

Item No. 13.	Classification Open	Date: 5 December 2023	Meeting Name: Cabinet
Report title:		Housing Revenue Account – Indicative Rent and Charges Report 2024-25	
Ward(s) or groups affected:		All	
Cabinet Members:		Councillor Darren Merrill, Council Homes Councillor Stephanie Cryan, Communities, Democracy and Finance	

FOREWORD - COUNCILLOR DARREN MERRILL, CABINET MEMBER FOR COUNCIL HOMES

This report sets out proposals for tenant rents and service charges for the 2024-25 financial year. We are proud to be one of the largest social landlords in the country, with circa 53,000 rented, leasehold and freehold homes across the borough. It is clear that the cost of living crisis and wider economic situation over the past year have had huge ramifications for our tenants and homeowners. Likewise, the council has faced unprecedented challenges from rampant inflationary pressure, particularly energy and building/construction costs, high interest rates and a cap (below the level of cost inflation) in the amount of income we were able to generate through rents. All this at a time when the council has taken on onerous statutory responsibilities in relation to building and fire safety (with over 187 in-scope high-rise blocks to manage) and continues to progress its new homes programme.

In terms of funding, the HRA is entirely reliant on tenant rents and service charges, homeowners service charges, garages, commercial property and other income streams, which contribute to funding landlord services. This administration is committed to provide a high standard of service and to make sure all homes are safe, dry and warm and in good condition for those that live in them. It is critical therefore that the council raises income in order to fund services, whilst continuing its focus on greater cost control and value for money.

We are seeking residents views on the proposals during December so that feedback can be considered by Cabinet at its meeting in January 2024.

RECOMMENDATIONS

1. Cabinet agrees a rent increase of 7.7% for all directly and tenant managed (TMO) housing stock within the council's Housing Revenue Account. This is in accordance with the government's guideline rent formula of CPI+1% (based on the September Consumer Price Index) as set out at paragraphs 12-14 with effect from 1 April 2024.

2. Cabinet agrees a rent increase of 7.7% for the Council's shared ownership stock as set out at paragraphs 15-16 with effect from 1 April 2024.
3. Cabinet agrees the increases to tenant service charges, comprising estate cleaning, grounds maintenance, communal lighting and door entry maintenance as set out in paragraphs 17-18 with effect from 1 April 2024.
4. Cabinet agrees the increase in sheltered housing service charges as set out in paragraph 19 with effect from 1 April 2024.
5. Cabinet agrees the increase in charges for garages and other non-residential facilities as set out in paragraphs 20-21 with effect from 1 April 2024.
6. Cabinet instructs officers to undertake a review of garage policy including the concessionary scheme and to bring forward proposals following consultation with residents as set out in paragraph 22.
7. Cabinet agrees the increase in tenant heating charges, including metered charges as set out in paragraphs 23-39 with effect from 1 April 2024.

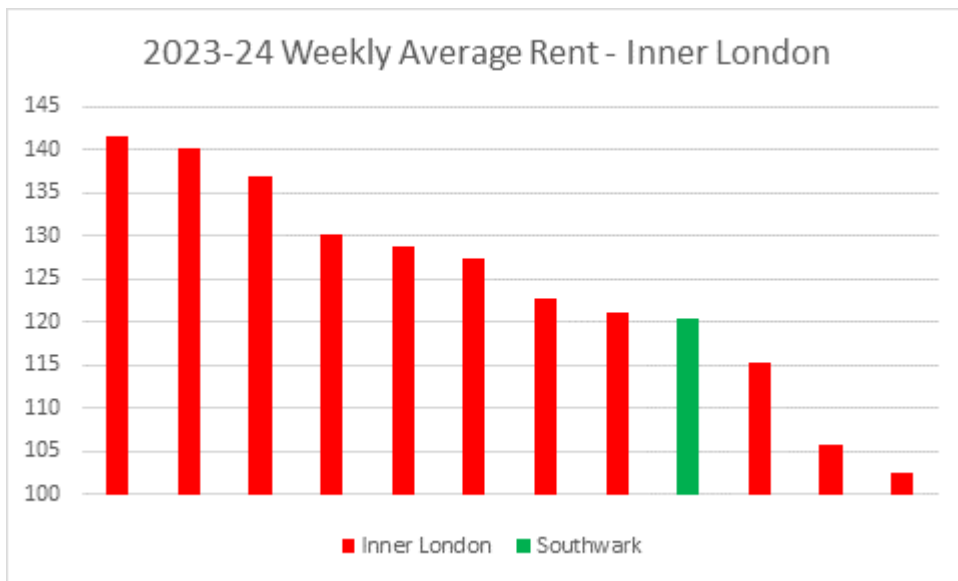
Statutory Framework and Background Information

