

Committee:	Housing Board	Date:
Title:	Housing Revenue Account – Proposed Rent, Service and Support Charge Increase 2018/19	7 December 2017
Report Author:	Roz Millership – Assistant Director Housing and Environmental Services Angela Knight – Assistant Director Finance	Item for decision: Yes

Summary

1. This report sets out 2018/19 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 1 December 2017.
3. The Housing Board and Tenants forums recommendations will be reviewed by Scrutiny Committee on 6 February 2018 prior to approval by Cabinet on 15 February 2018 and referral to Full Council on 23 February 2018.

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 3.9%
 - Housing related support charges are increased in line with actual costs
 - Intensive housing management charges are increased in line with actual costs
 - Lifeline charges are increased by RPI of 3.9%

- 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. 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 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

12. This will give all tenants a 1% decrease in their current rent. The average rent in 2017/18 was £98.80 and in 2018/19 the average rent will decrease to £98.55. This figure includes properties that were re-let at formula rent in 2017-18 which has resulted in a slightly higher average rent. However Individual rents for tenants will be reduced by 1%.

Garage rents

13. The Council manages a total of 452 garages, of these 275 are rented by private residents. It is proposed to increase the garage rents by RPI of 3.9% (as at September 2017). The current weekly rent is £9.89 and this will increase to £10.28 (excluding VAT) per week for 2018/19.

i. Garage rent: **£10.28 (exc VAT) per week**

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

14. Two years ago the council reviewed all support and housing management charges in preparation for further cuts to HRS funding made by Essex County Council (ECC).

15. 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.

16. 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.

17. 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): **£12.73 per week**

ii) Housing Related Support (HRS): **£4.61 per week**

TOTAL CHARGE: £17.34 per week

Lifeline Service

18. It is proposed to increase by RPI of 3.9% the charges for the council's Lifeline service. The current weekly charge for the Lifeline service is £4.28 and this will increase to £4.45 (excluding VAT) per week for 2018/19.

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

19. 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.

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

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

22.Service charges for tenants as at 31st March 2012 in sheltered accommodation and not in receipt of Housing Benefit will no longer continue to be partially subsidised from the HRA as the transition period during which these charges were reduced by 25% annually has now come to an end.

23.Risk Analysis

Risk	Likelihood	Impact	Mitigating actions
Not implementing the 1% decrease	1 – the calculation of rents is now on a statutory basis	3 – would result in the council being penalised financially at a later date	To include the rental decrease in the 2018/19 budget setting
Support charges are not passed on to the tenant	2 – increase in charges is higher than expected due to Essex CC withdrawing all funding	3 - Financial risk to the HRA	Will need to look at further adjustments to the service

- 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.