



Doncaster Council

Date: 28th February 2022

To the Chair and Members of Council

Housing Revenue Account Budget 2022/23

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 2022/23 Housing Revenue Account (HRA) Budget. The report focuses on the following key areas:-
 - the level of the Council's housing rents for 2022/23; the current average rent is £73.06 per week which is the lowest within South Yorkshire, rents will increase by 4.1% for 2022/23;
 - the Housing Revenue Account (HRA) budget proposals for 2022/23;
 - the medium term financial forecast for the HRA which includes estimated budgets for 2023/24, 2024/25 and 2025/26; 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 2022/23 is a balanced budget (income equals expenditure); and
 - the level of fees and charges for 2022/23 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 4th April 2022, by 4.1% as detailed in paragraphs 7 to 10 in line with Government policy. This will result in an average weekly rent increase of £3.00, resulting in an average rent of approximately £76.06 per week. Rents will be charged every week of the year.
 - ii. The budget proposals for the HRA for 2022/23, 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 2022/23. 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 Building 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 4 years.

BACKGROUND

5. The Housing Revenue Account budget for 2021/22 was approved on 1st March 2021. Since then the regular financial management reports to Cabinet have provided the latest projections of the 2021/22 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 properties are maintained to the Doncaster decency standard.

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 1 April 2020. The Regulator of Social Housing (RSH) monitors compliance with the policy.

BUDGET PROPOSALS 2022/23

6. The Budget proposals for 2022/23 are shown in detail at Appendix A. The key features are as follows:-
 - a) An increase in rents of 4.1% with effect from 4th April, 2022 (see paragraphs 7 to 10 for more details);
 - b) Dwelling rent income is expected to be £3.1m higher at £78.0m 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 £1.5m to reflect increases in salaries (pay award), inflationary increases and other changes. Efficiency savings have been made from within SLHD of £0.33m 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 2022/23 is £34.2m;

- e) Inflationary costs are estimated to be much higher in 2022/23 than they have been for a number of years. Estimated increased costs as a result of inflation are estimated at £3.6m.
- f) The number of right to buy sales continues to be monitored and total sales to the 31st December 2021 were 59 giving an average of 1.51 sales per week (compared to 0.95 per week as of December 2020). 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 2022/23;
- g) Housing Subsidy (the historic Government grant system for the HRA) was abolished with effect from 1 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;
- h) 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;
- i) Following the tragic fire at Grenfell Tower in June 2017, there has been a considerable focus on building 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 included in the Fire Safety Act and Building Safety Bill. The Grenfell Inquiry has also issued a phase 1 report. Landlords have been advised not to wait for the final legislation and to start to implement the recommendations. These documents 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 safety issues and the Building Safety Group has revised terms of reference to oversee this growing agenda. St Leger Homes have appointed a Head of Building Safety and a Building Safety Manager and additional funding has been included in the 2022/23 budget to increase the staffing resources within the Council's Health & Safety Team. Moving forward, there could be further implications on budgets in future years but at this time all known and required expenditure is budgeted for.
- j) Legislation has been issued which requires all Council houses to achieve net carbon zero by 2050. This will require significant investment in the fabric of all properties, an initial high level report was completed during 2021 and it is estimated that the funding gap to achieve net zero carbon by 2050 is £314m. Capital investment in Council housing is funded through rent income and at this time it is unknown how this long term investment will be funded, all local authorities are in the same position and are working with Government and private investors to consider all options to bridge this funding gap.

The Government is working towards the publication of a revised Decent Homes Standard (the original standard was issued in 2000) and it is anticipated that the new standard will include revised standards for building safety and energy efficiency and will outline proposals of how the new standard will be funded. Part of the journey towards achieving Net Zero Carbon is the interim target of achieving Energy Performance Certificate (EPC) level C for all properties by 2030. This is measured by a SLHD Key Performance Indicator (KPI) and reported to Cabinet, current performance is 64.74%. There will be a small number of properties where it is not possible to achieve this target and work is ongoing to identify these.

- k) In November 2020, the Government published the 'charter for social housing residents: social housing white paper'. This sets out the actions the Government will take to ensure that social housing customers are safe, are listened to, live in good quality homes and put things right when things go wrong. The RSH published in December 2021 a consultation paper on tenant satisfaction measures. The proposed measures will provide data about social housing landlords' performance and the quality of their services. This is intended to help tenants hold their landlord to account and help the RSH in its future consumer regulation role, as part of implementing the package of changes to consumer regulation set out in the Social Housing White Paper. It is not anticipated that there will be any financial implications as a result of these measures but this will be kept under review.
- l) A prudent level of balances for the HRA is considered to be £4.0m. Any surplus funds in excess of this, £1.1m, 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 2022/23. This will maintain an estimated reserve within the HRA of £4.0m by 31st March 2023.

