

COUNCIL
22 JANUARY 2015
USE OF URGENCY POWERS

Report from: Neil Davies, Chief Executive

Author: Perry Holmes, Monitoring Officer

Summary

This report details a decision made by the Chief Executive under the urgency provisions contained within the Constitution.

1. Budget and Policy Framework

1.1 The Council's Constitution requires that a report be submitted to the next available Council meeting where urgent action on Council side functions has been undertaken by the Chief Executive or Directors.

2. Background

2.1 Where a proposed decision is a Council side function, the Chief Executive and directors shall have the power to act on behalf of the Council in cases of urgency only where the urgent matter is of such a nature that it may be against the Council's interest to delay and where it is not practicable to obtain the approval of the Council, in accordance with paragraph 4.1 of chapter 3, part 4 of the Constitution (employee delegation scheme). This is subject to consultation with the Leaders of all the groups which comprise at least 1/10th of the membership of the Council (or their nominees) and the provisions for urgent decisions which are contrary to any plan or strategy which has been approved or adopted by the Council or which are contrary to or not wholly in accordance with the budget approved by the Council (set out in Chapter 4, Part 3 of the Constitution).

2.2 A summary of the recent use of these provisions is set out in the following section.

3. Rent Setting – HRA New Build Properties

3.1 The Cabinet considered a report on the new Rent Setting Policy 2015 on 28 October 2014, which also included information regarding the

requirement to agree rents on 13 new build Council dwellings currently under construction. The report and decisions can be accessed here:

<http://democracy.medway.gov.uk/ielssueDetails.aspx?Ild=13190&Opt=3>

- 3.2 The Cabinet noted the proposals that the Chief Executive (using urgency powers (in place of referring this matter to Full Council)) should set the rent for 13 new building properties on various former Council owned HRA garage sites across Medway and arrange for this to be subsequently reported to Full Council.
- 3.3 Agreement to the rent setting levels for the new build was essential so that the new build homes could be advertised and let as soon as possible. Rent setting is a matter for Council. Waiting until 22 January 2015 for approval at Full Council for the new build property rents to be agreed would have resulted in delays in advertising and letting of the properties with potential for loss of income to the HRA Income Stream.
- 3.4 The Chief Executive consulted with the Leader of the Council, Councillor Rodney Chambers OBE on 2 December 2014 and the Leader of the Labour Group, Councillor Maple, on 4 December 2014 as required by the Constitution. Both were content with the use of urgency powers on this occasion, therefore, the Chief Executive made the following decision, using urgency powers, on 4 December 2014, having considered the paper set out in Appendix 1.
- 3.4.1 That the Chief Executive (using urgency powers in place of referring this matter to Full Council) agrees to the new rent and service charges as set out below:

Door No	Street	Dwelling Type	No of Beds	2014/15 Proposed rent (50 week)	Service Charge Ground - Maintenance (50 week)	Service Charge - Electricity (50 week)	2014/15 Proposed rent (50 week) inc service charges
11b	BUTTERMERE DRIVE	Semi Detached House	2	99.48	0.45	0	99.93
11c	BUTTERMERE DRIVE	Semi Detached House	2	99.48	0.45	0	99.93
39a	TANGEMERE CLOSE	HOUSE	2	99.48	0.45	0	99.93
39b	TANGEMERE CLOSE	HOUSE	2	99.48	0.45	0	99.93
39c	TANGEMERE CLOSE	HOUSE	2	99.48	0.45	0	99.93
39d	TANGEMERE CLOSE	HOUSE	2	99.48	0.45	0	99.93
2	BEGONIA AVENUE	HOUSE	3	106.58	3.91	0.61	111.10
4	BEGONIA AVENUE	HOUSE	3	106.58	3.91	0.61	111.10
6	BEGONIA AVENUE	HOUSE	3	106.58	3.91	0.61	111.10
1	ROMANY ROAD	BUNGALOW	1	86.31	3.18	1.38	90.87
2	ROMANY ROAD	BUNGALOW	1	86.31	3.18	1.38	90.87
3	ROMANY ROAD	BUNGALOW	1	86.31	3.18	1.38	90.87
4	ROMANY ROAD	BUNGALOW	1	86.31	3.18	1.38	90.87
		TOTAL		1,261.86	27.15	7.35	1,296.36

4. Financial, Legal and Risk Management Implications

- 4.1 The requirement to report decisions taken under the various urgency provisions is set out within the Constitution. Details of the financial, legal and risk implications are set out in full in Appendix 1.

5. Recommendation

- 5.1 Council is asked to note the report.

Lead officer contact

Perry Holmes, Monitoring Officer

Telephone: (01634) 332133 Email: perry.holmes@medway.gov.uk

Background papers

None

CHIEF EXECUTIVE USING URGENCY POWERS

04 DECEMBER 2014

RENT SETTING – HRA NEW BUILD PROPERTIES

Portfolio Holder: Councillor Howard Doe - Housing and Community

Report from: Robin Cooper - Director of Regeneration Community and Culture

Author: Marc Blowers - Head of Housing Management

Summary

This report seeks agreement to the setting of rent and service charges for 13 new build Council owned homes that will be ready for advertising via the Homechoice letting system from January 2015.

