

| ISLE OF ANGLESEY COUNTY COUNCIL | |
|--|---|
| Report to: | The Executive |
| Date: | 8th February 2016 |
| Subject: | Housing Rent HRA and Housing Service Charges 2016 - 2017 |
| Portfolio Holder(s): | Councillor Aled Morris Jones |
| Head of Service: | Shan LI Williams, Head of Housing Services |
| Report Author: Tel: E-mail: | Darren Gerrard, Financial Systems Manager 01248 752265 dkghp@anglesey.gov.uk |
| Local Members: | |

| A –Recommendation/s and reason/s |
|---|
| <p>Members of the Executive Committee are asked to approve the rent increase and service charges for 2016/17 as set out below :-</p> <p>R1 to approve the rent increase in line with the Welsh Government target rent based on collection over 51 weeks.</p> <p>R2 to approve increasing all rents below target of between £0.08 - £2.57 by 1.4% plus an amount up to the maximum of £2.00 per week to bring to target rent.</p> <p>R3 to approve increasing all rents below target rent of between £2.77 - £3.41 by 1.4% plus £2.00 per week.</p> <p>R4 to approve that the rent for the 142 properties that are above target rent should remain at their current levels.</p> <p>R5 to approve the proposal of not applying any increase to the garage rents.</p> |

R6 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.

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 16th December 2015 a letter was received from the Welsh Government confirming that it had agreed to maintain the Welsh Government Policy for Social Housing Rents for 2016/17.
- 1.3** The formula for the annual rent increases will be the consumer price index (CPI) value at the previous September plus 1.5%. In September 2015 CPI was -0.1% thereby giving a total of 1.4% for 2016/17.
- 1.4** As the Council's current rent levels are significantly below the intended policy target rents, to achieve harmonization 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 52 weeks. If we apply this to the rent increase and collect over 51 weeks, we will generate approximately £515K of additional annual income.
- 2.2** As Isle of Anglesey County Council collect the rent over 51 weeks, we are required to adjust the target rent to take into account the rent free week over the Christmas period and this effectively collects the same annual rent as the Welsh Government proposals. By applying these adjusted figures to the rent increase, we will generate approximately £556K of additional annual income. The difference in the target rent figures are shown in the table below :-

| | Houses and Bungalows (£) | | | | | Flats (£) | | | | Bedsits |
|--|--------------------------|--------|--------|---------|---------|-----------|--------|--------|--------|---------|
| | 1Bed | 2Bed | 3Bed | 4Bed | 5+Bed | 1Bed | 2Bed | 3Bed | 4+Bed | |
| WG Target Rent (52 Weeks) | £76.61 | £85.13 | £93.64 | £102.15 | £110.67 | £69.32 | £77.02 | £84.72 | £92.42 | £61.62 |
| Target Rent (51 Weeks) Collection | £78.11 | £86.80 | £95.48 | £104.15 | £112.84 | £70.68 | £78.53 | £86.38 | £94.23 | £62.83 |
| Average Current Rent (51 Weeks) | £73.94 | £76.63 | £82.87 | £87.12 | £94.55 | £69.75 | £73.23 | £80.17 | Nil | £64.24 |

2.3 Using the 51 week collection target rent, the proposed rent increase for 2016/17 will be an average weekly increase of £2.88. This will increase the average weekly rent from £75.49 to £78.37 which is still below the policy rent band. The rent band for Isle of Anglesey County Council is between £82.54 (low end), £86.88 (mid point) and £91.23 (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, the level of borrowing may have to increase 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 277 properties where the difference between the current rent and the target rent is between £0.08 to £2.57 per week, the current rent will be increased by 1.4% plus an amount up to the maximum of £2.00 per week.
- 2) For the 3366 properties where the difference between the current rent and the target rent is between £2.77 to £3.41 per week the current rent will be increased by the formula 1.4% + £2 per week.
- 3) For the 142 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 at a quicker rate and provide an opportunity to develop greater consistency in rent levels currently charged. The rent convergence is expected to be achieved by approximately 2021 and increased in line with target rents thereafter.
- 2.7** The new rent policy will generate an annual rental income of approximately £15.1m for the Authority during 2016/17.
- 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.
- 2.9** The new Welsh Government Rent Policy does not provide any guidance on how to increase garage rents. In order to fully recover the cost of maintaining and improving the standard of our garages a full assessment is required and this is envisaged to take place during 2016/17.
- 2.10** The Council is therefore proposing not to increase the garage rent due to the condition of the garages and the level of voids until the work is completed. Based on the current garage rent being charged of £7.41 per week for 767 garages we will generate income of £216k after deducting voids. As at 12th January 2016 there are 196 void garages.

