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SUPPLEMENTARY PAPERS

Committee	COMMUNITY & ADULT SERVICES SCRUTINY COMMITTEE
Date and Time of Meeting	MONDAY, 12 DECEMBER 2022, 2.00 PM
Venue	CR 4, COUNTY HALL - MULTI LOCATION MEETING
Membership	Councillor Molik (Chair) Councillors Ahmed, Ahmed, Ash-Edwards, Boes, Lent, Lewis, Littlechild and McGarry

The following papers were marked 'to follow' on the agenda circulated previously

- 3 Minutes**(Pages 3 - 8)
To approve as a correct record the minutes of the previous meetings.

17/10/22
14/11/22 – to follow
- 6 Council House Rent & Service Charge Setting**(Pages 9 - 68)
Pre-decision Scrutiny

To Follow

Davina Fiore

Director Governance & Legal Services

Date: Tuesday, 6 December 2022

Contact: Andrea Redmond, 02920 872434, a.redmond@cardiff.gov.uk

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COMMUNITY & ADULT SERVICES SCRUTINY COMMITTEE

14 NOVEMBER 2022

Present: Councillor Molik(Chairperson)
Councillors Ahmed, Ahmed, Ash-Edwards, Boes, Lent, Lewis,
Littlechild and McGarry

20 : APOLOGIES FOR ABSENCE

None received.

21 : DECLARATIONS OF INTEREST

None received.

22 : A NEW HOUSING DEVELOPMENT PARTNERSHIP - TO FOLLOW

The Chairperson advised that this item allowed Members to consider the potential initiation of a second Housing Development Partnership.

Committee Members were reminded that Appendix B of the papers was confidential, and so any questions on that paper must be taken in a closed session.

The Chairperson welcomed, for this item:

- Cllr Lynda Thorne, Cabinet Member for Housing & Communities
- Sarah McGill, Corporate Director People & Communities and;
- Dave Jaques, Housing Development Manager

The Cabinet Member was invited to make a statement after which Officers provided a presentation. Members were then asked to make any comments, observations and to ask any questions.

Members asked about what lessons had been learnt from the current partnership with Wates. Officers advised that partnership arrangements offer flexibility, greater control and a higher speed of delivery and can also help to 'de-risk' the Council's delivery programme, mainly due to the fact there is already an established relationship with the partner and so risks can be identified and resolved sooner.

Members enquired about the Council's role in ensuring that partners targets and delivery timeframes are met. Members were advised that KPI's are drawn as part of contractual arrangements and performance of the partner is continually reviewed.

Members asked about ensuring good value for money within this proposed partnership and that a developer does not monopolise the system. Officers advised that this will be carefully considered within the procurement process that will ensue,

and minimum requirements will be set around cost, resource, workforce, and local investment (et al.) Officers added that there is a flexibility within partnership arrangements that allows for changes in site viability, and response to any changes in legislation. Members were also advised that cost consultants will be closely advising the Council during the procurement process.

Members expressed concern over the size of the proposals contained in this partnership and how this will impact the current Housing Delivery Programme, given that targets in the current programme are not always achieved. Members were advised that at present, around 760 homes have been delivered, over 800 should be complete by the end of the year, with a current total of 1,300 properties either complete or being built.

Members were concerned about the speed of delivery of houses and Officers advised that the partnership arrangement should help reduce the length of time it takes to deliver properties as some of the sites proposed in the partnership already have planning agreed, with other sites currently being worked on with design consultants to help facilitate quicker delivery.

Members noted the point raised that to deliver properties, there must be adequate financial resource, and a sufficient number of properties must be complete to then provide the Council with a rental income, allowing other sites to progress.

Members raised concerns around capacity and were informed that although the Council's internal team is small, there is capacity, and a benefit of initiating a new partnership will be to bring in new resource and expertise.

Members noted how the current context (rising price of materials and energy prices et al.) can, and has, negatively impacted the delivery programme. A discussion took place around how this has also resulted in a developer going into administration and the repercussions this has had. Officers advised that this highlights the benefit of initiating a new housing partnership. Partnership will be a long-term plan, it is hoped the cost of construction will come down in future years, and that the development of new homes will bring income to the Council, to help manage the current financial pressures.

Discussing vacant properties, Members noted the scale, length of time and costings within the proposed partnership, and sought assurance that utilising empty properties would prove more worthwhile at this moment in time, and if this has been carefully considered when deliberating this proposal. Officers advised that the housing delivery team work with the private rented sector team to consider buying empty properties and incorporating them into the delivery programme.

Members wished to stress the importance of ensuring adequate local infrastructure being at the forefront of decision making when developing properties. Members considered that when sites are proposed in the Council's Delivery Programme, local communities are made aware, at the earliest possible opportunity, and their feedback on the proposals, including their view on local need, is adequately and proactively sought.

RESOLVED – That the public be excluded from the meeting at this point during consideration of this item as the Committee discussed exempt information of the description contained in paragraphs 14 and 16 of Part 4 and paragraph 21 of Part 5 of Schedule 12A of the Local Government Act 1972. The public may be excluded from the meeting by resolution of the Committee pursuant to Section 100A(4) of the Local Government Act 1972 during discussion of this item.

AGREED: that the Chairperson, on behalf of the Committee, writes to the Cabinet Member conveying the observations of the Committee when discussing the way forward.

23 : ADULT SERVICES & HOUSING & COMMUNITIES Q2 PERFORMANCE
2022/23

The Chairperson advised that this item allowed Members to consider the performance levels for services that fall into Committee's remit.

The Chairperson welcomed for this item;

- Councillors Thorne, Bradbury, Mackie and Sangani

- Officers Jane Thomas and Helen Evans

Cabinet Members were asked to make any opening statements after which Members were invited to ask questions and to make any comments or observations.

Members raised concern around the lack of available qualified Social Workers and Occupational Therapists and asked if the Council are looking to enlist 'Occupational Therapy Assistants' and apprenticeship courses to help lessen the pressure and demand on staff. Officers advised that work is ongoing in deploying both initiatives

Members noted that to alleviate staff pressure, non-qualified staff may be assigned certain tasks. Members wished to stress the need to ensure risk is mitigated in this approach, and the need to ensure the quality of service being provided is not compromised. Officers advised there is clear understanding among staff about what task requires qualified staff and where tasks may be re-directed safely. When work is reallocated, it will be done under supervision with management ensuring the right work is directed to the right staff, with the right level of qualification.

Members discussed Sickness rates amongst staff and asked what was being done to address this issue and the level of support on offer to staff. Members were advised that there are a range of processes and support services in place, with all cases of staff sickness actively reviewed.

Members discussed the long-standing challenge of the revolving door for those facing homelessness. Noting that in Q2, 40% of rough sleepers housed maintained their accommodation, whilst 95% of clients within the 'Housing First' scheme successfully broke the homelessness cycle. Members asked why more individuals

could not be offered this scheme and were advised the issue is due to a shortage of move on accommodation however work is underway toward expanding the scheme.

Members were advised about the impact the delay of the roll out of Liberty Protection Safeguard has had on the Council. Members noted that the backlog of DoLs cases has been addressed but noted the concern of officers that this backlog could re-emerge unless the forthcoming legislation is simplified.

Members raised concern over the amount of time taken to deliver Disabled Facilities Grants and were pleased to be assured the stats detailed in the papers, relates to the completion of the individual's work, and not how long it takes for them to receive the grant. Members were also pleased to hear about the innovative solutions such as modular methods were also being considered to help with the speed of delivering this grant.

AGREED: that the Chairperson, on behalf of the Committee, writes to the Cabinet Member conveying the observations of the Committee when discussing the way forward.

24 : DIRECT PAYMENTS REVIEW - BRIEFING

The Chairperson advised that this item provided Members with the opportunity to feed into the service area's review of direct payments.

The Chairperson welcomed for this item;

- Councillors Mackie and Sangani

- Officer - Jane Thomas

Cabinet Members were asked to make any opening statements after which Members were invited to ask questions and to make any comments or observations.

Members advised that they hold concerns with the system of direct payments, and this review is a prime opportunity to ensure the Council has sufficient processes in place to mitigate risks. Individuals offered into the direct payment system, are those with care and support needs. Meaning there is a high possibility of the individual being particularly vulnerable. Members recognised the need for the individual to be fully supported to understand and navigate the system, particularly as complexity of processes, and the responsibilities required such as managing money could prove problematic for an individual requiring care. Officers advised that these concerns are shared and is a key reason behind this review as such support will be provided.

Members reiterated their concerns, particularly around individuals, whom require care and support, potentially being financially abused. Along with the knowledge that Personal Assistants are not required to be qualified or regulated, giving rise to safeguarding concerns. Members were advised that under the proposals, quality assurance process would be in place, ensuring that individuals providing care would be vetted and receive relevant training, providing more checks on Personal Assistants than there currently is.

Members were also concerned about the need to ensure people who are receiving payments (Personal Assistants), are then in turn, providing the individual with care. Members were informed the Council does not continually check to ensure the person being paid is providing care, and it is a responsibility of the individual being cared for (or family) to alert the Council who would then investigate.

Members noted the ongoing challenges around recruitment and queried how the proposal of micro-enterprises will assist the recruitment of Personal Assistants, and does not result in the difficult task, of sourcing care, being 'passed on' to the individual who requires it. Officers advised that the proposed organisation has helped recruit over 5,000 individuals across the current areas they serve, and recruitment will also be enhanced through the micro-enterprise co-ordinator having close liaison with Into Work and Cardiff Works.

Members sought clarification on whether the direct payment rate was in line with current agency rates, with the view that this may provide care givers with a better hourly rate. Officers advised that the direct payment rates are lower to that of commissioned care rates due to the reduced over-head, making it more cost effective for the Council.

Members discussed equity of service, and the need to ensure the access to the system is fairer, allowing more people to enter the direct payments system if they wish, without difficulties. Officers hoped the proposal of micro-enterprise will help address this and provide a more accessible system.

AGREED: that the Chairperson, on behalf of the Committee, writes to the Cabinet Member conveying the observations of the Committee when discussing the way forward.

25 : COMMUNITY & ADULT SERVICES SCRUTINY COMMITTEE WORK PROGRAMME 2022/23

The Principal Scrutiny Officer provided an overview of the indicative Work Programme 2022/23 to Members.

Members noted that some meetings had lengthy agenda and discussed which items could possibly move or be removed.

Members considered Hospital Discharge and discussed how they wanted to explore this further including external witnesses to provide evidence and data upfront on capacity.

26 : URGENT ITEMS (IF ANY)

None received.

27 : DATE OF NEXT MEETING

12 December 2022

The meeting terminated at 4.50 pm

CYNGOR CAERDYDD
CARDIFF COUNCIL

COMMUNITY & ADULT SERVICES SCRUTINY COMMITTEE

12 Dec 2022

COUNCIL HOUSE RENT & SERVICE CHARGE SETTING 2023/24

Purpose of Report

1. The Cabinet Report, attached at **Appendix A** (*and its subsequent Appendices*), are due to be considered by Cabinet at its meeting on 15 December 2022. The purpose of this Cover Report is to provide Members with background information, and to act as a signposting tool, to enable their pre-decision scrutiny of the report to Cabinet.
2. Members are to note there are three key aspects of the Cabinet Report (**Appendix A**). The key aspects are:
 1. For Cabinet to approve the proposed approach for setting the rents and service charges for Council owned dwellings during the financial year 2023/24 (*It is proposed to increase Council rents by the maximum 6.5% and to also increase service charges by 6.5%, or by actual costs where known*).
 2. For Cabinet to consider efficiencies to address the estimated budget deficit in the Housing Revenue Account for 2023/24. (*The Cabinet Report advises that after the proposed increase there will be an estimated £2.213m shortfall in the Council's Housing Revenue Account*)
 3. For Cabinet to be briefed on the help and support available to Council tenants who are struggling with the cost-of-living.

3. Committee Members are advised the Cabinet Report is attached at **Appendix A**, which includes the following Appendices:

➤ **Appendix 1 - Council Tenant Consultation Report**

Presents the findings from the Council Tenant Survey conducted between October 20th and 16th November 2022. The survey was sent to 2,771 tenants, 54 responded and the results to that survey are presented in this appendix.

➤ **Appendix 2 - Affordable Rents Report**

Modelling of how the Council determined affordability of the proposals.

