

REPORT TO EXECUTIVE

PORTFOLIO AREA: HEALTH AND WELL-BEING

Date of Meeting: 15 OCTOBER 2001

Public

Key Decision: Yes

Recorded in Forward
Plan:

Yes

Inside Policy Framework

Title: HOUSING REVENUE ACCOUNT AND HOUSING GENERAL
FUND REVIEW OF CHARGES 2002/03

Report of: THE CITY TREASURER AND THE DIRECTOR OF HOUSING

Report reference: FINANCIAL MEMO 2001/02 NO 97 & H099/2001

Summary:

The report advises Members of the proposed increase in charges for Garage Rents, Careline, PDU Guest Rooms and Surcharges, Supporting People Charges, Individual Garden Maintenance and Hostel charges.

Recommendations:

It is recommended that all charges be increased in line with the Corporate Charging Policy i.e. 1% above inflation, with the exception of those listed below:

Garage rents be increased from 1 April 2002 in line with the rent increase applying to dwellings.

Careline charges for Council tenants be increased by 12.5% with effect from 1 April 2002.

Housing Visitor charges be increased by 49% from 1 April 2002.

A charge be introduced for individual garden maintenance of £2.66 per week to cover the expenditure incurred.

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1. BACKGROUND INFORMATION AND OPTIONS

1.1 This report considers HRA rents and charges for 2002/03 excluding dwelling rents which are to be considered by the Executive on 5 November 2001 as part of the HRA Estimate report. Hostel rents, which fall within the General Fund are also considered.

1.2 The report has been prepared in accordance with the principles set out under the Council's current Corporate Charging Policy.

1.3 The charges which have been reviewed are addressed separately below.

2. CORPORATE CHARGING POLICY

2.1 The Corporate Charging Policy that was approved by Policy and Resources on 30 August 2001 sets out an income target so as to produce an overall increase in income equal to inflation plus 1%.

2.2 Therefore, for 2002/03 each service is required to achieve a corporate target for income generation of 3.5% (RPI of 2.5% plus 1%) and the increases proposed have been set with this requirement in mind. In addition, the policy requires Service Managers to investigate the scope for charging for services that have not been traditional charging areas.

3. GARAGE RENTS

3.1 Garage rents were increased by the same percentage as dwelling rents in 2001/02 i.e. by 6.57% from £4.26 to £4.55. This should produce an income of £144,460 from the Council's stock of approximately 800 garages and garage sites.

3.2 From 1 April 2002 the DTLR intends to introduce rent restructuring. In the first year of rent restructuring, the Government has recommended that the average local authority rent increase be 1.5% above inflation.

3.3 The final decision on garage rents is normally taken as part of the budget process when it is anticipated that a clear understanding on the Governments proposals for rent restructuring will be available (consultation period ended on 8 October 2001).

4. CARELINE

4.1 The charge paid by Council tenants of Aged Persons Dwellings who have Careline installed in their property is currently £2.45 per week.

4.2 With the introduction of DTLR's rent restructuring regime on 1 April 2002 (where service charges must be separately identified and rent pooling of these phased out) and in order to reduce the deficit on this service it is proposed that a 12.5% increase be applied to Council tenants in 2002/03, with a similar increase in 2003/04. A full appraisal of the different charge levels is to be undertaken again as part of the budgetary process for 2003/04.

The table below sets out the current charges together with proposed increases:

Current Proposed %

Charge Charge Increase

£ £

Monitoring & Response (Private Sector) pw 3.95 4.09 3.5

Monitoring & Response (Council Tenants) pw 2.45 2.75 12.5

Monitoring only pw 2.45 2.54 3.5

Rental of Careline Telephone pw 2.30 2.38 3.5

Installation Charge one off 23.00 23.80 3.5

Purchase Administration Charge one off 34.50 35.70 3.5

The effect of these increases should yield additional income of £75,000 in 2002/03

5. PDU GUEST ROOM RENTS

5.1 The rent of guest rooms at Partial Dependency Units currently stands at £5.00. An increase in line with inflation would produce a charge of £5.18 per day. Income in 2000/01 amounted to £547.

