

<b>ISLE OF ANGLESEY COUNTY COUNCIL</b>	
<b>Report to:</b>	<b>The Executive</b>
<b>Date:</b>	<b>17<sup>th</sup> February 2020</b>
<b>Subject:</b>	<b>Housing Rent HRA and Housing Service Charges 2020/21</b>
<b>Portfolio Holder(s):</b>	<b>Councillor Alun Mummery</b>
<b>Head of Service:</b>	<b>Ned Michael, Head of Housing Services</b>
<b>Report Author:</b> Tel: E-mail:	<b>Darren Gerrard, Rent Income &amp; Financial Inclusion Team Manager</b> <b>01248 752265</b> <b>dkghp@anglesey.gov.uk</b>
<b>Local Members:</b>	

<b>A –Recommendation/s and reason/s</b>
<p>Members of the Executive Committee are asked to approve the rent increase and service charges for 2020/21 as set out below :-</p> <p><b>R1</b> to approve the rent increase in line with the Welsh Government target rent based on collection over 51 weeks.</p> <p><b>R2</b> to approve increasing all rents below target of between £0.41 - £4.47 by 2.7% plus an amount up to the maximum of £2.00 per week to bring to target rent towards convergence.</p> <p><b>R3</b> to approve increasing all rents below target rent of between £3.87 - £5.01 by 2.7% plus £2.00 per week.</p> <p><b>R4</b> to approve that the rent for the 3 properties that are above target rent should remain at their current levels.</p> <p><b>R5</b> to approve an increase of 22p per week for the rent of all garages.</p> <p><b>R6</b> to approve that the service charges costs as noted within section 3.3 of the report be applied to all tenants who receive the relevant services.</p>

## **Reasons**

### **1.0 Background**

- 1.1** The Council is required under the Local Government and Housing Act 1989 to keep a Housing Revenue Account (HRA), which is ring-fenced for transactions specifically relating to Local Authority Housing.
- 1.2** On the 18<sup>th</sup> December 2019 a letter was received from the Welsh Government confirming that it had agreed the Welsh Government Policy for Social Housing Rents for 2020/21.
- 1.3** The Affordable Housing Supply Review has recommended a 5 year rent policy be implemented as it would provide certainty and stability for tenants and landlords. The review also recommended that landlords should consider value for money alongside affordability.
- 1.4** The formula for the annual rent increases will be set at the the consumer price index (CPI) of 1.7 % as was the value in September 2019 plus 1%.
- 1.4** As the Council's current rent levels are significantly below the intended policy target rents, to achieve convergence with other social housing providers will require that Council housing rents (which currently fall below the policy target rents) to be subject to an additional weekly increase up to a maximum of £2 above inflationary rent increases.

### **2.0 Rent increase for Anglesey tenants**

- 2.1** The Welsh Government target rent (as shown in table below) is based on rent being charged over 51 weeks. If we apply this to the rent increase and collect over 51 weeks to take account the rent free week over the Christmas period, we will generate approximately £500k of additional annual rental income.

	Houses and Bungalows (£)					Flats (£)				Bedsits
	1Bed	2Bed	3Bed	4Bed	5+Bed	1Bed	2Bed	3Bed	4+Bed	
<b>WG Target Rent (52 Weeks)</b>	£86.48	£96.09	£105.70	£115.30	£124.91	£78.24	£86.94	£95.63	£104.32	£69.55
<b>Target Rent (51 Weeks) Collection</b>	£88.18	£97.98	£107.78	£117.56	£127.36	£79.78	£88.65	£97.51	£106.37	£70.92
<b>Proposed Average Current Rent (51 Weeks)</b>	£88.07	£94.48	£101.20	£107.86	£114.21	£79.78	£87.43	£94.36	£106.37	£70.92

**2.3** Using the 51 week collection target rent, the proposed rent increase for 2020/21 will be an average weekly increase of £2.92. This will increase the average weekly rent from £91.53 to £94.45 which is still below the mid point of the policy rent band. The rent band for Isle of Anglesey County Council is between £93.15 (low end), £98.06 (mid point) and £102.96 (high end).

**2.4** In addition, this level of rent increase is being used as the model for the Housing Business Plan. If this method is not followed, alternative methods may be required to finance the business plan.

