

CYNGOR SIR POWYS COUNTY COUNCIL.

CABINET EXECUTIVE

January 16th, 2024

**REPORT AUTHOR: County Councillor James Gibson-Watt
Leader of the Council**

**REPORT TITLE: Housing Revenue Account Rent and Related Charges -
Changes for 2024-25**

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 2024-25.
- 1.2 The Council's Tenant Scrutiny Panel (TSP) has considered the options available for changes to rents for the financial year 2024-2025 and supports the recommendation set out in this report.
- 1.3 The report additionally sets out:
 - Recommended changes to the charging structure for the Council's Careline community alarm system.
- 1.4 A separate report setting out the detail of Housing Revenue Account (HRA) Thirty Year Business Plan recommended for the period beginning in April 2024 and reflecting the decisions taken in respect of the recommendations made in this report, will be presented to Cabinet in February 2024.

2. 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 due to inflation affecting all aspects of the wider economy. 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 annual Major Repairs Allowance (MRA), worth £3,720,000 million in capital funding for 2024-2025 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 2024-25, to make sure the HRA Business Plan remains both sustainable and viable. If the cost of providing the Council's housing landlord service is not recovered, savings will need to be identified to reduce costs to make sure that the HRA can continue to afford the borrowing needed to deliver the capital programme and does not fall into a deficit budget position.
- 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 Consumers Prices Index (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 2023 CPI was 6.7%. This means that for 2024-2025, 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 2024-2025 will be up to 6.7%. The 6.7% is a maximum not a requirement or a target.
- 2.6 This means that the increase applies to the aggregate rent collected by a social landlord. The total rent charged by a landlord cannot exceed 6.7% but within that overall figure, there is scope for individual rents to be frozen, increased or decreased by a different percentage, subject to each landlord's own rent setting policy.
- 2.7 Social landlords across Wales in 2022 agreed with the Welsh Government the following actions to help mitigate the impacts of increases in rents and the general rise in the cost of living:
- No evictions due to financial hardship, where tenants engage with their landlord.

- A package of support for tenants who are struggling financially. Powys County Council offers a wide range of services and support for people facing financial challenges. Housing Services has three 'Financial Support Officers' who work one-to-one with tenants to resolve such challenges, a 'Cost of Living Hub', the 'Money Advice Service' and the 'Discretionary Cost of Living fund'.
- Maximising the use of all social housing homes, with a focus on helping those in the poorest quality transitional accommodation move into longer term homes that meet their needs.

2.8 Powys County Council has restructured its approach to repairs and maintenance, reducing since July 2022 by half void repair times. There is a common housing register 'Homes in Powys' covering all social housing in Powys, making allocations quicker.

2.9 Housing Services is undertaking an acquisitions programme to increase the availability of affordable, secure rented homes. The acquisitions programme is in track to increase by 13 properties the number of homes the Council will be able to offer to people registered with 'Homes in Powys'. To date, 118 new homes have been completed. In 2024-2025, the Council will start building 32 new homes, complete four off-the-shelf acquisitions and put to market tenders to build a further 118 Council homes.

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.

3.2 Rents

3.2.1 The Council's HRA Business Plan has been stress tested to see what changes in rents and service charges need to be made to allow it to remain viable, maintain essential standards for existing homes and be able to increase the number of affordable homes available across Powys. A copy of the Self Certification Form, required by Welsh Government and attached to this report as Appendix A, sets out the housing market intelligence and housing affordability matters taken into consideration when determining the recommended rent increase for 2024-2025. Taking into account the consultation undertaken with the TSP the challenges facing the Council in managing the impacts of comparatively high inflation and challenges collecting rent, the conclusion is that a rent increase of 6.7% 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 is in line with the inflation rate for September 2023. The increase also ensures that reserve levels are maintained in accordance with HRA business plan best practice.

3.2.2 It is therefore recommended that with effect from April 1st 2024 the average rent in Powys will increase by 6.7% for all 5,523 Council owned homes and 31 Gypsy Pitches. Table One below shows the average rent in 2022-2023 and 2023-24. It should be noted that the figures in Table One show rents over a 53-week rent year. In Powys rents for municipal homes are, in the event of a 53-week year, charged over a 48-week rent year with two 'rent free weeks' at Christmas and three 'rent free weeks' at Easter¹. The five 'rent' free weeks for 2024-2025 will be those commencing:

-  December 23rd, 2024
-  December 30th, 2024
-  March 17th, 2025
-  March 24th, 2025
-  March 31st, 2025

Table One: Housing Rents for 2023-24 and 2024-25

	Current Rent - 2023-2024	Recommended Rent - 2024-2025	Weekly Increase
Average HRA rent for Powys County Council	£101.44	£108.24	£6.80

3.2.3 The total rental income to the HRA from housing rents, if the recommendation is approved, will increase from £29,012,440 in 2023-2024 to £31,086,362 in 2024-2025. 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 takes 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 increases in the cost of living have been and continue 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. As of rent week 39, (week ending January 5th, 2024), income recovery in accordance with Welsh Government income collection parameters, is running at 93.8% of income due; for the same period last year this was 96.22%. This rigorous but pragmatic approach will continue in 2024-2025 when it is expected to yield a similar success rate.

