



Housing and Growth Committee

16 November 2021

Title

Annual Review of Council Dwelling Rents and Service Charges and Temporary Accommodation rents for 2022/23

Report of

Chairman – Housing and Growth Committee

Wards

All

Status

Public

Urgent

No

Key

Yes – meets definition of key decision as it affects more than two wards

Enclosures

Appendix 1 – Equality Impact Assessment

Officer Contact Details

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Summary

The report seeks approval of proposed changes to council dwelling rents and service charges including temporary accommodation rents, to take effect from 1 April 2022.

Officers Recommendations

1. That the Committee notes and recommends to the Policy and Resources Committee for the approval of the Full Council the proposed rent increase in line with Government policy for existing council tenants as set out in paragraph 1.5 for social rent dwellings and 1.7 for Affordable Rent dwellings to take effect from 1st April 2022.
2. That the Committee notes and recommends to the Policy and Resources Committee for the approval of the Full Council the proposed rent increases for temporary accommodation as set out in paragraph 1.12 to take effect from 1st April 2022.

3. That the Committee notes and recommends to the Policy and Resources Committee for the approval of the Full Council the proposed service charges and garage rents as set out in paragraphs 1.16 to take effect from 1st April 2022.

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 and Housing Act 1989 requires the Housing Revenue Account (HRA) to be maintained as a ring-fenced account and prescribes the debits and credits to be applied to 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 Department for Levelling Up, Housing, and Communities' (DLUHC) Policy Statement on Rents for Social Housing 2020 (the 'Rent Policy Statement') permits all registered providers, including local authorities, from 2020 to apply annual rent increases on social and affordable rent properties of up to CPI (the general index of consumer prices, taken as of September of the previous year) plus one percentage point, for a period of at least five years. This limit is a ceiling and providers can apply a lower increase or freeze rent in line with the market in which they operate.
- 1.4 When a dwelling is re-let to a new tenant, in accordance with the Rent Policy Statement, the rent will be reset at the formula rent level if the previous rental charge is lower than formula rent, subject to the Rent Flexibility Level that may allow rents to be set at up to 5% above formula rent provided there is clear rationale for this that takes into account local circumstances and affordability.
- 1.5 It is proposed that Barnet continue to follow the national rent setting policy, and that social rent is increased by CPI + 1% for 2022/2023 for existing tenants. Based on CPI of 3.1% in September 2021, this would result in a rent increase of 4.1%.
- 1.6 The table below¹ shows examples of how weekly average and formula rents will change in 2022/23 when the 4.1% increase is applied.

Scenario	2021/22	2022/23 with 4.1% increase applied
Average current rent (for existing tenants) ¹	£104.36	£108.64
Average formula rent (for new tenant on re-let) ¹	£111.28	£115.85

¹ All charges in this table are shown on a 52-weeks basis and show an average of the rents charged across the stock.

- 1.7 The majority of properties within the Housing Revenue Account (HRA) are charged at a social rent; however, there is also a small proportion of newly developed properties which are based on an Affordable Rent level, meaning they cannot exceed 80% of the equivalent market rent. 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 as per the previous year; or set at an alternative rent level such as London Affordable Rent if Greater London Authority (GLA) conditions dictate this. This ensures these properties generate sufficient revenue to offset their ongoing associated costs without a wider impact on the HRA. It is proposed that for existing households, Barnet continue to follow the national rent setting policy, and that Affordable Rent is increased by CPI + 1% for 2021/22. Based on CPI of 3.1% in September 2021, this would result in a rent increase of 4.1%.
- 1.8 The table below¹ shows examples of how weekly average Affordable Rents will change in 2022/23 when the 4.1% increase is applied.

Scenario	2021/22	2022/23 with 4.1% increase applied
Average Affordable Rent	£200.76	£209.00

