

CYNGOR SIR POWYS COUNTY COUNCIL.

**CABINET EXECUTIVE
Date February 8th, 2022**

**REPORT AUTHOR: County Councillor Myfanwy Alexander
Portfolio Holder for Adult Social Care, Welsh Language
Housing and Climate Change**

**REPORT TITLE: Housing Revenue Account Rent and Related Charges
Changes for 2022-23**

REPORT FOR: Decision

1. Purpose

- 1.1 This report sets out a series of recommended changes for Council Housing Rents, Garage Rents and all property and tenancy related Service Charges, for the financial year 2022-23.
- 1.2 A separate report setting out the detail of Housing Revenue Account (HRA) Thirty Year Business Plan recommended for the period beginning in April 2022 and reflecting the decisions taken in respect of the recommendations made in this report, will be presented separately to Cabinet.

1. Background

- 2.1 The HRA is made up of income from rents and other housing related charges. This income is used to fund all HRA landlord related services including salaries, central service recharges and all services delivered to the Council's tenants. It also underpins the Council's ability to deliver a balanced and sustainable HRA Business Plan through financing the borrowing needed to invest in maintaining existing and developing new homes.
- 2.2 An important element of the HRA Business Plan is the projected future rental income over a thirty-year cycle. Rents need to be increased annually to make sure that the Business Plan remains sustainable. If the Business Plan does not generate enough income to meet its commitments, which include maintaining all homes to the Welsh Housing Quality Standard (WHQS) and improving thermal efficiency of Powys council housing as well as providing new homes to meet growing housing needs not fulfilled by open market housing, it will not be viable. The Welsh Government will not approve a non-viable HRA Business Plan and as a consequence the Council would not receive the Major Repairs Allowance (MRA), worth £3,732,000 million in capital funding each year, to support ongoing investment.

- 2.3 This report sets out the changes in rents and other charges that accrue to the HRA that will need to be introduced for 2022-23, to make sure the HRA Business Plan remains both sustainable and viable.
- 2.4 The recommendations take into account compliance with the Welsh Government's Policy for Social Housing Rents (Rent Policy).
- An annual rent uplift of up to CPI+1%, each year for five years from 2020-21 to 2024-25 using the level of CPI from the previous September each year.
 - The level of an individual rent can be reduced, frozen or can rise by up to an additional £2 per week over and above CPI, on condition that the total rental income collectable by the Council across the whole of its stock increases by no more than CPI+1%.
 - Should CPI fall outside the range of 0% to 3%, the responsibility to determine the appropriate increase to be applied for the relevant year will rest with the Minister with responsibility for housing.
 - When setting rents, the Council is expected to take into account affordability for tenants of the whole cost of living in a property, including for example, rent, service charges and energy costs.
- 2.5 For September 2021 CPI was 3.1%. This means that for 2022-2023, the Minister has exercised their right to determine the maximum rent increase for social landlords in Wales. The Minister has advised that the maximum annual rent uplift for 2022-2023 will be up to CPI, based on the September 2021 index of 3.1%. The most recent published CPI, for December 2021, is 5.4%.

3. Advice

- 3.1. The Council, like all social landlords working in Wales, is expected to be able to justify its rent increases with reference to a rigorous approach to securing cost efficiencies and by putting affordability for tenants at the core of its considerations. A self-certification monitoring form prepared by the Welsh Government, which is used to monitor compliance with the Welsh Government Rent Standard, is attached to this report as Appendix A.
- 3.2 The Welsh Government recognises that not enough homes are being built, with particular concerns about the wider impacts arising from the shortage of social housing. There is therefore a need to strike a balance between affordability and allowing the Council to contribute towards increasing the supply of secure, affordable, energy efficient and well-maintained homes.
- 3.2 Rents
- 3.2.1 The Council's HRA Business Plan has been stress tested to see what changes in rents and services charges need to be made to allow it to remain viable and able to increase the number of affordable homes

available across Powys. The conclusion is that a rent increase of CPI, equivalent to 3.1%, is necessary to make sure that the Housing Service is sustainable and able to provide homes and services for both current and future tenants. Such an increase allows rents to remain affordable, and an increase below the December 2021 inflation rate of 5.1%.