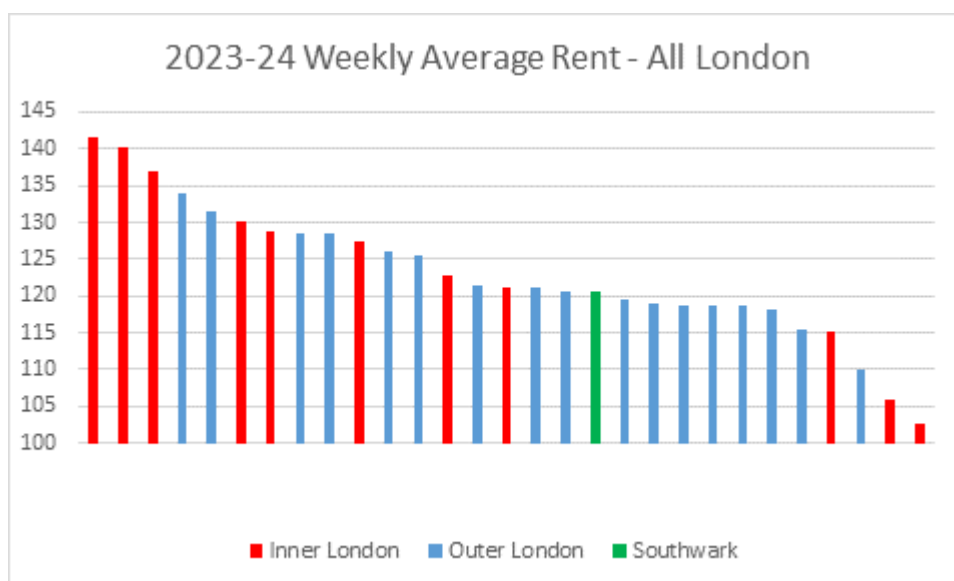
8. The Housing Revenue Account (HRA) reflects the statutory requirement under Section 74 of the Local Government and Housing Act 1989 to account separately for local authority housing provision. It is a ring-fenced account, containing solely the costs arising from the provision and management of the council's housing stock, offset by tenant rents and service charges, homeowner service charges, commercial property and other income streams. The council has a statutory responsibility to set a balanced HRA budget.
9. The Welfare Reform and Work Act 2016 compelled councils and housing associations to reduce rents by 1% each year for the financial years 2016-17 to 2019-20. In October 2017, government announced that national rent policy would revert to CPI+1% for a period of five years from 2020-21 to 2024-25. In February 2019, government issued a direction on the Rent Standard to the Regulator of Social Housing effective from 1 April 2020. This direction also brought local authority registered providers within the scope of the Regulator's Rent Standard.
10. Government rent policy of CPI+1% was set at a time of prolonged low inflation well within the government's own inflationary target of 2%. However, macro-economic conditions arising from the pandemic and the conflict in Ukraine combined to markedly increase inflationary pressure with September 2022 CPI being 10.1%, which would have resulted in a rent increase of 11.1% from April 2023. In recognition of the financial impact that a rent increase at that level would have, government consulted on a proposal to introduce a temporary rent cap for 2023-24. The council responded positively to the consultation, supporting action to protect tenants, with the proviso that government fully compensated local authorities for the loss of rental income (estimated at circa £9m per annum).

11. Government subsequently confirmed a maximum rent cap of 7% for 2023-24, but no assurance or funding was received to mitigate the resources forgone, thereby transferring the budget risk to the council. The compound effect of the imposed four-year rent reduction policy and one-off rent cap effectively reduces the rental baseline for future year's increases and over the life of the thirty-year business plan runs in to hundreds of millions of income foregone.

Southwark Average Weekly Rents

12. Average rents in Southwark have historically been low and remain so compared with the 12 inner London boroughs and the wider 29 London boroughs that have retained housing stock. They also currently remain around 8% lower than the government rent target, with consequent rent loss, though the "straight-to-target" policy continues to gradually erode the gap, but will take many years to be fully convergent. The tables below illustrate Southwark's position in relation to other boroughs.



