



REPORT TO:	South Holland District Council
DATE:	Thursday, 29 February 2024
SUBJECT:	Rent setting 2024-2025
PURPOSE:	To seek Council approval for the proposed applicable rent increase allowable under The Direction on the Rent Standard 2023 for Council tenants and other housing tenures.
KEY DECISION:	No
PORTFOLIO HOLDER:	Portfolio Holder for Communities and Operational Housing
REPORT OF:	Assistant Director - Housing
REPORT AUTHOR:	Jason King
WARD(S) AFFECTED:	(All Wards);
EXEMPT REPORT?	No

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. The unanticipated levels of inflation throughout 2022 prompted the Department for Levelling Up, Housing & Communities to consult and subsequently provide direction on the introduction of a rent ceiling for rent year 2023/24 only, applying a rent ceiling of 7%.

For the final year of the current rent settlement, the current policy of CPI +1% has been allowed to resume. The CPI figure from the September preceding the rent setting year makes the applicable rent increase 7.7% for 2024/25. South Holland District Council members are therefore asked to consider and approve the rent increases as set out in the recommendations below.

RECOMMENDATIONS

That South Holland District Council approve the following rent increases:

Social tenants of South Holland District Council, South Holland Homes and S106 units managed by the Council.	7.7%
Shared ownership rents. (Leaseholders)	7.7%
Guest rooms and community centres for Council tenants.	7.7%
Alarm monitoring charges.	7.7%
Guest rooms and community centres for private hire.	7.7%
Homeless accommodation for individuals and families.	7.7%
Garages and garage plots.	7.7%

REASONS FOR RECOMMENDATIONS

For the Council to deliver an effective landlord operation across all 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 these activities. Social rents are regulated by the Regulator for Social Housing who ensures that the Council is charging an appropriate rent that does not exceed the applicable formula rent cap.

OTHER OPTIONS CONSIDERED

Consideration has been given to applying a lower percentage increase. However, this would have a long-term detrimental impact on the Housing Revenue Account (HRA) Business Plan. This would limit the Council's capital programmes for refurbishment and development activity 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 background information below and subsequent report sets out a proposal to increase rents and other associated charges by 7.7%.
- 1.2** S76 of the Local Government and Housing Act 1989 sets out the Council's responsibility when setting rent increases. The primary objective of the Authority is to ensure that increases enable the Council to satisfy the requirement not to create a debit balance for the HRA. The proposal to increase rents enables the Council to achieve this and continue to deliver increased demand on repairs and a comprehensive capital programme of improvements.
- 1.3** The Council has a responsibility to set out how it meets its fiduciary duty. Ordinarily this would require demonstration of the Council's ability to obtain value for money on behalf of council taxpayers and rate payers, showing appropriate stewardship of public funds. In this

proposal, the duty is limited to the ringfenced HRA. Therefore, the duty is to demonstrate to tenants and leaseholders that this decision has been taken in a business-like manner.

1.4 The Council must also act in accordance with the Wednesbury Principles. This requires the Council to act reasonably, having regard to all relevant considerations and disregarding all irrelevant considerations, in doing so, not reaching a decision that no reasonable authority would take. The relevant considerations are:

- That a lower rent increase would have a negative cumulative effect on the Councils rental income in future years.
- The substantial increase in operating costs, to enable the Council to fulfil all its statutory obligations as set out by the Regulator of Social Housing.
- The financial hardship caused to tenants who are expected to pay the full 7.7% increase.
- The well documented cost of living challenge.

1.5 The Council, like most social landlords have administered a hardship fund for its tenants for several years. In recognition of the ongoing cost of living challenge, balancing the need to achieve a viable operating income, a one-off fund of £500,000 has been set aside in 2024/25 in recognition of the rent increase. In creating a support fund, the Council must be satisfied this is a lawful debit to the HRA. The Council must therefore ensure the debit only relates to property held under Section 74 of the Local Government and Housing Act 1989 and whether the expenditure can be debited from the HRA in accordance with Part II of Schedule 4 to the 1989 Act. It is considered a lawful debit to the HRA on the basis that such payments relate to the supervision and management of houses and other property held in the HRA.

