

## **SUPPLEMENTARY 2**

### **THE EXECUTIVE**

**Tuesday, 10 March 2009**

**Agenda Item 11a      Supplementary Report on the Housing Revenue Account (HRA) Estimates and Review of Rents and Other Charges 2009/10 (Pages 1 - 2)**

**Members are reminded that the provisions of paragraph 12.4 of Article 1, Part B in relation to Council house rent arrears apply to this item.**

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## THE EXECUTIVE

10 MARCH 2009

### JOINT REPORT OF THE CORPORATE DIRECTORS OF CUSTOMER SERVICES AND RESOURCES

This report is submitted under Agenda Item 11. The Chair will be asked to determine whether this report can be considered at the meeting under the provisions of Section 100B(4)(b) of the Local Government Act 1972 as a matter of urgency in order to implement Government proposals to reduce rents to Council tenants.

<p><b>Title:</b> Supplementary Report on the Housing Revenue Account (HRA) Estimates and Review of Rents and Other Charges 2009/10</p>	<p><b>For Decision</b></p>
<p><b>Summary:</b>  On 6 March 2009, the Housing Minister Margaret Beckett announced new support to help Councils cut their planned rent increases for Council tenants. The Minister has announced a reduction in subsidy payable to the Government; the Minister expects Councils to use this saving to 'make the changes, and revise their rents for 2009/10'. The Council is investigating this matter further and seeking guidance from the Department of Communities &amp; Local Government (DCLG) on what mechanisms are to be used to deliver the outcomes referred to in the Minister's announcement.</p> <p>On 17 February 2009, the Executive Committee approved officers' recommendations in the Housing Revenue Account (HRA) rent report. The first recommendation was to increase tenant rents by an average of 6.78% in line with the Government's rent restructuring policy. In light of the Minister's announcement, officers need to investigate the impact on the HRA when further guidance is available from the DCLG.</p> <p>Following the decision of the Executive formal notification has been sent to all tenants notifying them of the rent increases in accordance with statutory and contractual obligations. Officers have been in contact with DCLG and further information relating to amendments to the HRA subsidy determination is unlikely to be received until the end of March. Accordingly in view of the fact that there is no definitive date by when formal notification will be received by the Council of the proposed changes that the implementation of this be delegated to the Corporate Director of Customer Services, in consultation with relevant officers and lead Members.</p> <p><b>Wards Affected:</b> All</p>	
<p><b>Recommendation(s)</b></p> <p>The Executive is recommended to delegate authority to the Corporate Director of Customer Services, in consultation with the Corporate Director of Resources and the Lead Members for housing and finance matters, to implement the Housing Minister's proposal to reduce Council tenants' rents for 2009/10.</p>	
<p><b>Reason(s)</b></p> <p>To implement the Housing Minister's proposal to reduce rents to tenants.</p>	

**Implications:****Financial:**

Implementing the Minister's proposal is financially neutral to the HRA. However, initial investigations estimate that the HRA will save £2m in a reduction in subsidy payable to the DCLG which would represent, on average, a reduction in tenants' rent of £2 per week. Given the implications for tenants in terms of a reduction in proposed rent levels in 2009/10 it is in the interests of the Council to support this.

**Legal:**

Through the Local Government & Housing Act 1989 the Council has a statutory responsibility to manage a ring fenced HRA and is responsible for ensuring that the HRA maintains prudent revenue balances. It is illegal for the Council to set a deficit HRA budget. The reduction in subsidy will be passed on to tenants and so this will not impact on the balanced HRA budget set for 2009/10 or the impact on the HRA's working balance.

**Risk Management:**

There do not appear to be any financial risks to the HRA however officers will review all the implications to tenants and the HRA when the DCLG issue further guidance.

**Social Inclusion and Diversity:**

As this report does not concern a new or revised policy there are no specific adverse impacts as far as this report is concerned

**Crime and Disorder:**

There are no specific implications from this report.

**Options Appraisal:**

Implementing the Minister's proposal is financially neutral to the HRA. If Members did not implement this proposal then tenants would pay £2m more in rent throughout 2009/10.

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**Consultees**

The following were consulted in the preparation of this report:

- Cllr L Smith, Lead Member for Housing
- David Woods, Corporate Director of Customer Services
- Bill Murphy, Corporate Director of resources
- Joe Chesterton, Divisional Director of Corporate Finance
- Stephen Clarke, Divisional Director of Housing Services
- Yinka Owa, Legal Partner

**Background Papers Used in the Preparation of the Report:**

Report to and Minutes of Executive 17 February 2009 re Housing Revenue Account (HRA) Estimates and Review of Rents and Other Charges 2009/10