

Average Weekly Rents - Actual, Formula and Rent Restructuring

Number of Bedrooms	Current Number of WDC Homes	2013/14 F Average Formula 'Target' Rent	2013/14 L Average Capped Formula 'Target' Rent	2013/14 U Average Unconst- -rained Rent	2013/14 R Constrained Rent per Government Formula	2013/14 A Actual Average Weekly Rent	2014/15 F Average Formula 'Target' Rent	2014/15 L Average Capped Formula 'Target' Rent	2014/15 U Average Unconst- -rained Rent	2013/14 R Constrained Rent per Government Formula	2014/15 A Proposed Average Weekly Rent	2014/15 Difference between Capped Formula Rent (L) and Proposed Rent (A)		2014/15 Proposed Average Increase in Weekly Rent	
0 Bedroom	83	£66.20	£66.20	£64.37	£64.09	£62.09	£68.65	£68.65	£67.70	£66.13	£64.32	£4.33	6.72%	£2.23	3.59%
1 Bedroom	1,433	£81.18	£81.18	£78.99	£78.62	£75.74	£84.19	£84.19	£83.05	£80.49	£78.67	£5.52	7.01%	£2.93	3.87%
2 Bedroom	1,990	£88.77	£88.77	£86.73	£85.99	£83.43	£92.05	£92.05	£91.00	£88.45	£86.33	£5.72	6.62%	£2.91	3.48%
3 Bedroom	1,964	£101.66	£101.66	£99.19	£98.07	£94.14	£105.43	£105.42	£104.14	£99.60	£97.72	£7.71	7.89%	£3.57	3.79%
4 Bedroom	57	£113.50	£113.50	£110.53	£107.56	£102.62	£117.70	£117.70	£116.16	£108.37	£106.62	£11.08	10.39%	£4.00	3.90%
5 Bedroom	4	£157.91	£153.30	£151.28	£122.20	£115.91	£163.75	£159.41	£160.31	£122.20	£120.47	£38.94	32.33%	£4.56	3.93%
Average	5,531	£91.35	£91.34	£89.11	£88.29	£85.14	£94.73	£94.72	£93.57	£90.24	£88.29	£6.43	7.28%	£3.15	3.70%

F Formula 'Target' Rent

This is the rent that the current national rent restructuring formula is moving towards. Formula Rent is calculated based upon a national formula set out by Central Government, which is intended to ensure that the rent for similar socially rented homes in an area are equivalent, regardless of who the landlord is. Every year it is increased by the value of RPI (Retail Prices Index) inflation plus an additional 0.5%. From 2015/16 Central Government propose to change this to CPI (Consumer Prices Index) inflation plus an additional 1% typically this will be a lower increase.

L Capped Formula 'Target' Rent

Under Rent Restructuring, the maximum social rent that can be charged for a home is capped based on the number of bedrooms. Every year these caps are increased by the value of RPI inflation + 1.0%; from 2015/16 CPI + 1.5% is proposed. Capped Formula 'Target' Rent is the lower of the Formula 'Target' Rent and the current 'Cap'.

U Unconstrained Rent

This is the rent that would be charged under rent restructuring if there were no caps on maximum rent or limits on annual increases. It is calculated based upon moving from the Actual Rents charged in 2002 to the Formula Rent in a number of steps. The target for converging with Formula Rent is currently 2015/16; however the proposed rent formula Central Government are currently consulting on effectively ends rent restructuring one year early, meaning rents will never converge through rent restructuring.

R Constrained Rent

This is the rent that Central Government expect the Council to charge, increasing current rents in line with rent restructuring policy. Constrained rent is lower than Unconstrained rent partly due to the full rent increase not being implemented in previous years, and partly due to caps and limits built into the rent restructuring formula: The maximum annual rent increase is limited to RPI + 0.5% + £2. From 2015/16 rent setting Central Government propose to amend this maximum increase to CPI + 1%, with no capacity to move rents for current tenants towards formula rent, or 'phase in' increases over several years.

A Actual Weekly Rent

This is the weekly rent the Council chooses to charge to tenants. It is the intention of Central Government that all social rents should be set with regard to the rent restructuring formula. However it is not mandatory. The proposed rents have been calculated in line with the rent restructuring formula and formula rent, but weighted to give a lower rent increase.