**2.5** For the properties which are significantly below the policy target rent and in order to move towards the target rent for these properties, it is proposed to increase the current rents by the following methods :-

- 1) For 1851 properties where the difference between the current rent and the target rent is between £0.41 to £4.47 per week, the current rent will be increased by 2.7% plus an amount up to the maximum of £2.00 per week.
- 2) For the 1998 properties where the difference between the current rent and the target rent is between £3.87 to £5.01 per week the current rent will be increased by the formula 2.7% + £2 per week.
- 3) For the 3 properties where the current rents are above the target rent, the Welsh Government expects all Local Authorities to increase these rents at a reduced rate. We propose not to apply any increase to these rents until they are aligned with the target rent.

**2.6** Using the above methods will move the Authority towards achieving the Target rent and reach rent convergence in rent levels. The rent convergence

is expected to be achieved by approximately 2022/23 and increased in line with target rents thereafter.

**2.7** The rent policy will generate an annual rental income of approximately £18.6m for the HRA during 2020/21.

**2.8** When re-letting void properties it is proposed that the rent will be set in accordance with the target policy rent which will eliminate the complication of the transitional increases.

### **3.0 Service Charges**

**3.1** The charges for services that the Authority provides during 2020/21 are based on actual costs incurred during 2018/19 and is shared equally among tenants and leaseholders. It should be noted that the majority of these costs are eligible for housing benefit.

**3.2.** All costs for providing these services has decreased compared to last years figures. The total income that will be generated is approximately £204k.

**3.3** Proposed 2020/2021 weekly charges, based on 51 weeks, are:

Lift maintenance - £0.28 - £3.54

Cleaning of communal areas - £2.57 – £6.42

Fire alarms and fire equipment - £1.81

Door entry systems - £0.63

Sewerage Charges - £1.25

Heating & Lighting of communal areas - £1.10

TV Aerial's within communal areas - £0.38

Painting of communal areas – £0.13 - £0.47

Ground Maintenance (Domestic Properties) - £2.63

Ground Maintenance (Sheltered Properties) - £0.15 - £3.23)

Management costs at 15% of each service charge.

**3.4** Currently there are 61 leaseholders who will be charged for the services they receive by the Authority. This will generate an additional annual income of approximately £11k.

### **4.0 Garages**

**4.1** The Welsh Government Rent Policy does not provide any guidance on how to increase garage rents. The Council is therefore proposing to increase the garage rent by 22p per week which is in line with the increase being applied to Council dwellings of 2.7%. This will increase the rent from £8.20 per week to £8.42 and will generate income of £218k after deducting voids. As at 9<sup>th</sup>

January 2020 there are 216 void garages.

## **5 Housing Benefit**

**5.1** Currently 2,920 of the Council's tenants (76%) will face no additional hardship as a consequence of the proposed rent increase and service charges, as they are in receipt of full or part Housing Benefit or in receipt of Universal Credit. Tenants who are not in receipt of housing benefit will have to meet the rent and service charges, unless of course they become eligible for benefit, following the increase.

**5.2** Due to the impact of the Government's Welfare Benefit Reform the provision for bad debts has therefore been increased to £279k (1.5%) for 2020/21 as we expect arrears will increase when tenants have to meet a greater proportion of rent themselves. This is a significant increase due to the potential affect of Universal Credit.

**5.3** Housing Services have three Financial Inclusion Officers who are available to provide information, advice and support to tenants around financial inclusion issues with a strong focus on increasing financial capability and budgeting skills to manage their finances and to access mainstream financial services. Links have also been developed to improve working practices at a strategic and operational level with both internal and external partners such as J E O'Toole, CAB, Mon Communities First, Gofal a Thrwsio, Age Cymru and utility companies.

### **B – What other options did you consider and why did you reject them and/or opt for this option?**

- 1) We considered the option not to increase the garage rent due to the condition of some of the garages but following enquiries with other Local Authorities, they all confirmed that they increase the rent in line with the dwelling rent increase of 2.7%. We have decided to adopt the same method to maximise the garage rental income.

**C – Why is this a decision for the Executive?**

The new Welsh Government Rent Policy has implications for the HRA Business Plan.

**D – Is this decision consistent with policy approved by the full Council?**

- 1) All Local Authorities, as instructed by the Welsh Government are required to implement the Rent Policy. Rejecting this policy would ultimately mean a loss of income for the Authority and inevitably affect the services provided. This would also undermine the HRA Business Plan and and potentially leave us subject to intervention by the Welsh Government if the policy was not adopted.
  
- 2) Rejecting this policy could also jeopardise the annual Major Repairs Allowance income of £2.66m received from Welsh Government as it could be seen that we aren't maximizing our income generation opportunities.

