



Doncaster Council

Date: 11th February 2020

To the Chair and Members of Cabinet

Housing Revenue Account Budget 2020/21

Relevant Cabinet Member(s)	Wards Affected	Key Decision
Councillor Glyn Jones	ALL	Yes

EXECUTIVE SUMMARY

1. This report sets out the Mayor's proposals for the 2020/21 Housing Revenue Account (HRA) Budget. The report focuses on the following key areas:-
 - the level of the Council's housing rents for 2020/21; the current average rent is £69.75 per week which is the lowest within South Yorkshire, rents will increase by 2.7% for 2020/21;
 - the Housing Revenue Account (HRA) budget proposals for 2020/21;
 - the medium term financial forecast for the HRA which includes estimated budgets for 2021/22, 2022/23 and 2023/24; the HRA budget follows the budget strategy as set out in previous years and maintains a reserve of £4.0m within the HRA, the budget for 2020/21 is a balanced budget (income equals expenditure); and
 - the level of fees and charges for 2020/21 as detailed in paragraph 14.

EXEMPT REPORT

2. Not applicable.

RECOMMENDATIONS

3. Cabinet is asked to note the report and recommend to Council to approve the Housing Revenue Account budget proposals as set out in this report and including:-
 - i. Rents are increased from 6th April 2020, by 2.7% as detailed in paragraphs 7 to 10 in line with Government policy. This will result in an average weekly rent increase of £1.88, resulting in an average rent of approximately £71.63 per week. Rents will be charged every week of the year.
 - ii. The budget proposals for the HRA for 2020/21, which are contained in Appendix A. These proposals set a balanced budget for the HRA and maintain a reserve of £4.0m;
 - iii. Fees and charges set out in paragraph 14.

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

4. The Council provides housing to over 20,000 residents through the housing stock within the HRA. The majority of these properties are let at social rents which are currently the lowest within South Yorkshire and they will continue to be after this increase. The proposals within this report mean that the existing tenants of these properties will pay higher rents in 2020/21. Increasing the rents in line with the Government's policy "Policy statement on rents for social housing" ensures that there is sufficient funding to continue to provide quality social housing maintained to the Doncaster decency standard and compliant with Health & Safety standards. It also provides sufficient funding to support an ambitious investment programme which will deliver significant numbers of new additional properties over the next 10 years.

BACKGROUND

5. The Housing Revenue Account budget for 2019/20 was approved on 4th March 2019. Since then the regular financial management reports to Cabinet have provided the latest projections of the 2019/20 financial position.

The underlying principles for HRA budgets had been agreed in previous years,

- that rents would remain at affordable levels;
- where properties are relet it is at target rent; and
- that surplus resources within the HRA would be used to provide additional council housing, either new build or acquisitions.

In February 2019 the Government published "Policy statement on rents for social housing" and this document sets the principles of rent setting for the next 5 years from 1st April 2020. Compliance with the policy will be monitored by the Regulator of Social Housing.

BUDGET PROPOSALS 2020/21

6. The Budget proposals for 2020/21 are shown in detail at Appendix A. The key features are as follows:-
 - a) An increase in rents of 2.7% with effect from 6th April, 2020 (see paragraphs 7 to 10 for more details);
 - b) Dwelling rent income is expected to be £2.2m higher at £74.0m due to the effect of the rent increase and the projected number of Right to Buy sales, new build properties, acquisitions and void (empty) properties;
 - c) As and when properties become empty they will be advertised and relet at target rent (see paragraph 11 for definitions of rent).
 - d) The majority of HRA services are provided by St. Leger Homes of Doncaster (SLHD). The management fee paid to SLHD is increased by a net £1.0m to reflect increases in salaries (pay award), increased ongoing employer pension costs, inflationary increases, legislation and technology changes. These increases are offset by a payment which will be received from South Yorkshire Pension Authority (SYPA) as a result of the overall surplus in the fund. Efficiency savings have been made from within SLHD to fund the additional

costs of services required to collect rent and sustain tenancies following the rollout of full service for universal credit on 11th October 2017. The details of the SLHD management fee calculations are shown at Appendix B. The management fee paid from the HRA for 2020/21 is £31.9m;

- e) It is estimated that the cost of the additional resources required to collect the rent and sustain tenancies following the full rollout of universal credit is £0.5m, SLHD are required to find efficiencies and savings to fund these additional costs over the three year period 2018/19 to 2020/21. In 2020/21 £0.32m of further efficiencies and savings have been identified and reinvested into the tenancy sustainment team, improving customer services and the delivery of a new IT system;
- f) There is a budget of £0.411m within the HRA to assist tenants to deal with changes as a result of welfare benefit reform. The sustainable tenancy policy was reviewed in August 2017 and both the usage and the policy are being kept under review as further changes to welfare benefits are rolled out;
- g) Significant reductions in the amounts required to fund pension deficits have released an additional £1.3m a year over each of the next four years and this money will be invested into bringing forward energy efficiency works for the 2,000 hard to treat properties within the Council's stock;
- h) The number of Right to Buy sales continues to be monitored and total sales to the 31st December 2019 were 88 giving an average of 2.26 sales per week (compared to 2.18 per week as of December 2018). A projected level of 120 sales, 40 new build and/or acquisitions and a void rent loss percentage of 1.25% have been used for calculating the rental income budget for 2020/21;
- i) Housing Subsidy (the historic Government grant system for the HRA) was abolished with effect from 1st April 2012 and the HRA became self-financing. A self-financing HRA needs to fund both its revenue services and deliver the investment/capital programme from rent income;
- j) Following the introduction of self-financing for the HRA a longer term view (30 years) is taken on HRA budgets to ensure that there is sufficient funding available in future years to maintain the properties at the Doncaster decency standard, deliver other investment needs and day to day services;
- k) Following the tragic fire at Grenfell Tower in June 2017, there has been a considerable focus on health & safety and compliance, especially in high rise blocks of accommodation. The Hackitt report was issued in May 2018 and following that a consultation paper "Building a safer future; proposals for the reform of the building safety regulatory system" was issued on 6th June 2019, we are still awaiting the outcome from this consultation but there could be significant implications on budgets in future years.
- l) A prudent level of balances for the HRA is considered to be £4.0m. Any surplus funds in excess of this, £3.6m, have been transferred to the housing public sector capital programme to fund investment in the housing stock and the programme for building additional council houses.

