

REQUEST FOR DMPC DECISION – PCD 362

Title: Residential Rent and Service Charges – Annual Review 2018/19

Executive Summary:

In line with the approved policy the MPS have undertaken the annual review to ensure that residential rents for officers who joined after September 1994 and are in occupation of residential accommodation, and for service charges for officers in section houses remain consistent with the change in Registered Social Landlords (RSLs) rents charged in London Boroughs.
Based on rental data relating to London based RSLs from the Homes and Communities Agency (HCA) the DMPC is now asked to approve the proposed rents set out in paragraph 2.2. If implemented the effect of the proposed increase will be to raise an additional estimated £7,154 per annum.

Recommendation:

The DMPC is recommended to approve the proposed rent and service charge levels as set out in paragraph 2.2 and attached appendix.

Deputy Mayor for Policing and Crime

I confirm I have considered whether or not I have any personal or prejudicial interest in this matter and take the proposed decision in compliance with the Code of Conduct. Any such interests are recorded below.

The above request has my approval.

Signature

Spivey Henderson

Date 29/03/18

PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE DMPC

Decision required – supporting report

1. Introduction and background

- 1.1. The withdrawal of rent free residential accommodation for newly appointed officers was implemented with effect from September 1994 arising from the Sheehy Report.
- 1.2. The previously agreed policy is to annually review the rents and service charges for officer accommodation in line with the change in rents charged by Registered Social Landlords (RSLs) who operate in London Boroughs.

2. Issues for consideration

- 2.1. Currently there are 10 officers (16 last year) who have an assured shorthold tenancy or room licence, and a further 47 (66 last year) who occupy Section House accommodation. Further reductions in officers using this accommodation, which may impact on the income generated, may arise due to recruiting from the London-only area.
- 2.2. Based on HCA rental data for the increase in social housing rents across London Boroughs the proposed rent levels are set out in the attached Appendix.

3. Financial Comments

- 3.1. Based on the current level of tenants residential rent income is expected to be £86,626 in 2018/19, an increase of £2,154 from 2017/18.
- 3.2. Based on the current level of section house tenants section house service charge income is expected to be £377,000 in 2018/1, an increase of £5,000 from 2017/18.

4. Legal Comments

- 4.1 There are no legal implications arising from this proposal.

5. Equality Comments

- 5.1 There are no equality or diversity implications arising from this report.

6. Background/supporting papers

MPS Report

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOIA) and will be made available on the MOPAC website following approval.

If immediate publication risks compromising the implementation of the decision it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary.

Part 1 Deferral:

Is the publication of Part 1 of this approval to be deferred? No

If yes, for what reason:

Until what date:

Part 2 Confidentiality: Only the facts or advice considered as likely to be exempt from disclosure under the FOIA should be in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a **Part 2** form – No

ORIGINATING OFFICER DECLARATION:

		Tick to confirm statement (✓)
Head of Unit: The Chief Finance Officer has reviewed the request and is satisfied it is correct and consistent with the MOPAC's plans and priorities.		✓
Legal Advice: The MPS legal team has been consulted on the proposal.		✓
Financial Advice: The Chief Financial Officer has been consulted on this proposal.		✓
Equalities Advice: Equality and diversity issues are covered in the body of the report.		✓

OFFICER APPROVAL**Chief Executive Officer**

I have been consulted about the proposal and confirm that financial, legal and equalities advice has been taken into account in the preparation of this report. I am satisfied that this is an appropriate request to be submitted to the Deputy Mayor for Policing and Crime.

Signature

R. Lawrence

Date

28/03/18

**REVIEW OF RESIDENTIAL RENT AND SERVICE CHARGES
FROM 1 APRIL 2018**

MOPAC Investment Advisory Board 22nd March 2018

**Report by the Director of Property Services on behalf of the Deputy
Commissioner**

**Part 1 – This section of the report will be published by MOPAC. It is
classified as OFFICIAL – PUBLIC**

Summary

The level of rent that is paid by those police officers who occupy accommodation within the MOPAC's residential estate is reviewed in April each year by reference to the rents that are charged by Registered Social Landlords such as housing associations.

Property Services have undertaken a review based on the rental data provided by the HM Government Homes and Communities Agency and recommend an increase in the annual rental charged across the estate of 0.92% for two bed properties; 1.45% for 3 bed properties; 1.60% for four bed properties and 1.32% for section houses, to be effective from 1 April 2018. The changes will impact 10 police officers living in residential quarters and 47 living on the section house estate.