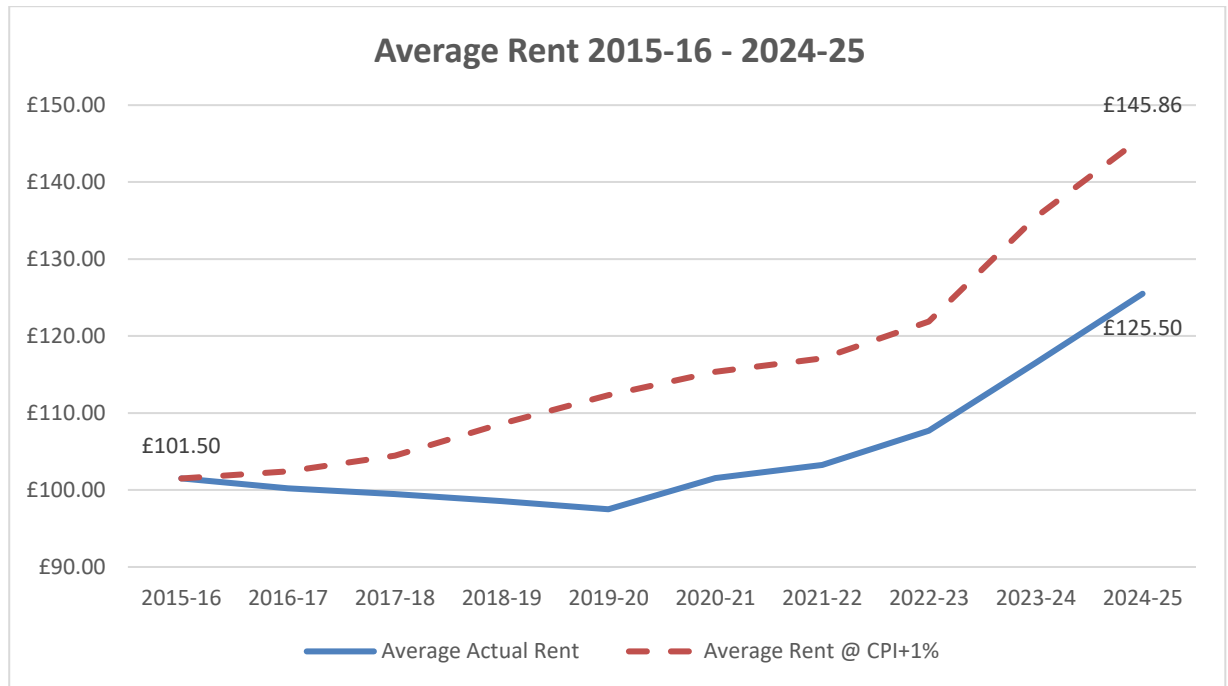


13. The table below compares the average rent by bed size for 2023-24 (updated to reflect the mid-year stock position), against the indicative average rent for 2024-25 uplifted by 7.7% (CPI+1%). It also includes estimated stock movements arising from stock loss offset by the addition of new homes coming on stream and the effect of the 'straight-to-target' rent policy for new lets. These rates only relate to the council's General Needs housing stock, excluding those used for temporary accommodation purposes pending regeneration.

Number of Bedrooms	Average Rent	Average Rent	Increase	Increase
	£ per week	£ per week	£ per week	£ per annum
	2023-24	2024-25		
0	91.21	98.24	7.03	365.56
1	105.10	113.20	8.10	421.20
2	116.36	125.32	8.96	465.92
3	127.50	137.32	9.82	510.64
4	138.25	148.89	10.64	553.28
5	152.41	164.15	11.74	610.48
6+	165.51	178.26	12.75	663.00
Borough – wide Average	116.53	125.50		

Note. 2023-24 average updated to reflect the mid-year stock position.

14. The chart below illustrates the impact on average rents arising from the four year national rent reduction policy under the Welfare Reform and Work Act 2016, together with the current rent cap imposed for 2023-24 to mitigate the impact of the cost of living crisis. The dotted line shows what the average rent would have been had formula (CPI+1%) been applied throughout. In 2020-21, it shows that the average rents broadly returned to the point they were at when the reduction process commenced. The gap in 2024-25 between the two lines represents the equivalent of £20.36 per week on average, equating to circa £39m in rent forgone for the provision of services and investment in the housing stock.



Shared Ownership Rent Reforms

15. From 12 October 2023, government has introduced a series of reforms to shared ownership rents. These reforms apply to the leases of shared ownership properties delivered through the Affordable Homes Programme, Section 106 developer contributions and leasehold interests through the Right to Shared Ownership.
16. In the past, shared ownership rents have been set by reference to the Retail Price Index (RPI+0.5%), which government recognise is an outdated measure of inflation and committed to phasing out. This reform brings shared ownership rents in to line with the limit applied to annual rent increases in other forms of social housing (i.e. CPI+1%). For existing shared ownership properties where RPI is stated in the lease, the council retains flexibility to implement the CPI methodology rather than RPI, where the former is lower, to ensure equity between shared ownership residents. The council currently has 50 shared ownership properties; therefore the financial impact is not material.

