

SLOUGH BOROUGH COUNCIL

REPORT TO: Overview and Scrutiny Committee

DATE: 17th November 2016

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WARD(S): All

PART I **FOR COMMENT & CONSIDERATION**

CABINET DECISION CALL-IN - HOUSING REVENUE ACCOUNT BUSINESS PLAN 2016-2046

1. **Purpose of Report**

To advise the Committee of the receipt of a Member call-in and to seek the Committee's views and instructions on how it wishes to deal with it.

2. **Recommendation**

The Committee is requested to consider the call-in and to decide what action it wishes to take in response to it.

3. **The Slough Joint Wellbeing Strategy, the JSNA and the Five Year Plan**

Good quality homes are integral to the wellbeing of everyone. The provision of low cost, affordable social (Council) housing therefore plays a fundamental role in supporting the delivery of Slough's Joint Wellbeing Strategy. The forthcoming Housing Strategy will set out how the Council sees its role in improving housing conditions and opportunities in the borough, including in social housing.

Housing and Neighbourhood Services have a wide range of skills, knowledge and legal powers available to officers to take action to address anti-social behaviour and work in partnership with Thames Valley Police to tackle crime and domestic abuse. The Tenancy Sustainment Team work closely with council colleagues to support vulnerable residents, offering a free handyman service aimed at carrying out DIY work to prevent falls and other risks of injury within residents' homes. The service takes a holistic approach to responding to the needs of the borough's neighbourhoods and the communities that live in them. Access and customer care are key principles underpinning the Regulatory Framework which applies to the Council's landlord services, requiring Neighbourhood Services to ensure that services are open and accessible to all.

3a. **Slough Joint Wellbeing Strategy Priorities**

The Housing Revenue Account (HRA) Business Plan links to the following Slough Joint Wellbeing Strategy priorities:

- Health – the links between decent housing and health are well documented.
- Regeneration and Environment – the HRA Business Plan sets out how the service will contribute to regenerating and investing in improvements to the built environment.
- Housing – The repair, maintenance and investment in the Council's housing assets is funded directly by the HRA.
- Safer Communities – The HRA funds the Council's anti-social behaviour service to manage problems that is caused or suffered by the Council's tenants or leaseholders.

Cross-Cutting themes:

The Council's approach to managing its housing assets is based on encouraging and supporting its tenants and leaseholders to be accountable and responsible for their actions and take civic responsibility for their homes, their neighbourhoods and the communities they live in. Residents are supported and encouraged to maintain their neighbourhood and their home which, in turn, contributes towards improving the image of the town.

3b. **Five Year Plan Outcomes**

The HRA Business Plan will help to deliver the following Five Year Plan outcomes:

- There will more homes in the borough, with quality improving across all tenures to support our ambition for Slough.
- Slough will be one of the safest places in the Thames Valley.
- More people will take responsibility and manage their own health, care and support needs.
- Children and young people in Slough will be healthy, resilient and have positive life chances.
- The Council's income and the value of its assets will be maximised.
- Slough will be the premier location in the south east for businesses of all sizes to locate, start, grow, and stay.

4. **Other Implications**

(a) Financial

At the core of the HRA Business Plan is a series of 30 year financial projections. The key financial issues are therefore dealt with in the Business Plan itself.

(b) Risk Management

Risk management issues are set out in Section 11 of the Business Plan (attached as Appendix A).

(c) Human Rights Act and Other Legal Implications

There are no Human Rights Act implications relating to this Business Plan. There may be legal implications as the details of emerging Government policy are made clear. For this reason the Business Plan will be reviewed in March 2017 to fully understand any legal implications.

(d) Equalities Impact Assessment

Equality Impact Assessments are routinely carried out as part of operational service delivery and reviews. There are no equality related issues in relation to the Housing Revenue Account Business Plan.

(e) Property

The HRA Business Plan supports the Council's ambition to maintain and invest in its current housing assets whilst continuing to deliver a development programme to build new, affordable homes in Slough. Detailed descriptions of the implications on property are included in the body of the Plan.

(f) Carbon Emissions and Energy Costs

The re-commissioning of the repairs, maintenance and investment contract will provide opportunities to reduce carbon emissions in Council owned homes.

5. **Supporting Information**

Call-In Process

5.1 A Member Call-In has been received from Councillors Anderson, Pantelic and Swindlehurst, as attached at Appendix B to this report.

5.2 The decision referred to in the Call-In was taken by Cabinet at its meeting on 17th October 2016. The Call-In was received prior to the 5 working day deadline, meaning that the implementation of the decision has not yet taken place and is awaiting the Committee's response. Member Call-Ins regarding Cabinet decisions are dealt with through a standardised process set out in the Slough Borough Constitution (Part 4.5 Section 16).

5.3 The Committee may take the following action on the call-in:

- Agree to take no further action on the request (the reason for that decision to be recorded in the minutes and Members are advised).
- Make alternative recommendations to the Cabinet or Council (if applicable).
- Make representations/views known to the Cabinet or Council (if applicable) in respect of decision taken and implemented within Cabinet or Officer delegated powers.

