

Consultation Report Extract Draft Housing Revenue Account (HRA) Budget 2023/24

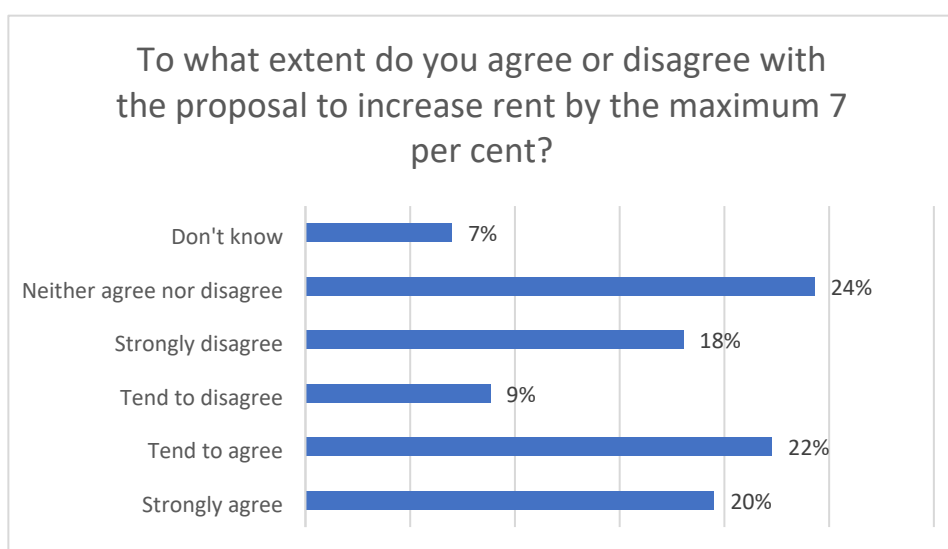
- 4.1. Local housing authorities are required by law to keep a Housing Revenue Account (HRA).
- 4.2. This HRA shows the accounts for the council's housing provision, identifying the major elements of expenditure and how these are funded, mainly from rents. Any money that enters the HRA, can only be spent on social housing and it is the council's responsibility to set a balanced HRA and avoid financial shortfall.
- 4.3. There are strict rules surrounding the costs and income that can be charged to this account. Much of the income and expenditure is dictated by legislation and regulation leaving the council with limited direct control over a number of these budgets.
- 4.4. The council has a housing stock which is managed by its arms-length management organisation, Northampton Partnership Homes (NPH).
- 4.5. The Rent Standard 2021 which is a national policy ordinarily allows annual rent increases on both social rent and affordable rent properties of up to the rate of inflation (Consumer Price Index - CPI) plus 1 per cent. The CPI in September 2022 showed an increase of 10.1 per cent due to the high levels of inflation.
- 4.6. In order to help manage the current situation, Government went out to consultation and later announced in their Autumn Statement that rent increases would be capped at 7 per cent this year rather than at what would have been the higher level of 11.1 per cent.
- 4.7. The council and NPH are proposing to increase rent from 3 April 2023 by 7 per cent, on average across the council's housing stock in line with national government policy. This will increase the average rent from £97.00 to £103.79 per week, or £6.79 per week. This increase, which is substantially below the current level of inflation, will help to manage the increasing costs that are also being experienced in this area.
- 4.8. This increase ensures we are able to continue and invest in a high-quality housing service for our tenants and any income generated will go back into the council's housing pot to be spent on maintenance and building new homes. Failure to increase the rents by the statutory amount will not only have a significant impact on income in the current year but also in each future year. It is estimated that a 1 per cent reduction in the rent increase would reduce the rental income by about £0.5 million in the current year.

- 4.9. The council and NPH are also proposing an increase of 10 per cent for tenant and leaseholder service charges, (in line with CPI at September 2022), and to increase garage rents and the commuter surcharge on garages by 10 per cent. This will increase the average rent per garage from £9.96 to £10.96 (or £1 per week) and the commuter surcharge from £15.83 to £17.41 (or £1.58 per week).
- 4.10. Respondents were asked to what extent they agreed or disagreed in the proposal to increase rent by the maximum standard. There were 543 responses to this question with 227 stating they strongly agreed or tended to agree, and 146 strongly disagreed or tended to disagree.

Table 6, To what extent do you agree or disagree with the proposal to increase rent by the maximum 7 per cent (an average increase of £6.79 per week) across the Council’s housing stock managed by Northampton Partnership Homes (NPH) in line with national government policy?

