



Signed off by	Director of People
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To	Executive
Date	Thursday, 26 January 2023
Executive Member	Portfolio Holder for Housing and Support

Key Decision Required	Y
Wards Affected	(All Wards);

Subject	Council's Social Landlord Functions - Supporting Policies
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Recommendations

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| <ul style="list-style-type: none"> (i) That the Rent Policy at Annex 1 be approved and the Executive authorise the Head of Housing in consultation with the Portfolio Holder for Housing and Support to make any necessary minor amendments of the Rent Policy prior to publication. (ii) That the Executive approve a 2.3% rent increase for the Council's social housing in 2023-24. (iii) That the Compensation Policy at Annex 2 be approved and the Executive authorise the Head of Housing in consultation with the Portfolio Holder for Housing and Support to make any necessary minor amendments of the Compensation Policy prior to publication (iv) That the Decant Policy at Annex 3 be approved and the Executive authorise the Head of Housing in consultation with the Portfolio Holder for Housing and Support to make any necessary minor amendments of the Decant Policy prior to publication. |
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Reasons for Recommendations

To publish policies on the Council's approach to rent setting, to increase rents as permitted by the Regulator of Social Housing, to publish policies to underpin to the Council's response to compensation claims and managing the decant of tenants to support the Council's new landlord functions.

Executive Summary

This report sets out policies to support the Council's social landlord functions. The Council is now a registered social housing provider and must adhere to a number of standards prescribed by the Regulator of Social Housing. The three policies set out in this report support aspects of these new responsibilities.

The Rent Policy applies to Council owned properties and explains the Council's approach to rent setting. It explains the Council will review rents annually and proposes a 2.3% rent increase for 2023-24.

The Compensation Policy explains the Council's approach to managing discretionary and compulsory compensation claims made by tenants.

The Decant Policy is applicable in circumstances where the Council may need secure or introductory tenants to vacate their permanent home temporarily or permanently.

Collectively the policies aim to provide transparency and certainty to our customers on our approach to these matters.

Executive has authority to approve the above recommendations

Statutory Powers

1. The Housing Act 1985 gives landlords the power to set and increase rents on an annual basis. The Housing and Regeneration Act 2008 defines 'low cost rental' accommodation to which the government's policy statement on rents for social (2019) housing applies.
2. The Housing Act 1985 sets out tenant's right to have repairs carried out and the circumstances in which secure tenants can be paid compensation for improvements. The Planning and Compensation Act 1991, the Land Compensation Act 1973 and the Home Loss Regulations 2008 as amended, underpin statutory compensation for home loss and disturbance payments.

Background

3. In March 2021 as a prerequisite of a funding application from government funding programme known as the Rough Sleeper Accommodation Programme (RSAP), the Council became a registered social housing provider. Consequently, the Council must comply with the Regulator of Social Housing (RoSH) Rent Standard Regulatory Guidance, and the four Consumer Standards which comprise the Home Standard, Tenancy Standard, Neighbourhood and Community Standard and Tenant Involvement and Empowerment Standard.

4. The Council currently owns and directly manages 11 self-contained properties and a ten room shared facility property all used exclusively as accommodation for homeless households. In addition, the Council owns 32 homes in Redhill let on introductory or secure tenancies at affordable rents that are managed by a registered provider on the Council's behalf. All homes are subject to the Rent Standard and Consumer Standards. All future affordable homes acquired or developed by the Council will also be subject to these standards.
5. A number of policies are being produced to support the Council's responsibilities as a registered housing provider. Some policies such as the Rent Policy apply to all occupiers of the Council's social housing stock, other policies are only relevant to the Council's secure tenants.

Key Information

Rent Policy

6. The Housing Team has worked with an external consultant to review rent setting in Council owned accommodation for homeless households and to develop a rent policy to meet the requirements of the government's *Policy Statement on rents for social housing (2019)*. Where appropriate, social rents are being reviewed as properties are relet. The Council's Rent Policy sets out the legislative and regulatory framework which governs rent setting for social housing and the Council's approach to rents. The policy also explains how social rents are calculated and charged, how affordable rents are set and the Council's approach to service charges.
7. As the Rent Policy explains, the Council can consider the use of rent flexibilities for specific reasons for specific homes. Rent flexibilities enable the Council to set social rents at up to 5 percent above the formula rent for general needs homes and up to 10% for supported accommodation. Use of this flexibility must be based on a clear rationale and the possible circumstances in which they can be applied are outlined in the Rent Statement. At this current time, the 10 percent supported rent flexibility has been applied to the four single person homes delivered through Rough Sleeper Accommodation Programme to reflect the more intensive management provided for these tenancies. No other rent flexibilities have been applied to properties.

