

Somerset West and Taunton Council

Tenants Strategic Group Meeting – 23rd November 2020

Title of Report - Housing Revenue Account (HRA) – Rents Setting and Service Fees and Charges 2021/22

This matter is the responsibility of Executive Councillor Francesca Smith

Report Author: Bryony Cole, Case Manager Lead – Income and Debt Recovery

1 Executive Summary

1.1 The purpose of this report is to advise the level at which Somerset West and Taunton Council (SWT) is proposing to set rents and service charges for its Housing Revenue Account (HRA). This will apply to those assets either already accounted for within the Council's HRA or to be added to it in the future.

2 Recommendations

2.1 For the Tenant Strategic Group to comment on the proposed rent setting levels and other fees and charges.

3 Background and Full details of the Report

3.1 Background

3.2 Some Council Fees and Charges will no longer be required to go to Full Council for approval under the new delegated powers contained within the Financial Procedure Rules adopted by SWT from April 2020. Instead the fees and charges for the HRA will be approved by the Section 151 Officer and this report is provided for information. The exception will be the setting of Dwelling Rents which will still be submitted for Full Council for approval.

3.3 It is proposed that all rents and fees will be increased by a CPI+1%, where CPI at Sept 2020 was 0.5%.

3.4 The Regulator of Social Housing issued a new Rent Standard for 2020 under the direction of the Government. This new Rent Standard will now apply to all social housing providers, whereas previously Local Authorities were excluded from such standards, although relevant Government Guidance and Direction applied.

3.5 The proposed Policy Statement recommends registered providers should endeavour to keep increases for service charges within the limit on rent changes, of CPI+1%, to help keep charges affordable.

3.6 On 26 February 2019 the Ministry of Housing, Communities and Local Government confirmed that increases to social housing rents will be limited to the Consumer Price Index (CPI) plus 1% for 5 years from 2020. This financial year will be the second year

applying the CPI plus 1% increase.

3.7 In February 2020 the Council approved a local Rent Setting Policy that covered the content and those elements proposed to be adopted by the Council contained within the Regulator of Social Housing's Rent Standard 2020.

3.8 This included the recommendation that (a) social rents for existing tenancies will be reviewed annually and any increases will not exceed the limit of Consumer Price Index (CPI) plus 1% for 5 years from April 2020, and (b) to apply an additional one-off rent flexibility allowance to increase rents by 5% on general need and 10% on sheltered/supported housing. This would be applied to rents for new tenants only.

3.9 The September 2020 CPI figure is 0.5% as published by the Office for National Statistics in October 2020.

3.10 Dwelling Rental Income

3.11 In accordance with the Regulator of Social Housing's Rent Standard and the Councils Rent Setting Policy, the Dwelling Rent for 2021/22 for existing tenants will be an increase of CPI+1% to the average weekly rent, from £83.05 per week to £84.30 per week.

3.12 In accordance with the Regulator of Social Housing's Rent Standard and the Councils Rent Setting Policy, the Dwelling Rent for 2021/22 for **new tenants only** will be an increase of CPI+1% plus an additional 5% for general needs to the average weekly rent, from £87.21 per week to £88.52 per week.

3.13 In accordance with the Regulator of Social Housing's Rent Standard and the Councils Rent Setting Policy, the Dwelling Rent for 2021/22 for **new tenants only** will be an increase of CPI+1% plus an additional 10% for sheltered/supported and extra care dwelling rents to the average weekly rent, from £91.36 per week to £92.73 per week.

3.14 The Affordable rents will be increased by CPI+1% for 2021/22.

3.15 Service Charges and Non-Dwelling Rental Income

3.16 This incorporates income from non-dwelling rents (mainly garages but also shops, land access and meeting halls), charges for services and facilities, and contributions to HRA costs from leaseholders and council tenants.

3.17 Service Charges

3.18 Housing Service Charges are made to housing tenants for the services that they use. Service Charges are set locally each year and are in addition to the Social Rent Charges.

3.19 SWT are proposing to increase service charges by CPI+1% for 2021/22, as shown in tables 1 to 5 below, to ensure they remain affordable for the tenants.

Table 1: Service Charges

	Actual 2020/21	% Increase	Actual 2021/22
Service Charges (VAT not applicable) – Per week			
Communal Areas	£0.67	1.50%	£0.68

Grounds Maintenance	£1.95	1.50%	£1.98
Heating Charge (Broomfield House only)	£5.37	1.50%	£5.45
Laundry Charge (Broomfield House only)	£1.63	1.50%	£1.65
Combined Service Charges (VAT not applicable) – Per week			
Sheltered Housing	£12.28	1.50%	£12.46
Sheltered Piper Charge	£5.19	1.50%	£5.27
Extra Care Housing Service Charge	£23.05	1.50%	£23.40
Extra Care Piper Charge	£6.00	1.50%	£6.09

3.20 Charges to leaseholders will continue to be based on actual costs incurred.

3.21 Garages

3.22 The proposal is to increase garage rents by the same CPI + 1% figure so that they are in line with the Dwelling Rental and Service Charges increase for 2021/22. Please see table 2 below.