➤ **Appendix 3 - Proposed Service Charges**

Full list of the proposed service charges for 2023/24

➤ **Appendix 4 - Equality Impact Assessment**

The Cabinet Report confirms in completing this assessment (against the proposed rent and service charges), it did not give rise to any concerns.

Scope of Scrutiny

4. During this scrutiny, Committee Members will have the opportunity to:

- Explore the proposed rent and service charge increases, including how the decisions were made and the modelling applied.
- The proposed efficiency savings to address the estimated £2.213m shortfall in the Council's HRA.
- The current consideration to medium and long-term planning, particularly given the current financial volatility.
- The impact of the proposals on Council tenants

5. The Cabinet Member, Councillor Lynda Thorne (Housing & Communities) will introduce this item, after which, Committee Members can explore the proposals with the Cabinet Member and officers from the Adults, Housing & Communities directorate.

6. Following Committee Members' review of the proposals, they will decide what comments, observations or recommendations they wish to pass on to the Cabinet for their consideration.

Background

7. The Council's, Housing Revenue Account (HRA) records income and expenditure of the Council's 13,852 council homes. The monies within the HRA is ring-fenced for landlord functions and can not be used for other purposes. As such, decisions on the setting of rents and service charges is a key factor in determining the future resources available to the HRA.
8. As Committee Members were informed in their October 2022 meeting, the Renting Homes (Wales) Act 2016, requires landlords to give tenants two months' notice of rent change.

Rent Setting Policy

9. As detailed in **point 8 of Appendix A**, it is the Council's responsibility to determine rent levels. However, it must be done in line with the Welsh Government's Rent Policy Framework, which sets the following:
 - Social landlords must assess cost efficiencies, value for money and affordability for tenants.
 - The maximum overall rent increase allowance is the September Consumer Price Index (CPI) +1%. Should the CPI fall outside the range of 0% to 3%, the Welsh Government's Housing Minister will determine the appropriate change to rent levels.
In September 2022, CPI was 10.1%. As such, on 16th November 2022, the Welsh Government's Housing Minister announced the maximum rents can increase by is 6.5%.

10. **Points 10 to 16 of Appendix A** provides an overview of the rent increase modelling that was conducted. As part of the modelling, four options were considered:

1. not raising the rent,
2. raising the rent by 2%,
3. raising the rent by 4% and;
4. raising the rent by the maximum 6.5%.

11. As part of the modelling, consideration was also applied to Council rents being good value for money, affordability factors, the support available to tenants and the need to continue support tenants, build new council homes and maintain and improve existing ones.

12. Committee Members will note that in the Cabinet Report it confirms that 84.62% of Council tenants are in receipt of benefits to assist with their rent; and following national government's recent decision, pension and benefits will be increased in line with inflation.

13. Further, the Cabinet Report provides the view that even after a maximum rent increase of 6.5%, Council rents will remain good value for money and will also remain significantly lower than private rented sector rents. Further information on this is detailed in **point 45 of Appendix A**.

14. **Points 46 to 49 of Appendix A** detail how the proposed rent level increase of 6.5% have been determined as affordable against the Joseph Rowntree Foundation model. For Members information, the Joseph Rowntree Foundation Living Rent Model is a framework adopted by Cardiff Council (and other local authorities and housing associates) to determine rent affordability. The Joseph Rowntree Foundation Model uses lowest earners of Cardiff residents and assumes 28% of income is available to pay rent. The model is also adjusted to household size.

15. How the Council applied the Joseph Rowntree model to determine the affordability of a 6.5% rent increase can be seen in **points 46 to 49 of Appendix A and Appendix 2.**
16. Committee Members attention is also taken to **Point 42 of Appendix A, which** lists the agreement made by Cardiff Council with the Welsh Government to ensure Council tenants are protected inline with increases.

Service Charges

17. The Cabinet Report proposes that due to the high CPI (10.1% in September 2022), service charges are to also increase by 6.5%, or to increase by actual costs where known (such as heating and hot water).
18. Detail on the proposed increase in service charges can be found at **points 51 – 55 of Appendix A** with a full list of the changes provided in **Appendix 3.**

Issues

19. In consideration of these proposals, the Cabinet Report recognises the following as issues:
- ❖ The ongoing financial volatility, in particular inflation, and the rent setting policy ending in 2025 means there is significant risk to the HRA as the Council cannot control or effectively predict a key component of HRA business planning.
 - ❖ A 6.5% increase of Council homes rent is significantly below the current rate of inflation and will still leave an estimated shortfall of £2.213m on the HRA –there is a possibility this shortfall could be higher due to the current financial volatility and variables.

Point 17 to 19 of Appendix A details the impact of rent increases on the HRA.

Addressing the HRA deficit

20. To address the estimated HRA deficit of £2.213m, **point 21 of Appendix A** proposes the following efficiencies:

- ❖ Reduction in staffing (through deletion of vacant posts or voluntary severance)
- ❖ Reduction in non-staffing costs e.g., training and events budgets.
- ❖ Reducing capital expenditure including a review of spend in some areas of the Capital Programme such as garage improvement and estate regeneration.
- ❖ Reduction in proposed direct revenue financing

21. In addition, **point 23 of Appendix A** also proposes the following service changes could also help create savings:

- ❖ Increased opportunities for digitalization of services
- ❖ A review of the Responsive Repairs Service to ensure works are carried out by the most appropriate operatives.
- ❖ Review and alignment of back-office services and of senior management roles.
- ❖ Review of services that are recharged to the HRA.

22. The Cabinet Report recognises the impact of cuts to services would be severe as the service area also has to manage a range of other pressures such as:

- **Need for new Council homes**
(Detailed in point 25 of Appendix A)
- **Need to maintain and improve existing Council homes**
(Detailed in point 26 and 27 of Appendix A)
- **Increased demand on housing services**
(Detailed in points 28 – 31 of Appendix A)

Legal Implications

The Scrutiny Committee is empowered to enquire, consider, review and Recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct legal implications. However, legal implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any legal implications arising from those recommendations. All decisions taken by or on behalf of the Council must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers on behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council e.g. Scrutiny Procedure Rules; (e) be fully and properly informed; (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its taxpayers; and (h) be reasonable and proper in all the circumstances.

Financial Implications

The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters there are no direct financial implications at this stage in relation to any of the work programme. However, financial implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any financial implications arising from those recommendations.

RECOMMENDATIONS

The Committee is recommended to:

- i. Consider the information provided in this report, its Appendices and information received at the meeting;
- ii. Decide what any comments or observations it wishes to relay to the Cabinet.

DAVINA FIORE

Director of Governance and Legal Services

6 Dec 2022

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APPENDIX A

BY SUBMITTING THIS REPORT TO THE CABINET OFFICE, I, JANE THOMAS, DIRECTOR ADULTS, HOUSING & COMMUNITIES AM CONFIRMING THAT THE RELEVANT CABINET MEMBER IS BRIEFED ON THIS REPORT

CARDIFF COUNCIL CYNGOR CAERDYDD

CABINET MEETING:

COUNCIL HOUSING RENT & SERVICE CHARGE SETTING 2023/24

HOUSING & COMMUNITIES - (CLLR LYNDA THORNE) AGENDA ITEM:

Reason for this Report

1. To seek Cabinet approval for the proposed approach to the setting of rents and service charges on council owned dwellings in the Housing Revenue Account for the financial year 2023/4.
2. To brief Cabinet on how it is proposed to make efficiencies to address the estimated budget deficit in the Housing Revenue Account for 2023/4.
3. To brief Cabinet on the help and support available to tenants who are struggling with the cost-of-living crisis.

Background

4. The Housing Revenue Account (HRA) records income and expenditure arising from the provision of Cardiff Council's 13,852 council homes. The HRA is ringfenced for the council's housing landlord functions and cannot be used for other purposes.
5. The main source of income to the HRA is from tenants in the form of rents and service charges. The purpose of reviewing rents is to ensure the Housing Revenue Account has enough income to provide quality housing services for current and future tenants. Rental income allows the service to invest in the maintenance and improvement of existing homes and neighbourhoods; provide good tenant support services;

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contribute to the funding of our community Hubs and also build new homes.

6. The Renting Homes (Wales) Act 2016 will come into force on 1st December 2022. This new legislation requires landlords to give tenants two months' notice of their rent change. Previously only 28 days' notice was required.
7. The reviewing and setting of rent and service charges is normally decided by Cabinet during budget setting in February of each year. To meet the new notice period requirements as laid out in the Act, rent and service charge setting will now need to be decided ahead of the normal budget process annually going forward. The detail of the HRA budget for 2023/4 and the finalisation of any savings proposals will still be considered as part of the Council's normal budget setting process in February.

Rent Setting Policy

8. Whilst the responsibility for setting rents rests with the Council, the Welsh Government rent policy framework sets limits and boundaries for this. These rules are as follows:
 - When determining the setting of rents and service charges, social landlords must make an assessment of cost efficiencies, value for money and affordability for tenants which should be discussed at Cabinet or Council.
 - The maximum overall rent increase allowable in any one year is the September Consumer Price Index (CPI) +1%. Should CPI fall outside the range of 0% to 3%, the responsibility will rest with the Housing Minister to determine the appropriate change to rent levels for the year.
 - In September 2022, CPI was 10.1%, well above the range allowable by the policy. Therefore, a decision regarding the rent setting was required by the Minister who announced on the 16th November 2022 that the maximum that rents can increase by is 6.5%. The Minister confirmed that this was a maximum increase and decision making is with the Council. The Minister also set out a number of commitments made by social landlords to prevent evictions and support tenants, these can be found at paragraph 42.
9. Uncertainty remains about future rent levels, due to the impact of inflation on the policy and the end of the current rent setting framework in 2025. This is a significant risk to the resilience of the HRA as it means that the Council cannot control or effectively predict a key component of HRA business planning.

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Issues

Rent Increase Modelling

10. In considering the level of rent increase to apply, three increase options were considered, 2%, 4% and 6.5%, not applying an increase was also considered. In carrying out this review the following issues were considered:

The impact of the rent increase options on tenants, taking into account:

- Whether Cardiff's rents are good value for money
- The affordability of Cardiff's rents
- The support available to tenants

The impact on the HRA business plan including the ability to continue to:

- Support tenants,
- Maintain and improve existing homes
- Build new homes

Impact of Rent Increase Options on Tenants

11. The impact on average rent levels for each rent increase option is set out below:

Average Rent Levels

Average Rent/ Week (52 Week) 2022/3	Increase Rate	Weekly Average Rent Increase (Over 52 Weeks)	New Average Rent/ Week (52 Week) 2023/4
£111.15	0%	£0.00	£111.15
£111.15	2%	£2.22	£113.38
£111.15	4%	£4.45	£115.60
£111.15	6.5%	£7.23	£118.38

12. While any increase in rent is difficult at this time, it should be noted that 84.62% of council tenants are in receipt of benefits to assist with their rent. In the majority of cases these tenants will have any increase in rent covered by an increase in their benefits. It was also recently announced that increases in pensions and benefits will be in line with inflation.

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13. For those who do struggle with their rent payments a range of support is available to tenants to assist with their finances including a supportive rent arrears pathway focused on resolving issues together with a dedicated Welfare Liaison Team, this support and its success is set out at paragraph 38 to 41.
14. A commitment has also been given that there will be no evictions due to financial hardship for the term of the rent settlement in 2023-24, where tenants engage with officers.
15. Cardiff's rents will continue to represent good value for money, even after the application of the maximum 6.5% increase council rents will still be significantly lower than private sector rents. Council properties are also more energy efficient than private sector properties. (see paragraph 50 below for further information)
16. It has also been demonstrated that rents remain affordable at this higher level, scoring well against the Joseph Roundtree Foundation (JRF) living rents model (see paragraph 46 to 49 below for further information).

