

# **APPENDIX B**

## **WAVERLEY BOROUGH COUNCIL**

### **EXECUTIVE – 19 MAY 2009**

---

**Title:**

#### **HOUSING REVENUE ACCOUNT 2009/10 RE-SETTING RENT LEVELS**

[Portfolio Holders: Cllrs Richard Gates, Mike Band and Keith Webster]

[Wards Affected: All]

---

**Summary and purpose:**

The announcement by the Minister for Housing on 6 March with regard to council house rents has implications for Waverley's agreed budget for 2009-10. This report seeks the approval of the Executive to proposed changes in Waverley's average rent levels for 2009-10 resulting directly from the Government's changes. It will not be possible for Waverley to implement these changes until the Government formally issues the new rent determination, which we are advised is due mid May.

---

**How this report relates to the Council's Corporate Priorities:**

The landlord service deals with delivering affordable housing and improving lives – two of the Council's five corporate priorities. A robust budget needs to be in place to aid the delivery of these priorities.

**Equality and Diversity Implications:**

As a social landlord Waverley strives to understand the housing need and provide social housing to all those in need across the Borough.

**Resource/Value for Money implications:**

Resource implications are contained throughout the report.

**Legal Implications:**

There are no direct legal implications as a result of this report.

---

**Introduction**

1. The Council finalised the budget for 2009-10 at its meeting on 24 February 2009 setting the average rent increase at 5.2% for council housing as part of this process. On Friday 6 March the Minister for Housing outlined proposals to change the national average guideline rent increase for 2009-10, reducing it from 6.2% to 3.1%.
2. The Department for Communities and Local Government (CLG) subsequently consulted local housing authorities on the detail of how the new guideline rent would be implemented and how it would be treated within the subsidy system.

3. The likely impact of these changes on Waverley has been assessed and is illustrated in the attached Annexe 1. It compares Waverley's estimated 2009-10 HRA as already approved by the Council with the estimated position at a reduced average rent increase in line with CLG's new proposals.

### **Impact on HRA**

4. The Government is prepared to compensate, through the subsidy system, those authorities that reduce their average rent increase for 2009-10 in line with the Minister's proposal.
5. Based on the Draft Determination due to be confirmed mid May 2009, the attached annexe illustrates the reduction that would apply to Waverley if the average rent increase for 2009-10 were reduced in line with these proposals. This reduction compensates Waverley for reduced rent income and enables it to maintain the approved HRA budget for 2009-10 with a lower average rent increase.
6. At present CLG do not intend to re-imburse authorities for the cost of re-setting their rents, estimated at £10,000, although as part of the consultation response Waverley has asked them to reconsider this.
7. In addition to the rent re-setting costs of £10,000, the additional unbudgeted part of the ACAS agreed pay award is now known and for the HRA this will cost £30,000 in 2009/10. These additional costs totalling £40,000 have been included in the Revised Draft Budget, column 3, line 13.
8. The affect of the above changes achieves an increase in the estimated Housing Revenue Account balance of £5,520.

### **Timescale**

9. Any variation in the average rent increase for 2009-10 approved by the Executive will need to be confirmed by full Council at a special meeting to be held on 26<sup>th</sup> May, subject to confirmation of the Rent Determination from CLG.
10. Tenants will subsequently need to be given 4 weeks notice of the change so it is unlikely that the reduced rents will be able to be introduced before Monday 6 July.
11. It is not possible to backdate the reductions to the beginning of the rent year without causing serious complications for the benefits system. It is therefore proposed that, in order to achieve the approved reduced average rent, an increase of something less than 2.9% is applied for the 9 months commencing 6 July. On the assumption that the reduced rents can be implemented from 6 July, the percentage to be applied will be 2.13%. Combined with the average 5.2% increase applied from 6<sup>th</sup> April this will result in an average of 2.9% for the full year.

## **Risks**

12. Under the conditions of the draft guidance it is possible that at the end of the 2009-10 financial year all the benefit of the subsidy reduction may be lost if the actual average rent for the year varies significantly from the estimate and is outside of the 3.1% guideline when compared with the 2008-09 guideline rent. A safety margin is built into the revised average rent increase being proposed and, in addition, the response to the consultation asked for some tolerance around this issue to be built into the final regulations. Officers will monitor the position throughout the year.
13. CLG have indicated that the amending Determination will be issued very quickly after the conclusion of the consultation that ended on 24<sup>th</sup> April. However, if this is delayed, it may be that the introduction of the change has to be delayed beyond 6<sup>th</sup> July until all the final detail and conditions are known and fully reported to the Executive/Council.

## **Conclusion**

14. The reduction in guideline rent increases for 2009-10 is to be welcomed despite the poor timing of the announcement and the likely cost implications of introducing the changes.
15. The final version of the Amending Determination for Rents is still awaited following the conclusion of the consultation (see 11 above). The Executive will be given a verbal update at the meeting if the final Determination has been received and if there are any changes that impact on the proposals being put forward.

## **Recommendation**

That the Executive recommend to Council, subject to confirmation of the final Rent Determination, that:

1. the revised HRA budget at column 3 of the attached annexe be approved; and
2. the average actual rent level of Council dwellings be increased by 2.9% from 6th April 2009 instead of the 5.2% previously approved, noting the effective increase from 6 July of 2.13%.

---

## **Background Papers (DoR)**

Draft Housing Revenue Account Subsidy Determination 2009-10:Amending Determination

---

## **CONTACT OFFICER:**

**Name:** Glennis Pope

Paul Wenham

**Telephone:**01483 523252

**E-mail** glennis.pope@waverley.gov.uk

**Telephone:**01483 523238.

**E-mail** paul.wenham@waverley.gov.uk

Comms/exec/2009-10/012