¹ In the case of 52-week rent years, rents are charged over 48 weeks, with two 'rent free' weeks at Christmas and at Easter.

3.2.5 The average Powys County Council rent by dwelling and number of bedrooms reported by Welsh Government for 2023-2024, as of September 7th, 2023 (the latest date for which data is available) is £101.61, which is the fourth lowest Council Housing rent in Wales (only Pembrokeshire - £96.39, Carmarthenshire - £99.41 and Caerphilly - £99.89 had lower average rents). The Council is able within these rents able to maintain homes to a habitable standard. The average social rent by dwelling and number of bedrooms, according to Welsh Government for 2023-24 is £106.69 (£105.08 Council Housing rents average and £107.60 housing association average for Wales)². It is not yet possible to provide comparative data for 2024-2025 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 1st 2024 to allow the Council to recover the cost of providing these services. The service charges levied in 2023-24 are shown alongside the proposed charges for 2024-25 in Table Two. Service charges are set at a level to recover the estimated cost incurred in delivering the service and will make sure that income from tenants' rents will not be subsidising the additional services provided to some tenants. 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 2023-2024 & 2024-25

Service Charge	Highest Weekly Service Charge		Lowest Weekly Service Charge (where a charge is made)		How the Service Charge is Calculated
	2023-2024	2024-2025	2023-2024	2024-2025	
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	£1.40	£1.40	£1.40	£1.40	Based on the total cost of the work, divided by all those who receive the service.
Communal heating and lighting	£1.12	£1.00	£1.12	£1.00	Based on the total cost of the service, divided by all those who receive the service.

² Source StatsWales ([Average weekly rents in stock at social rent by dwelling type, number of bedrooms and provider type \(gov.wales\)](https://stats.wales.gov.uk/average-weekly-rents-in-stock-at-social-rent-by-dwelling-type-number-of-bedrooms-and-provider-type))

Fire safety work	£1.60	£1.78	£0.04	£0.12	Based on actual costs per block and divided by all residents of the block.
Maintenance to entrance doors	No costs for 23/24	No costs for 23/24	No costs for 23/24	No costs for 23/24	Based on actual costs per block and divided by all residents of the block.
Communal washing lines	£0.44	£0.44	£0.44	£0.44	Based on actual costs per block and divided by all residents of the block.
Lift maintenance	£1.62	£1.81	£0.32	£0.60	Costs split equally between all tenants (for servicing)
Repairs to communal areas in flats	No costs for 23/24	No costs for 23/24	No costs for 23/24	No costs for 23/24	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 2023-2024 were based on 2021-2022 costs, while costs for 2024-2025 will be based on costs incurred for 2022-2023.

3.4 Careline

3.4.1 The Careline (Community Alarm) service is a discretionary service (not a condition of tenancy) that can be accessed by both sheltered housing and general needs tenants. At present a different cost model is applied to different tenant groups. The annual charge for sheltered housing tenants is £58.08 (VAT not levied) - £1.21 per week over a 48-week charging cycle, while general needs tenants who are classed as a Careline private customer pay £203.32 a year (exclusive of VAT) - £3.91 per week over a 52-week charging cycle. Careline customers living in privately owned properties also pay £203.32 per annum. The difference in cost for tenants living in housing designated as sheltered is in part funded from the wider HRA.

3.4.2 To improve and align service provision for all Council tenants who would like to receive the Careline service, a programme of works has been undertaken to replace static pull-cords in all sheltered housing

properties with pendants, worn by the customer meaning they are always within easy reach of the alarm call button. Where a hardwired base unit needs replacing, a dispersed alarm is now provided. This means that all tenants will in the future receive the same equipment and same service, regardless of the type of property in which they live.

3.4.3 It is now appropriate for the charges for the service to similarly be equitable. Aligning the service to the needs of the tenant rather than the type of property they rent will address the current anomaly where sheltered housing tenants pay a different weekly charge from general needs tenants and residents for the same Careline service. It is therefore recommended that from April 1st, 2024 a standard weekly charge of £3.91 per week (exclusive of VAT) is levied for all tenants of the Council receiving the Careline service.