Temporary accommodation rents

- 1.9 Temporary accommodation is let at Local Housing Allowance (LHA) rates. From 1st April 2020, following a freeze between 2016 and 2020, LHA was increased to equal the 30th percentile of rents in each local area. The Office for Budget Responsibility's Economic and Fiscal Outlook of November 2020 confirmed that LHA rates will be frozen in cash terms from 2021/22 onwards.
- 1.10 All newly let Barnet temporary accommodation rents are let at the applicable LHA rate. Where temporary accommodation was already occupied prior to April 2021, the rents are charged at the LHA rate that was applicable at the time of the letting, as adjusted by any subsequent approved rent increases which were capped at the then-current LHA rate.
- 1.11 As of October 2021, there are 1,363 households subject to temporary accommodation rents, of which 482 properties are currently set at full LHA rates, and the remaining 881 are let below LHA rates.
- 1.12 It is proposed that those temporary accommodation rents for 2022/23 that are not currently at LHA rates are increased in line with the rent increase proposed for council dwellings at CPI +1%, up to a maximum of the applicable LHA level. Based on CPI of 3.1% in September 2021, this would result in a rent increase of up to 4.1%.
- 1.13 For those properties currently being charged below LHA rates, the proposed increase results in an average rent increase of £11.73 per week from £293.12 to £304.85. Due to the LHA cap, the average rent increase applied will be 3.99%. Following the rent increase, 762 properties' rents would remain below the April 2020 LHA rate. The average increases have been broken down by broad rental market area below:

Scenario	Broad Market Rental Area – CPI + 1% (4.1%)		
	Outer and North West	Inner London	Out of London

	London		
Number of rents increased	626	207	48
Average weekly rent increase	£11.56	£13.09	£8.05

Service Charges and garages

- 1.14 Service charges usually reflect additional services that may not be provided to every tenant, or that may relate to communal facilities. For properties let at social rents, service charges are subject to separate legal requirements and are limited to covering the cost of providing the services. For Affordable Rent properties, the rent is inclusive of service charges.
- 1.15 Service charges and garage rents have been reviewed to ensure that costs are being recovered. It is proposed that service charges are increased from 1 April 2022 to reflect the increased costs of providing the services, as outlined in the table² below:

Service	2021/2022	2022/23	Increase	% Increase
Alarm services (sheltered housing)	£3.16	£3.22	£0.06	2%
Caretaking (quarterly)	£1.40	£1.45	£0.05	3.5%
Caretaking (weekly)	£6.27	£6.49	£0.22	3.5%
Digital TV	£1.72	£1.76	£0.04	2.6%
Door entry systems	£2.60	£2.67	£0.07	2.6%
Enhanced housing management (sheltered housing)	£22.92	£23.72	£0.80	3.5%
Fire safety equipment	1 Bed £4.12	1 Bed £4.26	1 Bed £0.14	3.5%
	2 Beds £4.83	2 Beds £5.00	2 Beds £0.17	
	3 Beds £5.36	3 Beds £5.55	3 Beds £0.19	
Garages	4.1% increase applied to existing rent			
Grounds Maintenance	£3.06	£3.17	£0.11	3.5%
Heating Grahame Park	1 Bed £12.83	1 Bed £13.28	1 Bed £0.45	3.5%
	2 Beds £17.78	2 Beds £18.40	2 Beds £0.62	
	3 Beds £19.20	3 Beds £19.87	3 Beds £0.67	
Heating (excluding Grahame Park)	3.5% increase applied to existing variable charges			
Lighting	£1.42	£1.52	£0.10	7%

² All charges in this table are shown on a 48-weeks basis and are rounded to the nearest penny.

