



Doncaster Council

Report

Date: 1st March 2021

To the Chair and Members of Council

Housing Revenue Account Budget 2021/22

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 2021/22 Housing Revenue Account (HRA) Budget. The report focuses on the following key areas:-
 - the level of the Council's housing rents for 2021/22; the current average rent is £71.81 per week which is the lowest within South Yorkshire, rents will increase by 1.5% for 2021/22;
 - the Housing Revenue Account (HRA) budget proposals for 2021/22;
 - the medium term financial forecast for the HRA which includes estimated budgets for 2022/23, 2023/24 and 2024/25; 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 2021/22 is a balanced budget (income equals expenditure); and
 - the level of fees and charges for 2021/22 as detailed in paragraph 14.

EXEMPT REPORT

2. Not applicable.

RECOMMENDATIONS

3. Council is asked to approve the Housing Revenue Account budget proposals as set out in this report which are:-
 - i. Rents are increased from 5th April 2021, by 1.5% as detailed in paragraphs 7 to 10 in line with Government policy. This will increase average weekly rent by £1.08, resulting in an average rent of approximately £72.89 per week. Rents will be charged every week of the year.
 - ii. The budget proposals for the HRA for 2021/22, 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 2021/22. 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 that will deliver significant numbers of new additional properties over the next 5 years.

BACKGROUND

5. The Housing Revenue Account budget for 2020/21 was approved on 5th March 2020. Since then the regular financial management reports to Cabinet have provided the latest projections of the 2020/21 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. The Regulator of Social Housing will monitor compliance with the policy.

BUDGET PROPOSALS 2021/22

6. The Budget proposals for 2021/22 are shown in detail at Appendix A. The key features are as follows:-
 - a) An increase in rents of 1.5% with effect from 5th April, 2021 (see paragraphs 7 to 10 for more details);
 - b) Dwelling rent income is expected to be £0.9m higher at £74.9m 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 £0.8m to reflect increases in salaries (pay award), inflationary increases and changes to legislation. Efficiency savings have been made from within SLHD of £0.25m and the management fee has been reduced to reflect this. The details of the SLHD management fee calculations are shown at Appendix B. The management fee paid from the HRA for 2021/22 is £32.7m;

- e) The number of Right to Buy sales continues to be monitored and total sales to the 31st December 2020 were 37 giving an average of 0.95 sales per week (compared to 2.26 per week as of December 2019). A projected level of 120 sales, 57 new build and/or acquisitions and a void rent loss percentage of 1.25% have been used for calculating the rental income budget for 2021/22;
- f) 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;
- g) 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;
- h) 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. St Leger Homes has undertaken a range of measures to improve and enhance safety in the high-rise properties and other homes at greater risk from any incident of fire. The Grenfell Inquiry has instigated a number of new national safety initiatives, and work is already ongoing to prepare for the emerging new legislation expected through the Fire Safety Bill and Building Safety Bill. These will see new responsibilities placed on landlords and building owners, including the introduction of an Accountable Person for each local authority, new Building Safety Managers and more stringent requirements relating to improvement works within existing buildings. There will also be a new independent Building Safety Regulator established and the need to prepare Building Safety Cases wherever one is required. Some actions have already been taken which include installation of sprinklers in all high-rise properties, a High-Rise Forum has been established to engage tenants and residents on building and fire safety issues and the Building Safety Group is being reviewed to oversee this growing agenda. Moving forward, there could be significant implications on budgets in future years.
- i) A prudent level of balances for the HRA is considered to be £4.0m. Any surplus funds in excess of this, £2.7m, has been transferred to the housing public sector capital programme to fund investment in the housing stock and the programme for building more council houses.

A balanced budget will be set for 2021/22. This will maintain an estimated reserve within the HRA of £4.0m by 31st March 2022.

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 5 year period (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 2020 was 0.5% therefore, rents cannot increase by more than 1.5%. 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). At this stage, 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 2021/22 financial year (according to published budget reports).
10. There are five different ways in which rents will change during 2021/22, (different types of rents are defined in paragraph 11);

Existing tenants (social rent) – rent will be increased by 1.5%;

New tenants into existing (social rent) housing stock – if the tenancy changes during 2021/22 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 1.5% 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. The 2016/17 target rent figure (£74.65 per week) is 2015/16 minus 1%, the 2017/18 figure (£73.91 per week) is reduced by a further 1%, the 2018/19 figure (£73.17 per week) is reduced by a further 1%, the 2019/20 figure is reduced by a further 1% (£72.44 per week), the 2020/21 figure is increased by 2.7% (£74.43 per week), the 2021/22 figure is increased by 1.5% (£75.55 per week).

