

Report To:	CABINET
Date:	17 FEBRUARY 2025
Heading:	HOUSING RENT SETTING 2025/26
Executive Lead Member:	EXECUTIVE LEAD MEMBER FOR FINANCE, REVENUES AND BENEFITS – CLLR RACHEL MADDEN
Ward/s:	ALL
Key Decision:	YES
Subject to Call-In:	YES

Purpose of Report

This report provides information on the proposed Housing Revenue Account (HRA) rent level and other HRA accommodation related charges for Council tenants for the financial year 2025/26.

Recommendation(s)

1. To set an average rent increase of 2.7% for all Council house rents for 2025/26.
2. To set a garage and plot average rent increase of 2.7% for 2025/26.
3. To set a weekly amenity charge increase of 2.7% (rounded to the nearest pence) for all relevant council house properties for 2025/26.
4. To set an increase to the service charges of 2.7% to the sheltered schemes and general needs blocks of flats where applicable. (Service Charge A)
5. To set an increase for water charges at Brook Street Court of 6.5% for 2025/26.
6. To set an increase for service charges for the properties at Merlin Park of Retail Price Index (RPI) at December 2024 for 2025/26. (Service Charge B)

Reasons for Recommendation(s)

To set a 2.7% rent increase in line with the Department for Levelling Up, Housing and Communities policy statement on rents for social housing updated 3rd April 2024.

To set an increase of 2.7% on garage rents to continue covering the increasing costs of maintenance and rental collection for the Council garage sites, consistent with the approach in previous years.

To increase the amenity charge in line with the rent increase of 2.7% to continue covering the costs of providing the services which do not fall within the provision of the rent charge.

To set an increase to the service charges of 2.7% to sheltered schemes and general needs blocks of flats to continue to cover the increased costs of providing the services to these schemes.

To set an increase to the service charge for water at Brook Street Court to cover the increase in prices from the utility company to the Council for providing water at Brook Street Court.

To set an increase of December 2024 RPI for the service fee for the properties at Merlin Park estate, Hucknall, in line with the legal agreement between the Council and the Housing Development Company.

Alternative Options Considered

The housing rent option considered was for a lower percentage, but this would have a detrimental effect on the HRA in the long-term leading to an unsustainable HRA.

The garage rent option considered was for a lower percentage, but this would have a detrimental effect on the HRA and not cover the inflationary increase in costs to be incurred in 2024/25.

To not increase the amenity charge to the proposed level would mean that the service would continue to not have full cost recovery of the additional services provided and this would adversely impact the HRA balances.

The increase in the Service Charges is calculated to cover the costs of providing the services to the housing court schemes. To not increase the service charge would mean the costs are inappropriately subsidised by the HRA i.e., the other rent payers.

The increase in the water service charge to Brook Street Court is calculated to cover the costs only of providing the water to the Brook Street Court tenants. This follows strict guidance from Office of Water Services (OFWAT) and no other option is available.

The increase in the service fee at Merlin Park is in line with the legal agreement between the Council and the Housing Development Company. To not increase the service charge would mean the costs are inappropriately subsidised by the HRA i.e., the other rent payers.

Detailed Information

1. Rent Setting

1.1 The Government sets the Policy for Social Housing Rents. The current Policy is that future rent increases to social housing rents are limited to September's Consumer Price Index (CPI) plus 1% for 5 years from 2020/21. On the 3rd of April 2024, it was announced by the Department of Levelling up and Communities to extend this policy by a further 1 year until April

2026. This provides greater certainty for social housing tenants and landlords about levels of rent next year in light of the new consumer regulation regime.

- 1.2 The Council is proposing to apply the Government policy resulting in a rental increase of 2.7% for 2025/26. The proposed average rent for 2025/26 is £95.00 per week (48-week basis), an increase of £2.50.
- 1.3 The housing management database indicates that as at the 27th of November 2024, 74.90% of the Council's tenants receive some form of assistance with their rent (i.e., Housing Benefit or Universal Credit) and therefore will not be subject to paying the full rent increase themselves. The percentage of tenants on benefits could be higher than the 74.90% stated as the Council does not have a complete record of all tenants receiving Universal Credit as the benefit is paid directly to the tenant rather than by the Council.

2. Garage Rents

- 2.1 Officers from the Assets and Investment, Repair and Maintenance and the Lettings Team are part way through a review of garage sites. The focus is on those in disrepair and those that are unsustainable. An options appraisal is being conducted on the 'top 10' sites, with recommendations on future investment or the disposal of sites to be taken.

It is recommended that the garage rents are increased by 2.7% for 2025/26 in line with the housing rent increase, which will generate an additional annual income of £3.5k on the occupied garages.

- 2.2 Table 1 below shows the current 2024/25 and the proposed 2025/26 weekly garage and plot rents.