3.4.4 The recommended weekly charge for sheltered housing tenants will be an increase from the current £1.21 weekly charge (VAT not levied) to £3.91. This charge will apply to all tenants who receive the service, including those whose charge is currently funded by the HRA because the tenant is in receipt of Housing Benefit. To minimise any adverse individual financial impact, tenants will be made fully aware of how to access income maximisation advice via the Housing Services Financial Support Team. This includes personal advice from the Financial Support Officers and access to the Council’s Money Advice service.

Table Three: Careline Community Alarm Charges for 2023-2024 and 2024-2025

	Current Charge – 2023-2024	Recommended Charge - 2024-2025	Weekly Increase
Careline Community Alarm Charge – Tenants in Sheltered Housing (48 weeks)	£1.21	£3.91	£2.70
Careline Community Alarm Charge – Tenants in General Needs Housing (52 weeks)	£3.91	£3.91	£0.00

3.4.5 To take account of technological developments, the needs and aspirations of residents, the development in the market of a range of service providers, current service demand and the experiences in delivering services remotely, a review of the options available for all tenants and residents to have access to Careline-style services is currently underway.

3.5 Garages

3.5.1 The Council continues to provide garages for rent. Garages are rented to people regardless of the tenure of their home. Few of the garages owned by the Council are large enough to easily accommodate modern

cars, which are wider than the norm when the garages were built thirty or more years ago. Many are therefore used for general storage. In addition, many of the garages are of prefabricated construction and are, due to age and type of construction, becoming uneconomical to maintain. A review of all the garage sites and plots owned by the Council 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. Recommendations have been made for each site, which will inform options for future investment in or use of each site.

3.5.3 Table Four below shows the current rents for HRA garages in 2023-24 in Powys and the proposed rent for 2024-24. 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 6.7% which equates to £14.65 per week, and garage plots by the same percentage, which equates to £186.29 per annum, with effect from April 1st, 2024.

Table Four: Garage and Garage Plot Rents for 2023-24 and 2024-25

	Existing Rent - 2023-24	Recommended Rent - 2024-25
Garage Rents	£13.73 per week	£ 14.65 per week
Rent for Garage Plots (not subject to rate at time of letting)	£174.59 per annum	£186.29 per annum

3.5.4 The total rental income to the HRA from the provision of garages, if the recommendation is approved, income will change from £695,840 in 2023-24 to £625,140 in 2024-25. The income for Garage Plot Ground rent in 2023-24 was £25,150. In 2024-2025 this will be £26,070.

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 2024-2025, with effect from April 1st, 2024 will be increased by 6.7%, 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 2024-25. Income received from residents living on the Gypsy and Traveller sites is set aside for investment in those sites and associated services.

Table Five: Gypsy & Traveller Site Weekly Occupation Charge and Service Charges for 2023-24 and 2024-25

	2023-2024	2024-25
Weekly Occupation Charge for plots on Gypsy & Traveller sites	£114.42	£122.09
Grass Cutting Service Charge (Kings Meadow site only)	£0.95	£0.95
Grass Cutting Service Charge (Trem Yr Afon site only)	£2.02	£2.02
Sewerage Service Charge Trem Yr Afon	£7.30	£6.85
Sewerage Service Charge Kings Meadow	£7.30	£9.92
Sewerage Service Charge Leighton Arches	£7.30	£4.20
Other Service charge Kings Meadow	£0.54	£0.73
Other Service charge Leighton Arches	£0.53	£0.71
Other Service Charge Trem Yr Afon	£1.96	£2.51

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 £180,860 in 2023-24 to £196,800 in 2024-25. Plus £8,414 in service charges.

3.7 Temporary Accommodation for Homeless Households

3.7.1 It is recommended that with effect from April 1st, 2024, the weekly charge for the occupation of temporary accommodation, provided to households to whom the authority owes a statutory duty is increased by 6.7% in 2024-2025. 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 2023-2024 and 2024-2025 (including Council Tax)

Weekly occupation charge for temporary homeless accommodation	Occupation Charge - including Council Tax		Service Charge		Weekly Total Occupancy Charge	
	2023-2024	2024-2025	2023-2024	2024-2025	2023-2024	2024-2025
Single person	£115.19	£122.91	£17.86	£19.06	£133.05	£141.96
Couple	£140.41	£149.82	£22.17	£23.66	£162.58	£173.47
Family	£167.50	£178.73	£31.87	£34.01	£199.37	£212.74

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 2023-2024 and 2024-2025 (excluding Council Tax)

Weekly occupation charge for temporary homeless accommodation	Occupation Charge excluding Council Tax		Service charge		Weekly Total Occupancy charge	
	2023-2024	2024-2025	2023-2024	2024-2025	2023-2024	2024-2025
Single person	£93.22	£99.47	£17.86	£19.06	£111.08	£118.53
Couple	£115.39	£123.12	£22.17	£23.66	£137.56	£146.78
Family	£139.24	£148.57	£31.87	£34.01	£171.12	£182.58

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 6.7% from April 1st 2024.