Impact of Rent Increase Options on the delivery of the HRA Business Plan

17. The 6.5% maximum allowable rent increase is above the level assumed within the HRA Business Plan for 2023/4, however it is significantly below the rate of inflation. Due to the increase in costs to the HRA all rent increase options open to the Council would result in a revenue shortfall within the HRA. The table below shows this impact:

Rent Uplift %	Income Loss/(Gain) Compared to HRA Business Plan assumption of 3.5% 2023/24	Inflationary cost increase forecasts (Excludes capital programme pressures)		Total Revenue Shortfall/ (Surplus) 2023/24 (High Level Estimate)
		Management and Supervision	Revenue Repairs and Maintenance	
0%	£2.946m	£2.475m	£2.263m	£7.684m
2%	£1.262m	£2.475m	£2.263m	£6.000m
4%	(£421,000)	£2.475m	£2.263m	£4.317m
6.5%	(£2.525m)	£2.475m	£2.263m	£2.213m

18. The following assumptions have been made in producing the above figures:

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- Management and supervision - staffing cost impact is based on the 2022/23 budget uplifted for the latest pay award settlement. In addition, provision is made for an estimated pay uplift for 2023/4.
- Management and supervision - non staffing cost increase is based on the 2022/3 budget uplifted by estimated average inflationary increases across all budget heads reflecting the current range of pressures.
- Revenue repairs and maintenance costs – have been uplifted by assumed inflationary increases across all budget heads.
- The assumed rental impact is added to the cost impact to give an overall potential revenue budget shortfall in 2022/3.

19. It should be noted that this is a high level interim assessment of the impact of various factors on the 2023/4 budget and funding requirement. The current volatility in costs and uncertainty as to how these variables are likely to develop make any predictions very difficult at present and these estimates are likely to change over coming months. An up to date assessment of these variables will be included in the detailed budget that will be developed in the next few months to be presented to Cabinet for approval in February 2023.

Addressing the budget deficit

20. As can be seen from the table above, a rent freeze would result in an estimated overall shortfall in the HRA budget of £7.684m. Even with the maximum 6.5% rent uplift there is still an estimated budget deficit of circa £2.213m.
21. In anticipation of a below inflation rent increase a full review of the HRA has taken place and a number of areas have been identified where efficiencies can be made. This includes:
- Reduction in staffing- it is anticipated that this reduction can be made by deleting vacant posts or through the voluntary severance process. These changes can be made through efficiencies and no significant service changes will be required.
 - Reduction in non-staffing costs - this includes a reduction in training and events budgets.
 - Reduced capital expenditure and resultant reduction in borrowing costs for 2023/4. This is due to several factors including: the use of external capital grants to offset borrowing in year; a review of spend on some areas of the capital programme including garage improvements and estate regeneration and deferred borrowing resulting from

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unavoidable delay in parts of the new council house build programme.

- Reduction in proposed Direct Revenue Financing of the capital programme while allowing for increased borrowing requirements.

22. It is anticipated that the savings identified will mitigate the estimated £2.213m revenue shortfall that would result from the application of the maximum 6.5% rent increase. If a lower rent increase is taken forward then further savings will be needed which would impact on service delivery, the ability to maintain existing homes and to deliver new homes.

23. Additional opportunities for service change that will create savings will continue to be explored next year, including:

- Increased opportunities for digitalisation – including the implementation of the My Repair digital solution and exploration of the use of Allocations Online
- A review of the Responsive Repairs Service to ensure works are carried out by the most appropriate operatives.
- Review and alignment of back office services and of senior management roles.
- Further review of services that are recharged to the HRA.

24. While opportunities for savings will continue to be sought, the impact of any cuts to services and investment in homes at this time would be severe. The service is currently responding to a range of additional pressures, and these are set out below:

The need for new Council homes.

25. It is more important than ever that the Council's ambitious plans of building 2,800 council homes to address housing need are delivered. Like many cities across the UK, Cardiff is experiencing a housing crisis. There are currently over 8,200 households on the Cardiff Social Housing Waiting list. There are 1,454 households currently in temporary and supported accommodation with a further 356 households on a waiting list to enter temporary accommodation. Failure to deliver the planned new housing will result in more homelessness and more families in the city living in overcrowded and unsuitable conditions. The building of new homes is not only an investment for our citizens, but also a financial investment for the Council as the rent will yield an income, that will, in time, repay any borrowing that was required to build the home. In the short term however, revenue is needed to support the capital borrowing required for the new build programme.

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The need to maintain and improve of existing properties.

26. The HRA supports the maintenance and improvement of Council housing. This is a statutory requirement and ensures that properties are safe, compliant with regulations and are energy efficient in line with the current Welsh Quality Housing Standards (WHQS). The costs of works are increasing and commissioning capital projects is becoming more challenging and therefore it is vital that there is sufficient funding available to maintain the quality of our existing homes and to meet our legal obligations.
27. Meeting net zero carbon targets in Council homes is high on the agenda not only for Welsh Government through its new WHQS 2023 standard and for the Council's own One Planet Strategy, but also to help to drive down energy costs for tenants. To invest in this retrofitting approach will require significant funding and while grant funding will be sought wherever possible, it is likely that significant future costs will need to be met through the HRA.

Increase Demand on Housing Services

28. There has been a significant increase in the needs of existing council tenants. Tenancy services have seen a 20% increase in demand to support with issues including ASB. The Tenancy Sustainment Team are now also supporting 70 tenants an increase of 7% on same time last year. These tenants are vulnerable individuals who need support to remain in their own homes and to prevent eviction.
29. The Welfare Liaison Team support tenants with budgeting, debt advice and income maximisation. More than ever this team needs to continue to carry out this vital work as the cost-of-living crisis starts to affect more people. Since April 2022, £1.75m in additional benefits has been identified for council tenants by the Welfare Liaison Team, an increase of 38% on the same period in the previous year.
30. The cities Community Hubs are seeing an increase in footfall month on month. These spaces are at the heart of the cities communities and are a vital lifeline to thousands of people. Footfall across our Community Hubs has increased by 130% on the period last year. The Hubs provide advice on housing, homelessness prevention, employment, money as well as holding events for people of all ages to help improve their wellbeing. Hubs are also providing Foodbank vouchers and parcels and Warm Welcome spaces over the winter. Since Warm Welcome Spaces were introduced on 3rd October 2022 more than 1,790 customers have accessed the spaces.
31. A rent increase lower than 6.5% would have a significant and ongoing impact on the Council's ability to maintain existing homes and build new homes. Cuts to services would also be required that would impact on the most vulnerable of our tenants.

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Consultation with Tenants

32. Consultation with tenants took place between 20th October 2022 and 16th November 2022. Given the time constraints it was necessary for consultation to take place before the decision of the Minister was received on the maximum rent increase. Given the significant impacts of a below inflation increase in rent, it was decided to consult tenants on:

- Whether they considered their rents to be good value for money
- A proposal to set rents at the full amount allowed by Welsh Government, as long as this was demonstrated to be affordable.

33. The Consultation comprised of:

- An online survey was developed. This was promoted through a wide range of channels, including the Cardiff Tenants website and 13 face to face events were held in Hubs to encourage responses. In addition to this front facing staff who have regular contact with tenants including the finance, welfare liaison and housing helpline officers promoted the survey when they were helping tenants.
- A paper survey was sent to 2,771 (20%) of tenants, who were selected randomly.

34. Unfortunately, only 54 tenants responded to the survey. Feedback from officers suggested that tenants did not engage in the process as the majority that were spoken to had their rent paid through benefits.

35. The responses that were received are set out below:

- 75.9% of respondents thought that their rent was good value for money with 38.9% finding it very good value. Only 11.1% said that it was poor or very poor value for money.
- 68% agreed that Council rents should be set in line with the full amount allowed by the Welsh Government, as long as this is affordable.
- 79.2% tenants stated that they were not experiencing any difficulties in paying their rent, while 20.8% said that they were. 20.4% requested contact from officers to assist with payment of rent or any money issues they may have. These tenants will be contacted directly.
- Further information about the consultation can be found at Appendix 1.

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Proposed Rent Increase

36. Given the current pressures on services, the need to maintain and improve our existing homes and to build new homes as outlined above, and taking into account the affordability and value for money of council rents and the help available for council tenants, it is proposed that rents should increase by 6.5%.
37. Further information about the support available to tenants and analysis on value for money and affordability is set out below:

Support available for Tenants

38. There are a range of advice and support services to help tenants who are struggling to pay their rent or any other bills.
39. A new rent arrears pathway was introduced in 2021. This ensures that anyone experiencing rent arrears is able to access help and support easily via a gateway approach. Practical support as well as financial help via Discretionary Housing Payments or the Homeless Prevention Fund is provided. In 2021/22, 559 council tenants were assisted via the pathway. In the first 6 months of this year, 391 council tenants have already been supported through this pathway.
40. The Welfare Liaison Team are a dedicated team supporting council tenants and work alongside the Money Advice team to provide one to one help with income maximisation and budgeting. They provide a holistic service and act impartially to work out affordable repayment plans for rent and other household bills. In 2021/22 benefits that were previously unclaimed by tenants were identified by the team totalling £2,635,525. In addition to this, one-off payments totalling £1,803,521 were identified for tenants in the form of grants and discounts. Support is available in some community Hubs, over the phone and also in tenants homes. The team are also able to refer into more specialist support from partner organisations including Citizens Advice and The Speakeasy Law Centre.
41. Where entering work or upskilling a tenant would help improve their financial position, the Council's Into Work team provide a wraparound employment support service for people of working age 16+. The service is accessed by a single point of entry via a gateway and people are triaged to the most appropriate support. This includes job clubs, one to one mentoring, training and funding to help remove barriers into employment.

Additional Commitments to Support Tenants

42. Cardiff has made an agreement with the Welsh Government to comply with a number of voluntary commitments to ensure that tenants, particularly those who pay all or part of their rent are protected. These commitments include:

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- There will be no evictions due to financial hardship for the term of the rent settlement in 2023-24, where tenants engage with officers.
- The Council will continue to provide targeted support to those experiencing financial hardship to access support available.
- A joint campaign, encouraging tenants to talk to their landlord if they are experiencing financial difficulties and access support available, will be launched across Wales.
- Agreement to maximise the use of all suitable social housing stock, with a focus on helping those in the poorest quality transitional accommodation move into longer term homes that meet their needs
- A commitment to invest in existing homes to keep them safe, warm and affordable to live in
- building on existing engagement with tenants in rent-setting decisions, including explaining how income from rent is invested and spent.
- Work in partnership with tenants, Welsh Government, funders and other partners to develop a consistent approach to assessing affordability across the social housing sector in Wales.
- Cardiff Council will also participate in an all Wales assurance exercise in April 2023 to reflect on the application of the rent policy to date. This will build on the work undertaken by social landlords over the past three years, and inform future work to develop a consistent approach to assessing affordability

Value for money

43. All social landlords in Wales must consider affordability issues for tenants when proposing their rent increase to ensure rent and service charges represent value for money.

44. Even with the proposed rent increase Cardiff's rents are significantly lower than market rents.

Comparison with the Private Rented Sector

45. The table below shows, that even when the proposed 6.5% rent increase is applied, Cardiff's rents remain very good value for money when compared to private rents. For example, the rent for a one bedroom council property would still be £60.32 a week on average (56%) less expensive than the average private sector rent for the same size accommodation. While a two bedroom council property would be £83.98 (68%) less than its private sector equivalent. As well as enjoying lower rents, council tenants also enjoy a wide range of services and support not available to private tenants as set out in the paragraphs above.

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Market rents compared to new proposed Council rents

No. of Bedrooms	Weekly Current Rent 22/23	Proposed Weekly Rent 2023/24 (6.5% increase)	Weekly Median Private Market Rents (Nov 22)
1	£100.17	£106.68	£167.00
2	£115.51	£123.02	£207.00
3	£132.24	£140.84	£274.00
4	£146.57	£156.09	£331.00

Council rents in the table above are based on 52 weeks collection and include service charges. Weekly Private Market rents are as at November 2022 and have been taken from the Hometrack website which provides online access to localised residential market analysis.

Affordability

46. The Joseph Roundtree Foundation (JRF) Living Rent Model has been used to review the proposed rents.
47. The model states that a Living Rent should be affordable for a household with someone in full-time employment and earning around the minimum wage. The model uses the earnings of the lower quartile (lowest 25%) of earners resident in Cardiff. The model assumes that 28% of income is available to pay rent. This figure is then adjusted for household size.
48. As can be seen from the table below Cardiff's rents are well below the JRF Living Rent, with a one bedroom flat being £24.45 below and a 3 bedroom house being £29.85 below. For larger properties the difference is even greater with a £58.67 difference for a 4 bed flat and £46.22 for a 4 bedroom house.