- 1.16 Alarm services (sheltered housing) – The Office for Budgetary Responsibility (OBR) expects CPI to continue above the government target of 2%. An increase of 2% is therefore recommended.
- 1.17 Caretaking – These costs relate to labour, materials, and fuel and fleet expenses. From 6 April 2022, employer National Insurance contributions will increase by 1.25%. The OBR expects CPI to continue above the government target of 2%. A combination of these factors has determined that a 3.5% increase in this service charge is required.
- 1.18 Digital TV and door entry systems – The Royal Institute of Chartered Surveyors' (RICS) Building Cost Information Service (BCIS) guidance provides guidance on the cost of rebuilding houses and flats and is commonly used across the housing sector used to facilitate accurate cost planning. The BCIS guidance indicates a 2.6% inflationary adjustment; the proposed 2.6% increase to service charges therefore reflects this.
- 1.19 Enhanced housing management (sheltered housing) – The Office for Budgetary Responsibility (OBR) expects CPI to continue above the government target of 2%. The OBR expects CPI to continue above the government target of 2%. A combination of these factors has determined that a 3.5% increase in this service charge is required.
- 1.20 Fire safety - No increase to the service charges for fire safety equipment was applied in 2021/22. The contracts for the servicing and maintenance of the relevant equipment are currently being tendered for the first time. The latest cost consultants' reports for Q3 2021/22 indicate that tender prices are showing a sustained increase due to unprecedented shortages of raw materials and labour, and rising fuel costs. There is a predicted 4% increase in tender costs per year for the next four years; the proposed 3.5% increase to service charges therefore reflects this.
- 1.21 Garages - The rental costs of garages are proposed to increase by CPI + 1% in line with the rent increase proposal.
- 1.22 Grounds maintenance – These costs relate to labour, materials, and fuel and fleet expenses. From 6 April 2022, employer National Insurance contributions will increase by 1.25%. The OBR expects CPI to continue above the government target of 2%. A combination of these factors has determined that a 3.5% increase in this service charge is required.
- 1.23 Heating (Grahame Park) - The cost of fuel for the Grahame Park communal heating system is fixed until March 2022, and it is anticipated that any new agreement will result in an increase in supply costs. Servicing and repair costs for this system are also likely to increase as the system ages, although a refurbishment is scheduled for the first half of 2022/23 which is expected to result in a reduction of necessary repairs thereafter. The BCIS guidance indicates a 2.6% inflationary adjustment; however, the latest government figures suggest that inflation is currently higher than this. A combination of these factors has determined that a 3.5% increase in this service charge is required.
- 1.24 Heating (excluding Grahame Park) – There has been a substantial rise in wholesale electricity and gas prices of around 41% since May 2020. Barnet Homes has fixed pricing in place with one provider until March 2022 and another provider until May 2023, when new prices will be issued. The BCIS guidance indicates a 2.6% inflationary adjustment; however, the latest government figures suggest that inflation is currently higher than this.

A combination of these factors has determined that a 3.5% increase in this service charge is required.

- 1.25 Lighting - Barnet Homes' electricity rates have been fixed until May 2023; however, there is an increase in pass-on costs including infrastructure from the regulator that will affect all energy suppliers; this is expected to be 7% for 2021 and 2022.

2. REASONS FOR RECOMMENDATIONS

- 2.1 The proposed rent changes for council dwellings are in line with Government policy, the council's Housing Strategy 2019 to 2024, and the HRA's 30-year Business Plan assumptions, and will assist Barnet Council to generate sufficient income to carry out needed investment works in properties, such as those relating to fire safety, and to plan and support the delivery of further affordable homes in the borough through the maintenance of a viable HRA. The service charges have been reviewed to ensure that the revenue raised covers the cost of providing these services.
- 2.2 The maximum permissible rent increase under the Government's policy is recommended to support the aims of the Housing Strategy to deliver more homes that people can afford, promote independence, tackle homelessness and rough sleeping in Barnet, and provide safe and secure homes by investing in planned improvements, day-to-day repairs, and fire safety measures. This will directly benefit all council tenants as the rental income for council homes is ring-fenced to the HRA, ensuring it is used for no other purpose. The proposed approach will also optimise the council's and Barnet Homes' ability to deliver the HRA Business Plan and implement the objectives and outcomes of the council's Local Plan, Corporate Plan, Homelessness Strategy, and Joint Health and Wellbeing Strategy.
- 2.3 The HRA Business Plan, last approved by the Housing and Growth Committee on 14 June 2021, is modelled on the assumption that rents for existing council homes will increase by CPI + 1% a year for five years from 2020/21. Income from council rents will help to secure the delivery of new affordable homes built or acquired through the HRA, which will help to reduce costs to the General Fund by providing an alternative to short-term temporary accommodation. The delivery of extra care housing and wheelchair-adapted homes will also help the council to meet savings targets for social care budgets by providing a more affordable alternative to residential care whilst also delivering a better outcome for vulnerable residents.
- 2.4 The council has made fire safety a top priority for its investment programme and has committed to going beyond its statutory obligations to meet best practice in fire safety measures. This includes a commitment to an investment programme totalling £51.9m, which is in part dependent upon anticipated additional income through rent increases of CPI +1%. The introduction of the Fire Safety Act 2021 and the Building Safety Bill are also expected to bring additional requirements for other enhanced aspects of building and fire safety, and ongoing management of the council's housing stock.
- 2.5 Other activities to be supported through the HRA Business Plan include investment in existing homes to ensure the Decent Homes Standard continues to be met and environmental targets are met including achieving EPC C targets by 2030 and the Government Clean Growth Strategy. The investment programme also includes provision

for environmental works in shared and communal spaces, as well as contributing towards achieving carbon neutrality across the stock by 2050.