3.2.2 It is therefore recommended that with effect from April 2022 the average rent in Powys will increase by 3.1% for all 5,433 Council owned homes and 31 Gypsy Pitches. Table One below shows the average rent in 2021-2022 and 2022-23. It should be noted that the figures in Table One show rents over a 52-week rent year. In Powys rents for municipal homes are charged over a 48-week rent year with two 'rent free weeks' at Christmas and two 'rent free weeks' at Easter.

Table One: Housing Rents for 2021-22 and 2022-23

	Current Rent - 2021-2022	Recommended Rent - 2022-2023	Weekly Increase
Average HRA rent	£93.82	£96.37	£2.55

3.2.3 The total rental income to the HRA from housing rents, if the recommendation is approved, will increase from £26,289,872 in 2021-22 to £27,225,024 in 2022-2023¹. This represents gross income before any allowance is made for void rent loss and arrears of rent. If the recommendation is not approved, then taking into account inflation and other unavoidable cost increases faced by the landlord service, it will be necessary to reduce the level of services provided, including investment in the Council's housing assets.

3.2.4 The Council has during the Covid pandemic taken a proportionate and pragmatic approach to the collection of rent. While the 'Rent First' ethos remains the guiding principle, tenants who are facing unavoidable financial challenges linked to Covid have been and continued to be offered additional support to secure additional income, including for example submitting claims for housing benefit and universal credit, and accessing advice via the Councils money advice team. Officers are keeping in touch with people to make sure that help is offered as soon as possible to prevent arrears climbing to high levels. The approach is proving to be successful in maintaining income to the HRA. At the start of Quarter Four 2021-2022 income recovery is running at 97.14% of rent due; for the same period last year this was 96.99%. This rigorous but pragmatic approach will continue in 2022-2023 when it is expected to yield a similar success rate.

3.2.5 Powys County Council rents for 2021-2022 are £0.07 above average for local authority landlords in Wales². It is not yet possible to provide

¹ Rents for 2022-2023 have been set to take account of adjustments made to rent roll 2021-2022 to reflect clarification, received during 2021-2022 of the Welsh Government guidance issued for the rent year 2020-2021.

² Source: www.statswales.gov.wales

comparative data for 2022-2023 as landlords are currently agreeing rents for the next rent year.

3.3 Service Charges

3.3.1 Service charges will need to be amended from April 2022 to allow the Council to recover the cost of providing these services. The service charges levied in 2021-22 are shown alongside the proposed charges for 2022-23 in Table Two. It should be noted that service charges vary from year to year, dependent on the costs of providing those services.

Table Two: Service Charges for 2021-22 and 2022-23

Service Charge	Highest Weekly Service Charge		Lowest Weekly Service Charge (where a charge is made)		How the Service Charge is Calculated
	2021-2022	2022-2023	2021-2022	2022-2023	
Grounds maintenance	£2.47	£2.47	£0.06	£0.06	Calculated on a site-by-site basis, based on the size of the site and the cost of undertaking the work
Communal cleaning	£1.61	£1.55	£1.61	£1.55	Based on the total cost of the work, divided by all those who receive the service.
Communal heating and lighting	£1.18	£1.07	£1.18	£1.07	Based on the total cost of the service, divided by all those who receive the service.
Fire safety work	£1.33	£1.00	£0.04	£0.08	Based on actual costs per block and divided by all residents of the block.
TV aerials	No costs for 21/22	No costs for 22/33	No costs for 21/22	No costs for 22/33	Based on the costs associated with each aerial and divided by all

					potential users of the aerial system.
Repairs to entrance doors	N/A	N/A	N/A	N/A	Based on actual costs per block and divided by all residents of the block.
Communal washing lines	£0.44	£0.44	£0.26	£0.44	Based on actual costs per block and divided by all residents of the block.
Sewerage treatment	£7.90	£5.97	£7.90	£5.97	Based on the total cost of the work, divided by all those who receive the service.
Lift maintenance	£1.62	£1.62	£0.23	£0.32	Costs split equally between tenants with lifts (for servicing)
Repairs to communal areas in flats	N/A	N/A	N/A	N/A	Costs per block divided between all residents of the block

