

HOUSING POLICY DEVELOPMENT GROUP

MEETING, 14TH JANUARY, 2008

Present – Councillors Lord (Vice-Chairman), Clare, J. Rothwell, A.S. Walsh, D. Wilkinson, R. Wilkinson and Woodward.

Lay Members

Mr. F. Fletcher
Ms. L. Spriggins

Also in Attendance

Councillor A.N. Spencer	-	Chairman of Bolton at Home
Mr. K. Davies	-	Director of Development and Regeneration
Mr. E. Mellor	-	Financial Services Manager
Mr. J. Lord	-	Head of Community Housing
Ms. M. Horrocks	-	Housing Quality Assurance Manager
Mrs. V. Ridge	-	Principal Democratic Services Officer

Apologies for absence were submitted on behalf of Councillors Darvesh and Zaman and Mr. R. Hughes.

Councillor Lord in the Chair.

29. MINUTES

The minutes of the proceedings of the meeting of the Policy Development Group held on 3rd December, 2007 were submitted and signed as a correct record.

30. HOUSING REVENUE ACCOUNT BUDGET RENT INCREASE, CAPITAL RESOURCES 2008/2009 TO 2010/2011

Mr. E. Mellor, Financial Services Manager, gave a presentation to members which outlined the Housing Revenue Account Rent Increase, Capital Resources for 2008/2009 to 2010/2011.

Members were informed of the latest three year budget, which was as follows, viz:-

Latest 3 year budget

	2007/08	2008/09	2009/10	2010/11	2011/12

Surplus before RCCO	5,246	1,567	2,252	1,036	-3,576
RCCO	1,000	8,000	2,500	1,000	0
Reserves at end of year	6,269	1,536	1,288	1,324	-2,252
Capital resources	49,867	22,554	15,265	14,041	13,067

It was stated that, as was shown in the above chart, the account fell into deficit in 2011/2012 which was not allowed by law and would result in prudential borrowing being no longer affordable. Details were provided on the reasons for deficit and, in order to ensure that the deficit was removed, it was proposed that rents be raised by RPI + 0.5% + £2 per annum over the next four years, which was the maximum allowed by Government methodology. This equated to a 8.4% rent increase in 2008/09. Furthermore, it was also proposed that cuts be made to management and maintenance expenditure totalling £600,000 per annum for the next four years.

In terms of the effect of the above changes, members were advised that the deficit in 2011/2012 would be removed and there would be a capital programme of £26m, £26m, £14m and £14m over the next four years. Discussions had also been held with the Tenants Federation on the proposals and they had suggested a willingness for rent flexibility to ensure everyone benefitted from Decent Homes.

In conclusion, it was stated that despite the proposed rent increase, Bolton was still likely to have the lowest rents in Greater Manchester in 2008/2009.

It was agreed that the presentation be noted.

31. DRAFT RENT REPORT 2008/2009

The Chief Housing Officer submitted a report which set out proposals for the rent increase for 2008/2009 and the Housing Revenue Account (HRA) budget for the three year period to 2010/2011.

Members were advised that the Government had extended the timetable for rent restructuring to 2016/2017 and, as a consequence, the rent increase, should rent restructuring be followed, would be 6.23%. This would result in the average rent increasing from £53.54 to £56.88.

The Housing Subsidy Determination was still only at the consultation stage and the final determination was not expected until at least 14th January, 2008. One area which Bolton had lobbied strongly for a change was reinstatement of the Rental Constraint Allowance which would cost Bolton £1.7m in 2008/2009 and £7m over the next 8 years.

It was stated that there had been significant changes to the budget for repair and maintenance, mainly demand led, which had resulted in the budget for 2008/2009 increasing by 10% to £13.5m. Housing Subsidy, which estimated the need to spend on repair and maintenance using a complex formula, calculated a maintenance allowance for Bolton of £17.8m, therefore, the revised budget was still well below the amount estimated by the Government.

