny Committee endorses the Housing Revenue Account Budget 2021/22 and Four-Year Outlook but asks that Officers and Cabinet Members take into consideration the comments made at this meeting, when submitting the budget for consideration at the Cabinet and Council meetings in February 2021.**