3.23 For council tenants the weekly rental will increase from £6.54 per week to £6.64 per week – an increase of £0.10 per week.

3.24 For private tenants and owner occupiers the weekly rental will increase from £12.00 (including VAT) per week to £12.18 per week – an increase of £0.18 per week.

Table 2: Garage Rents

	Actual 2020/21	% Increase	Actual 2021/22
Garage Rents – Per week			
Council Tenants (VAT not applicable)	£6.54	1.50%	£6.64
Private Tenants and Owner Occupiers (exc. VAT)	£10.00	1.50%	£10.15
Private Tenants and Owner Occupiers (inc. VAT)	£12.00	1.50%	£12.18

3.25 Meeting Halls

3.26 The fees levied for 2021/22 for meeting room hire will be increased by CPI+1% and then rounded to the nearest 10p as requested by tenants during feedback provided in 2017/18. Please see table 3 below.

Table 3: Hire Charges for Sheltered Scheme Meeting Halls (ex VAT)

	Actual 2020/21	% Increase	Actual 2021/22
First hour	£11.10	CPI+1%	£11.30
Each half hour thereafter	£5.60	CPI+1%	£5.70
6 hours plus	£66.20	CPI+1%	£67.20
Total charge for residents in a scheme and community organisations	£15.20	CPI+1%	£15.50

3.27 Guest Rooms

3.28 The fees levied for 2021/22 for meeting room hire will be increased by CPI+1% and then rounded to the nearest 50p as requested by tenants during feedback provided in 2017/18. Please see table 4 below.

Table 4: Hire Charges for Sheltered Scheme Guest Rooms (ex VAT)

Located at Taunfield, Middleway, Hope Corner Lane, Kilkenny and Lodge	Actual 2020/21	% Increase	Actual 2021/22
No. of nights per person -1st night per person per night	23.00	CPI+1%	23.50
No. of nights per person -2	33.00	CPI+1%	33.50
No. of nights per person -3	44.50	CPI+1%	45.50
No. of nights per person -4	55.50	CPI+1%	56.50
No. of nights per person -5	66.00	CPI+1%	67.00
No. of nights per person -6	78.00	CPI+1%	79.50
No. of nights per person -7	88.50	CPI+1%	90.00

3.29 Temporary Accommodation

3.30 The fee for temporary accommodation is broken down into two elements: the licence fee and the service charge.

3.31 The proposal for 2021/22 is to continue setting the temporary accommodation licence fee in line with the permitted Local Housing Allowance (LHA) rate, as done in previous years, and to increase services charges by CPI+1%. Please see table 5 below.

Table 5: Temporary Accommodation Daily Charges

Temporary Accommodation (rent per day, VAT not applicable)	Daily Licence Fee & Service Charge 2020/21	Daily Licence Fee 2021/22	Daily Service Charge 2021/22	Gross Charge Per Day 2021/22
Studio units	£13.83	£13.06	£0.78	£13.84
1 bedroom units	£13.83	£13.06	£0.78	£13.84
2 bedroom units	£17.35	£16.32	£1.05	£17.37
3 bedroom units	£20.58	£19.29	£1.31	£20.60
4 bedroom units	£26.77	£25.22	£1.57	£26.79

3.32 **Exceptions:** Charges for properties not on mains sewerage and shared ownership.

3.33 These properties charges for sewerage will be increased in line with the Wessex Water increases for 2021/22 once known. Wessex Water rates for sewerage standing charge per annum and poundage charges are used in the system calculation.

3.34 For 2020-21 these are £7.00 per annum for unmetered sewerage standing charge and £1.68 for the poundage charge payable per £ of rateable value of the property.

3.35 Wessex Water will publish their new charges in February 2021 (available from their website) for 2021/22.

3.36 Shared ownership rental charges will be in accordance with the lease agreement.

4 Links to Corporate Strategy

4.1 In accordance with the 30 year Housing Business Plan, it is proposed to increase Housing (non-rent) Fees and Charges by applying Consumer Price Index (CPI) inflation as at September 2020 of 0.5% with the following exceptions:

- Water rates and non mains sewerage rates
- Temporary accommodation licence fee
- Shared ownership properties

5 Legal Implications (if any)

- 5.1 Through Section 2 Part 24 of the Housing Act 1985 (as amended by Local Government & Housing Act 1989) SWT are permitted to make the charges detailed above.

6 Equality and Diversity Implications (if any)

- 6.1 An Equality Impact Assessment form has been completed and Housing Services will continue to provide a number of initiatives to enable service users to manage their finances and maximise their income (such as the Debt and Benefit drop in sessions at Moorland House held weekly, as well as access to Case Managers who are experienced at debt and benefit advice, as well as signposting to external agencies i.e. CA).

7 Scrutiny/Executive Comments / Recommendation(s) (if any)

- 7.1 This report will not be going to Scrutiny or Executive as SWT Section 151 Officer has delegated power to determine Fees and Charges.

Democratic Path:

- Scrutiny / Audit Governance and Standards Committee – Yes for Dwelling rents only
- Executive – Yes for Dwelling rents only
- Full Council – Yes for Dwelling rents only

Reporting Frequency: Annually

Contact Officers

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