

## REDDITCH BOROUGH COUNCIL

**EXECUTIVE COMMITTEE**

**11<sup>th</sup> January 2022**

### HOUSING REVENUE ACCOUNT RENT SETTING 2022/23

Relevant Portfolio Holder	Councillor Craig Warhurst, Portfolio Holder for Housing
Portfolio Holder Consulted	Yes
Relevant Head of Service	Chris Forrester
Wards Affected	All Wards
Ward Councillor Consulted	N/A
Non-Key Decision	

#### **1. SUMMARY OF PROPOSALS**

To present Members with the proposed dwelling rent increase for 2022/23.

#### **2. RECOMMENDATIONS**

**The Committee is asked to RECOMMEND to Council that**

- **the actual average rent increase for 2022/23 be set as September 2021 CPI, 3.1%, plus 1% resulting in an increase of 4.1%.**
- **when void social rent properties are re-let. The rent will be set at the recalculated Target Rent (Formula Rent) for the new tenant.**

#### **3. KEY ISSUES**

##### Financial Implications

- 3.1 The rent increase above is in line with Government guidance on rent increases. It is set as September 2021 CPI, 3.1%, plus 1% resulting in an increase of 4.1%.
- 3.2 The Council has some dwellings with actual rent charge below Target Rent (Formula Rent) levels. In line with the Government's rent standard for social rents, when these void properties are re-let, the rent will be set at the re-calculated target rent for a new tenant. This represents a minimum of £2k additional income to the HRA if these properties are let for a full year.
- 3.3 As members are aware the system of housing revenue account subsidy ceased on the 31st of March 2012 and was replaced with a devolved system of council housing finance called self-financing. The proposal in the form of a financial settlement meant a redistribution of

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the 'national' housing debt. This resulted in the Council borrowing £98.9 million from the Public Works Loan Board.

- 3.4 Self-financing placed a limit (Debt Cap) on borrowing for housing purposes at the closing position for 2011/12 at £122.2 million, however, the debt cap has now been removed and officers are currently reviewing implications of this change on councils future social housing growth strategy.
- 3.5 The Direction on the Rent Standard 2019 issued by the Government in February 2019 confirmed that from 1 April 2020 weekly dwelling rents can be increased in line with CPI inflation (Consumer Price Index), plus 1% for the 5 year period through to 2024/25. This is the third year following the new rent standard guidance.

#### 2022/23

- 3.6 For 2022/23, based on the legislative changes, the actual average rent increase will be 4.1%. The average rent on a 52 week basis will be £84.07 or £91.07 on a 48 week basis. This compares to the average for 2021/22 on a 52 week basis of £80.63 and £87.35 on a 48 week basis.

#### Legal Implications

- 3.7 Section 21 of the Welfare and Reform Act 2016 required 'In relation to each relevant year, registered providers of social housing must secure that the amount of rent payable in respect of that relevant year by a tenant of their social housing in England is at least 1% less than the amount of rent that was payable by the tenant in respect of the preceding 12 months.' This has now come to an end, and on 4 October 2017, DCLG announced that "increases to social housing rents will be limited to CPI plus 1% for 5 years from 2020."
- 3.8 Consultation on a new rent direction took place between September and November 2018. The response to the consultation was published on 26 February 2019 with the Government confirming the October 2017 announcement.

#### Service/Operational Implications

- 3.9 The Council needs to approve the rents in a timely manner in order to allow officer time to notify the tenants of the annual rent. Tenants must have 28 calendar days' notice of any change to their rent charge.

#### Customer/Equalities and Diversity Implications

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- 3.10 The rent increase will be applied by the same percentage regardless of property size. The equality and diversity implications of the changes will be evaluated and considered as part of the decision making process.

#### **4. RISK MANAGEMENT**

- 4.1 There is a risk to that rents are not approved in sufficient time to allow for notification of tenants of the increase. This will be monitored throughout the process.

#### **5. APPENDICES**

None

#### **6. BACKGROUND PAPERS**

None.

#### **AUTHOR OF REPORT**

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