Annual rent increase

8. The government's Policy Statement on Rents and the RoSH Rent Standard are clear that social housing providers can apply an annual rent increase once in any year. The government Policy Statement prescribes that social housing providers should not increase rents from 2020-21 until at least 2024-25 by more than September CPI rate +1% annually. On current inflation rises, this equates to an 11.1% rise in rents in 2023-24. Given the current economic uncertainty, the government consulted on alternatives for the annual rent increase in 2022. In the Autumn Statement 2022, the government limited the rent increase for people in social housing to a maximum of 7% for 2023-24 only.
9. Some Social rent homes are subject to service charges these are connected to the provision of communal services. Service charges are not subject to the government *Policy on rents for social housing*, but the Policy does recommend that they reflect the service being provided and are limited to CPI plus 1 percent. Service charges are reviewed annually to reflect costs with increases minimised.

10. Service charges for the Council's Affordable rent properties are included within the assessment of the affordable rent. Affordable rents are based on gross market rent, which is inclusive of service charges, and the total affordable rent must not exceed 80% of gross market rent. The affordable rent for the Redhill housing scheme is set in accordance with local housing allowance rates in line with the Affordable Housing Supplementary Planning Document and to ensure the scheme secured Homes England capital grant funding.
11. Households moved into the Council's Redhill housing scheme over a three week period at the end of November through to the beginning of December 2022 and will have resided in their homes for four months before the application of a rent increase. It is proposed that a 2.3% rent increase is made for 2023-24 across all the Council's accommodation.

Compensation Policy

12. Secure and introductory tenants can claim compensation in certain circumstances. The Compensation Policy sets out a fair and transparent approach to the way compensation claims are managed. It explains there are two types of compensation. Depending on the circumstances compensation may be compulsory or discretionary. In terms of compulsory claims, examples include cases where tenants have to be decanted temporarily or permanently to enable repairs or refurbishment or redevelopment to take place, claims for home loss payments if they have to permanently move out of their home, and or a disturbance payment to cover reasonable expenses of moving to a new permanent home and where tenants claim for home improvements when they end their tenancy. All compulsory compensation claims are subject to government regulations.
13. The Council is not subject to the compulsory compensation scheme regarding the 'right to repair' and 'qualifying repairs' set out in legislation. This scheme is triggered when a landlord has 100 secure tenants, the Council has fewer than 32 secure tenancies.
14. In recognition of the other circumstances that may arise outside of the compulsory claims schemes, the Council's Compensation Policy does permit the Council to offer a discretionary payment to customers to resolve a complaint in certain circumstances on a case by case basis.

Decant Policy

15. It is advisable for the Council to have a clear policy on the process for agreeing when the decant of a secure or introductory tenant is necessary and how the process will be managed. The Decant Policy covers circumstances when it is necessary for a tenant to vacate their permanent home temporarily to enable refurbishment or repairs to be carried out or permanently. The Policy gives examples when this may be necessary and the financial compensation that may be made available. It does not apply to households placed in emergency or temporary accommodation under the Council's homelessness powers or duties.

16. In summary the Decant Policy explains tenants will be consulted in the event of a decant, kept informed through the process, resident's needs will be considered as far as possible, and the Council will comply with legislation when making home loss and disturbance payments. It explains the options for alternative temporary accommodation depending on the length of time it is required and its suitability, the situation with rents and service charges whilst staying in alternative temporary accommodation, when and what is covered by disturbance payments, and finally returning home.
17. It provides clear guidance for the Council's tenants facing this situation and for all staff involved in the process of decanting. It helps all parties to understand the responsibilities and statutory requirements and processes.