3.0 Service Charges

- 3.1** The charges for services that the Authority provides during 2016/17 are based on actual costs incurred during 2014/15 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 reduced compared to last years figures. The total income that will be generated is approximately £95K.
- 3.3 Proposed 2016 - 2017** weekly charges, based on 51 weeks, are:

Lift maintenance - £0.43 - £1.74

Cleaning of communal areas - £1.60 – £4.78

Fire alarms and fire equipment - £0.23

Door entry systems - £0.02
Sewerage Charges - £4.53
Heating & Lighting of communal areas - £0.48
TV Aerial's within communal areas - £0.17
Painting of communal areas - £0.13 - £0.47
Ground Maintenance (Domestic Properties) - £2.26
Ground Maintenance (Sheltered Properties) - £0.13 - £2.25)
Management costs at 15% of each service charge.

3.4 Currently there are 64 leaseholders who will be charged for the services they receive by the Authority. This will generate an additional annual income of approximately £4.7k.

4.0 Housing Benefit

4.1 Currently 2,727 of the Council's tenants (73%) will face no additional hardship as a consequence of the proposed rent increase and service charges, as they are in receipt of Housing Benefit. 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.

4.2 In anticipation of the Government's Welfare Benefit Reform the provision for bad debts has therefore been increased to £136k (0.9%) for 2016/17 as we expect arrears will increase when tenants have to meet a greater proportion of rent themselves

4.3 Housing Services has a Financial Inclusion Officer developing links and improving 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. In addition, the CAB has been awarded a 12 month contract to provide debt advice within Housing Service and will commence imminently. This will provide the support required for tenants to manage their debts.

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

- 1) Consideration was given to which target rent figures would be used to calculate the rent increase. As the Authority provides a free rent week, the income generated from using the Welsh Government target rent over 51 weeks would

mean a reduction in the HRA of £40k and also would mean that it would take longer for all properties to reach target rent. Therefore it is proposed to use the target rent adjusted for collection over 51 weeks.

- 2) We considered the option to increase the garage rent by a small amount to generate additional income but as there are many garages deemed unfit to let it was decided to not apply any increase. In addition, the cost of distributing the increase letters would outweigh the potential income raised.

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 £2.65m 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 | Chief Executive / Strategic Leadership Team (SLT) (mandatory) | |
| 2 | Finance / Section 151 (mandatory) | |
| 3 | Legal / Monitoring Officer (mandatory) | |
| 4 | Human Resources (HR) | |

| | | |
|---|--|--|
| 5 | Property | |
| 6 | Information Communication Technology (ICT) | |
| 7 | Scrutiny | |
| 8 | Local Members | |
| 9 | Any external bodies / other/s | |

| F – Risks and any mitigation (if relevant) | | |
|---|--------------------|--|
| 1 | Economic | |
| 2 | Anti-poverty | |
| 3 | Crime and Disorder | |
| 4 | Environmental | |
| 5 | Equalities | |
| 6 | Outcome Agreements | |
| 7 | Other | |

| FF - Appendices: |
|-------------------------|
| |

| G - Background papers (please contact the author of the Report for any further information): |
|---|
| <p>Notification letter 2016 – 2017 Copy of final Rent Policy Tables 1 – 4 2016 – 2017</p> |



Llywodraeth Cymru
Welsh Government

Chief Executive & Director of Finance
of Registered Social Landlords and
Section 151/Director of Finance and
Director/Head of Housing of Local
Housing Authorities

Rhydycar
Merthyr Tydfil
CF48 1UZ

Eich cyf / Your ref:
Ein cyf / Our ref:

Dyddiad / Date: 16 December 2015

Dear Colleagues

Policy for Social Housing Rents - 2016/17

I am pleased to inform Social Landlords, the Minister for Communities and Tackling Poverty has agreed to maintain the Welsh Government Policy for Social Housing Rents for 2016/17.

This means the rent uplift for Social Landlord properties covered by the policy for 2016/17 is 1.4% (previous September CPI of -0.1% +1.5%). It also means the maximum amount a Social Landlord can increase an individual tenant's weekly rent is CPI +1.5% plus £2 (i.e. 1.4% plus £2).