A balanced budget will be set for 2020/21. This will maintain an estimated reserve within the HRA of £4.0m by 31st March 2021.

RENT LEVELS

7. In February 2019 the Government published “Policy statement on rents for social housing”, which sets out the principles which must be followed for rent setting by all local authorities over the next 5 years (2020/21 to 2024/25), the basic principle is that rents cannot increase by more than consumer price index (CPI) inflation from the previous September plus 1%. The rate of CPI in September 2019 was 1.7% therefore rents cannot increase by more than 2.7%. This change follows four years of 1% rent reductions as dictated by the Welfare Reform and Work Act 2016.
8. The rent policy allows flexibility for providers to set rents at up to 5% above formula rent (10% for supported housing). Currently this flexibility is not applied in Doncaster. Compliance with the rent policy will be monitored, checked and reported on by the Regulator of Social Housing (the Regulator).
9. Rents in Doncaster are the lowest of all South Yorkshire Councils based on the 2018/19 financial year (according to the latest published figures from CIPFA, Chartered Institute of Public Finance and Accountancy).
10. There are five different ways in which rents will change during 2020/21, (different types of rents are defined in paragraph 11);

Existing tenants (social rent) – rent will be increased by 2.7%;

New tenants into existing (social rent) housing stock – if the tenancy changes during 2020/21 the property will be relet at target rent;

New council housing, either new build or acquisitions (funded wholly from Council resources, social rent) – when new properties are completed these properties will be let at target rent;

New council housing, either new build or acquisitions (funded with an element of Government grant, affordable rent) – when new properties are handed over both the target rent and affordable rent will be calculated for these properties, the rent charged will be the higher of the two figures (this is a condition of the grant funding) and

Existing affordable rent properties – the rent will be increased by 2.7% for existing tenants. If there is a change of tenancy the property will be relet at a reviewed affordable rent. Affordable rents are reviewed on an annual basis and these calculations are used for any tenancy changes in the next financial year.

RENT DEFINITIONS

11. Target rent (sometimes referred to as formula rent) for each property is calculated using the following formula;
 - 70% of the national average rent (April 2000) multiplied by relative county earnings (1999 levels) multiplied by a bedroom weighting (higher weighting for larger properties) plus 30% of the national average rent (April 2000) multiplied by relative property value (January 1999).

This calculation gives a target rent figure for the financial year 2000/01. It has then been updated each year by retail price index (RPI) inflation plus 0.5% up until 2014/15. In 2015/16 the target rent was increased by consumer price index (CPI) plus 1% (2.2%), the average target rent in Doncaster for 2015/16 was £75.26 per week. The target rent figure for 2015/16 is the base figure used for calculating target rent in future years. Target rent for the following four years (2016/17 to 2019/20) was reduced by 1% each year, the 2020/21 figure is increased by 2.7% (£74.43 per week).

12. Affordable rents – Affordable rent is defined as 80% of open market rent. These figures are calculated on an individual basis for each property by a qualified surveyor. A number of properties which are now in the HRA have either been built or acquired with the assistance of some grant funding from Homes England (previously the Homes and Communities Agency (HCA)). One of the grant conditions for these properties is that they are let at affordable rents (or target rent if that is higher). The current average rent for these tenancies is £93.60 per week and this will increase to £96.13 per week in 2020/21.
13. The additional rent generated as a result of charging affordable rent on properties which have been built or acquired using an element of Government grant is £0.4m in 2020/21 and estimated at £1.6m over the four year period. The Government's rent policy states "Affordable rents are typically higher than social rents. The intention behind this flexibility is to enable properties let on this basis to generate additional capacity for investment in new affordable housing". These budgets enable approximately £10m of investment in new build housing a year over the next 10 years and this will be funded by 80% prudential borrowing and 20% from revenue funding.

FEES AND CHARGES

14. The following recommendations are proposed in respect of fees and charges for 2020/21:-
 - a) That the charges for garages are increased by 2.4%. Charges to non tenants must include value added tax (VAT).
 - b) That the charges for garage sites are increased by 6.4% but these charges will remain fixed for 3 years. Charges to non tenants must include VAT.
 - c) The bio mass district heating boiler at Ennerdale provides heating and hot water to the bungalows at Ennerdale and the properties in Jubilee Court. The current charge for heating at this scheme is 6.0p per unit (plus VAT). The charges for heating should ensure that the scheme breaks even, it is therefore recommended that the charges are increased to 6.4p per unit (plus VAT) a 6.6% increase. The average annual charge for these properties is £306.
 - d) The district heating charge for properties on the Balby Bridge estate will increase to 6.72p per unit (inclusive of VAT) which is equivalent to 6.4p per unit plus VAT. The average annual charge for these properties is £194.
 - e) 40 properties at Milton Court do not have individual meters, the current charge is £6.62 (bedsits), £6.72 (one bedroom) or £7.03 (three bedroom) per property per

week and these charges will also increase by 6.6% to £7.06, £7.16 or £7.49 per week.

