

## SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

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**REPORT TO:** Housing Portfolio Holder  
**AUTHOR/S:** Corporate Manager Affordable Homes

2 April 2009

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### RENT INCREASE 2009/10

#### Purpose

1. To provide an update on Government guideline rent increases in respect of local authorities for 2009/10

This is a not a key decision.

#### Background

2. The Council has already agreed In February the rent increases for all council tenants based on the Government guideline rent increase and final subsidy determination for 2009/10. This resulted in an average 6.3% increase.
3. All tenants have since received the requisite 4 week written notification of their rent increase based on the agreed 6.3% increase.
4. An announcement by the Housing Minister Margaret Beckett MP was made on Friday 6th March advising that for councils the average guideline rent increase for 2009/10 would be reduced to 3.1%

#### Considerations

5. The Council has yet to receive detailed information from the CLG. Initial guidance has been promised for the end of March.
6. Following the issue of the draft guidance the Government has indicated that there will be a period of consultation on the amended subsidy determination with councils. Only after this will the final subsidy determination be released.
7. This timeframe would suggest that the Council will not be in a position to make any new decision in respect of the local rent increase until May or June 2009. The Council may however be required to indicate its intent to adopt the 3.1% guideline increase as early as end of April 2009.
8. The figure of 3.1% will almost certainly be an average for the country as a whole, with some Council's recommended increase being more and some less than this figure.
9. Tenants will as a result be required to continue to pay the higher level of rent for a number of weeks until this process is finalised.
10. There is insufficient detailed advice from the CLG available at present to be able to calculate the short or longer term impacts that this will have upon the HRA. The Government have indicated that a sum of money will be available for Councils to apply for as compensation for loss of rent income in 2009/10, presumably through an

equivalent reduction in the negative housing subsidy determination for that year. It is not clear at this stage whether this will result in a neutral position or not.

11. Details will also be required on how the reduced level of rent increase will affect the subsidy determination for 2010/11 and what is decided in respect of the average guideline rent increase for that year – previously announced as 6.3% alongside that for 2009/10 and also any changes to the date for rent convergence. This may result in a neutral position for the HRA but it cannot be ruled out that there will be the need for further cuts to be made the HRA spending to balance the books.
12. The Government has already indicated that it will not compensate Councils for the administrative cost of reworking all of the rent accounts. This cost for SCDC is estimated at £10,000.

13.	Legal	None
	Staffing	None
	Risk Management	None
	Equal Opportunities	None
	Financial	There will be an administrative cost the Council. It is uncertain at present the net effect upon the HRA in the short or longer term.

### Consultations

14. None

### Effect on Service Priorities and Corporate Objectives for 2008/09

15.	<b>Work in partnership to manage growth to benefit everyone in South Cambridgeshire now and in the future</b>
	NA.
	<b>Deliver high quality services that represent best value and are accessible to all our community</b>
	A high level of service has been delivered to date and the Housing Service will strive to achieve the best outcomes it can for tenants within the resources available.
	<b>Enhance quality of life and build a sustainable South Cambridgeshire where everyone is proud to live and work</b>
	The quality of SCDC homes and the services offered by Housing play a role in the quality of life for all residents in the South Cambridgeshire villages.

### Recommendations

That the Housing Portfolio Holder notes the content of the report and, as necessary required, authorises officers to express an interest to CLG in adopting a revised guideline rent increase of 3.1% for 2009/10 subject to:

- the level of compensation not having any adverse effects on the HRA and
- Full Council approval of any recommendation to apply a reduction in the rent increase for 2009/10.

**Background Papers:** the following background papers were used in the preparation of this report:

None

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