- 2.6 The proposed increase of CPI +1% to temporary accommodation rents that are currently charged below LHA will generate an additional £537k for the General Fund in 2022/23, which will support the provision of temporary accommodation and homelessness services.
- 2.7 The proposed rent and service charge increase coincides with a general increase in living costs that is expected to affect tenants, particularly those who are already experiencing socio-economic disadvantage, and particularly those tenants living in larger properties which will be more greatly impacted by the proposed rent increase due to the higher rent charges for those properties. The direct impact on tenants will be mitigated in part due to the majority of council tenants (60%) and tenants living in temporary accommodation (91.5%) being in receipt of either full or partial Housing Benefit or the housing element of Universal Credit; the majority of service charges are also eligible for Universal Credit.
- 2.8 If tenants do find it more difficult to pay their rent, a range of services are provided to support them to maximise their income and sustain their tenancies. These include support with benefit entitlement and income maximisation, access to financial support including Discretionary Housing Payments, Council Tax support, the Crisis Fund, the COVID Winter Grant, the Major's Benevolent Fund, and DWP budgeting loan, and support services providing practical assistance to help people maintain their tenancies and with training and employment. Households are also expected to experience benefits from the continued impact of funding support from the Homelessness Prevention Grant and Household Support Fund which currently must be spent by March 2022. Preventative measures to increase tenancy sustainment are deployed to ensure that the need for tenancy enforcement measures remains very low, and a tailored approach is delivered by Barnet Homes to ensure individual needs are met. The support available is covered in more detail in section 5.6 of this paper.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 Alternative options considered include not raising the rent levels and/or service charges or raising them by a lower amount than has been proposed in this paper. However, these are not recommended as the proposed rent changes are in line with government policy, and any lower increase would create financial pressure on the HRA that could lead to its reduced viability and potentially have a detrimental impact on services or quality of homes and/or a reduced capacity to fund the delivery of additional homes.
- 3.2 Were a lower increase applied to the council rents, this would impact upon the HRA Business Plan as illustrated below; were any properties to be re-let in that period, the impact would be reduced as any rents currently charged below formula rent would be adjusted upon re-let.

Alternative Option	2022/23 HRA Impact	30-Year Cumulative HRA Impact
No rent increase	-£2.0m	-£65.7m
+CPI only (3.1%)	-£0.5m	-£16.7m

- 3.3 Similarly, if temporary accommodation rents that are currently below the LHA level were not increased and the properties continue to be occupied by the same households, this would reduce General Fund revenues by c.£537k in 2022/23, and an increase of CPI only (3.1%) would reduce General Fund revenues by c.£414k in 2022/23.
- 3.4 The proposed service charge changes are to ensure that costs are recovered, and any alternative would result in an inability to recover the full cost of providing essential services to tenants.

4. POST DECISION IMPLEMENTATION

- 4.1 As per the council's Constitution, changes to fees and charges approved by theme committees will be submitted to the Policy and Resources Committee to make a recommendation to the Full Council for approval in January 2022.
- 4.2 Following approval, the council will instruct Barnet Homes, the council's Arm's-Length Management Organisation, to issue a statutory notice of variation to council tenants a month in advance of the rent increase being applied.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.1.1 The Corporate Plan 2021 to 2025 includes priorities to ensure the borough is clean, safe, and well run, and is thriving as a place fit for the future. It aims to deliver growth to address the shortage of housing, and to address homelessness and the longer-term impacts of COVID-19. Reviews of rent levels and service charges help ensure that resources are in place to deliver housing services to council tenants, homelessness and temporary accommodation services to those who are in need, and new supply to meet growing demand for affordable housing.
- 5.1.2 The Housing Strategy 2019 to 2024 sets out how the council and its partners will improve the quality of housing available and deliver the additional housing that is required in the borough due to the growing population. The strategy details delivering more housing that

people can afford, 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 2021 to 2025 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.

5.1.4 Barnet's Joint Strategic Needs Assessment 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 will administer the rents and service charges for council tenants and the rents for tenants living in temporary accommodation.

5.2.2 Income raised from the service charges will be used to recover the costs of providing the services within the HRA. Income from dwelling rents is a key driver of the total income available to the HRA, making up 87% of total income budget in 2021/22.

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.

5.2.4 If the council were to increase rents only by CPI and not the additional permissible 1%, this would reduce HRA revenues by £16.7m over the 30-year Business Plan. This would mean an additional £16.7m of borrowings and associated interest costs would be required to deliver the major works programme, environmental works, and de-carbonisation works planned within the Business Plan and partly reliant on the additional income.