- f) The current enclosed garden charge is between £2.59 and £4.28 (inclusive of VAT) per week dependent on the size of the garden and will increase by 2.4%, the new charges will be between £2.65 and £4.38. This is available as a whole year service (charged every week) or as a part year service (charged for 34 weeks). This service is an optional service, it is not eligible for housing benefit and it is available to all tenants.
- g) That the service charges to leaseholders are calculated based on the actual costs of providing the services and repairs and maintenance to the property.

The table below summarises the fees and charges that are included within the HRA budget assumptions.

Fee	Current Charge 2019/20	Proposed Charge 2020/21	Budget Implication
Garages	£5.50 per week (charged every week)	£5.63 per week (charged every week)	£2,655
Garage charges to non tenants	£6.60 per week (charged every week)	£6.76 per week (charged every week)	£2,990
Garage Sites	£0.94 per week	£1.00 per week	£87
Garage site charges to non tenants	£1.13 per week	£1.20 per week	£626
District Heating – Balby Bridge	6.0p per unit (excluding VAT) 6.3p per unit (inclusive of VAT)	6.4p per unit (excluding VAT) 6.72p per unit (inclusive of VAT)	Income dependant on usage
District Heating – Milton Court			£881
Bedsits	£6.62 per week	£7.06 per week	
One bedroom	£6.72 per week	£7.16 per week	
Three bedroom	£7.03 per week	£7.49 per week	
District Heating – Ennerdale	6.0p per unit 6.3p per unit (inclusive of VAT)	6.4p per unit 6.72p per unit (inclusive of VAT)	Income dependant on usage
Enclosed Garden Service (inclusive of VAT)	£2.59 £3.25 £3.52 £4.01 £4.28 (charged every week or 34 weeks)	£2.65 £3.33 £3.60 £4.11 £4.38 (charged every week or 34 weeks)	£1,224

15. Other changes which impact on the HRA are;

Welfare Benefit Changes and Potential financial impact

Changes to Welfare benefits have a direct impact on individual tenants which usually results in them having less income. This can impact on their ability to pay their rent, this can also lead to an increase in rent arrears and then eventually increased property turnover and associated costs.

A number of welfare benefit changes have already been made;

Under occupation or “bedroom tax” – this was introduced on 1st April, 2013. This policy means that if working age tenants (pensioners were excluded from this change) are deemed to be under occupying their property then their housing benefit is reduced by 14% if they have one under occupied bedroom, or 25% if they have two or more under occupied bedrooms. This change currently affects 1,675 of tenants and their housing benefit has been reduced by £1.042m, which needs to be collected. Bedroom tax still applies to tenants that claim Universal Credit (UC) however as DWP do not share information with us, we are unable to obtain accurate information as to how many of our tenants are affected that are claiming UC.

Benefit Cap – this is the maximum amount of benefit that an individual or household can receive. This was set at £26k in July 2013 and has been further reduced to £20k for families and £13,400 for single claimants with effect from 9th January, 2017. This currently affects 49 Council tenancies. Benefit cap still applies to tenants that claim Universal Credit (UC) however as DWP do not share information with us, we are unable to obtain accurate information as to how many of our tenants are affected that are claiming UC.

Further rollout of universal credit (UC) – Tenants claiming universal credit receive their housing costs (the equivalent of Housing benefit) paid direct to themselves rather than paid to the landlord, with the tenant then responsible for paying their own rent.

Universal credit was rolled out in Doncaster in September 2015 and applied to single people with no dependents, in October 2017 full service for UC started (all new and changes to tenancies will claim UC) there are currently 4,361 UC claimants in the Council's housing stock. At some point between 2019 and 2021, when UC is fully rolled out, it is expected that all working age tenants will be paid their benefits via UC. This will apply to approximately 7,500 Council tenancies and will require approximately £24.0m of rent to be collected from tenants which has previously been paid directly to the HRA via housing benefit. By March 2021 it is anticipated that 6,400 tenants in Doncaster will have moved over to UC and the value of the rent which will need to be collected from these tenants during the 2020/21 financial year (which was previously paid direct via housing benefit) will be £17.6m.

No automatic entitlement to housing costs for 18 to 21 year olds – This policy was scrapped 31st December, 2018 following a change by the Government.

The changes to welfare benefits will have a significant impact on housing services within Doncaster. Tenants are informed of the changes on a regular basis via Houseproud (the tenants' newsletter) and both the Council and St Leger Homes' website. Members are kept up to date of these changes through Members Briefings.

OPTIONS CONSIDERED

16. Two options were considered for the rent increase in 2020/21;

Option 1 (recommended option) – A 2.7% rent increase which is in accordance with Government policy. This keeps rents in Doncaster the lowest in South Yorkshire and ensures that there are sufficient resources available to deliver day to day services and the investment/capital programme which includes significant expenditure on energy efficiency works, health & safety improvements and new build council houses. Each 1% rent increase generates just over £0.7m per year. Over a four year period rent increases based on CPI plus 1% generate additional rent income of £7.6m.

