

Report to: **Housing Review Board**

Date of Meeting: 28 March 2019

Public Document: No

Exemption: None

Review date for release None



Agenda item: 14

Subject: **Rent Policy for Social Housing.**

Purpose of report: This report outlines the Government's position on future rent setting for social housing tenants. Following a period of rent reduction and a consultation exercise Government has confirmed a future rent increase of CPI + 1% for a period of five years.

There will also be a rent standard published by the Social Housing Regulator that will be applicable to local authorities.

Recommendation: **That future rent setting has regard to the national rent setting policy as set out in Rents for social housing from 2020 published by the Ministry of Housing, Communities and Local Government.**

Reason for recommendation: To ensure that our future rent setting arrangements and Housing Revenue Account Business Plan has regard to the national rent setting policy and rent standard.

Officer: John Golding – Strategic Lead Housing, Health & Environment, jgolding@eastdevon.gov.uk.

Financial implications: The current business plan assumes an increase of 3% from 2020/21 onwards with CPI + 1% currently equating to 2.8% (as at Jan 2019). CPI + 1% would add an estimated £480k of income assuming the current stock and void levels.

Legal implications: There are no current legal implications on which to comment.

Equalities impact: Low Impact

Risk: Low Risk

Links to background information:) .

Link to Council Plan: Encouraging communities to be outstanding.

1. Rent Policy for Social Housing: from 2020 onwards

- 1.1 We have recently been advised that the Government published its response to the consultation on rents policy for social housing – <https://www.gov.uk/government/consultations/rents-for-social-housing-from-2020-to-2021>.

This confirms that Government will proceed with the proposed rents policy for social housing from 2020/21, as set out in the consultation. This rents policy recognises the need

for a stable financial environment to support the delivery of new homes and the provision of good services to tenants, while also ensuring that tenants are protected from excessive real terms rent increases. In light of today's publication, Government has stated that they intend to work with DWP colleagues to remove the statutory provisions that apply limit rent controls.

- 1.2 The consultation, which ran until 8 November 2018, covered two key areas:
 - implementing the Government's announcement in October 2017 permitting annual social housing rent increases of up to CPI plus 1% from April 2020, for a period of five years; and
 - bringing local authority registered providers within the scope of the Regulator of Social Housing's rent standard so that the welfare costs associated with local authority rents continue to be controlled in a proportionate way and that rent regulation is aligned between local authorities and private registered providers.
- 1.3 The Government has said that it is grateful to everyone who replied to the consultation. Overall, most consultees supported the approach set out in the consultation, but a number of helpful changes were suggested. As a result, the Government has made the following changes to clarify:
 - the definition of specialised supported housing to ensure practical operation;
 - the definition of "existing tenant" for the purpose of calculating the maximum rent on Affordable Rent property;
 - the circumstances in which Affordable Rent may be charged; and
 - the calculation of the '2020 limit' regarding the transition from the Welfare Reform and Work Act to the new rent standard to ensure that landlords are not disadvantaged unintentionally where they have re-let properties during the final year of the social rent reduction.
- 1.4 Alongside its response to the consultation, the Government has also issued a direction to the Regulator of Social Housing, which requires the Regulator to set a new regulatory standard on rent, to apply from April 2020. A link to this direction and the accompanying policy statement - is here <https://www.gov.uk/government/consultations/rents-for-social-housing-from-2020-to-2021>.
- 1.5 In terms of next steps the Chief Executive of the Regulator of Social Housing, will be writing to local authority Chief Executives shortly setting out the Regulator's proposed approach to regulating rent and highlighting its forthcoming consultation on the post 2020 Rent Standard. This will be followed by further detailed information from the Regulator about its planned data collection arrangements, reflecting the discussions with local authority members of the Central Local Information Partnership Housing Group.
- 1.6 I have appended a useful briefing note in **annex 1** produced by CAPITA and the current Rent Standard in **annex 2**.