5.2.5 Income from council rents will help to secure the delivery of new affordable homes built or acquired through the HRA, which will help to reduce costs to the General Fund by providing an alternative to short-term temporary accommodation. The delivery of extra care housing and wheelchair-adapted homes will help the council to meet savings targets for social care budgets by providing a more affordable alternative to residential care as well as delivering a better outcome for vulnerable residents.

5.2.6 Income of c.£537k in 2022/23 from temporary accommodation rents will help to secure the delivery of temporary accommodation and homelessness services through the General Fund. This income will come in a period during which demand for services is expected to increase significantly as a result of COVID-19-related factors such as the end of the evictions ban and the ending of other government support measures during the pandemic.

5.2.7 The temporary accommodation subsidy cap means that properties that are let at rents above this, up to the LHA level, will result in a temporary accommodation subsidy loss.

The proposed temporary accommodation rent increase will result in a greater subsidy loss; however, this will be offset by increased revenue for temporary accommodation and the Flexible Homelessness Support Grant (FHSG). In 2020/21, the total subsidy loss was £3,179,642 with receipt of £3,358,319 in FHSG to offset this.

5.3 Legal and Constitutional References

- 5.3.1 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.
- 5.3.2 Under section 24 of the Housing Act 1985, a local housing authority may make such reasonable charges as they may determine for the tenant or occupation of their houses. They shall from time-to-time review rents and make such changes, either of rents generally or of particular rents, as circumstances may require.
- 5.3.3 Under section 13 of the Housing Act 1988, for the purpose of securing an increase in the rent under an assured or assured shorthold tenancy, the landlord may serve on the tenant a notice in the prescribed form proposing a new rent to take effect at the beginning of a new period of the tenancy specified in the notice. The local authority must serve a notice of variation at least four weeks before the date on which the rent change takes effect.
- 5.3.4 Under section 103 of the Housing Act 1985, the terms of a secure tenancy which is a periodic tenancy may be varied by the landlord by a notice of variation served on the tenant. The landlord authority is required to serve a preliminary notice on a secure tenant giving them advance notification of any change proposed to be made to the terms of their tenancy and inviting their comments. The landlord authority shall consider any comments made by the tenant within a specified time. A preliminary notice is not, however, required for variation of rent or payments in respect of services or facilities provided by the landlord; however, a notice of variation must be provided, and must set out what the change is and the date on which it takes effect. The period between the date on which the notice is served and the date on which it takes effect must be at least four weeks or the rental period, whichever is the longer.
- 5.3.5 Section 105 of the Housing Act 1985 requires a landlord authority to maintain such arrangements as it considers appropriate to enable those secure tenants who are likely to be substantially affected by matters of housing management to be informed and consulted about the proposals, and before deciding on the matter, the landlord authority must consider any representations made. The legislation sets out the matters of housing management this relates to; however, this does not extend to the rent payable under a secure tenancy or to charges for services.
- 5.3.6 The Local Government and Housing Act 1989 requires the council to prevent a debit balance within the Housing Revenue Account, and to act reasonably in making assumptions and estimates and to act prudently.
- 5.3.7 Under section 23 of the Welfare Reform and Work Act 2016, registered providers of social housing were obliged to reduce social rent by at least 1% from the rent payable by the tenant in the preceding 12 months for the years beginning 1st April 2016 to 1st April 2019. In October 2017, the then-Ministry of Housing, Communities, and Local

Government (now the DLUHC) announced its intention to set a long-term rent deal for local authorities and housing associations. This permitted annual rent increases of up to (the preceding September's) CPI + 1% from 2020 for a period of up to 5 years. Registered providers must set rents from 1 April 2022 in accordance with the DLUHC's Direction on the Rent Standard and Rent Policy Statement. In making reasonable charges officers have given consideration to the Government's policy aims of introducing social housing rents that will ultimately produce rents being set on a nationally determined basis, whilst taking into account local factors. This aim is not prescriptive in so much it remains the responsibility of the local housing authority to set rents.

5.3.8 The aim of the formula-based approach within the Rent Policy Statement is to ensure that similar rents are paid for similar properties. The current formula is devised on the basis that rents take account of the condition and location of a property, local earnings, and the number of bedrooms in a property. The proposals set out in this report are in accordance with the Rent Policy Statement.

