

**RECOMMENDATION**

**TENANTS', LEASEHOLDERS'  
AND RESIDENTS'  
CONSULTATIVE FORUM  
(SPECIAL)  
MINUTES**

**31 JANUARY 2013**

**Chairman:** \* Councillor Bob Currie

**Councillors:** \* Mrs Camilla Bath \* Susan Hall (1)  
Mano Dharmarajah

**In attendance:** Stephen Wright Minute 169 and 170  
**(Councillors)**

\* Denotes Member present  
(1) Denotes category of Reserve Member

**Representatives from the following Associations were in attendance**

Churchill Place Tenants' and Residents' Association  
Eastcote Lane Tenants' and Residents' Association  
Harrow Federation of Tenants' and Residents' Associations  
Harrow Sheltered Residents' Association  
Kenmore Park Tenants' and Residents' Association  
Little Stanmore Tenants' and Residents' Association  
Milman Close Tenants' and Residents' Association  
Weald Village Tenants' and Residents' Association

## RECOMMENDED ITEMS

### 169. **Housing Revenue Account Budget 2013-14 and Medium Term Financial Strategy 2014-15 to 2016-17 and Rent strategy for 2013-14 and subsequent years**

The Forum agreed to consider the report as a matter of urgency to enable the Forum's views to be considered by Cabinet.

An officer introduced the report which set out the assumptions currently used in constructing the Housing Revenue Account (HRA) budget for 2013-14 and the medium term financial strategy (MFTS) to 2016-17 which would be considered at the Cabinet meeting on 14 February 2013. The officer made the following comments:

- the HRA was in a healthy position and it was anticipated that the balance would be £3.5 million for the next 4 years. The proposed budget estimate included additional investment in the stock and the operational services;
- it was suggested that garage rents remain frozen pending completion of the garage strategy review;
- the current dwelling rent strategy agreed in March 2011 was based on the Government policy of rent convergence, so that by the end of 2015-16 similar properties in the same area would have similar rents regardless of the social landlord;
- rents were calculated using two elements, one was the property value which accounted for 30% of the calculation and the other was local earnings;
- properties were last subjected to valuations in 1999 and since then there had been significant levels of investment in the dwelling stock. It had been suggested that due to the improvements made to properties a value increase of 7.5% should be added to the original valuations;
- the Department of Communities and Local Government (DCLG) had confirmed that there would be a mechanism to collect data relating to property values and that this information could be included in the calculation of limit rents. The increases in rents due to the increase in property values would not result in a loss through Rent Rebate Subsidy Limitation;
- the increases in property values would result in a increase of the target rent of 2.85% or £3.06 per week;
- if the increase was phased in there would not be an loss because of the rent rebate subsidy limitation and as convergence increased over time the additional income would be in the region of £0.75 million;

- the full impacts of the welfare reform and the benefit cap were not known at present. It was suggested that some of the income from the increase in rent levels could be used to establish a HRA hardship fund which would complement the provisions being made in the General Fund;
- the income from the proposed increase in dwelling rents could also be used to provide additional affordable housing as there was a shortage of affordable housing in the borough;
- at present, 75% of tenants received some form of benefit and the additional rent increase of £3.06 per week would affect 25% of tenants.

Members of the Forum asked a number of questions to which the officers responded to as follows:

- 52% of tenants received full benefits and 23% received partial benefits;
- the rent calculations based on property value and local income levels included an additional third element which was based on the number of bedrooms in a property;
- the proposed hardship fund would be funded by the HRA and the details were still being developed. The fund would run in parallel with and complement the support provisions being made within the General Fund;
- a property crash would not affect the property values being considered in the report as these were different to market values. The values were for improvements made to social housing since the last valuations in 1999;
- the property value increase would not affect Right to Buys except that improvements had been made to properties. Right to Buy property values were based on market values and applicants would still receive a discount of up to £75,000;
- a property crash would not affect the properties in the HRA but would result in other implications such as an increase in homelessness;
- there was a detailed process for the collection of rent arrears which included various methods of attempting to make contact. The last resort was applying to the court for possession and this action was taken if the outstanding rental amount was not received or if a payment plan was not put in place. It was important that there was a balanced approach to addressing rent arrears;
- the details of the proposed hardship fund had not been developed but it was hoped that any funds allocated would be sufficient to provide assistance to all those who would require it. The provision for bad debts in the budget had been increased;

- provision had been made in the General Fund to help address the impacts of the welfare reforms. The proposed HRA fund would be for tenants;
- an outline external decoration programme for the next five years had been developed and was based on two priorities, one was need and the other was when work was last carried out on the property. It was dependent on the properties but it was anticipated that 40-50% would be capitalised;
- the rate of interest on the HRA balances for the current year was in the region on 0.65% and part of the Council wide treasury management strategy. The interest rate was between 1 and 1.5%;
- the rent increases would affect all tenants but only 25% paid their rent in full as 75% received some form of benefit;
- the rent convergence policy was a government policy and the general increase of 3.76% was a part of the agreement made in March 2011;
- the rental costs would still be in the region of 40% of the market rents;

The Members of the Forum raised the following issues;

- if the HRA hardship fund was established it would need to be fully monitored;
- families on low incomes were able to access support and benefits;
- additional information and clarification was required regarding the interest on the HRA balances;
- the proposal of the rent increases and the hardship fund appeared to be a good idea but there were concerns about who would be affected by the increase;
- there were concerns about the impact of rent increases for families on low incomes and vulnerable people on benefits;
- the HRA hardship contingency fund was a good idea;
- there were concerns that an additional rent increase would be applied at the same time as benefits were being cut and direct payment of rent was stopping. The additional rental increase may result in more people requiring support;
- an additional increase of £3.06 per week was high;

- nationally over one billion pounds of benefits were not claimed by eligible people, the Council would be able to signpost tenants to benefit sources and identify options.

**Resolved to RECOMMEND:** (to Cabinet) That

- (1) the comments of the Forum be considered and noted;
- (2) it be noted that all the Councillors present at the meeting supported the additional 2.75% increase of the target rate and the creation of a HRA hardship fund.

**Reason for Recommendation:** To inform Cabinet of the outcome of the consultation with the Forum on the setting of the HRA budget for 2013-14 and subsequent years.

(Note: The meeting, having commenced at 2.06 pm, closed at 4.13 pm).

(Signed) COUNCILLOR BOB CURRIE  
Chairman