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 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 2021 was 3.1% therefore; rents cannot increase by more than 4.1%. 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 is monitored, checked and reported on by the RSH.
- 9. Rents in Doncaster are the lowest of all South Yorkshire Councils and 9th lowest in the Country based on the 2020/21 financial year (according to the latest published figures from RSH).
- 10. There are five different ways in which rents will change during 2022/23, (different types of rents are defined in paragraph 11);

Existing tenants (social rent) – rent will be increased by 4.1%;

New tenants into existing (social rent) housing stock – if the tenancy changes during 2022/23 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 funding, 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 4.1% 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 following 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. This figure is then inflated each year in accordance with Government policy. The 2022/23 figure is £78.62 per week. Target rent is £2.56 per week higher than actual rent.

12. Affordable rents – Affordable rent is defined as up to 80% of open market rent (affordable rents in Doncaster are charged at 80% of market rent). A qualified surveyor calculates these figures on an individual basis for each property. 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 £99.03 per week and this will increase to £103.09 per week in 2022/23.

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 2022/23 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 £95m of investment in new build housing over the next 4 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 2022/23:-

- a) That the charges for garages are increased by 3.0%.
- b) That the charges for garage sites remain unchanged as a three year price freeze was agreed in 2020.
- c) The biomass 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 and in previous years that has been the case. In 2022/23 we are expecting that the price we pay for gas will increase by 55% and the price of biomass will increase by 22%. To protect tenants from unaffordable increases in their fuel costs, it is recommended that the charges are increased to 7.68p per unit (plus VAT) a 20% increase. We will monitor the price of wholesale gas carefully and keep the charges under review, but we want the district heating schemes to be self financing. The average annual charge for these properties is £356.
- d) The district heating charge for properties on the Balby Bridge estate will increase to 7.68p per unit (plus VAT). The average annual charge for these properties is £234.
- e) 40 properties at Milton Court do not have individual meters, the current charge is £7.06 (bedsits), £7.16 (one bedroom) or £7.49 (three bedroom) per property per week and will also increase by 20% to £8.47, £8.59 or £8.99 per week.
- f) The current enclosed garden charge is between £2.65 and £4.38 (inclusive of VAT) per week dependent on the size of the garden. It is proposed that these charges are simplified and increased by an inflationary amount or reduced so that there are only 3 different charges and they will be £2.76, £3.48 and £4.26. This service is an optional service, it is not eligible for housing benefit or universal credit and it is available to all tenants. It is available as a whole year service (charged every week) or as a part year service (charged for 34 weeks).
- g) A new charge for furnished tenancies has been approved in 2021/22 and it is not proposed to increase this charge in 2022/23. This service has been introduced as part of the "Keys to your Future" project which assists young people leaving care to live independently.
- h) 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 2021/22	Proposed Charge 2022/23	Budget Implication
Garages	£5.63 per week (charged every week)	£5.80 per week (charged every week)	£3,590
Garage charges to non tenants	£6.76 per week (charged every week)	£6.96 per week (charged every week)	£3,732
Garage Sites	£1.00 per week	£1.00 per week	Nil
Garage site charges to non tenants	£1.20 per week	£1.20 per week	Nil
District Heating – Balby Bridge	6.40p per unit (excluding VAT)	7.68p per unit (excluding VAT)	Income dependant on usage
District Heating – Milton Court			£3,027
Bedsits	£7.06 per week	£8.47 per week	
One bedroom	£7.16 per week	£8.59 per week	
Three bedroom	£7.49 per week	£8.99 per week	
District Heating – Ennerdale	6.40p per unit (excluding VAT)	7.68p per unit (excluding VAT)	Income dependant on usage
Enclosed Garden Service (inclusive of VAT)	£2.65 £3.33 £3.60 £4.11 £4.38 (charged every week or 34 weeks)	£2.76 £3.48 £3.48 £4.26 £4.26 (charged every week or 34 weeks)	Income dependant on usage
Furniture charge (only available as part of Keys to your future project).	£7.16 per week	£7.16 per week	Nil

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.

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 6,808 UC claimants in the Council's housing stock. At some point between 2022 and 2024, when UC is fully rolled out, it is expected that all working age tenants will be paid their benefits via UC. It is estimated that this will apply to 9,500 Council tenancies and will require £32.7m of rent to be collected from tenants which has previously been paid directly to the HRA via housing benefit. By March 2022 it is anticipated that 7,000 tenants in Doncaster will have moved over to UC. The value of the rent which will need to be collected from these tenants during the 2022/23 financial year (which was previously paid direct via housing benefit) will be approximately £24.0m.

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 2022/23;
- Option 1 (recommended option) – A 4.1% 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, building 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% for 2022/23, 2023/24 and 2024/25 and CPI for 2025/26 generate additional rent income of £8.1m.

