

CYNGOR SIR POWYS COUNTY COUNCIL

Portfolio Holder Decision Report

9th March 2015

REPORT AUTHOR: County Councillor Graham Brown
Portfolio Holder for Commissioning and Procurement

SUBJECT: Amendments to the HRA Rent Setting Policy

REPORT FOR: Decision

1. Summary

- 1.1. This report sets out a proposal to amend the current rent setting policy for all HRA dwellings.

2. Background

- 2.1. The current rent setting policy was implemented in April 2000 and consists of a base rental charge and points values for various features of a property. The point's value is then multiplied by a set value to come up with a figure which is added to the base rent to obtain the annual rent. This figure for the multiplier is changed every year with the annual rent increase as is the base figure. Details of the existing approach are shown in appendix 1.
- 2.2. Points values are set for the following features:-
- Type of Property (Detached, Semi, Terraced, etc)
 - Number of Bedrooms
 - Size of Living Area
 - Type of Heating & Number of Radiators
 - Glazing (Full, Partial or Single Glazed)
- 2.3. When the current policy was adopted in 2000 many of the Council properties were unmodernised and did not have a full central heating system or full double glazing. Therefore Council took the decision to offer small differentials in the rents between properties that were unmodernised, part-modernised or fully modernised. The exact rent differential was calculated on the number of radiators installed in a property and the number of window that were double glazed.
- 2.4. To ensure this policy was rigorously enforced Housing Officers have had to keep track of the modernisation of each dwelling and as more radiators and double glazed units have gone in we have slowly increased the rent. This policy was important in setting fair rents in 2000 however it now appears that the policy is no longer fit for purpose and requires a minor amendment
- 2.5. Following the major works of improvement to properties over recent years, including the Welsh Housing Quality Standard programme which will be complete by March 2018, virtually all of our properties have a full central heating system and the ones that do not have it will have it installed the next time the property becomes vacant. However, the team are still working to the policy of counting radiators to set the rent

and this is leading to unintended consequences. We are now in a second phase of modernisation for some properties and old central heating systems are being upgraded. This often means that one more efficient radiator will provide the same heat as two old radiators and so two radiators are replaced with one as an improvement. This then means under the current policy the points for radiators is reduced and the weekly rent is also reduced. So the large capital investment is leading to a marginal loss in income to the Council.

- 2.6. Not only does this policy lead to unintended consequences as detailed above it is also a very labour intensive exercise to count and record the number of radiators, to then check that against the existing record and make the necessary amendments.

3 Proposal

- 3.1 It is proposed that the following change to the rent setting policy for HRA properties is made.

- 3.2 We will fix all points totals for property features as they are at this time. This means that we will no longer count double glazed windows and radiators as a basis for making marginal changes to rents.

- 3.3 The only exceptions to this policy will be where:

- we place an improved heating system in a property
- we undertake major adaptations which extends the living area of the property.

In such instances the points total of the property benefitting from these works will be increased.

- 3.4 This change in policy will have no significant effect on existing tenants as it simply means their rents will remain the same with the exception of the annual rent increase.

- 3.5 In addition, it is recognised within the housing service that the current rent setting policy is outdated and it is proposed that work commences in 2016-17 on the development of a revised rent setting policy for HRA properties from April 2017.

4 One Powys Plan

- 4.1 This is a minor change of policy that will have no wider impact.

5 Options Considered/Available

- 5.1 The Portfolio holder could decide to keep the current scheme. This would continue to be expensive to administer and it will lead to unintended consequences.
- 5.2 The Housing Service is committed to a fundamental review of rent setting. This is to take place in 2016 and at that time alternative proposals will be brought to Cabinet for consideration.

6 Preferred Choice and Reasons

- 6.1 The current policy does not meet the needs of the modern service. It is expensive to administer and produces unintended consequences.

7 Sustainability and Environmental Issues/Equalities/Crime and Disorder,/Welsh Language/Other Policies etc

- 7.1 This is a minor change to an existing policy and as such it has no wider impact.

8 Children and Young People's Impact Statement - Safeguarding and Wellbeing

- 8.1 This is a minor change to an existing policy and as such it has no wider impact.

9 Local Member(s)

- 9.1 This matter has equal effect across the Council

10 Other Front Line Services

- 10.1 This is a minor change to an existing policy and as such it has no wider impact.

11 Support Services (Legal, Finance, HR, ICT, BPU)

- 11.1 Finance – The Finance Business Partner can confirm that following the proposed exit of the Housing Revenue Account Subsidy, Landlords will be given responsibility for setting rents within a Target Rent Band set by Welsh Government. Any proposed adjustments to rents will need to be reflected within the Business Plan to ensure that future plans are sustainable and will support the Service area.
- 11.2 Legal - The Legal Services support the proposal recommended in this report and are happy to support same with legal advice and assistance where and when required

12 Local Service Board/Partnerships/Stakeholders etc

- 12.1 This is a minor change to an existing policy and as such it has no wider impact.

13 Communications

- 13.1 We have advised members of Tenant Liaison Forum about the proposed change to the rent setting policy.

14 Statutory Officers

- 14.1 The Solicitor to the Council (Monitoring Officer) has commented: "I have nothing to add to the report".

- 14.2 The Strategic Director Resources (S151 Officer) notes the comments made by finance’.

Recommendation:	Reason for Recommendation:
To accept the minor change to the existing rent setting policy as set out in paragraphs 3.2 and 3.3 above	To ensure the policy remains fit for purpose

Relevant Policy (ies):			
Within Policy:	Y	Within Budget:	Y

Relevant Local Member(s):	
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Person(s) To Implement Decision:	David Roffey
Date By When Decision To Be Implemented:	1st April 2015

Contact Officer Name:	Tel:	Fax:	Email:
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Background Papers used to prepare Report:

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RENT SETTING POLICY

How rents are calculated?

Rents are calculated using a mixture of a “points formula” and a base rent in order to give the Council sufficient money to balance the books – something we have to do by law. Points are awarded against various property features and a value is given to each point, as follows.

Weekly base rent (2000/01)	£28.3021*
Weekly value per point (2000/01)	£0.18292*
Type of property:	Points
Detached house or bungalow	50
Semi-detached/end of terrace house or bungalow	40
Terraced house or bungalow	35
Ground floor flat	30
Flats above ground floor (including those served by lifts)	20
Flats above two storeys (without a lift)	10
Bedsit	No points
Designated defective dwelling	5
Number of bedrooms:	
For each bedroom	10 points
Internal living area:	
Internal living area less than 45m ²	No points
Internal living area 45m ² to 74m ²	5
Internal living area 75m ² to 94m ²	10
Internal living area 95m ² and above	15
Central heating (points per radiator to a maximum of 8 radiators):	
Mains gas central heating	2
Other types of central heating	1.5
Other heating:	
Storage heaters (points per heater)	1
Solid fuel (no radiators)	No points
Warm air electric heating	No points
Glazing:	Points
Full double glazing	10
Partial double glazing	5
All other forms of glazing	No points
Other features:	
Two internal toilets	2
Exclusive use of garden	5
Shared garden	2

House with no garden	Minus 5 points
Sheltered property with resident warden	5
Sheltered property without resident warden	2

Please note this list does not include any additional charges that you may have to pay (such as water or sewerage charges that may be payable with rent, or for garages let as part of your house tenancy). These will be charged separately and notified to you in your annual notice of rent.