

Crawley Borough Council

Consideration Report for Delegated Decision by Cabinet Member for Housing

Expected Date of Decision 17 January 2018

Report of the Head of Crawley Homes Report number CH179

1. Purpose

- 1.1 Varying the rent of dwellings and garages held in the Housing Revenue Account is delegated to the Cabinet Member for Housing in consultation with the Head of Finance, Revenues and Benefits.
- 1.2 The purpose of the report is to present the recommended option.

2. Recommendations

- 2.1 To implement a 1% reduction for all social and affordable dwelling rents
- 2.2 To increase shared ownership and hostel rents by CPI
- 2.3 To increase the amount charged for separately let sheds by 2% rounded to 5p.
- 2.4 To maintain the current charge for lifeline units and maintain the charge of all other telecare equipment at current prices
- 2.5 To increase all other fees and charges, including garages sheltered guest rooms, sheltered hall hire, scooter sheds, by 2% in line with the Council's budget strategy.

3. Reasons for the Recommendations

3.1 Dwelling Social Rents

- 3.1.1 The Welfare and Reform Act required social landlords to reduce their rents by at least 1% per year for 4 years from April 2016. This applies to all social and affordable rents but excludes hostel and shared ownership rents.
- 3.1.2 The only other lawful option for rent setting other than the 1% rent reduction is to have a larger decrease. This is not recommended as this would require further savings to maintain the commitment to delivering 1,250 more affordable homes as given in the manifesto pledge.

	1% Reduction
Income Target	£39,327,140
Less 1% Reduction	(£419,840)
Less RTB Provision: 18/19 Estimate	(£301,970)
Add New Rents Estimate	£349,700
Voids & Re-Let Provision	(£55,180)
Projected Income Target	£38,899,850

3.2 **Shared Owner Rents**

- 3.2.1 Shared ownership properties are excluded from the 1% rent reduction. Historically these properties have not kept up with the social rent increases as the Council's budget strategy was applied to the rents rather than the requirements under the rent restructuring regime.

*CPI = 3.00%

	1% Reduction	0%	2%	CPI
Income Target	£310,830	£313,970	£320,250	£323,390
Less Buybacks	(£12,000)	(£12,120)	(£12,370)	(£12,490)
Projected Income Target	£298,830	£301,850	£307,880	£310,900

- 3.2.2 It is proposed to increase to the rent for these properties as outlined in the table CPI.

3.3 **Hostel Rents**

- 3.3.1 Hostel rents are excluded from the 1% reduction

- 3.3.2 Proposal: to increase by CPI.

	1% Reduction	0%	2%	CPI
Income Target	£400,090	£404,130	£412,220	£416,260
Void Provision	(£10,000)	(£10,000)	(£10,000)	(£10,000)
Projected Income Target	£390,090	£394,130	£402,220	£406,260

3.4 **Other Fees and Charges Summary**

- 3.4.1 Along with the other West Sussex telecare providers that form the grouping West Sussex telecare no increase in the Lifeline charge is proposed. All other telecare equipment is charged at cost and it is not proposed to increase these costs.
- 3.4.2 The 2% uplift will apply to sheltered guest rooms, sheltered hall hire, scooter sheds and garages.
- 3.4.3 A small number of sheds are rented separately from dwellings. These charges are currently £1.75 per week. It is now proposed to uplift these by 2% rounded to 5p making the weekly amount £1.80 in 2018/19.

4. **Implications**

- 4.1 The HRA Business Plan has been significantly impacted by the requirement to reduce rents.

5. **Background Papers**

None