A. RECOMMENDATIONS - That the DMPC:-

- 1. Approve the proposed increases in the level of residential rent to be charged in 2018/2019 in respect of rents that are paid by police officers occupying houses or flats and rooms in section houses within the MOPAC estate in line with Homes and Communities Rate Increases.**

B. SUPPORTING INFORMATION

Introduction

- 1. The current rental levels charged by MOPAC to those officers in occupation of residential accommodation are detailed in **Appendix 1**. The annual review of rents that MOPAC charges is undertaken and implemented in April each year. Previously, MOPAC have confirmed that rents should be reviewed to reflect changes made to rents charged by those Registered Social Landlords (e.g. housing associations) which have tenanted properties in the London boroughs.**

2. MOPAC's standard assured short-hold tenancy and its standard room licence make provision for rent to be paid by those officers who joined after September 1994 when parts of the Sheehy Report were implemented. The changes in the Sheehy Report were implemented through Police Regulations which included the withdrawal of rent free residential accommodation for newly appointed officers. Where MOPAC provides residential accommodation to eligible post-Sheehy officers the associated assured short-hold tenancy or room licence is subject to the payment of a rent; there are 57 officers in this category. Those officers who were appointed prior to the implementation of the Sheehy Report do not pay a rent and continue to be eligible for either a Housing Allowance or rent-free accommodation.
3. The Review of the Residential Rent and Service Charges payable by police officers links in with the MOPAC Estate Strategy that retains a core residential portfolio that will be held for short term operational and welfare requirements. Those assets surplus to requirements will be released.

Rent Review April 2018

4. Three options have been considered:-

Option 1 - Do nothing - nil rent increase.

Rental levels have increased across England in the last 12 months. This Option would not reflect market changes and is not recommended.

Option 2 - Review rent in line with Social Housing Market Comparators.

To date, MOPAC and previously the MPA, have reviewed rents paid by officers in line with the Home and Communities Agency data. This approach would show consistency and compliance to a Social Housing Market Comparator. Preferred.

Option 3 - Review rent in line with the Open Market.

Open Market rentals fluctuate. Current demand is outstripping supply and open market rents are considerably higher than current rents charged. Not recommended.

Recommendation - Review Rent in line with Social Housing Market Comparators

5. A review of the MOPAC's residential rents has been undertaken in conjunction with an analysis of rental data published by The Homes and Communities Agency (HCA), whose data has been used to inform the level of rent for the MOPAC residential estate. The data draws upon all rents charged by providers of social housing within the London boroughs.
6. Whilst there were exceptions there has been an increase in the social housing rents levied across London; Rents have increased this year depending upon the size of individual units. The average being 1.32%.
7. Based on the review of the rental data published by the HCA as detailed in Appendix 2, the following rental increases are proposed (Based on Council Tax Band A-D):-

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2 bed flat - 0.92% to £586.00 pcm	(compared to average private rental of £2,640 pcm)
3 bed flat - 1.45% to £676.00 pcm	(compared to average private rental of £4,900 pcm)
4 bed flat - 1.6% to £705.00 pcm	(compared to average private rental of £8,037 pcm)

Section Houses – 1.32% to £604.00 pcm (compared to £788.00 pcm upwards for Key Worker space)

C. OTHER ORGANISATIONAL & COMMUNITY IMPLICATIONS

Equality and Diversity Impact

1. The MPS policies on equal opportunities and diversity apply to the content of the review and the management of the residential estate. The level of rent is related solely to each property's value not to the occupying tenant.

There are 57 Police Officers who will be directly affected by this rent review. The Police Federation have been notified of these proposals and have offered no comment in regard to the increased rentals. The proposals have been supported by Management Board leads.

Value for Money

2. The residential rent review reflects market conditions across London and will ensure MOPAC minimise the financial impact that arises from the management of the residential estate.

Financial Implications

Revenue Implications

3. In respect of rental income from officers living in quarters the forecast income for 2018/2019 is £86,626 this is based on 10 rent paying officers. Current rental levels are £84,472 per annum, increasing the rental charges by the proposed amounts increases rental income by £2,154 p.a.
4. In respect of Section Houses the forecast income for 2018/2019 is £377,000 and is based on 47 room licence occupiers and current levels of ad hoc casual room occupation. Increasing the service charge by the proposed amount will increase income by circa £5,000 p.a. from £372,000 p.a.
5. The proposed increases will generate additional income of £7K p.a. The residential income budget for 2018/19 has been increased accordingly.

