

UPDATE REPORT OF THE DIRECTOR OF CORPORATE SERVICES

COMMUNITY SCRUTINY COMMITTEE

14th FEBRUARY 2019

HOUSING REVENUE ACCOUNT AND HOUSING RENT SETTING 2019/20

- REVENUE AND CAPITAL

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1. INTRODUCTION

1. This report explains changes applied to the rent setting element of the proposed 2019/20 Housing Revenue Account (HRA) budget for both revenue and capital. It has been prepared in conjunction with officers from the Communities Department. This report is presented to this Community Scrutiny Committee as an update to the report presented 23/01/19 which was part of the budget consultation process. The views expressed by Community Scrutiny Committee on 23/01/19 were fed back to Executive Board.

2. The HRA budget for 2019/20 is being set to reflect:

- Interim Social Housing Rent Policy issued by Welsh Government (WG) 30/01/19 (amendment from original issue 12/12/18)
- Proposals contained in the Carmarthenshire Homes Standard *Plus* (CHS+)
- Affordable Homes Delivery Plan
- Removal of HRA Borrowing Cap which has recently been agreed by WG.

3. Rent Setting

3.1. Previously we have applied the WG Social Housing Rent Policy to progress to the mid-point target rent (County Council approved on 24/02/15). This policy ended in 2018/19.

A one year policy of maximum of CPI only was issued by WG 12/12/2018 for 2019/20, with no discretion to apply 'progression' for those tenants below target rents if an LA's current average rent is within the target rent band.

Rent increases could be set at lower than 2.4% but as there is no certainty over future rent levels applying the interim policy seems the most prudent approach for 2019/20. Setting at a lower level than 2.4% rent increase will also impact of the current proposed Business Plan.

However on the 30 January 2019, after the consultation had been completed and the Executive Board (4th February) report had been written and despatched, Welsh Government notified Local Authorities of an amendment to the interim policy which allowed Local Authorities with average rent within the Target Rent Band the flexibility to use the 'up to £2 per week' progression subject to ensuring that the overall rent increase for your general needs and sheltered housing stock does not exceed 2.4% and that no individual tenant will receive a rent increase of more than the agreed policy uplift of 2.4% plus the £2.00 progression.

This change in direction by WG was initially discussed with Officers and Executive Board members on 01/02/19 and subsequently considered by Executive Board on the 4th February. It was felt that the changes allowed the Authority to meet its previous commitment to tenants by implementing the harmonisation policy and establishing a fairer rent level for all tenants.

Impact of the proposed changes:

When setting rents for 2019/20 the WG interim policy as amended can be applied.

For those properties below target rent the increase will be:-

1.92%. plus a maximum of £1.00 progression.

For those properties at target rent the increase will be:-

1.92%

Those above target rents are frozen until such time that they meet the target, there are only 12 of these properties remaining. When a property becomes empty it is placed in the target rent band.

Based on applying the above for 2019/20 these increases would produce an average rent of £87.57 an increase of 2.4% (CPI for September 2018) or £2.05.

Details of the rent increases on individual households are below:-

Receive an increase of :-	2.4% increase
No increase	12
up to £1.00	14
£1.00 to £1.99	5,822
£2.00 to £2.99	3,052
£3.00 to £3.20	189
	9,089

Table 2 : No .of Householders affected by average increases.

Currently 38% of tenants are on full Housing Benefit (HB), 27% are on partial HB and 35% in receipts of no HB.

The proportion of dwellings below target rents is 35% as a result of the £1.62 progression implemented last year and the target rent being charged as a result of properties becoming vacant. This was over 85% when we began the harmonisation process.

4. PROPOSED RECOMMENDATIONS TO COUNTY COUNCIL.

Amended:

1. To increase the average housing rent as per the WG Interim Social Housing Rents Policy (amended 30 January).

- a. Properties at target rents will increase by 1.92%
- b. Those rents above target are frozen until such time that they meet the target rent
- c. Those rents below target rent are increased by 1.92% and are progressed by a maximum of £1 per week.

This will produce an increase on the average housing rent of 2.4% or £2.05

As previous consultation report:

- 2 This will produce a sustainable Business Plan, maintain CHS+, resource our Affordable Homes programme and is supported by the CHS+ Steering Group.**
- 3 To maintain garage rents at £9.00 per week and garage bases at £2.25 per week.**

- 4 To apply the service charge policy to ensure tenants who receive the benefit from specific services pay for those services.**
- 5 To increase charges for using our sewerage treatment works in line with rent increases.**

RECOMMENDATION

That as part of the budget consultation process, Community Scrutiny Committee consider and comment on the amended rent setting proposals 2019/20. This will be considered by County Council on 20th February 2019.