APPENDIX A

Comparison of Council Rents with Living Rents

Property Type	Proposed Cardiff Council Net Rent – per week 2023/24 (before service charges are added)	Proposed Living Rent – per week 2023/24 (before service charges are added)	Difference in charge per week (Total & %)
Bedsit	£79.74	£104.19	£24.45
			30.66%
1 Bed Flat / Maisonette	£94.63	£104.19	£9.56
			10.10%
2 Bed Flat / Maisonette	£109.52	£135.44	£25.92
			23.66%
3 Bed Flat / Maisonette	£124.40	£166.70	£42.30
			34.00%
4 Bed Flat / Maisonette	£139.29	£197.96	£58.67
			42.12%
2 Bed House / Bungalow	£121.96	£135.44	£13.48
			11.05%
3 Bed House / Bungalow	£136.85	£166.70	£29.85
			21.81%
4 Bed House / Bungalow	£151.74	£197.96	£46.22
			30.46%

49. The living rent for Cardiff has been calculated using the JRF formula and are calculated before service charges are applied. Further detail can be found in the Affordable Rents Report at Appendix 2.

Energy Performance

50. The energy performance of Cardiff's council homes is better than the average for any tenure. This makes Cardiff council properties more affordable to heat.

APPENDIX A

Tenure	Average SAP Ratings
Owner Occupier	62.1
Private Rent	63.4
Social Rent	71.0
Cardiff Council	71.5
Cardiff Council New Build	85.0

As at 31st March 2022 – Source Office of National Statistics

Service Charges

51. Social landlords are expected to set service charges which are reasonable and affordable. Landlords are required to review service charges annually, to ensure they provide value for money for tenants and are affordable. Landlords are required to list their service charges separately to the rent to allow for transparency to tenants.
52. Most service charges are eligible for housing benefit/universal credit, except where personal heating / water is provided.
53. In previous years, service charges have been based on the September CPI rate or on actual cost where this is known. Due to the very high level CPI at 10.1% in September it is proposed to uplift service charges by 6.5%, in line with the rent increase, or by actual costs where known. 6.5% is considered to be more reflective of the cost of the services for which the charge is made. The impact of this on the more commonly applied service charges can be seen in the table below.

Property Type	Average service charge 2022	Proposed Increase (6.5%)
Houses	£4.36	£4.64
Flats	£10.18	£10.84
Sheltered Bungalow	£16.92	£18.02
Community Living	£42.35	£45.10

54. It is proposed that service charges for personal heating and hot water, where provided, are based on actual costs (based on costs for October 2021 to September 2022). The personal heating charge within community living schemes would increase on average from £5.43 to £10.95 an increase of 101.60%. The maximum charge that would apply would be £13.07. Support will be provided to tenants to claim their entitlements under government schemes and any tenants suffering hardship will be offered help through the Council's own financial support schemes available for those most in need.
55. A full list of service charge proposals can be found at Appendix 3. It should be noted that the costs of some specialist accommodation schemes are still being established and also costs for some contracted services for 2023/24 are not yet available. However all service charges will either be increased by 6.5% or by actual costs where known.

APPENDIX A

Equality Impact Assessment and Future Generations Act

56. An Equalities Impact Assessment has been carried out and did not give rise to any concerns. This is attached at Appendix 4. The proposals are in line with the requirements of the Future Generations Act.

Reason for Recommendations:

57. To set the rents for council homes taking into account the needs of tenants, affordability and value for money and the requirement to set a sustainable budget for the Housing Revenue Account for 2023/4.

58. To set service charges for council tenants for 2023/24.

Financial Implications

59. The Council has a statutory duty to ensure that the Housing Revenue Account (HRA) achieves a balanced budget. Any liabilities of the HRA are ultimately liabilities of the Council and it is essential that the budget setting in any year has regard to robust viability and risk assessments, particularly in respect of the rent setting policy.

60. This report sets out the background to the proposed approach to the setting of rent and service charge levels for 2023/24. This is aligned to the need to give increased notice periods to tenants for annual rent uplifts as a new legislative requirement of the Renting Homes Wales Act 2016 which comes into force in December.

61. The report sets out the background to the current Social Housing Rent policy which runs through to 2024/25 and the ministerial decision to set the maximum rent uplift for 2023/24 at 6.5%.

62. While 6.5% is the maximum increase allowable for 2023/24, landlord decisions on rent must also consider the affordability of rents for tenants. The rent policy recognises the requirement to balance the needs of landlords with the interests of tenants and it includes a requirement that social landlords make an annual assessment of affordability and cost efficiencies which demonstrate that their homes and services represent value for money. This assessment is set out in paragraphs 43 to 49 of the report. Prior to determining the recommendations in this report, members should be content with the outcomes of this assessment.

63. This report sets out the potential implications of a rent uplift based on various scenarios as highlighted in the table at page 4 of the report. A decision to set rents at the maximum 6.5% is considered based on current information to have the potential to result in a revenue budget shortfall in the region of £2.213 million. It should be noted that this table sets out very high-level indicative positions based on a number of assumptions and variables which are subject to change in the coming

APPENDIX A

months and will need to be firmed up as more information becomes available. These include, but are not limited to, inflationary pressures across a wide range of goods and services, interest rate movements, future pay award settlements and other full year impacts of the costed establishment, progress of the new build programme and timings of availability to let.

64. The current volatility in costs and uncertainty as to how these variables are likely to develop make any predictions very difficult at present and these estimates are likely to change over the coming months. An up to date assessment of these variables will be included in the detailed budget that will be developed and presented to Cabinet for approval in February 2023.
65. Rent uplifts lower than assumed in previous budgets and business plans have the potential to impact on the level and quality of service provision to tenants and on the capital schemes that can be taken forward due to considerations of affordability, prudence and the sustainability of additional borrowing requirements. It will be necessary for the Directorate to review and prioritise revenue operating costs to identify the required savings and to support ongoing financial resilience. In addition, a review and reprioritisation of the Capital Programme will be required with a realignment where feasible of future spend plans to ensure that capital spend commitments entered into remain affordable in the short and longer term.
66. The report proposes a range of uplifts to service charges as set out at paragraphs 51 to 55 above and at Appendix 3. Whilst some charges are proposed to be increased in line with inflation, others are proposed to be uplifted by 6.5% in line with the proposed rent increase or at a level to fully recover costs. It will be essential to monitor any outcomes of these uplifts, not least the impact of the proposed increases to rent and service charges on tenants and their ability to pay in the current economic climate and cost of living crisis.
67. The HRA budget 2023/24 and MTFP will be developed in the coming weeks and will be presented for approval by Cabinet as part of the Council Budget setting process in February 2023. Decisions on the setting of rents and service charges for 2023/24 will be a key factor in determining the future resources available to the HRA and the requirement for efficiencies and reprioritisation of service delivery plans.
68. It should be noted that there are significant capital expenditure commitments for the HRA both incurred and proposed for the future with a resultant increased borrowing requirement in order to invest in homes and create new assets. The HRA Capital Programme will be reviewed in the coming weeks in line with the 30-year HRA Business plan. The latter will be reported to Cabinet for approval in March 2023.
69. The report at paragraphs 21 to 24 sets out the approach to identification of potential efficiencies in service delivery. These along with the impact

APPENDIX A

of decisions with regard to the timing of planned spend within the capital programme and borrowing levels as a result will need to be considered in detail as part of the detailed budget and business plan work.

70. The report also highlights a number of pressures on the HRA as a result of increased demand for housing services and tenant support along with new build ambitions and other initiatives and strategies such as energy cost reduction measures, WHQS and the net zero carbon targets. There is a significant risk to the affordability of these strategies and continuation of service delivery which highlights the need to seek all sources of available additional funding to mitigate where possible any impact on the HRA.
71. There are a number of significant risks to financial resilience in the HRA which will need to be monitored and managed closely. This will be reported in further detail and set out within the proposed HRA Budget 2023/24 and the HRA Business Plan.
72. Any decisions to manage the position in the short term through the use of earmarked reserves and balances must be taken in the knowledge that such reserves are one off and will not meet any ongoing funding gap in the longer term.

Legal Implications

73. Section 103 Of the Renting Homes (Wales) Act 2016 provides for the landlord to vary the rent of a secure contract by giving the contract holder a notice setting out when the new rent will take effect on the date specified in the notice. The period may not be less than two months.
74. All decisions taken by or on behalf of the Council must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers on behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council e.g. standing orders and financial regulations; (e) be fully and properly informed; (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its taxpayers; and (h) be reasonable and proper in all the circumstances.
75. The Council has to satisfy its public sector duties under the Equalities Act 2010 (including specific Welsh public sector duties). Pursuant to these legal duties Councils must in making decisions have due regard to the need to (1) eliminate unlawful discrimination, (2) advance equality of opportunity and (3) foster good relations on the basis of protected characteristics.
76. As such a decision to implement the proposal has to be made in the context of the Council's equality act public sector duties.

APPENDIX A

77. The report identifies that an Equality Impact Assessment has been carried out. The purpose of the Equality Impact Assessment is to ensure that the Council has understood the potential impacts of the proposal in terms of equality so that it can ensure that it is making proportionate and rational decisions having due regard to its public sector equality duty. The decision maker must have due regard to the Equality Impact Assessment in making its decision.

HR Implications

78. There are no HR implications for this report.

Property Implications

79. The body of the report sets out the Council house rent methodology and process, as supported by Welsh Government policy. Any rent calculations should be undertaken in accordance with relevant professional advice and implemented in adherence to the Council's property management and legal processes.

RECOMMENDATIONS

80. Cabinet is recommended to:

Approve the proposed approach for rent and service charge setting for Council owned dwellings for financial year 2023/2024.

SENIOR RESPONSIBLE OFFICER	Jane Thomas, Director Adults Housing and Communities
	Date submitted to Cabinet office

Appendices

- Appendix 1 - Tenant Consultation Report
- Appendix 2 - Affordable Rents Report
- Appendix 3 - Proposed Service Charges 2024/5
- Appendix 4 - Equality Impact Assessment

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Appendix 1



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Your Rent, Your Say 2023

November 2022



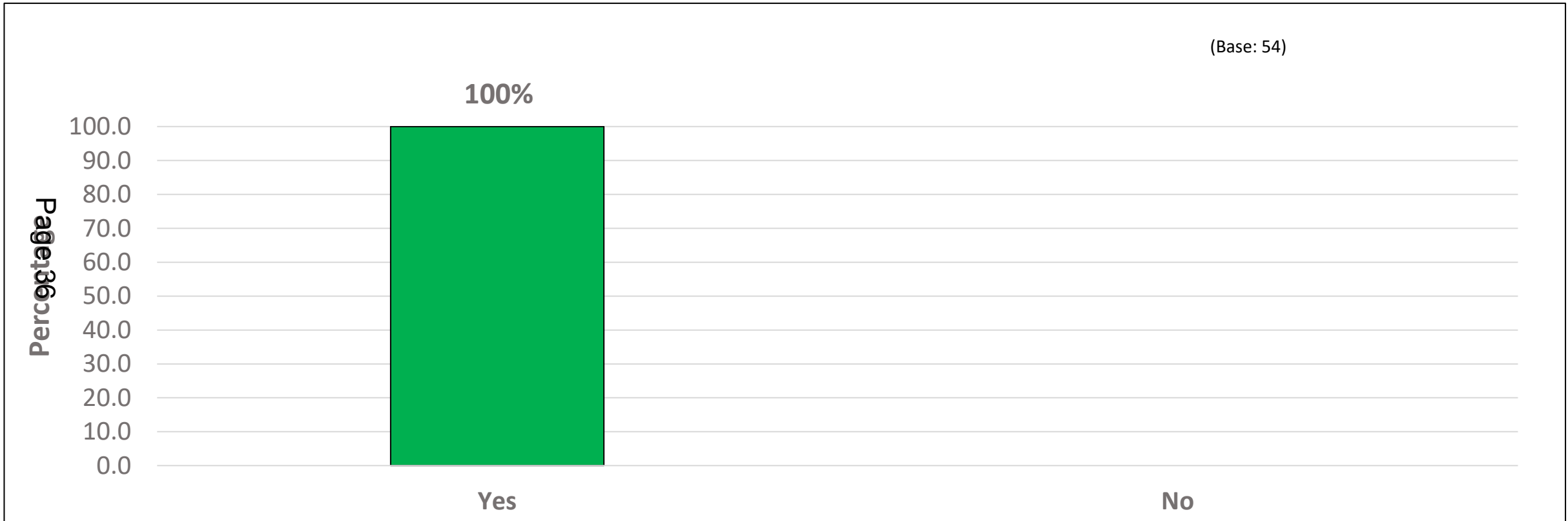
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#WorkingForCardiff
#WorkingForYou

This survey is solely for Cardiff Council Tenants - are you a Cardiff Council tenant?



