

Report to	Performance Scrutiny Committee
Date of meeting	12 th December 2024
Lead Member / Officer	Councillor Rhys Thomas
Head of Service	Liz Grieve Head of Housing & Communities
Report author	Geoff Davies, Lead Officer – Community Housing
Title	Housing Rent Setting and HRA Budgets 2025 / 26

1. What is the report about?

1.1. To consider the process for determining the recommendation on the level of weekly rent increase for Community Housing tenants.

2. What is the reason for making this report?

2.1 Pre-decision scrutiny to determine: has the increase being proposed adequately considered - the impact on affordability for households and the impact of other options on Housing investment budgets.

3. What are the Recommendations?

3.1 The committee considers the contents of the report and makes any comments or recommendations to Cabinet.

4. Report details

4.1. Each year the Housing service, which manages the council housing stock through the Housing Revenue Account (HRA) is required to issue a rent increase notification to our tenants.

4.2. The maximum increase to weekly rents is set by Welsh Government Rent Policy which is based on the September CPI figure each year. If CPI is less than 3% the maximum is CPI + 1%.

- 4.3. This year CPI was 1.7% and therefore the Welsh Government Cabinet Secretary has set a 2.7% maximum increase.
- 4.4. Further information on this process is set out in appendix 1 a, which is the report for Cabinet recommending a 2.7% increase.
- 4.5. Whilst we understand the any rent increase has to be carefully considered we are also required to ensure that we can maintain and improve our Council housing stock of 3,334 homes to the standard required by the Welsh Housing Quality Standard (WHQS) and our own Corporate Plan.
- 4.6. With a new focus on Net Zero and Affordable Warmth we have been set challenging targets to achieve for our stock which will however ultimately benefit council tenants through higher standards and more energy efficient homes than they have now.
- 4.7. Due to significantly rising standards and significantly rising costs, the Housing service firmly believes that we have no option but to seek approval for the maximum increase.
- 4.8. Even with this additional income we are still faced with a challenge to meet the required standards whilst also continuing to deliver much needed new homes.
- 4.9. All other Local Authorities with Housing stock in Wales have indicated that they will be seeking a recommendation to increase rents by the maximum.
- 4.10. A key point in our decision to make this recommendation is to consider the Affordability model used by the service to formally measure whether our rent levels are affordable for households in Denbighshire. Using the respected Joseph Rowntree Foundation (JRF) "Living Rent" Model we have been able to measure rents and can confirm that with the maximum increase allowed our weekly rents remain within the strict affordability limits for earned income of the lowest income households within Denbighshire.
- 4.11. Information on the affordability model and the detailed, wider considerations of investment required to achieve the standards required are contained within appendix 3.

4.12. In order for the committee to fully consider these proposal prior to Cabinet, the full suite of reports for Cabinet are attached as appendices. These include the full Cabinet report, HRA Budget out turn projection for 2024 / 2025, HRA Capital Investment budget forecast and also the additional report outlining the wider considerations taken in reaching the final recommendation

5. How does the decision contribute to the Corporate Plan 2022 to 2027: The Denbighshire We Want?

5.1. Housing is a Corporate Priority and the capital program will support the local economy by maximising the local employment, training and supply chain opportunities for local people and businesses

5.2. Welsh Housing Quality Standard 2023 (WHQS) has working towards a net zero Housing stock as core element.

6. What will it cost and how will it affect other services?

6.1. The Housing Revenue Account is ring fenced and costs of implementation are covered by income through rents and service charges.

7. What are the main conclusions of the Well-being Impact Assessment?

7.1. The Council appreciates that any increase in weekly rent could have an impact on some of our customers' ability to meet their weekly commitments.

7.2. The increased income is needed to invest in our homes ultimately benefitting our tenants.

8. What consultations have been carried out with Scrutiny and others?

8.1. The Denbighshire Tenants and Residents Federation (DTARF) have been consulted and the reason for the rent increase and the impact on the HRA business plan has been fully explained to the group.

9. Chief Finance Officer Statement

9.1. A full review of the Housing Stock Business Plan (HSBP) has confirmed that the Plan remains robust and viable. There are sufficient resources to support the

management and supervision of the housing service and the investment needs of the stock.

10. What risks are there and is there anything we can do to reduce them?

10.1. The risk is a failure to follow the Housing Stock Business Plan and to set budgets accordingly could lead to financial concerns and potential intervention by Welsh Government.

11. Power to make the decision

11.1. Rent policy is determined by the Housing (Wales) Act 2014. The Housing Revenue Account is ring-fenced by statute.