

additional papers 1

Council

Mon 20 Apr
2009
7.00 pm

Council Chamber
Town Hall
Redditch



www.redditchbc.gov.uk

Access to Information - Your Rights

The Local Government (Access to Information) Act 1985 widened the rights of press and public to attend Local Authority meetings and to see certain documents. Recently the Freedom of Information Act 2000, has further broadened these rights, and limited exemptions under the 1985 Act.

Your main rights are set out below:-

- Automatic right to attend all Council and Committee meetings unless the business would disclose confidential or “exempt” information.
- Automatic right to inspect agenda and public reports at least five days before the date of the meeting.
- Automatic right to inspect minutes of the Council and its Committees (or summaries of business undertaken in private) for up to six years following a meeting.
- Automatic right to inspect lists of background papers used in the preparation of public reports.
- Access, upon request, to the background papers on which reports are based for a period of up to four years from the date of the meeting.
- Access to a public register stating the names and addresses and electoral areas of all Councillors with details of the membership of all Committees etc.
- A reasonable number of copies of agenda and reports relating to items to be considered in public must be made available to the public attending meetings of the Council and its Committees etc.
- Access to a list specifying those powers which the Council has delegated to its Officers indicating also the titles of the Officers concerned.
- Access to a summary of the rights of the public to attend meetings of the Council and its Committees etc. and to inspect and copy documents.
- In addition, the public now has a right to be present when the Council determines “Key Decisions” unless the business would disclose confidential or “exempt” information.
- Unless otherwise stated, all items of business before the Executive Committee are Key Decisions.
- (Copies of Agenda Lists are published in advance of the meetings on the Council’s Website:
www.redditchbc.gov.uk

If you have any queries on this Agenda or any of the decisions taken or wish to exercise any of the above rights of access to information, please contact

Committee Support Services

Town Hall, Walter Stranz Square, Redditch, B98 8AH

Tel: (01527) 64252 Fax: (01527) 65216

e.mail: committee@redditchbc.gov.uk

Minicom: 595528

Welcome to today's meeting.

Guidance for the Public

Agenda Papers

The **Agenda List** at the front of the Agenda summarises the issues to be discussed and is followed by the Officers' full supporting **Reports**.

Chair

The Chair is responsible for the proper conduct of the meeting. Generally to one side of the Chair is the Committee Support Officer who gives advice on the proper conduct of the meeting and ensures that the debate and the decisions are properly recorded. On the Chair's other side are the relevant Council Officers. The Councillors ("Members") of the Committee occupy the remaining seats around the table.

Running Order

Items will normally be taken in the order printed but, in particular circumstances, the Chair may agree to vary the order.

Refreshments : tea, coffee and water are normally available at meetings - please serve yourself.

Decisions

Decisions at the meeting will be taken by the **Councillors** who are the democratically elected representatives. They are advised by **Officers** who are paid professionals and do not have a vote.

Members of the Public

Members of the public may, by prior arrangement, speak at meetings of the Council or its Committees. Specific procedures exist for Appeals Hearings or for meetings involving Licence or Planning Applications. For further information on this point, please speak to the Committee Support Officer.

Special Arrangements

If you have any particular needs, please contact the Committee Support Officer.

Infra-red devices for the hearing impaired are available on request at the meeting. Other facilities may require prior arrangement.

Further Information

If you require any further information, please contact the Committee Support Officer (see foot of page opposite).

Fire/ Emergency instructions

If the alarm is sounded, please leave the building by the nearest available exit – these are clearly indicated within all the Committee Rooms.

If you discover a fire, inform a member of staff or operate the nearest alarm call point (wall mounted red rectangular box). In the event of the fire alarm sounding, leave the building immediately following the fire exit signs. Officers have been appointed with responsibility to ensure that all visitors are escorted from the building.

Do Not stop to collect personal belongings.

Do Not use lifts.

Do Not re-enter the building until told to do so.

The emergency Assembly Area is on the Ringway Car Park.

Declaration of Interests: Guidance for Councillors

DO I HAVE A "PERSONAL INTEREST" ?

- Where the item relates or is likely to affect your **registered interests** (what you have declared on the formal Register of Interests)

OR

- Where a decision in relation to the item might reasonably be regarded as affecting **your own** well-being or financial position, or that of your **family**, or your **close associates** more than most other people affected by the issue,

you have a personal interest.