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- 5.4 The Housing Service set out the HRA Business Plan for the next 30 years at the Cabinet meeting on 17th October. This Business Plan is attached as Appendix A.
- 5.5 Cabinet was asked to make a series of decisions on the Business Plan, and was in agreement with the following proposals:
- (a) That the draft Housing Revenue Account Business Plan be approved.
 - (b) That the draft Business Plan be issued for consultation to the Residents Board and other residents groups.
 - (c) That authority be delegated to the Strategic Director, Regeneration, Housing and Resources following consultation with the Cabinet Member for Housing and Urban Renewal to finalise the Business Plan in the light of comments received during the consultation.
 - (d) That the Strategic Director, Regeneration, Housing and Resources, following consultation with the Cabinet Member for Housing and Urban Renewal, be authorised to begin planning for the Options Appraisal of the Council's housing stock referred to in paragraph 5.7 of this report, with a proposal to be brought back to Cabinet for approval.
 - (e) That the development programme set out on Section 8 of the Business Plan be confirmed.
 - (f) That the policy on rents to be charged on new build homes as set out in paragraphs 8.11 and 8.12 of the Business Plan be approved.
- 5.6 The substantive elements of decisions (a) – (e) are not the subject of the Call-In. This is due to the fact that they are requesting for further consultation to be undertaken on the relevant matters and therefore are not final decisions. However, it is decision (f) which is disputed by the 3 members who have raised the objection in this instance.
- 5.7 The Call-In is asking the Overview and Scrutiny Committee to consider the rents policy and Cabinet's decision to approve it. The policy is set out in paragraphs 8.11 and 8.12 of the Business Plan (Appendix A pages 15 – 16). The members raising the Call-In have questioned the procedure undertaken in this matter. They argue that it has been done in a manner which may conflict with SBC's requirements for transparency, due notification and scrutiny when making such service changes.
- 5.8 As a result, the members have requested that this decision should be suspended until March 2017. This would allow the matter to be included in the overall consultation and scrutiny processes to which the Business Plan itself will be subject prior to its final consideration by Cabinet.

Officers' Response

- 5.9 The timetable envisaged by the HRA Business Plan considered by Cabinet on 17 October is for a further complete review of the Plan to be completed by

March 2017 when it is hoped that some of the uncertainties about the current position will have been resolved. Both versions of the Plan – the current one and the further update due in March - will be the subject of consultation.

- 5.10 The rationale for the proposal to charge higher rents on new build properties is set out in paragraphs 8.11 and 8.12 of the Business Plan. Although this is not something that the Council would normally wish to do there are sound reasons for considering it now;
- The current position on the Housing Revenue Account is that, at least for the next few months, the Council does not have a clear picture of either its income or its required expenditure over the life of the Plan and as a consequence cannot know if the account is viable in the medium and long term. In this period of uncertainty, these new build properties represent the only significant source of additional income available to the Council and this income may be required to sustain investment in existing homes as well as to build new ones.
 - Even if by March 2017 the position on the HRA has been stabilised the Council still faces the position that the reserve we have to fund our new build programme is a one off. Once used up the new build programme will end, other things being equal. If the Council charges higher rents on these new build homes it can fund the building of more new council homes. There is a trade-off between rents charged and the number of new homes which can be afforded. This is a position facing all local authorities now in a situation there is now no national subsidy available for affordable rented housing.
 - The Government intends to introduce the new Pay to Stay arrangements from April 2017. This will mean that households with a gross income of more than £31,000 will pay more rent. The additional income will be paid back to the Government. The increase will be on a tapered basis, with rent rising up to the point at which it hits the market rent. This new arrangement will change the traditional structure of rents which local authorities have been used to operating. Under this new policy, some existing tenants will pay more in their current homes and some may pay more in the newly-built homes. If the higher rent structure is adopted on the new homes, the extra rent will at least stay in Slough rather than going straight back to the Government.
- 5.11 The proposal in the Business Plan is for rents to be at 80% of market rent or the Local Housing Allowance rate, whichever is the lower. In most cases this will be the LHA rate, which is around 70% to 75% of the market rent, depending on property size. This approach has been adopted to ensure that the homes would still be available to residents claiming Housing Benefit. In all other respects, including security of tenure and tenants' rights, the position of tenants is the same as in any other council tenancy.
- 5.12 The proposal for immediate implementation of the higher policy derives from the fact that a number of new properties will be handed over in the next few months – 23 before the end of March 2017. If a standard council rent is charged on these properties they will then be caught by the Government's controls on existing rents and it will not be possible subsequently to increase rent levels to the higher rates. Over the 30 year life of the Business Plan the additional rent

income on these properties is significant and material and would be beneficial to the HRA, particularly given the current uncertainty on the account referred to above.

6. **Comments of Other Committees**

The original report was presented to Cabinet on 17th October 2016; their decision is the subject of this report.

7. **Conclusion**

Members are requested to consider what action to take on the call in, noting that (summary of officers' views).

8. **Appendices Attached**

'A' - HRA Business Plan

'B' - Call in request

9. **Background Papers**

Cabinet Agenda Papers – 17th October 2016.