5.3.9 The main duties upon local authorities as landlords in relation to fire safety are covered by the Regulatory Reform (Fire Safety) Order 2005, Fire Safety Act 2021, and the Housing Act 2004. Local housing authorities as landlords also need to comply with other statutory requirements that are set out in the Gas Safety (Installation and Use) Regulations 1998, the Electrical Equipment (Safety) Regulations 1994, and the Furniture and Furnishings Act 1988.

5.3.10 The council's Constitution (Article 7 - Committees Sub-Committees Area Committees and Forums and the Local Strategic Partnership) sets out the responsibilities of the Housing and Growth Committee which include:

- Responsibility for housing matters including housing strategy, homelessness, social housing and housing grants, commissioning of environmental health functions for private sector housing.
- To submit to the Policy and Resources Committee proposals relating to the Committee's budget (including fees and charges) for the following year in accordance with the budget timetable.

5.3.6 The council's Constitution (Article 17 - Financial Regulations) also states:

- 2.3.6 - Changes to fees and charges should be included in the budget proposals submitted by theme Committees or the relevant committee to the Policy & Resources Committee. The budget recommended by Policy and Resources Committee to Full Council will incorporate the latest projection of income from fees and charges. Full Council will approve all fees and charges as part of the budget report.
- The budget recommended by the Policy and Resources Committee to Full Council will incorporate the latest projection of income from fees and charges. Full Council will approve all fees and charges as part of the budget report.

5.4 **Insight**

5.4.1 No specific insight has been used in this report.

5.5 Social Value

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

5.6 Risk Management

5.6.1 The proposed rent and service charge increase is likely to more greatly affect households that are already experiencing socio-economic disadvantage, particularly at a time when general living costs are increasing, and with the greatest impact on larger households where the rent charges are higher. Barnet Homes will work with all tenants who may suffer financial hardship during their tenancy at the earliest opportunity to mitigate the risk of increased hardship.

5.6.2 Of all council tenants, 60% are currently in receipt of either full or partial Housing Benefit or the housing element of Universal Credit, and of all tenants living in temporary accommodation, 91.5% are currently in receipt of either full or partial Housing Benefit or the housing element of Universal Credit; as such, we do not expect the majority of individuals to be directly affected by any increase to the rental charge.

5.6.3 There is also a risk that increasing the service charges will make it more difficult for tenants to pay by making service charge collection more difficult. This is considered to be a low risk as for most tenants Housing Benefit or Universal Credit will continue to cover the costs, including the costs relating to grounds maintenance.

5.6.4 For those affected, Barnet Homes provides services to manage the range of demands from council tenants and temporary accommodation clients, including income maximisation and tenancy sustainment. Barnet Homes promotes information to tenants through a variety of mediums about how they can access support, including the quarterly housing newsletter AtHome, the Barnet Homes website, through interactions with Housing Officers and the Income Collection Service, and through advice provided alongside the notice of rent increase that is sent in advance to tenants. A range of operational mitigations are in place regarding the risk to rent collection, including:

- Raising tenant awareness of their benefit entitlement and supporting them to receive the maximum financial support available depending on their individual circumstances, including accessing as appropriate Discretionary Housing Payments, Council Tax support, Council Tax discretionary relief, Council Tax severe mental impairment exemption, Crisis Fund, COVID Winter Grant, the Mayor's Benevolent Fund, DWP Universal Credit direct housing payments, and DWP Budgeting Loan;
- Referring tenants in need of further assistance to in-house support services where appropriate;
- Early intervention work in partnership with the Department of Work and Pensions to support tenants at risk of or in rent arrears;
- Working in partnership to support tenants at risk of or in rent arrears with the JobCentre Plus, Barnet and Southgate College, and local community organisations through the BOOST service which assists unemployed residents in local areas to find work, and provides housing support, benefits advice, and training opportunities, including support with digital inclusion and improving tenants' digital capacity;

- Working in partnership with Family Services Welfare Benefit Advisers where those in difficulty have children;
- Provision of floating support services to provide practical assistance and support to help people maintain their homes and their independence;
- Allocation of foodbank vouchers; and
- Development of a Sustainable Tenancies Strategy to maximise income collection and target early intervention and support for those in most need.

5.6.4 Barnet has also been allocated £1.2m in Homelessness Prevention Grant to be spent on preventing private tenants from becoming homeless and £2.45m from the Household Support Fund which may be used to support households, for example, through small grants to meet daily needs such as food, clothing, and utilities; whilst this funding currently must be spent by March 2022, it will assist those currently under financial pressure to sustain their tenancies and is likely to have a sustained impact on household finances into 2022/23.

