

# Cabinet Supplementary Agenda



**8. HRA Rent Setting and Draft Budget 2022/23 (Pages 3 - 6)**

Cabinet Member: Cabinet Member for Homes, Patricia Hay-Justice  
Officer: Interim Corporate Director of Housing, David Padfield  
Key decision: Yes

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## Cabinet

**Meeting Date:** 7 February 2022

**Item 8:** Housing Revenue Account Rent Setting and Draft Budget 2022-23

### **Recommendations from the Streets, Environment & Homes Sub-Committee**

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At the meeting of the Streets, Environment & Homes Sub-Committee held on 1 February 2022, the Sub-Committee had the opportunity to review the Housing Revenue Account (HRA) Rent Setting and Draft Budget 2022-23 report in advance of its consideration by Cabinet. This report sets out the key outcomes from the Sub-Committee's discussion along with recommendations for the Cabinet to take account of as part of its deliberation on this item.

Overall the Sub-Committee welcomed the engagement and openness of the Cabinet Member and the Corporate Director for Housing with their scrutiny of the HRA budget. The Sub-Committee recognised that although the pace of improvement had not been as quick as envisaged following the ARK Report, there was a commitment to put the right resources in place to deliver improvement for tenants.

The Sub-Committee highlighted a number of risks to the budget that would need careful monitoring in the forthcoming year. The major risk arose from neither a business plan nor a capital works programme being available to scrutinise alongside the budget, which meant it was difficult to have confidence that the proposed budget would be sufficient to support the programme needed to improve the service to the level expected by residents. Other risks that need to be monitored are the introduction of the new IT system in the service and staffing capacity to deliver the level of change required.

The proposed 4.1% rent increase was the major focus for the discussion of the Sub-Committee, with significant concern raised about the ability of individuals to afford the increase especially in light of the rise in the cost of living nationally. As such it was questioned whether the budget was based upon an assumed level of default or on all payments being made in full and on time.

There was agreement amongst the Sub-Committee that it would be difficult for tenants to understand why a 4.1% rent increase was being proposed when they would not have seen any improvement in the level of service provided. Two potential mechanisms for acknowledging the views of tenants were identified by the Sub-Committee. Firstly, the possibility of deferring the rent increase, if only for a short period, needed further exploration and if not viable, there needed to be a greater level of engagement with residents to explain why the increase was needed.

#### **Rent Increase Deferral**

The Sub-Committee understood that there was a range of factors that might make a deferring the rent increase unviable, such as the need to fund improvement work, rising inflationary costs and whether the regulator would allow rent to be increased later in the year. As such, the Sub-Committee recommends that work is undertaken prior to the Cabinet's consideration of the rent increase to establish whether deferral

of the increase would be viable from both a regulatory and financial perspective. In the event that deferring the rent increase is not possible, the reasons for this need to be confirmed at the Cabinet meeting.

**Recommendation 1: That work be undertaken in advance of the Cabinet meeting to establish whether deferral of the proposed 4.1% rent increase is a viable option.**

If the possibility of deferring the rent increase is viable, even if only for a short period, the Sub-Committee would ask that the Cabinet give consideration to this option as it would be a means of acknowledging to the Council's tenants that the performance of the Housing Service had not been at the level the Council would want for its tenants.

**Recommendation 2: If viable, the Cabinet is asked to consider deferring the rent increase for a to be determined period of time, as an acknowledgement that improvement in the customer experience had not progressed at the pace expected.**

#### Engagement with Residents

If it is not possible to defer the rent increase, then other action needs to be taken to communicate to tenants the reasons for the rent increase. As part of the improvement journey following the reporting of the poor condition of housing on Regina Road, the Council made a commitment to include residents at the heart of this journey. There was a concern about whether sufficient account had been taken of views of tenants about the proposed rent increase, when improvement may not yet be evident.

If the Cabinet agrees to proceed with the 4.1% rent increase, it is essential that the Council communicates clearly with tenants the link between the rent increase and the improvement journey. Communication about the rent increase should outline how it will help to fund the improvement journey, including the tangible benefits residents can expect to see over the next year and in the longer term. The Sub-Committee was in agreement that it was unlikely to be able to bring residents on board with the rent increase without mapping out the pathway for the improvement journey.

**Recommendation 3: That any communication and engagement with residents on the rent increase has to be linked with the improvement journey of the Housing Service. This should include a clearly mapped pathway for improvement and tangible outcomes residents can expect to see in the next year.**

#### Other Considerations

The Sub-Committee noted the inclusion of an additional £3m in the budget for staffing and questioned whether this would be used to employ additional staff resource. It was confirmed that the staffing resource within the Service would be reviewed in the forthcoming year, but it was possible that improved efficiency could deliver benefits as much as simply increasing staff numbers.

Acknowledgement that there would be an ongoing drive to improve customer focussed culture within the Service was welcomed by the Sub-Committee. It was agreed that both of these measures, alongside delivering improvement in process efficiency, would help to provide an improved and more efficient service for residents. It was agreed that any review of staffing or changes to the services provided should have a key focus on 'How will this benefit residents'. If a tangible improvement for residents cannot be identified, then the reasons for proceeding need to be clearly explained to all stakeholder and most importantly tenants.

**Recommendation 4: A key principle for any improvement work in the Housing Service needs to be 'How will this demonstrably benefit residents', with a clear focus on delivering outcomes that meet this principle.**

It was recommended that significant changes to the Service should be based upon a co-design approach, with tenants as an active participants in the process. The forthcoming review of service charges was highlighted as an area where a more cooperative approach would be more likely to deliver a positive outcome that one where residents had the outcome from the review imposed upon them.

**Recommendation 5: That where possible a co-design approach with residents should be used as a mechanism for delivering change within the Housing Service, to ensure that there is resident buy-in of the process.**

The Sub-Committee endorsed the move within the Housing Service towards taking a more robust, proactive approach to managing its contracts and was encouraged that there was an intention to move to a similar, proactive approach for repairs. It was acknowledged that this was a work in progress and would expect the provision of key performance indicators which would allow the Sub-Committee and residents to measure both the financial and service related benefits delivered as a result of the change to a more proactive Service.

**Recommendation 6: In addition to the Corporate Indicators, that a specific set of key performance indicators are identified that will enable monitoring of the financial and performance improvement delivered by the Housing Service a taking proactive approach to contract management and repairs.**

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