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 Head of Finance (Section 151 Officer) notes the content of the report and that the recommendations are compliant with the Welsh Government's Policy for Social Housing Rents (Rent Policy). Where CPI falls outside the range of 0% to 3%, as is the case this year, the responsibility to determine the appropriate increase to be applied for the relevant year rests with the Minister with responsibility for housing. For September 2023 CPI was 6.7%. This means that for 2024-2025, 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 2024-2025 will be up to 6.7%. The 6.7% is a maximum not a requirement or a target. The level proposed meets the maximum set. A rent increase of 6.7% 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 is in line with the inflation rate for September 2023. The increase also ensures that reserve levels are maintained in accordance with HRA business plan best practice whilst ensuring that the HRA Business Plan remains both sustainable and viable and on this basis the recommendations can be supported.

5. Legal implications

- 5.1 The Principal Solicitor - Housing comments as follows: The recommendations below will ensure that the HRA Business Plan remains both sustainable and viable which is a requirement of Welsh Government.
- 5.2 The Head of Legal Services and the Monitoring Officer has commented as follows: I note the legal comment and support the recommendations.

6. Climate Change & Nature Implications

- 6.1 There are no climate change or nature implication arising directly from the recommendations set out in this report.

7. Data Protection

- 7.1 The recommendations in this report do not involve the processing of personal data.

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

- 8.1 This matter has equal effect across the Council.
- 8.2 The Council's Tenant Scrutiny Panel (TSP) has been consulted on changes to rents for 2024-2025, concluding in a special meeting of the TSP on November 21st, 2023. The consultation paper shared with the TSP for the November 21st meeting is attached to this report as Appendix B.
- 8.3 The TSP considered four options – +2%, +4%, +5% and +6.7%, and the impact of each option on the ability of the Council to invest in both existing and new homes. The preferred course of action of the TSP is for the rents of residential properties to increase by 6.7% and the rents of garages and garage sites to increase by 6.7%.
- 8.4 The TSP minutes from the meeting that considered the rent changes for 2024-2025 noted that a vote was taken and that with one exception TSP reluctantly accepted and approved the 6.7% rent increase.

9. Integrated Impact Assessment

9.1 An Impact Assessment has been completed for this report.

10. Recommendation

10.1 The recommendations set out in this report are:

10.1.1 That with effect from April 1st 2024 the average rent in Powys will increase by 6.7% (the average rent being £108.24 per week) for all 5,524 Council owned homes, excluding service charges.

10.1.2 That service charges charged to HRA tenants are amended with effect from April 1st 2024 (included in Table Two above) to allow the Council to recover the cost incurred in providing these services.

10.1.3 That the weekly cost from April 1st 2024 for all tenants receiving the Careline community alarm service in 2024-2025 is £3.91 per week.

10.1.4 That HRA garage rents in Powys with effect from April 1st 2024 for 2024-2025 are increased by 6.7% to £14.65 per week.

10.1.6 That garage plot charges effective from April 1st 2024 for 2024-2025 are £186.29 per annum.

10.1.7 That the weekly occupation charge from April 1st 2024 charges for Gypsy and Traveller pitches in 2024-2025 will be increased by 6.7%, the average rent being £122.09.

10.1.8 That the charge for temporary accommodation increases, with effect from April 1st 2024, for the year 2024-2025, by 6.7%

10.1.8 That all other rental, not detailed above, effective from April 1st 2024 will increase by 6.7%. Service charges continue to be recovered on an actual basis.

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Head of Service:	Andy Thompson
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Corporate Director:	Nina Davies
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Appendix A: Self Certification Form for 2024-2025

Welsh Government	Powys County Council
Annual Self-Certification Monitoring Return	
Name of Social Landlord	Powys County Council
Date return completed	
PART ONE (MANDATORY): Please answer all the following questions relating to your rental income.	
Questions for year APRIL 2023/24	
Q1. Please confirm the overall percentage increase you applied to your rents at April 2023 and stock numbers on the 31st March 2023.	Rent Increase for 2023-2024: 5.36% (average £101.44 per week) Stock numbers 31.03.23: 5,502 homes.
Q2. Please confirm that the level of rent for an individual tenant did not rise more than CPI+1% plus an additional £2	The rent for individual tenants was capped at 5.36%, so no individual tenant's rent was increased by more than this amount.
Questions for year APRIL 2024/24	