Members were advised that the overall effect of the 2008/2009 Housing Revenue Account (HRA) budget was significantly worse than when the 5 year HRA was produced as part of 2007/2008 budget setting. As a result, prudential borrowing was no longer deemed affordable and the overall level of capital resources for the next 3 years, £24m, £15m and £14.6m was insufficient to maintain the Decent Homes standard and address the environmental improvements on Council estates. Consequently, options were detailed in the report for increasing the level of capital resources.

It was agreed that the report be noted.

32. DRAFT HOUSING SUBSIDY 2008/2009

The Chief Housing Officer submitted a report which provided a summary of the draft housing subsidy determination for 2008/2009.

Members were advised that Bolton had lost resources due to updates of the datasets used in the housing subsidy formula. Several of these datasets reflected actual performance of housing services in Bolton, such as the reduction in relets and the reduction in the rent lost due to properties being empty. Other datasets measured crime levels in Bolton and as a result of improvements in these indicators the resources directed towards Bolton had reduced.

However, the key change in the formula for 2008/2009 was the removal of the Rental Constraint Allowance (RCA) which had reimbursed Bolton for the past 2 years for implementing an average 5% rent increase rather than the higher rent increase which would have occurred if rent restructuring had been allowed to proceed unhindered. As a result of this change, over the next 9 years, the removal of the RCA was likely to cost Bolton about £7m in resources with £2.8m of this loss in the next two years. This was likely to impact on the current £26m, £26m and £15m capital programme resources over the next 3 years.

Furthermore, the Government was proposing to extend the period of rent restructuring by 5 years to 2016/2017, although, it had reserved the right to review this again in future years. In spite of the longer period for rents to converge, the likely average rent increase in April, 2008 was around 6.2%, if rent restructuring was followed as it had been in previous years.

The content of a response to the Department for Communities and Local Government on the consultation paper was included in the report at Appendix 1.

It was agreed that the report be noted.

33. DRAFT HOUSING MANAGEMENT FEE

The Chief Housing Officer submitted a report which outlined the detail behind the proposed bid for growth from the Management Fee paid to Bolton at Home from the Housing Revenue Account (HRA). The growth in the management fee referred to in the report was all demand led growth. A further two headings showed the savings which had been identified:-

- savings to the HRA Management Fee paid to Bolton at Home; and
- savings elsewhere within the HRA.

The proposed growth and savings were summarised as follows:-

	£000 2007/08	£000 2008/09	£000 2009/10
Previous Year Management Fee	14,012.2	14,124.3	14,604.3
Removal of one-off items	25.0		
Demand Led Growth	468	480	490
Savings to the HRA Management Fee paid to BH	-380.9		0.0
Savings to the HRA (not included in management fee total)	-107.6	-107.5	-100.3
Draft Management Fee	14,124.3	14,604.3	15,094.3
Increase in Management Fee over previous year	112.1	480.0	490.0
Net changes to HRA (includes savings to HRA)	4.5	372.5	389.7
% change in HRA Management Fee	0.8%	3.4%	3.4%
Total savings as % of management fee	3.5%	0.8%	0.7%

It was agreed that the report be noted.

34. MISCELLANEOUS RENTS AND CHARGES 2008/2009

The Chief Housing Officer submitted a report which set out the proposed increases in fees and charges for the financial year 2007/2008 in respect of the following:-

Council Charges – Services managed by Bolton at Home

- garage rents;
- Careline charges;
- sheltered support charges;
- concierge service;
- Mere Gardens Intensive Management Charge;
- Young Persons Tenancy Sustainment Charge; and
- group heating service charge.

Council Charges – Services managed by Bolton MBC

- caravan site rents;
- refugee project;
- furnished tenancy scheme;
- leasehold management;
- Benjamin Court; and
- Housing and Public Health.

The report also showed the effect on the overall increases in rents, fees and charges for a sample of three properties.

Members' views were also sought on whether the transitional protection provided to sheltered housing tenants should be continued and the effects of this were detailed in Appendix 2 to the report. Following a discussion, members were of the opinion that the transitional protection should continue.

It was agreed that the report be noted.

(The meeting started at 3.30 p.m. and finished at 4.15 p.m.)