

REPORT TO: HOUSING COMMITTEE - 29 OCTOBER 2012
REPORT ON: REVIEW OF RENTS AND OTHER HOUSING CHARGES 2013/14
REPORT BY: DIRECTOR OF HOUSING
REPORT NO. 394-2012

1. PURPOSE OF REPORT

- 1.1. To seek approval to consult with tenants on the proposed rent increase and other related charges for 2013/14.

2. RECOMMENDATIONS

- 2.1. It is recommended that Committee:

- (i) approve that the Director of Housing be instructed to consult with tenants on the proposed options for the rent increase and other charges for 2013/14 as contained within this report;
- (ii) note that estimated rent increases for 2014/15 and 2015/16 will be included in the consultation document to tenants to provide an indication of future rent levels.
- (iii) note that these proposals were discussed with Dundee Federation of Tenants Association on Thursday, 20 September, 2012.

3. FINANCIAL IMPLICATIONS

- 3.1. The Housing Revenue Account cannot be subsidised by any other Council fund. The options being provided to tenants on the 2013/14 rent levels, along with the proposed review of rents and charges, will result in the 2013/14 Housing Revenue Account being self-balancing.

The three options being consulted on allow for the delivery of the Scottish Housing Quality Standard by 2015.

4. MAIN TEXT

The 2013/14 Budget [Appendix 1] has been calculated to ensure sufficient income is in place so that current service standards can be maintained, and continued progress made in achieving the Scottish Housing Quality Standard by 2015,

Rent Options

- 4.1. Inflation has been calculated using a basket of indices comprising the retail price index, the producer prices index and pay awards. The inflation rate using this basket of indices is 3.24%. All charges are based on a 52 week period. The options being provided to tenants are:

% Increase	Average Weekly Increase	Impact on Service Delivery
5.0%	£3.15	Delivery of the Scottish Housing Quality Standard Current Service Standards Maintained.
5.25%	£3.31	Delivery of the Scottish Housing Quality Standard Current Service Standards Maintained £100k additional income used to finance energy efficiency measures
5.5%	£3.47	Delivery of the Scottish Housing Quality Standard Current Service Standards Maintained £100k additional income used to finance energy efficiency measures Three additional Energy Adviser Posts to support tenants on maximising income and reducing energy bills

It is proposed that the maximum weekly increase will be capped at £4.00 for the 5.0% increase, £4.25 for the 5.25% increase, and £4.50 for the 5.5% increase.

Other Charges

- 4.2. The consultation process will also include details relating to other Housing Charges which are proposing the following increases:
- (i) the sheltered housing budget for 2013/14 shows a breakeven position based on current charges of £26.94 per week, however we will consult sheltered tenants on increasing the charge by 50p per week to £27.44. The additional income would allow the upgrade of a number of sheltered complexes.
 - (ii) the communal cleaning charge be increased by 5p per week to £1.50.
 - (iii) the electricity charge for Brington Place and Baluniefield Sheltered Housing are increased by 25p per week to £7.00 and £7.70 for 2013/14.
 - (iv) charges for Car Parking facilities remain at their current levels with no proposed increase:
 - Garage Lock Ups £9.50 per week;
 - Garage Sites £2.75 per week.

- (v) the charge for the travelling people's site to increase by £2.60 per week.

Future Rent Increases

- 4.3. Information will be provided to tenants on future increases from 2014 to 2016. The estimates are based on our current forecasts and assumptions and may change in line with external factors such as inflation and interest rates movements.

The two year projections shown below assume land receipts as outlined in the Five Year Housing Capital Plan 2011/12 to 2015/16 approved by Policy and Resources Committee on 24th January 2011:

- > 2014/15 = 4.0% increase;
- > 2015/16 = 4.0% increase.

