



# 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.

- 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.