**DD – Is this decision within the budget approved by the Council?**

Yes

**E – Who did you consult?****What did they say?**

1	<b>Chief Executive / Strategic Leadership Team (SLT)</b> (mandatory)	
2	<b>Finance / Section 151</b> (mandatory)	
3	<b>Legal / Monitoring Officer</b> (mandatory)	
4	<b>Human Resources (HR)</b>	
5	<b>Property</b>	
6	<b>Information Communication Technology (ICT)</b>	
7	<b>Scrutiny</b>	
8	<b>Local Members</b>	
9	<b>Any external bodies / other/s</b>	

**F – Risks and any mitigation (if relevant)**

1	<b>Economic</b>	
2	<b>Anti-poverty</b>	
3	<b>Crime and Disorder</b>	
4	<b>Environmental</b>	

5	<b>Equalities</b>	
6	<b>Outcome Agreements</b>	
7	<b>Other</b>	

<b>FF - Appendices:</b>

<b>G - Background papers (please contact the author of the Report for any further information):</b>
Notification letter 2020/2021 Copy of final Rent Policy Tables 1 – 4 2020/2021



Llywodraeth Cymru  
Welsh Government

Chairs of Registered Social Landlords  
Director of Finance of Local Housing Authorities  
Director Housing of Local Housing Authorities

18 December 2019

Dear Colleagues

### **Rent Policy for Social Housing Rents from 2020-2021**

The purpose of this letter is to advise social landlords of the maximum rent levels that tenants can be charged from 6th April 2020 in order to comply with the Welsh Government's Policy for Social Housing Rents (Rent Policy).

I recognise the importance of the recommendations of the Independent Affordable Housing Supply Review. The Review Panel made a number of recommendations relating to Rent Policy, and rightly placed the needs of tenants and affordability at the heart of their recommendations.

The Review Panel recommended a 5 year rent policy be implemented as this would provide certainty and stability for tenants and landlords. The Review also recommended that landlords should consider value for money alongside affordability and make an unambiguous annual assessment on cost efficiencies as part of their rationale for justifying any rent increases. My decision on rent policy also takes into account the findings of a report I commissioned Heriot Watt University to undertake of Welsh Government Rent Policy.

All of these considerations highlight the need to balance the needs of landlords and the interests of tenants. I have also been anxious to ensure that my decision on rent levels should be considered within the context of our broader housing policies. We are still not building enough homes and I am concerned in particular by the wider impacts arising from the shortage of social housing. We are clear about the requirements of building homes that are near zero carbon. We must also respond to the need to decarbonise our existing housing stock. In addition you will all be aware of the pressures arising from growing levels of homelessness and the stronger partnership working we are encouraging as a result.



There must be a clear balance between the interests of landlords and residents. Affordability for tenants must take into account the whole cost of living in a property e.g. rent, service charges and energy costs of properties, and I expect landlords to consider these costs when setting rents each year. **Affordability is an issue I take very seriously and I am mindful of not placing excessive financial burdens upon tenants.**

### **Rent Policy for Social Housing Rents from 2020-21**

Having considered all of these wider factors and in order to encourage sustainable long term planning I have decided that we should set rent policy for a five year period beginning in April 2020.

In relation to the detailed arrangements I have agreed:

1. An annual rent uplift of up to CPI+1%, each year for 5 years from 2020-21 to 2024-25 using the level of CPI from the previous September each year. September 2019 was 1.7%.
2. CPI+1% will be the maximum increase allowable in any one year but CPI+1% must not be regarded as an automatic uplift to be applied by social landlords. Landlords decisions on rent should take into account the affordability of rents for tenants as set out below.
3. The level of rents for individual tenants can be reduced or frozen or can rise by up to an additional £2 over and above CPI+1%, on condition that total rental income collected by the social landlord increases by no more than CPI+1%. This provision is designed to enable social landlords to restructure rents payable where necessary.
4. Should CPI fall outside the range of 0% to 3%, the Minister with responsibility for housing will determine the appropriate change to rent levels to be applied for that year only.
5. Social landlords should advise the Welsh Government where they have concerns about the impact that rent policy has upon their business plan or financial viability, or on their ability to meet their obligations to tenants and lenders.
6. As an intrinsic part of the five year rent policy, social landlords will be expected to set a rent and service charge policy which ensures that social housing remains affordable for current and future tenants. As part of their annual decision on the level of rent uplift/reduction to be applied they should make an assessment of cost efficiencies, value for money and affordability for tenants which should be discussed at the Board/Cabinet/Council.

This new rent policy will apply for 5 years from 6 April 2020 with rents due to be set for one financial year at a time from that point in line with these policy requirements . The maximum uplift of CPI + 1% has been incorporated within the rent modelling for 2020-21 to 2024-25 and a revised Target Rent Band has been calculated for each social landlord. The rent policy Tables 1 to 4 are attached to this letter.