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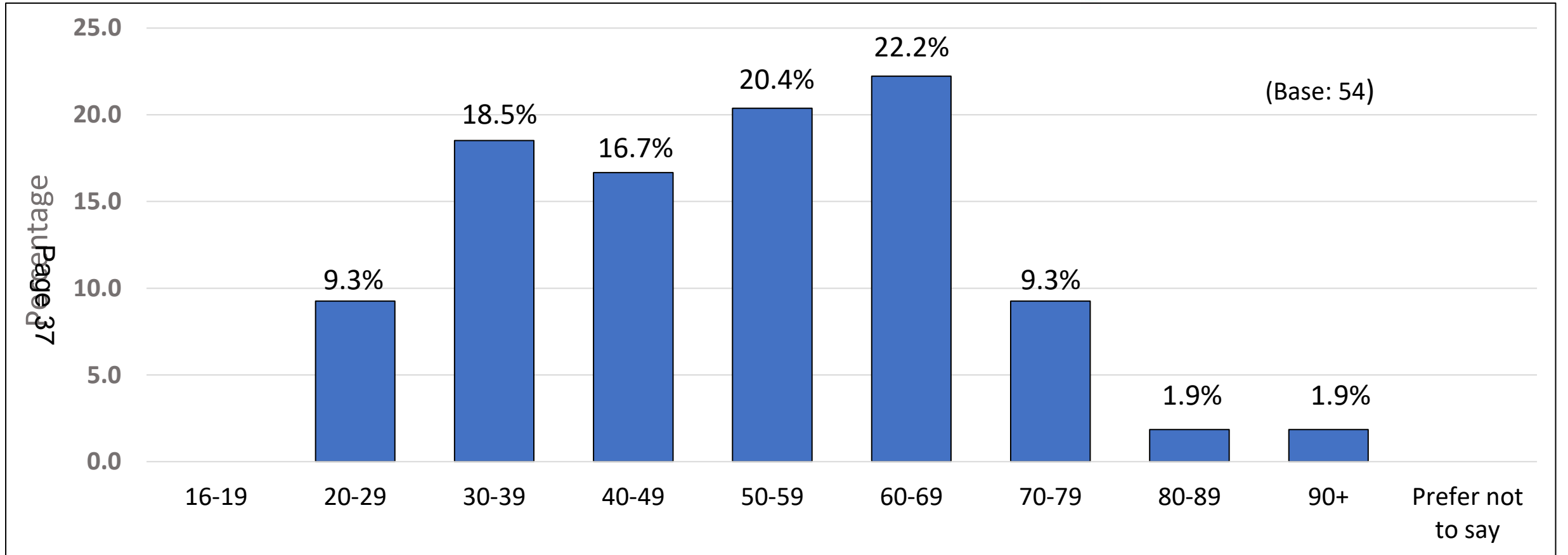
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Age Bands of Respondents



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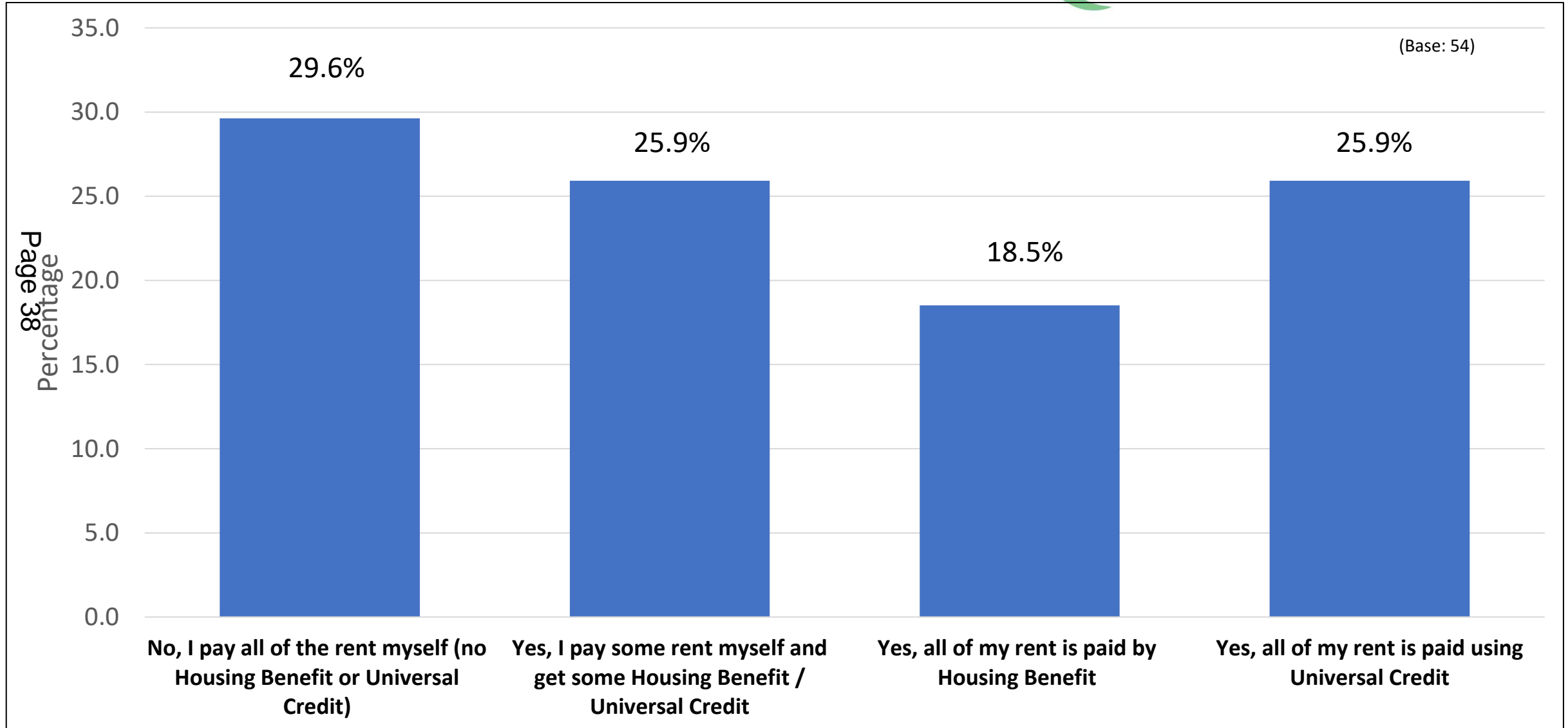
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Do you receive Housing Benefit or Universal Credit to help pay your rent?



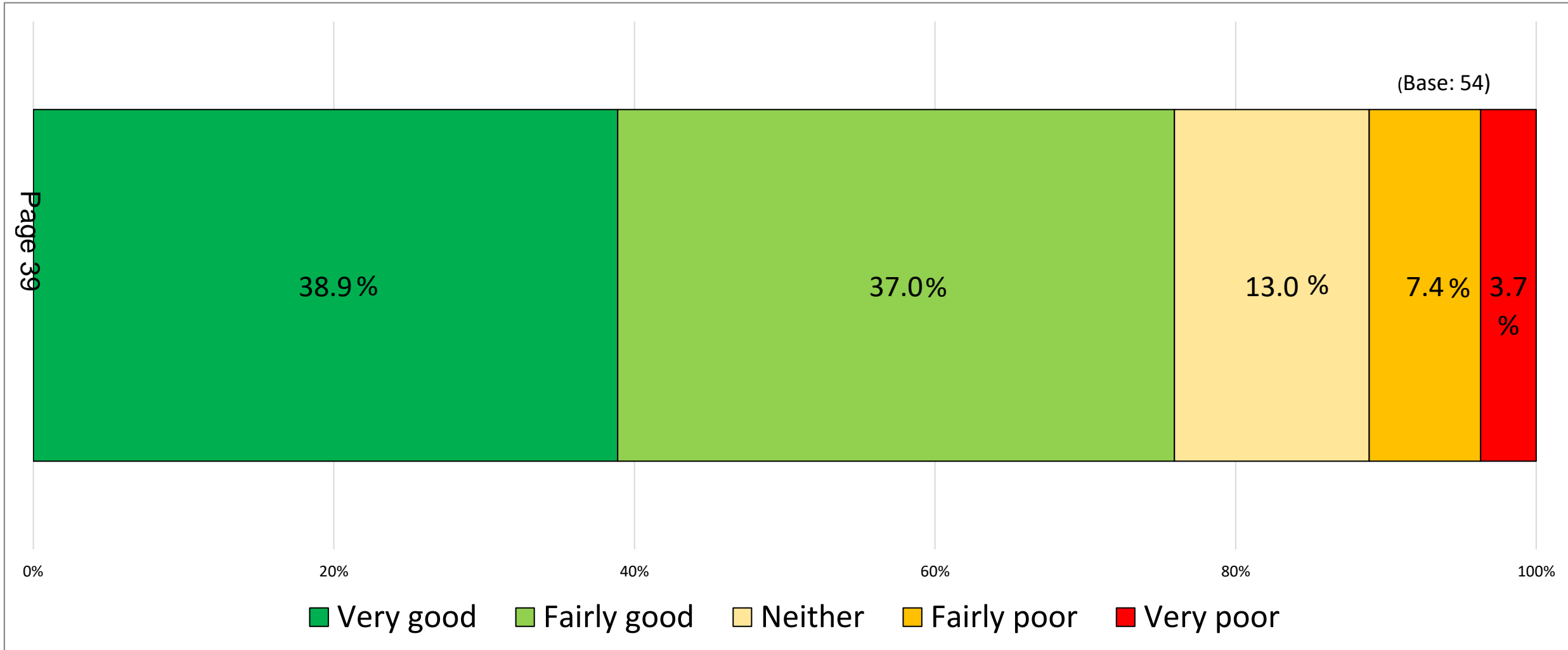
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Taking into account the accommodation and the services we provide, do you think that the proposed rent for your property represents good value for money?



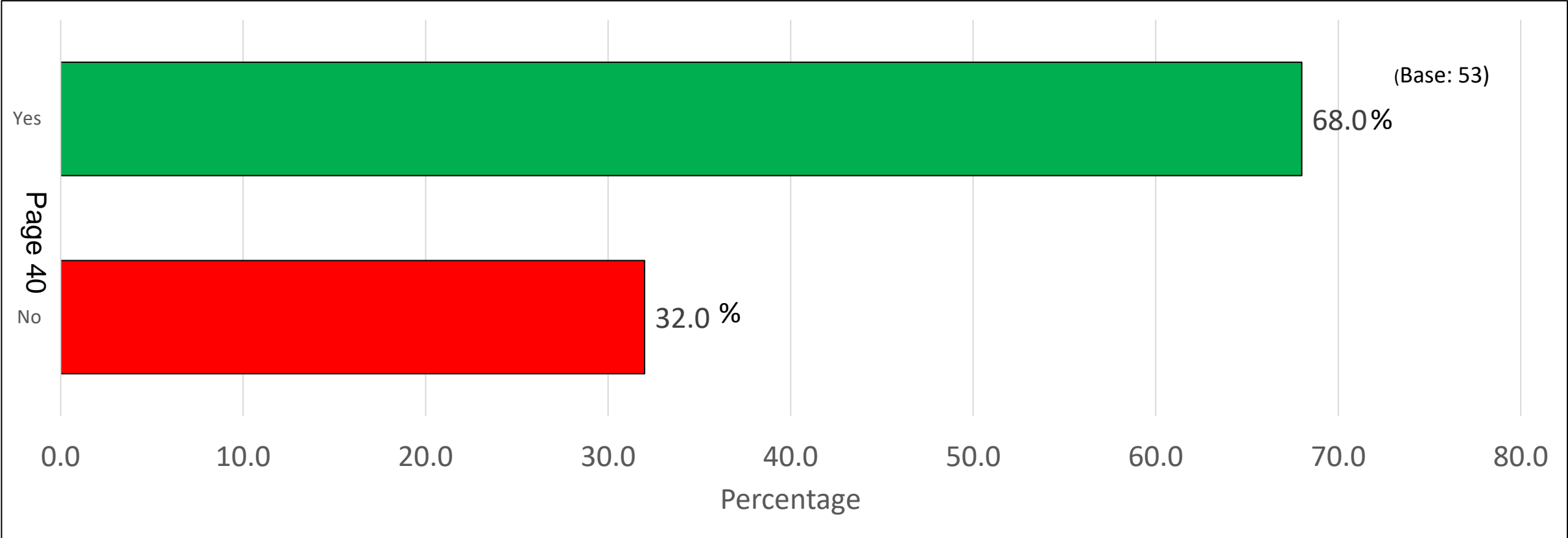
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Do you agree with the proposal to set rents in line with the full amount allowed by the Welsh Government, as long as this is affordable?



