

**REQUEST FOR DMPC DECISION – PCD 195**

**Title: Review of Residential Rent and Service Charges 1 April 2017**

**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 £20,475 per annum.

**Recommendation:**

The DMPC is asked to

1. Approve the proposed rent and service charge levels as set out in paragraph 2.2.

**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**

*Sybil Wenden*

**Date**

*2/6/17*

## 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 16 officers (19 last year) who have an assured shorthold tenancy or room licence, and a further 66 (226 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

#### 2 Bedroom Unit

Council Tax Band	2016-17 Monthly £	2017-18 Monthly £	Change Monthly £	Change %
A-D	566.50	580.50	14.00	2.47%
E	690.00	690.00	17.00	2.46%
F	810.00	810.00	20.00	2.47%
G	943.50	967.00	23.50	2.49%
H	1,131.50	1,159.00	28.00	2.48%

#### 3 Bedroom Unit

Council Tax Band	2016-167 Monthly £	2017-18 Monthly £	Change Monthly £	Change %
A-D	643.00	643.00	23.50	3.65%
E	783.50	783.50	28.50	3.64%
F	924.50	924.50	34.00	3.68%
G	1,065.50	1,065.50	39.00	3.66%
H	1,281.50	1,281.50	47.00	3.67%

#### 4 Bedroom Unit

Council Tax Band	2016-17 Monthly £	2017-18 Monthly £	Change Monthly £	Change %
A-D	674.50	693.50	19.00	2.82%
E	817.00	840.00	23.00	2.82%
F	969.50	997.00	27.50	2.84%
G	1,122.00	1,154.00	32.00	2.85%
H	1,346.50	1,385.00	38.50	2.86%

- 2.3. By way of comparison with private sector rents the average monthly rent for house/flats across London and in the City of Westminster where the core residential estate is located are set out below:

Bedroom	London-wide	City of Westminster
2	£2,633	£4,916
3	£4,876	£8,381
4	£8,021	£10,454

#### Section House

	2016-17 £	2017-18 £	Change £	Change %
Overnight	35.00	36.00	1.00	2.86
Weekly	134.00	138.00	4.00	2.99
Monthly	579.00	596.00	20.00	3.45

#### 3. Financial Comments

- 3.1. Based on the current level of tenants residential rent income is expected to be £138,930 in 2017/18, an increase of £5,475 from 2016/17.
- 3.2. Based on the current level of section house tenants section house service charge income is expected to be £525,000 in 2017/18. An increase of £15,000 from 2016/17.

#### 4. Legal Comments

- 4.1. Officers living in MOPAC houses or flats and section house rooms occupy under either an assured shorthold tenancy or a room licence, respectively.
- 4.2. Assured Shorthold Tenancies have a statutory basis that originates from the Housing Act 1988 (as amended). Rent under the standard Assured Shorthold 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.
- 4.3. 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.

**5. Equality Comments**

- 5.1. The MPS policies on equal opportunities and diversity apply to the content of the rent review and the management of the residential estate. The level of rent is related solely to each property's value and not the occupying.
- 5.2. There are 82 Police Officers who will be directly affected by this rent review. The Police Federation has been notified of these proposals and has offered no comment in regard to the increase to the rentals.

**6. Background/supporting papers**

- 6.1. None.

**Public access to information**  
 Information in this form is subject to the Freedom of Information Act 2000 (FOIA) and other legislation. Part 1 of this form will be made available on the MOPAC website within 1 working day of approval. Any facts/advice/recommendations that should not be made automatically available on request should not be included in Part 1 but instead on the separate Part 2 form. Deferment is only applicable where release before that date would compromise the implementation of the decision being approved.

Is the publication of **this** form to be deferred? NO

If yes, for what reason:

Until what date (if known):

Is there a **part 2** form – NO

If yes, for what reason:

**ORIGINATING OFFICER DECLARATION:**

<b>Head of Unit:</b> The Chief Financial Officer has reviewed the request and is satisfied it is correct and consistent with the MOPAC's plans and priorities.	✓
<b>Legal Advice:</b> The MPS legal team has been consulted on the proposal.	✓
<b>Financial Advice:</b> The Chief Financial Officer has been consulted on this proposal.	✓
<b>Equalities Advice:</b> 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 *2/6/17*



**INVESTMENT & ADVISORY BOARD – 9 MARCH 2017**

**REVIEW OF RESIDENTIAL RENT AND SERVICE CHARGES  
1 APRIL 2017**

**Report by the Director of Property Services on behalf of Director of Commercial & Finance**

**Summary**

The MOPAC/MPS Residential Estates Strategy targets a maximum core holding of up to 200 residential units. As at January 2017, MOPAC have within its owned residential estate 163 residential properties and 345 rooms in section houses. This includes Paddington Green Section House (140 rooms) which will be vacated before April 2017.