## **Wider Rental Agreement**

The Welsh Government values the role played by social landlords in building additional homes, shaping our communities and contributing to our wider social and economic objectives as a government. In recognition of the greater stability and certainty provided by this revised policy on rents I am pleased we have been able to agree with your representative organisations a series of new initiatives intended to deepen our joint working. In addition to all those areas where we already work with social landlords we have been able to agree that all social landlords will:

- Strengthen your approaches designed to ensure you minimise all evictions and deliver on a new agreement not to evict into homelessness;
- Undertake a standardised tenant satisfaction survey and provide the data for publication on a central website to assist tenants in scrutinising and comparing landlord performance. First survey results to be available for publication by April 2021 and surveys to be carried out at least bi-annually thereafter;
- Build on your existing commitment to delivering high quality homes, with an aspiration that DQR 2020 **space** standards will apply across tenure<sup>1</sup> on sites which attract Welsh Government funding, on a phased basis from 2021; and
- Work towards an aspiration that all new build housing, regardless of tenure, achieves energy efficiency standards of no less than EPC A on sites which attract any Welsh Government funding from April 2021.

## **Monitoring Compliance**

All social landlords will be required to prepare an annual assessment of affordability, cost efficiencies and demonstrate their homes and service represent value for money as part of their decision on the rent uplift to be applied each year. All social landlords should justify their rent increases via robust annual assessments on cost efficiencies.

Social landlords should remember that the rent policy settlement is a **maximum** amount which can be charged, it is not a target rent. The Welsh Government expects social landlords to undertake comprehensive assessments each year which puts affordability for tenants at the core of their considerations.

Each social landlord will be required to complete a monitoring form which will be used to monitor compliance with Welsh Government Rent Policy. Monitoring will commence following discussions with your representative bodies shortly.

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<sup>1</sup> Please note that the full DQR 2020 standard includes other requirements in addition to space standards and these will need to be met in full for homes financed by schemes such as Social Housing Grant.

If you have any queries or concerns about rent policy and Welsh Government's expectations, please feel free to contact Kathryn Beard or Sarah Laing Gibbens.

Contact Details: Kathryn Beard / Sarah Laing Gibbens  
[kathryn.beard@gov.wales](mailto:kathryn.beard@gov.wales) / [sarah.lainggibbens@gov.wales](mailto:sarah.lainggibbens@gov.wales)

Yours faithfully



Julie James  
Minister for Housing and Local Government

**c.c.** Local Authority Council Leaders  
Local Authority Chief Executives  
Director of Housing (Transfer Local Authorities)  
Chief Executives of Registered Social Landlords  
Directors of Finance, Registered Social Landlords  
Local Authority HRA Business Plan contacts  
Welsh Local Government Association  
Community Housing Cymru  
Chartered Institute of Housing Cymru  
Tenants Participation Advisory Service  
Tai Pawb  
UK Finance  
Abbeyfield Co-ordinator Wales  
Prof Mark Stephens, Heriot Watt University

Policy for Social Housing Rents - Final

TABLE 1

Registered social landlords - policy rent summary - uplifted rents for 2020-21 (CPI + 1% = 2.7%)