Tenant Service Charges

17. Tenant service charges (TSC) originated from the government's rent restructuring regime in 2002-03 with the intention of engendering greater consistency and transparency between local authority and Registered Social Landlord (RSL) sectors. They were first de-pooled from rents (i.e. rents were reduced by an equivalent amount to match the cost of the service charges) in Southwark in 2003-04 and are rebased annually to reflect inflationary pressures.
18. The principle underpinning the calculation of charges is that they are set at a level to recover the cost of providing the service; borough-wide costs are pooled in order to moderate any area cost differentials, then divided by the estimated number of service recipients to derive a standard charge. In order to ensure that costs and charges remain aligned, they are subject to annual rebasing and the existing and proposed rates are set out below. Crucially, like rents, they remain eligible for welfare benefit support.

Tenant Service Charges	2023-24 £ per week	2024-25 £ per week	Increase £ per week	Increase £ per annum
Estate Cleaning	6.73	8.11	1.38	71.76
Grounds Maintenance	1.51	1.77	0.26	13.52
Communal Lighting	2.06	2.44	0.38	19.76
Door Entry	0.78	0.82	0.04	2.08
Total	11.08	13.14	2.06	107.12

Sheltered Housing Service Charges

19. Sheltered housing service charges reflect the cost of enhanced housing management support and emergency call services provided to residents. They are in addition to the standard rent for sheltered accommodation and are reviewed annually and set at a rate to be cost neutral to the HRA. For 2024-25, it is proposed to increase charges by £2.27 to £38.20 per week (6.32%), reflecting inflationary cost pressures. Service charges like rents are eligible for welfare benefit and currently circa 80% of residents are in receipt of full or partial support or receive transitional funding from Adult Social Care, a long-standing agreement emanating from the Supporting People funding regime, which is gradually falling out as residents leave sheltered care.

Garage and Other Non-residential Charges

20. The garage portfolio remains a valuable asset within the HRA and generates an income stream that contributes to the wider provision of housing management services. Maintenance and repair of the stock and a programme of refurbishment continues to bring obsolete and closed garages back into use, albeit policy priorities for garage sites have shifted towards the provision of new homes, and where appropriate and financially viable, more affordable business/creative workspace.
21. Charges are routinely benchmarked against inner London quartile rates, taking into account elasticity of demand and stock availability. For 2024-25, it is proposed that charges are increased broadly in line with CPI (rounded). Charge rates for private renters (non-LBS tenants or homeowners) are set at a premium over the standard rate (circa 10%) and are inclusive of VAT at the prevailing rate (20%). The table below sets out the existing and proposed charges for 2024-25.

Garage Charges	2023-24 £ per week	2024-25 £ per week	Increase (%)	Increase £ per week	Increase £ per annum
Standard rate	23.10	24.70	6.93	1.60	83.20
Concessionary rate	18.10	19.70	8.84	1.60	83.20
Small sites rate	12.60	13.40	6.35	0.80	41.60
Private sector rate	41.20	45.30	9.95	4.10	213.20
Additional charges:					
Larger garage	5.80	6.20	6.90	0.40	20.80
Additional parking	5.80	6.20	6.90	0.40	20.80
Water supply	0.50	0.50	–	–	–
Additional security	1.00	1.00	–	–	–

Note. The private sector charge is inclusive of VAT at the standard rate of 20%.

Concessionary Garage Rate

22. The council has for many years applied a concessionary reduction of £5 per week from the standard rate for registered disabled and elderly residents over 70 years of age, which currently applies to around 940 residents in either directly managed or TMO stock. Whilst this is commendable, the loss of income to the HRA equates to circa £240k on average per annum. It is proposed to undertake an audit of garage usage and the application of the concessionary scheme with a view to consulting with residents on a refreshed garage policy for consideration by Cabinet in the New Year.