Options

18. Recommendation (i): That the Executive approve the Rent Policy.
 - a) Option 1: Approve the policy and authorisation for any amendments prior to publication. This option is recommended to provide clarity to tenants on the Council's approach to rent setting, service charges and rent increases.
 - b) Option 2: Not approve the Rent Policy. This would result in a lack of clarity and uncertainty for tenants on the Council's position on rent setting and charges.
19. Recommendation (ii): That the Executive approve a 2.3% rent increase in 2023-24.
 - a) Option 1: Approve the 2.3% rent increase proposed for 2023-24. This is the recommended option because it is supported by existing budgets to operate the Council's accommodation.
 - b) Option 2: Not approve the 2.3% rent increase in 2023-24 and propose an alternative.
20. Recommendation (iii): That the Executive approve the Compensation Policy.
 - a) Option 1: Approve the policy and authorisation for any amendments prior to publication. This option is recommended to provide clarity to tenants and staff on the Council's approach to managing and responding to compensation claims.
 - b) Option 2: Not approve the Compensation Policy. This would result in a lack of clarity and uncertainty for tenants on the Council's approach to all types of housing compensation claims and increase the risk of complaints.
21. Recommendation (iv): That the Executive approve the Decant Policy.
 - a) Option 1: Approve the policy and authorisation for any amendments prior to publication. This option is recommended to provide clarity to introductory and secure tenants on the Council's approach to managing a decant and the support available to them.
 - b) Option 2: Not approve the Decant Policy. There would be no certainty or advice for tenants or staff in the event a decant was necessary on how to proceed and manage the process. This would increase the risk of complaints.

Legal Implications

22. Social housing landlords have a legislative right to charge rent. The method for setting social and affordable rents is set down in government policy and regulated by the RoSH. There is no requirement to apply either a rent increase or the maximum rent increase permitted.
23. It is not a legal requirement to have in place a Compensation or Decant Policy, however it is good practice to set out the Council's approach for customers and staff to understand.
24. There are legal implications arising from some compulsory compensation claims and it is essential regulations are followed when assessing these claims to avoid further legal challenge. The Compensation and Decant Policies support the implementation of good practice and the following of process where claims occur.
25. However, some types of compensation are compulsory, and the Council must follow legislation and regulations as appropriate to ensure claims are managed properly.

Financial Implications

26. The Council owns a very small number of social housing units, over two thirds are set at affordable rents, having been occupied for four months at the point a rent increase is applied. A 2.3% rent increase will increase the Council's income to meet the management, maintenance and other cost of the accommodation.
27. There are no immediate budget implications associated with the Compensation Policy or Decant Policy which are applicable to the Council's secure tenants and in the future leaseholders. Any future compensation claims will be managed on a case by case basis with adherence to regulations where statutory compensation claims are due. Given the 32 properties subject to these policies are new builds, the likelihood of a claim in the next 5 – 10 years is extremely low.

Equalities Implications

28. We have a statutory duty to consider equalities in all our decisions.
29. Opportunities exist to ensure households on low incomes access benefits, money and budgeting advice and support services to support rent paying responsibilities, these services are in place and monitored regularly.
30. This duty has been considered in the development of these policies and it has been concluded that there are low impacts on the equalities duties. This report does not recommend any specific decisions or actions in relation to our activities around rent setting or managing compensation claims or decants of tenants. When published, all policies will meet Accessibility standards.

Communication Implications

31. There are no specific communications implications arising from the publication of these policies or the rent increase. They will be made available on the Council's website and communicated to staff and our registered provider managing agent for Wheatley Court.

Environmental Sustainability Implications

32. Whilst there are no specific environmental sustainability implications arising out of this report, the Council continues to assess and make improvements to its buildings and services to avoid, improve and mitigate environmental impacts.

Risk Management Considerations

33. No risk to the provision of services to the Council's temporary accommodation or permanent homes has been identified by the recommendation not to increase rents in 2023-24.

34. In terms of compensation claims, given the 32 properties subject to these policies are new builds, the likelihood of a claim in the foreseeable future is extremely low. In terms of discretionary claims to date, no complaints regarding repairs or housing conditions have been received from households occupying the Council's temporary accommodation. The accommodation is subject to regular inspections to assess for issues at the earliest opportunity.

Consultation

35. No consultation has been carried out as these policies are based on regulatory frameworks and follow legislative requirements. The policies aim to clarify the Council's approach to rent setting, housing compensation claims and managing decants of tenants as part of the Council's new role as a registered provider.

Policy Framework

36. The recommendations in this report support the Council's Five Year Plan themes People and Organisation which includes a focus on local housing challenges, supporting housing with a housing need, housing costs and financial sustainability. The Council has become a registered landlord and is committed to continuing to deliver high quality housing and other services to households living in temporary accommodation and permanent accommodation to meet our Corporate Plan objectives.

Background Powers

None