

	<h2>Housing Committee</h2> <h3>1 February 2016</h3>
<p style="text-align: center;">Title</p>	<p style="text-align: center;">Annual Review of Council Dwelling Rents and Service Charges for 2016/17</p>
<p style="text-align: center;">Report of</p>	<p>Commissioning Director- Growth and Development</p>
<p style="text-align: center;">Wards</p>	<p>All</p>
<p style="text-align: center;">Status</p>	<p>Public</p>
<p style="text-align: center;">Urgent</p>	<p>No</p>
<p style="text-align: center;">Key</p>	<p>Yes</p>
<p style="text-align: center;">Enclosures</p>	<p>None</p>
<p style="text-align: center;">Officer Contact Details</p>	<p>Cath Shaw- Commissioning Director, Growth and Development - 020 8359 4716, cath.shaw@barnet.gov.uk</p> <p>Paul Shipway- Strategic Housing Lead- 020 8359 4924, paul.shipway@barnet.gov.uk</p> <p>Chloe Horner- Commissioning Lead, Housing, 020 8359 4775, chloe.horner@barnet.gov.uk</p>

<h2>Summary</h2>
<p>The report seeks approval of proposals for changes to council dwelling rents and service charges for adoption and to take effect from April 2016.</p>

<h2>Recommendations</h2>
<ol style="list-style-type: none"> 1. That the Committee consider and approve the proposed rent decrease in line with Government policy for existing Council tenants as set out in paragraph 1.3 to take effect from 1 April 2016. 2. That the Committee approves the proposal to set formula rents for council homes that become empty as set out at 1.4 and 1.5 below.

3. That the Committee approves the proposed increase in service charges as set out in paragraphs 1.9 and 1.10, to take effect from 1 April 2016.

4. That the Committee delegates authority to the Commissioning Director for Growth and Development, in consultation with the Chairman of the Housing Committee, to make any minor changes to the proposals for formula rents or affordable rents.

1. WHY THIS REPORT IS NEEDED

1.1 The Council is required to set council dwelling rents and associated service charges for council tenants on an annual basis. These are set out in a formal rent notice issued to all tenants before the start of the financial year.

1.2 The Local Government & Housing Act 1989 requires the Housing Revenue Account (HRA) to be maintained as a ring-fenced account and prescribe the debits and credits for it. The principal items of expenditure within the HRA are management and maintenance costs, together with charges for capital expenditure (depreciation and interest). This is substantially met by rent and service charge income from dwellings, garages and commercial premises.

Council dwelling rents

1.3 Council rents will fall by 1% a year for the next four years from April 2016, following which they are expected to increase by Consumer Prices Index¹ (CPI) + 1%. This is required by the Welfare Reform and Work Bill that is currently progressing through Parliament.

1.4 When a dwelling is re-let to a new tenant then the rent will be reset at the formula rent level, minus 1% for four years from April 2016 as required by the Government policy for social rents.

1.5 Where a dwelling rent is already above formula rent levels at the point it becomes empty, there will be no adjustment to the base rent when the property is re-let.

1.6 Once a property has been let, the rent will reduce by 1% a year at the start of the following financial year for the current tenant up to and including 2019/20.

The table below shows examples of how average and formula rents will change in 2016/17 when the 1% reduction is applied (based on a two bedroom property).

Scenario	2015/16	2016/17 with reduction applied	1%
Current average rent (for existing tenants)	£102.87	£101.84	

¹ CPI and RPI are both economic measures of inflation but they come up with different values because they use different items. For example, RPI includes council tax and mortgage interest payments and CPI does not. CPI generally comes up with lower figures than RPI and has become the main inflation measure used by the government.

Average formula rent (for new tenant on re-let)	£113.65	£112.51
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1.7 New homes being delivered on the Council's land will be subject to affordable rents set at 65% of average private sector market rents or the Local Housing Allowance (LHA) whichever is lower. In line with Government policy, the affordable rent that applies at the end of each financial year will be reduced by 1% at the start of the next financial year for the current tenant up to and including 2019/20.

