

Committee: Housing Board **Date:**
Title: Housing Revenue Account - Proposed Rent, Service and Support Charge increase 2019/20 **22 November 2018**
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Summary

1. This report sets out 2019/20 Housing Revenue Account (HRA) changes in dwelling rents, garage rents, Intensive Housing Management (IHM) charges, Housing Related Support (HRS) charges, Lifeline charges and various service charges.
2. The recommendations will be discussed by the Tenants Forum on 15 November 2018.
3. The Housing Board and Tenants forums recommendations will be reviewed by Scrutiny Committee on 31 January 2019 prior to approval by Cabinet on 12 February 2019 and referral to Full Council on 21 February 2019.

Recommendations

4. The Housing Board is requested to recommend to Cabinet for approval HRA dwelling rents for 2019/20 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 3.3%
 - 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	The Tenant Forum - however the rent changes noted in this report for 2018/19 are being set by government policy
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. The 1% rent reduction will continue to be implemented in 2019/20 but this will revert to an increase of CPI plus 1% on general needs properties from 2020/21, in line with national policy.
11. Given the calculation of future rents is now on a statutory basis, a Rent Setting Policy/Equalities Impact Assessment is now no longer required.
12. 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

13. The average rent in 2018/19 was budgeted as £98.55 however the actual average rent as at September 2018 was £98.74. This is because the figure includes properties that were re-let at formula rent in 2018/19 which has resulted in a slightly higher average rent.

14. In 2019/20 individual rents for tenants will be reduced by 1% decreasing the average rent to £97.78.

Garage rents

15. The Council manages a total of 414 garages, of these 299 are rented by private residents. It is proposed to increase the garage rents by RPI of 3.3% (as at September 2018). The current weekly rent is £10.28 and this will increase to £10.62 (excluding VAT) per week for 2019/20.

- i. Garage rent: **£10.62 (excl. VAT) per week**

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

16. Three 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).

17. 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.

18. 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.

19. 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): **£15.38 per week**

ii) Housing Related Support (HRS): **£6.26 per week**

TOTAL CHARGE: £21.64 per week

Lifeline Service

20. It is proposed that 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 priced 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

21. 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.

22. General needs and sheltered housing service and sewerage charges are calculated on the same basis as charges for Leasehold/Freehold properties.

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

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 2019/20 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.