



<b>Signed off by</b>	Head of Housing
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<b>To</b>	Executive
<b>Date</b>	Thursday, 1 February 2024
<b>Executive Member</b>	Portfolio Holder for Housing and Support

<b>Key Decision Required</b>	Y
<b>Wards Affected</b>	(All Wards);

<b>Subject</b>	Housing Rent Review and Debt Recovery Policy
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<b>Recommendations</b>
<p><b>That the Executive</b></p> <ul style="list-style-type: none"> <li><b>(i) Approves a 7.7% rent increase for Council-owned social and affordable rent homes in 2024/25, being the lower of a 7.7% increase or the Local Housing Allowance rate;</b></li> <li><b>(ii) Delegates authority to agree the annual service charge to the Head Housing in consultation with the Head of Finance; and</b></li> <li><b>(iii) Approves the Write Off Policy for Housing Service Debts at Annex 1</b></li> </ul>
<b>Reasons for Recommendations</b>
<p>The Council is permitted by Government and the Regulator of Social Housing to increase rents annually.</p> <p>The proposed 7.7% rent increase is necessary to meet the ongoing and rising costs of management, maintenance, and improvement of Council-owned homes.</p> <p>The proposed Write Off Policy for Housing Service Debts (at Annex 1) is necessary to set out the circumstances in which debts are considered irrecoverable and to set the levels of authority to approve debt write-off.</p>

## **Executive Summary**

The purpose of this report is to seek agreement to the annual rent increase to be applied to Council-owned social and affordable rent homes in 2024/25.

The rent increase formula is set by the Government and Regulator of Social Housing each year.

It is recommended that a 7.7% increase is applied to rents, being the lower of a 7.7% increase or the Local Authority Housing Allowance rate.

Rent income supports the on-going management, maintenance, and improvement of Council-owned homes.

The Council aims to collect all housing charges due for accommodation and other charges from debtors wherever possible and it is cost effective. The Write Off Policy for Housing Service Debt (at Annex 1) sets out the circumstances in which debts are considered irrecoverable and the levels of authority and process to approve write-off.

**Executive has authority to approve the above recommendations.**

## **Statutory Powers**

1. The Housing Act 1985 gives social 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 updated December 2022) housing applies.

## **Background**

2. The Council currently owns and manages 18 self-contained properties and a 10 room shared facility property that are used exclusively as accommodation for homeless households. Additional homes are planned to be being purchased with some Government funding support. These are all classified as Social Rent homes.
3. In addition, the Council owns 32 homes that are let on introductory or secure tenancies at Affordable Rents. They are managed and maintained by a registered provider on the Council's behalf.
4. All Council-owned homes are subject to the Rent Standard and Consumer Standards.
5. The Government's *Policy Statement on rents for Social Housing* prescribes that social housing providers should not increase rents from 2020/21 until at least 2024/25 by more than the previous September Consumer Price Index (CPI) rate +1% annually.
6. The level of CPI in September 2022 would have led to a maximum increase of 11.1% in 2023/24, however the Government capped the maximum increase permitted to 7%. In January 2022 the Executive agreed an annual rent increase of 2.2% for 2023/24. This lower increase was agreed because residents in the 32 unit scheme had only moved in four months prior to the increase.

## Key Information

### Local Housing Allowance

7. The Government's Autumn Statement in November 2023 included a commitment to raise national Local Housing Allowance (LHA) rates to the 30<sup>th</sup> percentile of local market rents from April 2024.
8. Department for Work and Pensions Official statistics published in November 2023 on benefit uprating, forecast the numbers of types of individuals and families benefiting from the uprating of benefits in 2024/2025. This indicates that the estimated average annual financial gain for households in England from the increase in LHA to the 30<sup>th</sup> percentile in 2024/25 will be £785. Caution must be applied however as it is not yet apparent, how much this borough's LHA rate may increase. Publication of the revised local LHA rate is expected in January 2024.
9. LHA represents the maximum amount of benefit for housing costs that will be paid to qualifying households. Households in receipt of the housing costs element of Universal Credit, typically working households, must fund any rent charges above this maximum benefit level.
10. LHA is therefore a factor when considering the level of rent charged by the Council.
11. Maintaining the affordability of social rent homes supports the Council's Corporate Plan commitments on meeting affordable housing challenges.

### Rent Policy

12. The Council's Rent Policy was agreed by the Executive in January 2023 the proposed rent increase is set on accordance with this Policy, a link to this is given in Background Documents.
13. The Policy sets out the legislative and regulatory framework which governs rent setting for social housing and the Council's approach to rents.
14. The Policy also explains how Social Rents are calculated and charged, how Affordable Rents are set, also the approach to service charges.

### Recommended Rent Increase for 2024/25

15. As explained above, the Government's *Policy Statement on Rents for Social Housing 2022*, prescribes the annual maximum increase.
16. CPI at September 2023 was 6.7%, therefore the maximum increase permitted for 2024/25 is 7.7%.
17. It is therefore recommended that Social Rents and Affordable Rents for Council-owned homes are increased by 7.7% for 2024/25 with the increase capped to the lower of the 7.7% increase or the Local Housing Allowance.
18. The application of a limit will support the long-term affordability in particular of Affordable Rent homes.
19. The Council's Social Rent homes continue to remain at a relatively modest level with rent costs entirely met by housing benefit, where eligible.