12. Affordable rents – Affordable rent is defined as 80% of open market rent. A qualified surveyor calculates these figures on an individual basis for each property. A number

of properties that 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 £97.07 per week and this will increase to £98.53 per week in 2021/22.

13. The additional rent generated as a result of charging affordable rent on properties that have been built or acquired using an element of Government grant is £0.4m in 2021/22 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 £20m of investment in new build housing a year over the next 5 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 2021/22:-
- a) That there are no changes to fees and charges.
 - b) 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 6.4p per unit (plus VAT). The charges for heating should ensure that the scheme breaks even, it is therefore recommended that the charges remain the same. The average annual charge for these properties is £325.
 - c) The district heating charge for properties on the Balby Bridge estate will remain at 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 £222.
 - d) 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 2020/21 & 2021/22
Garages	£5.63 per week (charged every week)
Garage charges to non tenants	£6.76 per week (charged every week)
Garage Sites	£1.00 per week
Garage site charges to non tenants	£1.20 per week

District Heating – Balby Bridge	6.4p per unit (excluding VAT) 6.72p per unit (inclusive of VAT)
District Heating – Milton Court Bedsits One bedroom Three bedroom	 £7.06 per week £7.16 per week £7.49 per week
District Heating – Ennerdale	6.4p per unit 6.72p per unit (inclusive of VAT)
Enclosed Garden Service (inclusive of VAT)	£2.65 £3.33 £3.60 £4.11 £4.38 (charged every week or 34 weeks)

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 affect 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.

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 5,941 UC claimants in the Council's housing stock. At some point during 2022, 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. The estimated value of the rent which will need to be collected from these tenants during the 2021/22 financial year (which was previously paid direct via housing benefit) will be £22.7m.

OPTIONS CONSIDERED

16. Two options were considered for the rent increase in 2021/22;
 Option 1 (recommended option) – A 1.5% 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 that includes significant expenditure on energy efficiency works, health & safety improvements and new build council houses. Each 1% rent increase generates just under £0.75m per year. Over a four year period rent increases based on CPI plus 1% generate additional rent income of £6.3m.

Option 2 – A rent increase that is lower than 1.5%. Over the four years from 2016 to 2020 costs increased by approximately 10% while rent income reduced by 1% each year. The last five 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 1.5% 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 1.5% allows the Council to fulfill its financial obligations in relation to the HRA in both the long and short 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 94.2% 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 2021/22 being significantly different from the estimates and proposed actions to manage/mitigate them;

Risk/Assumption	Probability	Impact	Proposed Action
Increase in rent arrears	Medium	The provision for bad debt needs to be increased.	Increased focus on rent collection and financial advice. Bad debt provision of £0.6m.
Changes in Government policy that result in increased expenditure or reduced income.	Medium	Any significant changes would require a thorough review of all budgets and priorities.	Monitor Government announcements and where appropriate adjust budgets.
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 (£0.949m income reduction for the year) by 0.25% of rent debit.	Medium	Income reduction £0.190m	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 (£0.949m income reduction for the year) by 1.0% of rent debit	Low	Income reduction £0.759m	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	£0.057m 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: 19.01.21]

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: 04.01.21]

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

HUMAN RESOURCES IMPLICATIONS [Officer Initials: AC Date: 26.01.21]

22. There are no HR implications within the body of the report.

TECHNOLOGY IMPLICATIONS [Officer Initials: PW Date: 18.01.2021]

23. There are no direct technology implications as a result of this report. SLHD are represented on the 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.

HEALTH IMPLICATIONS [Officer Initials: KH Date: 25.01.21]

24. This report sets out the proposals for the 2021/22 Housing Revenue Account (HRA) Budget, including a 1.5% rental increase following an increase of 2.7% in 2020/21. The choices the Council makes in both raising and allocating budgets will affect the health of the population. Socioeconomic factors, such as housing, economy and income are major determinants of health and in order to increase the wellbeing of the local population in the long term it is important that the decisions we make promote health and wellbeing.

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 and our Council houses play an important part in addressing inequality by providing affordable places for people to live. 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.