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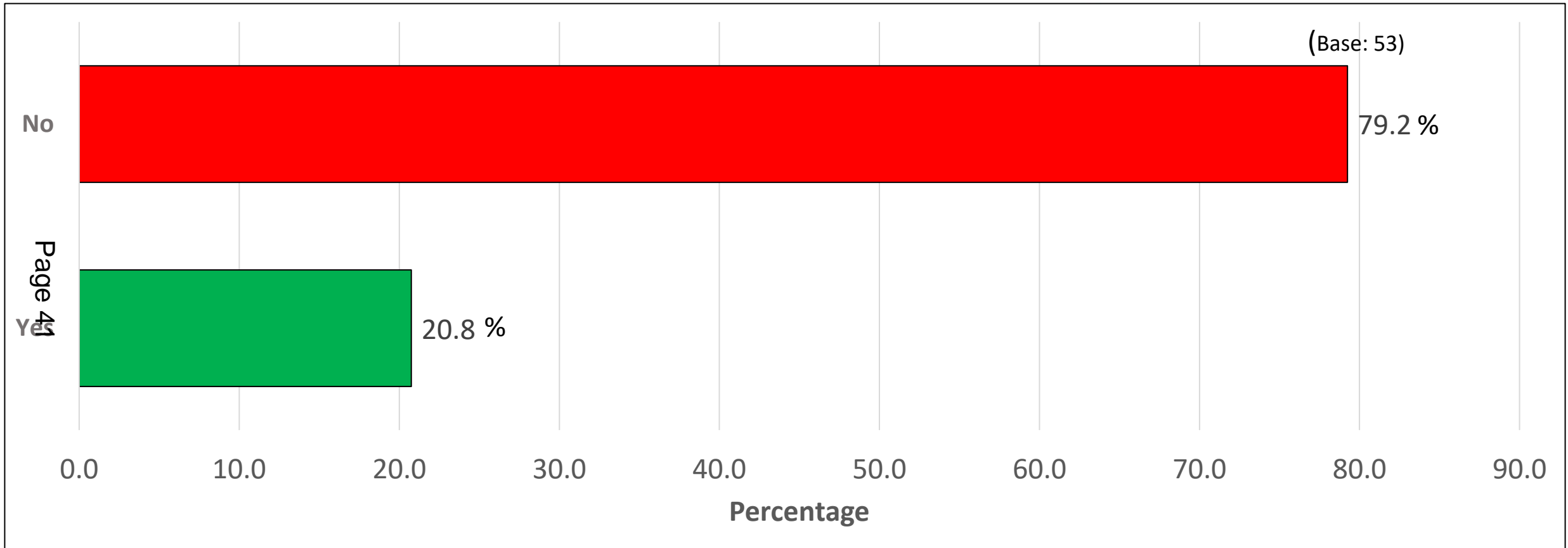
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Are you currently experiencing any difficulties in paying your rent?



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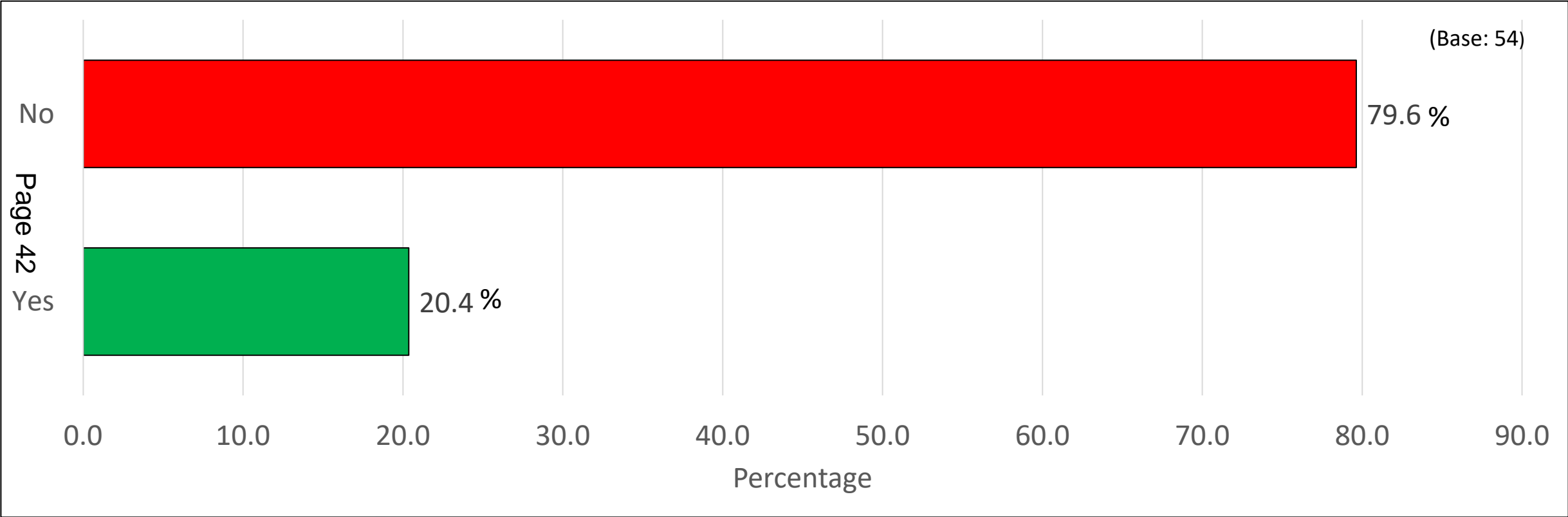
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Would you like us to contact you so we can discuss how we might be able to help you to pay your rent and with any other money issues you may have?



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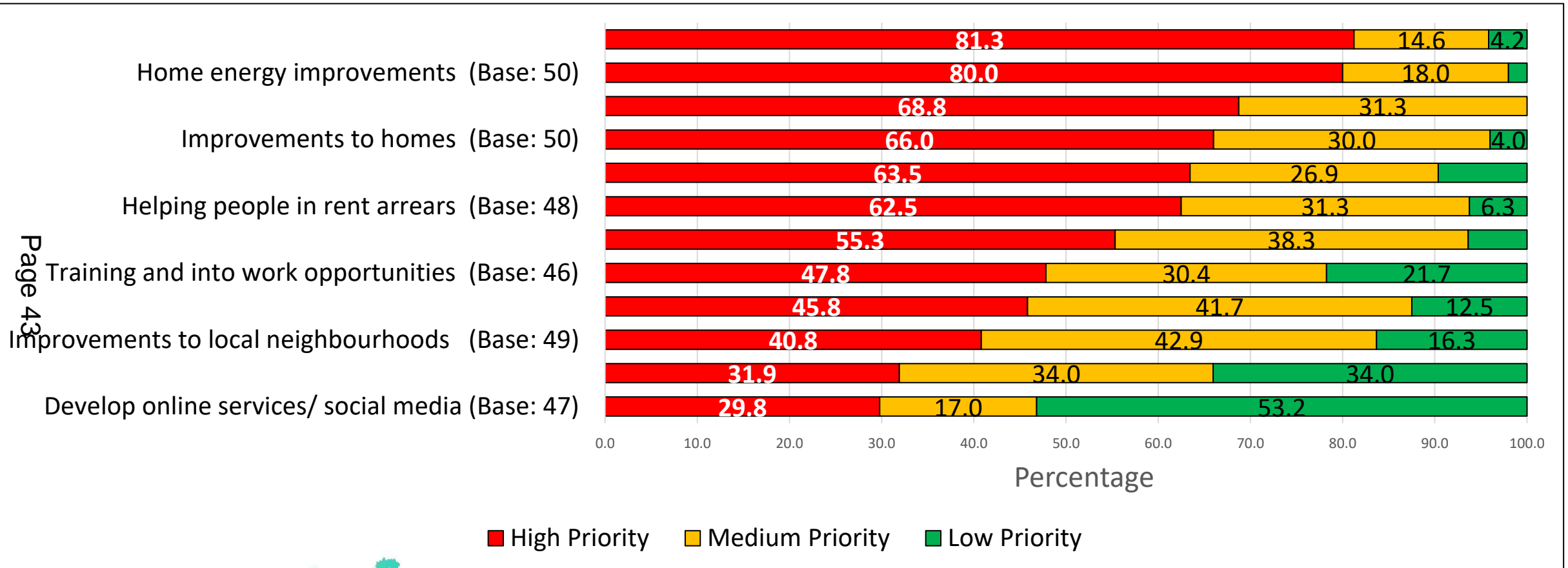
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What do you think our priorities should be over the next 5 years?



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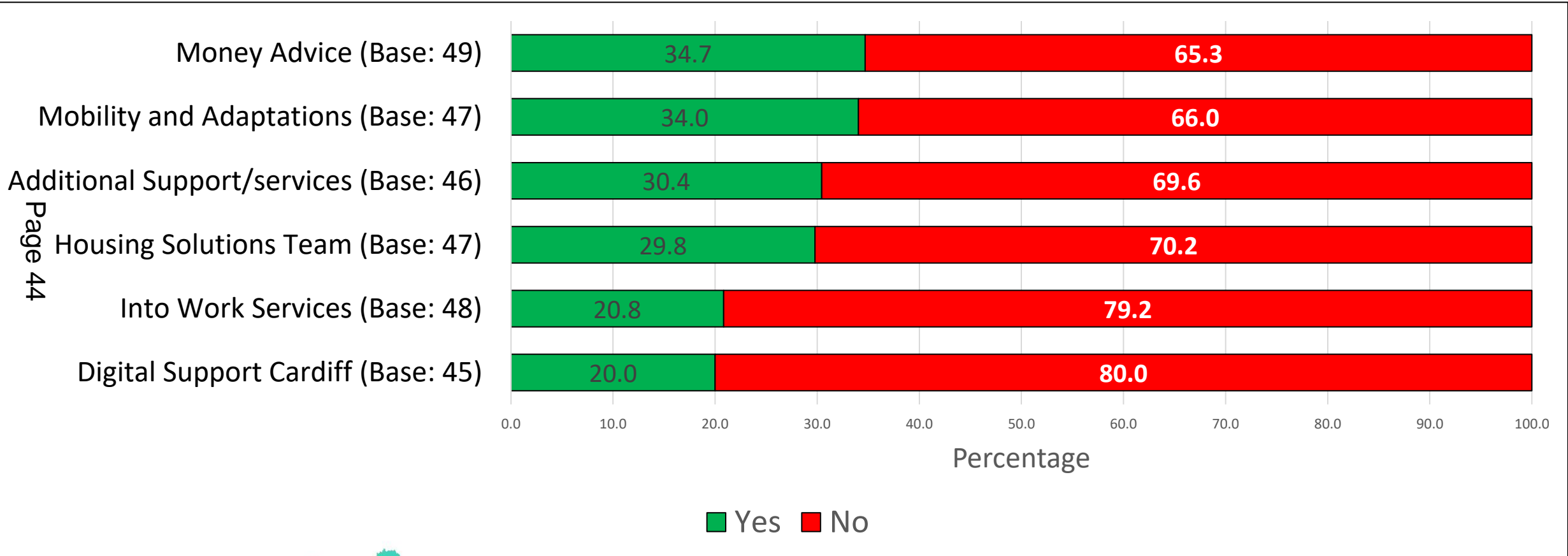
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Other Services - Would you like to receive information on the following help and support services?