1. Budget and Policy Framework

- 1.1 The Council is required by law to carry out a review of council rents from time to time and to ensure that the Housing Revenue Account does not fall into a deficit position.
- 1.2 Agreement to the rent setting levels for the new build is essential so that the new build homes may be advertised and let as soon as possible. Rent setting is a matter for Council. The next meeting of Full Council is not until 22 January 2015. Waiting until 22 January 2015 for approval at Full Council for the new build property rents to be agreed would result in delays in advertising and letting of the properties with potential for loss of income to the HRA Income Stream.
- 1.3 Therefore, it is proposed that the Chief Executive uses the urgency provisions as set out in paragraph 4.1 of the Employee Delegation Scheme. The use of these urgency provisions will be reported to Full Council on 22 January 2015 for information.
- 1.4 The use of these powers was reported to and noted by Cabinet on 28 October 2014 within the New Rent Setting Policy 2015 report.

2. Background

- 2.1 The current programme is to develop a total of 55 new Council homes by 2016. The development of new Council Housing in Medway is progressing well. Thirteen of these new properties will be ready for advertising via the

Councils Kent Homechoice Scheme from January 2015. The lead in time in terms of advertising to the actual moving in date is key to ensuring that new occupants can move in as quickly as possible once “handover” from the developer has been completed.

- 2.2 Each property has had its rent and service charge set in accordance with the Councils current Social Housing Rent formula.
- 2.4 Service charges for 2014/15 are calculated using estimated costs based upon actual charges for previous years. Guidance states that, whilst increases should be confined to inflation plus 0.5%, it is also recommended that the cost of providing services to tenants should be fair and fully recovered
- 2.5 Rent increases for these properties for the year 2015/16 will follow the same formula as set out in the annual budget setting and rent increase report that is subject to consideration at Business Support Overview and Scrutiny Committee on 3 February 2015.
- 2.6 The thirteen properties that are the subject of this report are set out below with the basic rent and as appropriate relevant service charges as follows:-

Door No	Street	Dwelling Type	No of Beds	2014/15 Proposed rent (50 week)	Service Charge Ground - Maintenance (50 week)	Service Charge - Electricity (50 week)	2014/15 Proposed rent (50 week) inc service charges
11b	BUTTERMERE DRIVE	Semi Detached House	2	99.48	0.45	0	99.93
11c	BUTTERMERE DRIVE	Semi Detached House	2	99.48	0.45	0	99.93
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		TOTAL		1,261.86	27.15	7.35	1,296.36

- 2.7 If rents and service charges are not agreed prior to the next full Council meeting it will not be possible to advertise these dwellings as early as possible and therefore let them. There is the risk of loss of rent income and prospective tenants waiting longer for a home.

3. Options

3.1 There are two main options in relation to the rent charging of this report as follows:-

OPTION	ADVANTAGES	DISADVANTAGES
<p>Option 1</p> <p>That agreement to rent and service charge setting be delayed until full Council on 20 January 2015.</p>	<p>Full Council will give direct approval to the setting of rent and service charges.</p>	<p>There will be delays in the administration work to set these tenancies up on the ICT systems and delays in letting these properties.</p> <p>New build properties may remain empty as a result of the delays as set out above causing poor PR.</p> <p>Loss of Income to the HRA whilst administration processes and approval is sought.</p>
<p>Option 2</p> <p>That approval be given ahead of full Council using the discretionary powers of the Chief executive.</p>	<p>This will allow the relevant administration and ICT systems to be set up as soon as possible.</p> <p>Adverts for potential tenants for the new build can be placed ensuring immediate lets are made once the developed handovers the sites.</p> <p>Reduced loss of Income to the HRA and reduced risk of squatters.</p>	<p>Full Council approval not received.</p>

4. Advice, Analysis and Options

4.1 That the second option be adopted.

5. Risk Management

Risk	Description	Action to avoid or mitigate risk	Risk rating
Loss of rental income to the HRA	Properties remain vacant and unlet until rent accounts are set up.	Ensure rent accounts are set up early and ICT systems set up to ensure letting of new build properties takes place as quickly as possible.	III D

6. Consultation

- 6.1 There has been no specific consultation relating to the rent setting process for these 13 properties. However residents are consulted annually on the rent and service charge setting process for all Council owned homes. The meeting in relation to the rent and budget setting process for 2014/15 was held on 31 January 2014.

7. Financial and Legal Implications

- 7.1 The financial implications are contained within the body of this report.
- 7.2 Under Section 76 of the Local Government and Housing Act 1989, the council is required, in advance of the financial year, to formulate proposals which satisfy the requirement that, on certain stated assumptions the Housing Revenue Account for that year does not show a debit balance. The council is obliged to implement those proposals and from time to time to determine whether the proposals satisfy the 'break even' requirement. If not, then the Council shall make such provisions as are reasonably practicable towards securing that the proposals, as revised, shall satisfy the requirement.
- 7.3 Under Section 24 of the Housing Act 1985, the council can make such reasonable charges as it determines for the tenancy or occupation of its houses. The council is obliged, from time to time, to review rents charged and make such changes, as circumstances may require. This is a decision for Full Council as it forms part of the Council's budget and policy framework.

8. Decision by the Chief Executive

- 8.1 That the Chief Executive (using urgency powers in place of referring this matter to Full Council) agrees to the new rent and service charges as set out in section 2.6 of this report.

..... (signed)(date)

Neil Davies, Chief Executive

Marc Blowers, Head of Housing Management

Telephone (01634) 334382 E-mail: marc.blowers@medway.gov.uk

Mick Hayward, Chief Finance Officer

Telephone (01634) 332220 Email: mick.hayward@medway.gov.uk

Stephen Gaimster, Assistant Director, Housing and Regeneration

Telephone (01634) 331192 E-mail: stephen.gaimster@medway.gov.uk