

SLOUGH BOROUGH COUNCIL

REPORT TO: Cabinet **DATE:** 18th January 2021

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WARD(S): All

PORTFOLIO: Cllr Mohammed Nazir – Housing and Community Safety

PART I KEY DECISION

2021/22 HOUSING RENTS AND SERVICE CHARGES

1 Purpose of Report

To present the proposed changes in the Housing rents and service charges for 2021/22.

2 Recommendation(s)/Proposed Action

The Cabinet is requested to recommend the following decisions:-

- (a) Council house dwelling rents for 2021/22 **to increase by 1.5% (CPI + 1%)** over the 2020/21 rent with effect from Monday 5th April 2021. This is in line with current government guidelines and legislation.
- (b) Garage rents, heating, utility and ancillary charges to **increase by 0.5%** with effect from Monday 5th April 2021. This is based upon the September CPI figure.
- (c) Service charges to **increase by 0.5%** with effect from Monday 5th April 2021. This is based upon the September CPI figure.
- (d) 'Other committee' property rents (i.e. properties in the ownership of other council departments but let to tenants and managed by the Housing Revenue Account on their behalf) to increase by **0.5%** from Monday 5th April 2021. This is based on the September CPI figure.
- (e) Properties leased from James Elliman Homes to **increase by 1.5% (CPI + 1%)** from Monday 5th April 2021 in line with the September CPI figure.
- (f) DISH (Development Initiative Slough Housing) property rents are recommended to increase by **1.5% (CPI + 1%)** over the 2020/21 rent, and service charges to **increase by 0.5%** both with effect from Monday 5th April 2021. This is as per the Council's recommendation to the DISH Board.

3 The Slough Joint Wellbeing Strategy, the JSNA and the Five Year Plan

3.1. Slough Joint Wellbeing Strategy Priorities

This report sets out the context and implications for the council over the setting of housing rents and service charges for the next four years and impact upon the local community.

3.2. Five Year Plan Outcomes

This report will primarily have implications for Outcome 4 in the delivery of future social and affordable homes by the council, and the maximisation of the rental stream and asset value to the HRA.

4 Other Implications

(a) Financial

The financial implications are contained within this report.

(b) Risk Management

If the Council follows Government guidance and legislation in the setting of its dwelling rents, then the risk to the Council will be mitigated.

Risk	Mitigating action	Opportunities
Legal	Compliance with statutory requirements for notification of increase with supporting information.	
Property		
Human Rights		
Health and Safety		
Employment Issues		
Equalities Issues		
Community Support		
Communications		
Community Safety		
Financial	Ensure that the Council sets a balanced HRA annual budget and matches the capital programme to the available resources.	
Timetable for delivery		Approval in January of the new rents will enable tenants to receive notification well within the statutory timescales.
Project Capacity		
Other		

(c) Human Rights Act and Other Legal Implications

Whilst a preliminary notice under Section 103 of the Housing Act 1985 is not required for periodic secure tenancies, the council is required to issue a Notice giving details of the proposed changes to rent and service charges (if any) and the date upon which those changes are to take effect. The council will issue Notice of changes to rent and service charges (if any) giving no less than four weeks' notice of the change. The change of rent and service charges is not considered a housing management matter, the changing of which would require a consultation process to take place. Consequently, Section 105 of the Housing Act 1985 does not apply.

The Local Government and Housing Act 1989 requires the council to maintain a ring-fenced budget for its housing stock related income and expenditure, known as the Housing Revenue Account. Section 76 requires the council during the months of January and February to formulate proposals which satisfy the requirements of this section relating to the income of the authority for the following year from rents and other charges and the expenditure in respect of the repair, maintenance, supervision and management of such properties

(d) Equalities Impact Assessment

Pursuant to the Equality Act 2010 ("the Act"), the Council, in the exercise of its functions, has to have 'due regard' to (i) eliminating discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; (ii) advancing equality of opportunity between those with a relevant protected characteristic and those without; and (iii) fostering good relations between those with a relevant protected characteristic and those without. The relevant protected characteristics are age, race, disability, gender reassignment, pregnancy and maternity, religion or belief, sex and sexual orientation. The duty also covers marriage and civil partnership, but to a limited extent.

When making decisions, the Council must take account of the equality duty and in particular any potential impact on protected groups.

There is no identified need for the completion of a full EIA.