Response	Count	Per cent (%)
Strongly agree	106	20%
Tend to agree	121	22%
Tend to disagree	48	9%
Strongly disagree	98	18%
Neither agree nor disagree	132	24%
Don't know	38	7%

Chart 5



- 4.11. Respondents were invited to provide comments on why they answered in the way that they did, 172 comments were received. 57 respondents that agreed with the proposal chose to provide comments.
- a) Respondents who strongly agree or tend to agree said that social rents are very low and needs to level up with the private sector. Some noted that everyone is affected by the cost of living and that social renters should be contributing a share to the

public purse. Some said that should the stock be better managed, and that if the properties were up to a decent standard, then rent increase would be fair. Another commented that housing stock should be bought back into the council for cost effectiveness. A few agreed with the increase but were concerned how affordable the rent would be for those on low to no incomes. It was difficult to ascertain if any of these respondents had direct experience of being social housing tenants.

- b) 25 comments from respondents who neither agree nor disagree cited issues of cost of living and affordability. They commented on the struggle felt by all in the current financial climate. A few commented on maintaining good quality homes; and that the council needed a decent stock to rent. If homes were up to standard, then increasing rent could be justified. Others noted they could not comment due to not being social housing tenants. Some questioned whether the council had a contingency plan, or that if rents needed to increase then they should be by taking into everyone's personal situation and not use a blanket approach.
 - c) Many of the 84 comments from respondents disagreed with the proposal as they thought residents, especially social housing tenants, were already struggling financially with the cost of living and that the proposed increase would affect those more vulnerable. They said that the rent was already too high and this along with increases in other areas would cause greater hardship. Some were concerned in finding money to cover the rent increase, fearing arrears, eviction, and court proceeding would increase the use of statutory housing services provided by the council.
 - d) Respondents said the 7 per cent increase was unreasonable and would be happy to contribute a smaller 2 per cent or 3 per cent increase. They felt the council would be pushing them into poverty.
 - e) Respondents also expressed concern about delay in repairs/maintenance, and the quality of service provided by NPH. They said due to this poor service they should be paying a higher rent. A few respondents mentioned that they wanted to be able to move out of the social housing sector but could not get deposits together, indicating that increase in rent would not aid them to move into the private sector. Respondents wanted the council to consider the financial situation of social renters before introducing this high rent increase.
 - f) Respondents who responded 'Don't know' commented that they are not directly affected and therefore could not offer a comment. One commented that increases should be felt equally. Another respondent who wished to comment said that there was not enough social housing.
- 4.12. Respondents were asked that if they felt the proposal would have a negative impact, what do they think that impact would be, they were also invited to provide suggestions on how any potential negative impacts could be avoided.
- 4.13. The most frequently mentioned impact is that the increase would put additional financial pressure on residents including those that are vulnerable, already struggling with the cost of living. The proposal would enhance negative impacts faced by low-

income families. Some felt that it was a short-term approach, others referred to it hyper-inflation which will cause pressure within wider society including an increase in crime and community tension. Many thought that it was not sensible proposal as it would cause tension forcing people into unaffordable long-term renting and that it could cause homelessness. Some respondents felt that rent was cheaper and below market rent; but this is for a reason as it about helping those that most hard pressed.

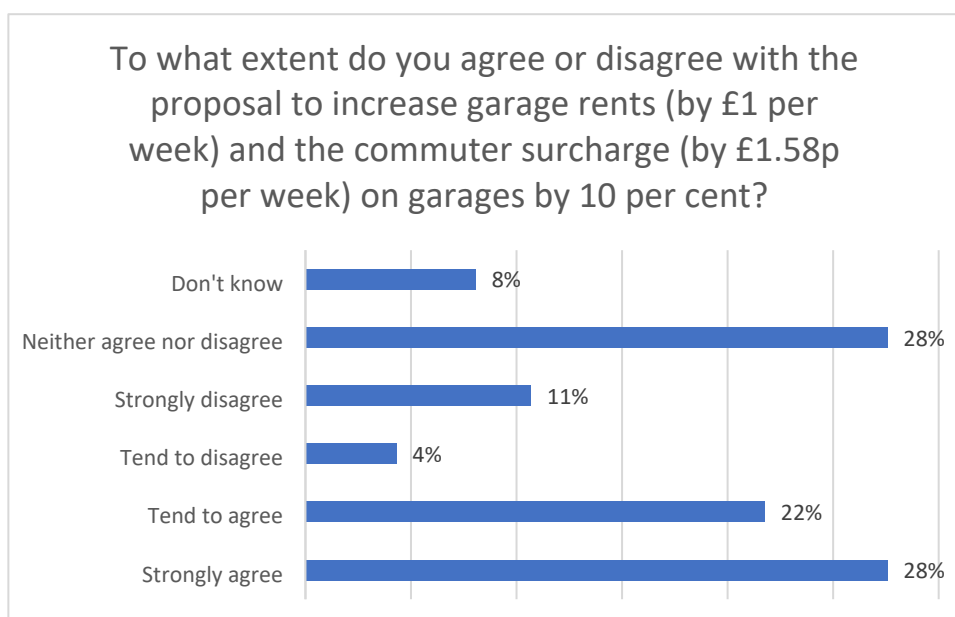
Some suggested introducing the increase in a more managed and stepped way over a longer time period.