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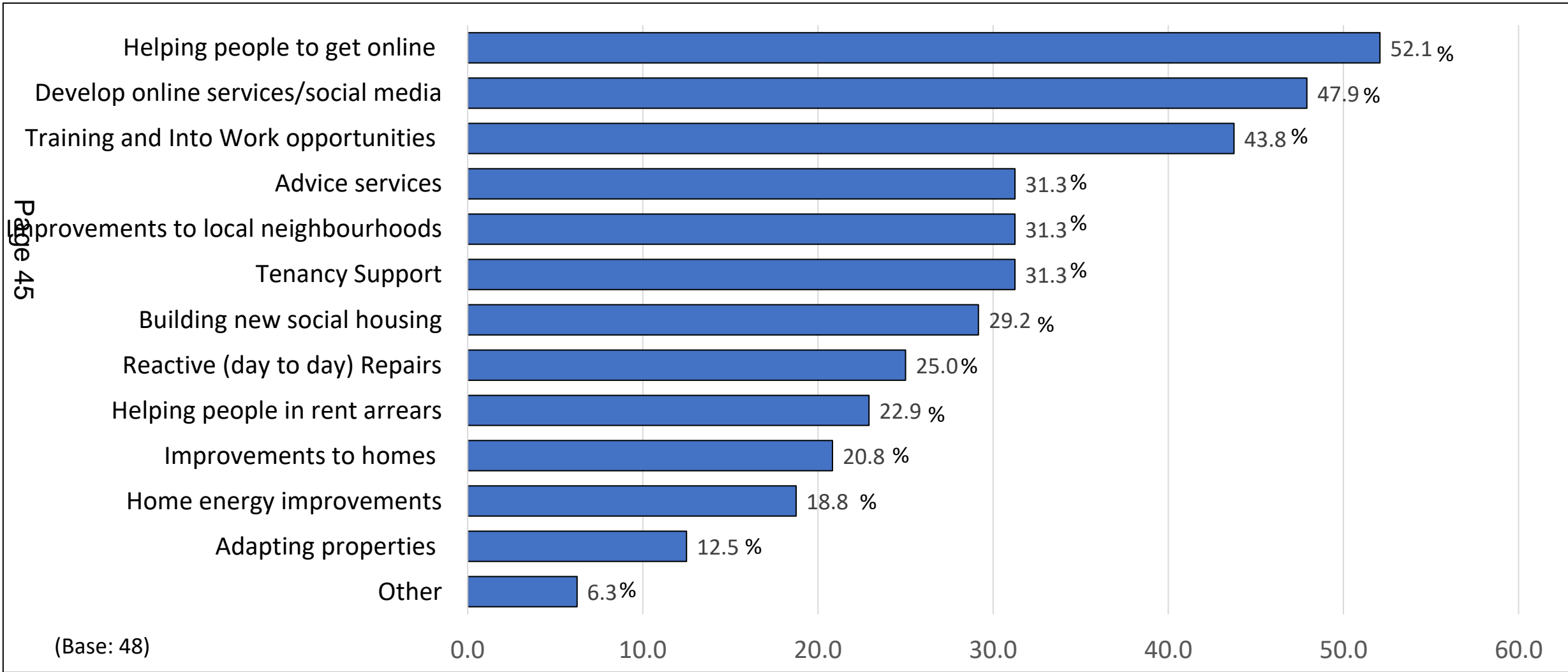
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If following the Welsh Government decision, the forecasted rent income is below the level needed to maintain our current level of service, which areas do you think should be scaled back?



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Appendix 2

Affordability of Rents in Cardiff

Rent levels and value for money

Whilst the responsibility for setting rents rests with the Council, this is specified within boundaries laid out in the Welsh Government rent policy framework.

When determining the setting of rents and service charges, social landlords must make an assessment of cost efficiencies, value for money and affordability for tenants.

The maximum overall rent increase allowable in any one year is the September Consumer Price Index (CPI) +1%. Should CPI fall outside the range of 0% to 3%, the responsibility rests with the Climate Change Minister to determine the appropriate change to rent levels for the year.

In September 2022, CPI was 10.1%, well above the range allowable by the policy. Therefore, a decision regarding the rent setting was required by the Minister. On 16th November 2022 the Minister announced that the social rent cap had been set at 6.5%.

It is therefore proposed to increase the rent for Cardiff Council homes by 6.5% from April 2023.

Cardiff Council must provide housing that remains affordable for current and future tenants and is assessed for cost efficiency and value for money.

Rents charged by private landlords are significantly higher than Council rents. The table below shows the current weekly rent and the proposed average rent for 2023/24 compared with the current Local Housing Allowance (LHA) rates and with rents in the private rented sector.

Weekly rent levels and corresponding LHA rates

No. of Bedrooms	Weekly Current Rent 22/23	Proposed Weekly Rent 2023/24 (6.5% increase)	Weekly Local Housing Allowance (22/23)	Weekly Private Market Rents - Nov 2022
1	£100.17	£106.68	£120.82	£167.00
2	£115.51	£123.02	£149.59	£207.00
3	£132.24	£140.84	£178.36	£274.00
4	£146.57	£156.09	£218.63	£331.00

NB: Estimated rents above are based on 52 weeks collection and include estimated current service charges to make them directly comparable with LHA rates.

Appendix 2

The Joseph Rowntree Foundation (JRF) Living Rent Model

The JRF Living Rent model links rents directly to an index of earnings and uses a recognised equivalence scale to allow for household income and property size to produce a Living Rent.

The model states that a Living Rent should be affordable for a **household with someone in full-time employment, working the average number of hours worked per week (including overtime) and earning around the minimum wage**. This uses the lower quartile national earning figures.

However, this income needs to be adapted to reflect the differing composition of households in different-sized properties and the fact that household income for low-paid families with children is likely to be enhanced by benefits and tax credits.

The Living Rents are based on:

- Lower quartile localised earnings data from the Office for National Statistics' Annual Survey of Hours and Earnings (**ASHE**). The gross weekly figure below which **25% of the lowest earners resident in Cardiff** earn in 2022 is **£372.10**.
- These earnings are then adjusted for property size, in accordance with the JRF model.
- The starting rent is then set at 28% of the adjusted earnings.

The full calculations including details of the equivalence rates are set out in Appendix One.

The calculated living rents are set out below:

Property Type	Weekly Living Rent
Bedsit	£104.19
One Bedroom	£104.19
Two Bedrooms	£135.44
Three Bedrooms	£166.70
Four Bedrooms	£197.96

Proposed rent levels

The following table shows how the rents calculated using the Living Rent model compare with the proposed net rent for Cardiff Council properties from April 2023.

It indicates that overall Cardiff rents fall within an affordable level.

Appendix 2

Breakdown of weekly rent before service charges

Property Type	<i>Proposed Cardiff Council Net Rent – per week 2023/24</i> (before service charges are added)	<i>Proposed Living Rent – per week 2023/24</i> (before service charges are added)	Difference in charge per week (Total & %)
Bedsit	£79.74	£104.19	£24.45
			30.66%
1 Bed Flat / Maisonette	£94.63	£104.19	£9.56
			10.10%
2 Bed Flat / Maisonette	£109.52	£135.44	£25.92
			23.66%
3 Bed Flat / Maisonette	£124.40	£166.70	£42.30
			34.00%
4 Bed Flat / Maisonette	£139.29	£197.96	£58.67
			42.12%
2 Bed House / Bungalow	£121.96	£135.44	£13.48
			11.05%
3 Bed House / Bungalow	£136.85	£166.70	£29.85
			21.81%
4 Bed House / Bungalow	£151.74	£197.96	£46.22
			30.46%

NB: rents above are for 52 weeks and *do not* include service charges to make them comparable with the living rent formula.

Appendix 2

Appendix 1: Calculating the Living Rent

In order to provide an initial estimate of how Cardiff Council's rent levels compare to the JRF Living Rent model the following two-part formula has been used:

- 1) New weekly wage x Equivalence Rating = Weekly equivalent income
- 2) Weekly equivalent income x 28% = Weekly Living Rent

ASHE has been used to obtain the **weekly** earnings figure, below which the **25% lowest earners resident in Cardiff** fall. The gross figure for 2022 is **£372.10**.

The model proposed by the JRF states that the weekly earnings figure must be adapted to reflect the differing composition of households in different-sized properties and the fact that household income for low-paid families with children is likely to be enhanced by benefits and tax credits. This is called the equivalence rating. The equivalence model used by JRF is the OECD modified scale. The equivalence scale will vary for each household member as seen in figure 2.

Type of Household Member Equivalence value

Household Member	Equivalence Value
First Adult	1
Additional Adult	0.5
Child aged 14 and over	0.5
Child aged 0-13	0.3

To account for the difference in equivalence value for children depending on their age a figure of 0.3 has been used for each additional child as the JRF model only provides equivalence values for one, two and three bed properties.

Bedroom Size	Household Size	Equivalence Rating
Bedsit	Single Adult	1.0
One bedroom	Single Adult	1.0
Two bedroom	One working adult and one child	1.3
Three bedroom	One working adult and two children	1.6
Four Bedroom	One working adult and three children	1.9

Appendix 2

Equivalence Table

Using a two bed property as an example the calculation is set out as follows:

Two Bedroom

$$\text{£}372.10 \times 1.3 = \text{£}483.72$$

Gross weekly wage	Equivalence rating	Equivalent weekly income
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$$\text{£}483.72 \times 28\% = \text{£}135.44$$

Equivalent weekly income	Weekly living rent
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The JFR calculation of living rents does not cover specialist or supported accommodation rent levels. The model also uses net rent levels, i.e. does not include service charges.

It should be noted that the Welsh Government intend to review the affordability models used in Wales in the future with the aim of standardising this.

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APPENDIX 3

Proposed Service Charges

Property Service Charges

Service	Current Service Charge	Proposed Service Charge	Proposed Increase Percentage	Notes
Communal Maintenance	£3.60	£3.83	6.5%	
Garages attached to property	£6.72 - £9.18	£7.16 - 9.78	6.5%	
Hardstand	£2.47	£2.63	6.5%	
Carport	£4.66	£4.96	6.5%	

Flat Service Charges

Service	Current Service Charge	Proposed Service Charge	Proposed Increase Percentage	Notes
Cleaning Service (Rota)	£4.87	£5.19	6.5%	
Cleaning Service High Rise	£5.47	£5.83	6.5%	
Cleaning Service own entrance	£1.23	£1.31	6.5%	
Cleaning Service – Reduced Service	£2.71	£2.89	6.5%	
Concierge Service	£1.12	£1.19	6.5%	
Flat Communal Services – Maintenance, Door entry system, landlord lighting	£2.92	£3.11	6.5%	
John Kane Court – Cleaning, maintenance, and ground maintenance	£14.22	£15.15	6.5%	
John Kane Court own utilities – heating & water	£8.65	£9.21	6.47%	Based on cost for previous billing period

Community Living (Sheltered) Schemes

APPENDIX 3

Service	Current Service Charge	Proposed Service Charge	Proposed Increase Percentage	Notes
Scheme management, maintenance, cleaning, fire & safety checks, and telecare	£29.78	£31.52	6.5%	
Communal Heating and Lighting *	£6.05	£8.71	43.90%	Based on costs Oct 2021 – Sep 2022
Own Heating*	£5.43	£10.95	101.60%	Based on costs Oct 2021 – Sep 2022
Own Water*	£4.18	£4.32	3.35%	Based on cost for previous billing period

*Average Cost

Specialist Accommodation (including hostels and supported housing)

Service	Current Service Charge	Proposed Service Charge	Proposed Increase Percentage	Notes
Housing related support services	£64.42 - £279.60			Based on costs of each service provider
Communal utilities*	£3.40	£4.89	43.90%	
Own Electricity*	£7.01	£14.13	101.60%	
Scheme service charges – for example, security, management, and central support costs. Routine and specialist cleaning*	£182.51	£194.37	6.5%	
Own use water*	£4.54	£4.69	3.35%	
Own use Laundry*	£2.27	£2.42	6.5%	
Optional food provision	£14.00	£14.91	6.5%	
Private Leasing Scheme				As per Local Housing Allowance
Television Replacement & Licence	£0.97	£0.97	0	

*Average Cost

Miscellaneous

APPENDIX 3

Service	Current Service Charge	Proposed Service Charge	Proposed Increase Percentage	Notes
Optional Garage	£6.80	£7.24	6.5%	
Optional garage, water on site	£7.08	£7.54	6.5%	
Optional garage at community living scheme (electricity)	£9.59	£10.21	6.5%	
Contracted out Services. For example, grounds maintenance at new build sites, Tai Penylan waste treatment plant.				As per contracted charge

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Equality Impact Assessment
Corporate Assessment Template



Mae'r ddogfen hon ar gael yn Gymraeg / This document is available in Welsh

Policy/Strategy/Project/Procedure/Service/Function Title:
Rent Setting Proposals 2023/24
New

Who is responsible for developing and implementing the Policy/Strategy/Project/Procedure/Service/Function?	
Name: Helen Evans	Job Title: Assistant Director Housing & Communities
Service Team: Housing & Communities	Service Area:
Assessment Date: November 2022	

1. What are the objectives of the Policy/Strategy/Project/ Procedure/ Service/Function?

The Council Housing Rent & Service Charge Setting 2023/24 report sets out the proposed approach for rent and service charge setting on Council owned dwellings from April 2023.