Option 2 – A rent increase which is lower than 2.7%. Over the last four years costs have increased by approximately 10% while rent income has reduced by 1% each year. The last four years have also seen higher expectations in terms of the standard of properties and in relation to Health & Safety and compliance. A rent increase of less than 2.7% could result in reductions in services to tenants at a time when the demand for services and investment is higher than ever before.

REASONS FOR RECOMMENDED OPTION

17. The Authority is required to approve the Housing Revenue Account budget for each financial year and monitor spending throughout the year. HRA budget information is reported quarterly to Cabinet. The HRA must make a provision for depreciation on Council dwellings as specified by the Government (as a minimum). It must also pay the necessary charges due on all its loans (loan charges - interest), any expenditure over and above this is discretionary but all expenditure must be funded from rent income. The recommended rent increase of 2.7% allows the Council to fulfill its financial obligations in relation to the HRA in both the short and long term.

IMPACT ON THE COUNCIL'S KEY OUTCOMES

18.

	Outcomes	Implications
	<p>Doncaster Working: Our vision is for more people to be able to pursue their ambitions through work that gives them and Doncaster a brighter and prosperous future;</p> <ul style="list-style-type: none">• Better access to good fulfilling work• Doncaster businesses are supported to flourish• Inward Investment	<p>All staff employed by SLHD are paid at or above the Living Wage.</p> <p>SLHD has an established apprenticeship programme and all entry level roles are reviewed to see if they can be converted to an apprenticeship role.</p>
	<p>Doncaster Living: Our vision is for Doncaster's people to live in a borough that is vibrant and full of opportunity, where people enjoy spending time;</p> <ul style="list-style-type: none">• The town centres are the beating heart of Doncaster• More people can live in a good	<p>All Council homes are improved and maintained to the Doncaster Decency standard. Resources have been identified to build new Council houses and to improve the energy efficiency of the existing ones.</p>

	<p>quality, affordable home</p> <ul style="list-style-type: none"> • Healthy and Vibrant Communities through Physical Activity and Sport • Everyone takes responsibility for keeping Doncaster Clean • Building on our cultural, artistic and sporting heritage 	
	<p>Doncaster Learning: Our vision is for learning that prepares all children, young people and adults for a life that is fulfilling;</p> <ul style="list-style-type: none"> • Every child has life-changing learning experiences within and beyond school • Many more great teachers work in Doncaster Schools that are good or better • Learning in Doncaster prepares young people for the world of work 	<p>A safe and warm living environment is an excellent foundation from which children, young people and adults can prosper.</p>
	<p>Doncaster Caring: Our vision is for a borough that cares together for its most vulnerable residents;</p> <ul style="list-style-type: none"> • Children have the best start in life • Vulnerable families and individuals have support from someone they trust • Older people can live well and independently in their own homes 	<p>SLHD works closely with the Council's stronger families team. A tenancy sustainment team has recently been established.</p> <p>A significant amount of investment is made each year in aids and adaptations to people's homes to enable them to live there in a safe and comfortable environment.</p>
	<p>Connected Council:</p> <ul style="list-style-type: none"> • A modern, efficient and flexible workforce • Modern, accessible customer interactions • Operating within our resources and delivering value for money • A co-ordinated, whole person, whole life focus on the needs and aspirations of residents • Building community resilience and self-reliance by connecting community assets and strengths • Working with our partners and residents to provide effective leadership and governance 	<p>Housing services in Doncaster are excellent value for money with 92.8% of tenants saying that they are satisfied that their rent provides value for money. St Leger Homes is a key partner in Team Doncaster and in delivering Doncaster Growing Together.</p>

RISKS AND ASSUMPTIONS

19. The table below identifies the main quantifiable risks, which might result in the actual income and expenditure in 2020/21 being significantly different from the estimates and proposed actions to manage/mitigate them;

Risk/Assumption	Probability	Impact	Proposed Action
Increase in rent arrears as a result of welfare benefit reform (under occupation criteria)	Medium	£1.04m of direct housing benefit payments will be lost by tenants during 2020/21.	Increased focus on rent collection and financial advice. Bad debt provision of £1.1m and £0.411m assistance fund.
Increase in rent arrears as a result of the introduction of universal credit.	Medium	Estimated that 1,612 new tenants will receive universal credit in 2020/21 (£5.2m), instead of housing benefit paid direct to the landlord.	Increased focus on rent collection and financial advice. Bad debt provision of £1.1m and £0.411m assistance fund
Interest rates increase by 0.5%	Medium	Increased costs of £1.3m	A prudent estimate has been assumed for interest rates, a large proportion of loans are at fixed rates of interest.
Dwelling rent voids exceed the assumed level of 1.25% of the rent debit (£0.936m income reduction for the year) by 0.25% of rent debit.	Medium	Income reduction £0.187m	Regular monitoring of voids, reduce re-let periods, review strategy for long term voids. Demand for most properties remains high.
Dwelling rent voids exceed the assumed level of 1.25% of the rent debit (£0.936m income reduction for the year) by 1.0% of rent debit	Low	Income reduction £0.749m	Regular monitoring of voids, reduce re-let periods, review strategy for long term voids. Demand for most properties remains high.
Inflation in future years is higher than anticipated. An additional 1% on CPI would create cost pressures.	Medium	£0.056m of potential inflationary costs.	Inflationary projections for future years are expected to remain low, the figures will be monitored on a regular basis.

