

	<h2>Housing Committee</h2> <h3>8 February 2017</h3>
<p style="text-align: center;">Title</p>	<p style="text-align: center;">Annual Review of Council Dwelling Rents and Service Charges for 2017/18</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;">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 Paul Shipway- Strategic Lead Housing - 020 8359 4924, paul.shipway@barnet.gov.uk</p>

<h2>Summary</h2>
<p>The report seeks approval of proposals for changes to council dwelling rents and service charges, as well as a new service charge, to take effect from April 2017.</p>

<h2>Recommendations</h2>
<p>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 1.6 to take effect from 1 April 2017.</p>
<p>2. That the Committee approves the proposed increases in service charges as set out in paragraph 1.8 to take effect from 1 April 2017.</p>
<p>3. That the Committee approves the introduction of a new service charge for door entry-phone systems installed from 1 April 2017 as set out in paragraph 1.11</p>

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 The Welfare Reform and Work Act requires that council dwelling rents are reduced by at least 1% a year (from the previous 12 months) for four years from April 2016, following which they are anticipated to increase by Consumer Prices Index¹ (CPI) + 1%.
- 1.4 When a dwelling is re-let to a new tenant then the rent will be reset at the formula rent level where it is below this level.
- 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 re-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 below² shows examples of how average and formula rents will change in 2017/18 when the 1% reduction is applied.

Scenario	2016/17	2017/18 with 1% reduction applied
Current average rent (for existing tenants)	£111.65	£110.53
Average formula rent (for new tenant on re-let)	£119.47	£118.28

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.

² All charges in this table are shown on 48 week basis

- 1.7 New homes being delivered on the Council's land alongside those acquired with HRA funding for use as affordable housing 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 table³ below shows the changes that are recommended to take effect from 1 April 2017:

	2016/17	2017/18	Increase	% Increase
Grounds Maintenance	£2.71	£2.77	£0.06	2.2%
Lighting	£1.16	£1.21	£0.05	4.3%
Heating - Grahame Park	1 Bed- £12.20	1 Bed- £12.20	1 Bed- £0.00	0%
	2 Bed - £16.92	2 Bed - £16.92	2 Bed - £0.00	
	3 Bed - £18.27	3 Bed - £18.27	3 Bed - £0.00	
Heating – excluding Grahame Park	0%			
Digital Television	£0.84	£1.47	£0.63	75%
Weekly Caretaking	£6.61	£6.71	£0.10	1.5%
Quarterly Caretaking	£1.34	£1.36	£0.02	1.5%
Enhanced Housing Management and Alarm Service (sheltered housing)	2.2% increase applied to existing charges for these services.			
Garages	2.2% increase applied to existing rents for garages			
Door Entry Systems (New Charge)	£2.22 per week (for all new and replacement systems installed from 01/04/2017)			

- 1.9 The proposed changes reflect increases in the cost of providing the services described. In the case of heating charges, no increases are recommended as the cost of fuel has not increased during 2016/17.
- 1.10 The cost of providing access to digital television has been reviewed, and it has been identified that the current service charge does not reflect the cost of providing this service. It is therefore recommended that the charge is increase by 63 pence a week, which represents a significant percentage increase.

³ All charges in this table are shown on 48 week basis and rounded to the nearest penny

- 1.11 It is proposed that a new charge is introduced for new and replacement installations of door entry phone systems. This charge will cover the on-going maintenance costs. New and replacement door entry phone systems will not be installed without first consulting with tenants and leaseholders.

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.
- 3.2 The Council could decide not to introduce a new charge for newly installed entry phone systems and fund these from existing HRA resources. However, this would be detrimental to the HRA and is not recommended. Other service charge changes are to ensure that costs are recovered.

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 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 Pursuant to sections 102 and 103 of the Housing Act 1985, 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 (15A Responsibly for Functions, Annex A) sets out the responsibilities of the Housing Committee including:
 - *Housing Strategy*
 - *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 specific responsibility to
 - *To consider for approval fees and charges for those areas under the remit of the 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 many tenants housing benefit will continue to cover the costs, including the costs relating to door entry systems.

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 limited extent.

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

5.7.1 There has not been any specific consultation on the issues arising in this report. The commissioning priorities and budget plans for the Housing Committee were included in the Council's budget consultation that took place between 15 December 2016 and 19 January 2017.

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 rents, all effective from 1 April 2014	http://barnet.moderngov.co.uk/documents/s13295/Budget%20report%20Feb%20Cab%20v5.pdf
Cabinet Resources Committee, 25	Approved proposed increases in council dwelling rents and service	http://barnet.moderngov.co.uk/ieListDocuments.aspx?

February 2013	charges, and the proposed increase in council garage rents, all effective from 1 April 2013	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
Housing Committee 1 February 2016	Approved rents and service charges for council dwellings from April 2016	http://barnet.moderngov.co.uk/ieListDocuments.aspx?CId=699&MId=8269&Ver=4