Housing Association	Pre-SAP policy rents (£ per week)	Average SAP rating (a) (2018-19)	Difference due to SAP		Post-SAP policy rents (£ per week)	Post-SAP policy rent band, 2020-21			Stock at 31 March 2019 (units)	Current rent average, 2019-20 (£ per week)	Comparison against target rent band for 2020-21 if current rent is increased by 2.7%			
			(£ per week)	(per cent)		Low end (£ per week)	Mid point (£ per week)	High end (£ per week)			Uprated rent (£ per week)	Relative to band	£	Per cent
Aelwyd Housing Association	78.39	76.2	2.62	3.3%	81.01	76.96	81.01	85.06	244	74.94	76.96	Within	.	.
Ateb Group	91.65	78.0	3.57	3.9%	95.23	90.47	95.23	99.99	2,059	91.24	93.70	Within	.	.
Bro Myrddin Housing Association	89.86	69.0	1.08	1.2%	90.94	86.39	90.94	95.49	877	91.46	93.93	Within	.	.
Bron Afon Community Housing	95.30	71.1	1.75	1.8%	97.05	92.20	97.05	101.90	7,113	94.80	97.36	Within	.	.
Cadwyn Housing Association	100.73	77.0	3.63	3.6%	104.35	99.13	104.35	109.57	1,269	99.82	102.52	Within	.	.
Cardiff Community Housing Association	103.97	72.5	2.33	2.2%	106.29	100.98	106.29	111.61	2,812	101.70	104.45	Within	.	.
Cartrefi Conwy	93.25	71.2	1.75	1.9%	95.00	90.25	95.00	99.75	3,767	95.00	97.57	Within	.	.
Cartrefi Cymunedol Gwynedd	96.04	70.7	1.65	1.7%	97.69	92.81	97.69	102.58	6,304	91.24	93.70	Within	.	.
Charter Housing Association	97.10	75.2	2.96	3.1%	100.07	95.06	100.07	105.07	4,545	95.77	98.36	Within	.	.
Clwyd Alyn Housing Association	96.01	72.8	2.24	2.3%	98.26	93.34	98.26	103.17	3,695	97.25	99.88	Within	.	.
Coastal Housing Group	87.13	74.6	2.51	2.9%	89.64	85.16	89.64	94.13	4,804	88.37	90.76	Within	.	.
Cynon-Taf Community Housing Group	89.48	67.6	0.70	0.8%	90.18	85.67	90.18	94.69	1,789	87.36	89.72	Within	.	.
Derwen	90.35	79.2	3.86	4.3%	94.20	89.49	94.20	98.91	818	92.45	94.95	Within	.	.
Family Housing Association (Wales)	89.84	70.9	1.59	1.8%	91.43	86.86	91.43	96.01	2,210	92.31	94.80	Within	.	.
Grwp Cynefin	95.49	69.0	1.15	1.2%	96.63	91.80	96.63	101.47	3,250	92.15	94.64	Within	.	.
Gwalia Housing	90.66	75.0	2.72	3.0%	93.37	88.71	93.37	98.04	4,861	92.20	94.69	Within	.	.
Hafod Housing Association	98.39	79.0	4.13	4.2%	102.52	97.40	102.52	107.65	3,688	99.05	101.72	Within	.	.
Linc Cymru	95.96	71.5	1.88	2.0%	97.84	92.95	97.84	102.73	3,253	94.77	97.33	Within	.	.
Melin Homes	93.09	75.3	2.89	3.1%	95.98	91.18	95.98	100.78	3,143	92.76	95.26	Within	.	.
Merthyr Tydfil Housing Association	84.39	70.0	1.27	1.5%	85.66	81.37	85.66	89.94	1,001	86.56	88.90	Within	.	.
Merthyr Valleys Homes	90.01	73.8	2.37	2.6%	92.38	87.76	92.38	97.00	4,096	85.38	87.69	Below	-0.07	-0.1%
Mid Wales Housing Association	94.79	70.8	1.64	1.7%	96.43	91.61	96.43	101.25	1,458	90.58	93.03	Within	.	.
Monmouthshire Housing	104.31	75.9	3.41	3.3%	107.72	102.34	107.72	113.11	3,687	92.70	95.20	Below	-7.13	-7.0%
Newport City Homes	94.68	71.0	1.70	1.8%	96.39	91.57	96.39	101.21	8,847	92.99	95.50	Within	.	.
Newydd Housing Association	95.75	74.0	2.59	2.7%	98.33	93.41	98.33	103.25	2,703	94.63	97.19	Within	.	.
North Wales Housing Association	94.89	74.1	2.59	2.7%	97.48	92.61	97.48	102.36	1,985	91.94	94.42	Within	.	.
Rhondda Housing Association	88.62	73.0	2.13	2.4%	90.75	86.21	90.75	95.29	1,670	89.00	91.40	Within	.	.
Taff Housing Association	103.41	76.0	3.41	3.3%	106.82	101.48	106.82	112.16	995	102.97	105.75	Within	.	.
Tai Calon Community Housing	86.23	72.2	1.87	2.2%	88.10	83.70	88.10	92.51	5,891	82.20	84.42	Within	.	.
Tai Ceredigion	96.26	68.4	0.97	1.0%	97.23	92.37	97.23	102.09	2,246	97.21	99.83	Within	.	.
Tai Tarian	93.78	70.0	1.41	1.5%	95.19	90.43	95.19	99.95	8,948	90.20	92.64	Within	.	.
Trivallis	90.08	72.7	2.07	2.3%	92.15	87.54	92.15	96.76	10,038	89.41	91.82	Within	.	.
Ty Glas Housing Society	89.34	69.0	1.07	1.2%	90.42	85.89	90.42	94.94	166	90.38	92.82	Within	.	.
United Welsh Housing Association	94.15	81.0	4.52	4.8%	98.67	93.74	98.67	103.61	4,357	96.22	98.82	Within	.	.
Valleys to Coast Housing	94.99	74.0	2.56	2.7%	97.55	92.68	97.55	102.43	5,767	94.89	97.45	Within	.	.
Wales and West Housing	94.15	74.0	2.54	2.7%	96.69	91.86	96.69	101.53	10,228	98.09	100.74	Within	.	.

a) This is the average SAP rating over all general needs and sheltered properties provided by landlords with 100 or more units of such stock solely for the purpose of this calculation.