The uplift of 1.4% has been incorporated within the rent modelling for 2016/17 and a revised Target Rent Band has been calculated for each social landlord which is contained in Table 1 and Table 4 of Annex A to this letter.

For information, I have also attached a copy of the letter issued to landlords in December 2014 to remind you of specific policy requirements.

Communication with Welsh Government:

Where a landlord has concerns about the impact of the rent policy upon its business plan and financial viability, or in its ability to meet its obligations to tenants and lenders you need to advise the Housing Funding Team **no later than 15 January 2016**.

You will need to set out your concerns and how you propose to apply the rent policy. Any concerns highlighted will be jointly considered with the Regulation Team and you will receive a response by **29 January 2016**.



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Monitoring Compliance:

Each landlord will be required to complete a monitoring form which will be used to monitor compliance with the rent policy. The monitoring form will be issued no later than **8 January 2016** for completion and return to Welsh Government by **8 February 2016**.

It would be helpful if landlords could provide as much information as possible on what changes have already been made in terms of implementing the new rent policy including how they have consulted with tenants (whether this is with all tenants or a group representing the interests of tenants). It would be helpful if each landlord could also provide a copy of their local rent setting policy, particularly if it is new or their existing policy has been revised or updated.

I hope you find the information in this letter helpful. If you have any queries or concerns please feel free to contact Jen or Michelle.

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Yours faithfully



Helga Warren
Head of Housing Funding
Homes and Places

C.C.

Director of Housing (Local Authorities)
Community Housing Cymru
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Welsh Local Government Association
Abbeyfield Co-ordinator Wales



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Policy for Social Housing Rents - Final

Registered social landlords - policy rent summary - uplifted rents for 2016-17 (CPI + 1.5% = 1.4%)