COVID-19 is already having a significant impact on the economic wellbeing of some of our residents. It can be expected that these issues will continue into the future and may even worsen as schemes, such as the national furlough scheme end, potentially leading to job losses and business closure. Even small increases in household expenditure may contribute to the financial pressures facing some households who are “just about managing” and will affect those with least money the most. 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. In particular, the mitigating actions should seek to identify and actively seek to help those most at risk of inequalities and the “seldom heard” who may not always be able to access support easily. For example, those with disabilities and long term physical and mental health conditions, people from ethnic minority backgrounds and recent immigrants, people on low incomes, carers, people with low educational levels or literacy and some older people. It is important to ensure that tenants continue to have access to existing preventative and supportive tenancy services to enable them to manage and maximise their finances in light of these changes, changes in Universal Credit and pressures from COVID-19 and to support them if they struggle or fall into arrears.

EQUALITY IMPLICATIONS [Officer Initials: JC Date: 04.01.21]

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. Directors and Cabinet have considered the budget proposals at several meetings between October 2020 and December 2020. Key dates in the budget timetable leading up to Council approving the budget on the 1st March 2021 are detailed below:-

- Overview & Scrutiny Management Committee (OSMC) – Budget briefing session 1st February 2021 and OSMC meeting 11th February 2021.
- The Chair of the Overview & Scrutiny Management Committee has responded to the Mayors budget proposals and supports the proposals.
- Labour Group – Budget Consultation 27th January 2021.
- Budget sessions with Group Leaders February 2021.
- Cabinet - Council reports – 16th February 2021.

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 25th January 2021. Views were also sought from a further 93 tenants via a survey.

28. Tenants think that Council rents in Doncaster are excellent value for money (and this is reflected in Tenant surveys 94.2% are satisfied that their rent provides value for money). They thought that the increase in rent was reasonable although these are tough times financially.
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 are keen to be involved in further consultation about the standard of homes going forward.
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.

BACKGROUND PAPERS

- Welfare Reform and Work Act 2016
- Policy statement on rents for social housing, February 2019. Issued by Ministry of Housing, Communities and Local Government (MHCLG)
- the Fire Safety Bill was issued on 19th March 2020
- the Draft Building Safety Bill was issued on 20th July 2020 (expected to become an Act during 2021)
- Cabinet report 16th February 2021 – 2020/21 Quarter 3 Finance and Improvement Performance Report.

GLOSSARY OF ACRONYMS AND ABBREVIATIONS

CPI – Consumer Price Index

HCA - Homes and Communities Agency

HRA – Housing Revenue Account

MHCLG - Ministry of Housing, Communities and Local Government

SLHD – St Leger Homes of Doncaster

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 2021/22 to 2024/25

Description	Annual Budget OE	Annual Budget OE	Annual Budget OE	Annual Budget OE
	2021/22 £000s	2022/23 £000s	2023/24 £000s	2024/25 £000s
Expenditure				
Management and Maintenance				
Insurances	790	800	820	840
General Management	3,630	3,670	3,728	3,798
Special Services	214	214	214	214
Management Fee to St Leger Homes	32,724	33,401	34,363	35,150
Tenancy Sustainment Fund	111	111	111	111
Debt Management Expenses	16	16	16	16
Rent, Rates, Taxes & Other Charges	153	153	153	153
Capital Charges				
Depreciation on Council Dwellings	17,697	17,697	17,697	17,697
Depreciation on non dwellings	928	928	928	928
Provision For Bad or Doubtful Debts	600	615	633	652
Total Expenditure	56,863	57,605	58,663	59,559
Income				
Rent Income				
Dwelling Rents	-74,945	-76,572	-78,605	-80,260
Non-dwelling Rents	-829	-815	-790	-765
Charges For Services and Facilities	-114	-114	-114	-114
Contributions Towards Expenditure	-229	-229	-229	-229
Income from Solar Panels	-212	-216	-220	-224
Total Income	-76,329	-77,946	-79,958	-81,592
Net Income from Services	-19,466	-20,341	-21,295	-22,033
Capital Charges				
Loan Charges - Interest	12,474	12,994	13,327	13,866
Interest Receivable	-14	-20	-20	-20
Net Operating Income	-7,006	-7,367	-7,988	-8,187
Appropriations				
Revenue Contribution To Capital Outlay	9,660	7,367	7,988	8,187
Transfer to / from Reserves	-2,654	0	0	0
Surplus (-) / Deficit for Year	0	0	0	0
HRA A/C BALANCE BF	6,654	4,000	4,000	4,000
Transfer to/from balances	-2,654	0	0	0
HRA A/C BALANCE CF	4,000	4,000	4,000	4,000

