

Committee: Housing Board

Agenda Item

Date: 9th January 2014

3

Title: Housing Revenue Account - Proposed Rent and Service Charge increase 2014/15

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Summary

1. This report sets out the proposed 2014/15 Housing Revenue Account (HRA) increases in rent level and service charges.
2. The recommendations will be discussed by the Tenants forum on 7th January 2014.
3. The Housing Board and Tenants forums recommendations will be reviewed by Scrutiny Committee (6th February 2014) prior to approval by Cabinet (18th February 2014) and referral to Full Council on (27th February 2014).

Recommendations

4. The Housing Board is requested to recommend for approval to Cabinet that in line with the Council's Rent and Service Charge Setting Policy which came into effect on 1st January 2013:
 - a. HRA dwelling rents continue to converge with Formula rents, such that the average rent increase in 2014/15 will be 5.05%
 - b. Garage rents are increased by 3.2%
 - c. Heating, Service and Sewerage charges are increased in line with actual costs
 - d. Service charges for common services in sheltered schemes continue to be subsidised for tenants at 31st March 2012 who are not in receipt of housing benefit
 - e. Charge for Sheltered support services in increased by 3.2%
 - f. Sheltered support services for tenants as at 31st March 2003 who are not eligible for supporting people grant continue to receive transitional relief protection
 - g. Lifeline basic charge is increased by 3.2%

Financial Implications

The relevant financial implications are included in the body of the report

Background Papers

None

Impact

Communication/Consultation	The rent setting policy was approved by Housing Board on 20 th November 2012 and Cabinet on 13 th December 2012.
Community Safety	None
Equalities	None
Health and Safety	None
Human Rights/Legal Implications	None
Sustainability	None
Ward-specific impacts	None
Workforce/Workplace	None

Dwelling Rents

5. Current Government policy is to bring all national social housing rents in line with 'Formula Rents'. This has been in place since 2002 and is the basis of developing a fairer system of affordable rents for all social housing nationally.
6. Government policy also applies specific caps and limits to protect tenants from excessive annual increases; the restriction applied is RPI 3.20% + 0.5% + £2 per week. RPI value is taken as at the September of the preceding year of actual rent increase.
7. Based on current detailed calculations it is expected that 72.9% (2,059) of properties will converge to formula rents by the target date of 2015/16. We calculate that 99% of properties will converge by 2020/21.
8. New build properties are excluded from the 'Formula Rents' calculation. New build properties will be charged at 'Affordable (Market) Rent' and increased by RPI annually.

Financial Impact of Proposed Rent Increases

9. The current average weekly rent is £93.60 and this will increase based on the rent setting policy and central government guideline calculations in 2014/15 to £98.33 a proposed increase £4.73.

Average Rent Increase per week	Minimum Rent Increase per week	Maximum Rent Increase per week	Average weekly Rent	Estimated Gross income to HRA 2013/14
5.05%	3.61%	6.59%	£98.33	£14.4m

Tenancies Affected

10. The average weekly rent increase will have the following impact on the HRA's total tenancies:

< £3 increase per week		> £3 and < £5 per week		> £5 per week	
No. of tenancies	% of total stock	No. of tenancies	% of total stock	No. of tenancies	% of total stock
132	4.67	1,307	46.27	1,386	49.06

Garage Rents

11. The Council manages a total of 555 garages, of these 297 are rented by private residents. The annual rent is increased by RPI of 3.20% as at September 2013. The current rent is £9.12 and increasing to £9.41 (excluding VAT) for 2014/15.

Sheltered/Lifeline Charges

12. Tenants are offered 3 levels of sheltered support service, Bronze, Silver and Gold; these have been increased in line with RPI at 3.20%.
13. Tenants as at 31st March 2003 paying sheltered support service charges and ineligible for supporting people grant assistance continue to receive transitional relief protection funded by the HRA.

Service Level	Charge for 2013/14 (£)	Proposed Charge for 2014/15 (£)

Gold	15.76	16.26
Silver	13.94	14.39
Bronze	11.15	11.51

Lifeline Charges

14. Lifeline charges were introduced in 2013/14 on a tiered level 1,2 and 3. The basic charge for the service is £3.94 and this is proposed to be increased at the September 2013 RPI of 3.20%. The enhancement of the basic service will remain at £1 per extra enhancement.

- a. Basic level - £3.94 increasing to £4.07
- b. Extra sensors (up to 4) - £1
- c. Evening and Weekend response - £1

Heating, Service and Sewerage Charges

15. The Council manages leasehold and freehold properties where service and sewerage charges are payable and these will continue to be calculated in line with actual costs.

16. General needs and sheltered housing service charges are calculated on the same basis as Leasehold/freehold properties. Tenants as at 31st March 2012 in sheltered accommodation and not in receipt of Housing Benefit will continue to receive transitional relief protection funded by the HRA.

For future consideration

Central Government is in consultation regarding the calculation for formula rent increases. The basis of this consultation is to move away from RPI + 0.5% + £2 and adopt the calculation of CPI + 1%. If this policy is approved it will be effective from 1st April 2015, information on the financial implications will be distributed at a later date as this does not affect the budget for 2014/15 but will have an impact on the HRA Business plan.