District Heating Charges - Background

23. The council's district heating systems are charged to service users on a full cost recovery basis. Utility costs for operating the district heating systems are paid from a ring-fenced Heating Account. Costs are recovered from tenants via pooled heating charges and homeowners through their service charge bills respectively.
24. While homeowners always pay the actual cost of their estate's heating within a financial year, the ring-fenced Heating Account allows small surpluses or deficits from tenants to be carried from one year to another to help smooth-out the impact of small energy price fluctuations or severe weather on tenants' charges.
25. The procurement of gas and electricity for the council's district heat networks is undertaken by LASER Energy, part of the Commercial Services Group wholly owned by Kent County Council (KCC). LASER are one of the largest energy buying organisations in the UK, purchasing over £500 million of energy from the wholesale market per annum and serving over 200 public sector bodies. This arrangement has delivered very competitive energy prices over a sustained period, with unit costs consistently lower than retail market rates, for the benefit of district heat network customers.
26. On-going investment in energy efficiency measures to reduce consumption has also contributed to the financial stability of the heating account over time, and historically helped to keep energy costs down. Measures have included loft insulation, cavity wall insulation and double glazing, as well as steps to ensure efficient generation and distribution of heat, for example by replacing heating pipes with better insulated equivalents. In 2013 the council began taking waste heat from the nearby SELCHP energy recovery facility which has yielded a significant financial benefit as well as carbon saving by offsetting gas consumption. The council is actively looking at how this scheme could be extended.
27. However, global events over the last two years have created unprecedented disruption in global energy markets, leading to huge price rises for customers across the board. Despite competitive buying through LASER Energy, the council's gas prices have quadrupled since 2021. Given this market turmoil, both tenants and homeowners have seen unavoidable increases in their heating charges, mirroring what has happened in the wider economy.
28. In January 2023, government introduced the Energy Bills Discount Scheme (EBDS), which provides a subsidy to heat network providers for 2023-24. This meant the rate increase was lower than it would otherwise have been. Latest market intelligence from LASER suggests there may be a modest reduction in wholesale prices next year, but in the absence of an extension to EBDS, the prices the council actually pays are anticipated to rise by around 10% above the existing subsidised capped rate. This is still uncertain and will remain so until further advanced utility purchasing has been completed by LASER Energy and government confirm their intentions with regards EBDS.

29. In accordance with the Heat Networks (Metering and Billing) Regulations, all new build properties on a communal or district heating system must have a heat meter fitted and in the last two years, new obligations have come into force requiring certain existing properties to have meters retrofitted. By April 2024, the council will have well over a thousand heat meters in operation.
30. A heat metering policy is currently being prepared which will deal with the principles relating to heat metering and billing, such as the pros and cons of credit billing vs pre-payment billing. The heat metering policy will not define specific tariffs and charges, which will change from year to year. These are instead addressed in this report.
31. Unmetered heat network charges (heat with rent) are not subject to VAT, but once heat is metered it is deemed to be a separate service to the rent and VAT is applicable at the reduced rate of 5%. For the avoidance of doubt the tariffs and charges shown in Appendix 1 are inclusive of VAT, where applicable, to reflect what residents will actually pay. Residents with a heat meter will receive separate communication in the New Year to explain how the proposed tariffs and charges apply to them individually. For some this communication will come from external billing partners, for others it will come from the council directly if internal billing applies.

Tenant Charges – Non-metered

32. Most council properties connected to district heating do not have heat meters. Since there is no way of knowing how much heat a property without a meter consumes, the fairest way of apportioning cost is by property size (number of bedrooms) and service provision (whether both space heating and hot water are provided, or only one of these). For tenants without heat meters, the charges are set on an average basis across the borough, as tenants are not necessarily able to choose where they live, and should not be penalised if their particular heating system is less efficient than the average. Tenants' weekly heating charges only recover the fuel costs and do not include any contribution towards the cost of repairs and maintenance as this is included in the basic rent.
33. The current and proposed weekly charges for tenanted properties without heat meters are set out in Table 1 of Appendix 1. The proposed increase is 10% which is necessary to recoup the tenants' share of the estimated cost of energy for next year and keep the Heating Account in balance. Mid-year changes to charges cannot be ruled out if, for example, energy prices change again, or if new government subsidies materialise. It is therefore recommended to plan on the basis of the 10% increase being applied from 1 April 2024.