	Rents 2024/25	Rents 2025/26	Proposed Increase
	£	£	£
Garages			
Band A	7.86	8.07	0.21
Band B	8.78	9.02	0.24
Band C	9.70	9.96	0.26
Plots			
Band A	1.01	1.04	0.03
Band B	1.19	1.22	0.03

3. Amenity Charge

- 3.1 This charge contributes to the cost of providing the following existing services which do not fall within the provision of the rent:
 - Grounds Maintenance/Estate Management of housing open space
 - Community Safety
- 3.2 The current annual amenity charge is £1.65 per week, and it is proposed that this will increase by 2.7% in line with the proposed housing rent increase to £1.69 per week, an increase of £0.04.

4. General Needs and Sheltered Scheme Service Charges (Service Charge A)

- 4.1 The service charges are to recover partial costs for a range of services to tenants at sheltered accommodation and general needs blocks of flats including: -
- Electricity for communal lighting (where applicable)
 - Cleaning of communal rooms, areas, hallways, corridors, and staircases
 - Window cleaning in communal areas
 - Fire alarm systems.
- 4.2 It is proposed to increase the service charge in line with the rent increase of 2.7% to contribute covering the costs of providing these services. The current charges are £3.46 and £1.50 per week, and it is proposed that these will increase by 2.7% in line with the proposed housing rent increase to £3.55 and £1.54 per week. Schemes will not be increased for any schemes that have already reached the maximum contribution required in providing the service charges.

5. Water Charges at Brook Street Court, Sutton In Ashfield

- 5.1 There is a weekly service charge payable along with the rent, to cover water charges. The charge relates to the 22 apartments only and the charge depends on whether they are tenants of a 1 or 2 bed unit. This is only for cost recovery against strict guidance from Office of Water Services (OFWAT) with the Council being forbidden to make any surplus or profit on the provision of water. As water charges and water usage changes over time, the service charge is reviewed each year to ensure it accurately reflects the costs being incurred. It is recommended that the charge for 2025/26 be increased by 6.5% in line with the increase levied by Severn Trent for 2024/25.

	Rents 2024/25 £	Rents 2025/26 £	Proposed Increase £
Water			
1 Bed Unit	2.30	2.45	0.15
2 Bed Unit	4.62	4.92	0.30

6. Service Fee at Merlin Park, Hucknall (21 properties purchased in between 2018 and 2022) (Service Charge B)

- 6.1 This is an annual charge payable by all residents to cover the maintenance costs (provided by a private contractor) of the wider estate. The Service Fee is subject to an inflation-linked annual increase (in line with the Retail Prices Index "RPI" as at December) each year and the Service Fee is not linked to or dependent on the number of houses on the estate.
- 6.2 The service fee funds the upkeep and maintenance of all open areas and landscaped parts of the estate that are for common use, primarily:
- The strips of trees / woodland areas along Watnall Road
 - The ecology bund on the former runway
 - The play area
 - The footpaths and cycle ways
 - The drainage swale
 - All fencing, boundaries, street furniture etc.

Implications

Corporate Plan:

The financial position of the HRA has a direct impact on delivery of key objectives in the Corporate Plan. Sustainability of the HRA will assist in maintaining existing homes and increase the supply of affordable homes in the district in the future.

Legal:

The Council is required by the Local Government Housing Act (LGHA) 1989 to have a separate Housing Revenue Account.

The Council is required to comply with the Direction on the Rent Standard 2023. The Secretary of State set the Direction in exercise of the powers conferred by section 197 of the Housing and Regeneration Act 2008.

The Council is required to comply with the Department for Levelling Up, Housing and Communities statement on rents for social housing updated 19 December 2024.

The Council is required to comply with Department for Levelling Up, Housing and Communities statement 'New regime to deliver decent homes for social housing residents' published 3rd April 2024.

The Council is required to comply with the Housing Act 1985 section 103 in relation to notice of variation of the tenancy. {RLD 18/12/2024}

Finance:

The increases set out in this report are necessary to ensure the sustainability of the HRA, which is funded separately from other council services. The HRA is subject to inflationary pressure and the need to fund ongoing improvements to maintain compliance with current and future regulations and standards. As noted in the report, the core rent increase is capped in line with government policy. It is expected that future increases will also be subject to external regulation. As such, any shortfall in 25/26 would create a cumulative financial pressure on the HRA. [PH 20/12/24]

Budget Area	Implication
General Fund – Revenue Budget	None
General Fund – Capital Programme	None
Housing Revenue Account – Revenue Budget	As outlined in the report
Housing Revenue Account – Capital Programme	None

Risk:

Risk	Mitigation
Rents, fees, and charges increases do not cover the cost increases in delivering the services.	Rents, fees, and charges are reviewed annually.

Human Resources:

There are no HR implications contained in the report.

Environmental/Sustainability:

Not Applicable

Equalities:

Equalities implications are considered as part of the process in developing individual policy or budget changes.

Other Implications:

Not Applicable

Reason(s) for Urgency

Not Applicable

Reason(s) for Exemption

Not Applicable

Background Papers

Not Applicable

Report Author and Contact Officer

Simon Ball

Principal Accountant

01623 608881

Email: simon.ball@ashfield.go.uk

Sponsoring Executive Director

John Bennett

Executive Director – Place

Email: John.Bennett@ashfield.gov.uk

Tel: 01623 457230