

REPORT TO: HOUSING, DUNDEE CONTRACT SERVICES AND
ENVIRONMENT SERVICES COMMITTEE – 25 OCTOBER 2010

REPORT ON: REVIEW OF RENTS AND OTHER HOUSING CHARGES 2011/12

REPORT BY: DIRECTOR OF HOUSING

REPORT NO. 613-2010

1. PURPOSE OF REPORT

- 1.1. To seek approval to consult with tenants on the proposed rent increase and other related charges for 2011/12.

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 2011/12 which were discussed with the Dundee Federation of Tenants, Association on Thursday, 23 September, 2010;
- (ii) note that estimated rent increases for 2012/13, 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 Revenue Account cannot be subsidised by any other Council fund. The options being provided to tenants on the 2011/12 rent levels, along with the proposed review of rents and charges, will result in the 2011/12 Housing Revenue Account being self-balancing.

The base budget recommending a 4.5% increase is in line with the agreed Scottish Housing Quality Standard Delivery Plan.

4. MAIN TEXT

The 2011/12 Budget [Appendix 1] has been calculated to ensure sufficient income is in place so that services can be maintained and enhanced, which include progress in achieving the Scottish Housing Quality Standard by 2015, improving the quality of our void properties and maintaining our repairs services.

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 4.9%. The options being provided to tenants are:

% Increase	Average Weekly Increase	Impact on Service Delivery
4.5%	£2.59	3,284 houses upgraded as part of the SHQS Programme. Planned Maintenance Cycle reduced from 10 years to 8 years. Improved Relet Standard.
4.75%	£2.74	3,284 houses upgraded as part of the SHQS Programme. Planned Maintenance Cycle reduced from 10 years to 7.5 years. Improved Relet Standard.
5%	£2.88	3,284 houses upgraded as part of the SHQS Programme. Planned Maintenance Cycle reduced from 10 years to 7.0 years. Improved Relet Standard.

It is proposed that the maximum weekly increase will be capped at £3.25 for the 4.5% and 4.75% increase, and £3.50 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) the service charge for the Concierge Service remains unchanged from 4 April, 2011;
 - (ii) charges for Car Parking facilities be increased as follows from 4 April, 2011:
 - Garage Locks Ups by 50p to £9.50 per week;
 - Underground Parking Bays by 25p to £2.75 per week;
 - Garage Sites by 25p to £2.75 per week;
 - (iii) the sheltered housing budget for 2011/12 shows a breakeven position based on an increase of 50p per week in the service charge from 4 April, 2011. It is, therefore, proposed that the sheltered housing service charge for 2011/12 be increased by 50p to £26.94 per week for the financial year 2011/12.

- (iv) the electricity charge for Brington Place and Baluniefield Sheltered Housing Complexes increases by 25p to £6.75 per week.
- (v) the charge for the travelling people's site to increase by £1.84 per week to £63.24 to ensure continued levels of service are maintained.

Future Rent Increases

- 4.3. Information will be provided to tenants on future increases from 2012 to 2015. The estimates are based on our current forecast and assumptions and may change in line with external factors such as inflation and interest rates movements.

The three year projections are in line with those included within the Scottish Housing Quality Standard Delivery Plan:

- > 2012/13 = 4.5% increase;
- > 2013/14 = 4.5% increase;
- > 2014/15 = 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:
- information will be provided on public information boards in Housing Offices;
 - information will be displayed on the Council's Website;
 - information will be sent to all Council tenants;
 - information will be included in a public notice to be advertised in a local newspaper;
 - information will be issues to all Registered Tenants' Organisations;
 - Housing Bulletin and feedback form issues 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, Dundee Contract Services and Environment Services Committee on 24 January, 2011.

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), Assistant Chief Executive, Director of Finance and all other Chief Officers have been consulted in the preparation of this report.

7. BACKGROUND PAPERS

7.1. Equality Impact Assessment.

ELAINE ZWIRLEIN
DIRECTOR OF HOUSING

SEPTEMBER, 2010

APPENDIX 1**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 Superannuation)		
Chief Officials	342	347
Local Government Employees	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

Note 2	3,227	3,840
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TOTAL GROSS EXPENDITURE

50,417	51,859
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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

Note 2	0	1,801
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Note 1 - Staffing savings comprise APT & C £227k and concierge staff £257k

Note 2 - If the option of a 4.75% increase is chosen Planned Maintenance would increase to £3.94m with a total net expenditure of £1.901m. If the option of a 5% increase is chosen Planned Maintenance would increase to £4.04m with a total net expenditure of £2.001m.