

## Report Title: Rent Regulation Error Update Report

**To:**

Councillor Gerri Bird, Executive Councillor for Housing

**Date:** 17 September 2024

**Report by:**

Julia Hovells, Head of Finance and Business Manager

Tel: 01223 - 457248

Email: [julia.hovells@cambridge.gov.uk](mailto:julia.hovells@cambridge.gov.uk)

**Wards affected:**

All wards with council garages or parking spaces

### 1. Recommendations

1.1 It is recommended that the Executive Councillor for Housing:

Note progress in respect of the correction and quantification, calculation and repayment of any overpayments resulting from the two identified rent regulation errors.

### 2. Purpose and reason for the report

2.1 This report provides an update on progress in respect of the project to recalculate and correct rents and refund any overpayment for properties affected by either of two identified rent regulation errors.

### 3. Alternative options considered

3.1 This is a update report, and as such alternative options have not been revisited.

### 4. Background and key issues

#### 4.1 **Regulatory Judgement**

On 9th July 2024 Cambridge City Council received a Regulatory Judgement (RJ) for breach of the Rent Standard from the Regulator of Social Housing following its self-referral.

4.2 An all-member briefing was held on 8th July to inform of the imminent RJ and all the actions being taken as a result. The Tenant and Leaseholder Representatives were informed on 11th July 2024 of the RJ, with further discussion of this at their scheduled meeting on 19th August 2024.

#### 4.3 **Actions since Housing Scrutiny Committee in June 2024**

The actions since the last update report to Housing Scrutiny Committee in June 2024 include:

- 4.4
  - An update letter sent to affected current tenants informing them about current timelines and advising them of the Regulatory Judgement. This was sent out on the 11th July, and the Customer Service Centre have received 32 calls, 225 web page hits and 28 emails on the back on this letter, none of which have escalated to a complaint and were mainly seeking clarifications.
- 4.5
  - A meeting with the Department for Work and Pensions (DWP) in relation to Universal Credit on 24th June 2024, followed up with an official letter to them, as their current request to us is to wait to refund tenants until they have a process in place to calculate any sums that may be owing back to them. This is not an acceptable position for Cambridge as once we are ready to refund to tenants, we do not want to delay this any further. To date we have not received an official response to our letter. Officers chased this on 11th July 2024 and included details of the Regulatory Judgement. They have acknowledged the RJ and advised that a call with senior directors will be taking place and a paper prepared for their senior governance board.
- 4.6
  - Working through the validation of individual refund calculations, which is progressing well.
- 4.7
  - Actively working with our Housing Benefit teams to arrange a process which allows for any overpayment of Housing Benefit to be calculated and taken from any refunds before paying the tenant any remaining balance.

- 4.8
  - Recruitment of a project manager, which is currently ongoing, We have unfortunately had to go back out to advert for a third time due to an earlier candidate that we offered the role to withdrawing before their commencement date. Interviews were held on 16th August 2024 and the position has been offered and provisionally accepted.
- 4.9
  - We are investigating the possibility of procuring a system that will allow for quick and easy validation of tenant bank accounts and processing payments.

#### 4.10 **Timescales**

We are still working to broadly the same timelines but will evaluate these ahead of the next meeting to see if we still feel they are realistic.

	<b>Affordable Rents</b>	<b>Social Rents</b>
<b>Refund Current Tenants</b>	Autumn/Winter 2024	Winter 2024/Spring 2025
<b>Refund Former Tenants</b>	Winter 2024/Spring 2025	Spring/Summer 2025

### 5. **Corporate plan**

- 5.1 This project supports the key priority to tackle poverty and inequality, helping people in the greatest need, by ensuring that council tenants receive the refunds that are due to them.

### 6. **Consultation, engagement and communication**

- 6.1 Regular updates reports are being presented to Housing Scrutiny Committee outlining key milestones in the project and regular communications are being sent to current tenants providing an update.

6.2 Once refunds have been fully validated and confirmation has been received from the DWP surrounding the repayment of overpaid Universal Credit, more detailed communications can be sent to current tenants.

## **7. Anticipated outcomes, benefits or impact**

7.1 The intended outcome for this project is to ensure that, wherever possible, any sums of overpaid rent are refunded to tenants in a timely manner, taking account of payments made on tenants' behalf by the DWP.

## **8. Implications**

### **8.1 Relevant risks**

#### **Risks resolved**

One of our largest risks – being refused Homes England Grant funding has been removed. Homes England have received and reviewed the RJ and are satisfied that they can continue to grant fund our current development and regeneration schemes, and can consider grant funding future schemes as we present them for grant approval.

#### **Risks outstanding**

DWP Universal Credit is now our most significant active risk to the timelines of refunds to tenants. We will continue to actively engage with DWP on this issue.

#### **Financial Implications**

8.2 The estimated financial impact of refunding tenants has been detailed in previous reports.

8.3 Funding for the staff to deliver this project is expected to be met from the Housing Transformation Fund, where some funding was carried forward from 2023/24 to support

this activity, with an estimated commitment of £322,000.

### **Legal Implications**

8.5 There are no specific legal implications arising from this update report.

### **Equalities and socio-economic Implications**

8.6 No Equalities Impact Assessment has been prepared as part of this report, as there is no change in policy resulting from this update.

### **Climate Change and Environmental implications**

8.7 There are no adverse environmental implications anticipated as a result of this project.

### **Procurement Implications**

8.8 There are no direct procurement implications associated with this report.

### **Community Safety Implications**

8.9 There are no direct community safety implications associated with this report.

### **Staffing Implications**

8.10 As highlighted above, the role of Rent Regulation Customer Project Manager has now been offered. Once this officer is in post, we will seek to recruit a team of up to 6 staff to support the delivery of the project, to include repayment of sums due to DWP, communication with tenants and payment of refunds.

## **9. Background documents**

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985:

9.1 There are no background papers associated with this report.

## **10. Appendices**

10.1 The are no appendices associated with this report.

If you have a query on the report, please contact

Julia Hovells, Head of Finance and Business Manager

Telephone: 01223 – 457248 or email: [julia.hovells@cambridge.gov.uk](mailto:julia.hovells@cambridge.gov.uk).