

# Overview and Scrutiny Committee

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Tuesday, 14th February, 2012

## MINUTES

### Present:

Councillor Phil Mould (Chair), Councillor Mark Shurmer (Vice-Chair) and Councillors Peter Anderson, Andrew Brazier, Simon Chalk, Andrew Fry, Bill Hartnett, Gay Hopkins and Brenda Quinney

### Also present:

A Scarce

### Officers:

S Hanley, T Kristunas, S Morgan and S Skinner.

### Overview and Scrutiny Support Officers:

J Bayley and M Craggs

### EXTRACT FROM THE OVERVIEW AND SCRUTINY MINUTES - MINUTE 168

#### HOUSING REVENUE ACCOUNT 2012/13

The Committee received the Housing Revenue Account Initial Estimates for 2012/13. Reference was also made to the minutes of the meeting of the Executive Committee held on 31st January 2012, which detailed the Committee's recommendations on the subject.

The Housing Revenue Account (HRA) Initial Estimates were designed to set the budget for the HRA for the following year. In previous years the Council had paid £6.8 million to the government due to the local authority being in a negative subsidy position. This housing subsidy process would cease in March 2012 and the Council would no longer need to make these payments.

The process for rent setting had also been reviewed in the report. Local authorities were increasingly being urged to secure rent convergence with the social housing sector by 2015/16. As part of this process similar rents would be charged for similar properties. The rents charged by the Council were due to increase by seven

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Chair

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per cent in line with government guidelines and the average rent would be increasing from £72.82 to £79.90 on a 48 week basis.

There were concerns amongst Members that some tenants would struggle to pay these increased rents. However, Officers advised that significant adjustments would need to be made to the figures if the rents were to be increased at a lower rate.

An assumption had been made that there would be a limited increase in the number of residents who would request to purchase their Council house under the Right to Buy scheme. In recent years the number of properties sold to tenants under Right to Buy had stabilised at an average of five properties per annum. In the current economic environment many tenants were struggling to obtain mortgages and it was anticipated that this would continue to be a problem for the foreseeable future.

## **RECOMMENDED that**

- 1) **the draft 2012/13 Estimates for the Housing Revenue Account, attached to the report at Appendix 1, be approved;**
- 2) **the actual average rent increase for 2012/13 be 7 %;**
- 3) **£2 million be transferred to a reserve as a Revenue Contribution to Capital to fund the future Capital Programme; and**

## **RESOLVED that**

**the report be noted.**

The Meeting commenced at 7.00 pm  
and closed at 8.10 pm