

Crawley Borough Council

Consideration Report for Delegated Decision by Cabinet Member for Housing

Housing Revenue Account Property Portfolio Rents for 2024/25

Expected Date of Decision: 8 January 2024

Report of the Head of Crawley Homes Report number CH/204

1. Purpose

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

2. Recommendations

The Cabinet Member for Housing, in consultation with the Head of Corporate Finance, is recommended to:

- 2.1 Implement a 7.7% (CPI+1%) increase for social and affordable dwelling rents.
- 2.2 Increase shared ownership and hostel rents by 7.7% (CPI+1%).
- 2.3 Increase service charges as detailed in section 3.4 of this report.

3. Reasons for the Recommendations

3.1 Dwelling Rents

3.1.1 Dwelling Rents.

*CPI = 6.70%

	3%	5%	CPI + 1%
Income Target	£53,185,000	£54,163,000	£55,478,000
Less RTB Provision	(£62,000)	(£65,000)	(£70,000)
Add New Rents Estimate	£0	£0	£0
Voids & Re-Let Provision	(£390,000)	(£398,000)	(408,000)
Projected Income Target	£52,733,000	£53,700,000	£55,000,000

3.2 Shared Owner Rents

- 3.2.1 The Council only has a small portfolio of shared ownership properties it is proposed to increase these by 7.7%.

	3%	5%	CPI + 1%
Income Target:	£480,014	£489,335	£501,918
Less Buybacks:	(£8,348)	(£8,510)	(£8,729)
Projected Income Target	£471,666	£480,825	£493,189

3.3 **Hostel Rents**

3.3.1 It is also proposed to increase Hostel Rents by 7.7%.

	3%	5%	CPI + 1%
Income Target	£586,868	£598,264	£613,647
Void Provision	(£64,132)	(£65,377)	(£67,059)
Projected Income Target	£522,736	£532,887	£546,588

3.4 **Service Charges**

3.4.1 Since 2017/18 service charges have been increased by the agreed % in the Council's Budget Strategy. Work has begun on updating these charges to reflect the actual costs of the providing the service with the service charge required for cleaning and clearance ready to be applied from 2024/25.

3.4.2 It is expected that applying these service charges will generate £195,000 in the financial year 2024/25. This will be offset slightly by additional vehicle maintenance requirements of £15,000 for a net total of £180,000 The proposed service charges are below.

Accommodation Type	Revised Service Charge	Current Service Charge	% Increase
Enclosed Blocks (including leaseholders)	£3.70	£2.67	39%
Hostels	£23.43	£18.01 (Bewbush Manor £10.74)	30% (118%)
Milton Mount (including leaseholders)	£6.91	£5.56	24%
Sheltered Schemes:			
Carey House	£22.93	£13.32 (no cleaning charge)	72%
Fairlawn House	£19.82	£10.21 (no cleaning charge)	94%
Halfacres	£19.82	£10.21 (no cleaning charge)	94%
The Twitten	£19.82	£10.21 (no cleaning charge)	94%
Schaffer House	£19.82	£10.21 (no cleaning charge)	94%
Bridgefield House (leaseholders only)	£6.61	£5.41	22%

3.4.3 Work on further updating service charges for grounds maintenance and electricity costs will continue throughout 2024/25 with revised charges proposed to be applied from 2025/26. These and other non-cleaning and clearance elements of the service charge will be increased by the Council's agreed fees and charges increases which is 7%

3.5.1 **Other Fees and Charges Summary**

It is proposed to introduce laundry charges at Sheltered sites where this facility is offered. Doing this brings us in line with other authorities and housing associations who also charge for this facility.

The charge has been calculated by taking the total cost of the machines and dryers at the site and allocating these evenly to the number of tenants at the site.

Sheltered Housing Site	Charge per Tenant per Week
Carey House	£0.90
Fairlawn House	£0.63
Halfacres	£1.08
The Twitten	£0.40
Schaffer House	£1.34

- 3.5.2 All other fees and charges will be reviewed as per the Pricing Strategy to maximise income generation and recover costs.

4. Implications

- 4.1 Changes in rental income have a significant impact on the HRA business plan projections and consequentially the Council's ability to both maintain its existing stock and develop new properties.
- 4.2 Crawley Borough Council caps Affordable Housing rents at either 80% market rate or LHA rates. As part of the autumn budget statement, it was announced that LHA rates are to increase. However, it is currently unknown what the new LHA rates will be. Consequently, it is proposed not to increase the rents of Affordable Housing above the old LHA rate until next financial year to ensure rents are not increased above the revised LHA rate and to give tenants certainty on rental costs.
- 4.3 Increasing rental fees will help to offset increasing staff salaries. Staff received a flat pay award of £1,925 in 2023/24, with a forecast 3.5% increase for 2024/25.
- 4.4 There has been substantial growth required of £399,000 for the responsive repairs team and the planned maintenance team because of the new social housing regulations. This includes a requirement for regular stock condition surveys to be undertaken. Increasing rents is necessary to fund the required growth.
- 4.5 The HRA has continued to see an increase in the cost of its repairs and maintenance contracts, reporting a £1.825m overspend for Q3. There are a variety of reasons including an increased cost of supply due to high inflation, high void numbers & high sickness levels resulting in the use of sub-contractors. Therefore, we are proposing to increase the repairs budget to £14m from £11.9m, a 17.6% increase. Without a subsequent increase in rents the availability of funds for future developments and maintenance for the current stock could be impacted.
- 4.6 Decarbonisation is expected to cost the council over £300m. Future grant funding for Decarbonisation is unknown and any previously successful bids have been matched funding with Government. Therefore, it is vital to maximise income wherever possible to ensure the HRA can take advantage of any future opportunities which become available.
- 4.7 Debt repayment begun in March 2023, with further borrowing expected to be required in future years to meet the repayment schedule. Increasing rental income will delay and reduce amount of new borrowing required.

- 4.8 The Social Housing Regulator has been given directive from Government to charge Local Authorities for being members of the regulator. Additionally, the cost of being subscribed to the Housing Ombudsman has doubled in the last 2 years. Overall, it is expected that this will cost the HRA an additional £110,000 next financial year. Increasing rental income will help offset these additional costs.

5. Background Papers

[2023/2024 Budget Monitoring – Quarter 2 FIN 635](#)
[Budget Strategy 2024/25 – 2026/27 FIN 636](#)