

REPORT TO: HOUSING COMMITTEE - 28 OCTOBER 2013

REPORT ON: REVIEW OF RENTS AND OTHER HOUSING CHARGES 2014/15

REPORT BY: DIRECTOR OF HOUSING

REPORT NO. 433-2013

1. PURPOSE OF REPORT

- 1.1. To seek approval to consult with tenants on the proposed rent increase and other related charges for 2014/15.

2. RECOMMENDATIONS

- 2.1. It is recommended that Committee:

- (i) approve that the Director of Housing consult for a two month period with tenants on the proposed options for the rent increase for 2014/15.
- (ii) note that estimated rent increases for 2015/16 and 2016/17 will be included in the consultation document to tenants to provide an indication of future rent levels.
- (iii) agree that only the rent options which have been the subject of consultation with tenants over the 2 month period be used to set the 2014/15 Housing Revenue Account Budget and Rent and Other Housing Charges.

3. FINANCIAL IMPLICATIONS

- 3.1. The Housing Revenue Account cannot be subsidised by any other Council fund. The options which it is proposed to provide to tenants on the 2014/15 rent levels will result in the 2014/15 Housing Revenue Account being self-balancing.

The three options which it is proposed to provide to tenants allow for the delivery of the Scottish Housing Quality Standard by 2015.

4. MAIN TEXT

The 2014/15 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.

In preparing the budget the following assumptions have been made:

- (i) The provision for bad debts will increase by £640k to allow for the potential impact of the Welfare Reform changes.
- (ii) Loan Charges will increase by £110k to support £1.2m investment in the advancement of the energy efficiency programme.
- (iii) Planned Maintenance will increase by £269k to allow for the undertaking of additional urgent roof repairs and the legal requirement for electrical testing.

- (iv) The provision for homelessness will continue to break even.
- (v) The costs associated with Repairs and Maintenance (including Relets) will increase by inflation.
- (vi) A salary award of 1% will be made for 2014/15.

Rent Options

- 4.1. Inflation has been calculated using a basket of indices comprising the consumer price index, the producer prices index and pay awards. The September 2013 inflation rate using this basket of indices plus 1% is 2.76%. The options which it is proposed to provide to tenants are:

% Increase	Average Weekly Increase	Impact on Service Delivery
2.25%	£1.49	Delivery of the Scottish Housing Quality Standard Current Service Standards Maintained. £1.2m capital expenditure included to advance the energy efficiency programme.
2.50%	£1.66	Delivery of the Scottish Housing Quality Standard Current Service Standards Maintained. £1.2m capital expenditure included to advance the energy efficiency programme. Additional capital expenditure of £1.2m to restart the New Build Programme.
2.75%	£1.82	Delivery of the Scottish Housing Quality Standard Current Service Standards Maintained. £1.2m capital expenditure included to advance the energy efficiency programme. Additional capital expenditure of £2.4m to restart the New Build Programme.

It is proposed that the maximum weekly increase will be capped at £2.25 for the 2.25% increase, £2.50 for the 2.50% increase, and £2.75 for the 2.75% increase.

Other Charges

- 4.2 The consultation process will also include details relating to other Housing Charges which are being maintained at current level. All charges are based on a 52 week basis:-
- (i) the sheltered housing budget for 2013/14 shows a breakeven position based on current charges of £26.94 per week.
 - (ii) the communal cleaning charge remains at its current level of £1.34 per week.
 - (iii) the electricity charge for Brington Place and Baluniefield Sheltered Housing remain at their current level of £6.46 and £7.11 per week for 2014/15.

- (iv) charges for Car Parking facilities remain at their current levels with no proposed increase:
- Garage Lock Ups £8.77 per week;
 - Garage Sites £2.54 per week.

Future Rent Increases

- 4.3 Information will be provided to tenants on future increases from 2015 to 2017. 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 are based on current projected capital expenditure and capital receipts:

- > 2015/16 = 3.0% increase;
- > 2016/17 = 3.0% 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 27 January, 2014.

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 is attached.

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**

None.