Annex A

TABLE 1

| Housing Association | Pre-SAP policy rents (£ per week) | Average SAP rating (a) (2014-15) | Difference due to SAP | | Post-SAP policy rents (£ per week) | Post-SAP policy rent band, 2016-17 | | | Stock at 31 March 2015 (units) | Current rent average, 2015-16 (£ per week) | Comparison against target rent band for 2016-17 if current rent is increased by 1.4% | | | |
|---------------------------------------|-----------------------------------|----------------------------------|-----------------------|------------|------------------------------------|------------------------------------|------------------------|-----------------------|--------------------------------|--|--|------------------|----------------------|----------|
| | | | (£ 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 |
| Aelwyd Housing Association | 67.18 | 76.0 | 2.21 | 3.3% | 69.39 | 65.92 | 69.39 | 72.86 | 243 | 69.90 | 70.88 | Within | . | . |
| Bro Myrddin Housing Association | 78.40 | 67.0 | 0.47 | 0.6% | 78.87 | 74.92 | 78.87 | 82.81 | 827 | 78.81 | 79.91 | Within | . | . |
| Bron Afon Community Housing | 81.32 | 71.0 | 1.46 | 1.8% | 82.78 | 78.64 | 82.78 | 86.92 | 7,151 | 84.10 | 85.28 | Within | . | . |
| Cadwyn Housing Association | 86.53 | 76.0 | 2.86 | 3.3% | 89.38 | 84.91 | 89.38 | 93.85 | 1,196 | 85.53 | 86.73 | Within | . | . |
| Cardiff Community Housing Association | 89.23 | 71.6 | 1.75 | 2.0% | 90.98 | 86.43 | 90.98 | 95.53 | 2,677 | 88.24 | 89.48 | Within | . | . |
| Cartrefi Conwy | 82.10 | 70.8 | 1.43 | 1.7% | 83.53 | 79.35 | 83.53 | 87.70 | 3,753 | 80.34 | 81.46 | Within | . | . |
| Cartrefi Cymunedol Gwynedd | 82.79 | 68.0 | 0.75 | 0.9% | 83.54 | 79.36 | 83.54 | 87.71 | 6,256 | 79.55 | 80.66 | Within | . | . |
| Charter Housing Association | 84.03 | 71.0 | 1.51 | 1.8% | 85.54 | 81.26 | 85.54 | 89.82 | 4,048 | 86.28 | 87.49 | Within | . | . |
| Clwyd Alyn Housing Association | 83.43 | 69.0 | 1.00 | 1.2% | 84.43 | 80.21 | 84.43 | 88.65 | 3,729 | 85.12 | 86.31 | Within | . | . |
| Coastal Housing Group | 75.19 | 73.9 | 2.01 | 2.7% | 77.21 | 73.35 | 77.21 | 81.07 | 4,335 | 79.99 | 81.11 | Above | 0.04 | 0.1% |
| Cymdeithas Tai Cantref | 84.16 | 69.2 | 1.06 | 1.3% | 85.22 | 80.96 | 85.22 | 89.48 | 1,314 | 82.47 | 83.62 | Within | . | . |
| Cynon-Taf Community Housing Group | 76.66 | 67.5 | 0.57 | 0.8% | 77.24 | 73.37 | 77.24 | 81.10 | 1,807 | 78.42 | 79.52 | Within | . | . |
| Derwen | 78.81 | 76.0 | 2.60 | 3.3% | 81.41 | 77.34 | 81.41 | 85.48 | 607 | 85.36 | 86.56 | Above | 1.07 | 1.3% |
| Family Housing Association (Wales) | 78.12 | 71.8 | 1.59 | 2.0% | 79.71 | 75.72 | 79.71 | 83.69 | 2,096 | 83.04 | 84.20 | Above | 0.51 | 0.6% |
| Grwp Cynefin | 82.56 | 69.0 | 0.99 | 1.2% | 83.55 | 79.37 | 83.55 | 87.73 | 3,149 | 78.62 | 79.72 | Within | . | . |
| Gwalia Housing Group | 78.53 | 75.0 | 2.36 | 3.0% | 80.88 | 76.84 | 80.88 | 84.93 | 4,613 | 83.00 | 84.16 | Within | . | . |