SLHD Management Fee

	Note	2021/22 £000s	2022/23 £000s	2023/24 £000s	2024/25 £000s
Management fee		31,931	32,724	33,401	34,363
Growth items					
Inflationary increases					
Pay award	1	747	720	745	770
Pay award adjustment from previous year	1	-65			
Superannuation	2	0	0	200	0
Increments	3	59	50	50	50
Inflation	4	202	300	300	300
Arboriculture	5	-60	-60		
Building Safety Manager posts	6	160			
Efficiencies delivered	7	-250	-333	-333	-333
Total Management Fee		32,724	33,401	34,363	35,150

Details of the growth bids are;

1. Pay award - 2.75% pay award with effect from 1 April 2021 and then 2.0% in each of the following years.

1. Pay award adjustment - 3% was budgeted for and 2.75% was agreed.

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 overall net increase paid to staff.

4. Inflation - the increase costs for contracted goods and services. Total non pay budgets are £16.9m. 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 materials at 0.5% (£32k) and SLAs at 4% (£165k). The inflation figure is reduced for reductions in utilities and fuel 12% (£36k). The net figure is shown in the table. There is quite a lot of uncertainty about the costs of some goods and services in 2021/22.

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

6. Building Safety Manager - estimated cost based on two posts at £60k basic salary plus oncosts. The Government has published a draft building safety bill which is expected to become an Act during 2021, there are a number of statutory requirements within it and one of those is the establishment of the role of building safety manager.

7. Efficiencies Delivered - efficiency targets agreed to repay the cost of investment in new IT systems.

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 2021/22 The Impact of Increasing Dwelling Rents for the Council’s Housing Stock.</p> <p>Doncaster Council is landlord to 20,365 properties of which 20,089 are socially rented and 276 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 2021/22 the rent increase will be 1.5% for all tenants meaning that the average rent will be £72.89 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 1.5% 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 1.5% 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 1,463 tenants who are claiming Housing Benefit*. 1,143 tenants have to make up a 14% shortfall for their rent and 320 have a shortfall of 25% to make up. 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 obtain accurate information as to how many are affected so the figures quoted above do</p>

not provide the full picture of the impact and also explains why the number of HB claimants affected by bedroom tax is reducing as people move on to UC.

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 current benefit cap affects 74 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.

Full Service roll out of Universal Credit from October 2017

Universal Credit '*Full Service*' was implemented in Doncaster on 11th October 2017 and replaced the Universal Credit *Live Service* which had been operational since September 2015. From this point all 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 6,300 cases, an increase of 3,474.

As at January 2021, there are approximately 34% pension age tenants and 66% working age

Disability

Out of the main tenants on our housing management system, 6,617 have identified as disabled – which equates to 33%.

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>Ethnicity 16,105 of our tenants identify as White British – which equates to 80%. 1,343 (7%) identify as belonging to black, Asian or minority ethnic groups. Information is not currently available for the remaining tenants. Translation services are offered where requested and every effort is made to ensure that tenants understand their tenancy agreements and any other legal documents. Sign-posting to support services and assistance in obtaining help is also available.</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. 12,667 of our tenants have identified as Female (64%) and 7,191 (36%) 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> <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>
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	<p>Marriage and Civil Partnership</p> <p>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>Directors, Cabinet and Members have been consulted at meetings between October 2020 and February 2021; 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 25th January 2021. Views were also sought from a further 93 tenants via a survey.</p> <p>Tenants think that Council rents in Doncaster are excellent value for money (and this is reflected in Tenant surveys 94.2% are satisfied that their rent provides value for money). They thought that the increase in rent was reasonable although these are tough times financially.</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 are keen to be involved in further consultation about the standard of homes going forward.</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 that directly affect them.</p> <p>Once a decision has been made by Council on 1st March 2021, a letter will be sent to all Council tenants, which will give details of the rent change with effect from 5th April 2021.</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 (and has remained the same since then) 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.</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	<p>Decision Making</p>	<p>This due regard statement has been made available to Members in advance of making any decisions on rent increases. The HRA Budget 2021/22 report to Council on 1st March 2021 asks the Council to agree the rent increase for the 2021/22 financial year with effect from 5th April 2021.</p>
7	<p>Monitoring and Review</p>	<p>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.</p>
8	<p>Sign off and approval for publication</p>	<p>Julie Crook, Director of Corporate Services, St Leger Homes of Doncaster.</p>