Minimum	78.39	67.6	0.70	0.8%	81.01	76.96	81.01	85.06	0	74.94	76.96	Below	2
Maximum	104.31	81.0	4.52	4.8%	107.72	102.34	107.72	113.11	0	102.97	105.75	Within	34
Total												Above	0

Source: Welsh Government Social Rent Model

Policy for Social Housing Rents - Final  
Locational index used in calculation of 2020-21 policy rent matrix

TABLE 2

Local authority	Separate components								Components combined into the locational index	
	House prices (a)		Private rents (b)		Workplace earnings (c)		Residence earnings (d)		Undamped	Damped
	£k	(Wales=100)	£pw	(Wales=100)	£pw	(Wales=100)	£pw	(Wales=100)		
Blaenau Gwent	77,989	57.9	86.5	76.6	349.9	94.2	351.6	93.7	80.6	87.1
Bridgend	118,875	88.3	113.1	100.1	385.7	103.8	384.3	102.5	98.6	99.1
Caerphilly	112,552	83.6	105.8	93.6	384.5	103.5	380.4	101.4	95.5	97.0
Cardiff	169,538	125.9	148.8	131.7	386.1	103.9	393.8	105.0	116.6	111.1
Carmarthenshire	117,532	87.3	101.9	90.2	372.3	100.2	379.8	101.3	94.7	96.5
Ceredigion	151,039	112.1	118.5	104.8	348.2	93.7	349.1	93.1	100.9	100.6
Conwy	135,966	101.0	121.2	107.2	337.3	90.8	356.6	95.1	98.5	99.0
Denbighshire	127,848	94.9	118.5	104.8	368.4	99.1	356.8	95.1	98.5	99.0
Flintshire	133,821	99.4	125.0	110.6	393.3	105.8	374.2	99.8	103.9	102.6
Gwynedd	133,030	98.8	105.8	93.6	342.3	92.1	344.0	91.7	94.0	96.0
Isle of Anglesey	135,814	100.8	115.0	101.8	351.9	94.7	361.8	96.4	98.4	99.0
Merthyr Tydfil	87,471	64.9	94.2	83.4	351.7	94.6	357.9	95.4	84.6	89.7
Monmouthshire	183,635	136.3	128.8	114.0	382.1	102.8	421.8	112.5	116.4	110.9
Neath Port Talbot	105,060	78.0	99.5	88.1	400.1	107.7	382.9	102.1	93.9	96.0
Newport	128,389	95.3	116.9	103.5	364.4	98.0	364.9	97.3	98.5	99.0
Pembrokeshire	132,949	98.7	109.6	97.0	351.9	94.7	349.2	93.1	95.9	97.3
Powys	150,220	111.5	99.2	87.8	364.2	98.0	377.8	100.7	99.5	99.7
Rhondda Cynon Taf	106,325	78.9	96.9	85.8	364.1	98.0	371.3	99.0	90.4	93.6
Swansea	121,639	90.3	120.0	106.2	368.2	99.1	371.9	99.1	98.7	99.1
Torfaen	117,670	87.4	112.7	99.7	374.8	100.9	374.2	99.8	96.9	98.0
Vale of Glamorgan	161,428	119.9	132.3	117.1	373.5	100.5	408.6	108.9	111.6	107.7
Wrexham	127,603	94.7	115.4	102.1	362.5	97.5	373.8	99.7	98.5	99.0
<b>Wales</b>	<b>134,682</b>	<b>100.0</b>	<b>113.0</b>	<b>100.0</b>	<b>371.6</b>	<b>100.0</b>	<b>375.1</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: Welsh Government Social Rent Model

Steps in calculation

- 1) Each component of the index is shown as its actual value based on the sources below, and expressed as an index relative to Wales = 100.
- 2) The four separate index values are then averaged together to derive the **undamped** locational index.
- 3) The locational index is then **damped** by a factor of one-third (applied to the undamped values) and is the final index used within the rent matrix calculations.