Tenant Charges - Metered

34. Heat metered properties pay for their individual heat consumption according to a heat tariff – a combination of a daily standing charge and a variable charge so what individual properties pay varies with how much heat they use. Tenant tariffs are set in a borough-wide manner for simplicity and fairness, and to mirror the non-metered pool charging principle. However, it is necessary to have two different tenant tariffs – one for new homes built since the heat metering Regulations came into force in 2014, and one for older homes that have recently had a meter retrofitted.
35. New homes are better insulated and the cost of providing heat is therefore lower. A cost recovery tariff applicable to new homes only (rather than an average for all homes) is a partial departure from the ‘pool charging’ principle but rent levels in new homes are higher and this is often justified on the basis that energy costs in new homes are lower. It would not be fair, therefore, to make tenants in new homes, who are paying higher rent, subsidise the heating of older properties with lower rent.
36. In light of energy cost increases, tenant heat meter tariffs for new blocks which have been in place for some time, need updating to reflect current energy prices. The current and proposed tariffs are shown in Appendix 1 Table 2 along with the equivalent weekly cost for an average user. The standing charges are set to reduce by around 10-15% but the variable charge to increase by 53%. The net effect of these changes for an average user will be an overall increase of between 20-40%. The resulting average weekly costs remain well below both non-metered and retrofit metered property charges.
37. For retrofit heat metered properties, April 2024 will be the first time tenants are charged according to how much energy they use. For many properties, a whole year of consumption data has been collected to aid in setting the tariffs and charges fairly. The objective in tariff setting is to recover costs in a way that encourages the conservation of heat, while not overly penalising those who unavoidably need more warmth.
38. The proposed approach for 2024-25 is to recover around two-thirds of the cost via a daily standing charge and one third via a variable charge. The split between standing charge and variable charge will be reviewed annually to ensure charges remain fair and reflective of costs. The proposed borough-wide tenant tariffs for retrofit heat meters is set out in Appendix 1 Table 3 along with equivalent weekly charges for low, average and high users.
39. An average user with a retrofit heat meter is expected to pay about the same as the unmetered charge, whilst lower or higher volume users will pay less or more according to their individual consumption. Those properties with historical data recorded via an installed meter will have a unique weekly charge applied to their account to reflect their individual consumption levelled out across the year. Those properties for which no historic consumption data is available will be placed on

the 'Average' charge level initially. This will then be adjusted to an individual charge once their consumption level is established.

Homeowner Charges – Non-metered

40. In accordance with the terms of the leases, homeowners connected to district heat networks are liable for the actual energy costs incurred in a particular financial year. The council cannot therefore allow deficits or surpluses to carry from one year to another. In addition and in line with other communal services, they are also liable for a proportion of the actual cost of repairs and maintenance to the heating system in the block/estate in which they reside. Where meters are not present, fuel charges to homeowners are weighted to reflect the type of heating in their property and then allocated on a bedroom weighting. Bills are administered by the Homeowner Services team via estimated bills (issued before the start of a financial year), and actual bills (issued after the end of a financial year as an adjustment to the estimate).

Homeowner Charges - Metered

41. Where heat meters are fitted, heat tariffs for homeowners are different to the tenant tariffs as in order to comply with the terms of the leases, tariffs need to be unique to the individual heating system, to ensure actual cost recovery for the scheme in question, i.e. there is no borough-wide averaging for homeowner tariffs.
42. Those homeowners whose systems are heat metered by an external billing company will receive notifications from their billing agent in the New Year of the new tariffs that apply to their property from 1 April 2024. Those homeowners whose systems have been retrofitted with heat meters will receive estimated bills from the Homeowner Services team in February 2024. These will explain the tariff applicable to their heating system, their estimated consumption and the amount payable. Any differences in real consumption or costs will be adjusted in the actual service charge bill at the end of the financial year to ensure accurate cost recovery.

Other HRA Income Streams

43. Whilst tenants rent and service charges constitute circa 85% of HRA income; the remainder comprise homeowner revenue and capital service charges, garage rents, commercial property rents, interest receivable, recharges and costs recovered, capitalised expenditure and mandatory and discretionary fees and charges.
44. Homeowner service charges are the second-largest income stream to the HRA (circa 10%) and represent the actual cost of services provided to homeowners that are recoverable under the terms of the lease. Major works are determined by the scale and delivery of investment in the housing stock and the extent to which it pertains to leasehold property (external and communal works), and can fluctuate year on year according to the capital programme.

Statutory Notification Requirements

45. Unlike matters of direct housing management, there is no statutory requirement to consult on changes to rents and other charges; however, the council remains committed to engaging with residents under the terms of the Tenancy Agreement. That process commences with this indicative report to Cabinet that sets out the proposed increases in rents and charges from 1 April 2024.
46. Local Housing Forum meetings are scheduled for December 2023 following Cabinet and the outcomes of those meetings will be reported to the following Cabinet meeting on 17 January 2024. Whilst homeowner representatives are unable to make recommendations in the matter of tenant rents and service charges, they may do so in respect of proposals regarding garage and other miscellaneous charges and matters pertinent to their service charges. Following approval of the recommendations as set out or amended by Cabinet, the council will issue the statutory and contractual notification of variation in rents and other charges to all tenants, not less than 28 days prior to the effective date of 1 April 2024 for commencement of the new rent year.