WHAT MUST I DO? **Declare the existence, and nature, of your interest and stay**

- The declaration must relate to specific business being decided - a general scattergun approach is not needed
- **Exception** - where interest arises only because of your membership of another **public body**, there is no need to declare unless you **speak** on the matter.
- You **can vote** on the matter.

IS IT A "PREJUDICIAL INTEREST" ?

In general only if:-

- It is a personal interest **and**
- The item affects your **financial position** (or conveys other benefits), or the position of your **family, close associates** or bodies through which you have a **registered interest** (or relates to the exercise of **regulatory functions** in relation to these groups)

and

- A member of public, with knowledge of the relevant facts, would reasonably believe the interest was likely to **prejudice** your judgement of the public interest.

WHAT MUST I DO? **Declare and Withdraw**

BUT you may make representations to the meeting before withdrawing, **if** the public have similar rights (such as the right to speak at Planning Committee).



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Council Chamber Town Hall

AGENDA

Membership

Cllrs:	J Field (Mayor)	
	P Anderson	N Hicks
	K Banks	D Hunt
	M Braley	R King
	J Brunner	W King
	M Chalk	C MacMillan
	A Clayton	P Mould
	B Clayton	W Norton
	J Cookson	J Pearce
	D Enderby	B Quinney
	A Fry	M Shurmer
	C Gandy	D Smith
	M Hall (Deputy Mayor)	D Taylor
	W Hartnett	D Thomas

9. Housing Revenue Account Amended Determination for 2009

Director of Housing,
Leisure and Customer
Services
(Pages 1 - 14)

The Council is asked to consider its response to the Department for Communities and Local Government consultation on the Draft Housing Revenue Account Determination 2009 -2010 amendments.

(Report to follow)

All Wards

Council

HOUSING REVENUE ACCOUNT – AMENDED DETERMINATION 2009/10

(Report of the Director of Housing, Leisure & Customer Services)

1. Summary of Proposals

The Council is asked to consider its response to the Department for Communities and Local Government consultation on the Draft Housing Revenue Account Determination 2009 -2010 amendments.

Full Council on 19 January 2009 set the rent levels for 2009/10. However due to the current economic climate the Department for Communities and Local Government have proposed a change to determination levels for authorities to help tenants with the amount of rent they would have to pay for this year.

2. Recommendations

The Council is asked to RESOLVE that

- 1) **the draft 2009/10 Housing Revenue Account Subsidy determination be amended in line with the consultation from the Department of Communities and Local Government; and**
- 2) **EITHER**
 - a) **the cost of implementing the revised rents be taken from Housing Revenues Account balances:-**

OR

 - b) **the determination approved by the full Council on 19 January 2009 be endorsed.**

3. Financial, Legal, Policy, Risk and Sustainability Implications

Financial

- 3.1 The financial implications are set out throughout the report.

Legal

- 3.2 Section 76 of the Local Government and Housing Act 1989 requires that the Council sets its budget relating to the Housing Revenue Account such that the account does not plan to be in a deficit position.

Policy

- 3.3 The Council has since 2002/03 set its dwelling rents by reference to the rent formula introduced as part of the Government Rent Restructuring policy.

Risk

- 3.4 There are financial implications for the Housing Revenue Account (HRA) and impacts on staff work programmes for implementing a change to the rent levels for 2009/10. However these need to be balanced against the financial hardship tenants are experiencing and the benefits a reduction in rent payments will offer.

Sustainability / Environmental

- 3.5 There are no specific implications.

Report

4. Background

At the Council meeting on 19 January 2009 the housing rent levels for 2009/10 were set in line with Government guidelines.

5. Key Issues

- 5.1 The Department of Communities and Local Government (DCLG) on 26 March 2009 issued a consultation paper on an amendment to the determination for Housing Revenue Accounts for 2009/10 (Appendix 1 refers – copy of letter from DCLG).
- 5.2 The Council is required by 10.00 am 24 April 2009 to advise the DCLG if it wishes to take up this offer.
- 5.3 The basis for the consultation is a revision to the original average rent increase guideline of 6.2% being changed to 3.1%.
- 5.4 The DCLG will give participating authorities the increase in subsidy that a change to the national average guideline of 3.1% would result in for the Council.