5 Supporting Information

- 5.1 From April 2020, the Regulator of Social Housing introduced the new Rent Standard, which is to apply to all registered local authority providers of social housing and primarily affects the calculation of HRA social and affordable rents.
- 5.2 The new rent standard follows the end of the four year rent reduction period introduced by the Welfare Reform and Work Act 2016.
- 5.3 The new standard continues the principle of setting new social rents using a formula based on location, size and value and relative local earnings. This will continue be known as the formula rent. For existing properties, the rent charged at the end of the 2019/20 became their Limit Rent, and is the value that becomes the starting point for those properties under the standard.

- 5.4 The setting of affordable rents remains unchanged and can be set up to a maximum of 80% of local market rents, however, rents for new council affordable rent properties are set using Slough Living Rent, which aims to achieve rents around 70% of market rent.

6 Next Four Years

- 6.1 For a period of 5 years commencing in 2020/21, the setting of rent increases for HRA social and affordable rent properties is to be capped at CPI + 1%. The September CPI figure is to be used for each respective year. The 2021/22 financial year will be the second year of this five year period.
- 6.2 Whereas the previous rent restructuring regime intended to provide for rents that were below their target or formula rent to increase gradually to its maximum allowable charge, current government policy of allowing both the current rent and the formula rent to increase by the same value each year will mean that rent convergence is paused until the rent increase percentage is greater than the formula rent increase percentage. Council dwelling rents can therefore only reach their maximum formula rent upon change of tenancy.
- 6.3 Some council rents did not reach before, and will not reach during this current approach their formula rent.
- 6.4 Government still intends to issue annual Rent Caps that set maximum rent levels by property size. There will also be an average rent for Slough that also cannot be exceeded. In the 2021/22 year, no property will breach its singular Rent Cap limit and overall the average proposed rents for council properties will remain under the average rent limit.

Number of Bedrooms	2020/21 Rent Cap per week	2021/22 Rent Cap per week
1 and bedsits	145.96	148.88
2	154.53	157.62
3	163.12	166.38
4	171.69	175.12
5	180.28	183.89
6 or More	188.86	192.64

- 6.5 In terms of Service Charges the Policy Statement (on Rents for Social Housing) states that

“Service charges are not governed by the same factors as rent. However, registered providers should endeavour to keep increases for service charges within the limit on rent changes, of CPI + 1 percentage point, to help keep charges affordable.”

“Where new or extended services are introduced, and an additional charge may need to be made, registered providers should consult with tenants.”

- 6.6 Service charges should be set to cover the cost of those services that are only provided to a proportion of tenants and are often connected with communal facilities. It is proposed to increase service charges by only CPI (1%) for 2021/22 to

reflect the additional costs of provided these services. Next year the council is implementing a new Northgate Housing solution which will give more detailed information on the cost of services to council tenants and leaseholders, which is likely to mean a different approach to calculating such charges.

6.7 In terms of Affordable Rents the Policy Statement states that

“When a tenancy of affordable rent housing is let to a new tenant (or re-let to an existing tenant), registered providers must re-set the rent based on a new valuation, to ensure that the new rent is no more than 80% of the relevant market rent.”

“Where a registered provider is re-setting the rent as a result of re-letting affordable rent housing to an existing tenant, the provider may not increase the rent by more than CPI + 1 percentage point. ‘Existing tenant’ in this context means an existing tenant of the specific property concerned.”

7 Impact

7.1 The proposed average weekly rent for HRA socially rented tenancies 2021/22 is £105.41. In 2020/21 it was £103.78. This represents an overall average increase for all council rents for 2021/22 1.55%. HRA social rents are the only properties capped by government and this figure is below the expected 2021/22 average rent cap of £107.19.

7.2 The HRA 30 year financial business plan has been updated to reflect the introduction of the CPI+1% increase for the next 5 years starting on 6/4/2020. The impact on the 2021/22 forecast is an estimated rental income of £32.708m taking into account a voids rate of 1.5% and adjustment for Right to Buy and new build properties. This compares with a projected outturn income of £32.179m for 2020/21, giving an increase of £0.529m.

8 Comments of Other Committees

The Housing rents and service charges 2021/22 were discussed by the Neighbourhoods and Communities Services Scrutiny Panel on 6th January 2021 prior to Council making their final decision.

9 Conclusion

The Cabinet are requested to approve the housing rents and service charges for 2021/22 prior to submission to full Council on the 26th January 2021 for the ultimate decision as part of the Budget report.

10 Background Papers

‘1’ The Rent Standard – April 2020

‘2’ Link to government guidance on rent setting for 2021/22
<https://www.gov.uk/government/publications/rent-standard/limit-on-annual-rent-increases-2021-22-from-april-2021>