

Rent Setting 2025/26

Committee:	Cabinet
Date of Meeting:	30 January 2025
Report of:	Head of Housing and Corporate Assets
Portfolio:	Housing and Corporate Assets

1 Purpose of Report

- 1.1 To review the Council's Housing Rent Setting Policy following confirmation in the Chancellor's autumn statement on 30th October 2024 of a 5-year rent settlement agreement for social housing sector.

2 Recommendations

- 2.1 That the Housing Rent Setting Policy as set out in Appendix 1 is agreed and implemented with effect from 07 April 2025

Reasons for Recommendations

- 2.2 The Rent Standard forms part of the regulatory framework for social housing and from April 2020 the Council's rent setting has been subject to the regulatory framework.

3 Key Issues

- 3.1 It is proposed that this report seeks to confirm that the Council will follow the social rent policy set by the Government.

4 Relationship to Corporate Priorities

- 4.1 This report supports the Council's Corporate Priorities as follows:
- (i) **The Community** - setting affordable rent that promotes independent living, recognizing the importance of budgeting and offering help to tenants who may struggle with paying their rent.
 - (ii) **Responsible Council** - by ensuring we are financially resilient and improving the Council's social housing stock.

5 Report Detail

- 5.1 Rental income from Council properties is essential in supporting a wide range of housing services. It pays for the management, maintenance, and improvement of Council houses. Maximising rental income is key to continuing to provide high quality housing and related Services.
- 5.2 The Government rent policy since April 2020, as permitted Registered Providers and Local authorities to increase rents by up to Consumer Price Index (CPI) +1% per annum with the CPI rate taken at the previous September. This policy was

suspended in 2023-24 and replaced by a 7% limit on annual rent increases in that year (except for supported housing). This did not affect formula rent or the rent caps, which have increased by CPI+1% each year since 2020. Council tenants rent is set based on resultant “formula rents” that Government prescribes and for 2025/6 it will increase by CPI September 2024 rate (1.7%) plus 1%.

- 5.3 In the Autumn statement 2024 the government’s announced its intention to set a further 5-year settlement from 1 April 2026 to 31 March 2031. The government are also seeking the views from social landlords on a possible 10 year settlement to improve the stability of rent policy. The settlement would reportedly allow social landlords to raise rents annually by the (CPI) plus an additional 1%, each year for the next five years. The settlement over 10 years would result in an estimated £4.5 billion across for Local Authorities.
- 5.4 The Regulator for Social Housing (RSH) regulates rents charged by social housing. All stock-owning local authorities are required to submit stock and rent information through the Local Authority Data Return (LADR) for the purposes of rent regulation. A revised formula rent has therefore been calculated for each of the Council’s 5026 properties (as at the report date) and has then been compared with the Council’s current rents to assess the required increases in accordance with the Rent Standard.
- 5.5 The Council’s rent setting policy (unchanged from 01 February 2024 report) is attached as Appendix 1. This proposes that:
- I. The Council’s existing stock is let at social housing rents.
 - II. New build and newly acquired properties are let at affordable housing rents which are equivalent to social housing rents. (As agreed by Cabinet on 17 April 2014).
 - III. Market rents are not charged for tenants with high income.
 - IV. Rents are reviewed annually with any resultant increase not exceeding the government defined cap.
 - V. The rents of vacant properties are increased (where necessary) to formula capped rents on re-letting.
- 5.6 The Council is seeking approval for a CPI 1.7% plus 1% rent increase in 2025-26. This increase in rent will allow continued investment in the existing HRA stock, services and new build properties to increase the stock held by the HRA. The increase will also help to ensure the maintenance of a minimum level of working balances and to deliver the refreshed Capital programme.
- 5.7 It should be noted that the Council’s average rent level is lower than most social landlords operating in the Cannock area and throughout Staffordshire (Appendix 3). If we do not increase the rent in 2025/26, in line with Rent Setting Policy, the HRA will not have sufficient funds to invest in its stock holdings.
- 5.8 Housing Benefit and the Universal Credit housing element of (‘HB/UCHE’) helps those on low incomes to pay their rent. For social housing tenants, the maximum amount of HB/UCHE is based on actual rents, as opposed to the private rented sector where the maximum is set by the Local Housing Allowance. The maximum amount of HB/UCHE is then subject to deductions, for the Spare Room Subsidy (bedroom tax) and the benefit cap (on the maximum welfare benefit allowed).

Further support is available through Discretionary Housing Payments, which are administered by the Housing Benefit Section.

