

CABINET

2 FEBRUARY 2021

HOUSING REVENUE ACCOUNT CAPITAL AND REVENUE BUDGETS 2021/22 – ADDENDUM REPORT

Portfolio Holder: Councillor Howard Doe, Deputy Leader and Portfolio Holder for Housing and Community Services

Report from: Richard Hicks, Director of Place and Deputy Chief Executive

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Stephen Platt, Democratic Services Officer

Summary

This addendum report sets out the comments of the Business Support Overview and Scrutiny Committee which considered the Housing Revenue Account Capital and Revenue Budgets 2021/2022 report on 28 January 2021.

1. Background

- 1.1. The Committee considered a report presenting the Housing Revenue Account capital and revenue budgets for 2021/22 which provided details of proposed rent and service charge levels, and raised the following questions and comments:
- 1.2. **Void management** – It was important to acknowledge that vacant properties were sometimes unavailable for rent because they were in need of repair or refitting.
- 1.3. **Garage rents** – The proposed increase of 5% in garage rent seemed high given that the occupancy rate was only 73% and it was suggested that more should be done to increase occupancy levels. In noting this, the Head of Strategic Housing reported that the policy on garages had been relaxed to allow the storage of items other than cars.
- 1.4. **Proposed social rent increase** – It was questioned whether an increase in social rent of CPI plus 1% was reasonable in the current circumstances. The Head of Strategic Housing advised that the Council's social rents were the lowest in Medway and that there had been a four-year rent freeze despite

an increase in costs. He outlined the safeguards that were in place to support tenants on low incomes.

- 1.5. **Rent arrears in the last year due to the pandemic** – The Head of Strategic Housing advised that there had been no noticeable increase in rent arrears during the pandemic and that there had been no evictions due to rent arrears.
- 1.6. **Backlog of housing repairs due to the pandemic** – The Head of Strategic Housing reported that the backlog in housing repairs from the first period of lockdown had been cleared although a further backlog was building during the current restrictions as non-emergency works had again been suspended.
- 1.7. **Delay in the HRA development programme due to the pandemic** – The Head of Strategic Housing advised that a re-tender exercise was underway for phase four of the development programme. The housing market was responding well during the pandemic and there was currently no impact on the programme as a result of the pandemic.

2. Director's comments

- 2.1. Since publication of the report, it has come to light that two sections of the report should be updated, namely paragraphs 3.4 and 9.5 of the report. These are reproduced below and the additional text is underlined for ease of reference:
- 2.2. **Paragraph 3.4** - The increase in weekly rent of CPI (0.5% CPI for September 2020) plus 1% will result in an increase in budgeted rental income from dwellings against 2020/21 yearly rental income of £352,936. This increase includes budgeted rental income of £210,943 from 27 affordable rent properties that are to be purchased (26 new build affordable rent properties at Ingram Road four units of which are subject to further planning approval and purchase of one property previously sold under right to buy), costing just over £5m from the budget of £10m that was approved by the Council on 16 July 2020 as well as from the buy-back budget.
- 2.3. **Paragraph 9.5** - On 16 July 2020, the Council approved the addition of £10m budget to the HRA Capital Programme, in order to increase the stock of HRA affordable housing, funded from the borrowing against HRA rents, HRA reserves and Right to Buy 1-4-1 capital receipts or grant funding, where available. Officers are actively working to establish a pipeline of sites with a potential purchase of up to 26 units taking place towards the end of Quarter 3 2020/21.

3. Recommendation

3.1. The Committee recommended to the Cabinet:

- a) A proposed social rent increase of CPI plus 1% for the housing stock as set out in Appendix A of the report (based on 52 collection weeks) with effect from 05 April 2021.
- b) A proposed affordable rent increase of CPI plus 1% for the housing stock as set out in Appendix B of the report (based on 52 collection weeks) with effect from 05 April 2021.
- c) A proposed rent increase of 5% to be applied to all garage tenure types with effect from 05 April 2020 as stated in section 4 of the report.
- d) That the service charges increases/decreases as set out in Appendix C of the report for 2021/22 be approved.
- e) That the revenue budget for the HRA service for 2021/22 as per Appendix D of the report be approved.
- f) That the proposed 3 year planned maintenance capital programme budget and the funding be approved as set out in section 8.5.3 & 8.5.4 of the report.
- g) To approve the reduction in 2020/21 planned maintenance underspend capital budget of £1.4m as set out in section 8.5.6 of the report.
- h) That the provision for the repayment of debt based on annuity-based payment of £0.410m, on the HRA's outstanding debt for 2021/22 be approved.
- i) That Members approve the revised 30-year HRA Business Plan model as attached at Appendix E of the report.

(In accordance with Council Rule 12.6, Councillors Khan, Maple and Andy Stamp asked that their abstentions be recorded).

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