1.6 Council tenants are entitled to receive legal notice notifying them of any rent increases or other charges due. Together with the required formal notice, the Council also provides information on how tenants can ask for help if they are struggling with their rent payments or any challenges which may affect the sustainability of their tenancy. Tenants are reminded of the support and assistance their Housing Neighbourhood Officer can provide together with our Cost-of-Living Team. Tenants wishing to seek assistance through the Councils hardship fund will be directed to contact their Housing Neighbourhood Officer who will complete the required administration on their behalf.

2. REPORT

2.1 The recommendations set out in this report are that the Council increase rents and charges in line with the limits set out in The Direction on the Rent Standard 2023. Most social housing providers in Lincolnshire and the wider Midlands are increasing their rents by the maximum permissible within the rent standard. Alongside the traditional support to tenants, most providers set aside a specific fund to help support tenants determined to be in hardship.

2.2 The table below summarises the current formula rent cap, the average weekly rent charged and the new average weekly rent when applying a 7.7% increase.

Number of bedrooms	Formula rent cap	Current average rent figure 2023/24	Average rent figure for 2024/25 (Constrained.)
1	£188.04	£74.89	£80.66
2	£199.09	£85.67	£92.26
3	£210.15	£93.95	£101.19
4	£221.20	£101.62	£109.45
5	£232.26.	£117.34	£131.20

2.3 The above table is provided to give context to the proposed action of increasing rents by 7.7%. The table sets out the impact for HRA social rents only, this being the greatest proportion of Council tenancies. The calculation will be applied at an individual level and all new tenants will receive statutory notice advising them of their new rent. If approved, new rents will be applicable from the 1 April 2024.

3. CONCLUSION

3.1 The recommendations set out in this report are in line with the HRA Business Plan which assumes rent will be increased in accordance with the applicable rent standard each year. Consideration has been given to the rent increase applicable this year. However, when balanced against the increased operating costs of the HRA and the increasing expectations of a proactively regulated environment, the applicable increase is considered proportionate to enable the Council to deliver decent, safe and well managed homes.

4. EXPECTED BENEFITS TO THE PARTNERSHIP

4.1 None.

5. IMPLICATIONS

5.1 SOUTH AND EAST LINCOLNSHIRE COUNCILS PARTNERSHIP

5.1.1 None.

5.2 CORPORATE PRIORITIES

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

5.3 STAFFING

5.3.1 None.

5.4 WORKFORCE CAPACITY IMPLICATIONS

5.4.1 None.

5.5 CONSTITUTIONAL AND LEGAL IMPLICATIONS

5.5.1 The background section to this report sets out the legal implications of the decision the Council is being asked to take. The decision is in line with the applicable rent standard and does not exceed the permissible rent increase for rent year 2024/25.

5.6 DATA PROTECTION

5.6.1 None.

5.7 FINANCIAL

5.7.1 The financial implications of the decisions to be taken within this report are set out in the annual budget report 2024/25, medium term financial strategy and the HRA Business Plan.

5.8 RISK MANAGEMENT

5.8.1 None.

5.9 STAKEHOLDER / CONSULTATION / TIMESCALES

5.9.1 Consultation has been undertaken with the relevant Portfolio Holder. The decision to increase rent is for South Holland District Council to determine, this report 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.

5.10 REPUTATION

5.10.1 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 high quality housing stock. Further to this the Council is committed to delivering new homes to meet continued housing demand. The proposals in this report are considered to support these primary objectives.

5.11 CONTRACTS

5.11.1 None.

5.12 CRIME AND DISORDER

5.12.1 None.

5.13 EQUALITY AND DIVERSITY/ HUMAN RIGHTS/ SAFEGUARDING

5.13.1 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 charges. The support being offered to tenants will also be clearly documented, encouraging tenants to engage with the Council if they are likely to experience hardship. Also, tenants will be made aware of the Councils Revenues & Benefits team, the DWP for support with Housing Costs and the Councils Housing Assistance policy which details the financial support available. Housing Neighbourhood Officers, together with the Cost-of-Living Response Officers are available to provide any additional one to one support as required.

5.14 HEALTH AND WELL BEING

5.14.1 None.

5.15 CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

5.15.1 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. The proposals in this report will enable the Council to continue to deliver these programmes of improvement.

5.16 LINKS TO 12 MISSIONS IN THE LEVELLING UP WHITE PAPER

5.16.1 None.

6. ACRONYMS

6.1 HRA- Housing Revenue Account, EPC- Energy Performance Certificate, DWP Department for Work and Pensions.

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 Communities and Operational Housing