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| <b>REPORT TO:</b>        | South Holland District Council   |
| <b>DATE:</b>             | Wednesday, 19 January 2022   |
| <b>SUBJECT:</b>          | HRA rent setting 2022-2023   |
| <b>PURPOSE:</b>          | To seek Council approval for the proposed applicable rent increase allowable under the Rent Standard 2020 for HRA tenants and other housing tenures. |
| <b>KEY DECISION:</b>     | <i>No</i>  |
| <b>PORTFOLIO HOLDER:</b> | Portfolio Holder for HRA & Private Sector Housing  |
| <b>REPORT OF:</b>        | Assistant Director - Housing   |
| <b>REPORT AUTHOR:</b>    | Jason King   |
| <b>WARD(S) AFFECTED:</b> | (All Wards);   |
| <b>EXEMPT REPORT?</b>    | <i>No</i>  |

### SUMMARY

The Welfare Reform and Work Act 2016 aimed to reset rents in the social housing sector, relative to private rents. This involved reducing social and affordable rents in England by 1% a year for 4 years from April 2016. In the financial year 2020/2021 the previous policy of CPI +1% was allowed to resume and it was confirmed that this would be the rent calculation up to and including 2024/2025.

In accordance with the Rent Standard 2020, the maximum applicable rent increase is CPI + 1% based on Septembers CPI figure. South Holland District Council members are therefore asked to consider and approve a rent increase for HRA tenants and other tenures held within the Councils Housing stock of CPI + 1% except for where RPI +1% is applicable.

### RECOMMENDATIONS

*That South Holland District Council approve the following rent increases*

|                        |                 |
|------------------------|-----------------|
| <i>HRA tenants</i>     | <i>CPI +1%</i>  |
| <i>HRA guest rooms</i> | <i>CPI + 1%</i> |

|  |                 |
|--|-----------------|
| <i>HRA private hire fees for guest rooms and community centres</i> | <i>CPI + 1%</i> |
| <i>South Holland Homes</i>   | <i>CPI + 1%</i> |
| <i>S106 managed units</i>  | <i>CPI + 1%</i> |
| <i>Garage plots</i>  | <i>CPI +1%</i>  |
| <i>Homeless accommodation for individuals and families</i>         | <i>CPI +1%</i>  |
| <i>Shared ownership rents</i>                                      | <i>RPI +1%</i>  |

## **REASONS FOR RECOMMENDATIONS**

In order for the Council to deliver an effective landlord operation across all of its tenures, ensuring investment and repair in existing stock and replacement and development of new stock. The Council must ensure that the income generated from rents charged can support all of these activities. Social rents are regulated by the Rent Standard 2020 which ensures that the Council is charging an appropriate rent that does not exceed the applicable rent cap.

## **OTHER OPTIONS CONSIDERED**

Consideration has been given to applying a lower % increase. However, this would have a long term detrimental impact on the HRA Business Plan. This would limit the Councils capital programmes for refurbishment and replacement in future years. Not recommended.

Consideration has been given to not applying a rent increase. However, this would significantly impact the HRA Business Plan over the next thirty years. Not recommended.

## **1. BACKGROUND**

- 1.1 The Welfare Reform and Work Act 2016 aimed to reset rents in the social housing sector, relative to private rents. This involved reducing social and affordable rents in England by 1% a year for 4 years from April 2016. In the financial year 2020/2021 the previous policy of a maximum increase of CPI +1% was allowed to resume and it was confirmed that this would be the rent calculation up to and including 2024/2025.
- 1.2 In accordance with the Rent Standard 2020, the maximum applicable rent increase is CPI + 1% based on Septembers CPI figure.
- 1.3 CPI is a Consumer Price Index, the price of a weighted average market based on consumer goods and services purchased by households. Changes in measured CPI track changes in prices over time.
- 1.4 RPI is the Retail Price Index which is a measure of inflation published monthly by the Office for National Statistics. It measures the change in the cost of a representative sample of retail goods and services.

## **2. REPORT**

2.1 The table below at 2.2 summarises the current formula rent cap, average weekly rent charged, the new average weekly rent, applying CPI +1% and a comparison to the median market rent figure in South Holland.

