

<b>Housing Select Committee</b>		
<b>Report Title</b>	Response from Mayor and Cabinet to matters referred by the Select Committee – Rent Setting Report	
<b>Key Decision</b>	No	Item No: 5
<b>Ward</b>	All	
<b>Contributors</b>	Executive Director for Customer Services	
<b>Class</b>	Part 1	Date: 7 March 2012

## **1 Summary**

- 1.1 This report informs members of the response given at Mayor and Cabinet on 22 February 2012 to the Housing Select Committee's referral on Rent Setting which formed part of the Budget 2012-13 update report.

## **2 Purpose of the Report**

- 2.1 To report to members the response given at Mayor and Cabinet (M&C) to recommendations made by the Housing Select Committee (HSC).

## **3 Recommendation**

- 3.1 The Housing Select Committee is recommended to receive the Mayoral response to their referral on the Rent Settings Report.

## **4 Mayoral Response**

- 4.1 On 22 February 2012, the Mayor considered the Committee's referral as part of the Budget 2012-13 update report.
- 4.2 Attached at Appendix A is the Housing Revenue Account extract from the Budget Report.
- 4.3 Appendix B contains an excerpt from the Notice of Decisions made by M&C as at the time of writing the minutes of the meeting are not available. The decisions do not relate specifically to the Rent Setting proposals.
- 4.4 Appendix C is the referral made to M&C by HSC on 18<sup>th</sup> January 2012 and the relevant minute.

## **BACKGROUND PAPERS**

Mayor & Cabinet minutes 22 February 2012

If you have any queries on this report, please contact Kevin Flaherty, Head of Business & Committee, 0208 314 9327

**Excerpt from Budget 2012-13 report (Motion for the Mayor to recommend to Council – Appendix B)**

**Housing Revenue Account**

(iv) Council be asked to set an increase of dwelling rents of £5.76 per week or 7.04% in accordance with the Rent Restructuring formula and Department Communities and Local Government (DCLG) guidance;

(v) Council be asked to set an increase in the hostels accommodation charge by £3.99 per week or 7.18% in accordance with the Rent Restructuring formula;

(vi) Council be asked to approve the following average weekly increases for dwellings for: service charges to non Lewisham Homes managed dwellings (Brockley);

- caretaking 3.0% (£0.08)
- grounds 3.0% (£0.04)
- communal lighting 38.67% (£0.20)
- bulk waste collection 3.0% (£0.01)
- window cleaning 3.0% (£0.00)
- Tenants Levy No increase

(vii) the consultation report on service charges to tenants and leaseholders in the Brockley area, presented to area panel members on 14 December 2011 be noted;

(viii) Council be asked to approve the following service charges to Lewisham Homes managed dwellings:

- caretaking 1.47% (£0.08)
- grounds 5.0% (£0.04)
- Lumber Collection No increase
- Window Cleaning 200% (£0.04)
- communal lighting 38.67 (£0.23)
- block pest control -1.29% (-£0.02)
- Tenants Levy No increase

(ix) a Lewisham Homes consultation report on Service charges to tenants and leaseholders, presented to area panel members on 7 December 2011, be noted;

(x) the comments of the Housing Select Committee, on rent setting be noted;

(xi) Council be asked to approve the following average\* weekly percentage increases for hostels and shared temporary units for;

- Service charges (hostels) – caretaking/grounds 31.98% (£4.15)
- The overall rise in Hostel Service Charge will therefore be £4.15 per week and increase the weekly charge from £12.99 to £17.14 per week.
- In lieu of Council Tax - 0.0%
- Energy cost increases for heat, light & power – 23.38% (£3.34 per week)
- Water Charges increase – 64.68% (£1.22 per week)

\* The average amount varies according to bed space/type of accommodation

(xii) Council be asked to approve an increase in Garage rents by inflation of 5.6% (£0.44 per week) for Brockley residents and 5.6% (£0.54 per week) for Lewisham Homes residents;

(xiii) there be no proposals to increase charges for sheltered housing and very sheltered housing;

(xiv) Council be asked to approve an increase of 6.97% or £0.32 per week for Linkline Charges to tenants for line rental and maintenance. This would raise the charge from £4.59 to £4.91 per week;

(xv) Private Sector Leasing rents movement to the Local Housing Allowance rate as at January 2011, according to bed size or capped LHA limit, be noted;

(xvi) the Housing Revenue Account budget strategy proposals be approved in order to achieve a balanced budget in 2012/13;

(xvii) the impact on HRA self-financing be noted;

(xviii) Council be asked to agree that the Authority enters into a maximum sum of additional prudential borrowing of £44m (to the level of DCLG's 'self financing cap') over the period 2012/13 to 2016/17;

(xix) authority, as to the amounts and timings of any such borrowing, be delegated to the Executive Director for Resources & Regeneration, acting on the advice of the Head of Law;

Extract of **Notice of Decision** of the MAYOR AND CABINET, which was open to the press and public, held on WEDNESDAY, 22 FEBRUARY 2012 at LEWISHAM TOWN HALL, CATFORD, SE6 4RU

**2. Budget 2012-13 Update**

Having considered an officer report the Mayor agreed that

- (a) saving proposal COM08B – Financial Assessments of £70k, the second year of a proposal which was agreed as part of the budget setting process for the current year, be rejected;
- (b) the Section 25 Statement from the Chief Financial Officer be approved;
- (c) a recommended Council Tax for 2012/13 of £1,042.11 for the Council's element be reaffirmed. This is an increase of 0%, based on a General Fund Budget Requirement of £268.510m for 2012/13.
- (d) an overall decrease in Council Tax for 2012/13 of 0.23% be noted, which includes the Greater London Authority (GLA) precept being reduced by £3.10 to £306.72, representing a 1% decrease from its 2011/12 level and recommended to Council on 29 February 2012, the motion on the budget, attached at Appendix B.

**Comments of the Housing Select Committee on the Rent Setting Consultation (Lewisham Homes and Brockley PFI Areas) – to M&C 18<sup>th</sup> January 2012**

On 8 December, the Housing Select Committee considered a report outlining proposals for increasing the rent in the Lewisham Homes and Brockley PFI Areas.

The Committee felt that the proposed increase of 7.04% for 2012/13 (equating to an average rise of £5.76 per week over a 52 week period, raising the full year average dwelling rent for the borough from £81.73 to £87.49 per week) was too high.

Members noted that 40% of Lewisham Homes residents (approximately 5,600 households) were not in receipt of housing benefit and paid their rent from their salaries. It is the Committee's opinion that these households are already struggling with rising living costs and an uncertain jobs market, and the proposed rent increase would represent a further strain on, already very strained, household incomes.

The Committee would like the Mayor to note its concern at the proposed rent increase and the impact that this will have on hard-working low-income households; and investigate the feasibility of introducing a lower rent increase, taking into account all relevant implications.

M&C Minutes

Extract of MINUTES of the meeting of the MAYOR AND CABINET held on WEDNESDAY, 18 JANUARY 2012 at LEWISHAM TOWN HALL, CATFORD, SE6 4RU at 6.00 p.m.

14 Housing Select Committee referral on Rent Setting Consultation

The report was presented by the Chair of the Housing Select Committee, Councillor Ami Ibitson. In response the Mayor pointed out the absence of any indication of where responsibility lay for rent increases or of how any funding gap might be bridged. He indicated the issues raised would be addressed as part of the Budget process in February.

RESOLVED That the views of the Housing Select Committee as set out be received and agree the Executive Director for Customer Services be asked to respond to the referral.