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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.

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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.

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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.

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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

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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

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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.

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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