

REPORT TO:	HOUSING AND COMMUNITY SERVICES COMMITTEE	AGENDA ITEM: 11
DATE OF MEETING:	01 FEBRUARY 2024	CATEGORY: (See Notes) DELEGATED or RECOMMENDED
REPORT FROM:	STRATEGIC DIRECTOR (CORPORATE RESOURCES)	OPEN
MEMBERS' CONTACT POINT:	TRACY BINGHAM tracy.bingham@southderbyshire.gov.uk	DOC:
SUBJECT:	COUNCIL HOUSING RENTS INCREASE 2024/25	
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: (See Notes)

1.0 Recommendations

1.1 That Committee consider and confirm the increase in Council housing rents for 2024/25.

2.0 Purpose of the Report

2.1 This report seeks the Committees preferred position to increase council housing rents in 2024/25, following publication of the limit on annual rent increases 2024/25 from the Department of Levelling Up, Housing and Communities (DLUHC).

2.2 The guidance gives flexibility to increase social housing rents by up to 7.7%. This level is higher than the 7.3% anticipated as part of the draft budget and considered by the Housing and Community Services Committee at its last meeting on 8 January 2024.

3.0 Detail

3.1 In the consolidated draft budget presented to Finance and Management Committee on 23 November 2023 and the Housing Revenue Account (HRA) budget presented to the Housing and Community Services Committee on 8 January 2024, the assumed rent increase for 2024/25 was 7.3%. This would increase the average rent per property by £6.37 per week, from £87.30 per week to £93.67 and generate an additional £1,102,604 within the HRA.

3.2 In early January, DLUHC published the limit on annual rent increases 2024/25 which confirmed the maximum increase at 7.7%. This would increase the average rent per property by £6.72 per week, from £87.30 per week to £94.02 and generate an additional £1,154,025 within the HRA.

3.3 There is an appreciation of the costs of living crisis on tenants. However, in addition to this we need to consider that tenants benefited from 1% rent cuts per year between

2016/17 and 2019/20, which resulted in the HRA losing £457,728.00 rental income over the 4-year period alone, so the base-line rents are already lower than previously anticipated over a 30-year business plan.

3.4 In 2023/24 rent increase the government capped rent increases at 7% where the actual CPI + 1% would have resulted in an increase of 11.1%. South Derbyshire District Council took the decision to increase rents by 3% in this year. This resulted in lower levels of rental income of whilst the costs of materials and labour continued to increase at inflationary levels.

3.5 A lower than permitted increase would place a financial constraint on the HRA and result in a lower base-line position for future year rents.

4.0 Financial Implications

4.1 The table below shows both increase options side by side.

Percentage Increase	Weekly Rental Increase between		Average rental increase per week	Average weekly property rent	Additional Rent compared with 2023/24
7%	£4.41	£9.62	£6.11	£93.41	£1,063,164
7.30%	£4.60	£10.03	£6.37	£93.67	£1,102,604
7.70%	£4.86	£10.58	£6.72	£94.02	£1,154,025

4.2 The additional income achieved by raising rents by the maximum level of 7.7% is £51,421. The compound foregone income over the forthcoming 5-year period to 2028/29 is £217,738.

5.0 Corporate Implications

Employment Implications

5.1 There are no employment implications.

Legal Implications

5.2 There are no legal implications.

Corporate Plan Implications

5.3 There are no corporate plan implications.

Risk Impact

5.4 There are no direct risk impact matters.

6.0 Community Impact

Consultation

- 6.1 Tenants have been consulted on the rent increase for 2024/25 during December 2023 and January 2024. The consultation set out that the Council would use the social rent formula and that it expected this to be 7.3%.

Equality and Diversity Impact

- 6.2 Increasing rent by the amounts specified will have a neutral effect on protected groups. Tenants on low income will have their rents met by Housing Benefit (HB full or partial) or Universal Credit (UC), so it will save the Government money as opposed to the tenant. Officers continue to work to assist households in financial difficulty where possible, including the administering of Government funds to support those households in need.

Social Value Impact

- 6.3 There are no direct implications.

Environmental Sustainability

- 6.4 There are no direct implications.

7.0 Conclusions

- 7.1 The Committee should consider and confirm the increase in council housing rents for 2024/25.

8.0 Background Papers

- 8.1 Item 6, Housing Revenue Account Budget 20204/25: [CMIS > Meetings](#)