

Appendix D – Rent Regulation Project Update

Background

In late 2023 Cambridge City Council identified 2 errors in how it had historically set our rents. One error related to incorrectly de-pooling service charges for Gas Maintenance and Electrical and Mechanical Maintenance dated back to 2004. The second error related to Affordable rents and not annually reducing them by 1% for 4 years in line with the Welfare Reform Act 2013 for the period of 2016-2020.

We sought legal advice including a second opinion from Counsel and referred ourselves to the Regulator of Social Housing in December 2023.

In January and February 2023, we wrote out to all affected current tenants to advise them of the error and that we were working hard to correct their rent and would then look at calculating any refunds owed. We also set up a dedicated webpage on the Council's website providing more information.

We were able to re-calculate the correct rents in time for our normal rent increase period of April, so from April 2024 all affected current tenants were being charged the correct rent.

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.

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.

Actions since Housing Scrutiny Committee in September 2024

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

- An update letter sent to affected current tenants informing them about progress

of the project, the collaboration with DWP and our statutory duty. At this time, we also informed them of the engagement of the new Project Manager. This was sent out on the 21st November 2024 and the Customer Service Centre have received 22 calls, 297 web page hits from 200 users and 45 emails on the back on this letter, none of which have escalated to a complaint and were mainly seeking clarifications or advising of new addresses.

- An introductory meeting between the new Project Manager and the Department for Work and Pensions (DWP) in relation to Universal Credit took place on 15th October 2024, with a review to update us at the end of November following their next Governance meeting. This second meeting took place on 4th December, and we were advised:
 - A decision had not been made yet
 - The Governance board had asked them to explore other processes
 - They will be able to update in the New Year

Subsequently, a meeting has been set for 16th January 2025.

- We have been seeking further legal advice on our position with the DWP.
- The validation of the data has been completed for the Service Charge error and a further review is being taken on the Affordable Housing error. These are both currently being scrutinised by the Audit Team to ensure the calculations are correct and meet the audit requirements.
- A total of 8600 refunds are required: 8276 for the service charge error and 324 for affordable housing. 1442 of which are anonymised and 6451 of the refunds are affected by the Universal Credit decision.
- The Housing Benefit reports have been created and we are now tasked with running the data through a cloned NEC test system. The benefit team are working through the pre-test subsidy checks to ensure all relevant reports filter

in correctly. Due to the priorities of billing, mini tests will be processed through January and February, to allow for the Project Manager to undertake process and policy creation. The final full test is provisionally planned for March 2025.

- Finance and Audit have been duly updated and the Project Manager is ensuring the Housing Benefit adjustments comply with these departments' needs for their financial reporting timelines.
- The Project Manager Sarah-Jane Hounsell commenced on 30th September and has engaged with all appropriate teams to move the project forward. She is looking after the dedicated email inbox account for the project and is currently looking to onboard the first part of her team in line with the full test through housing benefit.
- We continue to investigate the possibility of procuring a system which will allow for quick and easy validation of tenant bank accounts and processing payments. Several software applications have been investigated, but we have not found one which supports our overall needs for bank validation yet, so this continues to be pursued.
- A small team have started to work collaboratively to create an automated web-form which generates a bulk upload through the T1 system, with the intention of being completed by 28th February 2025, in time for the final Housing Benefit testing of data.

Timescales

Given the deadlines above:

- DWP meeting in January and deadline to be for early February 2025
- Housing Benefit final tests in March 2025
- Web-form completion in February 2025

The timescales will have changed as it is extremely unlikely we will be ready to start

refunding before 1st April 2025 at the earliest. Likewise, due to the billing cycle, this will also be an extremely busy time for both Customer Service and the Income Team so further planning will need to be involved throughout the testing phase.

| | Affordable Rents | Social Rents |
|-------------------------------|-------------------------|---------------------|
| Refund Current Tenants | Spring/Summer 2025 | Spring/Summer 2025 |
| Refund Former Tenants | Summer/Autumn 2025 | Summer/Autumn 2025 |

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. The tenants have been advised we will communicate with them next before the financial year end in March 2025.

Risk

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.