Service Charges and Garages

1.8 Service charges and garage rents have been reviewed to ensure that costs are being recovered. The table² below outlines the changes that are recommended to take effect from 1 April 2016.

1.9 Grounds maintenance fees will increase by 46.3 %, an increase of £0.86 per week. This is due to the fact that there has been historic undercharging, as the service charges raised have not covered the actual costs of running the service. There has also been inaccurate apportioning of the service between the General Fund and Housing Revenue Account. This increase is intended to address these discrepancies.

1.10 All other housing related service charges and the rents for garages will be increased by 2%.

	2015/16	2016/17	Increase	% Increase
Grounds Maintenance	£1.85	£2.71	£0.86	46.3%
Lighting	£1.14	£1.16	£0.02	2%
Heating - Grahame Park	1 Bed- £11.96	1 Bed- £12.20	1 Bed- £0.24	2%
	2 Bed - £16.59	2 Bed - £16.92	2 Bed - £0.33	
	3 Bed - £17.91	3 Bed - £18.27	3 Bed - £0.36	
Heating – excluding Grahame Park	2%			
Digital Television	£0.82	£0.84	£0.02	2%
Weekly Caretaking	£6.48	£6.61	£0.13	2%
Caretaking Plus	£8.36	£8.53	£0.17	2%
Quarterly Caretaking	£1.31	£1.34	£0.03	2%
Enhanced Housing Management and Alarm Service (sheltered housing)	2%			
Garages	2%			

² All charges in this table are shown on 48 week basis and rounded to the nearest penny

2. REASONS FOR RECOMMENDATIONS

- 2.1 The proposed rent changes are in line with Government policy and the Council's Housing Strategy 2015 to 2025. The service charges have been reviewed to ensure that the revenue raised covers the cost of providing the services.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 The proposed rent changes are in line with Government policy. The Council could decide not to increase the grounds maintenance service charges but this would mean that the actual costs of delivering the service would continue to not be recovered and there would have to be a more significant increase in the future.

4 POST DECISION IMPLEMENTATION

- 4.1 Following approval the Council will instruct Barnet Homes to issue a statutory notice of variation to council tenants.

5 IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.1.1 The Corporate Plan 2015 to 2020 strategic objective to ensure that Barnet is the place of opportunity, where people are helped to help themselves, where responsibility is shared and where high quality services are delivered effectively and at a low cost to the taxpayer. Reviews of rent levels and service charges help ensure that there are the resources in place to deliver housing services for council tenants.

- 5.1.2 The Housing Strategy 2015 to 2020 sets out how the Council and partners will deliver the additional housing that is required in the borough due to the growing population. The strategy details how more affordable housing will be provided to increase the supply of homes to meet housing need, including the use of affordable rents to provide more homes for rent on Council land. Income from rents will also be used to maintain the condition of the existing housing stock.

- 5.1.3 The Health and Wellbeing Strategy recognises that the condition of and access to local housing has an important role in the quality of life and health of both individuals and communities. Barnet's Joint Strategic Needs Assessment 2015 to 2020 highlights the fact that there is a long term shift in housing tenure towards renting and away from owner occupancy (either outright or with a mortgage) reflecting a sustained reduction in housing affordability and an imbalance between housing demand and supply.

5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

- 5.2.1 Barnet Homes, the Council's Arm's Length Management Organisation will

administer the rents and service charges for council tenants.

5.2.2 Income raised from the service charges will be used to recover the costs of providing the services within the Housing Revenue Account (HRA).

5.2.3 Existing council rents are on average 30% of private sector rents, so charging affordable rents at 65% of private sector rents for new council homes delivered on its own land will raise additional income for the Housing Revenue Account that will contribute to the HRA Business Plan.

5.3 Social Value

5.3.1 There are no specific Social Value aspects to this report.

5.4 Legal and Constitutional References

5.4.1 The Localism Act 2011 introduced self-funding for council housing. The national subsidy system has been abolished and a new funding regime introduced giving local authorities more autonomy to set Council rents.