2.2

| <i>Number of bedrooms</i> | <i>Formula rent cap</i> | <i>SHDC current average rent figure 2021-2022</i> | <b><i>Likely average rent figure for 2022-2023</i></b> | <i>Median market rent figure for South Holland</i> |
|---------------------------|-------------------------|---|--|--|
| 1                         | £155.73                 | £66.24  | <b>£68.96</b>  | £120   |
| 2                         | £164.87                 | £75.73  | <b>£78.83</b>  | £155   |
| 3                         | £174.03                 | £83.01  | <b>£86.42</b>  | £183   |
| 4                         | £183.18                 | £89.88  | <b>£93.56</b>  | £259   |
| 5                         | £192.35                 | £103.78   | <b>£108.03</b>   | N/A.   |
| 6                         | £201.50                 | £98.79  | <b>£102.84</b>   | N/A.   |

2.3 The above table is provided to give context to the proposed action of increasing rents by CPI +1%. The table sets out the impact for HRA social rented tenants only, this being the greatest proportion of Council tenancies. The calculation will be applied at an individual level and all tenants will receive statutory notice advising them of their new rent. If approved, new rents will be applicable from the 4 April 2022.

### 3. CONCLUSION

3.1 The recommendations set out above are in line with the HRA Business Plan which assumes rent will be increased in accordance with the applicable rent standard. It is therefore proposed that Council members approve the rent increases set out in the recommendations section of this report.

### 4. EXPECTED BENEFITS TO THE PARTNERSHIP

4.1 N/A.

### 5. IMPLICATIONS

#### 5.1 SOUTH AND EAST LINCOLNSHIRE COUNCIL'S PARTNERSHIP

5.1.1 None.

#### 5.2 CORPORATE PRIORITIES

5.2.1 Your Home: all of the critical activities identified within the Councils Corporate Plan are supported by this proposal.

#### 5.3 STAFFING

5.3.1 None.

#### 5.4 CONSTITUTIONAL AND LEGAL IMPLICATIONS

5.4.1 None.

## **5.5 DATA PROTECTION**

5.5.1 None.

## **5.6 FINANCIAL**

5.6.1 If approval is given to the outlined rent increase, an increased income of approximately £625,000 will be generated in 2022-2023. This will be set out in full detail in the budget papers for 2022-2023.

## **5.7 RISK MANAGEMENT**

5.7.1 None.

## **5.8 STAKEHOLDER / CONSULTATION / TIMESCALES**

5.8.1 Consultation has been undertaken with the relevant Portfolio Holder and members of the Executive. As the decision to increase HRA rents is for South Holland District Council to determine, this paper has not been considered by other committees. In accordance with the Housing Act 1985 tenants are entitled to statutory notice which will be served if approval is given.

## **5.9 REPUTATION**

5.9.1 The Council continues to deliver a capital programme of upgrades to its housing stock. Any increase to rents charged supports the continued investment in maintaining a high quality housing stock. Further to this the Council is committed to delivering new homes to meet continued housing demand and part of any additional revenue generated will contribute towards the delivery of new homes.

## **5.10 CONTRACTS**

5.10.1 None.

## **5.11 CRIME AND DISORDER**

5.11.1 None.

## **5.12 EQUALITY AND DIVERSITY/ HUMAN RIGHTS/ SAFEGUARDING**

5.12.1 The Council recognises that any additional expenditure may be challenging for our tenants. We will ensure that tenants are clearly notified regarding any increases to rent charged. Tenants will also be made aware of help and support available to them through the Councils Revenues & Benefits team, the DWP for support with Housing Costs and the Councils Housing Assistance policy which details financial support available. Housing Neighbourhood Officers are available to provide any additional one to one support as required

## **5.13 HEALTH AND WELL BEING**

5.13.1 None.

## **5.14 CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS**

5.14.1 The HRA Business Plan includes provision for improvements to windows, doors, roofing and insulation. The Council has also engaged a programme of activity to support the green

homes agenda to ensure that the EPC rating of all residential properties is improved in accordance with government guidelines. Any increased revenue will support the continued delivery of this programme.

## 6. ACRONYMS

6.1 HRA- Housing Revenue Account

EPC- Energy Performance Certificate

DWP- Department for Work and Pensions

CPI- Consumer Price Index

RPI- Retail Price Index

### APPENDICES

*None.*

### BACKGROUND PAPERS

*No background papers as defined in Section 100D of the Local Government Act 1972 were used in the production of this report.*

### CHRONOLOGICAL HISTORY OF THIS REPORT

*A report on this item has not been previously considered by a Council body.*

### REPORT APPROVAL

|                           |  |
|---------------------------|--|
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| Approved for publication: | Portfolio Holder for HRA & Private Sector Housing  |