

**8. Housing Revenue Account (HRA) Rent Setting 2023/24.**

# Agenda Item 8.



## Report of the Head of Housing and Public Health

Extraordinary Council - 12 January 2023

### Housing Revenue Account (HRA) Rent Setting 2023/24

#### Urgent Item

Pursuant to paragraph 100B (4)(b) of the Local Government Act 1972, the Presiding Member considers that the "Housing Revenue Account (HRA) Rent Setting 2023/24" should be considered at the meeting as a matter of urgency.

<b>Purpose:</b>	This report proposes an increase in rents and fees and charges for properties within the HRA for 2023/24
<b>Policy Framework:</b>	None.
<b>Consultation:</b>	Cabinet Members, Finance, & Legal
<b>Recommendation(s):</b>	It is recommended that the proposed increases in Council housing rents and fees and charges be approved:  1) Rents to be increased in line with the Welsh Government policy as detailed in section 3.1.  2) Fees, charges and allowances are approved as outlined in section 3.2.
<b>Report Authors:</b>	Paul Lilley
<b>Finance Officer:</b>	Peter Keys
<b>Legal Officer:</b>	Adrian Jeremiah
<b>Access to Services Officer:</b>	Rhian Millar

**Reason for Urgency:** The Renting Homes (Wales) Act 2016 (Amendment of Schedule 9A) Regulations 2022 was implemented on 1 December 2022. The Act introduced a new statutory notice period of 2 months. The report must be approved prior to the end of January to ensure the Council meets the statutory requirements for notice in the Act.

## 1. Introduction

- 1.1 Changes to Council housing rents have historically been included in the annual HRA Revenue Budget report which usually receives Council approval alongside the Council Fund budget towards the end of February each year with changes being applied from the 1<sup>st</sup> April each year.
- 1.2 Under the Renting Homes (Wales) Act 2016, additional notice is required of any proposed increase. Section 104 of the Act states:
- (1) The landlord may vary the rent payable under a secure contract by giving the contract-holder a notice setting out a new rent to take effect on the date specified in the notice.
  - (2) The period between the day on which the notice is given to the contract-holder and the specified date may not be less than **two months**.
- 1.3 As a result, this report seeks approval for the changes to Council housing rents and fees and charges to be applied from 1<sup>st</sup> April 2023.

## 2. Background

- 2.1 The current Welsh Government Rents Policy sets a maximum annual increase of CPI plus 1% based on the CPI figure for the preceding September. If CPI increases above 3%, the Minister has the option to set a different maximum increase. For the 2023/24 increase, CPI was of 10.1%. Following consultation with social housing providers and tenants groups (now referred to as contract-holders under the Renting Homes (Wales) Act) 2016 the Minister set a maximum average increase of 6.5%.
- 2.2 Before approving the increase the Minister sought the following commitments from social landlords in Wales to support tenants, experiencing severe financial hardship as a result of the cost-of-living crisis:
- There will be no evictions due to financial hardship for the term of the rent settlement in 2023-24, where tenants engage with their landlords.
  - During this time social landlords will continue to provide targeted support to those experiencing financial hardship to access support available.
  - In addition, a joint campaign, encouraging tenants to talk to their landlord if they are experiencing financial difficulties and access support available, will be launched across Wales.
  - Maximise the use of all suitable social housing stock, with a focus on helping those in the poorest quality transitional accommodation move into longer term homes that meet their needs.
  - Invest in existing homes to keep them safe, warm and affordable to live in.
  - Social landlords use the rent they receive to provide support to some of the most vulnerable people in our communities, providing

them with housing and crucial support services and ensuring a new supply of social homes for the future.

### **3. Proposed Rent and Fees and Charges Increase**

3.1 Rents will increase by 6.5%, an average increase of £6.68 a week, from 1<sup>st</sup> April 2023 in line with Welsh Government Rents Policy.

#### **3.2 *Fees, Charges and Allowances***

General fees, charges and allowances are to be increased in line with the agreed rent increase of 6.5%.

### **4. Affordability Analysis**

4.1 An important part of the Welsh Government's Rents Policy is that all social landlords will be expected to ensure that rents and service charges remain affordable for current and future contract-holders. A significant number of contract-holders are in receipt of Housing Benefit or Universal Credit. These benefits will be increased to cover the proposed rent increase.