<p>Q3. Please indicate the estimated gross annual rental income for 2024-25 for general needs and sheltered self-contained dwellings based on revised rents at April 2024 and stock numbers on the March 31st 2024. (Definition of 'estimated gross annual rental income' is the rental income you expect to receive for your whole portfolio of properties, including any new builds you are anticipating in year, and regardless of whether properties are occupied or void)</p>	<p>Gross Rental Income for 2023-2024: ££29,012,440. Stock numbers 31.03.24: Powys County Council has 5523 homes as of January 5th 2024. There are currently eight acquisitions being processed it is unlikely that they will all be completed by 31st March 2024 and therefore the expected number for March 31st, 2024 is 5523 properties.</p>
<p>Q4. Please confirm the overall percentage increase YOU INTEND to apply to your rents at April 2024</p>	<p>6.7%</p>
<p>Q5. Please confirm you have a local rent and service charge policy in place.</p>	<p>Confirmed.</p>

Q6: Please outline the factors you considered when assessing affordability when you set your rents and service charges for the 2024/25 rent year. Include details of how affordability for your tenants was taken into account and influenced the approach taken.

Housing Affordability

Proof of affordability

All applicants to join 'Homes in Powys', the Common Housing Register offering access to all social housing in Powys, who are matched to and reach offer stage for a Powys County Council (PCC) property undergo a Pre-tenancy Financial Assessment (PTA) with their Financial Support Officer (FSO) before signing up to the Tenancy. FSOs have reported that for applicants who were not considered to be under occupying the property (i.e. they had no extra bedrooms beyond requirement) 100% of them were recommended to be able to afford the property based on their financial situation at the time of the assessment. FSOs also reported that for applicants who were considered to be under occupying the property (i.e. they did have an extra bedroom beyond requirements and the bedroom tax could have been applied) there were only a handful of applicants who would not be recommended to be able to afford the property at the time of the assessment.

Anecdotally the FSOs reported that in a large amount of the PTAs carried out, the low cost and affordability of Powys County Council rents in comparison to housing associations and the private rented sector was commented on favourably by prospective tenants. There is a sense that the gap between what the Council and what housing association and private landlords charge is widening.

Support in place for impact on affordability

Powys County Council currently has 5,167 live Secure Tenancies/Contracts

Powys County Council currently has 1,504 Tenants claiming Universal Credit (UC) = 29.11% (according to DWP 2022 figures)

Powys County Council currently has 1,839 Tenants claiming Housing Benefit (HB) = 35.6%

As the Council is a social landlord the rent increase will be covered by the eligible rent figure included in the housing benefit or UC Housing Element received by 64.71% of Powys County Council tenants.

The 35.29% of tenants who will not receive financial support towards the rent increase from the social security system will mainly be those whose household incomes are high enough for them to not be entitled to income-related benefits. There may be a small minority who are entitled to claim but are not doing so and it is the Council's aim to reach these and help them to claim the HB or UC they are entitled to, with the help of their FSO.

The Council has promoted the roles of the Financial Support Officers this financial year via multiple communications methods to maximize the number of tenants they have been able to assist through the cost-of-living crisis. The Council intends to continue this campaign in the new financial year to reach as many tenants as possible to maximize their income, help with budgeting, debt, or benefits and successfully maintain their municipal tenancies.

Additional data considered:

- House price to earnings ratio in Powys: 7.9 (Wales 6.2).
 - *For more information, please click on the link below:* [Housing affordability in England and Wales - Office for National Statistics \(ons.gov.uk\)](#)
- Average household income in Powys £33,458, Wales average is £34,700 and UK average £40,257. In Powys 55% of households earn less than the average Powys household income.
 - *For more information, please click on the link below:*
 - [Wellbeing Information Bank: View information about Household Income - Powys County Council](#)
- In considering the affordability of municipal housing, the Council has taken into consideration the Wellbeing Overview for Powys.
 - *For more information, please click on the link below:* [Well Being Information Bank: Well Being Overview - Powys County Council](#)

This includes the changing demographics in Powys. Highlights include:

- ☞ Average weekly rent in self-contained general needs stock with two bedrooms at social rent in Powys is £102.18 for 2023-2024. [Average weekly rents in self-contained stock at social rent by accommodation type, number of bedrooms and provider type \(gov.wales\)](#)

- 👉 Total social rented stock in Powys on 31 March 2023 is 8728 [Self contained stock at social rent by year, provider type and accommodation type \(gov.wales\)](#)
- 👉 Around 1,900 people aged 16 and over in Powys were unemployed in the year ending June 2023. [Powys' employment, unemployment and economic inactivity - ONS](#)
- 👉 Overall, there were 58,300 people aged 16 and over in Powys who were employed in the year ending June 2023. [Powys' employment, unemployment and economic inactivity - ONS](#)
- 👉 Average house prices in Powys are 11.8 higher than the average disposable income.
- 👉 There are 4390 children living in absolute poverty. [Stat-Xplore - Log in \(dwp.gov.uk\)](#).