- 5.9 A 5-week consultation process on the pending rent increases has been carried out with tenants before the annual report to Cabinet. This is good practice used by other social landlords who have been subject to previous rent regulatory scrutiny. It is also an ideal opportunity to encourage tenants' engagement before the start of the financial year. The consultation started on 06 December 2024 and ended on 17 January 2025.

6 Implications

6.1 Financial

The income which will be generated from the rents has been included within the budgets for Housing Revenue Account for the period 2025-26 to 2027-28. The budget for 2025-26 has been based on September 2024 CPI 1.7% plus 1%, a 2.7% increase for HRA properties. This will generate an increase from 2024-25 dwelling rent income levels of approximately £630k based on 52 weeks financial year. (Previous year's budget setting indicative budget for 25-26 forecasted a 5% increase based on CPI +1% at the time.)

6.2 Legal

Section 24 Housing Act 1985 gives the power for Local Housing Authorities to review its rents and to make such reasonable charges as it determines for the tenancy or occupation of its properties, provided due regard is given to any relevant standards set for them under s.193 Housing & Regeneration Act 2008. The Rent Standard applies to low-cost rental accommodation as defined by s.69 of the 2008 Act. The lawfulness or otherwise of a Local Housing Authority's policy on rents may be challenged by way of Judicial Review.

The Council must set rents and service charges in accordance with the government's Policy Statement on Rents for Social Housing 2022 and the regulator's current Rent Standard. Failure to set rents correctly can lead to over-charging tenants and calls into question a landlord's system of internal controls and assurance, as well as damaging the Council's reputation.

6.3 Human Resources

The income received from the rent increase will be used to support additional staffing resources to support improved service delivery to tenants.

6.4 Risk Management

Self-financing increases the risks associated with the management of the HRA and a summary high level risk analysis is included as an appendix to the HRA revenue budget report.

The risks relate to income as well as expenditure and any change in Government policy will impact upon the balances available to support the Capital Programme and its minimum level of revenue working balances. The risk has however been reduced because change to social housing rent will provide a degree of certainty regarding potential level of rent income for 2025-26.

Governance should ensure that there is adequate assurance on the quality of organisation's internal controls on rents, and that these continue to meet any changes to the rent setting regime.

6.5 Equalities and Diversity

The draft budget reflects a continuation of current policies and the maintenance of existing service provision throughout the budget period.

6.6 Health

None.

6.7 Climate Change

Where possible climate change will be considered when making capital investments.

7 Appendices

Appendix 1: Rent Setting Policy 2025

Appendix 2: Table of rent increase from 2001

Appendix 3: Social rent comparison with local landlords

8 Previous Consideration

Rent Setting Policy Cabinet 26 January 2023

Rent Setting Policy Cabinet 01 February 2024

9 Background Papers

Policy Statement on Rents for Social Housing 2022

The Direction on the Rent Standard- 2023

Rent Standard - April 2023

2025-26 Limit on annual rent increases guidance

Rent guidance applicable from 1 April 2025

Autumn Statement 2024

Contact Officer: Howard Campbell

Telephone Number: 01543 464 499

Report Track: Cabinet: 30/01/25

Key Decision: Yes

Rent Setting Policy 2025

Link to other Cannock Policies:

Allocation Policy

Income Collection Policy

Void Operational Policy

Information for tenants:

Offer letters.

Tenancy agreements

Welcome pack.

Annual rent increase letter

Council's website

External Information:

Policy Statement on Rents for Social Housing 2022

The Direction on the Rent Standard- 2023

Rent Standard - April 2020

Limit on annual rent increases 2023-24

Autumn Statement 2023

Introduction

This policy outlines out how Cannock Chase Council sets its rents as defined by the Rent Standard Guidance. It will include details of the initial rent calculation and how this will be reviewed annually.

The rents charge covers the costs of managing and maintaining homes together with certain categories of repairs that are carried out in a cyclical programme (e.g., gas servicing) and major improvements carried out through long-term programmes to improve its homes.

This policy meets the requirements of the Regulator, set out in the Rent Standard and Rent Standard Guidance that applies from April 2020, for 2025/26 all rent charged at 2.7%.

Policy statement

Cannock Chase Council charges rents in accordance with the Government's direction to the Regulator, the Rent Standard Guidance.

Social Housing Rents

The Council's existing stock will be let at Social Housing Rents calculated in accordance with the nationally prescribed formula as set out in "Policy statement on rents for social housing".

The basis for formula rents for Cannock Chase Council is:

- Average rent at April 2000 £54.62
- Average earnings in Staffordshire £296.10
- National average earnings £316.40
- Bedroom weight- based on size of property
- National average property value in January 1999 £49,750

Rents are then calculated by:

- 30% of a property's rent is based on relative property values-
- 70% of a property's rent is based on relative local earnings.
- a bedroom factor is applied so that, other things being equal, smaller properties have lower rents.