Legal Implications

6. Officers living in MOPAC houses or flats and section house rooms occupy under either an assured short-hold tenancy or a room licence, respectively.

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7. Assured Short-Hold Tenancies have a statutory basis that originates from the Housing Act 1988 (as amended). Rent under the standard Assured Short-Hold Tenancy and the standard licence for a section house room may be reviewed in accordance with the rent review clause(s) incorporated within the tenancy/licence document, provided adequate notice is given of the increase and the rent increase is in line with the market rate (and is not excessive). The report confirms the proposed rental increases are in line with charges made by other Registered Social Landlords.
8. The recommendations are within the DMPC's broad powers to do anything that is calculated or facilitated or conducive to its functions, and the increased rental charges supports the maintenance of an efficient MOPAC estate.

Environmental Implications

9. There are no specific environmental implications as a result of this review of residential rent and service charge.

Risk Implications

10. The future demand for both Residential Quarters and Section House rooms is not expected to rise due to the ongoing impact of the MPS policy to recruit police officers from the London area. Unless residential rents are reviewed there would be a further deterioration in rental income and disconnect with corporate budgets in 2018/19.

Report Author:

Contact: Vince Fihosy – Director of Property Services

- Statistical data return published by the Homes and Communities Agency.
- MPA Finance Committee Report - Review of Residential Rent and Service Charge 16 February 2006.

RESIDENTIAL QUARTERS - CURRENT RENTS FROM 1 APRIL 2017*Increase from
previous
year:*

	2.49%	3.66%	2.84%	Average 3%
COUNCIL TAX BAND	2 BEDROOMS	3 BEDROOMS	4 BEDROOMS	Average Private House+Flat Rents *1 (Not by Council Tax Band)
	Monthly £	Monthly £	Monthly £	London Monthly £
A - D	580.50	666.50	693.50	2 Bed - £2,633 3 Bed - £4,876 4 Bed - £8,021
E	707.00	812.00	840.00	Westminster Monthly £ 2 Bed - £4,916 3 Bed - £8,381 4 Bed - £10,454
F	830.00	958.50	997.00	
G	967.00	1104.50	1154.00	
H	1159.00	1328.50	1385.00	

*1 data from

www.zoopla.co.uk**CURRENT SECTION HOUSE RENTS : 1 APRIL 2017***Increase from
previous
year:*

	3%	3%	3%	Average 3%
PERSONNEL	Overnight £	Weekly £	Monthly £	Average *2 University Student Accommodation £550.00 per month
Police Officers and Staff	36.00	138.00	596.00	Key worker *3 shared type accommodation/ Monthly cost from £656.00 upwards

*2 data from National Union of
Students*3 data from Homes and
Communities

APPENDIX 2**RESIDENTIAL QUARTERS - PROPOSED RENTS FROM
1 APRIL 2018 BASED ON SOCIAL HOUSING MARKET COMPARABLES****Proposed
increase this
year:**

	0.92%	1.45%	1.60%	Average 1.32%
COUNCIL TAX BAND	2 BEDROOMS	3 BEDROOMS	4 BEDROOMS	Average Private House+Flat Rents *1 (Not by Council Tax Band)
	Monthly £	Monthly £	Monthly £	London Monthly £
A - D	586.00	676.00	705.00	2 Bed - £2,640 3 Bed - £4,900 4 Bed - £8,037
E	714.00	824.00	854.00	Westminster Monthly £ 2 Bed - £4,926 3 Bed - £8,431 4 Bed - £10,475
F	838.00	972.00	1013.00	
G	976.00	1120.00	1172.00	
H	1170.00	1348.00	1407.00	

*1 data from
www.zoopla.co.uk**SECTION HOUSE RENTS : 1 APRIL 2018****Proposed
increase this
year:**

	1.32%	1.32%	1.32%	Average 1.32%
PERSONNEL	Overnight £	Weekly £	Monthly £	University Student Accommodation ranges between £403.13 & £721.93 per month
Police Officers and Staff	36.50	140.00	604.00	Key worker *3 shared type accommodation/ Monthly cost from £788.00 upwards

*2 data from National Union of
Students