Comparisons of Weekly Municipal Rent with Private Sector Rent, Living Rent and Social Landlords in Powys (please note that more recent figures for private rents and living rent are currently unavailable)

	Median private rents (2022)	Living rent (2023-2024)	Housing association average general needs (2023-2024)	Average municipal rents general needs (2023-2024)	Proposed average municipal rents - general needs (2024-2025)
One bedroom	£83	£136	£84	£82	£85.73
Two bedrooms	£104	£176	£106	£98	£101.94
Three bedrooms	£137	£217	£122	£111	£117.91
Four bedrooms	£162	£ N/A	£143	£120	£129.56

- Source median private rents:
 - Welsh Government rent officers.
- Source Housing Association average and municipal average:
 - [Average weekly rents in self-contained stock at social rent by accommodation type, number of bedrooms and provider type \(gov.wales\)](#)
- Source living rents:
 - [Living Rent Methodology.pdf \(savills.com\)](#)
 - <https://www.ons.gov.uk/file?uri=/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/placeofresidencebylocalauthorityshetable8/2023provisional/ashetable82023provisional.zip>

Below are the private sector Local Housing Allowance rates compared to municipal rents.

	LHA April 2023 – March 2024 (Brecon and Radnor)	LHA April 2023 – March 2024 (Neath Port Talbot)	LHA April 2023 – March 2024 (North Powys)	Average municipal rents (2023- 2024)	Proposed municipal rents (2024- 2025)
Single room allowance	£52.50	£62.50	£52.50	N/A	N/A
One bedroom	£71.34	£79.40	£67.89	£82.01	£91.95
Two bedrooms	£98.96	£95.00	£90.90	£97.69	£104.12

Three bedrooms	£115.07	£103.56	£109.32	£110.58	£117.90
Four bedrooms	£138.08	£120.82	£136.93	£120.34	£128.40

- Source LHA:
 - <https://www.gov.wales/local-housing-allowance-lha-rates-april-2022-march-2023>

Rent Arrears

The low level of rent arrears demonstrates that Powys rental charges are reasonable – for example, very few tenants are referred for eviction. Rent collected 2023-2024 Q1 to Q3 equates to 93.25% of all income due.

Powys as compared to the other 11 stock holding local authorities continues to have a low amount of rent arrears both overall and expressed as percentage of rent due. This is coupled with relatively low recovery action which exemplifies the ongoing focus on tenancy sustainability.

Service Charges

Service charges are recovered based on actual costs incurred in the last full year preceding 2024-2025.

Q7: Please outline the tenant involvement (engagement, consultation and feedback) undertaken and how feedback received has influenced your rent setting policy for the 2024/25 rent year.

Tenant Scrutiny Consultation

The service undertook a consultation with the Councils Tenant Scrutiny Panel (TSP) in November 2023 regarding the potential rent increase.

The following information and summary details were discussed with TSP at the November meeting.



Rent%20increase%20scenarios%20and%20



Email%20to%20TSP



General%20Needs%20average%20rents%20with%20pie%20c



rent%20setting%20pie%20charts%202425.

Welsh Government guidance stated a maximum rental increase of 6.7%. Details provided to TSP provided expected inflationary costs and the impact on the HRA budget of +2%, +4%, +5% and +6.7% rent increase.

TSP accepted that the Council needed to increase rents to the maximum allowed by Welsh Government and this was confirmed by a majority vote.

STAR Survey Outcomes for 2023

- The perceived rent value for money has improved since 2021 from 78% to 84%.
- Rent value for money is the strongest key driver of overall satisfaction.
- New tenants are still amongst the most satisfied with their rent (89%)
- The rent value for money rating has improved significantly since 2021 despite the cost of living crisis.
- This is one of relatively few measures that is higher than the benchmark score across all landlords in Wales (82% median).
- 76% satisfied service charge is value for money.
- Both of these scores, rents and service charges, compare favourably against the benchmarks for Welsh landlords.