4.2 An affordability analysis has been undertaken. This analysis compared Swansea rents with other local housing providers including the private sector and with other social landlords across Wales. It also looked at the proportion of household income used to pay rent. The details of the analysis are set out in Appendix 1. The main findings are:

- Compared to other local housing providers Swansea Council rents are lower than Private Sector rents for all the property types shown. They are also lowest when compared to local Housing Associations for all property types except for 1 bed flats.
- Based on the latest published Welsh Government data, the current average weekly rent compares favourably with other Welsh social landlords ranking 28<sup>th</sup> highest out of 50.
- The ONS considers an affordable rent to be one where it is no more than 30% of the income. The tables shown in Appendix 1 show that the proposed rents for 2022/23 does not exceed the ONS limit as a proportion of household income.

4.3 The latest tenants survey carried out in October 2021 found that 64.8% of tenants were either very satisfied or satisfied that their rent provided value for money. 24.4% were neither satisfied or dissatisfied and 10.9% were either dissatisfied or very dissatisfied.

## **5. Integrated Assessment Implications**

5.1 The Council is subject to the Equality Act (Public Sector Equality Duty and the socio-economic duty), the Well-being of Future Generations (Wales) Act 2015 and the Welsh Language (Wales) Measure, and must in the exercise of their functions, have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Acts.
- Advance equality of opportunity between people who share a protected characteristic and those who do not.
- Foster good relations between people who share a protected characteristic and those who do not.
- Deliver better outcomes for those people who experience socio-economic disadvantage.
- Consider opportunities for people to use the Welsh language.
- Treat the Welsh language no less favourably than English.
- Ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs.

5.2 The Well-being of Future Generations (Wales) Act 2015 mandates that public bodies in Wales must carry out sustainable development. Sustainable development means the process of improving the economic, social, environmental and cultural well-being of Wales by taking action, in accordance with the sustainable development principle, aimed at achieving the 'well-being goals'.

5.3 Our Integrated Impact Assessment (IIA) process ensures we have paid due regard to the above. It also takes into account other key issues and priorities, such as poverty and social exclusion, community cohesion, carers, the United Nations Convention on the Rights of the Child (UNCRC) and Welsh language.

5.4 An IIA screening form has been completed and reviewed. The agreed outcome was that a full IIA report is not required at this time. Proposals for an increase to rents and other fees and charges have been subject to a screening process. Service managers have considered the implications of proposed changes and believe that the proposed increase protects the most vulnerable and will not disproportionately impact on protected groups. Contract Holders will need to be notified of the proposed increase in accordance with the provisions of section 104 of the Renting Homes (Wales) Act 2016.

## **6. Financial Implications**

6.1 The additional income raised from the proposed increase will be reflected in the revised HRA Revenue and Capital budgets which will be reported to Council in March 2023. It should be noted that because of significantly higher than forecast inflation, a 6.5% increase will still result in a projected £3.6m shortfall in year 1 and £50m shortfall over 10 years compared to the previous HRA Business Plan projections. The impact of any lower increase would mean a reduction of services, reprioritising commitments, and

increased borrowing. This would inevitably affect the Council's ambition to build new homes to increase the supply of affordable housing and adversely affect the ability to meet the requirements for Welsh Housing Quality Standard 2, to maintain and decarbonise the existing housing stock.

- 6.2 Tenants in receipt of HB or UC would have benefits increased to cover the increase, there are currently between 65% and 70% of tenants are in receipt of these benefits. UC and other benefits have been increased by 10.1% as part of U.K. budget (so 3.6% above the 6.5% cap). As outlined in 2.2, the Council has along with all other social landlords in Wales, voluntarily agreed there will be no evictions due to financial hardship for the term of the rent settlement in 2023-24, where tenants engage with their landlords. During this time the Council will continue to provide targeted support to those experiencing financial hardship to access the support available.

