



Report of the Director of Environment and Neighbourhoods

Executive Board

Date: 1 April 2009

Subject: Council Rents - 2009/2010

Electoral Wards Affected:

All

Specific Implications For:

Ethnic minorities

Women

Disabled people

Eligible for Call In

Not Eligible for Call In

(Details contained in the report)

1.0 Purpose Of This Report

1.1. This report sets out:-

- the draft proposals for amending rents in 2009/10.
- the implications for the 2009/10 HRA budget and housing subsidy grant.

2.0 Background Information

2.1 The final subsidy determination for 2009/10, issued by Communities and Local Government (CLG) on the 18th December 2008, incorporated a fixed guideline rent increase of 6.2%, implying national average rent increases of 6.2%.

2.2 Based upon these assumptions, the average rent increase for Leeds was set at 6.2% by Executive Board on the 13th February 2009. This decision was further approved by Council on 25th February 2009.

2.3 In response to the Government's assumptions that council rents would increase by an average 6.2% across the country, a number of national organisations e.g. LGA, SIGOMA, made representations requesting reconsideration of the level of rent increase.

2.4 On Friday 6th March, the Housing Minister Margaret Beckett announced that the government recommended national guideline rent increase of 6.2% would be halved to

3.1% and that this would require the issue of new 2009/10 guideline rents to all local authorities. The government's proposal is to change the housing subsidy position of those authorities who reduce their actual average rent increase in line with the new national average.

2.5 At the present time, the details of the Government's proposed new subsidy funding arrangements, and its implications for setting a new rent, are not known. Draft details are expected during the week beginning 23rd March, followed by a consultation period lasting no longer than four weeks. The final funding arrangements are not expected until sometime in May.

3.0 Operational and Legal Implications

3.1 Based upon December's subsidy determination, and Executive Board and Council's decision in February, the 6.2% average rent increase has been formally notified to tenants and the necessary system changes prepared for implementation from the new rent year (6th April).

3.2 Following the announcement by the government, it is proposed that the Council moves as quickly as possible to pass on the change in housing subsidy to tenants and reflect this in the average rent for 2009/10.

3.3 In order to implement a new rent level, however, involves a number of factors which are still being clarified at present.

a) The final subsidy determination and funding arrangements will not be known by the Council until May and may differ from March's draft subsidy.

b) A mid year rent change, and backdating the rent change to the 6th April, has never been attempted before in the Council's rent system. This will need careful testing to ensure successful implementation. There are also implications for other associated systems e.g. Housing Benefit.

c) The tenancy agreement, and the legal position which it mirrors, requires that tenants be given 28 days notice of a change in rent. If rents are changed before the 28 day notification period has expired, a challenge could possibly be raised against the new rent from both Council Tenants and non-Council Tenants.

3.4 The date from which the new rent charge can be implemented will depend upon the resolution of the above issues. Following the normal governance and notification procedures could mean that the new rent charge will not be implemented before late June. Allowing the rent decision to be delegated to officers may speed up this timescale and lead to an earlier implementation date.

3.5 In the interim, it is proposed that a communication campaign is instigated to ensure that tenants are fully aware of the rent proposals to minimise any confusion or misunderstandings.

3.6 The most up to date position will be presented to the Executive Board on 1st April.

4.0 Recommendations

4.1 Executive Board is asked to make the following decisions: -

- (i) that the full cash change in housing subsidy is passed onto tenants and matched by the change in the average rent for 2009/10;
- (ii) in light of the timescales, that the decision on the new rent change be delegated to the Director of Environment and Neighbourhoods, in consultation with the Executive Member, with a further report to Executive Board on 13th May 2009.

Background Documents

- Revenue Budget 2009/10 – Executive Board 13th February 2009.
- Written Ministerial Statement – Local Authority Rents – 6th March 2009.
- CLG Letter – Council Rent Increases 2009-10 – 11th March 2009.