New Tenant Surveys

	83% of tenants (starting a new tenancy between 1 October 2022 and 1 October 2023) that responded to the new tenants' survey were satisfied with the condition of the home when they moved in and 93% was satisfied with the neighbourhood.
Q8: Please state the date your Board/Council/Committee made or ratified the final decision on your rent setting for 2024/25	16.01.2024
Q9: Please explain how your annual assessment on operating costs and cost efficiencies has impacted on your rent setting decision for April 2024/25	In 2022-2023, the Council in response to a detailed assessment of how repairs and maintenance services are provided for its tenants, internalised the repairs and maintenance service. The directly provided service - which started July 2022.... Since July 2022, void repair times have been reduced by a third and overall tenant satisfaction has already increased as shown in the recent STAR survey from 71% to 75%. Also following a very successful recruitment campaign during the summer of 2023, we were able to employ an extra 38 operatives the maintenance teams are now at full capacity to provide an even better service.
Q10: Please provide any other comments or raise an issue in relation to your rent setting exercise for April 2024/25	<p>There are as of January 5th, 2024, 4069 households were registered with 'Homes in Powys' for secure, affordable housing, a reduction of 652 households (13.8) from the January 2023 figure of 4721) Maintaining and increasing the rate of development for new Council-owned homes is a major priority for the Council to meet this demand, both by new build and acquisitions.</p> <p>Communities will benefit socially and economically by increasing the number of people who can enjoy secure, affordable accommodation – including current tenants who need to move and their families and friends who are no yet council tenants.</p> <p>The rent increase for Powys 2024-2025 will help support the expansion of our development programme to increase the availability of good homes for people living in our county.</p>
PART TWO – Voluntary	
a) End all evictions into homelessness	

<p>Q11: Please confirm that you are strengthening your approaches designed to ensure you minimise all evictions and deliver on a new agreement not to evict into homelessness</p>	<p>Ongoing focus is continuing to minimise the threat of eviction through regular contact with tenants, maximising rent payment options and regular referrals by our Housing Officers, who are tasked with arrears case management, to our 'in-house' Finance Support Team to provide tailored financial support which has contributed significantly to ongoing tenancy sustainability.</p>
<p>Q12: If you would like to provide further details please do so here:</p>	<p>To minimise potential evictions into homelessness, in the exceptional cases where possession proceedings are needed for ongoing breaches of tenancy conditions, our Housing Officers work alongside our Housing Options Officers. This is to ensure a timely consideration of the individual household's housing and support needs, in line with current homelessness legislation, including the provision of temporary accommodation where needed while ongoing work is done to secure settled, alternative accommodation.</p>
<p>b) Undertake a standardised tenant satisfaction survey</p>	
<p>Q13: Confirm that you will complete a tenant satisfaction survey, including the core questions, for submission by 28th February 2024</p>	<p>Our next STAR survey is scheduled for 2025-2026. Our most recent survey reported in Q3 2023-2024.</p>
<p>c) Standards</p>	
<p>Q14: Please confirm that all new build development financed by Welsh Government Housing Capital Funding, will comply with the new housing quality standard "WDQR 2021" across all tenures on sites.</p>	<p>Confirmed.</p>
<p>d) EPC A</p>	

Q15: Please confirm that all new build financed by Welsh Government Housing Capital Funding will achieve energy efficient standard of EPC A and above.	Confirmed.
Authorised Signatory	
Name	Jane Thomas
Position (Deputy Section 151 Officer)	Head of Finance (Section 151 Officer)
Date	

Appendix B: Rent Setting Paper for Tenant Scrutiny Panel 21.11.23

Rent Increase Scenarios and Projected Housing Revenue Budgets.

Rent setting scenarios.

The table below shows the total rent budget for this financial year (2023-24) and the projected increase in rental income by a percentage rent increase.

Budgeted Rent 2023-24	Increase in rent for 2024-25 based on % shown below			
	2%	4%	5%	6.70%
£27,924,470	£558,489	£1,116,979	£1,396,224	£1,870,939

Last year the Council did not increase rents to the maximum allowed by Welsh Government and as we know inflationary costs increased more than the percentage increase implemented. This meant that some budgets were cut in the HRA (Housing Revenue Account) business plan and that the total budgeted rent for this year is at the level shown above (£27,924,470). If the Council had increased the rent last year by a higher percentage this would be a higher figure i.e. there would have been more money available this year.

Core HRA Budgets and Estimated inflationary costs.

Below is a table of the core HRA budgets set for this financial year. The estimated impact of inflationary costs on budgets is included.