The report will also brief Cabinet on how efficiencies will be made to address the budget deficit in the Housing Revenue Account and details the help and support available to tenants who are struggling with the cost-of-living crisis.

2. Please provide background information on the Policy/Strategy/Project/Procedure/Service/Function and any research done [e.g. service users data against demographic statistics, similar EIAs done etc.]

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The Housing Revenue Account (HRA) records income and expenditure arising from the provision of Cardiff Council's 13,852 housing stock. The HRA is ringfenced for transactions related to the council's housing landlord functions and cannot be used for other purposes.

The main source of income is from tenants in the form of rents and service charges. The purpose of reviewing rents is to ensure the Housing Revenue Account has enough income to provide quality housing services for current and future tenants. Rental income allows the service to invest in the maintenance and improvement of existing homes and neighbourhoods, provide good tenant support services, partially fund our community Hubs and also build new homes.

In January 2022, the Welsh Government announced the introduction of Renting Homes (Wales) Act 2016. This will come into force on 1st December 2022. This new legislation will apply to Council, Housing Association, supported housing and privately rented properties in Wales. The Act has implications on how properties are let and managed. This new legislation requires landlords to give tenants two months' notice of their rent change. Previously only 28 days notice was required.

The reviewing and setting of rent and service charges is normally decided by Cabinet during budget setting in February of each year. To meet the new notice period requirements as laid out in the Act, rent and service charge setting will need to be decided ahead of the normal budget process annually going forward.

Rent Setting Policy

Whilst the responsibility for setting rents rests with the Council, this is specified within boundaries laid out in the Welsh Government rent policy framework These rules are:

When determining the setting of rents and service charges, social landlords must make an assessment of cost efficiencies, value for money and affordability for tenants which should be discussed at Cabinet or Council.

The maximum overall rent increase allowable in any one year is the September Consumer Price Index (CPI) +1%. Should CPI fall outside the range of 0% to 3%, the responsibility will rest with the Housing Minister to determine the appropriate change to rent levels for the year.

In September 2022, CPI was 10.1%, well above the range allowable by the policy. Therefore, a decision regarding the rent setting was required by the Minister who announced on the 16th November 2022 that the maximum that rents can increase by is 6.5%. The Minister confirmed that this was a maximum increase and set and decision making is with the Council.

Equality Impact Assessment
Corporate Assessment Template

3 Assess Impact on the Protected Characteristics

3.1 Age

Will this Policy/Strategy/Project/Procedure/Service/Function have a **differential impact [positive/negative/]** on younger/older people?

	Yes	No	N/A
Up to 18 years		x	
18 - 65 years		x	
Over 65 years		x	

Please give details/consequences of the differential impact, and provide supporting evidence, if any.

No negative impact anticipated, however careful monitoring of services will take place to ensure that no service users are unduly impacted by the Council Housing Rent & Service Charge Setting 2023/24 report.

What action(s) can you take to address the differential impact?

3.2 Disability

Will this Policy/Strategy/Project/Procedure/Service/Function have a **differential impact [positive/negative]** on disabled people?

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	Yes	No	N/A
Hearing Impairment		x	
Physical Impairment		x	
Visual Impairment		x	
Learning Disability		x	
Long-Standing Illness or Health Condition		x	
Mental Health		x	
Substance Misuse		x	
Other		x	

Please give details/consequences of the differential impact, and provide supporting evidence, if any.

What action(s) can you take to address the differential impact?

No negative impact anticipated, however careful monitoring of services will take place to ensure that no service users are unduly impacted and that all Cardiff Council tenants continue to be supported.

3.3 Gender Reassignment

Will this Policy/Strategy/Project/Procedure/Service/Function have a **differential impact [positive/negative]** on transgender people?

	Yes	No	N/A
Transgender People (People who are proposing to undergo, are undergoing, or have undergone a process [or part of a process] to reassign their sex by changing physiological or other attributes of sex)		x	

Please give details/consequences of the differential impact, and provide supporting evidence, if any.

No negative impact anticipated, however careful monitoring of services will take place to ensure that no service users are unduly impacted and that all Cardiff Council tenants continue to be supported.

What action(s) can you take to address the differential impact?

Equality Impact Assessment
Corporate Assessment Template

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3.4. Marriage and Civil Partnership

Will this Policy/Strategy/Project/Procedure/Service/Function have a **differential impact [positive/negative]** on marriage and civil partnership?

	Yes	No	N/A
Marriage		x	
Civil Partnership		x	

Please give details/consequences of the differential impact, and provide supporting evidence, if any.

No negative impact anticipated, however careful monitoring of services will take place to ensure that no service users are unduly impacted and that all Cardiff Council tenants continue to be supported.

What action(s) can you take to address the differential impact?

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3.5 Pregnancy and Maternity

Will this Policy/Strategy/Project/Procedure/Service/Function have a **differential impact [positive/negative]** on pregnancy and maternity?

	Yes	No	N/A
Pregnancy		x	
Maternity		x	

Equality Impact Assessment
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Please give details/consequences of the differential impact, and provide supporting evidence, if any.

No negative impact anticipated, however careful monitoring of services will take place to ensure that no service users are unduly impacted and that all tenants continue to be supported.

What action(s) can you take to address the differential impact?

3.6 Race

Will this Policy/Strategy/Project//Procedure/Service/Function have a **differential impact [positive/negative]** on the following groups?

	Yes	No	N/A
White		x	
Mixed / Multiple Ethnic Groups		x	
Asian / Asian British		x	
Black / African / Caribbean / Black British		x	
Other Ethnic Groups		x	

Please give details/consequences of the differential impact, and provide supporting evidence, if any.

No negative impact anticipated, however careful monitoring of services will take place to ensure that no service users are unduly impacted and that all tenants continue to be supported.

What action(s) can you take to address the differential impact?

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3.7 Religion, Belief or Non-Belief

Will this Policy/Strategy/Project/Procedure/Service/Function have a **differential impact [positive/negative]** on people with different religions, beliefs or non-beliefs?

	Yes	No	N/A
Buddhist		x	
Christian		x	
Hindu		x	
Humanist		x	
Jewish		x	
Muslim		x	
Sikh		x	
Other		x	

Please give details/consequences of the differential impact, and provide supporting evidence, if any.

No negative impact anticipated, however careful monitoring of services will take place to ensure that no service users are unduly impacted and that all tenants continue to be supported.

What action(s) can you take to address the differential impact?

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3.8 Sex

Will this Policy/Strategy/Project/Procedure/Service/Function have a **differential impact [positive/negative]** on men and/or women?

	Yes	No	N/A

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Men		x	
Women		x	

Please give details/consequences of the differential impact, and provide supporting evidence, if any.

No negative impact anticipated, however careful monitoring of services will take place to ensure that no service users are unduly impacted and that all tenants continue to be supported.

What action(s) can you take to address the differential impact?

3.9 Sexual Orientation

Will this Policy/Strategy/Project/Procedure/Service/Function have a **differential impact [positive/negative]** on the following groups?

	Yes	No	N/A
Bisexual		x	
Gay Men		x	
Gay Women/Lesbians		x	
Heterosexual/Straight		x	

Please give details/consequences of the differential impact, and provide supporting evidence, if any.

No negative impact anticipated, however careful monitoring of services will take place to ensure that no service users are unduly impacted and that all tenants continue to be supported.

What action(s) can you take to address the differential impact?

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3.10 Socio-economic Duty

Will this Policy/Strategy/Project/Procedure/Service/Function have a **differential impact [positive/negative]** on the Socio-economic Duty?

	Yes	No	N/A
		X	

Please give details/consequences of the differential impact, and provide supporting evidence, if any.

All social landlords in Wales must consider affordability issues for tenants when proposing their rent increase to ensure rent and service charges represent value for money.

When comparing the Councils new proposed rent charge it is still significantly lower than weekly private market rents.

The proposed rent increase has also been compared using a Living Rent model. The model indicates that overall Cardiff rents fall within an affordable level.

For those tenants who pay all or some of their rental costs there is a range of support available for those experiencing difficulties in paying their rent and the service works hard to reduce or remove the threat of eviction. The minister also set out a number of commitments to be made by social landlords to prevent evictions and support tenants. These are:

- a. There will be no evictions due to financial hardship for the term of the rent settlement in 2023-24, where tenants engage with their landlords.
- b. The Council will continue to provide targeted support to those experiencing financial hardship to access support available.
- c. a joint campaign, encouraging tenants to talk to their landlord if they are experiencing financial difficulties and access support available, will be launched across Wales.
- d. agreeing to maximise the use of all suitable social housing stock, with a focus on helping those in the poorest quality transitional accommodation move into longer term homes that meet their needs
- e. a commitment to invest in existing homes to keep them safe, warm and affordable to live in
- f. building on existing engagement with tenants in rent-setting decisions, including explaining how income from rent is invested and spent.

**Equality Impact Assessment
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- g. Working in partnership with tenants, Welsh Government, funders and other partners will develop a consistent approach to assessing affordability across the social housing sector in Wales.
- h. Cardiff Council will also participate in an assurance exercise in April 2023 to reflect on application of the rent policy to date. This will build on the work undertaken by social landlords over the past three years, and inform future work to develop a consistent approach to assessing affordability

No negative impact is therefore anticipated, however careful monitoring of services will take place to ensure that service users and tenants are fully supported.

What action(s) can you take to address the differential impact?

3.11 Welsh Language

Will this Policy/ Strategy/Project/Procedure/Service/Function have a **differential impact (positive/negative)** on the Welsh Language?

	Yes	No	N/A
		X	

Please give details/ consequences of the differential impact, and provide supporting evidence, if any.

All Welsh language policies will be followed. All tenants can express a language preference upon their first contact with services. This is then recorded on tenancy records to ensure their language preference is met.

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What action(s) can you take to address the differential impact?

4. Consultation and Engagement

What arrangements have been made to consult/engage with the various Equalities Groups?

<p>A consultation with tenants took place between 20th October 2022 and 16th November 2022.</p> <p>The Consultation comprised of:</p> <ul style="list-style-type: none"> • Online rent survey • Paper survey sent to 20% of tenants, selected randomly. • Face to face Support provided to tenants by Hub staff <p>The outcome of the survey has informed the Council’s decision on rent and service change setting.</p>

5. Summary of Actions [Listed in the Sections above]

Groups	Actions
Age	N/A

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Disability	N/A
Gender Reassignment	N/A
Marriage & Civil Partnership	N/A
Pregnancy & Maternity	N/A
Race	N/A
Religion/Belief	N/A
Sex	N/A
Sexual Orientation	N/A
Socio-economic Duty	N/A
Welsh Language	N/A
Generic Over-Arching [applicable to all the above groups]	N/A

6. Further Action

Any recommendations for action that you plan to take as a result of this Equality Impact Assessment (listed in Summary of Actions) should be included as part of your Service Area's Business Plan to be monitored on a regular basis.

7. Authorisation

The Template should be completed by the Lead Officer of the identified Policy/Strategy/Project/Function and approved by the appropriate Manager in each Service Area.

Completed By :Jessica Tomlinson	Date:16/11/22
Designation:	
Approved By:	
Designation:	
Service Area:	

7.1 On completion of this Assessment, please ensure that the form is submitted to the Equality Team mailbox so that there is a record of all assessments undertaken in the Council- equalityteam@cardiff.gov.uk.

For further information or assistance, please contact the Equality Team- equalityteam@cardiff.gov.uk