

CABINET MEETING - 8 FEBRUARY 2022

EXECUTIVE SUMMARY SHEET – PART I

Title of Report:

Council Housing Rent Increase 2022/23

Author(s):

Report of the Executive Director of Neighbourhoods

Purpose of Report:

The purpose of the Report is to seek approval to increase housing rents for Sunderland City Council tenants with effect from 4 April 2022

Description of Decision:

Cabinet is requested to approve the increase in housing rents to be applied for Sunderland City Council tenants with effect from 4 April 2022 in accordance with the Government's Policy Statement on Rents for Social Housing 2019.

Is the decision consistent with the Budget/Policy Framework? *Yes

If not, Council approval is required to change the Budget/Policy Framework - No

Suggested reason(s) for Decision:

In June 2020 Cabinet approved the Housing Service Policy Framework. Within this Policy Framework was the Council's Rent and Service Charge Policy which set out that rents will be set in accordance with relevant Government policy and legislation and adhere to the Regulator of Social Housing Rent Standard. This Rent Standard states that Registered Providers must set rents from 1 April 2022 in accordance with the Government's Policy Statement on Rents for Social Housing 2019. Cabinet approval is required to determine the rent increase to be applied for 2022/23.

Alternative options to be considered:

The option of a lower rent increase to CPI+1% was considered and rejected as the annual rent increase needs to align and ensure that repairs and maintenance costs, housing management costs etc are adequately funded. The proposed increase is in accordance with the Government's Policy Statement on Rents for Social Housing 2019.

Impacts analysed;

Equality ☐ Privacy ☐ Sustainability ☐ Crime and Disorder ☐

Is the Decision consistent with the Council's co-operative values? Yes/

Is this a "Key Decision" as defined in the Constitution? Yes

Is it included in the 28 day Notice of Decisions? Yes

COUNCIL HOUSING RENT INCREASE 2022/23**Report of the Executive Director of Neighbourhoods****1.0 Purpose of the Report**

- 1.1 The purpose of the Report is to seek approval to increase housing rents for Sunderland City Council tenants with effect from 4 April 2022

2.0 Recommendations

- 2.1 Cabinet is requested to approve the increase in housing rents to be applied to Sunderland City Council tenants with effect from 4 April 2022 in accordance with the Government's Policy Statement on Rents for Social Housing 2019

3.0 Background

- 3.1 The Council became a Registered Provider of Social Housing on 26th November 2019.
- 3.2 On 11th February 2020 Cabinet approved the Housing Delivery and Investment Plan. This plan was a £59m investment programme to deliver new social housing over a five-year period.
- 3.3 In September 2020 the Council welcomed its first tenant. Since this time there has been a steady increase in the Council's Housing stock and number of tenants. All rents charged for Council homes are at Affordable Rent levels (80% of market rent levels).
- 3.4 The Government's Policy Statement on Rents for Social Housing 2019 provides guidance on rent increases across the social housing sector and informs the Regulator of Social Housing and its published Rent Standard 2020.
- 3.5 This sets out that the rent of an existing affordable rent tenant may not be increased by more than the Consumer Price Index (CPI) +1% in any year.

4.0 Sunderland Council Housing rent increase position

- 4.1 The Council currently has 50 tenants (as at 31 December 2021) that will be subject to a rent increase. The individual tenancy agreements clearly sets out that the rent will be subject to an annual review.
- 4.2 The 2022/23 rent increase will be effective from 4 April 2022. Therefore, rent increase letters will be issued to all Council tenants providing them with their new rent levels week by 4 March 2022. This provides the required notice period to tenants on rent increases. This notification will be based on the gross rent and will not include any housing benefit or housing element.

5.0 Rent increase considerations

- 5.1 As stated above the Government's Policy Statement on Rents for Social Housing 2019 caps the rent increase of an existing affordable rent tenant to no more than CPI +1% in any year.
- 5.2 All rents affected have been reviewed and evaluated to consider a range of rent increases and how these affect tenants on an average weekly and annual basis. CPI is calculated from September 2021 and is 3.1%. The table below provides an overview of potential rent increases arising from applying CPI (3.1%), CPI + 1% (4.1%) as well as a mid-range rent increase of 3.6%.

3.1% increase (£)			3.6% increase (£)			4.1% increase (£)		
Range	Weekly	Annual	Range	Weekly	Annual	Range	Weekly	Annual
Lowest	2.32	120.64	Lowest	2.69	139.88	Lowest	3.06	159.12
Highest	4.15	215.80	Highest	4.82	250.64	Highest	5.49	285.48
*Ave. Increase	3.09	160.68	*Ave. Increase	3.59	186.68	*Ave. Increase	4.09	212.68

- 5.3 The average rent increases arising from CPI to CPI+1% shows an average weekly difference of £1.00 and annually £52.00.
- 5.4 Taking into account the local market context and wider cost pressures in providing new homes and the housing service to the Councils tenants it is proposed to increase rents by CPI + 1% (4.1%).

6.0 Reasons for the Decision

- 6.1 In June 2020 Cabinet approved the Housing Service Policy Framework. Within this Policy Framework was the Council's Rent and Service Charge Policy which set out that rents will be set in accordance with relevant Government policy and legislation and adhere to the Regulator of Social Housing Rent Standard. This Rent Standard states that Registered Providers must set rents from 1 April 2022 in accordance with the Government's Policy Statement on Rents for Social Housing 2019. Cabinet approval is required to determine the rent increase to be applied for 2022/23

7.0 Alternative options to be considered:

- 7.1 The option of a lower rent increase to CPI+1% was considered and rejected as the annual rent increase needs to align and ensure that repairs and maintenance costs, housing management costs etc are adequately funded. The proposed increase is in accordance with the Government's Policy Statement on Rents for Social Housing 2019.

8.0 Other Relevant Considerations / Consultations

- (a) **Co-operative Values** – There are no implications
- (b) **Financial Implications.** The proposed rent increase of CPI + 1% (4.1%) will ensure that the costs of providing the necessary housing management and maintenance services to the Council's tenants can be funded.

(c) **Legal Implications** – The rent increase is subject to statutory notification to every Council tenant by letter. The approved rent increase letter will be issued within the statutory period.

(d) **Health & Safety Considerations** – n/a

(e) **Procurement** – n/a

(f) **Risk Analysis** - n/a

11. **List of Appendices** - None

12. **Background Papers** – Government’s Policy Statement on Rents for Social Housing 2019 and the Regulator of Social Housing Rent Standard 2020.

[Policy statement on rents for social housing \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/government/policies/social-housing-rent-revision)

[Rent Standard - April 2020 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/policies/social-housing-rent-revision)