## **7. Legal Implications**

- 7.1 Contract-Holders will need to be notified of the proposed increase in accordance with the provisions of section 104 of the Renting Homes (Wales) Act 2016. Section 104 states:

- (1) The landlord may vary the rent payable under a secure contract by giving the contract-holder a notice setting out a new rent to take effect on the date specified in the notice.
- (2) The period between the day on which the notice is given to the contract-holder and the specified date may not be less than **two months**.

**Background Papers:** None

### **Appendices:**

Appendix 1 – Affordability Analysis

Appendix 2 – Integrated Impact Assessment Screening Form

## Rent Increase Affordability Analysis – Appendix 1

The following tables compare the current Swansea Council rents with Private Sector rents and other local social housing providers. The tables show that Swansea Council rents are the lowest in 3 out of the 4 property types shown;

<b>1 Bed Flat</b>	<b>Weekly Rent</b>	<b>Ranking (most Expensive First)</b>
Median Private Rent	£138.00	1
Coastal	£90.71	2
Swansea Council	£89.88	3
Pobl	£89.63	4
FHA	£88.60	5

<b>2 Bed House</b>	<b>Weekly Rent</b>	<b>Ranking</b>
Median Private Rent	£173.00	1
Coastal Housing	£113.50	2
Family Housing	£110.91	3
Pobl	£105.47	4
Swansea Council	£99.35	5

<b>3 Bed House</b>	<b>Weekly Rent</b>	<b>Ranking</b>
Median Private Rent	£196.00	1
Coastal Housing	£119.66	2
Family Housing	£113.81	3
Pobl	£107.32	4
Swansea Council	£104.12	5

<b>4 Bed House</b>	<b>Weekly Rent</b>	<b>Ranking</b>
Median Private Rent	£313.00	1
Coastal Housing	£144.23	2
Family Housing	£132.44	3
Pobl	£130.22	4
Swansea Council	£108.86	5

The following table shows the average 2022/23 weekly rents for Social Housing in Wales. It shows that of the 50 housing providers that returned statistics to the Welsh Government the Swansea average rent was the 28<sup>th</sup> highest.

<b>Social Housing Provider</b>	<b>Average Weekly Rent</b>
Cardiff YMCA Housing Association	227.19
Hafan Cymru	163.97
First Choice Housing Association	145.27
Hafod Housing Association	113.55

Cadwyn Housing Association	111.28
Cardiff	111.19
Cardiff Community Housing Association	108.97
Taff Housing Association	108.41
Clwyd Alyn Housing Association	107.68
Wales and West Housing	106.88
Linc Cymru	105.59
Vale of Glamorgan	104.44
United Welsh Housing Association	104.02
Family Housing Association (Wales)	103.24
Cartrefi Conwy	101.99
Bron Afon Community Housing	101.88
Valleys to Coast Housing	101.88
North Wales Housing Association	101.74
Newydd Housing Association	101.52
Monmouthshire Housing	101.51
Melin Homes	101.19
Trivallis	100.87
Tai Ceredigion	100.80
Newport City Homes	100.54
Grwp Cynefin	100.16
Flintshire	99.96
Bro Myrddin Housing Association	99.66
Swansea	98.76
Wrexham	98.55
Abbeyfield Total	98.25
Cartrefi Cymunedol Gwynedd	98.08
Ateb Group	97.59
Tai Tarian	97.29
Coastal Housing Group	97.26
Denbighshire	97.03
Powys	96.58
Pobl Group	96.34
Rhondda Housing Association	95.45
Carmarthenshire	94.11
Caerphilly	93.80
Cynon-Taf Community Housing Group	93.67
Merthyr Tydfil Housing Association	92.37
Merthyr Valleys Homes	92.35
Pembrokeshire	90.34
Tai Calon Community Housing	88.50
Saint David's Diocesan Housing Association	85.74
Aelwyd Housing Association	80.50
Gwynfyd Housing Co-Operative	80.44
Almshouse total	67.64
Bangor Diocesan Housing Association	66.95



The affordability of rents can be measured by comparing the proportion of income spent on rent. The ONS considers an affordable rent to be one where it is no more than 30% of the income. The table below shows the average income data for Swansea for single person households, couple and single parent families earning minimum wage gathered by the Office of National Statistics and the Annual Survey of Hours and Earnings (ASHE). The average earnings figures are based on the published in October 2022 updated to reflect the increase in the minimum wage from April 2023.