| Hafod Housing Association | 84.53 | 79.0 | 3.55 | 4.2% | 88.08 | 83.68 | 88.08 | 92.49 | 3,403 | 85.97 | 87.17 | Within | . | . |
| Linc Cymru | 83.12 | 70.9 | 1.47 | 1.8% | 84.59 | 80.36 | 84.59 | 88.82 | 3,095 | 86.33 | 87.54 | Within | . | . |
| Melin Homes | 79.13 | 71.6 | 1.57 | 2.0% | 80.71 | 76.67 | 80.71 | 84.74 | 2,882 | 83.42 | 84.59 | Within | . | . |
| Merthyr Tydfil Housing Association | 72.91 | 70.0 | 1.09 | 1.5% | 74.01 | 70.30 | 74.01 | 77.71 | 1,007 | 78.89 | 79.99 | Above | 2.29 | 2.9% |
| Merthyr Valleys Homes | 77.58 | 69.0 | 0.93 | 1.2% | 78.51 | 74.59 | 78.51 | 82.44 | 4,166 | 72.68 | 73.70 | Below | -0.89 | -1.2% |
| Mid Wales Housing Association | 81.47 | 69.0 | 0.98 | 1.2% | 82.45 | 78.33 | 82.45 | 86.57 | 1,313 | 81.46 | 82.60 | Within | . | . |
| Monmouthshire Housing | 86.65 | 75.6 | 2.75 | 3.2% | 89.41 | 84.94 | 89.41 | 93.88 | 3,561 | 83.59 | 84.76 | Below | -0.18 | -0.2% |
| Newport City Homes | 81.92 | 71.0 | 1.47 | 1.8% | 83.40 | 79.23 | 83.40 | 87.57 | 8,945 | 82.86 | 84.02 | Within | . | . |
| Newydd Housing Association | 82.45 | 74.0 | 2.23 | 2.7% | 84.67 | 80.44 | 84.67 | 88.90 | 2,494 | 83.31 | 84.48 | Within | . | . |
| North Wales Housing Association | 82.85 | 72.8 | 1.94 | 2.3% | 84.79 | 80.55 | 84.79 | 89.03 | 1,928 | 80.94 | 82.07 | Within | . | . |
| NPT Homes | 79.88 | 70.0 | 1.20 | 1.5% | 81.07 | 77.02 | 81.07 | 85.13 | 8,955 | 79.43 | 80.54 | Within | . | . |
| Pembrokeshire Housing Association | 81.52 | 75.0 | 2.45 | 3.0% | 83.97 | 79.77 | 83.97 | 88.17 | 1,964 | 82.28 | 83.43 | Within | . | . |
| RCT Homes | 77.21 | 73.0 | 1.85 | 2.4% | 79.05 | 75.10 | 79.05 | 83.01 | 10,042 | 75.86 | 76.92 | Within | . | . |
| Rhondda Housing Association | 77.02 | 70.0 | 1.16 | 1.5% | 78.18 | 74.27 | 78.18 | 82.09 | 1,528 | 80.19 | 81.31 | Within | . | . |
| Taff Housing Association | 88.87 | 76.0 | 2.93 | 3.3% | 91.81 | 87.22 | 91.81 | 96.40 | 946 | 92.54 | 93.84 | Within | . | . |
| Tai Calon Community Housing | 74.37 | 65.0 | 0.00 | 0.0% | 74.37 | 70.65 | 74.37 | 78.09 | 6,150 | 70.39 | 71.38 | Within | . | . |
| Tai Ceredigion | 85.20 | 67.2 | 0.57 | 0.7% | 85.77 | 81.49 | 85.77 | 90.06 | 2,229 | 81.09 | 82.23 | Within | . | . |
| United Welsh Housing Association | 81.09 | 79.0 | 3.41 | 4.2% | 84.50 | 80.27 | 84.50 | 88.72 | 3,754 | 86.04 | 87.24 | Within | . | . |
| Valleys to Coast Housing | 81.67 | 74.4 | 2.31 | 2.8% | 83.98 | 79.78 | 83.98 | 88.17 | 5,743 | 82.24 | 83.39 | Within | . | . |
| Wales and West Housing | 80.89 | 74.0 | 2.18 | 2.7% | 83.07 | 78.92 | 83.07 | 87.22 | 8,336 | 84.01 | 85.19 | 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 | 67.18 | 65.0 | 0.00 | 0.0% | 69.39 | 65.92 | 69.39 | 72.86 | 0 | 69.90 | 70.88 | Below | | 2 |
| Maximum | 89.23 | 79.0 | 3.55 | 4.2% | 91.81 | 87.22 | 91.81 | 96.40 | 0 | 92.54 | 93.84 | Within | | 30 |
| Total | | | | | | | | | | | | Above | | 4 |