Data sources (all based on three year averages covering the stated period):

- a) House prices (2016-2018) Mean selling price for 2 bedroom dwellings based on data for loan advances from the Council for Mortgage Lenders
- b) Private rents (2016-2018) Median weekly rent data for 2 bedroom private sector properties from the Rent Officers Wales
- c) Earnings (workplace) (2016-2018) Lower quartile gross weekly full time earnings including overtime on a workplace-basis from the Annual Survey of Hours and Earnings, Office for National Statistics
- d) Earnings (residence) (2016-2018) Lower quartile gross weekly full time earnings including overtime on a residence-basis from the Annual Survey of Hours and Earnings, Office for National Statistics

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TABLE 3

Rent policy matrix calculations, 2020-21 (uplifted by CPI + 1% = 2.7%) (a) (b)

	Bedsits	Houses					Flats				Total for all houses, flats and bedsits (c)						
		1 bed	2 bed	3 bed	4 bed	5+ bed	1 bed	2 bed	3 bed	4 bed	Bedsits	1 bed	2 bed	3 bed	4 bed	5+ bed	All stock
Blaenau Gwent	61.19	76.08	84.54	92.99	101.44	109.90	68.84	76.49	84.13	91.78	61.19	71.27	81.79	92.99	101.44	109.90	84.89
Bridgend	69.65	86.60	96.22	105.85	115.47	125.09	78.35	87.06	95.77	104.47	69.65	79.15	91.54	105.66	115.47	125.09	94.36
Caerphilly	68.18	84.77	94.19	103.61	113.03	122.45	76.70	85.22	93.75	102.27	68.18	78.41	91.16	103.52	113.03	122.45	94.45
Cardiff	78.07	97.07	107.86	118.64	129.43	140.21	87.83	97.59	107.34	117.10	78.07	88.69	102.96	118.44	129.21	140.21	104.48
Carmarthenshire	67.81	84.32	93.69	103.06	112.43	121.79	76.29	84.76	93.24	101.72	67.81	77.71	91.72	102.98	112.43	121.79	93.48
Ceredigion	70.72	87.94	97.71	107.48	117.25	127.02	79.56	88.40	97.24	106.08	70.72	80.87	94.79	107.26	117.06	127.02	96.20
Conwy	69.58	86.52	96.13	105.75	115.36	124.97	78.28	86.98	95.67	104.37	69.58	79.92	91.49	105.53	115.28	124.97	93.58
Denbighshire	69.58	86.52	96.13	105.74	115.36	124.97	78.28	86.98	95.67	104.37	69.58	80.26	93.17	105.71	115.36	124.97	94.60
Flintshire	72.11	89.66	99.62	109.58	119.54	129.51	81.12	90.13	99.15	108.16	72.11	85.47	96.77	109.48	119.48	129.51	99.53
Gwynedd	67.49	83.92	93.25	102.57	111.90	121.22	75.93	84.37	92.80	101.24	67.49	77.19	90.03	102.29	111.75	121.22	95.15
Isle of Anglesey	69.55	86.48	96.09	105.70	115.30	124.91	78.24	86.94	95.63	104.32	69.55	82.42	93.12	105.62	115.20	124.91	97.03
Merthyr Tydfil	63.06	78.42	87.13	95.84	104.55	113.27	70.95	78.83	86.71	94.60	63.06	74.14	85.53	95.78	104.55	113.27	88.22
Monmouthshire	77.97	96.95	107.72	118.50	129.27	140.04	87.72	97.46	107.21	116.96	77.97	90.23	103.77	118.22	129.18	140.04	104.41
Neath Port Talbot	67.45	83.86	93.18	102.50	111.82	121.14	75.88	84.31	92.74	101.17	67.45	76.57	88.74	102.47	111.82	121.14	92.02
Newport	69.60	86.54	96.15	105.77	115.38	125.00	78.29	86.99	95.69	104.39	69.60	79.10	90.51	105.40	115.34	125.00	94.34
Pembrokeshire	68.35	84.99	94.43	103.87	113.32	122.76	76.89	85.44	93.98	102.52	68.35	78.75	92.01	103.66	113.32	122.76	93.76
Powys	70.06	87.11	96.79	106.47	116.15	125.83	78.82	87.57	96.33	105.09	70.06	81.27	93.85	106.31	116.15	125.83	96.39
Rhondda Cynon Taf	65.79	81.81	90.90	99.99	109.08	118.17	74.02	82.24	90.47	98.69	65.79	74.65	87.09	99.98	109.08	118.17	89.12
Swansea	69.66	86.62	96.25	105.87	115.49	125.12	78.37	87.08	95.79	104.50	69.66	78.90	92.73	105.39	115.49	125.12	93.10
Torfaen	68.85	85.60	95.11	104.63	114.14	123.65	77.45	86.06	94.66	103.27	68.85	78.46	91.00	104.39	114.06	123.65	95.06
Vale of Glamorgan	75.72	94.15	104.61	115.07	125.53	135.99	85.18	94.64	104.11	113.57	75.72	85.63	99.66	114.51	125.53	135.99	103.34
Wrexham	69.59	86.52	96.14	105.75	115.36	124.98	78.28	86.98	95.68	104.38	69.59	81.15	92.69	105.57	115.36	124.98	95.22
<b>Wales</b>	<b>70.70</b>	<b>86.92</b>	<b>96.11</b>	<b>105.77</b>	<b>116.99</b>	<b>129.69</b>	<b>79.32</b>	<b>87.62</b>	<b>97.36</b>	<b>110.87</b>	<b>70.70</b>	<b>80.69</b>	<b>92.75</b>	<b>105.62</b>	<b>116.95</b>	<b>129.69</b>	<b>95.32</b>