5.6.5 The risk that increasing rental charges could make it more difficult for tenants to pay would impact adversely on the HRA Business Plan as rent collection may be more difficult and rent arrears may increase; the support available for tenants that is outlined above should help to mitigate this risk.

5.7 Equalities and Diversity

5.7.1 The Equality Act 2010, Section 149 outlines the provisions of the Public Sector Equality Duty which requires Public Bodies to have due regard to the need to:

- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- foster good relations between persons who share a relevant characteristic and persons who do not share it.

5.7.2 The relevant protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation, and marriage and civil partnership.

5.7.3 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 using a fair method within a viable and sustainable HRA, that will be applied to all council dwellings and will therefore affect all council tenants. The increase being applied is proportionate across all properties, and as the increases are not of a personal nature, it is not considered that they target any group of people based any of the protected characteristics.

5.7.4 Whilst the rent increase does not target any specific group, the increase will have more of an impact on households on lower incomes. The potential for a detrimental impact exists in as much as an increase in rent will put pressure on those individuals in, or at risk of, financial hardship, which may also be increased due to impact of the COVID-19 pandemic. The rent increase will also have more of an impact on households living in larger properties, which will experience a higher increased rental cost per week due to

the higher rents that are applied to these properties; this will affect some sub-groups of the tenant population more than others due to the property size generally held more commonly by those sub-groups.

5.7.5 However, rents and the majority of tenant service charges are eligible for Universal Credit (water rates, heating, and alarm charges are not), and rent levels will remain well below market rent and for the majority of tenants will remain below the LHA level for the borough. In addition, Barnet Homes' in-house Income Collection Team takes a proactive, supportive approach to preventing rent arrears and offering financial inclusion through money advice, referrals for support, and assistance in maximising income (through benefit claims, or advice on management of other debts, for example). This should help to mitigate any detrimental effects that may be experienced.

5.8 Corporate Parenting

5.8.1 The council assigns the highest priority for council housing to foster carers (if they require a larger property to foster more children) through its Housing Allocation Scheme. Council housing remains the most affordable housing option for care leavers and all rents and the majority of tenant service charges proposed remain eligible for housing benefit. Care leavers are placed into suitable accommodation when leaving care to allow a successful transition to independent living whilst also developing their skills by providing the right support to help them maintain their tenancies.

5.9 Consultation and Engagement

5.9.1 There has not been any specific consultation on the issues arising in this report as consultation is not required under The Direction on the Rent Standard 2019 set by the Secretary of State in line with section 197(a) of the Housing and Regeneration Act 2008.

5.10 Environmental Impact

5.10.1 Implementing the recommendations in this report will lead to a positive impact on the council's carbon and ecology impact.

5.10.2 The current HRA Business Plan includes funding for the delivery of improvements aimed at enhancing the energy efficiency of the stock over the next 30 years. This includes a provision of £13.4m for the delivery of environmental works to shared and communal spaces on estates along with a provision of an initial £27m towards achieving the Government's Clean Growth Strategy target of reaching EPC C standards by 2030. Further investment will be required from the HRA over time to achieve the Government's 2050 target of carbon neutrality across all housing stock. The HRA rental income derived from the recommendations in this paper will prove necessary to ensure the relevant initiatives can be adequately funded.

6. BACKGROUND PAPERS

6.1 Relevant previous decisions are listed in the table below.

Item	Decision	Link
Housing and Growth Committee, 14 June 2021	Approved Housing Revenue Account (HRA) Business Plan	https://barnet.moderngov.co.uk/ieListDocuments.aspx?Clid=696&MId=10845&Ver=4
Housing and Growth Committee, 14 June 2021	Recommended rents for temporary accommodation from April 2021	https://barnet.moderngov.co.uk/ieListDocuments.aspx?Clid=696&MId=10845&Ver=4
Housing and Growth Committee, 25 January 2021	Recommended rents and service charges for council dwellings from April 2021	https://barnet.moderngov.co.uk/ieListDocuments.aspx?Clid=696&MId=10228&Ver=4
Housing and Growth Committee, 1 April 2019	Approved Housing Strategy 2019-2024	https://barnet.moderngov.co.uk/ieListDocuments.aspx?Clid=699&MId=9740&Ver=4