Source: Welsh Government Social Rent Model

Policy for Social Housing Rents - Final
Locational index used in calculation of 2016-17 policy rent matrix

Annex A

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 | 69,998 | 58.9 | 81.9 | 75.4 | 322.8 | 95.1 | 318.2 | 92.8 | 80.5 | 87.0 |
| Bridgend | 103,748 | 87.4 | 109.6 | 100.9 | 346.1 | 101.9 | 342.9 | 100.0 | 97.5 | 98.4 |
| Caerphilly | 104,311 | 87.8 | 104.6 | 96.3 | 345.5 | 101.7 | 349.7 | 102.0 | 97.0 | 98.0 |
| Cardiff | 143,257 | 120.6 | 137.3 | 126.3 | 364.2 | 107.2 | 360.0 | 105.0 | 114.8 | 109.9 |
| Carmarthenshire | 104,924 | 88.4 | 98.8 | 90.9 | 345.5 | 101.7 | 349.8 | 102.0 | 95.7 | 97.2 |
| Ceredigion | 141,373 | 119.0 | 113.0 | 104.0 | 333.1 | 98.1 | 330.7 | 96.4 | 104.4 | 102.9 |
| Conwy | 123,406 | 103.9 | 115.0 | 105.8 | 324.8 | 95.6 | 336.9 | 98.2 | 100.9 | 100.6 |
| Denbighshire | 112,849 | 95.0 | 107.7 | 99.1 | 341.5 | 100.6 | 319.0 | 93.0 | 96.9 | 98.0 |
| Flintshire | 121,478 | 102.3 | 118.8 | 109.4 | 367.4 | 108.2 | 355.8 | 103.8 | 105.9 | 103.9 |
| Gwynedd | 119,654 | 100.8 | 100.1 | 92.1 | 304.5 | 89.7 | 309.8 | 90.3 | 93.2 | 95.5 |
| Isle of Anglesey | 127,973 | 107.8 | 109.4 | 100.7 | 336.7 | 99.2 | 344.5 | 100.5 | 102.0 | 101.3 |
| Merthyr Tydfil | 75,573 | 63.6 | 91.2 | 83.9 | 320.2 | 94.3 | 322.4 | 94.0 | 83.9 | 89.3 |
| Monmouthshire | 151,630 | 127.7 | 123.7 | 113.8 | 320.0 | 94.2 | 356.7 | 104.0 | 109.9 | 106.6 |
| Neath Port Talbot | 86,478 | 72.8 | 98.1 | 90.2 | 355.7 | 104.7 | 330.9 | 96.5 | 91.1 | 94.0 |
| Newport | 106,877 | 90.0 | 112.7 | 103.7 | 338.8 | 99.8 | 344.4 | 100.4 | 98.5 | 99.0 |
| Pembrokeshire | 123,572 | 104.1 | 110.0 | 101.2 | 331.3 | 97.6 | 328.0 | 95.6 | 99.6 | 99.7 |
| Powys | 128,770 | 108.4 | 98.1 | 90.2 | 320.1 | 94.3 | 329.0 | 95.9 | 97.2 | 98.1 |
| Rhondda Cynon Taf | 87,040 | 73.3 | 92.9 | 85.5 | 334.0 | 98.3 | 342.3 | 99.8 | 89.2 | 92.8 |
| Swansea | 106,945 | 90.1 | 119.2 | 109.7 | 330.8 | 97.4 | 343.3 | 100.1 | 99.3 | 99.5 |
| Torfaen | 101,425 | 85.4 | 107.7 | 99.1 | 325.3 | 95.8 | 338.7 | 98.8 | 94.8 | 96.5 |
| Vale of Glamorgan | 142,268 | 119.8 | 126.9 | 116.8 | 332.2 | 97.8 | 362.5 | 105.7 | 110.0 | 106.7 |
| Wrexham | 116,999 | 98.5 | 114.2 | 105.1 | 326.4 | 96.1 | 339.6 | 99.0 | 99.7 | 99.8 |
| Wales | 118,755 | 100.0 | 108.7 | 100.0 | 339.6 | 100.0 | 343.0 | 100.0 | 100.0 | 100.0 |