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- 5.5 There are no financial implications on the Council's negative subsidy position compared with the reduction in the rent levels.
- 5.6 Appendix 2 provides details of the changes to the 2008/09 revised estimate and 2009/10 initial estimate.
- 5.7 The consultation confirms that the local authority spending allowances were set in the subsidy determination issued in December 2008, with inflation factors incorporated in the calculations appropriate at the time. There is no proposal to revisit and reduce these assumptions in the same way as the proposal to reduce rent increases for 2009/10. Therefore local authorities are expected to meet the resource implications from the HRA.
- 5.8 Officers have assessed the resources / implications required to implement this changes which is estimated to be in the region of £6,500 although the final cost from the system provider is being confirmed.
- 5.9 Officers bring to Members' attention that this change will generate an increase in enquires to the One Stop Shops, Benefit Services and Housing staff and delay potentially other work commitments which could impact on performance.
- 5.10 If the change is implemented Officers would report back to Members on any significant implications.

6. Other Implications

Asset Management : None identified.

Community Safety : None identified.

Human Resources : Impact on staff work programmes.

Social Inclusion : The reduction in rent levels will contribute towards supporting families in the economic downturn.

7. Lessons Learnt

No issues identified.

8. Background Papers

DCLG consultation paper.

9. Consultation

Relevant Redditch Borough Council Officers and the Portfolio Holder for Housing & Health have been consulted.

10. Author of Report

The author of this report is Jackie Smith (Director of Housing, Leisure and Customer Services), who can be contacted on extension 3176 (email: Jackie.smith@redditchbc.gov.uk) for more information.

11. Appendices

- Appendix 1 Letter from DCLG 26/03/09.
- Appendix 2 HRA Revised Estimates for 2008/09 and 2009/10 initial estimate.



Appendix 1

26th March 2009

Chief Finance Officers/Chief Accountants, Our Ref:
Local Housing Authorities in England Your Ref:

I should be grateful if you would pass a copy of these papers to your Chief Housing Officer/Director of Housing as soon as possible please.

THE DRAFT HOUSING REVENUE ACCOUNT SUBSIDY DETERMINATION 2009-2010 AMENDING DETERMINATION 2009

COMMENTS ARE REQUIRED BY NO LATER THAN 10am 24th APRIL 2009, PLEASE. COMMENTS MAY BE RETURNED BY E-MAIL OR IN HARD COPY AND SHOULD BE SENT TO: victoria.akeredolu@communities.gsi.gov.uk OR MARKED FOR THE ATTENTION OF VICTORIA AKEREDOLU AT THE ABOVE ADDRESS

Under Section 87(2) of the Local Government and Housing Act 1989, the Secretary of State is required to consult representatives of local government and relevant professional bodies before making new directions and determinations, or before varying existing determinations.

The purpose of this letter is to notify you of the start of consultation on the amending determination mentioned above. **Consultation ends at 10am on 24th April 2009.**

The attached Appendix gives details of the draft determination and accompanying material.

Revision of Guideline Rents

My letter of 11th March to Chief Financial Officers outlined the way Communities and Local Government intends to take forward proposals for implementing the reduction in the national average guideline rent increase for local authority tenants announced by the Minister for Housing on 6th March.

The original average increase in guideline rent published on 18th December 2009 in the Housing Revenue Account Subsidy Determination 2009-10 was 6.2%. This comprised a general inflator term (term A1) plus a term due to convergence toward formula rent (term B1).

Department for Communities and Local Government
Zone 1/A3
Decent Homes and Housing Finance Division
Eland House
Bressenden Place
London
SW1E 5DU

Tel 020 7944 3582
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Email ann.williams@communities.gsi.gov.uk

The proposed new average guideline rent increase for 2009-10 is 3.1%.

This has been calculated by changing only term A1 in the guideline rents formula to bring about the proposed reduction. Details of changes to the formula are given below and in the attached draft **Housing Revenue Account Subsidy Determination 2009-2010 Amending Determination 2009 (“the Amending Determination”)**. It is intended that those councils that accept our offer and reduce their actual rent increases will be compensated on the following basis:-

if the Council’s 2009-10 average actual rent increase is less than or equal to the **lower of**:-

- 3.1% of the authority’s average guideline rent in 2008-09; **or**
- 3.1% of the authority’s actual average rent in 2008-09;

then Communities and Local Government will give each participating council the increase in subsidy that a change to the national average guideline increase of 3.1% would result in for that council.

Details of the revised formulae are given in **Annex A**.

Caps and Limits

The recalculated guideline rents for each authority take into account caps and limits adjustments from 2008-09.