ELAINE ZWIRLEIN
DIRECTOR OF HOUSING

OCTOBER, 2013

APPENDIX 1

<u>HOUSING REVENUE ACCOUNT</u>			
		Final Revenue Budget 2013/14 £000	Provisional Revenue Budget 2014/15 £000
<u>EXPENDITURE</u>			
STAFF COSTS			
Salaries and Wages (incl NI and Supn)			
Chief Officials		354	358
Local Government Employees		10,589	10,480
Supplementary Superannuation Charges		90	100
Staff Training		50	50
TOTAL STAFF COSTS		11,083	10,988
PROPERTY COSTS			
Rents		417	340
Non Domestic Rates		355	338
Property Insurance		667	667
Repairs and Maintenance		10,872	11,096
Health and Safety Contracts		130	140
Energy Costs		654	632
Fixtures and Fittings		42	44
Cleaning Costs		44	35
Security Costs		200	140
Lost Rents and Bad Debts		1,558	2,092
Open Space Maintenance		855	864
TOTAL PROPERTY COSTS		15,794	16,388
SUPPLIES & SERVICES			
Equipment and Furniture		77	63
Liabilities Insurance		658	658
Clothing, Uniforms and Laundry		5	6
Printing, Stationery and General Office Expenses		150	146
Professional Fees		94	99
Postages, etc		69	72
Telephones		111	98
Storage		127	111
Bed & Breakfast		6	0
Other Supplies and Services		341	400
TOTAL SUPPLIES & SERVICES		1,638	1,653
TRANSPORT COSTS			
Repairs and Maintenance and Other Running Costs		17	15
Transport Insurance		2	2
Car Allowances		74	56

TOTAL TRANSPORT COSTS		93	73
THIRD PARTY PAYMENTS			
Voluntary Organisations		71	71
TOTAL THIRD PARTY PAYMENTS		71	71
SUPPORT SERVICES			
Recharge from Central Support Departments		1,727	1,636
TOTAL SUPPORT SERVICES		1,727	1,636
CAPITAL FINANCING COSTS			
Loan Repayments		11,067	11,419
Loan Interest		8,767	8,436
Loans Fund Expenses		124	127
Leasing Charges		96	0
TOTAL CAPITAL FINANCING COSTS	Note 1/2	20,054	19,982
PLANNED MAINTENANCE		3,790	4,058
<u>TOTAL GROSS EXPENDITURE</u>		54,250	54,849
<u>INCOME</u>			
Internal Recharge to Other Housing		961	905
Fees and Charges		2,858	2,796
Rents		45,988	45,729
Contribution from Insurance Fund		200	200
Interest		10	10
Sheltered Housing Management Charge		2,772	2,794
Other Income		1,461	1,418
<u>TOTAL INCOME</u>		54,250	53,852
<u>TOTAL NET EXPENDITURE</u>	Note 1/2	0	997

Note 1 - If the option of a 2.5% increase is chosen Loan Charges would increase by a further £110k to £20.092m with a total net expenditure figure of £1.097m.

Note 2 - If the option of a 2.75% increase is chosen, Loan Charges would increase by a further £220k to £20.202m with a total net expenditure figure of £1.207m.