Source: Welsh Government Social Rent Model

- (a) The uplift of CPI of 2.7% is applied to the starting rent for this matrix, which is currently taken to be the average rent charged by all RSLs for all general needs and sheltered stock in 2019-20.
- (b) Year-on-year changes in this matrix will in the main be due to this 2.7% uplift, but will vary due to changes in the location index, so that larger increases will be present in those local authority areas where the location index has risen, and smaller increases will be present in those local authority areas where the location index has fallen.
- (c) The symbol "." occurs in the highlighted total columns in cases where no properties of a given size are present, as that prevents a meaningful total being calculated.

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TABLE 4

Local authorities - policy rent summary - uplifted rents for 2020-21 (CPI + 1% = 2.7%)

Registered social landlord	Pre-SAP policy rents (£ per week)	Average SAP rating (a) (2018-19)	Difference due to SAP		Post-SAP policy rents (£ per week)	Post-SAP policy rent band, 2020-21			Stock at 31 March 2019 (units)	Current rent average, 2019-20 (£ per week)	Comparison against target rent band for 2020-21 if current rent is increased by 2.7%			
			(£ per week)	(per cent)		Low end (£ per week)	Mid point (£ per week)	High end (£ per week)			Uprated rent (£ per week)	Relative to band	Below or above by: £	Per cent
Caerphilly	95.02	65.5	0.14	0.2%	95.17	90.41	95.17	99.92	10,692	88.27	90.65	Within	.	.
Cardiff	105.41	70.6	1.78	1.7%	107.19	101.83	107.19	112.55	13,394	103.50	106.29	Within	.	.
Cardiff	105.41	70.6	1.78	1.7%	107.19	101.83	107.19	112.55	13,394	103.50	106.29	Within	.	.
Carmarthenshire	94.39	65.0	0.00	0.0%	94.39	89.67	94.39	99.11	9,160	87.41	89.77	Within	.	.
Denbighshire	94.79	66.0	0.28	0.3%	95.07	90.32	95.07	99.83	3,376	89.81	92.23	Within	.	.
Flintshire	100.03	67.8	0.84	0.8%	100.87	95.82	100.87	105.91	7,241	93.71	96.24	Within	.	.
Isle of Anglesey	97.18	68.0	0.87	0.9%	98.06	93.15	98.06	102.96	3,818	91.75	94.23	Within	.	.
Pembrokeshire	94.57	75.0	2.84	3.0%	97.40	92.53	97.40	102.27	4,715	82.11	84.33	Below	-8.21	-8.9%
Powys	97.76	65.0	0.00	0.0%	97.76	92.87	97.76	102.65	5,352	89.66	92.08	Below	-0.79	-0.9%
Swansea	95.07	66.0	0.29	0.3%	95.35	90.58	95.35	100.12	13,525	91.92	94.40	Within	.	.
Vale of Glamorgan	105.55	70.6	1.77	1.7%	107.32	101.95	107.32	112.68	3,214	98.93	101.60	Below	-0.35	-0.3%
Wrexham	95.94	72.6	2.19	2.3%	98.12	93.22	98.12	103.03	11,109	91.06	93.52	Within	.	.

a) This is the average SAP rating over all general needs and sheltered properties provided by landlords with 100 or more units of such stock solely for the purpose of this calculation.

Minimum	94.39	65.0	0.00	0.0%	94.39	89.67	94.39	99.11		82.11	84.33	Below		3
Maximum	105.55	75.0	2.84	3.0%	107.32	101.95	107.32	112.68		103.50	106.29	Within		8
Total												Above		0

Source: Welsh Government Social Rent Model