



## **CABINET - 1ST FEBRUARY 2017**

**SUBJECT: HOUSING REVENUE ACCOUNT CHARGES - 2017-2018**

**REPORT BY: ACTING DIRECTOR OF CORPORATE SERVICES AND SECTION 151 OFFICER**

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- 1.1 The attached report, which provided details of the proposed increased charges which are intended to be effective for the Housing Revenue Account (HRA) for the 2017/18 financial year, was considered by the Policy and Resources Scrutiny Committee on 17th January 2017. The report sought the views of Members on the proposed increases contained therein, prior to its presentation to Cabinet.
- 1.2 Officers summarised the process involved in preparing the Housing Revenue Account (HRA) budget. Members were reminded that Welsh Government's (WG) new Policy for Social Housing Rents sets a target rent band for each Authority whereby councils have to adjust average rents for their properties in line with this banding. The uplift on the new rent policy is fixed for five years and uses the previous September Consumer Price Index (CPI) inflation figure (as opposed to the RPI inflation figure) and also applies a 1.5% real increase to the average local authority rent. The previous September CPI inflation figure was 1%. WG announced the minimum rent uplift for 2017/18 to be 2.5% which is CPI at 1% plus 1.5%. This increase applied to the current average rent means that Caerphilly Council are just within the low end of the target rent. It was also explained that due to a transitional protection arrangement in place, the maximum rent increase that can be applied by the Authority is 4.39%.
- 1.3 It was therefore proposed to apply a minimum rent increase of 3% per property from April 2017 to ensure compliance with the new rent policy and to maintain the viability of the Council's current business plan. All relevant charges were highlighted within the report and detailed the amount of additional income that would be generated (excluding voids) should the proposed increase be implemented, along with the percentage of service users receiving housing benefit. Also included in the report were proposals for Council-owned garage rent increases. There were no proposed increases across a number of other charges as these are currently under review.
- 1.4 Members discussed the letting of Council-owned garages and the number of vacant garages within the Authority's portfolio. Officers referred to the ongoing programme to improve and rationalise the Council's garage stock, and explained that many of these properties are currently vacant in order to allow improvement works to be carried out. Discussion took place regarding welfare reform and concerns were raised as to the potential for an increase in rent arrears arising from the proposals. It was explained that housing benefit will cover the increased rent charge for the majority of tenants and that the proposed increase is in line with the average across other local authorities. Officers also outlined the provisions within the Housing Revenue Account in relation to unpaid rent arrears.

- 1.5 Following consideration of the report, the Policy and Resources Scrutiny Committee unanimously recommended to Cabinet that for the reasons contained therein:-
- (i) in order to ensure compliance with the new rent policy and to maintain the viability of the current business plan, a minimum rent increase of 3% per property be applied from April 2017;
  - (ii) the variable service charge at sheltered complexes be not increased pending completion of the service charge review;
  - (iii) the meal cost at Tredegar Court be not increased pending completion of the service charge review;
  - (iv) the guest room charge for sheltered housing complexes be not increased from April 2017;
  - (v) the garage charges for Council and non-Council tenants be increased to £8.11 based on a 48-week basis from April 2017.
- 1.6 Members are asked to consider the recommendations.

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Appendices:

Appendix 1 Report to Policy and Resources Scrutiny Committee on 17th January 2017 - Agenda Item 9