

REDDITCH BOROUGH COUNCIL

EXECUTIVE COMMITTEE

10 January 2023

HOUSING REVENUE ACCOUNT RENT SETTING 2023/24

Relevant Portfolio Holder	Councillor Craig Warhurst, Portfolio Holder for Housing
Portfolio Holder Consulted	Yes
Relevant Head of Service	Michelle Howell, Head of Finance and Customer Services
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Wards Affected	All Wards
Ward Councillor(s) consulted	N/A
Relevant Strategic Purpose(s)	Aspiration, work and financial independence
Key Decision	
If you have any questions about this report, please contact the report author in advance of the meeting.	

1. SUMMARY OF PROPOSALS

To present Members with the proposed dwelling rent increase for 2023/24.

2. RECOMMENDATIONS

The Committee is asked to RECOMMEND to Council that

- **the actual average rent increase for 2023/24 be set as 7%.**

3. KEY ISSUES

Financial Implications

- 3.1 The rent increase above is in line with the Government guideline on rent increase as described below.
- On the 31st of August 2022, DLUHC published a consultation on a draft Direction to the Regulator of Social Housing about social housing rents in England. DLUHC was seeking views on whether a rent cap should be introduced, where it should be set and whether it should potentially cover one or two years.
 - In the Autumn statement issued by the Chancellor on the 17th of November 2022, The government stated that it is capping the

amount that social rents can increase by next year at 7% compared to circa.11.1% under current rules (CPI plus 1%)

- The committee is asked to recommend that the council increase the rent by the government cap of 7% to enable the HRA to balance the budget for 2023/24.
- 3.3 The additional income from the 7% rent increases will be fed into specific initiatives to improve the quality of our social housing including works around Mould which have recently been in the national news.
- 3.4 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 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 could be increased in line with CPI inflation (Consumer Price Index), plus 1% for the 5 year period through to 2024/25. This is the fourth year following the new rent standard guidance. The government has indicated that a revised rent structure will be put in place for the "cost of living crisis" following the consultation set out in 3.1 above.

2023/24

- 3.6 **For 2023/24, the actual average rent increase will be 7%. The average rent on a 52 week basis will be £89.90 or £97.39 on a 48 week basis. This compares to the average for 2022/23 on a 52 week basis of £84.02 and £91.02 on a 48 week basis.**

Legal Implications

- 3.7 Section 21 of the Welfare and Reform Act 2016 required that '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 the introduction of a rent cap for 2023/24 and 2024/25 took place between September and October 2022. In the 2022 autumn statement, the Chancellor of the Exchequer announced that the rent cap for social housing will be set at 7%.

Service/Operational Implications

- 3.9 The Council needs to approve the rents in a timely manner 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

- 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. For those on benefits, these rises are within the 10.1% increase in benefits announced by the Chancellor in October.

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. STRATEGIC PURPOSES - IMPLICATIONS

Relevant Strategic Purpose

- 5.1 This rent setting report links to the following strategic purposes:
- Help me to find somewhere to live in my locality.
 - Help me to live my life independently,
 - Help me to be financially independent.

Climate Change Implications

- 5.2 Rent levels directly impact the HRA's maintenance, which include complying with national and local climate targets.

6. OTHER IMPLICATIONS

Equalities and Diversity Implications

- 6.1 Not applicable - complying with Government limits

7. APPENDICES

None

8. BACKGROUND PAPERS

Previous years HRA Rent Setting reports.

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