

AGENDA ITEM NO.

<b>ISLE OF ANGLESEY COUNTY COUNCIL</b>	
<b>Report to</b>	<b>Executive Committee</b>
<b>Date</b>	<b>18<sup>th</sup> February 2013</b>
<b>Subject</b>	<b>Housing Rent HRA 2013 - 2014</b>
<b>Portfolio Holder(s)</b>	<b>Councillor O Glyn Jones</b>
<b>Lead Officer(s)</b>	<b>Shan L Williams, Head of Housing Services</b>
<b>Contact Officer</b>	<b>Shan L Williams</b>
<b>Nature and reason for reporting:</b>	
<b>Elected Members are requested to approve the rent levels to be charged on Tenants of Council Housing for 2013 - 2014</b>	

<b>A – Introduction / Background / Issues</b>	
<b>1.0</b>	<b>Background</b>
<b>1.1</b>	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.
<b>1.2</b>	On the 13th December 2012, a letter was received from the Welsh Government to consult with local authorities on the draft HRA subsidy and Item 8 determinations for 2013 - 14. These are set annually by the WG and influence rent increases, together with the amount of HRA subsidy payable to the Council. The consultation proposals concentrated on the national guideline rent and management and maintenance elements of the HRA subsidy for 2013 - 14.
<b>1.3</b>	It is proposed to increase the all-Wales average weekly guideline rent by 4.99%. This is based on the Minister for Housing Regeneration and Heritage's decision.
<b>1.4</b>	It is also proposed to increase the management and maintenance allowance for 2013 - 2014 to £2,610 per dwelling for each local authority.
<b>1.5</b>	The closing date to receive responses was the 4 <sup>th</sup> January, 2013 and the final version of the HRA subsidy and Item 8 determinations, including the final rent increase for 2013 – 14, was confirmed on the 7 <sup>th</sup> February, 2013.

- 1.6** In December 2012, the HRA 30 year business plan was updated and submitted to the WG. Following the Council's decision to achieve the Welsh Housing Quality Standard by retaining its housing stock in November 2006, it is imperative that the rental income is maximised in order to sustain the viability of our 30 year housing stock business plan.
- 2.0 Rent increase for Anglesey tenants**
- 2.1** The level of any rent increase is determined by the Local Authority, however the practice usually followed in recent years, is to apply the WG guideline rent increase. This translates to an increase of 4.99% for the tenants of Anglesey.
- 2.2** The rent increase limit for Ynys Môn, contained within the Housing Revenue Account Subsidy (HRAS) Determination for 2013 - 2014 guidelines, is a standard increase of £3.08p per dwelling, per week, which equates to an increase of 4.99%. If the Council chooses to implement the recommendation, the net rent increase will generate an estimated rental income to the HRA in 2013 - 14 of £12.65 million. This will increase the average weekly rent from £63.53 to £66.61, which is still below benchmark rent. See Appendix 1 for breakdown of dwellings.
- 2.3** It is recommended that the final guideline rent increase is also applied to all garage rents. This is in line with the approval of the Council's Executive Committee held on 21<sup>st</sup> February, 2005 to increase the garage rent annually. The current garage rent 2012 - 13 is £6.37. The increase would equate to 32pence per week, making the new rent level £6.69 per week. This will generate income of £195k from garages after deducting voids.
- 2.4** As noted above in paragraph 1.6, the Council needs to balance the HRA business plan [statutory obligations], and at the same time, needs to keep its rents affordable, so as to maintain the WHQS standards and continual improvements in the future.
- 3.0 Housing Benefit**
- 3.1** The percentage of tenants currently on housing benefit is 71% with total number of tenants being 2655. The number of those of working age tenants on housing benefit amount to 1191 which is 45% of the total tenants on housing benefit.
- 3.2** The Council will be affected by changes to housing benefit that are being introduced by the UK Government. In anticipation of the Government's Welfare Benefit Reform the provision for bad debts has, therefore, been increased to £100k as we are expecting that arrears will increase when tenants have to meet a greater proportion of rent themselves. We also expect that arrears and collection costs will increase. The Service has an action plan in place which is designed to provide as much support as possible to tenants and mitigate risks to the service's income and business plan.

