

City Chambers
DUNDEE
DD1 3BY

17th January, 2011

Dear Sir or Madam

**HOUSING, DUNDEE CONTRACT SERVICES AND ENVIRONMENT
SERVICES COMMITTEE - 24TH JANUARY, 2011**

I refer to the agenda issued in respect of the above and would advise you of the undernoted amendment. Apologies for any inconvenience caused.

Yours faithfully

DAVID K DORWARD

Chief Executive

Members are reminded that, in terms of The Councillors Code, it is their responsibility to make decisions about whether to declare an interest in any item on this agenda and whether to take part in any discussions or voting.

This will include all interests, whether or not entered on your Register of Interests, which might be perceived as influencing your opinion/vote on any matter.

AGENDA OF BUSINESS

1 REVIEW OF RENTS AND OTHER HOUSING CHARGES

(Report No 31-2011 by Director of Housing).

The following sentence is added to paragraph 2.1(v):-

On a reference to Article I of the minute of the meeting of the Housing Committee of 20th March, 2006, it is recommended that the phasing out of the sheltered abatements be continued in 2011/12. The impact in 2011/12 to tenants will be a further 50p per week.

City Chambers,
DUNDEE.
DD1 3BY

14th January, 2011

Dear Sir or Madam,

You are requested to attend a MEETING of the **HOUSING, DUNDEE CONTRACT SERVICES AND ENVIRONMENT SERVICES COMMITTEE** to be held in City Chambers, Dundee on Monday, 24th January, 2011 following the meetings of the Education, City Development, Social Work and Health and Policy and Resources Committees called for 6.00 pm.

Yours faithfully,

DAVID K DORWARD,

Chief Executive.

Members are reminded that, in terms of The Councillors Code, it is their responsibility to make decisions about whether to declare an interest in any item on this agenda and whether to take part in any discussions or voting.

This will include all interests, whether or not entered on your Register of Interests, which might be perceived as influencing your opinion/vote on any matter.

AGENDA OF BUSINESS

1 REVIEW OF RENTS AND OTHER HOUSING CHARGES 2011/2012

(Report No 31-2011 by Director of Housing enclosed).

**REPORT TO: HOUSING, DUNDEE CONTRACT SERVICES AND
ENVIRONMENT SERVICES COMMITTEE – 24 JANUARY 2011**

REPORT ON: REVIEW OF RENTS AND OTHER HOUSING CHARGES

REPORT BY: DIRECTOR OF HOUSING

REPORT NO: 31-2011

1. PURPOSE OF REPORT

1.1. The purpose of this report is to set out the proposed rent and other charges for the financial year 2011/2012.

2. RECOMMENDATIONS

2.1. It is recommended that the Committee agree:

- (i) rents be increased by 4.5% which is equal to £2.59 per week (£2.81 - 48 week basis) on average subject to maximum increase of £3.25 from 4 April 2011.
- (ii) the Service Charge for the Concierge Service remains unchanged from 4 April 2011.
- (iii) charges for Car Parking facilities be increased as follows from 4 April 2011:
 - Garage Lock Ups by 46p to £8.77 per week (50p to £9.50 - 48 week basis).
 - Underground Parking Bay by 23p to £2.54 per week (25p to £2.75 - 48 week basis).
 - Garage Sites by 23p to £2.54 per week (25p to £2.75 - 48 week basis).
- (iv) heating charges for the sheltered housing accommodation at Brington Place be increased by 25p per week to £6.75 and Baluniefield by 25p per week to £7.45.
- (v) the Sheltered Housing service charge be increased by 50p to £26.94(54p to £29.19 - 48 week basis) for the financial year 2011/12.
- (vi) the rent for the Travelling People's Site be increased by £1.70 per week to £58.38(£1.84 to £63.24 - 48 week basis) for the financial year 2011/12.
- (vii) charges for the provision of Homeless Temporary Accommodation be increased by 4% for the financial year 2011/12.
- (viii) the level of rents held on the Housing Revenue Account be similarly applied to Miscellaneous houses i.e the properties which are leased to the Richmond Fellowship and garage sites, subject to categorisation where appropriate.

