

# CITY OF PLYMOUTH



## Overview and Scrutiny Commission

Scrutiny of:  
Housing Revenue Budget  
2005-06

**JANUARY 2005**

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## **Membership**

### **Housing Revenue budget 2005-06 scrutiny**

Councillor Mrs Aspinall (Chair)

Councillor Kerswell (Vice-Chair)

Councillor Fletcher

Councillor Fry

Councillor Savery

Councillor Vincent

Councillor Williams

Jayne Barber (co-opted representative nominated by PETRA)

Peter Ebsworth (co-opted representative nominated by PETRA)

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## **Meetings**

The Overview and Scrutiny Commission met on 20 January 2005 to scrutinise the Housing Revenue Budget for 2005-06.

## 1.0 SUMMARY

The purpose of this report is to submit recommendations to the City Council following a meeting of the Overview and Scrutiny Commission, with additional Members co-opted, for the purpose of reviewing and scrutinising Cabinet's proposals for the Housing Revenue budget for 2005-06.

## 2.0 RECOMMENDATIONS

- 2.1 **We recommend** that the Housing Revenue Budget as recommended by Cabinet be approved;

**For the attention of:** City Council

- 2.2 **We recommend** that the Housing and Economic Regeneration Overview and Scrutiny Panel monitor vacancy and efficiency savings within the Housing Service during the year;

**For the attention of:** City Council

- 2.3 **We recommend** that enforcement of tenancy agreements be pursued as a priority

**For the attention of:** City Council

## 3.0 INTRODUCTION

### 3.1 Introduction

- 3.1.1 The Housing Revenue Budget Report 2005/06 was prepared to review the budgetary projections for 2005/06, outlining assumptions built into the base budget. It also provides an update on the annual Subsidy Determinations
- 3.1.2 The report also reviewed housing rents and service charges for Plymouth for 2005/06 and provided a projection of the account for the medium term period to 2007/08.
- 3.1.3 Following the meeting of Cabinet on 18 January 2005, the Overview and Scrutiny Commission met on 20 January 2005 to scrutinise the proposed Housing Revenue Budget for 2005-06 prior to its consideration by the City Council on 31 January 2005.
- 3.1.4 Two representatives nominated by the Plymouth Tenants' and Residents' Association, were co-opted onto the Overview and Commission for this matter.

### 3.2 Terms of Reference

- 3.2.1 The purpose of the piece of scrutiny work and report was to submit recommendations to the City Council following a meeting of the Overview and Scrutiny Commission with co-opted representatives for the purpose of reviewing and scrutinising Cabinet's proposals for the Housing Revenue Budget for 2005-06.

## **4.0 EVIDENCE**

- 4.1 The Overview and Scrutiny Commission spoke with and questioned the Cabinet Member for Housing Services, the Director for Housing Services, the Finance Manager (Housing Services) and the Interim Assistant Director for Housing Services (Building Works) was informed –
- that the annual subsidy determinations for Plymouth had provided an increase of £1.722m over the figure for 2004/05;
  - that the increase would enable the Council to continue to implement service improvements ;
  - that following tenant consultation, a number of priorities were identified. Action was taken by the Department to address the concerns and further funding was proposed as part of the budget proposals;
  - the budget was a realistic one.
- 4.2 Members were advised that the Cabinet was recommending to Council approval of the base budget for 2005/06 which includes -
- increased budget provision for tenant participation;
  - increased budget provision for Anti Social Behaviour Work;
  - increased budget provision for Estate Maintenance;
  - an increase in the community Environmental Works Budget;
  - increased provision within the repairs account for new initiatives such as provision of hard-wired smoke alarms in Council properties;
  - an increase in the caretaking budget;
- 4.3 Cabinet was also recommending to Council –
- an average rent increase of 2.95% for 2005/06;
  - an increase in service charges to Council tenants and leaseholders, garage rents and charges for special services in line with Government assumptions at 3.6%;
  - an increase in the weekly water rate charge of 10%;
  - the introduction of a charge to cover the cost of CCTV monitoring;
  - that further work be undertaken during 2005/06, including consultation with tenants, on the adequacy of the service charge recovery rates.

## **5.0 FINDINGS**

### **5.1 Annual Subsidy**

- 5.1.1 The Commission learned that the percentage increase of annual subsidy from the Government was around 10% overall, although individual allowances varied from between 8% for rents and 20% for management. From April 2004, there were changes in the subsidy rules. This resulted in the Council being in a positive subsidy position for 2004/05 which meant subsidy had to be repaid to the Government. For 2005/06 there will be a negative subsidy position resulting in no repayment and around £1.5m being able to be used within Plymouth's account.