3.3.2 For the majority of service charges, the calculation of the charge is based on the costs incurred in the previous full year. The service charge for lift maintenance for the only block of flats which benefits from a through floor vertical lift (Maes yr Ysgol in Llanidloes), is based on the cost of the service agreement with the contractor, plus the cost of any repairs undertaken in the previous financial year.

3.3.3 Grounds maintenance service charges are based on the charges incurred two years prior to the current year. This means that the charges for 2021-2022 were based on 2019-2020 costs, while costs for 2022-2023 will be based on costs incurred for 2020-2021. In 2019-2020, the Council increased the level of service to include winter works on the estates such as minor repairs and clearance of overgrown and unsightly areas, inspections and weed spraying. However, the cost for 2019-2020 is fixed for 2020-2021 and 2021-2022, which means that this service charge for tenants remains fixed for the next two years - 2022-2023 and 2023-2024.

- 3.4.1 In February 2020, the Council agreed that the decision to have the Careline Service would rest with individual tenants and would no longer be mandatory for tenants of designated properties. This was to allow greater customer choice. At the same time, Careline would be available to all tenants who would like to pay for such a service. This could include people who are vulnerable for reasons other than age and who would benefit from having 24/7 access to the Careline Service for example.
- 3.4.2 To take account of technological developments, the needs and aspirations of residents and the experiences in delivering services remotely gained during the Covid pandemic, a review of the options available for tenants to have access to careline-style services is underway. The HRA Business Plan for 2022-2023 includes provision to allow for any necessary capital investment to replace the Careline equipment with up-to-date kit, should this option be one of the outcomes of the review.
- 3.4.3 To recover any costs incurred by any introduction of new equipment, it would be necessary to reconsider the charges made for Careline. As part of the Council's Rent Policy for 2019-2020, it was agreed that any increase to the cost of the Careline service would only be introduced alongside the roll out of any new equipment. It would not be prudent to introduce a revised charge until any new equipment has been installed. This means a revised charge to reflect the actual cost of installing the new equipment will need to await completion of the review of careline-style services and, if appropriate, the installation of new equipment via a renewal programme. It is therefore recommended that the charge for Careline in 2022-2023 remains at £1.10 per week.

Table Three: Careline Community Alarm Charges for 2021-2022 and 2022-2023

	Current Charge – 2021-2022	Recommended Charge - 2022- 2023	Weekly Increase
Careline Community Alarm Charge	£1.10	£1.10	£0.00

3.5 Garages

- 3.5.1 A review of all the garage sites and plots owned by the Council has considered the demand for and suitability of garages for car parking, the condition of the buildings and the options for other uses for the sites, for example the development of new homes or car parking. For garage provision to continue to be viable, investment in the existing garage estate or new build garages to accommodate modern cars will be necessary in those sites that are to be retained.

3.5.3 Table Four below show the current rents for HRA garages in 2021-22 in Powys and the proposed rent for 2022-23. It also shows the current and proposed rents for garage plots owned by the HRA. It is recommended that HRA garage rents in Powys are increased by 3.1%, which equates to £0.39 per week, and garage plots by the same percentage, which equates to £4.92 per annum.