Community, Equalities (including Socio-economic) and Health Impacts

47. In making decisions the council is required to have regard to its Public Sector Equality Duty contained in section 149 of the Equality Act 2010, to eliminate discrimination, harassment, victimisation and other conduct that is prohibited by or under the Act. Equality analysis and screening enables understanding of the potential effects that the proposals may have on different groups and whether there may be unintended consequences and in the event, how such issues can be mitigated.
48. It is recognised that any increase in rents and charges may present particular difficulties for people on low incomes; however, rents and tenant service charges remain eligible for welfare benefits. In addition, both government and the council have put in place financial support mechanisms to mitigate the wider cost of living crisis and specifically energy costs, along with resources to support tenancy sustainment. Financial assistance is also available through the provision of Discretionary Housing Payments (DHP), which was match-funded on a one-off basis for 2023-24 from HRA reserves. No announcement has yet been made in respect of next year's allocation from government, but the financial outlook for the HRA would preclude further match-funding for 2024-25.

Climate Change Implications

49. The council has committed to do everything it can to make Southwark carbon neutral by 2030. The Climate Emergency is a major focus for the council, working in partnership with stakeholders, residents and staff to tackle the effects of global warming. How the council uses its resources can have an impact on the borough's carbon emissions and the climate action strategy sets out the council's plans and

progress against the plan is monitored and published on the website. Specific areas relating to the decarbonisation programme for council housing is as follows:

- Raise the energy efficiency of council stock with an EPC rating of D or lower.
- Replace existing infrastructure with low-carbon heat generation technologies.
- Make all future council home projects low/net zero.
- Move council stock to metered energy provision to reduce gas consumption.
- Move to green gas and electricity provision

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Assistant Chief Executive, Governance and Assurance (23/11/2023 DG)

50. This report sets out the Housing Revenue Account Indicative Rent and Charges recommendations for 2024-25.

Policy and Legislative Context

51. The Local Government and Housing Act 1989 (“the 1989 Act”) sets out legal requirements in relation to housing finance, in particular a duty under Section 74 of the Act to maintain a Housing Revenue Account (“HRA”). The 1989 Act provisions include a duty, under Section 76, to budget to prevent a debit balance on the HRA and to implement and review the budget.
52. The Housing Act 1985 (“the 1985 Act”) section 24 gives the council power to “make such reasonable charges as [it] may determine for the tenancy or occupation of [its] houses”. Section 24 of the 1985 Act additionally requires the council, from time to time, to review rents and make such changes as circumstances may require.
53. As referenced in paragraphs 8-11 of this report, the discretion as to rents and charges in the Housing Act 1985 is subject to requirements, limitations and restrictions arising from legislation and government rent policy.
54. From 1 April 2020, the council must set rents in accordance with the Rent Standard April 2020 (“the 2020 Standard”). This is issued by the Regulator of Social Housing under direction (the Rent Standard Direction 2019) of the Secretary of State for Housing, Communities and Local Government pursuant to powers in section 197 of the Housing and Regeneration Act 2008. Government policy in this respect is set out in the “Policy Statement of Rents for Social Housing”.
55. Under the 2020 Rent Standard, the council may apply annual rent increases, over a five-year period, of up to 1% above the general index of consumer prices CPI. Under the Housing and Regeneration Act 2008 section 194(2A) the council must comply with the rules contained in the Rent Standard and with all the requirements and expectations in the Policy Statement on Rents for Social Housing.

Consultation

56. Changes in rent and other charges are excluded from the statutory consultation requirements on matters of “housing management” in respect of which local authorities are required to consult their secure, introductory and demoted tenants pursuant to Section 105 of the Housing Act 1985 and Sections 137 and 143A of the Housing Act 1996. The council however has undertaken in its tenancy conditions to consult with the Tenant representative body before seeking to change rent and other charges. The report confirms, in paragraph 46, that consultation will take place in order to comply with this term and that the outcome will be reported to Cabinet in January for consideration of the final rent and charges recommendations.
57. Additionally the report recommends a review of garage policy, including the concessionary charging scheme for registered disabled and elderly residents, and confirms that consultation on a refreshed garage policy will take place. The responses from this consultation must be taken into account when a decision is taken on the policy.

Statutory Notice of Variation

58. The council is required, by Section 103 of the Housing Act 1985 (relating to its secure tenancies), and by Section 111A of the Housing Act 1985 (relating to its introductory tenancies), and further to the council’s agreement with its tenants, to notify tenants of variations of rent and other charges. The council will need to serve a notice of variation, at least 28 days before the variation takes effect.