LEGAL IMPLICATIONS [Officer Initials: SRF Date: 21.01.20]

20. The Council is required by s74 of the Local Government and Housing Act 1989 to keep a Housing Revenue Account (HRA), which records all revenue expenditure and income relating to the provision of council dwellings and related services. This includes formulating proposals relating to income from rent and charges,

expenditure on repairs, maintenance, supervision and management, capital expenditure and any other prescribed matters in respect of the HRA. In formulating these proposals using best estimates and assumptions, the Authority must set a balanced account. In its role as landlord, the Council has statutory and contractual obligations to maintain the structure of, and installations in, its housing stock. The HRA Budget will assist the council in fulfilling those obligations.

The decision maker must be aware of their obligations under section 149 Equality Act 2010, the Public Sector Equality Duty (PSED). It obliges public authorities, when exercising their functions, to have 'due regard' to the need to:

- a. Eliminate discrimination, harassment and victimisation and other conduct which the Act prohibits;
- b. Advance equality of opportunity; and
- c. Foster good relations between people who share relevant protected characteristics and those who do not.

The relevant protected characteristics under the Equality Act are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation. The duty also covers marriage and civil partnerships, but only in respect of eliminating unlawful discrimination.

The decision maker must ensure that they have seen the due regard statement. The duty must be exercised in substance, with rigour, and with an open mind and is not a question of ticking boxes. It is for the decision-maker to decide how much weight should be given to the various factors informing the decision, including how much weight should be given to the PSED itself. The duty is a continuing one and there should be a record/audit trail of how due regard has been shown. It is not sufficient for due regard to be a "rear-guard action" following a concluded decision. The decision maker must also pay regard to any countervailing factors and decide the weight to be given to these, which it is proper and reasonable to consider; budgetary pressures, economics and practical factors will often be important.

FINANCIAL IMPLICATIONS [Officer Initials: AW Date: 07.01.20]

21. These are contained within the body of the report.

HUMAN RESOURCES IMPLICATIONS [Officer Initials: AC Date: 24.01.20]

22. There are no HR implications specific to this recommendation. Any future changes as a result of the efficiencies that impact on the workforce will require HR engagement and would involve separate approval as appropriate.

TECHNOLOGY IMPLICATIONS [Officer Initials: PW Date: 24.01.20]

23. There are no direct technology implications as a result of this report. SLHD are represented on the Council & Partners Technology Governance Board (TGB) and submit any technology requirements to be considered to ensure wise investment, maximisation of existing systems across partners and rationalisation where possible and appropriate. As outlined in Appendix B, the total management fee for 2020/21 reflects an increase in the ICT SLA.

HEALTH IMPLICATIONS [Officer Initials: KH Date: 20.1.20]

24. This report sets out the Mayor's proposals for the 2020/21 Housing Revenue Account (HRA) Budget, including a 2.7% rental increase and some increases in other charges, such as district heating. The choices the Council makes in both raising and allocating budgets will impact on the health of the population. In general 20% of what contributes to health is due to clinical care, 30% due to behavioural factors, 40% due to socio-economic factors and 10% due to the built environment (including housing).

The decisions within this budget report have mixed implications for health. Providing secure, good quality and affordable housing can help to reduce poverty and inequality locally. Raising sufficient resources to ensure all Council homes are improved and maintained to the Doncaster Decency standard, build new Council housing stock and improve the energy efficiency of the existing stock will have a positive impact on the health and wellbeing of tenants.

In light of the continued changes in welfare benefits that will already be having a direct impact on the incomes of tenants, increases in rents and other charges may also contribute to the financial pressures facing some households. The Health Foundation (2018) states that an inadequate income can cause poor health because it is more difficult for people to avoid stress and feel in control, access experiences and material resources, adopt and maintain healthy behaviours and invest in their future. The impact of the changes to household rent should be monitored, not only to identify and support those at risk, but to also ensure that the impact is fully understood and mitigated, especially for our most vulnerable residents. It is important to ensure that tenants continue to have access to preventative and supportive tenancy services to enable them to manage and maximise their finances in light of these changes and to support them if they struggle or fall into arrears.

Where further cabinet reports are required report authors should consider the need for formal health impact assessments or early involvement of the public health team to minimise unintended impacts on health. Health impacts should also be addressed in the due regard statements that are developed alongside these further reports. Consideration could also be given to further utilising the considerable guidance on Housing for Health (<https://www.gov.uk/government/collections/housing-for-health>).

EQUALITY IMPLICATIONS [Officer Initials: JC Date: 07.01.20]

25. A Public Sector Equality Duty assessment is attached at Appendix C. There will be implications for individuals as a result of increasing rents but fundamentally rents are set based on the type and location of the property not with regard to the tenant.

CONSULTATION

26. Members have been consulted at meetings between November 2019 and February 2020; this included Labour Group, Overview & Scrutiny Management Committee (OSMC) and representatives from other parties.
27. The proposed HRA budget and changes to rent and service charges have been the subject of formal consultation with members of the Tenants and Residents

Involvement Panel (TRIP), SLHD Tenant Board Members and representatives from Tenants and Residents Associations (TARAs) on 27th January, 2020.

