

**Committee: Housing Board**

**Agenda Item**

**Date: 8 December 2016**

**4**

**Title: Housing Revenue Account - Proposed  
Rent, Service and Support Charge increase  
2017/18**

**Author: Roz Millership – Assistant Director Housing and Health** Item for decision  
**Angela Knight – Assistant Director  
Resources**

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## **Summary**

1. This report sets out 2017/18 Housing Revenue Account (HRA) changes in dwelling rents, garage rents, housing related support (HRS) charges and service charges
2. The recommendations will be discussed by the Tenants Forum on Monday 5 December 2016.
3. The Housing Board and Tenants Forum's recommendations will be reviewed by Scrutiny Committee on 7 February 2017 prior to approval by Cabinet on 16 February 2017 and referral to Full Council on 23 February 2017.

## **Recommendations**

4. The Housing Board is requested to recommend to Cabinet for approval decreases in HRA dwelling rents as detailed below:
  - General needs accommodation - a 1% reduction in rent as per central government legislation
  - Supported accommodation - a 1% reduction in rent as per central government legislation
  - All dwelling rents to be revised to the formula rent level when the property is re-let
5. The Housing Board is requested to recommend to Cabinet for approval the increases in garage rent, support and service charges as detailed below:
  - Garage rents are increased by RPI of 2%
  - Housing related support charges are increased by RPI of 2%
  - Protection for tenants at 31st March 2003 who are ineligible for supporting people grant assistance to cease as no tenants will be receiving supporting people (HRS) grant funding from April 2017

- Lifeline charges are increased by RPI of 2%
- Heating, Service and Sewerage charges are increased in line with actual costs
- Service charges for common services in sheltered schemes continue to be subsidised for tenants at 31<sup>st</sup> March 2012 who are not in receipt of housing benefit. Subsidy reducing by 25% annually

## Financial Implications

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

## Background Papers

7. None

## Impact

- 8.

Communication/Consultation	Tenant Forum
Community Safety	None
Equalities	None
Health and Safety	None
Human Rights/Legal Implications	Calculation of future rents is now on a statutory basis
Sustainability	None
Ward-specific impacts	None
Workforce/Workplace	None

## Background

### National social rent policy

9. The Government confirmed a key change introduced from April 2016 which is a reduction in all social rents of 1% for 4 years.
10. Given the calculation of future rents is now on a statutory basis, a Rent Setting Policy/Equalities Impact Assessment is now no longer required.
11. It is also proposed that the council continue with the policy of where rent is still not at the formula rent level, then the rent be revised to the formula rent level when the property is re-let.

### Financial Impact on annual rental Income

12. This will give all tenants a 1% decrease in their current rent. The average rent in 2016/17 was £99.81 and in 2017/18 the average rent will decrease to £98.80

### **Garage rents**

13. The Council manages a total of 453 garages, of these 282 are rented by private residents. The annual proposed rental increase is by RPI of 2% (as at September 2016). The current rent is £9.70 and increasing to £9.89 (excluding VAT) for 2017/18.

### **Housing Related Support (HRS) charges**

14. Last year the council reviewed all support charges in preparation for further cuts to HRS funding made by Essex County Council.
15. The review resulted in the introduction of an Intensive Housing Management (IHM) charge to recover a proportion of the reduction of funding from ECC. The IHM charge is covered by Housing Benefit and its introduction therefore lessened the impact of the cuts to HRS for those tenants on benefits who previously have not contributed to support costs.
16. Tenants on housing benefit were also expected to pay the remaining proportion of the reduction of funding from ECC that could not be recovered through IHM. Last year this charge was minimal to those on housing benefit.
17. Essex County Council (ECC) has confirmed that all HRS funding will now cease from April 2017. This will result in the full cost of the support charge having to be recovered from all sheltered tenants, having a significant impact on tenants who are currently subsidised by HRS. The rationale that ECC makes for these cuts is that people who require this type of support can claim appropriate benefits to pay for it themselves.
18. The council will continue to work with those worst affected by these cuts to ensure that they are able to financially cope with the changes.
19. It is proposed to increase by RPI of 2% the charges for the council's sheltered housing scheme management service (made up from a support charge and an IHM charge) and lifeline services. The charges to be set at:
- i. Sheltered: £16.15 per week
  - ii. Sheltered plus: £18.15 per week
  - iii. Protection for tenants at 31<sup>st</sup> March 2003 who are ineligible for supporting people grant assistance to cease as no tenants will be receiving grant funding from April 2017
  - iv. Lifeline service: 4.30 per week

## Heating, service and sewerage charges

20. The Council manages leasehold and freehold properties where service and sewerage charges are payable and these will continue to be calculated and charged in line with actual costs.
21. General needs and sheltered housing service charges are calculated on the same basis as Leasehold/freehold properties.
22. Heating charges will be calculated and charged in line with actual costs.
23. Service charges for tenants as at 31<sup>st</sup> March 2012 in sheltered accommodation and not in receipt of Housing Benefit will continue to be partially subsidised from the HRA. It is recommended that the subsidy for these charges is reduced by 25% annually.

## 24. Risk Analysis

Risk	Likelihood	Impact	Mitigating actions
Not implementing the 1% decrease	1 – the calculation of rents is now on a statutory basis	2 – would result in the council being penalised financially at a later date	To include the rental decrease in the 2017/18 budget setting
Support charges are not passed on to the tenant receiving services	1 – Costs cannot be borne by those not receiving the service	3 – Financial risk to the HRA	Will need to look at further adjustments to the service
Tenant unable to afford to pay for support costs	2 – increase in charges is higher than expected due to Essex CC withdrawing all funding	3 – Financial risk to the HRA	Investigate whether any further costs can legitimately be covered by Housing Benefit

1 = Little or no risk or impact

2 = Some risk or impact – action may be necessary.

3 = Significant risk or impact – action required

4 = Near certainty of risk occurring, catastrophic effect or failure of project.