DUNDEE CITY COUNCIL

Equality and Diversity Rapid Impact Assessment ToolPart 1

Date of assessment 30th September 2013	Title of document being assessed Committee Report on Proposed 2014/15 Rent Consultation
1) This is a new policy, procedure, strategy or practice being assessed (If yes please tick box) <input checked="" type="checkbox"/>	This is an existing policy, procedure, strategy or practice being assessed? (If yes please tick box) <input type="checkbox"/>
2) Please give a brief description of the policy, procedure, strategy or practice being assessed.	We have a duty to consult with our tenants on proposed rent levels. This paper outlines the options being consulted along with providing details of the type of consultation which we will be carrying out and ways for tenants to provide feedback/comments.
3) What is the intended outcome of this policy, procedure, strategy or practice?	To seek as many responses from tenants on the proposed rent levels
4) Please list any existing documents which have been used to inform this Equality and Diversity Impact Assessment.	Previous rent consultation exercises and other consultations which have taken place within the department.
5) Has any consultation, involvement or research with protected characteristic communities informed this assessment? If yes please give details.	No - we are seeking to complete our consultation on the proposed increased during November and December 2013
6) Please give details of council officer involvement in this assessment. (E.g. names of officers consulted, dates of meetings etc)	Gregory Colgan - Finance and Corporate Services Manager Nicola McGinty - Tenant Participation Officer
7) Is there a need to collect further evidence or to involve or consult protected characteristics communities on the impact of the proposed policy? (Example: if the impact on a community is not known what will you do to gather the information needed and when will you do this?)	No at present we are seeking to consult with tenants using the following ways:- <ul style="list-style-type: none"> - Open events being held in local communities - Survey available on line via web - Large Print and available in all languages - Posters and information in District Offices/Libraries and other Council Buildings - Sessions being held in Sheltered Complexes to gather tenants views - Attend meeting of the Dundee Federation of Tenants Associations (DFTA) - Issue correspondence and attend Registered Tenant Organisations (RTO) Raise awareness of the consultation with disability groups active in the city e.g Tayside Deaf Association, Deaf Links, Advocating Together,

	Dundee Blind and Partially Sighted Society etc. Forward Newsletter / information on consultation to the chairs of the DCC Equality Action Groups for requesting distribution to the groups membership.
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Part 2

Which protected characteristics communities will be positively or negatively affected by this policy, procedure or strategy?

NB Please place an X in the box which best describes the "overall" impact. It is possible for an assessment to identify that a positive policy can have some negative impacts and visa versa. When this is the case please identify both positive and negative impacts in Part 3 of this form.

If the impact on a protected characteristic communities are not known please state how you will gather evidence of any potential negative impacts in box Part 1 section 7 above.

	Positively	Negatively	No Impact	Not Known
Ethnic Minority Communities including Gypsies and Travellers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Gender	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Gender Reassignment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Religion or Belief	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
People with a disability	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Age	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Lesbian, Gay and Bisexual	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Socio-economic	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Pregnancy & Maternity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Other (please state)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Part 3

1) Have any positive impacts been identified? (We must ensure at this stage that we are not achieving equality for one strand of equality at the expense of another)	If yes please give further details As this is the consultation process no positive impacts have been identified
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<p>2) Have any negative impacts been identified? (Based on direct knowledge, published research, community involvement, customer feedback etc. If unsure seek advice from your departmental Equality Champion.)</p>	<p>If yes please give further details</p> <p>As this is the consultation process no negative impacts have been identified</p>
<p>3) What action is proposed to overcome any negative impacts? E.g. involving community groups in the development or delivery of the policy or practice, providing information in community languages etc. see Good Practice on DCC equalities web page</p>	<p>Please give further details</p>
<p>4) Is there a justification for continuing with this policy even if it cannot be amended or changed to end or reduce inequality without compromising its intended outcome? (If the policy that shows actual or potential unlawful discrimination you must stop and seek legal advice)</p>	<p>If yes please give further details</p>
<p>5) Has a 'Full' Equality Impact Assessment been recommended? (If the policy is a major one or is likely to have a major impact on protected characteristics communities a Full Equality Impact Assessment may be required) Seek advice from your departmental Equality Champion.</p>	<p>If yes please give further details</p>
<p>6) How will the policy be monitored? (How will you know it is doing what it is intended to do? e.g. data collection, customer survey etc.</p>	<p>Outcome of the consultation exercise will be reported to Housing Committee in January 2014 along with the proposal for 2014/15 rent increases.</p>

Part 4

Name of Department or Partnership: Housing

Type of Document

Human Resource Policy	<input type="checkbox"/>
General Policy	<input type="checkbox"/>

Strategy/Service	<input type="checkbox"/>
Change Papers/Local Procedure	<input type="checkbox"/>
Guidelines and Protocols	<input type="checkbox"/>
Other	<input checked="" type="checkbox"/>

Contact Information

Manager Responsible		Author Responsible	
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Signature of author of the policy: 2013	Date September
Signature of Director / Head of Service area: 2013	Date September
Name of Director / Head of Service:	Elaine Zwirlein
Date of next policy review:	