3. **FINANCIAL IMPLICATIONS**

- 3.1. The Housing Revenue Account cannot be subsidised by any other fund. Approval of the proposed Housing Revenue Account Revenue Budget for 2011/2012, along with the above proposed review of rents and charges, will result in the 2011/2012 Housing Revenue Account being self-balancing.

The proposed rent increase is in line with the Scottish Housing Quality Standard submission.

4. **RENT REVIEW**

RENT LEVEL 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 calculated using the September indices each year to ensure that an annual increase is reflected in the rent report.

This produced an inflation + 1% rate of 4.7%. The October and November 2010 basket of indices + 1% would both provide figures of 4.6%. The recommended rent increase is necessary to meet increased SHQS spend, an increase in spend on Planned Maintenance to reduce the cycle from the current 10 years to 8 years and an enhanced relet standard to ensure all our properties which are being allocated meet our tenants needs.

- 4.2. Local Authorities are required to review rents and make such charges, either of rents generally or of particular rents, as circumstances may require.

When determining standard rents to which the Housing Revenue Account relates, a Local Authority should not take into account the personal circumstances of tenants. There is no statutory limit on the amount by which Council house rents can be increased but account must be taken of the requirements of the Prudential Borrowing Regime. If any surplus accrues to the Housing Revenue Account it will be retained for Housing Revenue Account purposes.

- 4.3. The proposed Revenue Budget for the Housing Revenue Account is attached in Appendix 1. The main budget changes are detailed below:
- (a) Capital Financing Costs - the provision for Loan Charges has been increased by £556,261. This reflects increased borrowing within the Prudential Framework.
 - (b) Repairs and Maintenance - the sum for Repairs and Maintenance, including relets, has been adjusted as in previous years to reflect the condition and maintenance requirements of the remaining Council stock. The £10,757,081 allocated allows for application of Best Value criteria.
 - (c) The budget for the Sheltered Housing Warden Service shows a breakeven position.
- 4.4. Reductions in stock through sales and demolitions continue to affect the income to the Department. Rental income for the year 2011/2012 is projected at £40,476,631 a reduction of £229,428.

RELATIONSHIPS OF RENTS TO GAV

- 4.5. Rents in Dundee are fixed in relation to percentages of the Gross Annual Values. The Gross Annual Value (GAV) is intended to reflect the rent which the house might be expected to attract on the open market in ideal circumstances where there is neither a glut nor a shortage of accommodation. In these circumstances, the GAV can be assumed to have taken account of the size, type and age of the house, the area of location and amenity value.

This basis has been accepted as reasonably fair and rents calculated and applied in this way maintain, generally, the proper differentials and spread the burden of increased costs over the properties in relation to the independently assessed value of the accommodation and amenity enjoyed by them.

- 4.6. Rents in Dundee were last increased on 5 April 2010 to 436.5% of GAV. In previous reviews, where the GAV of a particular house was relatively high it was felt desirable to restrict the amount of any increase to a certain maximum level to prevent undue hardship to the tenants concerned. The maximum recommended for 2011/2012 is £3.25 based on 456.5% of GAV.

SERVICE CHARGES

- 4.7. The income from the concierge services will cease during 2011/12 as a result of the redeployment of staff and the use of Profile Security Services to deliver services prior to the planned demolition of the Derby Street multis.

RECOVERY OF RENT

- 4.8. The rent increase will be recovered as follows:

Council Tenants	£ 594,266
Council Tax/General Fund	£ 60,327
Housing Benefit	<u>£ 1,146,213</u>
	£ 1,800,806

- 4.9. Approximately 67% of Council Tenants are eligible for Housing Benefit and the rent increase for these tenants will be covered through the Benefit system.

CAR PARKING

- 4.10. Legislation requires that income derived from facilities provided for car parking be sufficient to meet the expenditure incurred in providing them. When conducting a review of these charges it is also necessary to consider the effect of implementing the charges and the amount of income generated by the increase. In order to meet the requirement for repairs to garage lock ups and to comply with legislation it is necessary to increase charges as follows:

- Garages/Lock-Ups up by 50p to £9.50 per week.
- Underground Parking Bays up by 25p to £2.75 per week.
- Garage Sites up by 25p to £2.75 per week.