#### **4.0 Changes to the Housing Subsidy System**

- 4.1** In England, the housing finance subsidy system was replaced by a new self-financing HRA with effect from April, 2012. Each authority will keep all their rent income. However, there was redistribution between Councils, of the total English local authority housing debt of £25 billion.
- 4.2** Welsh Government [WG] is currently in negotiations with HM Treasury to agree buyout of the £73 million subsidy paid each year. It is likely that the new housing finance system in Wales will be on a similar basis to England.
- 4.3** WG has also confirmed that the new policy for social housing rents will be implemented in April, 2014. The new policy will include the introduction of a target rent for each authority area.
- 4.4** The removal of the subsidy system and the new rent regime could have significant implications for the Council; however, these are unclear at present. The outcome of the HRA and Social Rents Review and the impact for the Council will be reported to the Executive Board when the WG review is completed, as anticipated, later this year.

#### **B - Considerations**

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#### **C – Implications and Impacts**

<b>1</b>	<b>Finance / Section 151</b>	
<b>2</b>	<b>Legal / Monitoring Officer</b>	No comments
<b>3</b>	<b>Human Resources</b>	
<b>4</b>	<b>Property Services</b> (see notes – separate document)	
<b>5</b>	<b>Information and Communications Technology (ICT)</b>	
<b>6</b>	<b>Equality</b> (see notes – separate document)	

<b>C – Implications and Impacts</b>	
<b>7</b>	<b>Anti-poverty and Social</b> (see notes – separate document)
<b>8</b>	<b>Communication</b> (see notes – separate document)
<b>9</b>	<b>Consultation</b> (see notes – separate document)
<b>10</b>	<b>Economic</b>
<b>11</b>	<b>Environmental</b> (see notes – separate document)
<b>12</b>	<b>Crime and Disorder</b> (see notes – separate document)
<b>13</b>	<b>Outcome Agreements</b>

<b>CH - Summary</b>
Members are asked to approve the level of rent increase for 2013 – 2014 as set out by the Welsh Government at a rate of 4.99% which equates to an average rent increase of £3.08 per dwelling per week and 32pence per week for garages.
<b>D - Recommendation</b>
<p><b>5.0 Recommendation</b></p> <p>Members are asked to approve the level of rent increases for 2013 - 14 as set out below</p> <p><b>R1. The increase of rent of 4.99% on all dwellings for 2013 - 14, which equates to an average increase of £3.08 per dwelling per week</b></p> <p><b>R2. The increase of garage rent of 4.99%, which equates to 32pence per week</b></p>

**Name of author of report: Shan L Williams**  
**Job Title: Head of Housing Services**  
**Date: 06/02/13**

<b>Appendices:</b>
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Appendix 1 – breakdown of the number of dwellings affected by rent increase and by value of rent increase.
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<b>Background papers</b>
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## Appendix 1

### Dwellings

For 2013/14 the Committee is recommended to set a 4.99% increase on current rent level which will result in a differential increase for each type of dwelling. The table as set out below shows the number of dwellings affected:-

<u>Rent Increase</u>	<u>No</u>	<u>of</u>
		<u>Dwellings</u>
Up to £2.50	110	
£2.50 – £3.00	1763	
£3.01 - £3.50	1582	
£3.51 - £4.00	252	
£4.01 - £4.50	92	
over £4.50	10	(mainly 6/7 bedroomed, two properties occupied as one dwelling plus Warden Houses.
Maximum £5.53		

The above would affect an average increase of £3.08p per dwelling per week.

### Garages

To increase the Council Garages rental by 4.99% (32p increase per week).  
Increase the rent from £6.37 to £6.69 per week