## Write Off Policy Housing Service Debts

20. The Council aims to collect all charges due for accommodation and other charges from debtors wherever possible and it is cost effective. In some circumstances this may not be possible.
21. The Write Off Policy (at Annex 1) therefore sets out the circumstances in which a Housing Service Debt may not be recoverable. It sets out how debt will be processed in accordance with the relevant Financial Procedure Rule in the Council's Constitution, the approval and reporting process.

## Service Charges

22. Some of the Council's Social Rent homes are subject to service charges for the provision of communal services. Whilst not subject to the Government's *Policy on Rents for Social Housing*, the Government Policy does recommend that they reflect the service being provided and increases are limited to CPI plus 1%. Service charges on relevant Council-owned Social Rent homes are not material and an annual review will assess they are reasonable and proportionate.
23. Service charges for the Council-owned Affordable Rent homes are included within the assessment of the rent because Affordable Rents are based on gross market rent, which is inclusive of service charges. The total Affordable Rent must not exceed 80% of gross Market Rent.

## Options

24. Executive has two options regarding the proposed rent increase:
  - Option 1:** To approve a 7.7% rent increase for 2024/25.  
This is the recommended option because it ensures that rent income remains sufficient to manage and maintain Council-owned homes.
  - Option 2:** To not approve the 7.7% rent increase.  
This is not recommended as it will prevent compliance with the Council's rent setting responsibilities.
25. Executive has two options regarding the Write Off Policy for Housing Service Debts:
  - Option 1:** To approve the Write Off Policy for Housing Service Debt.  
This is the recommended option because it ensures Housing Debt management is transparent and is processed in line with the relevant Finance Procedure Rule in the Council's Constitution.
  - Option 2:** To not approve the Write Off Policy for Housing Service Debts and request Officers develop alternative proposals.  
This is not recommended as it will prevent compliance with the Council's debt recovery responsibilities.

## Legal Implications

There are no legal implications. 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 Regulator of Social Housing. There is no requirement to apply either a rent increase or the maximum rent increase permitted. In the event the Council does increase charges, it may do so once annually and give tenants a minimum of 28 days written notice of change.

## Financial Implications

26. As explained above, the Council currently owns the following properties:

- 18 Social Housing self-contained homes
- 10 Social Housing shared-facility homes
- 32 Affordable Rent homes.

27. Forecast income and operating costs in 2023/24 is summarised below:

<b>Table 1: Forecast Income &amp; Expenditure</b>	2023/24 £000	2023/24 £000
Rent & Service Charge Income		
• Social Housing	141	
• Affordable Housing	300	
<b>Total Rent Income</b>		441
Operating Costs		
• Social Housing	130	
• Affordable Housing	111	
<b>Total Expenditure</b>		<b>241</b>

28. The recommended rent increase in 2024/25 is forecast to yield a modest rental income of up to £34,000 depending on voids and rent arrears, to meet forecast management, maintenance, and other operating costs of the accommodation at a time of rising costs of materials and labour.

29. The first call on the net income received from Wheatley Court each year will be to offset pressures elsewhere in the Housing Service budget, in particular to meet increases in demand for homelessness support, and any residual net income balance at year end will be transferred to the Homelessness Prevention Reserve.

## Equalities Implications

30. The Council has a statutory duty to consider and demonstrate this in all of our decisions.

31. This duty has been considered and an Equality Impact Assessment of the Rent Policy 2023 was completed. 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.

## **Communication Implications**

32. There are no specific communications implications arising from the rent increase. All households will receive written notification of their revised charges at least a month before they take effect.

## **Environmental Sustainability Implications**

33. There are no environmental sustainability implications arising from the rent increase.

## **Risk Management Considerations**

34. No risk to the provision of services to the Council's temporary accommodation or permanent homes has been identified by the recommendation to increase rents in 2024/25.

## **Procurement/Contract Management and Subsidy Considerations**

35. Procurement for goods and services to manage and maintain council-owned homes will be conducted in line with the Council procurement rules and the relevant public sector procurement regulations.

## **Consultation**

36. No consultation has been carried out.

## **Policy Framework**

37. The recommendations in this report support objectives within the Council's Corporate Plan themes of People and Organisation which include a focus on local housing challenges, supporting those with a housing need, housing costs and financial sustainability.
38. As a registered social landlord, the Council is committed to continuing to deliver high quality housing and other services to households living in temporary and permanent accommodation to meet our Corporate Plan objectives.

## **Background Papers**

Corporate Plan 2025 - [https://www.reigate-banstead.gov.uk/info/20205/plans\\_and\\_policies/280/reigate\\_and\\_banstead\\_2025](https://www.reigate-banstead.gov.uk/info/20205/plans_and_policies/280/reigate_and_banstead_2025)

Report to Executive, Council's Social Landlord Functions – Supporting Policies, 26 January 2023  
[Rent Policy: Council owned accommodation](#): Item 60 Annex 1

## **Annexes**

1. Write Off Policy: Housing Service Debts