- 4.14. Respondents were asked to what extent they agreed or disagreed in the proposal to increase garage rents and commuter surcharges by 10 per cent. There were 533 responses to this question with 263 stating they strongly agreed or tended to agree, and 80 strongly disagreed or tended to disagree.

Table 7, To what extent do you agree or disagree with the proposal to increase garage rents (by £1 per week) and the commuter surcharge (by £1.58p per week) on garages by 10 per cent?

Response	Count	Per cent (%)
Strongly agree	147	28%
Tend to agree	116	22%
Tend to disagree	23	4%
Strongly disagree	57	11%
Neither agree nor disagree	147	28%
Don't know	43	8%

Chart 6



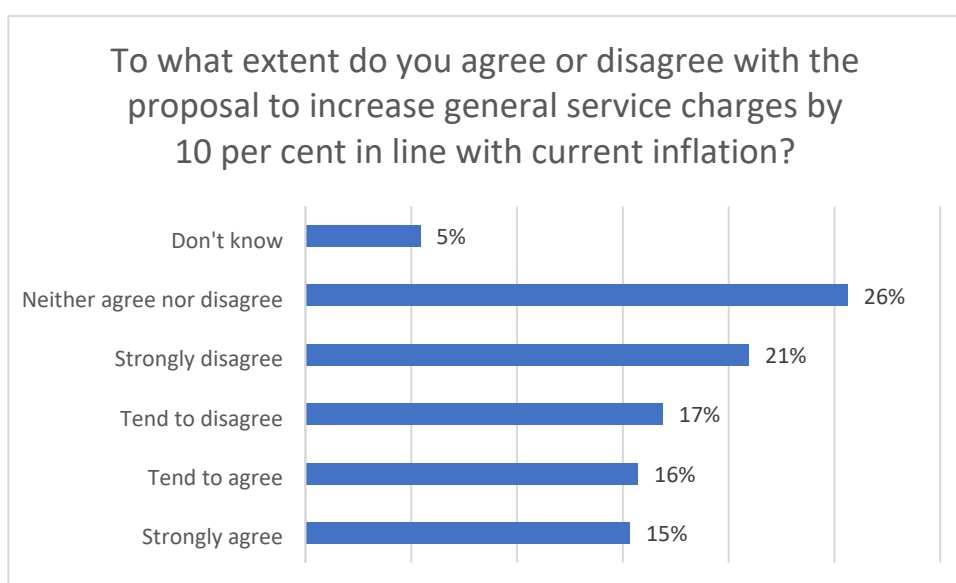
- 4.15. Respondents were asked to what extent they agreed or disagreed in the proposal to increase general service charges by 10 per cent. There were 515 responses to this

question with 160 stating they strongly agreed or tended to agree, and 195 strongly disagreed or tended to disagree.

Table 8, To what extent do you agree or disagree with the proposal to increase general service charges by 10 per cent in line with current inflation?

Response	Count	Per cent (%)
Strongly agree	79	15%
Tend to agree	81	16%
Tend to disagree	87	17%
Strongly disagree	108	21%
Neither agree nor disagree	132	26%
Don't know	28	5%

Chart 7



4.16. Comments were invited should respondents have any comments regarding the HRA Capital programme and indicative budgets as summarised in the Draft Housing Revenue Account (HRA) Budget 2023-24 and Medium-Term Financial Plan report, and Appendices. A total of 34 comments were received.

- a) Most of the comments on this question were made by residents about the garage rents, cost of living, and affordability.
- b) With reference to garage rents, comments received noted that garages are not a necessity, and the land could be put to better use. Others expressed the proposed increases are not in line with other increases. Some suggested that garage rent should come free with the rented property and the council should make any charges.
- c) Respondents again repeated comments about the cost of living and affordability with some noting unsound financial decision making.

- d) Other comments included discontent with property maintenance, and comments about increased penalties for social providers who do not maintain homes to an adequate standard. A few people also wanted the rents to be in line with market rents.

4.17. Further comments were invited on the Draft Housing Revenue Account (HRA) Budget report and its appendices. A further 11 comments were received.

Respondents who responded here made general comments and are not related to the HRA budget report.

On housing issues, they expressed concern about new homes being built are too large, and that the council should lobby the central government for more funds. Other comments were about the negative public sentiments about the council proposing increases in cost of services; that the council would lose the support of the public. Further comments were expressed again on the cost of living and pressures on household budgets.