Type of Cost / Income	2023-24 Budget	Estimated Cost of Inflation
Funding set aside for vehicle replacement	322,670	16,130
Grounds Maintenance	894,190	80,480
Interest and Borrowing Costs	5,017,590	301,060
Legal Costs	200,000	10,000
Non Pay Staff Related Costs	176,570	8,830
Pay and On Costs	8,885,990	622,020
Premises Costs	523,580	26,180
Provision for Bad Debt	652,780	0
Repairs and Maintenance	5,983,905	598,390
Revenue Funding of Capital Expenditure	3,900,000	0
Services Provided by PCC Internal Departments	1,761,350	158,520
Supplies and Services	519,210	25,960
Transport Costs	483,195	24,160
Other Income	-1,193,860	0
Rental Income	-27,924,470	0
Welsh Government Grant	-202,700	0
Grand Total	0	1,871,730

If we consider the projected inflationary costs and the rent increase projections, the 6.7% increase in rent, which is the maximum allowed by Welsh Government, almost covers the projected inflationary cost increases (£1,887,750. - £1,871,730 = £16,020 deficit).

Core HRA budgets and Expenditure to date.

The above table includes the budget set for this financial year, below is a table of the same budgets with the forecast expenditure to year end taking account of the levels of actual expenditure to September.

As can be seen we are currently forecasting an over spend on the Repairs and Maintenance budget (£876,667), we have put in measures to bring the budget back on track and we are confident that the budgets will balance by year end, however the table does illustrate how actual expenditure can vary from the set budget. The forecast also shows £564,527 less income than budgeted for, however performance in collecting rents is very good as can be seen from the details below.

Type of Cost/Income	2023-24 Budget	Forecast Expenditure	Forecast Variance from Budget (- overspend)
Funding set aside for vehicle replacement	286,820	286,820	0
Grounds Maintenance	894,190	899,685	-5,495
Interest and Borrowing Costs	5,017,590	4,825,663	191,927
Legal Costs	200,000	123,905	76,095
Non Pay Staff Related Costs	176,570	69,930	106,640
Pay and On Costs	8,496,870	7,759,943	736,927
Premises Costs	523,580	375,022	148,558
Provision for Bad Debt	652,780	652,780	0
Repairs and Maintenance	6,460,030	7,336,697	-876,667
Revenue Funding of Capital Expenditure	3,900,000	3,900,000	0
Services Provided by PCC Internal Departments	1,761,350	1,796,711	-35,361
Supplies and Services	519,210	601,920	-82,710
Transport Costs	432,040	303,701	128,339
Rental Income	-27,924,470	-27,359,943	-564,527
Other Income	-1,193,860	-1,370,133	176,273
Welsh Government Grants	-202,700	-202,700	0
Total	0	0	0

Rent Collection Performance

The Housing Service rent collection performance continues to be good. As of week 31, week commencing Monday 6th November our rent collection performance compared to the same period last year was:

Week 31 Income Recovery (Live Secure Tenancies only)

Income recovery is 93.36% of rent due; for the same period last year this was 94.00%.

Average rent arrears per tenant (£0.01 upwards) is £229.34 for last year this was £212.93.

Percentage of tenants in arrears (£0.01 upwards) is 54.25%; for last year this was 55.54%.

Week 31 Income Recovery (based on Welsh Government Income Collection Parameters)

Income recovery is 93.14% of rent due; for the same period last year this was 93.60%.

Budgetary pressures which will need to be considered in the HRA Business Plan.

There are additional pressures on the HRA which will need to be considered when setting the HRA business plan budgets. These include:

Compliance: Significant expenditure is required in order for the service to comply with the Fire Risk Assessments recommendations. As these works are improving the asset its likely that this additional expenditure can be capitalised, which means the work can be paid for via borrowing.

As a rough guide it costs approximately £60,000 revenue funding to borrow £1 million. So for example if the Fire Risk Assessment recommendations work was projected to cost £3 million an additional £180,000 revenue funding would be required.

Heating Services: The full costs of the contract recently entered into is still being considered however its expected that approximately an additional £300k will be required.

WHQS2: Welsh Government have recently issued guidance and details relating to the requirements for WHQS2. Currently there is no additional funding being made available by Welsh Government, the minister has stated that when considering Welsh Government Rent Setting Policy for the next 5 year period that the additional investment required by Social Landlords to achieve WHQS2 will be factored into the policy. This will however not cover all the costs that need to be factored into the HRA business plan budget setting process.

HRA Reserves

Currently the Housing Service has reserves of circa £4 million (£3,957,580.95) which is circa 14% of the total budget. This does not take into account any over or under spend in this years budgets (2023-24) as the forecast is to breakeven. HRA business plan guidance states that the minimum level of reserves should not be lower than £1 million. £1 million represents approximately two weeks rent collection.

Reserves does not include any provision for replacement vehicles, this will be calculated in the new year.

Once reserves are spent, they can only be accrued when there is a surplus. Given current inflationary pressures and the maximum rent increase allowed by Welsh Government it's unlikely that any additional reserves will be accrued in the immediate future.