Option 2 – A rent increase which is lower than 4.1%. The impact of inflation on costs for the 2022/23 financial year is £3.6m and inflation is projected to remain high in the medium term. In addition, there are also higher expectations in terms of the standard of properties and in relation to building safety and compliance. A rent increase of less than 4.1% 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 4.1% 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 quality, affordable home • 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>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>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. The tenancy sustainment team also works with tenants to help them sustain their tenancies.</p> <p>A significant amount of investment is made each year in aids and adaptations to tenants' homes to enable them to live there in a safe and comfortable environment.</p>

	Connected Council: <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 	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.
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RISKS AND ASSUMPTIONS

19. The table below identifies the main quantifiable risks, which might result in the actual income and expenditure in 2022/23 being significantly different from the estimates and proposed actions to manage/mitigate them;

Risk/Assumption	Probability	Impact	Proposed Action
Increase in rent arrears	Medium	Increase in provision for bad debt and less money available to spend on services for tenants.	Increased focus on rent collection, financial advice and tenancy sustainment. Bad debt provision of £0.5m.
Costs increase by more than income. If costs increase by 1% more than income, this creates a £0.7m budget gap.	Medium	Less money available to spend on services for tenants.	Maximum rent increase approved and costs are monitored and controlled.
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.
Empty properties (voids) exceed the assumed level of 1.25% of the rent debit (£0.987m income reduction for the year) by 0.25% of rent debit.	Medium	Income reduction £0.197m	Regular monitoring of voids, reduce re-let periods, review strategy for long term voids. Demand for most properties remains high.

LEGAL IMPLICATIONS [Officer Initials: SRF Date: 31.01.22]

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 proposed rent increase outlined within the body of the report in line with that allowed by Government policy.

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: 28.01.22]

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

HUMAN RESOURCES IMPLICATIONS [Officer Initials: SH Date: 28.01.22]

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

TECHNOLOGY IMPLICATIONS [Officer Initials: PW Date: 28.01.22]

23. There are no direct technology implications as a result of this report. As outlined in Appendix B, the SLHD management fee calculations include increased costs for cyber security. 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: KT Date: 28.01.22]

24. This report sets out the proposals for the 2022/23 housing revenue account (HRA) budget, including a 4.1% rental increase following an increase of 1.5% in 2021/22. 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 continues to have a significant impact on the economic wellbeing of some of our residents alongside the end of the £20 uplift to universal credit and the ending of the national coronavirus job retention scheme. It is also expected that issues will be compounded by the current increasing inflation rates alongside the increase in the energy price cap. 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 closely 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 and may be adversely affected by the increase in rent due to it compounding other financial issues. 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 know how to access existing preventative and supportive tenancy services to enable them to manage and maximise their finances in light of the changes to universal credit, pressures from covid-19 and increases in inflation and energy prices, to support them if they struggle or fall into arrears.

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 2021 and December 2021. Key dates in the budget timetable leading up to Council approving the budget on the 28th February 2022 are detailed below:-
- Overview & Scrutiny Management Committee (OSMC) – Budget briefing session 27th January 2022 and OSMC meeting 10th February 2022.
 - The Chair of the Overview & Scrutiny Management Committee has responded to the Mayors budget proposals and supports the proposals.
 - Labour Group – Budget Consultation 25th January 2022.
 - Budget sessions with Group Leaders February 2022.
 - Cabinet – 16th February 2022.
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 28th January 2022. 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.

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

- Policy statement on rents for social housing, February 2019. Issued by Ministry of Housing, Communities and Local Government (MHCLG)
- Fire Safety Act
- Grenfell Phase1 Report
- Building Safety Bill
- Social Housing White Paper – “The Charter for social housing residents”
- RSH Consultation on the Introduction of Tenant Satisfaction Measures
- Cabinet report 1st December 2021 – 2021/22 Quarter 2 Finance and Improvement Performance Report.

GLOSSARY OF ACRONYMS AND ABBREVIATIONS

CPI – Consumer Price Index

HRA – Housing Revenue Account

RSH – Regulator of Social Housing

SLHD – St Leger Homes of Doncaster

TARA – Tenants and Residents Association

TRIP – Tenants and Residents Involvement Panel

UC – Universal Credit

VAT – Value Added Tax

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Housing Revenue Account Budget 2022/23 to 2025/26

