

REPORT TO: HOUSING COMMITTEE - 31 OCTOBER 2011

REPORT ON: REVIEW OF RENTS AND OTHER HOUSING CHARGES 2012/13

REPORT BY: DIRECTOR OF HOUSING

REPORT NO: 465-2011

1. PURPOSE OF REPORT

- 1.1. To seek approval to consult with tenants on the proposed rent increase and other related charges for 2012/13.

2. RECOMMENDATIONS

- 2.1. It is recommended that Committee:

- (i) approve the Director of Housing to consult for a two month period with tenants on the proposed options for the rent increase and other charges for 2012/13 which were discussed with the Dundee Federation of Tenants, Association on Thursday, 22 September, 2011;
- (ii) note that estimated rent increases for 2013/14 and 2014/15 will be included in the consultation document to tenants to provide an indication of future rent levels.

3. FINANCIAL IMPLICATIONS

- 3.1. The Housing [Scotland] Act 1987 notes that the Housing Revenue Account cannot be subsidised by any other Council fund, and that, in determining standard rents, the local authority shall take no account of personal circumstances of tenants. The options being provided to tenants on the 2012/13 rent levels, along with the proposed review of rents and charges, will result in the 2012/13 Housing Revenue Account being self-balancing.

The three options being consulted on allow for the delivery of the Scottish Housing Quality Standard, with option 1 being in line with the Scottish Housing Quality Standard Delivery Plan which was consulted and agreed with tenants in 2010.

4. MAIN TEXT

The 2012/13 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 September, 2011 inflation rate using this basket of indices is 5.76%. The options being provided to tenants are:

% Increase	Average Weekly Increase	Impact on Service Delivery
4.5%	£2.71	2249 houses upgraded to SHQS Standard. Efficiencies of £100k required within the repairs service.
4.75%	£2.86	2249 houses upgraded to SHQS Standard. Repairs Budget Maintained at current level.
5%	£3.01	2249 houses upgraded to SHQS Standard. Repairs Budget Maintained at current level. £100k additional income used to finance energy efficiency.

The Repairs Partnership will work to generate efficiencies in a number of ways such as Home Start for tradesman, reduction in time taken to complete jobs and through the benefits of the increased Planned Maintenance Programme.

It is proposed that the maximum weekly increase will be capped at £3.25 for the 4.5% increase, £3.50 for the 4.75% increase, and £3.75 for the 5.0% increase.

Other Charges

- 4.2. The consultation process will also include details relating to other Housing Charges which are proposing the following increases:
- (i) charges for Car Parking facilities remain at their current levels with no proposed increase:
 - Garage Locks Ups £9.50 per week;
 - Garage Sites £2.75 per week.
 - (ii) the sheltered housing budget for 2012/13 shows a breakeven position based on current charges of £26.94 per week with no proposed increase for 2012/13.
 - (iii) the electricity charge for Brington Place and Baluniefield Sheltered Housing remain at current levels of £6.75 and £7.45 per week with no proposed increase for 2012/13.
 - (iv) the charge for the Travelling People's Site to increase by £1.90 to £65.14 per week.

Future Rent Increases

- 4.3. Information will be provided to tenants on future increases from 2013 to 2015. 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 in line with the Scottish Housing Quality Standard Delivery Plan:

- > 2013/14 = 4.5% increase;
- > 2014/15 = 3.0% increase.

The rent increase projections are based on land receipts estimated at £13.4m for the period 2012-2015. If land receipts do not materialise then we will have to reduce costs in other areas or increase income.

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 sent to all Council tenants;
- information will be provided on public information boards in Housing Offices;
- information will be displayed on the Council's Website;
- information will be issues to all Registered Tenants' Organisations;
- Housing Bulletin and feedback form issued to all tenants in November.

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 23 January, 2012.

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.dundee.gov.uk/equanddiv/equipact/>.

6. CONSULTATIONS

- 6.1. The Chief Executive, Depute Chief Executive (Support Services), Director of Finance and all other Chief Officers have been consulted in the preparation of this report. No concerns were expressed.

7. **BACKGROUND PAPERS**

7.1. Equality Impact Assessment.

ELAINE ZWIRLEIN
DIRECTOR OF HOUSING

OCTOBER, 2011

APPENDIX 1HOUSING REVENUE ACCOUNTREVENUE BUDGET 2012/2013

	Final Revenue Budget 2011/12 £000	Provisional Revenue Budget 2012/13 £000
<u>EXPENDITURE</u>		
STAFF COSTS		
Salaries and Wages (incl NI and Superannuation)		
Chief Officials	347	347
Local Government Employees	11,037	10,779
Supplementary Superannuation Charges	77	85
Staff Training	110	80
TOTAL STAFF COSTS	11,571	11,291
PROPERTY COSTS		
Rents	465	425
Non Domestic Rates	371	367
Property Insurance	672	667
Repairs and Maintenance	11,151	10,866
Health and Safety Contracts	125	130
Energy Costs	584	629
Fixtures and Fittings	77	40
Cleaning Costs	56	53
Security Costs	200	200
Lost Rents and Bad Debts	1,676	1,575
Open Space Maintenance	837	837
TOTAL PROPERTY COSTS	16,214	15,789
SUPPLIES & SERVICES		
Equipment and Furniture	141	71
Liabilities Insurance	660	658
Clothing, Uniforms and Laundry	18	7
Printing, Stationery and General Office Expenses	172	156
Professional Fees	92	96
Postages, etc	73	68
Telephones	128	115
Storage	130	125
Bed & Breakfast	10	8
Other Supplies and Services	247	293
TOTAL SUPPLIES & SERVICES	1,671	1,597

TRANSPORT COSTS

Repairs and Maintenance and Other Running Costs	16	17
Transport Insurance	2	2
Car Allowances	77	77
TOTAL TRANSPORT COSTS	95	96

THIRD PARTY PAYMENTS

Voluntary Organisations	73	71
TOTAL THIRD PARTY PAYMENTS	73	71

SUPPORT SERVICES

Recharge from Central Support Departments	1,775	1,725
TOTAL SUPPORT SERVICES	1,775	1,725

CAPITAL FINANCING COSTS

Loan Repayments	8,270	9,564
Loan Interest	7,854	8,469
Loans Fund Expenses	100	102
Leasing Charges	396	396
TOTAL CAPITAL FINANCING COSTS	16,620	18,531

Note 1

PLANNED MAINTENANCE

3,840	3,840
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TOTAL GROSS EXPENDITURE

51,859	52,940
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INCOME

Internal Recharge to Other Housing	1,005	970
Fees and Charges	3,075	2,873
Rents	43,145	42,717
Contribution from Insurance Fund	207	200
Interest	10	10
Sheltered Housing Management Charge	2,741	2,778
Other Income	1,676	1,528
TOTAL INCOME	51,859	51,076

TOTAL NET EXPENDITURE

0	1,864
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Note 1 - If the option of a 4.75% increase is chosen Repairs & Maintenance would increase to £10.969m with a total net expenditure of £1.967m. If the option of a 5% increase is chosen, in addition to the increase in repairs, Loan Charges would increase to 18.634m with a total net expenditure of £2.070m.