Consultation

- 4.4. The Housing Department propose to further consult tenants on the proposals by posting the details as to how and when to comment as follows:

- local Community Events Planned through November and December
- information will be provided on public information boards in Council Offices;
- information will be displayed on the Council's Website;
- information will be issued to all Registered Tenants' Organisations;
- information will be included in the Housing News.

Following the consultation period and having regard to the proposals and the views expressed during the consultation, there will be a report to Housing Committee on 28 January, 2013.

5. POLICY IMPLICATIONS

This report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Equality Impact Assessment and Risk Management.

An Equality Impact Assessment has been carried out and will be made available on the Council Website <http://www.dundecity.gov.uk/equanddiv/equipact/>.

6. CONSULTATIONS

- 6.1. The Chief Executive, Director of Corporate Services and the Head of Democratic and Legal Services have been consulted and are in agreement with the contents of this report.

7. BACKGROUND PAPERS

7.1. Equality Impact Assessment.

ELAINE ZWIRLEIN
DIRECTOR OF HOUSING

OCTOBER, 2012

<u>HOUSING REVENUE ACCOUNT</u>			
		Final	Provisional
		Revenue	Revenue
		Budget	Budget
		2012/13	2013/14
		£000	£000
<u>EXPENDITURE</u>			
STAFF COSTS			
Salaries and Wages (incl NI and Supn)			
Chief Officials		352	354
Local Government Employees	Note 2	10,774	10,589
Supplementary Superannuation Charges		85	90
Staff Training		80	50
TOTAL STAFF COSTS		11,291	11,083
PROPERTY COSTS			
Rents		425	417
Non Domestic Rates		367	355
Property Insurance		667	667
Repairs and Maintenance		10,866	10,872
Health and Safety Contracts		130	130
Energy Costs		629	654
Fixtures and Fittings		40	42
Cleaning Costs		53	44
Security Costs		200	200
Lost Rents and Bad Debts		1,575	1,558
Open Space Maintenance		837	855
TOTAL PROPERTY COSTS		15,789	15,794
SUPPLIES & SERVICES			
Equipment and Furniture		71	77
Liabilities Insurance		658	658
Clothing, Uniforms and Laundry		7	5
Printing, Stationery and General Office Expenses		156	150
Professional Fees		96	94
Postages, etc		68	69
Telephones		115	111
Storage		125	127
Bed & Breakfast		8	6
Other Supplies and Services		293	341
TOTAL SUPPLIES & SERVICES		1,597	1,638

TRANSPORT COSTS			
Repairs and Maintenance and Other Running Costs		17	17
Transport Insurance		2	2
Car Allowances		77	74
TOTAL TRANSPORT COSTS		96	93
THIRD PARTY PAYMENTS			
Voluntary Organisations		71	71
TOTAL THIRD PARTY PAYMENTS		71	71
SUPPORT SERVICES			
Recharge from Central Support Departments		1,725	1,727
TOTAL SUPPORT SERVICES		1,725	1,727
CAPITAL FINANCING COSTS			
Loan Repayments		9,564	11,067
Loan Interest		8,572	8,767
Loans Fund Expenses		102	124
Leasing Charges		396	96
TOTAL CAPITAL FINANCING COSTS	Note 1	18,634	20,054
PLANNED MAINTENANCE		3,840	3,790
TOTAL GROSS EXPENDITURE		53,043	54,250
INCOME			
Internal Recharge to Other Housing		970	961
Fees and Charges		2,873	2,858
Rents		44,684	43,863
Contribution from Insurance Fund		200	200
Interest		10	10
Sheltered Housing Management Charge		2,778	2,772
Other Income		1,528	1,461
TOTAL INCOME		53,043	52,125
TOTAL NET EXPENDITURE		0	2,125

Note 1 - If the option of a 5.25% increase is chosen Loan Charges would increase by a further £100k to £20.154m with a total net expenditure figure of £2.225m.

Note 2 - If the option of a 5.5% increase is chosen, in addition to the increase in loan charges, Salary Costs would increase to 10.689m with a total net expenditure of £2.325m.