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**Meeting of the Housing and Safer Communities Select Committee – 13<sup>th</sup> September 2023**

**Report of the Director of Housing and Communities**

**Impact of the 2023/24 Rent Increase for Dudley Metropolitan Borough Council Tenants**

**Purpose of report**

1. The purpose of this report is to provide an overview to Committee Members of the 2023/24 rent increase for Dudley Metropolitan Borough Council (DMBC) homes and the impact of the increase on tenants and DMBC budgets.

**Recommendations**

2. It is recommended that Committee Members note the content of the report.

**Background**

3. The Housing Revenue Account (HRA) is a ring-fenced account recording income and expenditure arising from the provision of housing accommodation by local housing authorities under the powers and duties conferred on them in Part II of the Housing Act 1985 (and certain provisions of earlier legislation). Expenditure includes costs such as management and maintenance costs, major repairs, loan charges, and depreciation costs. The main source of income to the HRA is from tenants in the form of rents and other associated charges.
4. Registered providers must set rents in accordance with the Government's Policy Statement on Rents for Social Housing 2022, complying with the Regulator of Social Housing's 2023 Rent Standard which has been set with due regard to the aforementioned Policy Statement.

5. Paragraph 3.5 of the Rent Standard covers social rent and states that the weekly rent of an existing tenant may not be increased by any more than Consumer Price Index (CPI) +1%, based upon the CPI rate in the September of the preceding financial year. In 2016/17 a four year 1% annual rent decrease was imposed, with a cumulative loss to the HRA of circa £40 million. Aside from the four year rent decrease social housing providers have generally increased rents by the maximum allowed due to CPI rates being relatively low resulting in rent increases of 2-4% in recent years.
6. In September 2022 CPI was 10.1% which would have allowed for a rent increase of up to 11.1%, causing significant concern due to the increasing costs of living more generally. Following consultation, the Government capped rent increases for 2023/24 at a maximum of 7%, and on 27<sup>th</sup> February 2023 Dudley Council approved a rent increase of 7% for 2023/24, equating to an additional £6m of income to the HRA. This represents an average weekly rent increase of £5.84 to tenants.

#### Impact of the 2023/24 rent increase

7. The decision to increase rents for 2023/24 was not taken lightly, recognising that many residents would also be experiencing the financial impact of the more general increase in the cost of living. For households claiming financial support towards their housing costs through housing benefit or universal credit some or all of the increase would be covered by an increase in welfare support in most cases. However it was recognised that low income households not entitled to claim financial support may struggle with the rent increase, and that provision of and signposting to additional advice and assistance should be made available through the council and other organisations.
8. Currently 40% of DMBC housing tenants are known to be in receipt of universal credit, with a further 19% receiving full housing benefit and 12% in receipt of partial housing benefit. Therefore 71% of DMBC tenants are receiving full or partial help with the cost of their rent, with the remaining 29% being responsible for meeting their rent payments without any known welfare support. Historically the split was closer to 60:40 for many years but the increasing number of households receiving support is not peculiar to Dudley and can be seen across social housing providers.
9. As at the end of Quarter 1 rent arrears stood at £2.2m, down on the previous year by 0.90%. However, the number of accounts in arrears is up on the same time last year by 2.72%, indicating that there are more accounts in arrears but not necessarily larger debts.

However the average debt owed by DMBC tenants is one of the lowest in the region, as detailed in the table below:

Org	Stock Size	Debt	Average
Birmingham City Council	56,828	£19,884,962	£349.91
Walsall Housing Group	21,466	£3,078,499	£143.41
Sandwell MBC	29,000	£5,109,805	£176.20
Wolverhampton	20,149	£2,176,266	£108.00
Dudley MBC	20,469	£2,213,878	£108.16
Stoke	18,200	£2,421,315	£133.04

10. There has been no increase in the number of court cases being listed to date during 2023/24, with only 36 new cases listed for court action in Quarter 1, compared to 48 cases for the same Quarter in 2022/23. This reduction in the number of cases being presented is a direct result of the additional support that has been put into place for customers.
11. Five evictions took place in Quarter 1 – four of these were to legally take back possession of abandoned properties and the fifth was the recovery of a property due to the tenant receiving a prison sentence.

#### Support for tenants

12. The Income Team, whilst collecting rent due, provide advice and support to tenants to assist in maintaining their tenancies. Support can be in the form of applications to housing support funds to reduce rent arrears, prevent evictions and provide essential items like white goods.
13. Previously tenants would be expected to pay their rent within the financial year. However, this year we have given options for our customers to spread their payments over a longer period when paying via Direct debit, which helps with affordability, the cost-of-living crisis and tenancy sustainability.
14. The government has made an extra £242 million available nationally to assist the most vulnerable in the country, providing support to low income households including families, pensioners and people with disabilities. The Housing Assistance Fund in Dudley is targeted at customers who may be just outside the limits for support via the usual means i.e. universal credit. The scheme has been set up so that customers who have an income of less than £45k per year and savings of less than £6k can apply for payments of £150.00 (this will increase over the winter period).
15. Cost of living payments have also been issued to residents of Dudley in the spring of 2023 and a further payment will be issued in the Autumn of this year.

16. Where appropriate the Income Team will challenge decisions made by both the housing benefit team and the Department for Work and Pensions (DWP) which has resulted in us gaining £7,550 of additional financial support for tenants in the first quarter of the year. Cases were also submitted to the council's Homelessness Housing Support Fund which resulted in £32,103 being granted to secure and maintain tenancies.

### Conclusion

17. Although there has been an increase in the number of customers with rent arrears the level of arrears currently remains low and manageable, and has not resulted in any increase in customers at risk of losing their home due to non payment of rent.
18. Less than a third of DMBC tenants receive no financial support for their rent by way of housing benefit or universal credit, but these households can access a range of alternative support options as detailed in paragraphs 12 – 16 of this report.
19. At present the benefits of increased rental income to the HRA to fund essential works to improve property conditions and efficiency outweighs the impact of the 2023/24 rent increase on customers, who have been supported through other means to keep up with their rent payments and sustain their tenancy. However this will continue to be monitored closely to allow for early identification of and response to any increasing concerns around affordability and tenancy sustainment.

### Finance

20. There are no additional finance considerations or implications over and above those contained within the body of this report.

### Law

21. Registered providers must set rents in accordance with the Government's Policy Statement on Rents for Social Housing 2022.

### Risk Management

22. Risks associated with income collection and HRA budgets are recorded and managed through the Directorate Risk Register.

### Equality Impact

23. The content of this report has no direct equality impact.

## **Human Resources/Organisational Development**

24. There are no human resources or organisational development implications arising directly from this report.

## **Commercial/Procurement**

25. There are no commercial or procurement implications arising directly from this report.

## **Environment/Climate Change**

26. There are no environmental implications arising directly from this report. However consideration will be given to reaching the councils net-zero targets, improvements to housing stock will reduce energy demand and fuel bills, this action will support the cost of living initiative.

## **Council Priorities and Projects**

27. This report relates to our statutory functions as a social housing landlord and will contribute to the health, wellbeing, and safety of our tenants.

The report supports our aims for Housing summarised in the Council Plan:

- the provision of excellent services for tenants
- offering high quality housing
- supporting vulnerable people



## **Director of Housing and Communities**

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## **Appendices**

None