Table Four: Garage and Garage Plot Rents for 2021-22 and 2022-23

	Existing Rent - 2021-22	Recommended Rent - 2022-23
Garage Rents	£12.50 per week	£12.89 per week
Rent for Garage Plots (not subject to rate at time of letting)	£159.00 per annum	£163.93 per annum

3.5.4 The total rental income to the HRA from the provision of garages, if the recommendation is approved, income will increase from £717,850 in 2021-22 to £722,520 in 2022-23. The income for Garage Plot Ground rent in 2021-22 was £24,960. In 2022-2023 this will be £23,890. Due to a review of historical garage ground rents agreements, a provision will be set aside in the Housing Revenue Account Business Plan to cover any credits that may be necessary upon completion of an audit of tenancy agreements.

3.6 Gypsy and Traveller Sites

3.6.1 The Council currently operates three Gypsy and Traveller Sites in Powys – Leighton Arches in Welshpool, Trem yr Afon in Machynlleth and Kings Meadow in Brecon. All sites are managed by Housing Services although the costs of providing this service falls on the General Fund. Service charges for the sites cover grass cutting for the Kings Meadow Site and sewerage for all sites.

3.6.2 It is recommended that weekly occupation charges for Gypsy and Traveller sites in 2022-2023 will be increased by 3.1%, in line with the increase in HRA rents. Table Five below shows the existing charge for occupation of a plot on the Gypsy and Traveller sites, and associated service charges, in the current year and the recommended charge for 2022-23.

Table Five: Gypsy & Traveller Site Weekly Occupation Charge and Service Charges for 2021-22 and 2022-23

	2021-2022	2022-23
Weekly Occupation Charge for plots on Gypsy & Traveller sites	£105.33	£108.60
Grass Cutting Service Charge (Kings Meadow site only)	£0.95	£0.95
Grass Cutting Service Charge (Trem Yr Afon site only)	N/A	£2.02
Sewerage Service Charge	£8.73	£5.51

3.6.4 The total income to the General Fund from the Council's gypsy and traveller sites, if the recommendation is approved, will increase from £136,450 in 2021-22 to £143,090 in 2022-23.

3.7 Temporary Accommodation for Homeless Households

3.7.1 It is recommended that the weekly charge for the occupation of temporary accommodation, provided to households to whom the authority owes a statutory duty is increased by 3.1% in 2022-2023. It should be noted that the scope for setting charges for temporary accommodation is influenced by the need to recognise the low incomes of some of those who are homeless, the restrictions the social security system places on the amount of help homeless people can claim for accommodation, and the capacity of the General Fund to meet the costs for those who are unable to make full payments from their own resources. The increase recommended represents a pragmatic compromise between these external factors. Tables Six and Seven shows the current and proposed weekly charge for the occupation of temporary homeless accommodation managed by the council.

Table Six. Temporary Homelessness Accommodation Weekly Occupation Charges for 2021-2022 and 2022-2023 (including Council Tax)

Weekly occupation charge for temporary homeless accommodation	Occupation Charge - including Council Tax		Service Charge		Weekly Total Occupancy Charge	
	2021-2022	2022-2023	2021-2022	2022-2023	2021-2022	2022-2023
Single person	£106.05	£109.34	£16.44	£16.95	£122.49	£126.29
Couple	£129.26	£133.27	£20.41	£21.04	£149.67	£154.31
Family	£154.20	£158.98	£29.34	£30.25	£183.54	£189.23

The 'including Council Tax' figures are the charges for people placed into shared accommodation (accommodation modified to allow separate households people to occupy a single property) example).

Table Seven. Temporary Homelessness Accommodation Weekly Occupation Charges for 2021-2022 and 2022-2023 (excluding Council Tax)

Weekly occupation charge for temporary homeless accommodation	Occupation Charge excluding Council Tax		Service charge		Weekly Total Occupancy charge	
	2021-2022	2022-2023	2021-2022	2022-2023	2021-2022	2022-2023
Single person	£85.82	£88.48	£16.44	£16.95	£102.26	£105.43
Couple	£106.23	£109.52	£20.41	£21.04	£126.64	£130.57
Family	£128.19	£132.16	£29.34	£30.25	£157.53	£162.41

The 'excluding Council Tax' figures are the sum charged to people placed in self-contained accommodation.