HOMELESS TEMPORARY ACCOMMODATION

- 4.11 To meet current and estimated future costs of the service the following weekly charges are proposed :

	Apartment Size				
	1	2	3	4	5
Lily Walker Centre	£190.53				
Supported Complex		£220.95			
Network Flats	£83.61	£209.94	£312.48	£423.68	£533.31
Red Admiral Court		£316.99		£526.94	
Reid Square			£486.17	£611.99	

All charges are shown on a 48 week basis. Where no charge is shown no facility of the type is available at this time.

OTHER CHARGES

- 4.12 It is proposed that the following charges are maintained at their current rates:

Multi-Storey Laundrette Charges:

Auto Wash - £1.90 per week

Tumble Drier - £1.10 per week

Cabinet Drier - £1.10 per week

Stair Cleaning Charges - £1.45 per week

Status Enquiry Fees - £30 each

CONCLUSION

- 4.13 The proposed rent increase will ensure sufficient financial resource is in place to deliver the Scottish Housing Quality Standard, along with an improvement in the standard of relet properties and reducing the current 10 year cycle for planned maintenance to 8 years.

The recommendation for the rent increase supports the outcome of the consultation exercise.

5. POLICY IMPLICATIONS

- 5.1. This report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Equality Impact Assessment and Risk Management.
- 5.2. An Equality Impact Assessment has been carried out and will be made available on the Council Website <http://www.dundee.gov.uk/equanddiv/equipact/>

6. CONSULTATIONS

- 6.1. The Chief Executive, Depute Chief Executive (Support Services), Assistant Chief Executive, Director of Finance and all other Chief Officers have been consulted in the preparation of this report.

- 6.2. Under the terms of Section 25(4) of the Housing (Scotland) Act 2001, tenants must be consulted on any proposed increase in rents or other service charges, the likely effect on the tenant and regard must be given to the representations made.

To meet this requirement the Housing Department opened consultation on 1st November 2010 and issued a rent bulletin to all Council tenants. The rent bulletin outlined the proposed rent increases and justification for each of these. Information on the proposed increases for other housing related charges was also included. In addition to the rent bulletin three drop in events were held in November to provide tenants with a forum for asking staff any questions about the rent or other housing charges. The drop in events were advertised in the local press and radio and posters were displayed in Housing Offices.

Staff were also in attendance from Housing Benefits and Council Tax, Dundee Energy Efficiency Advice Project (DEEAP), Discovery Credit Union, Welfare Rights and Brooksbank Money Advice. In addition, Hearty Lives offered free health checks to tenants.

The consultation process allowed for tenants to provide comments on the proposals by a range of options - letter, email, online survey and text.

The consultation process was open for a two month period closing on 31st December 2010. Appendix 2 outlines the findings from the consultation exercise.

A total of 428 responses were received which was an increase of 306 compared to 2010/11 consultation.

7. **BACKGROUND PAPERS**

- 7.1. Equality Impact Assessment.

ELAINE ZWIRLEIN
DIRECTOR OF HOUSING

JANUARY 2011

HOUSING REVENUE ACCOUNT
REVENUE BUDGET 2010/2012

		Final Revenue Budget 2010/11 £000	Provisional Revenue Budget 2011/12 £000
<u>EXPENDITURE</u>			
STAFF COSTS			
Salaries and Wages(incl NI and Supn)			
Chief Officials		342	347
Local Government Employees	Note 1	11,570	11,037
Supplementary Superannuation Charges		65	77
Staff Training		157	110
TOTAL STAFF COSTS		12,134	11,571
PROPERTY COSTS			
Rents		499	465
Non Domestic Rates		370	371
Property Insurance		672	672
Repairs and Maintenance		10,586	11,151
Health and Safety Contracts		125	125
Energy Costs		556	584
Fixtures and Fittings		80	77
Cleaning Costs		61	56
Security Costs		0	200
Lost Rents and Bad Debts		1,671	1,676
Open Space Maintenance		837	837
TOTAL PROPERTY COSTS		15,457	16,214
SUPPLIES & SERVICES			
Equipment and Furniture		149	141
Liabilities Insurance		660	660
Clothing, Uniforms and Laundry		10	18
Printing, Stationery and General Office Expenses		163	172
Professional Fees		92	92
Postages, etc		72	73
Telephones		124	128
Storage		130	130
Bed & Breakfast		15	10
Other Supplies and Services		185	247
TOTAL SUPPLIES & SERVICES		1,600	1,671

