



Title: Rent and Service Charge Proposals for 2015/16

Report of: TGHC Head of Corporate Services

Purpose of Report

1. To seek approval of a proposed increase to the rents for 2015/16.

Background

2. The Rent and Service Charge Setting Policy was approved by the Board of Directors at the meeting on 21 January 2010 with a subsequent update on 12 May 2010. The policy was subject to an internal review in December 2014. The review deemed that the policy is fit for purpose and as such no amendments are proposed for 2015/16 rent setting.
3. The Rent and Service Charge Setting Policy details that the initial rent period for an assured tenancy must be in place for a minimum of 12 months. Any properties let during 2014/15 will not see a rent increase in April 2015.
4. The rents for the properties currently let and to be let in 2015/16 will be increased in line with the provisions within the Rent and Service Charge Setting Policy, which allow for rents to be increased by inflation plus a maximum of 1%. We will undertake the rent increase in line with the guidelines as set out by the Homes and Communities Agency as they are within the parameters provided for in our Rent and Service Charge Setting Policy.
5. Final rents for any newly built properties will be determined by valuation on completion and will be subject to local variation. They will be the subject of future board reports as the schemes progress throughout the year.

Proposed increase

6. The rent increase proposed for 2015/16 is in line with the HCA guidelines of CPI + 1% and the detail is set out in the Appendix. CPI in September 2014 was 1.2%, which provides for an increase of 2.2%. This is an average weekly rental increase of £1.80 at Kibblesworth (social rent) and £2.01 for other Keelman Properties (affordable rent), based on 52 weeks rental charges.
7. There are no proposed increases recommended for service charges in 2015/16.

Impact on Tenants

8. The impact on tenants is in relation to the increased rent and service charges which are detailed in the Appendix. TGHC's Rent and Income Team are available for support and advice to tenants who may have difficulty paying and any welfare reform implications will be discussed directly with them.
9. The Rent and Service Charge Setting Policy provides tenants with the means to appeal any decisions made in relation to their rent and service charges.

Risk Management Implications

10. The risks associated with the setting of rents and service charges are included within the operational risk register. The Rent and Service Charge Setting Policy ensures that the risk associated with setting incorrect rents is mitigated.

Financial Implications

11. The Rent and Service Charge Setting Policy has financial implications in relation to the income to be received by Keelman Homes. The proposed increase in rents is in line with the provisions set out within the policy, guidance from the HCA and council proposals.

Health Implications

12. There are no direct health implications arising from this report.

Value for Money Implications

13. There are no Value for Money implications arising from this report, however, the proposed 2.2% increase is in line with council proposals.

Equality and Diversity Implications

14. There are no equality and diversity implications arising from this report.

Consultation Carried Out

15. We advised tenants at the outset of their tenancy that they would not see an increase during their first year of their tenancy. We will be advising all tenants of the 2015/16 increase in writing where appropriate with 28 days notice

Recommendation

16. The Board is recommended to:
 - approve the proposed rent increases for 2015/16; and
 - not increase service charges for 2015/16.

Kibblesworth Rent Increase Calculation

Rents will be set as follows based on the proposed 2.2% increase:

| Property Type | 2014/15 Rents 52 Weeks | 2015/16 Rents 52 Weeks | Weekly Increase 52 Weeks | 2015/16 Rents 50 Weeks |
|---------------------------|-----------------------------------|-----------------------------------|-------------------------------------|-----------------------------------|
| 2 bed house | £78.15 | £79.87 | £1.72 | £83.06 |
| 3 bed house | £82.38 | £84.20 | £1.82 | £87.57 |
| 3 bed corner house | £83.90 | £85.75 | £1.85 | £89.18 |
| 4 bed house | £90.98 | £92.99 | £2.01 | £96.71 |
| 5 bed house | £95.45 | £97.55 | £2.10 | £101.45 |
| 2 bed bungalow | £75.74 | £77.41 | £1.67 | £80.51 |
| 2 bed wheelchair bungalow | £78.79 | £80.53 | £1.74 | £83.75 |

Average weekly increase = £1.80 (52 weeks)

Kibblesworth Service Charge

Service charges have not been increased. Therefore, the service charges have been set as follows for the varying types of properties:

| Property Type | 2014/15 Service Charge 52 Weeks | 2015/16 Service Charge 52 Weeks | Weekly Increase 52 Weeks | 2015/16 Service Charge 50 Weeks |
|---------------------------|--|--|-------------------------------------|--|
| 2 bed bungalow | £2.16 | £2.16 | Nil | £2.25 |
| 2 bed wheelchair bungalow | £4.27 | £4.27 | Nil | £4.44 |

Other Keelman Homes Properties

Rents will be set as follows based on the proposed 2.2% increase:

| Property Type | 2014/15 Rent 52 Weeks | 2015/16 Rent 52 Weeks | Weekly Increase 52 Weeks | 2015/16 Rent 50 Weeks |
|----------------------|----------------------------------|----------------------------------|-------------------------------------|----------------------------------|
| 1 bed flat | £73.00 | £74.61 | £1.61 | £77.59 |
| 2 bed flat | £88.10 | £90.04 | £1.94 | £93.64 |
| 2 bed house | £88.76 | £90.71 | £1.95 | £94.33 |
| 3 bed house | £97.63 | £99.78 | £2.15 | £103.77 |
| 4 bed house | £115.38 | £117.92 | £2.54 | £122.64 |

Average weekly increase = £2.01