### **5.2 Vacancy / Efficiency Savings**

- 5.2.1 The budget proposals were based on the assumption that a 4% vacancy / efficiency would be achieved which included 2.5% Gershon savings.
- 5.2.2 In response to questioning of the Officers, the Commission was informed that –
- the 4% target was achievable;

- the Gershon savings of 2.5% did not represent a decrease on the budget spend but a service improvement on the basis of getting more for your money;
- the management of the vacancy savings needed to be improved to lessen the impact in key areas;

### **5.3 Repairs Service**

- 5.3.1 The Commission questioned Officers on the target within the Corporate Plan to achieve a two star rating for the repairs service by July 2005 and whether the increased provision within the budget would enable the target to be met, and was informed that –
- the Officers were confident that the target would be achieved;
  - the timing of the inspection, in March, was unfortunate as one of the issues previously raised was stock investment and the Cabinet decision on stock options would be taken after the inspection;
  - complaints had significantly decreased and were now below 10%;
  - to make the best use of the resources, the emphasis was on planned works rather than responsive works.

### **5.4 Stock Options**

- 5.4.1 The Commission was advised that the decision on stock options had been revised because the timetable for consultation had been extended. No provision had been included in the base budget as it was not possible to pre-empt the outcome of the exercise.

### **5.5 Rents**

- 5.5.1 The Commission questioned the Officers on the rent increase having regard to the Government's policy statement issued in September 2000 'The Way Forward for Housing' and the authority's position on moving rents towards a 'formula' rent. Members were informed -
- that the proposed increase in rents would result in an average rent of £48;
  - that the Council had 7 years to meet the target 'formula' rent which was currently projected to be around £54 after year 10;
  - the proposed increase of 2.95% was below the inflation rate of 3.1%.

### **5.6 Empty Properties**

- 5.6.1 The Commission questioned the Cabinet Member and Officers on the policies in place to recover loss of rent from former tenants in circumstances where vandalism delays the turnaround of empty properties and was advised that -
- it was difficult to recharge tenants as often arrears had also accrued;
  - the housing service had started to carry out inspections before tenants moved;
  - recharging was possible but a preferable way forward was for the enforcement of the terms of tenancy agreements;
  - there was a need to focus the attention of Estate Management staff on arrears and resources.

### **5.7 Right to Buy Sales**

5.7.1 The Commission questioned the Officers on the assumption of 350 Right to Buy Sales and the implications on the budget if the figure was not realised, and was informed that -

- the changes to the legislation for Right to Buy Sales were not favourable for the tenant;
- although consultation on the stock options was on-going and applications had slowed down;
- 350 was seen as a realistic figure;
- if the applications were less than 350, there would be a favourable impact on the budget.

## **5.8 Insurance / Bad Debt**

5.8.1 The Commission was advised that insurance provision was made in respect of claims against the City Council and the level of provision had been based on the recommendations of an Actuary report.

5.8.2 With regard to bad debt, the figures were being closely monitored and the Finance Manager's Team had been strengthened specifically with a view to improving collection of former tenant rent arrears.

## **5.9 Working Balance**

5.9.1 Members were advised that the estimated working balance of £1.6m was an increase on the balance for 2004/05 and met the Council's target of year on year growth.

## **6.0 CONCLUSIONS AND RECOMMENDATIONS**

### **6.1 Conclusions**

6.1.1 The Overview and Scrutiny Commission has considered the Housing Revenue Budget 2005-06 and supports the Cabinet's recommendations to the City Council.

6.1.2 The Commission would continue to monitor the budget and the corporate plan as part of quarterly monitoring.

### **6.2 Recommendations**

6.2.1 The recommendations of the Overview and Scrutiny Commission are set out in Section 2 of this report.

6.2.2 Councillors Fry and Savery recorded their abstention in respect of the recommendations set out in the report.

### **Appendix 1 – Reference Materials**

1. Housing Revenue Budget Report 2005/06, Report submitted to Cabinet meeting on 18 January 2005.
2. Minutes of Cabinet of 18 January 2005.

### **Appendix 2 – Contributors**

The Overview and Scrutiny Commission would like to express their sincere thanks to all those who provided information and advice:

David Green, Interim Assistant Director for Housing Services (Building Works)

Mark King, Cabinet Member for Housing Services

Clive Turner, Director for Housing Services

Sandra Wilson, Finance Manager, Housing Services