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 (2012-2014) Mean selling price for 2 bedroom dwellings based on data for loan advances from the Council for Mortgage Lenders
- b) Private rents (2012-2014) Median weekly rent data for 2 bedroom private sector properties from the Rent Officers Wales
- c) Earnings (workplace) (2012-201 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) (2012-201 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

Policy for Social Housing Rents - Final

Rent policy matrix calculations, 2016-17 (uplifted by CPI + 1.5% = 1.4%) (a) (b)

Annex A

TABLE 3

| | 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 | 52.91 | 65.79 | 73.10 | 80.41 | 87.72 | 95.03 | 59.52 | 66.14 | 72.75 | 79.37 | 52.91 | 61.56 | 70.58 | 80.41 | 87.72 | 95.03 | 73.28 |
| Bridgend | 59.80 | 74.36 | 82.62 | 90.88 | 99.14 | 107.40 | 67.28 | 74.75 | 82.23 | 89.70 | 59.80 | 68.00 | 78.62 | 90.73 | 99.14 | 107.40 | 81.28 |
| Caerphilly | 59.56 | 74.06 | 82.29 | 90.52 | 98.75 | 106.98 | 67.01 | 74.45 | 81.90 | 89.35 | 59.56 | 68.55 | 79.64 | 90.44 | 98.75 | . | 82.70 |
| Cardiff | 66.80 | 83.05 | 92.28 | 101.51 | 110.74 | 119.97 | 75.14 | 83.49 | 91.84 | 100.19 | 66.80 | 75.91 | 88.16 | 101.25 | 110.52 | 119.97 | 89.54 |
| Carmarthenshire | 59.07 | 73.45 | 81.61 | 89.77 | 97.93 | 106.09 | 66.45 | 73.84 | 81.22 | 88.61 | 59.07 | 67.69 | 79.86 | 89.70 | 97.93 | 106.09 | 81.40 |
| Ceredigion | 62.58 | 77.81 | 86.46 | 95.10 | 103.75 | 112.39 | 70.40 | 78.22 | 86.04 | 93.87 | 62.58 | 71.61 | 83.82 | 94.92 | 103.57 | 112.39 | 85.22 |
| Conwy | 61.16 | 76.05 | 84.50 | 92.95 | 101.41 | 109.86 | 68.81 | 76.46 | 84.10 | 91.75 | 61.16 | 70.27 | 80.48 | 92.70 | 101.33 | 109.86 | 82.38 |
| Denbighshire | 59.55 | 74.05 | 82.28 | 90.50 | 98.73 | 106.96 | 67.00 | 74.44 | 81.89 | 89.33 | 59.55 | 68.58 | 79.78 | 90.47 | 98.73 | 106.96 | 81.05 |
| Flintshire | 63.19 | 78.57 | 87.30 | 96.03 | 104.76 | 113.49 | 71.09 | 78.98 | 86.88 | 94.78 | 63.19 | 74.91 | 84.65 | 95.68 | 104.76 | 113.49 | 87.14 |
| Gwynedd | 58.05 | 72.18 | 80.20 | 88.22 | 96.24 | 104.26 | 65.31 | 72.56 | 79.82 | 87.08 | 58.05 | 66.37 | 77.45 | 87.98 | 96.12 | 104.26 | 81.87 |
| Isle of Anglesey | 61.62 | 76.61 | 85.13 | 93.64 | 102.15 | 110.67 | 69.32 | 77.02 | 84.72 | 92.42 | 61.62 | 73.07 | 82.48 | 93.57 | 102.15 | 110.67 | 85.98 |
| Merthyr Tydfil | 54.29 | 67.51 | 75.01 | 82.51 | 90.01 | 97.51 | 61.08 | 67.86 | 74.65 | 81.44 | 54.29 | 63.89 | 73.67 | 82.45 | 90.01 | 97.51 | 76.10 |
| Monmouthshire | 64.82 | 80.60 | 89.56 | 98.51 | 107.47 | 116.42 | 72.92 | 81.03 | 89.13 | 97.23 | 64.82 | 75.13 | 86.29 | 98.28 | 107.47 | 116.42 | 86.89 |
| Neath Port Talbot | 57.18 | 71.10 | 79.00 | 86.90 | 94.80 | 102.70 | 64.33 | 71.48 | 78.62 | 85.77 | 57.18 | 64.98 | 75.22 | 86.81 | 94.80 | 102.70 | 78.37 |
| Newport | 60.18 | 74.83 | 83.14 | 91.45 | 99.77 | 108.08 | 67.70 | 75.22 | 82.74 | 90.27 | 60.18 | 68.38 | 78.26 | 91.08 | 99.73 | 108.08 | 81.71 |
| Pembrokeshire | 60.64 | 75.41 | 83.78 | 92.16 | 100.54 | 108.92 | 68.22 | 75.80 | 83.38 | 90.97 | 60.64 | 69.99 | 81.66 | 91.97 | 100.54 | 108.92 | 83.37 |
| Powys | 59.67 | 74.20 | 82.44 | 90.69 | 98.93 | 107.17 | 67.13 | 74.59 | 82.05 | 89.51 | 59.67 | 69.37 | 79.93 | 90.55 | 98.93 | 107.17 | 82.29 |
| Rhondda Cynon Taf | 56.43 | 70.17 | 77.97 | 85.76 | 93.56 | 101.36 | 63.49 | 70.54 | 77.60 | 84.65 | 56.43 | 64.06 | 74.67 | 85.74 | 93.56 | 101.36 | 76.63 |
| Swansea | 60.52 | 75.26 | 83.62 | 91.98 | 100.34 | 108.70 | 68.09 | 75.65 | 83.22 | 90.79 | 60.52 | 68.57 | 80.64 | 91.54 | 100.34 | 108.70 | 81.09 |
| Torfaen | 58.67 | 72.96 | 81.06 | 89.17 | 97.28 | 105.38 | 66.01 | 73.34 | 80.68 | 88.01 | 58.67 | 66.94 | 77.49 | 88.97 | 97.24 | 105.38 | 81.24 |
| Vale of Glamorgan | 64.86 | 80.65 | 89.61 | 98.57 | 107.53 | 116.50 | 72.97 | 81.08 | 89.19 | 97.29 | 64.86 | 73.44 | 85.06 | 98.08 | 107.53 | 116.50 | 88.95 |
| Wrexham | 60.67 | 75.44 | 83.82 | 92.21 | 100.59 | 108.97 | 68.26 | 75.84 | 83.43 | 91.01 | 60.67 | 70.82 | 80.84 | 92.04 | 100.59 | 108.97 | 83.22 |
| Wales | 61.27 | 75.23 | 83.03 | 91.31 | 100.89 | 112.13 | 68.36 | 75.50 | 84.37 | 96.06 | 61.27 | 69.65 | 80.05 | 91.15 | 100.86 | 112.13 | 82.42 |

Source: Welsh Government Social Rent Model

- (a) The uplift of CPI + 1.5% = 1.4% 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 2015-16. As this figure was actually higher than the average policy rent for 2015-16, this results in an increase in the rent matrix that is greater than the 1.4% uplift.
- (b) Year-on-year changes in this matrix will in the main be due to this 1.4% 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.