Household	Household weekly earnings based on minimum wage for April 2023
Single Person	£324.07
Couple (1 p/t & 1f/t no children)	£486.10
Single Parent	£518.51

The following tables show the proportion of income spent on rent based on a 6.5% increase in rents for 2023/24;

<b>SINGLE PERSON</b>		
Accommodation Type	Weekly rent at 6.5% increase	% of income based on minimum wage
1 Bed Bedsit	£85.62	26.4%
1 Bed Flat	£95.73	29.5%

<b>COUPLE (no children)</b>		
Accommodation Type	Weekly rent at 6.5% increase	% of income based on minimum wage based on 1 working full time and 1 working part time
1 Bed Flat	£95.73	19.7%
2 Bed Flat	£100.79	20.7%
2 Bed House	£105.81	21.8%

<b>SINGLE PARENT</b>		
Accommodation Type	Weekly rent at 6.5% increase	% of income based on minimum wage and tax credits/UC top up
2 Bed House	£105.81	20.4%
3 Bed House	£110.88	21.4%
4 Bed House	£115.93	22.4%
5 Bed House	£121.00	23.3%
6 Bed House	£126.04	24.3%

## Integrated Impact Assessment Screening Form – Appendix 2

Please ensure that you refer to the Screening Form Guidance while completing this form.

### Which service area and directorate are you from?

Service Area: Housing and Public Health

Directorate: Place

### Q1 (a) What are you screening for relevance?

- New and revised policies, practices or procedures
- Service review, re-organisation or service changes/reductions, which affect the wider community, service users and/or staff
- Efficiency or saving proposals
- Setting budget allocations for new financial year and strategic financial planning
- New project proposals affecting staff, communities or accessibility to the built environment, e.g., new construction work or adaptations to existing buildings, moving to on-line services, changing location
- Large Scale Public Events
- Local implementation of National Strategy/Plans/Legislation
- Strategic directive and intent, including those developed at Regional Partnership Boards and Public Services Board, which impact on a public bodies functions
- Medium to long term plans (for example, corporate plans, development plans, service delivery and improvement plans)
- Setting objectives (for example, well-being objectives, equality objectives, Welsh language strategy)
- Major procurement and commissioning decisions
- Decisions that affect the ability (including external partners) to offer Welsh language opportunities and services

### (b) Please name and fully describe initiative here:

This report proposes an increase in Council house rents and other fees and charges for 2023/24 in line with Welsh Government rent policy for properties within the HRA. The proposed rent increase has taken into account the affordability of rents for contract holders. The following factors have been examined;

- Compared to other local housing providers Swansea Council rents are lower than Private Sector rents for all the property types shown. They are also lowest when compared to local Housing Associations for all property types except for 1 bed flats.
- Based on the latest published Welsh Government data, Our current average weekly rent compares favourably with other Welsh social landlords ranking 28<sup>th</sup> highest out of 50.
- The ONS considers an affordable rent to be one where it is no more than 30% of the income. The tables shown in Appendix 1 show that the proposed rents for 2022/23 does not exceed the ONS limit as a proportion of household income.

- A significant number of tenants are in receipt of Housing Benefit or Universal Credit. These benefits will be increased to cover the proposed rent increase so tenants in receipt of these benefits will not be worse off.
- The latest tenants survey carried out in October 2021 found that 64.8% of tenants were either very satisfied or satisfied that their rent provided value for money. 24.4% were neither satisfied or dissatisfied and 10.9% were either dissatisfied or very dissatisfied.