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 2.49% for two bed properties; 3.66% for 3 bed properties; 2.84% for four bed properties and 3% for section houses, to be effective from 1 April 2017. The changes will impact 16 police officers living in residential quarters and 66 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 2017/2018 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 the 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. The 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 the 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 16 officers in this category. A further 66 currently occupy Section House accommodation (please see table below). 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 table below sets out MOPAC's current residential assets and status;

Type of Accommodation	No. of Properties	Subject of this Review
Pre-Sheehy Officer's Quarters	31	No
Post Sheehy Officer's Quarters	16	Yes
Section Houses (Occupied Post 01.04.17) Gilmour Section House – 205 Rooms 66 rooms currently occupied under annual licence. Rooms also charged on ad hoc periodic basis.	1	Yes
Internal Corporate Lettings – NCTPHQ/NPOC/Op Support	34	No. (rent basis linked but not subject of this review)
Section Houses (Vacant Post 01.04.17)	4	No
Quarters Currently Vacant Ready for Occupation (held within core residential estate for eligible officers or internal corporate lettings).	7	Yes (subject to basis of future occupation)
Vacant Quarters Pending Redevelopment/Sale Rowan Drive	42	No
Swanne House (Greenwich Police Station)	18	No
Douglas Webb Section House	1	No
Individual Quarters Ready to be Sold	8	No
Let to 3 <sup>rd</sup> Party Registered Provider	1	No
	<b>163</b>	

4. The Review of the Residential Rent and Service Charges payable by police officers links in with the MOPAC Residential Estate Strategy which targets a maximum of 200 residential units within 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 2017

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.

- (i) Private sector rents across England have increased by 2.4% (Valuation Office Agency VOA) specifically, rents within London have increased by 2% and range from £2,633 to £8,021 per month. In the City of Westminster, average private sector rents range from £4,916 to £10,454 per month for 2, 3 & 4 bedroom units
- (ii) Average University accommodation costs across London are £550 per month (National Union of Students). A comparison of Housing Association Key Worker shared accommodation monthly rents indicates that they start at £656 per month and upwards
- (iii) Key Worker type accommodation is available at rents which are on average 9.1% higher than the current rents charged on MOPAC residential properties.

**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. With a few exceptions there has been an increase in the social housing rents levied across London; pressure on the rental market increases and levels of housing stock cannot meet demand. Rents have increased this year depending upon the size of individual units. The average being 3%.
- 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):-
  - 2 bed flat - 2.49% to £580.50 pcm (compared to average private rental of £2,633 pcm)
  - 3 bed flat - 3.66% to £666.50 pcm (compared to average private rental of £4,876 pcm)
  - 4 bed flat - 2.84% to £693.50 pcm (compared to average private rental of £8,021 pcm)
  - Section Houses - 3% to £596.00 pcm (compared to £656.00 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 82 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 increase 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 quarters the forecast income for 2017/18 is £138,930 and is based on 16 rent paying officers. Current rental levels are £133,455 per annum, increasing the rental charges by the proposed amounts increases rental income by £5,475 p.a.
4. In respect of Section Houses the forecast income for 2017/18 is £525,000 and is based on 66 room licence occupiers and current levels of ad hoc casual room occupation. Increasing the service charge by the proposed amounts will increase income by circa £15,000 p.a. from £510,000 p.a.

### **Capital Implications**

5. There are no Capital impacts as a result of this proposal.

### **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.
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 2017/18.

## **Report Author:**

**Contact:** Matthew Punshon – 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.
- MPA F & R Committee Report - Estates update paper (Residential Rent Review, paragraphs 18-21) 11 February 2010.

APPENDIX 1

**MOPAC: RESIDENTIAL RENTAL CHARGES**

**RESIDENTIAL QUARTERS - CURRENT RENTS FROM 1 APRIL 2016**

*Increase from previous year:*

	5.71%	5.39%	5.13%	Average 5.41%
<b>COUNCIL TAX BAND</b>	<b>2 BEDROOMS</b>	<b>3 BEDROOMS</b>	<b>4 BEDROOMS</b>	<b>Average Private House+Flat Rents *1 (Not by Council Tax Band)</b>
	<b>Monthly £</b>	<b>Monthly £</b>	<b>Monthly £</b>	<b>London Monthly £</b>
<b>A - D</b>	566.50	643.00	674.50	2 Bed - £2,572.00 3 Bed - £4,781.00 4 Bed - £7,833.00
<b>E</b>	690.00	783.50	817.00	<b>Westminster Monthly £</b>  2 Bed - £4,801 3 Bed - £8,217.00 4 Bed - £10,209.00
<b>F</b>	810.00	924.50	969.50	
<b>G</b>	943.50	1065.50	1122.00	
<b>H</b>	1131.00	1281.50	1346.50	

\*1 data from [www.zoopla.co.uk](http://www.zoopla.co.uk)

**CURRENT SECTION HOUSE RENTS : 1 APRIL 2016**

*Increase from previous year:*

	5.41%	5.41%	5.41%	Average 5.41%
<b>PERSONNEL</b>	<b>Overnight £</b>	<b>Weekly £</b>	<b>Monthly £</b>	<b>Average *2 University Student Accommodation £537 per month</b>
<b>Police Officers and Staff</b>	35.00	134.00	579.00	<b>Key worker *3 shared type accommodation Monthly cost from £610 upwards</b>

\*2 data from National Union of Students

\*3 data from London Housing Associations

APPENDIX 2

**RESIDENTIAL QUARTERS - PROPOSED RENTS FROM  
1 APRIL 2017 - BASED ON SOCIAL HOUSING MARKET COMPARABLES**

*Proposed  
increase this  
year:*

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

\*1 data from  
[www.zoopla.co.uk](http://www.zoopla.co.uk)

**SECTION HOUSE RENTS : 1 APRIL 2017**

*Proposed  
increase this  
year:*

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

\*2 data from National Union of  
Students

\*3 data from Homes and  
Communities