Take up of offer

It is Communities and Local Government’s intention to issue the Amending Determination to all authorities very quickly after the conclusion of the current consultation process. *The default position on guideline rents remains that published in the Subsidy Determination issued on 18th December 2008 and individual authorities must indicate that they wish to take advantage of the proposals to reduce the increases in guideline rents as outlined in the attached draft Amending Determination. Where an authority does not wish to accept the offer or fails to indicate a wish to pass on reduced increases to tenants that authority’s guideline rent will remain unaltered from that notified in December.*

It is important that every council that wishes to take up this offer indicates clearly that it wishes to do so by completing the attached proforma at Annex B and returning it to Communities and Local Government by 10am on 24th April 2009.

The Schedule to the draft Amending Determination shows both the original and revised guideline and limit rents for 2009-10 for each authority. The formula rent will remain unchanged from the 18th December determination. The rent details in the schedule that accompanies the final Amending Determination will reflect the decision indicated by the council in its response to this consultation exercise.

Costs

Local authorities’ spending allowances were set in the subsidy determination issued in December 2008, with inflation factors incorporated in the calculations appropriate at the time. We do not propose to revisit and reduce these assumptions in the same way that we are looking to reduce rent increases for 2009-10. We would expect,

therefore, that local housing authorities will have the resources necessary to cover any such additional cost where it falls to the HRA.

There may be an issue of additional one-off costs that fall to the General Fund, particularly in the administration of housing benefit arising from the proposed changes. The level of cost will inevitably be different from authority to authority. Communities and Local Government would appreciate an indication of the amount of such costs from responding authorities to help ascertain whether they are likely to have an unreasonable impact on finances or constitute a potential unreasonable additional burden.

Again, any such information should be included with the authority's response to this consultation and returned to the Department by 10am on 24th April 2009 –see Annex B to this letter.

Local Government Reorganisation

A number of local housing authorities are involved in the formation of new Unitary Authorities that will come into existence on 1st April 2009. As stated in the Determination issued on 18th December, for 2009-10 only, the Determinations for these authorities have been calculated with data that reflects the pre-existing authorities' base data as supplied over the summer of 2008. There have been no attempts to combine data to produce average allowances and guideline rents for the new authority.

Communities and Local Government have followed that same principle in calculating the Amending Determination. However, at Unitary Authorities' request, we have issued a single limit rent in the amending Determination. Therefore, the decision on whether or not to take up the offer in the draft amending determination must be consistent across the single consolidated HRA held by each Unitary Authority.

Timing of introduction

We intend that, for those authorities that accept this offer, the new reduced rent increase will apply from 1st April 2009. Communities and Local Government will then adjust the preset guideline rents where necessary in each authority's first advance claim form as soon as is practicable to ensure that authorities' subsidy position is adjusted as soon as possible.

Distribution Procedures

A copy of the Housing Revenue Account Subsidy Determination 2009-2010 Amending Determination 2009 will be e-mailed (along with this letter) to authorities which have notified us of a suitable e-mail address. Paper copies of the Amending Determination document are not being routinely issued (unless your authority specifically requests them). Instead, the Amending Determination will be made available on the Department's web site at the following address:

<http://www.housing.communities.gov.uk>. In case of difficulty accessing the material on the web site or with e-mail, please contact Noor Taha, Zone 1/B1, (e-mail: noor.taha@communities.gsi.gov.uk).

If your authority decides that it is no longer willing to accept electronic communication of Part VI determinations and s80A decisions, it may withdraw its notification of an e-mail address, or revoke its agreement at any time, provided that

the withdrawal or revocation shall take effect on a date specified by your authority being a date no less than one month after the date on which your authority informs Communities and Local Government that it wants to withdraw the notification or revoke the agreement. Any withdrawal of notification of your authority's e-mail address or revocation of an agreement relating to electronic communications should again be addressed to Dennis Herbert, Zone 1/B1 at the address shown in this letter (or e-mailed to dennis.herbert@communities.gsi.gov.uk).

I would, however, draw your attention to the significant advantages that electronic communications can bring in terms of earlier receipt of consultation material and final determinations, particularly at this time of the year. **Authorities which have indicated that they do not wish to receive correspondence by e-mail may wish to reconsider, particularly in the light of the timetable for making the Amending Determination.** Notification of e-mail addresses should be to Dennis Herbert.

General enquiries about the HRA and about HRA subsidy and consultation responses should be directed to housing.subsidy@communities.gsi.gov.uk.