Equalities Impact

59. In making a decision on the recommendations in this report the cabinet must give due regard to the council’s equalities duties set out in the Equalities Act 2010, specifically the need to:
 - Eliminate discrimination, harassment, victimisation or other prohibited conduct;
 - Advance quality of opportunity between persons who share a relevant protected characteristic and those who do not; and
 - Foster good relationships between those who share relevant characteristics and those who do not.
60. The relevant protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
61. The report includes a community impact statement that sets out consideration given to the equality duties in the Equality Act to which members must have regard.

Strategic Director Finance

62. This report sets out proposals for increases to tenants rent and a range of service charges for the financial year commencing 1 April 2024. All pertinent information relating to the proposals are contained in the report. This will inform the position in respect of the HRA budget for 2024-25, which will form part of the council's policy and resources strategy report to cabinet and council assembly.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
None		

APPENDICES

Appendix 1	District Heat Network – Tariffs and Charges

AUDIT TRAIL

Cabinet Members	Councillor Darren Merrill, Council Homes Councillor Stephanie Cryan, Communities, Democracy and Finance	
Lead Officers	Clive Palfreyman, Strategic Director Finance	
Report Author	Ian Young - Departmental Finance Manager, Housing	
Version	Final	
Dated	24 November 2023	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS/DIRECTORATES/CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Assistant Chief Executive Governance and Assurance	Yes	Yes
Strategic Director Finance	Yes	Yes
Date final report sent to Constitutional Team		

APPENDIX 1

District Heating -Tariffs and Charges

Table 1 – Current and Proposed Non-metered Tenant Charges

	Number of Bedrooms	2023-24	2024-25	Increase	Increase
		£ per week	£ per week	£ per week	£ per annum
Central Heating and Hot water	0	15.24	16.76	1.52	79.04
	1	21.40	23.54	2.14	111.28
	2	26.49	29.14	2.65	137.80
	3	31.71	34.88	3.17	164.84
	4+	34.23	37.65	3.42	177.84
Weatherfoil Heating and Hot Water	0	12.83	14.11	1.28	66.56
	1	18.40	20.24	1.84	95.68
	2	22.99	25.29	2.30	119.60
	3	27.50	30.25	2.75	143.00
	4+	29.82	32.80	2.98	154.96
Weatherfoil Heating only	0	9.68	10.65	0.97	50.44
	1	12.00	13.20	1.20	62.40
	2	14.45	15.90	1.45	75.40
	3	16.87	18.56	1.69	87.88
	4+	19.27	21.20	1.93	100.36
Central Heating only	0	11.91	13.10	1.19	61.88
	1	14.97	16.47	1.50	78.00
	2	17.96	19.76	1.80	93.60
	4+	22.48	24.73	2.25	117.00
	Hot Water only	1	4.07	4.48	0.41
2		8.58	9.44	0.86	44.72
3		10.62	11.68	1.06	55.12
LRB Heating	0	10.34	11.37	1.03	53.56
	1	15.41	16.95	1.54	80.08
	2	16.69	18.36	1.67	86.84
	3	18.02	19.82	1.80	93.60
Partial Heating	0	8.11	8.92	0.81	42.12
	1	9.95	10.95	1.00	52.00
Underfloor Heating	0	12.16	13.38	1.22	63.44
	1	13.49	14.84	1.35	70.20
	2	14.83	16.31	1.48	76.96
	3	16.60	18.26	1.66	86.32

Table 2 – Current and Proposed Borough-wide Metered Tenant Tariffs for New Homes (including VAT at 5%)

Number of bedrooms	Current tariffs (2023-24)		Proposed (2024-25)		Equivalent weekly charge for average user (£/week)	Increase for average user (%)
	Standing charge (p/day)	Variable charge (p/kWh)	Standing charge (p/day)	Variable charge (p/kWh)		
0	46.95	11.56	44.04	17.72	7.55	22%
1	51.48		46.55		10.19	25%
2	56.02		49.07		12.83	28%
3	59.90		51.58		18.48	33%
4+	63.79		54.09		24.14	36%

Table 3 – Proposed Borough-wide Metered Tenant Tariffs for Retrofitted Homes (including VAT at 5%)

Number of bedrooms	Proposed (2024-25)		Equivalent weekly charge for different users		
	Standing charge £/day	Variable charge p/kWh	Low user £/week	Average £/week	High user £/week
0	1.52	4.54	12.81	16.00	20.08
1	2.14		17.49	21.14	24.35
2	2.66		20.44	25.05	31.52
3	2.89		28.47	34.63	43.02
4+	3.02		30.54	37.53	47.07