Policy for Social Housing Rents - Final
Local authorities - policy rent summary - uplifted rents for 2016-17 (CPI + 1.5% = 1.4%)

Annex A

TABLE 4

| Registered social landlord | Pre-SAP policy rents (£ per week) | Average SAP rating (a) (2014-15) | Difference due to SAP | | Post-SAP policy rents (£ per week) | Post-SAP policy rent band, 2016-17 | | | Stock at 31 March 2015 (units) | Current rent average, 2015-16 (£ per week) | Comparison against target rent band for 2016-17 if current rent is increased by 1.4% | | | |
|----------------------------|---|---|-----------------------|------------|--|------------------------------------|---------------------------|--------------------------|--------------------------------------|---|---|---------------------|-------------------------|----------|
| | | | (£ per week) | (per cent) | | Low end (£ per week) | Mid point (£ per week) | High end (£ per week) | | | Up-rated rent (£ per week) | Relative to band | Below or above by: £ | Per cent |
| Caerphilly | 83.08 | 66.0 | 0.25 | 0.3% | 83.33 | 79.16 | 83.33 | 87.50 | 10,856 | 77.51 | 78.60 | Below | -0.57 | -0.7% |
| Cardiff | 90.14 | 68.8 | 1.03 | 1.1% | 91.17 | 86.61 | 91.17 | 95.73 | 13,574 | 87.46 | 88.68 | Within | . | . |
| Carmarthenshire | 82.19 | 65.0 | 0.00 | 0.0% | 82.19 | 78.08 | 82.19 | 86.30 | 8,983 | 76.25 | 77.32 | Below | -0.76 | -1.0% |
| Denbighshire | 81.14 | 66.0 | 0.24 | 0.3% | 81.38 | 77.31 | 81.38 | 85.45 | 3,428 | 74.95 | 76.00 | Below | -1.31 | -1.7% |
| Flintshire | 87.60 | 67.1 | 0.55 | 0.6% | 88.15 | 83.75 | 88.15 | 92.56 | 7,382 | 78.76 | 79.86 | Below | -3.88 | -4.6% |
| Isle of Anglesey | 86.11 | 68.0 | 0.77 | 0.9% | 86.88 | 82.54 | 86.88 | 91.23 | 3,790 | 73.83 | 74.86 | Below | -7.68 | -9.3% |
| Pembrokeshire | 84.03 | 73.0 | 2.02 | 2.4% | 86.05 | 81.75 | 86.05 | 90.35 | 4,843 | 68.59 | 69.55 | Below | -12.20 | -14.9% |
| Powys | 83.35 | 66.0 | 0.25 | 0.3% | 83.60 | 79.42 | 83.60 | 87.78 | 5,362 | 77.93 | 79.02 | Below | -0.40 | -0.5% |
| Swansea | 82.64 | 66.0 | 0.25 | 0.3% | 82.89 | 78.75 | 82.89 | 87.04 | 13,497 | 76.93 | 78.01 | Below | -0.74 | -0.9% |
| Vale of Glamorgan | 90.43 | 68.0 | 0.81 | 0.9% | 91.24 | 86.68 | 91.24 | 95.80 | 3,241 | 86.35 | 87.56 | Within | . | . |
| Wrexham | 83.75 | 73.0 | 2.01 | 2.4% | 85.76 | 81.47 | 85.76 | 90.04 | 11,274 | 77.44 | 78.52 | Below | -2.94 | -3.6% |

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 | 81.14 | 65.0 | 0.00 | 0.0% | 81.38 | 77.31 | 81.38 | 85.45 | | 68.59 | 69.55 | Below | | 9 |
| Maximum | 90.43 | 73.0 | 2.02 | 2.4% | 91.24 | 86.68 | 91.24 | 95.80 | | 87.46 | 88.68 | Within | | 2 |
| Total | | | | | | | | | | | | Above | | 0 |

Source: Welsh Government Social Rent Model