3.8 Other Rental Charges

- 3.8.1 The HRA collects rent from other services and properties, albeit on a small scale. These include such things as scooter stores and sheds. It is recommended that all other rental charges, not detailed above, will increase by 3.1% from April 2022.

4. **Resource Implications**

4.1 Financial

- 4.1.1 The recommended increases to housing rents and other related charges will allow Powys County Council to continue to maintain a viable and sustainable Thirty Year HRA Business Plan, continue to provide high quality services, develop more new social rented homes and support continued investment in its homes to maintain WHQS and improve thermal efficiency.
- 4.1.2 The Council's Section 151 Officer notes the content of the report and that the recommended increase proposed ensures that the HRA Business Plan remains both sustainable and viable. The recommendations are compliant with the Welsh Government's Policy for Social Housing Rents (Rent Policy). As CPI falls outside the range of 0% to 3%, the responsibility to determine the appropriate increase to be applied for the relevant year will rest with the Minister with responsibility for housing. The Minister has advised that the maximum annual rent uplift for 2022-2023 will be up to CPI, based on the September 2021 index of 3.1%.

5. **Legal implications**

- 5.1 Legal: The recommendation can be supported from a legal point of view.
- 5.2 The Head of Legal and Democratic Services (Monitoring Officer) has commented as follows: "I note the legal comment and have nothing to add to the report".

6. **Comment from local member(s) and other relevant bodies**

- 6.1 This matter has equal effect across the Council.
- 6.2 A report on proposed rents for 2022-2023 was considered on 14.01.22 by the Powys Tenant Scrutiny Panel (TSP). The panel includes both tenant representatives and councillors.

- 6.3 Concerns were expressed that with reported increases in living costs, and increases in both National Insurance and Council Tax, tenants will be struggling with a rent increase of 3.1%.
- 6.4 The proposal to increase rents by the maximum amount allowed was discussed, with the TSP requesting clarification as to why this was being proposed. It was acknowledged that getting the balance between keeping rents affordable and being able to invest in current and new homes was challenging. There are more than 4,000 households registered with 'Homes in Powys' on the waiting list for affordable homes, and 200 households in temporary accommodation awaiting availability of permanent accommodation.

7. Integrated Impact Assessment

- 7.1 An Impact Assessment has been completed for this report.

8. Recommendation

- 8.1 The recommendations set out in this report are:
- 8.1.1 That with effect from April 5th, 2022 the average rent in Powys will increase by 3.1% (the average rent being £96.37 per week) for all 5,446 Council owned homes, excluding service charges.
 - 8.1.2 That service charges charged to HRA tenants are amended with effect from April 5th, 2022 to allow the Council to recover the cost incurred in providing these services.
 - 8.1.3 That the weekly cost effect from April 5th, 2022 for Careline in 2022-2023 is £1.10 per week.
 - 8.1.4 That HRA garage rents in Powys with effect from April 5th, 2022 for 2022-2023 are increased by £0.39 per week.
 - 8.1.6 That garage plot charges effect from April 5th, 2022 for 2022-2023 increase by £4.93 per annum.
 - 8.1.7 That the weekly occupation charge from April 5th, 2022 charges for Gypsy and Traveller pitches in 2022-2023 will be increased by 3.1% the average rent being £108.60.
 - 8.1.8 That all other rental and service charges, not detailed above, effect from April 5th, 2022 will increase by 3.1%.

Contact Officer:	Andy Thompson (Professional Lead - Housing) Tel: 01597 827464 Email: andy.thompson@powys.gov.uk
------------------	---

Head of Service:	Nina Davies
------------------	-------------

Corporate Director:	Nigel Brinn
---------------------	-------------