28. Tenants think that Council rents in Doncaster are excellent value for money (and this is reflected in Tenant surveys 92.8% are satisfied that their rent provides value for money). They thought that the increases in rents and fees & charges were reasonable and that the increases were very small weekly changes and they also responded to say that many tenants were seeing decreases in their fuel bills following investment in energy efficiency improvements.
29. Tenants are happy with the condition of their homes and the services that they receive, they could not identify any service improvements or investment needs which were not being met by the proposed budgets. They were particularly pleased to see the resources to be invested in fire safety work and felt that the Council had acted quickly to address fire safety issues.
30. Tenants were pleased to hear that the Council is investing significantly in additional Council houses as they know that there are many people that would benefit from homes of an excellent standard with good services.
31. SLHD consult with their staff and unions on the proposals within the HRA budget which directly affect them.

This report has significant implications in terms of the following:

Procurement	N/A	Crime & Disorder	N/A
Human Resources	N/A	Human Rights & Equalities	N/A
Buildings, Land and Occupiers	N/A	Environment & Sustainability	N/A
ICT	N/A	Capital Programme	Yes

BACKGROUND PAPERS

- Welfare Reform and Work Act 2016
- Housing and Planning Act 2016
- Policy statement on rents for social housing, February 2019. Issued by Ministry of Housing, Communities and Local Government (MHCLG)
- Cabinet report 19th November, 2019 – 2019/20 Quarter 2 Finance and Improvement Performance Report and Delivering for Doncaster Booklet.

GLOSSARY OF ACRONYMS AND ABBREVIATIONS

CIPFA – Chartered Institute of Public Finance and Accountancy

CPI – Consumer Price Index

GIG – Get involved group

HB – Housing Benefit

HCA - Homes and Communities Agency

HE – Homes England

HRA – Housing Revenue Account

ICT – Information Communication Technologies

IT – Information Technology

MHCLG - Ministry of Housing, Communities and Local Government

SLA – Service Level Agreement

SLHD – St Leger Homes of Doncaster

SYPA – South Yorkshire Pension Authority

TARA – Tenants and Residents Association

TRIP – Tenants and Residents Involvement Panel

UC – Universal Credit

VAT – Value Added Tax

REPORT AUTHOR & CONTRIBUTORS

Julie Crook, Director of Corporate Services, St Leger Homes (SLHD)

Tel: 01302 862710, E-mail: Julie.Crook@stlegerhomes.co.uk

Debbie Hogg
Director of Corporate Resources

Housing Revenue Account Budget 2020/21 to 2023/24

Description	Annual Budget OE 2020/21 £000s	Annual Budget OE 2021/22 £000s	Annual Budget OE 2022/23 £000s	Annual Budget OE 2023/24 £000s
Expenditure				
Management and Maintenance				
Insurances	767	780	800	820
General Management	3,344	3,410	3,478	3,548
Special Services	250	250	250	250
Management Fee to St Leger Homes	31,931	32,497	33,450	34,622
Tenancy Sustainment Fund	411	111	111	111
Debt Management Expenses	15	15	15	15
Rent, Rates, Taxes & Other Charges	142	142	142	142
Capital Charges				
Depreciation on Council Dwellings	17,224	17,224	17,224	17,224
Depreciation on non dwellings	963	963	963	963
Provision For Bad or Doubtful Debts	1,100	1,700	1,700	1,700
Total Expenditure	56,147	57,092	58,133	59,395
Income				
Rent Income				
Dwelling Rents	-73,973	-75,651	-77,382	-79,365
Non-dwelling Rents	-826	-815	-790	-765
Charges For Services and Facilities	-123	-123	-123	-123
Contributions Towards Expenditure	-214	-214	-214	-214
Income from Solar Panels	-208	-212	-216	-220
Total Income	-75,344	-77,015	-78,725	-80,687
Net Income from Services	-19,197	-19,923	-20,592	-21,292
Capital Charges				
Loan Charges - Interest	12,450	12,299	12,255	12,096
Interest Receivable	-83	-83	-83	-83
Net Operating Income	-6,830	-7,707	-8,420	-9,279
Appropriations				
Revenue Contribution To Capital Outlay	10,442	7,707	8,420	9,279
Transfer to / from Reserves	-3,612	0	0	0
Surplus (-) / Deficit for Year	0	0	0	0
HRA A/C BALANCE BF	7,612	4,000	4,000	4,000
Transfer to/from balances	-3,612	0	0	0
HRA A/C BALANCE CF	4,000	4,000	4,000	4,000

SLHD Management Fee

	Note	2020/21 £000s	2021/22 £000s	2022/23 £000s	2023/24 £000s
Management fee		30,921	31,931	32,497	33,450
Growth items					
Inflationary increases					
Pay award	1	774	664	681	700
Superannuation	2	429	0	0	200
Increments	3	66	40	40	40
Inflation	4	450	250	250	250
Increase in ICT SLA	5	127			
Arboriculture	6		-120		
Removal of 5 year temporary funding	7	-100			
Efficiencies delivered	8	320	-250		
Reinvestment in services		-320			
Pension Adjustment	9	-736	-18	-18	-18
Total Management Fee		31,931	32,497	33,450	34,622

Details of the growth bids are;

1. Pay award - 3.0% pay award with effect from 1 April 2020 and then 2.5% in each of the following years.

2. Superannuation - The pension fund was revalued in 2019. Employers contribution increased from 13.9% in 2019/20 to 16.0% in 2020/21. It has been assumed that there will be a further 1% increase in 2023/24.

