



Leicester
City Council

Minutes of the Meeting of the
OVERVIEW SELECT COMMITTEE

Held: WEDNESDAY, 12 FEBRUARY 2020 at 5:30 pm

P R E S E N T :

Councillor Cassidy (Chair)
Councillor Joel (Vice-Chair)

Councillor Dawood	Councillor Kitterick
Councillor Govind (sub for Councillor Khote)	Councillor March (sub for Councillor Joshi)
Councillor Halford	Councillor Porter

In Attendance:

Sir Peter Soulsby – City Mayor

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55. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Joshi, Khote, Waddington and Westley.

Councillor March was present as the appointed substitute for Councillor Joshi and Councillor Govind was present as the appointed substitute for Councillor Khote. Councillor Sandhu was appointed as substitute for Councillor Waddington, but submitted apologies for absence.

56. DECLARATIONS OF INTEREST

Councillor Halford declared a Disclosable Pecuniary Interest in agenda item 11, "Housing Revenue Account Budget (Including Capital Programme) 2020/21", in that she was a Council tenant. Councillor Halford remained in the meeting during consideration of this item, but took no part in the discussion or voting thereon.

65. HOUSING REVENUE ACCOUNT BUDGET (INCLUDING CAPITAL PROGRAMME) 2020/21

The Director of Housing submitted a report setting out the proposed Housing Revenue Account (HRA) budget for 2020/21, with indicative budgets for the following three years.

The Director introduced the report, explaining that, following a four-year period in which the government required rents to be reduced by 1% each year, the government had announced that for five years from 2020 rents could be increased by up to an amount equivalent to the Consumer Price Index plus 1%. This was welcomed, as the reductions had resulted in a £3million loss in rent for the Council. Overall budget pressures had exceeded £12million. Ongoing financial pressures remained, with the HRA facing a further £11million in budget pressures over the next three years. To manage this and deliver a balanced budget it was a recommendation that rents should be increased.

This proposal had been considered by the Tenants' and Leaseholders' Forum, as well as the Housing Scrutiny Commission. Comments from both bodies were included in the report. The Director drew Members' attention to the Housing Scrutiny Commission's support for the Tenants' and Leaseholders' Forum's proposal that rents should increase by 2.5% (not the proposed 2.7%), service charges should increase by 1.7% (not the proposed 2.0%) and hostel rents should not be increased (instead of applying the proposed 2.0% increase).

The Director of Housing explained that this would reduce income by £180,000 per year. The cap placed on rent increases by the government meant that this money could not be recovered in future years, so over ten years the Council would lose £1.8million that could have been used for investment in improvements to its housing stock and estates and to provide services. Therefore, although this could have had resulted in a small reduction in rent, (on average 14p per week), it would have a significant impact on the Council's HRA budget.

The City Mayor reiterated that the original budget proposal was the start of the process of addressing the problems caused by the previous enforced reduction in rent. The changes proposed were small increases for the people affected, but were significant for the Council's resources. He therefore strongly recommended that the increases included in the original proposal be supported.

Some concern was expressed that the increases in rent and service charges proposed by the Council could have a significant impact on tenants, particularly those already experiencing financial difficulties. The Director of Housing explained that approximately 60% of housing tenants and over 90% of people in Council hostels had their rent paid through Housing Benefit, which would cover any increase in rent. Also, a problem with the proposal made by the Tenants' and Leaseholders' Forum was that although the Forum wished to see a lower increase in rents and service charges, there was no balancing

adjustment proposed to work to be carried out using income from those rents and charges. The Forum agreed that all of the proposed investment in the HRA budget was needed. The Director reminded the Committee that the Council was legally obliged to set a balanced budget, so would have had to reduce the work undertaken to match the reduction in income.

In response to an enquiry from the Committee, the Director of Housing advised that work on removing materials from Goscote House, prior to demolition, would start during 2020, but full demolition of the building was likely to be done in the summer of 2021.

In response to a further enquiry, the Director of Housing also advised that the purchase of the properties in Hospital Close would be undertaken from funding approved at Council in November 2019 and this would not be affected by the final decision on the Housing Revenue Account budget for 2020/21.

It was proposed by the Chair, seconded by Councillor Govind and AGREED that:

- 1) the financial pressures on the Housing Revenue Account be noted
- 2) the comments from the Tenants' and Leaseholders' Forum and the Housing Scrutiny Commission be noted; and
- 3) in view of the implications of the proposals for changes to rents and service charges supported by both bodies, this Committee supports the following proposed changes to rents and service charges for 2020/21:
 - a) 2.7% increase to core rent
 - b) 2.7% increase to garage rent
 - c) 2.0% increase to hostel rent
 - d) 2.0% increase to service charges; and
 - e) no changes to sundry payments and charges.

Further to her declaration of interest in this item, (see minute 56, "Declarations of Interest", above), Councillor Halford remained in the meeting for the duration of this item, but took no part in the discussion or voting.