Queries and advice

If you have any queries you wish to discuss with the Department, or are seeking advice on any aspects of the above, please contact:

For advice on calculations and formulae: **Anne Mahon**, Zone 1/A3, Eland House, (tel: 020 7944 3588; e-mail anne.mahon@communities.gsi.gov.uk) or **Apurva Shah**, Zone 1/A3, Eland House, (tel: 020 7944 5562; e-mail Apurva.shah@communities.gsi.gov.uk). For advice on policy aspects: **Ann Williams**, Zone 1/A3, Eland House, (tel: 020 7944 3582; email ann.williams@communities.gsi.gov.uk) or **Bryan Lea**, Zone 1/A3, Eland House, (tel: 020 7944 3585, email bryan.lea@communities.gsi.gov.uk).

Yours faithfully,

Ann Williams

Appendix

The following consultation documents are available on the Department's web site at

<http://www.communities.gov.uk/housing/consult>

- a. The draft **Housing Revenue Account Subsidy Determination 2009-2010 Amending Determination 2009**;
- b. A **Schedule** showing, among other things, the revised assumptions underlying the guideline rents calculation for 2009-10. Information on allowances etc is already available to authorities in the Housing Revenue Account Subsidy Determination 2009-10 issued on 18th December 2008, but is presented here in one place for ease of reference;

You are advised to check carefully the figures used in the calculations against the information provided by your authority.

Amended Guideline rent formula 2009-10

The formula outlined below will apply to those authorities which confirm that they are taking up the new offer on guideline rents for 2009-10. Where an authority indicates that it does not wish to change, the formula used in the housing revenue account subsidy determination 2009-10 issued on 18th December 2008 will continue to apply:

$$K^*(1+2.4\%) + (FR - K^*(1+RPI+0.5\%)) / n$$

- where K is the previous year's imputed Guideline rent
- where FR is the Formula Rent for that year
- where n is the number of years to convergence with Formula rents

[Note this compares to the original guideline rent formula of:

$$K^*(1+RPI+0.5\%) + (FR - K^*(1+RPI+0.5\%)) / n \quad]$$

Amended Limit rent formula (for those taking up the new offer):

$$L^*(1+2.4\%) + (FR - L^*(1+RPI+0.5\%)) / n$$

- where L is the previous years imputed Limit rent
- where n is the number of years to convergence
- where FR is the Formula Rent

[note this compares to the original limit rent formula of:

$$L^*(1+RPI+0.5\%) + (FR - L^*(1+RPI+0.5\%)) / n]$$

Preferred option, and additional information

Guideline rent offer – 2009-10		
Local authority name:-		
Preferred option	6.2%	3.1%
	Yes/No	Yes/No
Actual rent levels	Actual average rent 2008-09 per dwelling	Planned actual average rent 2009-10 per dwelling under preferred option
	£ (per week, 52 week basis)	£ (per week, 52 week basis)
General Fund admin costs	N/A	£

APPENDIX 2

HOUSING REVENUE ACCOUNT
2008/09 Revised Estimate and 2009/10 Initial Estimate

	2008/09 Initial Estimate	2008/09 Revised Estimate	2009/10 Initial Estimate
<u>INCOME</u>			
Dwelling Rents	18628460	18730340	19280170
Non Dwelling Rents	571540	567010	567410
Charges for Services & Facilities	177620	178930	174090
Contributions to Expenditure	0	0	0
Government Subsidies	0	0	0
Total Income	19377620	19476280	20021670
<u>EXPENDITURE</u>			
Supervision & Management	5217440	5379580	5739210
Repairs & Maintenance	3755140	3934010	3925940
Rents, rates, taxes & other charges	220450	220610	220110
Depreciation	3717860	3717860	3722640
Item 8 Debit	492290	220680	281430
Negative HRA subsidy payable	5834620	5834620	6167830
Provision for Bad Debts	200000	125000	125000
Total Expenditure	19437800	19432360	20182160
Net Cost of Services	60180	(43920)	160490
Revenue Contributions to Capital	0	0	0
Net Operating Expenditure	60180	(43920)	160490
Interest Receivable	(351330)	(77000)	(78500)
(Surplus) / Deficit on services	(291150)	(120920)	81990
<u>HOUSING REVENUE ACCOUNT BALANCE</u>			
B/fwd Balance	659348	659348	780268
Surplus/(Deficit) for year	291150	120920	(81990)
C/fwd Balance	950498	780268	698278