Affordable Rents/ New Builds.

New build and newly acquired properties will be let at affordable housing rents which are equivalent to Social Housing Rents. Newly built properties rent's will be based on the size of the property and the formula rent calculation for social housing properties.

Rents for Social Tenants with High Incomes

Market rents will not be charged for any tenants.

Rent Reviews

Rents will be reviewed annually as part of the Housing Revenue Account Budget process. Any resultant rent increase will not exceed the Government Consumer Price Index plus percentage increase and all rent charge will be subject to Rent Standard Guidance.

Rent Year

Rents is usually charged over a 52-week rent year as 1st April 2024 is a Monday, 2024/25 will result in an extra weeks' rent charged.

Vacant Properties

Where the actual rent of a vacant property is below the formula rent, the rent will be increased to the formula rent level when the property is relet.

Property Revaluations

The property value of the rent formula may be reviewed in respect of properties where major improvement works have significantly increased the value.

Equality Impact Assessment

We will ensure that the service is delivered in a fair and accessible way to all our customers regardless of; gender, race, ethnic, religion or sexual orientation, and due regard will be given to the Council's Public Sector Equality Duty. For monitoring purposes, the Council includes Income Management within its performance report and monitor the household and rent charge in conduct through the housing management system.

Table 1: Formula rent inflation.

Year	Inflation	Additional	Total
2001-02	3.30%	1.00%	4.30%
2002-03	1.70%	0.50%	2.20%
2003-04	1.70%	0.50%	2.20%
2004-05	2.80%	0.50%	3.30%
2005-06	3.10%	0.50%	3.60%
2006-07	2.70%	0.50%	3.20%
2007-08	3.60%	0.50%	4.10%
2008-09	3.90%	0.50%	4.40%
2009-10	5.00%	0.50%	5.50%
2010-11	-1.40%	0.50%	-0.90%
2011-12	4.60%	0.50%	5.10%
2012-13	5.60%	0.50%	6.10%
2013-14	2.60%	0.50%	3.10%
2014-15	3.20%	0.50%	3.70%
2015-16	1.20%	1%	2.20%
2016-17	N/A	N/A	-1.00%
2017-18	N/A	N/A	-1.00%
2018-19	N/A	N/A	-1.00%
2019-20	N/A	N/A	-1.00%
2020-21	1.70%	1.00%	2.70%
2021-22	0.50%	1.00%	1.50%
2022-23	3.10%	1.00%	4.10%
2023-24	10.10%	1.00%	11.10%
2024-25	6.70%	1.00%	7.70%

Other Cannock Chase Social Housing Landlord Rents

Average Rent Comparison 2023-24	General Needs							
	One Bed		Two Bed		Three Bed		Four+ Bed	
	SR	AR	SR	AR	SR	AR	SR	AR
<i>Cannock Chase Council (2023-2024)</i>	£76.02	£82.00	£86.22	£97.71	£90.87	£108.78	£98.31	£120.31
Aspire	£87.74	£111.13	£107.97	£124.94	£120.79	£133.65	£135.36	£143.94
Bromford	£84.24	-	£101.11	£123.55	£115.22	£141.90	£128.15	-
GreenSquareAccord	£85.99	-	£99.19	£148.56	£113.63	£157.65	-	-
Midland Heart	£86.23	-	£101.84	£126.98	£107.97	£127.21	£125.90	-
Platform (Waterloo)	£80.32	-	£101.56	£125.01	£114.97	£141.74	£128.17	£184.62
Sanctuary	£85.26	-	£99.04	£115.27	£111.80	£133.28	£128.14	-
SSHA (Homes Plus)	-	-	£94.32	-	£110.29	-	£127.34	-
Walsall Housing Group	£82.53	£106.40	£106.15	£137.87	£119.12	£160.50	£134.90	£182.56
Wrekin Housing Trust	£79.89	-	£101.14	£137.04	£117.31	£153.76	£130.23	£179.85
Local Housing Allowance (as at 01/04/2024)	£115.07		£143.84		£170.30		£228.99	
Private Rent	£132.00		£176.75		£218.00		£307.75	

Key:**SR - Social Rent****AR - Affordable Rent****Sources:**[Registered Provider Social Housing Stock and Rents in England 2023 to 2024](#)[Local Housing Allowance Rates for the Cannock Chase Local Authority](#)[Private Rent and House Prices - Office for National Statistics](#)**Local Authority Data Return (LADR) 2024**