5.4.2 Under the Housing Act 1985 – Section 102, the Council is obliged to serve a statutory notice of variation on council tenants if it wishes to increase the rent. This will be done subject to the decision of this committee.

5.4.3 The Housing Act 1985 does not require that there be consultation in respect of rent payable under secure tenancies or for charges for services or facilities.

5.4.4 The Council's Constitution (Responsibly for Functions, Annex A) sets out the responsibilities of the Housing Committee including:

- Work with Barnet Homes, RSLs and social housing providers to ensure the optimum provision of housing and associated facilities for those who require social housing." The Housing Committee also has the specific responsibility to
- Approve fees and charges for those areas under the remit of the Committee for consideration by Policy and Resources Committee

5.5 Risk Management

5.5.1 There is a risk that increasing the service charges will make it more difficult for tenants to pay and impact adversely on the Housing Revenue Account (HRA) Business Plan by making service charge collection more difficult. This is considered to be a low risk as the increase is low and for most tenants housing benefit will continue to cover the costs, including the costs relating to grounds maintenance.

5.5.2 The Welfare Reform and Work Bill has not yet been enacted, and further changes may be made to the Bill relating to rents before it becomes law. The Commissioning Director for Growth and Development in consultation with the Chairman of the Housing Committee will have the delegated authority to make any minor amendments to how formula rents or affordable rents operate as a consequence of the Welfare Reform and Work Act.

5.6 Equalities and Diversity

5.6.1 The 2010 Equality Act outlines the provisions of the Public Sector Equalities Duty which requires Public Bodies **to have due regard** to the need to:

- eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010
- advance equality of opportunity between people from different groups
- foster good relations between people from different groups.

5.6.2 The relevant protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. The duty also applies to marriage and civil partnership, but only in relation to (a) above.

5.6.3 Consideration has therefore been given to the report's relevance to equality issues in accordance with the public sector equality duty. This report is primarily to set rents and associated charges which will be applied to all Council dwellings and will therefore affect all Council tenants. As the increases are not of a personal nature, it is not considered that they target or disproportionately affect any group of people based any of the protected characteristics.

5.6.4 However, it is recognised that increases in rents and service charges may present particular difficulties for people on low incomes, but that rents and the majority of tenant service charges are eligible for housing benefit.

5.7 Consultation and Engagement

5.7.3 Extensive consultation was undertaken in relation to the Housing Strategy, including a 12 week public consultation between 6 January 2015 and 31 March 2015. The consultation included an online survey as well as presentations to the Housing Forum and Barnet Homes Performance Advisory Group.

5.8 Insight

5.8.1 No specific insight data has been used in this report.

6 BACKGROUND PAPERS

6.1 Relevant previous decisions are listed in the table below.

Item	Decision	Link
Cabinet, 25 February 2014- Business Planning 2014/15- 2015/16	Approved proposed increases in council dwelling rents and service charges, and the proposed increase in council garage	http://barnet.moderngov.co.uk/documents/s13295/Budget%20report%20Feb%20Cab%20v5.pdf

	rents, all effective from 1 April 2014	
Cabinet Resources Committee, 25 February 2013	Approved proposed increases in council dwelling rents and service charges, and the proposed increase in council garage rents, all effective from 1 April 2013	http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=151&MId=6758&Ver=4
Cabinet, 25 February 2013 – Business Planning 2013/14 – 2015/16	Approved the Business Planning document for the Council’s business plan 2014/15 including the Housing Revenue Account (HRA) Business Plan.	http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=120&MId=6751&Ver=4
Cabinet Resources Committee, 24 June 2013	Approved a programme for Barnet Homes to build 41 new affordable dwellings on behalf of the Council.	http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=151&MId=7457&Ver=4
Housing Committee, 19 October 2015	Approved Housing Strategy	http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=699&MId=8268&Ver=4
Delegated Powers Report, 18 December 2015	Approved rent setting policy for new council homes built on HRA land	http://barnet.moderngov.co.uk/ieDecisionDetails.aspx?ID=6081