Description	Annual Budget OE 2022/23 £000s	Annual Budget OE 2023/24 £000s	Annual Budget OE 2024/25 £000s	Annual Budget OE 2025/26 £000s
Expenditure				
Management and Maintenance				
Insurances	674	684	704	724
General Management	3,877	3,935	4,005	4,087
Special Services	219	219	219	219
Management Fee to St Leger Homes	34,206	35,093	35,789	36,829
Discretionary Housing Payments	111	111	111	111
Rent, Rates, Taxes & Other Charges	173	173	173	173
Capital Charges				
Depreciation on Council Dwellings	17,716	17,716	17,716	17,716
Depreciation on non dwellings	1,020	1,020	1,020	1,020
Provision For Bad or Doubtful Debts	508	523	541	560
Total Expenditure	58,504	59,474	60,278	61,439
Income				
Rent Income				
Dwelling Rents	-78,004	-80,236	-81,960	-83,081
Other Income	-1,280	-1,269	-1,248	-1,227
Total Income	-79,284	-81,505	-83,208	-84,308
Net Income from Services	-20,780	-22,031	-22,930	-22,869
Capital Charges				
Loan Charges - Interest	12,963	13,321	13,470	13,546
Interest Receivable	-73	-20	-20	-20
Net Operating Income	-7,890	-8,730	-9,480	-9,343
Appropriations				
Revenue Contribution To Capital Outlay	9,002	8,730	9,480	9,343
Transfer to / from Reserves	-1,112	0	0	0
Surplus (-) / Deficit for Year	0	0	0	0
HRA A/C BALANCE BF	5,112	4,000	4,000	4,000
Transfer to/from balances	-1,112	0	0	0
HRA A/C BALANCE CF	4,000	4,000	4,000	4,000

SLHD Management Fee

	Note	2022/23 £000s	2023/24 £000s	2024/25 £000s	2025/26 £000s
Management fee		32,724	34,206	35,093	35,789
Growth items					
Inflationary increases					
Pay award	1	561	570	580	590
National Insurance	1	188			
Superannuation	2	0	200	0	0
Increments	3	59	50	50	50
Inflation	4	969	400	400	400
Cyber security	5	38			
Efficiencies delivered	6	-333	-333	-334	0
Total Management Fee		34,206	35,093	35,789	36,829

Details of the growth bids are;

1. Pay award - 2% pay award with effect from 1 April 2022 and then 2% in each of the following years.

1. National Insurance - The cost of the new Health & Social Care tax.

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 increased costs for contracted goods and services. Inflation is calculated for each individual budget line and the vast majority of budgets have not been inflated, examples of some of the inflationary increases are materials at 5% (£300k), gas at 55% (£147k), electricity at 38% (£104k) fuel at 20% (£91k), SLAs at 3.25% (£112k) and ICT contracts at 3% (£15k).

5. Cyber Security - This is SLHD's share of the increased costs for cyber security.

6. 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 2022/23 The Impact of Increasing Dwelling Rents for the Council's Housing Stock.</p> <p>Doncaster Council is landlord to 20,309 properties of which 20,025 are socially rented and 284 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 2022/23 the rent increase will be 4.1% for all tenants meaning that the average rent will be £76.06 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 4.1% 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 4.1% 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 1,265 tenants who are claiming Housing Benefit*. 980 tenants have to make up a 14% shortfall for their rent and 285 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>

	<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.</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 current benefit cap affects 40 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>Full Service roll out of Universal Credit from October 2017 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 2022 the total number of cases claiming UC was 6,808.</p> <p>As at January 2022, there are approximately 33% pension age tenants and 67% working age</p> <p>Disability Of the 19,876 people who answered this question on our insight forms, the number of customers who said they have a disability was 4,531, which equates to 22%. 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>
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	<p>Ethnicity 16,590 of our tenants identify as White British – which equates to 83%. 750 (4%) identify as BAME customers. Information is not currently available for the remaining tenants, with 2,536 (13%) tenants declining to provide this information. 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. 12,573 of our tenants have identified as Female (64%) and 7,178 (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	Summary of the consultation/engagement activities	<p>Directors and Cabinet have considered the budget proposals at several meetings between October 2021 and December 2021. Key dates in the budget timetable leading up to Council approving the budget on the 28th February 2022 are detailed below:-</p> <ul style="list-style-type: none"> • Overview & Scrutiny Management Committee (OSMC) – Budget briefing session 27th January 2022 and OSMC meeting 10th February 2022. • The Chair of the Overview & Scrutiny Management Committee has responded to the Mayors budget proposals and supports the proposals. • Labour Group – Budget Consultation 25th January 2022. • Budget sessions with Group Leaders February 2022. • Cabinet – 16th February 2022. <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>

		Once a decision has been made by Council on 28 th February 2022, a letter will be sent to all Council tenants, which will give details of the rent change with effect from 4 th April 2022.
5	Real Consideration: Summary of what the evidence shows and how has it been used	<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	Decision Making	This due regard statement has been made available to Members in advance of making any decisions on rent increases. The HRA Budget 2022/23 report to Council on 28 th February 2022 asks the Council to agree the rent increase for the 2022/23 financial year with effect from 4 th April 2022.
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. 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.
8	Sign off and approval for publication	Julie Crook, Director of Corporate Services, St Leger Homes of Doncaster.