3. Increments - the costs of annual pay increments paid to employees who are not at the top of their grade.

4. Inflation - the increase costs for contracted goods and services. Inflation is calculated on individual budget lines and the vast majority of budgets have not been inflated, examples of some of the inflationary increases are vehicles at 11.7% (£183k), materials at 1% (£57k), gas at 15.56% (£41k) and service level agreements (SLAs) at 3% (£97k).

5. ICT SLA - increased as a result of additional servers and complexities due to the rollout of Office 365.

5. Arboriculture - It was agreed at Cabinet on 18 June 2019 that £240k of the surplus from 2018/19 would be returned to SLHD to be spent on Arboriculture, this funding was split over two years to enable the Council to be able to deliver the work.

6. Removal of 5 year temporary funding - on 18 June 2014 Cabinet agreed a five year increase of £160k (split over two years £60k then £100k) per annum in resources to fund the refurbishment costs of St Leger House (formerly Concorde House). This funding has been removed from the management fee as the refurbishment costs are written off.

7. Efficiencies Delivered - efficiencies have been found to fund additional posts within the Health, Safety & Compliance team to deal with the challenges facing the sector following the Grenfell tragedy and the increased focus on H&S and being able to demonstrate compliance and the Tenancy Sustainment Team to deal with the ongoing roll out of Universal Credit.

HRA Budget Report

1	<p>Name of the 'policy' and briefly describe the activity being considered including aims and expected outcomes. This will help to determine how relevant the 'policy' is to equality.</p>	<p>HOUSING REVENUE ACCOUNT BUDGET 2020/21 The Impact of Increasing Dwelling Rents for the Council's Housing Stock.</p> <p>Doncaster Council is landlord to 20,421 properties of which 20,150 are socially rented and 271 are leasehold. The Housing Management responsibility for the stock has been delegated to St Leger Homes of Doncaster (SLHD) under a management agreement. In February, 2019 the Government published "Policy Statement on Rents for Social Housing" which regulates rent increases from 1st April 2020 for the next five years. For 2020/21 the rent increase will be 2.7% for all tenants meaning that the average rent will be £71.63 per week.</p> <p>This due regard statement seeks to identify those groups noted in the protected characteristics (section 3) that may be affected positively or negatively by the increasing of rents and sets out the measures to mitigate the impact on those groups. The rent increase of 2.7% will be applied to all tenancies irrespective of the tenant.</p>
2	<p>Service area responsible for completing this statement.</p>	<p>St Leger Homes of Doncaster.</p>
3	<p>Summary of the information considered across the protected groups.</p> <p>Service users/residents</p> <p>Doncaster Workforce</p>	<p>Age The rent increase of 2.7% will apply to all tenancies, regardless of the resident's age. However, other specific welfare reform measures may have an impact as a result of the age of the tenant, these are as follows;</p> <p>Social Sector Size Criteria (bedroom tax); Introduced 1st April, 2013, this welfare reform only applies to working age households and currently affects 1,675 tenants who are claiming Housing Benefit*. 1,319 tenants have to make up a 14% shortfall for their rent and 356 have a shortfall of 25% to make up. The average age of tenants affected by under occupation charge is 50. We are not aware of the number of households who under occupy but do not claim housing benefit.</p> <p>*Bedroom tax still applies to tenants that claim Universal Credit however, we are unable to</p>