**Q2 What is the potential impact on the following: the impacts below could be positive (+) or negative (-)**

further	High Impact		Medium Impact		Low Impact		Needs investigation
	+	-	+	-	+	-	
Children/young people (0-18)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Older people (50+)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Any other age group	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Future Generations (yet to be born)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Disability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Race (including refugees)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Asylum seekers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Gypsies & travellers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Religion or (non-)belief	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Sex	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Sexual Orientation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Gender reassignment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Welsh Language	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Poverty/social exclusion	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Carers (inc. young carers)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Community cohesion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Marriage & civil partnership	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Pregnancy and maternity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

**Q3 What involvement has taken place/will you undertake e.g. engagement/consultation/co-productive approaches? Please provide details below – either of your activities or your reasons for not undertaking involvement**

The proposed increase in rents and other fees and charges take account of the following issues and factors:-

- increases in rent in line with the Welsh Government rent policy;
- the effect on tenants of rent increases;
- the requirement to maintain the Welsh Housing Quality Standard (WHQS);
  - the funding requirements of the More Homes Programme;
  - future income and expenditure trends;
  - cost efficiencies and value for money

The proposals in this report are based on the objective of maximising the resources available for investment in the housing stock to maintain the WHQS and to build affordable housing in line with the More Homes Programme. Tenants will need to be notified of the proposed increase in accordance with the provisions of section 104 of the Renting Homes (Wales) Act 2016 which states;

- (1) The landlord may vary the rent payable under a secure contract by giving the contract-holder a notice setting out a new rent to take effect on the date specified in the notice.
- (2) The period between the day on which the notice is given to the contract-holder and the specified date may not be less than **two months**.

**Q4 Have you considered the Well-being of Future Generations Act (Wales) 2015 in the development of this initiative:**

a) Overall does the initiative support our Corporate Plan's Well-being Objectives when considered together?

Yes  No

b) Does the initiative consider maximising contribution to each of the seven national well-being goals?

Yes  No

c) Does the initiative apply each of the five ways of working?

Yes  No

d) Does the initiative meet the needs of the present without compromising the ability of future generations to meet their own needs?

Yes  No

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**Q5 What is the potential risk of the initiative? (Consider the following impacts – equality, socio-economic, environmental, cultural, legal, financial, political, media, public perception etc...)**

High risk

Medium risk

Low risk

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**Q6 Will this initiative have an impact (however minor) on any other Council service?**

Yes

No

If yes, please provide details below

Building Services, Legal, Finance

**Q7 What is the cumulative impact of this proposal on people and/or communities when considering all the impacts identified within the screening and any other key decisions affecting similar groups/ service users made by the organisation?**

*(You may need to discuss this with your Service Head or Cabinet Member to consider more widely if this proposal will affect certain groups/ communities more adversely because of other decisions the organisation is making. For example, financial impact/poverty, withdrawal of multiple services and whether this is disadvantaging the same groups, e.g., disabled people, older people, single parents (who are mainly women), etc.)*

A significant number of Housing tenants will not be impacted by the proposed rent increase as they are in receipt of Housing Benefit or Universal Credit. These benefits will be increased to cover the proposed rent increase so tenants in receipt of these benefits will not be worse off. In addition a detailed affordability study has been undertaken which demonstrates that Swansea rents compare favourably with other housing providers in the local area and across Wales. It also shows that the proposed increased rents as a proportion of household income fall within the affordable levels set by the OFS. Finally, the report sets out the commitments that have been given to the Minister regarding the support that will be given to tenants facing financial hardship

**Outcome of Screening**

**Q8 Please describe the outcome of your screening below:**

- **Summary of impacts identified and mitigation needed (Q2)**
  - **Summary of involvement (Q3)**
  - **WFG considerations (Q4)**
  - **Any risks identified (Q5)**
  - **Cumulative impact (Q7)**

An IIA screening form has been completed and reviewed. The agreed outcome was that a full IIA report is not required at this time. Proposals for changing levels of funding in specific areas have been subject to a screening process. Service managers have considered the implications of proposed increase and believe that they protect the most vulnerable and will not disproportionately impact on protected groups.

(NB: This summary paragraph should be used in the relevant section of corporate report)

Full IIA to be completed

Do not complete IIA – please ensure you have provided the relevant information above to support this outcome

<b>Screening completed by:</b>
<b>Name:</b> Paul Lilley
<b>Job title:</b> Housing Finance and IT Manager
<b>Date:</b> 14/12/22
<b>Approval by Head of Service:</b>
<b>Name:</b>
<b>Position:</b>
<b>Date:</b>

Please return the completed form to [accesstoservices@swansea.gov.uk](mailto:accesstoservices@swansea.gov.uk)