

Committee: Housing Board

Agenda Item

Date: 21 November 2019

[?]

**Title: Housing Revenue Account - Proposed
Rent, Service and Support Charge increase
2020/21**

Author: Roz Millership – Assistant Director Housing and Environmental Services Item for decision
Angela Knight – Assistant Director Finance

Summary

1. This report sets out 2020/21 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 14 November 2019.
3. The Housing Board and Tenants forums recommendations will be reviewed by Scrutiny Committee on 4 February 2020 prior to approval by Cabinet on 13 February 2020 and referral to Full Council on 25 February 2020.

Recommendations

4. The Housing Board is requested to recommend to Cabinet for approval increases in HRA dwelling rents as detailed below:
 - General needs accommodation - a 2.7% increase in rent as per central government policy
 - Supported accommodation - a 2.7% increase in rent as per central government policy
 - 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 2.4%
 - Housing related support charges are increased in line with actual costs
 - Intensive housing management charges are increased in line with actual costs

- Lifeline charges remain the same.
- Heating, Service and Sewerage charges are increased in line with actual costs

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	None
Sustainability	None
Ward-specific impacts	None
Workforce/Workplace	None

Background

National Social Rent Policy

9. Since 2001, rents for properties let at 'social rent' have been set based on a formula set by government. This creates a 'formula rent' for each property, which is calculated based on the relative value of the property, relative local income levels, and the size of the property. An aim of this formula-based approach is to ensure that similar rents are charged for similar social rent properties.
10. In 2011, the government introduced 'affordable rent' which permits rents to be set at up to 80% of market rent. The policy allows the council to let new build properties at affordable rent where certain conditions apply.
11. The majority of the councils new build properties are let at affordable rent and the additional income makes it possible to build more homes.
12. In October 2017, government announced its intention to set a long term rent deal for social housing landlords in England. This new policy permits annual rent increases on both social rent and affordable rent properties of up to consumer price index (CPI) plus one percentage point from 2020, for a period of at least five years.

13. Rents are set in line with Government policy and to that end the council's social and affordable rents have been modelled at CPI+1% from 2020/21. The business plan fundamentally requires this level of increase to take place to remain viable following a period of 4 years during which there has been an annual reduction in all social rents of 1% in line with Government requirements.
14. It is proposed that the council continue with the policy of where rent is still not at the formula rent level that the rent be revised to the formula rent level when the property is re-let.

Financial Impact on annual rental income

15. This will give all tenants a 2.7% increase in their current rent. The average rent in 2019/20 was budgeted as £97.78 however the actual average rent as at September 2019 was £98.18. In 2020/21 the average rent will increase to £100.84.

Garage rents

16. The Council manages a total of 450 garages, of these 305 are rented by private residents. It is proposed to increase the garage rents by RPI of 2.4% (as at September 2019). The current weekly rent is £10.62 and this will increase to £10.87 (excluding VAT) per week for 2020/21.

- i. Garage rent: **£10.87 (exc. VAT) per week**

Housing Related Support (HRS) charges and Intensive Housing Management (IHM) charges

17. In 2017 the council reviewed all support and housing management charges in preparation for further cuts to HRS funding made by Essex County Council (ECC).
18. The review resulted in the introduction of an Intensive Housing Management (IHM) charge to recover a proportion of the reduction in 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 had not contributed to support costs.
19. All HRS funding from ECC ceased from April 2017 and the cost of support and intensive housing management is now recovered in full from all sheltered tenants. The rationale that ECC made for these cuts is that people who require this type of support can claim appropriate benefits to pay for it themselves.
20. It is proposed to continue to calculate the charges for the council's sheltered housing scheme management service (made up from IHM and HRS) in line with actual costs. The charges to be set at:

i) Intensive Housing Management (IHM): **£15.24 per week**

ii) Housing Related Support (HRS): **£5.92 per week**

TOTAL CHARGE: £21.16 per week

Lifeline Service

21. It is proposed charges for the council's Lifeline service are not raised by inflation this year. This is because any increase in charges may result in further losses of service users to more competitively price providers who now operate in the district. It should be noted that many of the competitors springing up in the district do not offer the same levels of service that the council provides however for some service users price is the main influencing matter in choosing a telecare service

i) Lifeline service: **£4.45 (exc VAT) per week**

ii) Lifeline service plus extra sensors: **£5.45 (exc VAT) per week**

Heating, service and sewerage charges

22. 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.

23. General needs and sheltered housing service and sewerage charges are calculated on the same basis as Leasehold/freehold properties.

24. Heating charges will be calculated and charged in line with actual costs.

25. Risk Analysis

Risk	Likelihood	Impact	Mitigating actions
Not implementing the government's policy of rent increase	1 – the calculation of rents is always kept in line with Government guidance	2 – would result in the council being penalised financially at a later date	To include the proposed rental increase in the 2020/21 budget
Support charges are not passed on to the tenant	2 – all support charges are correctly accounted for and re-	3 - Financial risk to the HRA	Will need to look at further adjustments to the service

	charged		
--	---------	--	--

- 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.