TRANSPORT COSTS

Repairs and Maintenance and Other Running Costs	21	16
Transport Insurance	2	2
Car Allowances	76	77
TOTAL TRANSPORT COSTS	99	95

THIRD PARTY PAYMENTS

Voluntary Organisations	73	73
TOTAL THIRD PARTY PAYMENTS	73	73

SUPPORT SERVICES

Recharge from Central Support Departments	1,764	1,775
TOTAL SUPPORT SERVICES	1,764	1,775

CAPITAL FINANCING COSTS

Loan Repayments	7,846	8,270
Loan Interest	7,726	7,854
Loans Fund Expenses	95	100
Leasing Charges	396	396
TOTAL CAPITAL FINANCING COSTS	16,063	16,620

PLANNED MAINTENANCE

	3,227	3,840
--	-------	-------

TOTAL GROSS EXPENDITURE

	50,417	51,859
--	--------	--------

INCOME

Internal Recharge to Other Housing	1,005	1,005
Fees and Charges	3,216	3,075
Rents	41,601	41,344
Contribution from Insurance Fund	207	207
Interest	10	10
Sheltered Housing Management Charge	2,684	2,741
Other Income	1,694	1,676
TOTAL INCOME	50,417	50,058

TOTAL NET EXPENDITURE

	0	1,801
--	---	-------

Note 1 - Staffing savings comprise APT & C £227k and concierge staff £257k

TENANT CONSULTATION

Consultation Process

The consultation process for the 2011/12 Rent increase ran from the 1st November 2010 to 31st December 2010. All tenants and tenants organisations registered with the Council received copies of the Rent Bulletin in early November 2010. The Rent Bulletin outlined three options for the 2011/12 rent increase and provided justification on each of these. In addition information on other housing charges such as Sheltered Warden Cost, Garage Lockup and Sites, Heating Charges and Travelling People Site Charges were included in the Rent Bulletin.

Three drop in events were held in November and were advertised on the Council Website, Local Press and Local Radio. The events were set up so tenants could ask staff any questions relating to the proposed charges and also included information stands from Housing Benefits and Council Tax, Dundee Energy Efficiency Advice Project (DEEAP), Discovery Credit Union, Welfare Rights and Brooksbank Money Advice. In addition Hearty Lives offered free health checks to tenants

The consultation process this year included different methods for tenants to provide comments and feedback on the proposed options which included Letter, Online Survey, Email and Text.

Posters indicating rent options were displayed in all Housing Offices.

Posters outlining proposed charges for sheltered warden were posted in all sheltered lounges and buildings and events were held in sheltered complexes.

All tenants were invited to indicate their agreement/disagreement and outline their reasons for their response. All tenant organisations registered with the council were also invited to submit their views on the rent level options.

Response from Tenants

Below is a summary of the responses received during the formal consultation exercise:

<u>Option</u>	<u>Increase Per Week</u>	<u>No of Tenants Who Confirmed Preference</u>	<u>% of Tenants</u>	
Rent Option 1	4.5% Avg £2.81	258	60%	
Rent Option 2	4.75% Avg £2.97	51	12%	
Rent Option 3	5.00% Avg £3.12	61	14%	
No Preference Stated		58	14%	
	Total	428	100%	
		<u>No of Tenants</u>	<u>% Agree</u>	<u>% Disagree</u>
Sheltered Warden	54p	269	41%	59%
Garage Lockups	50p	219	65%	35%
Garage Sites	25p	207	72%	28%
Heating Charges	25p	198	48%	52%
Travelling People Site	£1.84	220	75%	25%

Response from Tenant Organisations

Dundee Federation Tenants Association (DFTA) provided a response which indicated the following:-

- Do not have a position on the 4.5% and 4.75% increase as these do not appear too unreasonable within the current economic climate.
- DFTA could not support Option 3 - which was 5% increase

Forthill Tenants Association provided a response which indicated the following:

- Supported the option of a 4.5% increase however given the proposed changes in the benefit system many tenants who pay full rent will be worse off as will still be above the cut off point to be awarded any benefit.
- Disagreed with the proposed 54p per week increase on the sheltered warden service as this may become an issue for tenants who pay full rent and sheltered warden charge.

No other Registered Tenants Organisation has expressed a view on their preferred rent level.