	<p>obtain accurate information as to how many are affected so the figures quoted above do not provide the full picture of the impact.</p> <p>Benefits Cap: A cap on the total amount of benefits a household can receive was introduced in July 2013, which affected 20 DMBC tenants. A further, lower cap was fully implemented on 9th January, 2017 (£20k for families and £13,400 for single claimants). The lower cap currently affects 49 families in Council accommodation. For DMBC tenants, the reduced cap will largely apply to single parent households with 4 or more children or couples with 3 or more children.</p> <p>*Benefits cap still applies to tenants that claim Universal Credit however, we are unable to obtain accurate information as to how many are affected so the figures quoted above do not provide the full picture of the impact.</p> <p>Full Service roll out of Universal Credit from October 2017</p> <p>Universal Credit '<i>Full Service</i>' was implemented in Doncaster on 11th October, 2017 and replaced the Universal Credit <i>Live Service</i> which had been operational since September 2015. From this point <u>all</u> new claims from working age tenants for any of the 6 former benefits (Job Seeker's Allowance, Employment and Support Allowance, Income Support, Child Tax Credit, Working Tax Credit and Housing Benefit) will automatically go onto Universal Credit and these former benefits will be closed to new claims. In January 2019 the total number of cases claiming UC was 2,826. By January 2020 the number of tenants claiming UC now stands at 4,361 cases, an increase of 1,535. From 1st February, 2019 the rate of transfer on to Universal Credit increased as claimants with 3 or more children will then be able to claim Universal credit.</p> <p>As at January 2020, there are approximately 34% pension age tenants and 66% working age. Of these, 4,736 pension age tenants and 4,384 working age tenants are in receipt of Housing Benefit or the equivalent Housing Element of Universal Credit. Currently there are 4,361 tenants claiming Universal Credit, all of which are working age.</p>
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	<p>Disability Out of the main tenants on our Universal Housing system, 6,729 have identified as disabled – which equates to 33.45%. This compares to a national figure of 22% across the whole population in England (data supplied by ONS, questions were changed in 2015 which has now given a more accurate figure). Data shows that the number of people declaring as disabled in Yorkshire and Humber is roughly in line with the national figure. It is not anticipated that the increase in rents will adversely affect individuals based on their disability. The Housing Revenue Account also has a specific budget of £2.2m for adaptations to the homes of tenants that need adaptations.</p> <p>Ethnicity 16,771 of our tenants identify as White British – which equates to 83.62%. 1,285 (6.41%) identify as belonging to black, Asian or minority ethnic groups. A report by Department for Work and Pensions in June 2012 also tells us that working age adults living in households headed by someone from an ethnic minority were more likely to live in low-income households. This was particularly the case for households headed by someone of Pakistani or Bangladeshi ethnic origin. Translation services are offered in exceptional cases, but every effort is made to ensure that tenants understand their tenancy agreements and any other legal documents.</p> <p>Gender It is not anticipated that the increase in rents or under occupation charge will adversely affect individuals based on their gender. Male and Female residents will be equally affected. 12,683 of our tenants have identified as Female (63.23%) and 7,327 (36.53%) as Male.</p> <p>Sexual Orientation It is not anticipated that the increase in rents will adversely affect individuals based on their sexual orientation.</p>
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	<p>Religion and Belief It is not anticipated that the increase in rents will adversely affect individuals as a result of any specific religion or belief they may have.</p> <p>Maternity and Pregnancy It is not envisaged that those residents who happen to be pregnant or on maternity leave will be adversely affected by the rent increase as a result of their pregnancy or maternity leave.</p> <p>Gender Reassignment It is not anticipated that the increase in rents will adversely affect individuals who have undergone gender reassignment.</p> <p>Marriage and Civil Partnership It is not anticipated that the increase in rents will adversely affect individuals if they are married or in civil partnerships, more so than non-married residents or those not in civil partnerships.</p>
4	<p>Summary of the consultation/engagement activities</p> <p>Members have been consulted at meetings between November 2019 and February 2020; this included Labour Group, Overview & Scrutiny Management Committee (OSMC) and representatives from other parties.</p> <p>The proposed HRA budget and changes to rent and service charges have been the subject of formal consultation with members of the Tenants and Residents Involvement Panel (TRIP), SLHD Tenant Board Members and representatives from Tenants and Residents Associations (TARAs) on 27th January, 2020.</p> <p>Tenants think that Council rents in Doncaster are excellent value for money (and this is reflected in Tenant surveys 92.8% are satisfied that their rent provides value for money). They thought that the increases in rents and fees & charges were reasonable and that the increases were very small weekly changes and they also responded to say that many tenants were seeing decreases in their fuel bills following investment in energy efficiency improvements.</p>

		<p>Tenants are happy with the condition of their homes and the services that they receive, they could not identify any service improvements or investment needs which were not being met by the proposed budgets. They were particularly pleased to see the resources to be invested in fire safety work and felt that the Council had acted quickly to address fire safety issues.</p> <p>Tenants were pleased to hear that the Council is investing significantly in additional Council houses as they know that there are many people that would benefit from homes of an excellent standard with good services.</p> <p>SLHD consult with their staff and unions on the proposals within the HRA budget which directly affect them.</p> <p>Once a decision has been made by Council on 5th March 2020, a letter will be sent to all Council tenants which will give details of the rent change with effect from 6th April 2020.</p>
5	<p>Real Consideration:</p> <p>Summary of what the evidence shows and how has it been used</p>	<p>All Council tenants will be impacted from the rent increase. However, some tenants will continue to be impacted by the under occupation charge and/or benefit cap, however it is likely that some groups will be affected to a greater extent because of their lower income. The changes to welfare reform currently only affect tenants that are deemed to be of "working age".</p> <p>SLHD have a tenancy sustainment team to help assist tenants in financial difficulties and to help to sustain tenancies. This team was reconfigured and significantly strengthened to 24 staff members during 2019/20 to help the increasing numbers of tenants in rent arrears as a result of welfare reform changes. SLHD staff and staff from the Council's benefit team work together with tenants to assist them to claim discretionary housing benefit (DHP) where this is appropriate. The Council has identified a budget of up to £0.411m to assist tenants impacted by welfare reform, a revised policy was approved which detailed how this money could be spent in August 2017, as further welfare benefit reform changes are made this policy may need to be updated again.</p> <p>The rent increase is the same percentage increase for all tenancies, the rent is calculated based on the characteristics of the property and not with regard to the tenant.</p>

6	Decision Making	This due regard statement has been made available to Members in advance of making any decisions on rent increases. The HRA Budget 2020/21 report to Council on 5 th March, 2020 asks the Council to agree the rent increase for the 2020/21 financial year with effect from 6 th April, 2020.
7	Monitoring and Review	The HRA budget is monitored on a quarterly basis by Cabinet, performance information for SLHD is monitored every 3 months by Cabinet and includes information on rent arrears. SLHD management team and Board monitor performance on a regular basis and there is a focus on rent arrears as a result of the recent welfare reform changes. Financial assistance is offered to all tenants who are in rent arrears, the number of evictions due to rent arrears is also monitored in detail to identify if any trends are emerging. Payments made from the welfare benefit reform fund are monitored and these details include the protected characteristics of the tenants.
8	Sign off and approval for publication	Julie Crook, Director of Corporate Services, St Leger Homes of Doncaster.