6. PDU SURCHARGES (HEATING AND SERVICE CHARGES)

6.1 PDU Surcharges are normally uplifted each year in line with inflation. This would increase charges by 3.5% as follows:

2001/02 2002/03

Single Double Single Double

£ £ £ £

Arnisde Court, Freshfield Court,

Ladyseat, Morton Court, 10.31 15.42 10.67 15.95

Petteril House, York Court

Westhill House 8.43 12.23 8.72 12.65

Barras House 10.31 sml 15.42 10.67 15.95

14.11 lge 14.60 lge

PDU Surcharges are based upon a 48 week rent collection year.

7. SUPPORTING PEOPLE CHARGES

7.1 Listed below are the current charges on a 48 week basis together with the

proposed increases:

Current Proposed %

Charge Charge Increase

£ £

Council Tenants 3.50 7.00 100

Sheltered Housing 6.50 6.73 3.5

Very Sheltered Housing 13.95 14.44 3.5

Housing Visitor Service 0.74 1.10 49

The charges for Sheltered and Very Sheltered Housing have been increased in line with corporate charging policy. With regards the Housing Visitor Service where a 49% increase is proposed, this level of increase will not provide any additional income to the HRA but simply maintains the current deficit on the service in 2002/03 due to increased costs.

For vulnerable Council Tenants who would require additional levels of support to sustain their tenancies, the increase reflects an equalisation with charges being made in the social rented sector both locally and nationally. These charges are also affected by the DTLR's rent restructuring proposals which requires Councils' to move to cost effective service-specific charging.

8. INDIVIDUAL GARDEN MAINTENANCE

8.1 At present no charge is levied for this service and the costs are met from general HRA income. However with the introduction of DTLR's rent restructuring regime (where service charges must be separately identified and rent pooling of these phased out) and the advent of Supporting People it is recommended that a charge of £2.66 be levied for this service to cover the expenditure incurred. It should be noted that this charge would attract Housing Benefit during the transitional period before the introduction of Supporting People on 1 April 2003 and be eligible for grant under the Supporting People regime in the future.

9. HOSTELS

9.1 This service has in recent years had increases above the corporate policy levels to bring the rent more in line with other Social Housing providers.

9.2 A review of the service provided by both the John Street and the London Road hostels is currently ongoing and until the review is completed it is recommended that the rents be increased in line with corporate guidance as detailed below:

Current Proposed

£ £

Single Person Rent 92.47 95.71

Supporting People 26.64 27.57

Other 21.63 22.39

140.74 145.67

per night 20.10 20.81

Family Rent 110.88 114.76

Supporting People 32.13 33.25

Other 27.93 28.91

170.94 176.92

per night 24.42 25.27

3. Based upon current occupancy levels the implementation of the above charges would generate an additional £10,500 for 2002/03.

10. CONSULTATION

Overview and Scrutiny as part of the budget process, together with raising the awareness with the Tenants' Federation over the impact of both Rent Restructuring and the Supporting People regime.

11. STAFFING/RESOURCES COMMENTS

Not applicable

12. FINANCIAL COMMENTS

Included within the main body of the report.

The introduction of the charges proposed above is forecast to produce additional income of £145,950 in 2002/03 for the HRA and an additional £10,500 for the General Fund and this is summarised in the table below.

| HRA | Original Estimate 2001/02 | Estimate 2002/03 | % increase |
|----------------------|--------------------------------------|-----------------------------|-----------------------|
| Garages | 144,460 | 144,460 | |
| Careline | 537,000 | 612,000 | |
| PDU Guest Rooms | 0 | 570 | |
| PDU Surcharges | 83,370 | 89,000 | |
| Supporting People * | 109,000 | 110,000 | |
| Garden Maintenance * | 0 | 63,750 | |
| TOTAL | 873,830 | 1,019,780 | 16.7% |

| GENERAL FUND | Original Estimate 2001/02 | Estimate 2002/03 | % increase |
|---------------------|--------------------------------------|-----------------------------|-----------------------|
| Hostels | 291,690 | 302,190 | 3.6% |

* Those charges which have been increased well in excess of inflation will need to be assessed and justified before they can be considered to be paid for Housing Benefit purposes.

13. LEGAL COMMENTS

Not applicable

14. CORPORATE COMMENTS

Not applicable

15. RECOMMENDATIONS

15.1 It is recommended that all charges be increased in line with the Corporate Charging Policy i.e. 1% above inflation, with the exception of those listed below:

15.2 Garage rents be increased from 1 April 2002 in line with the rent increase applying to dwellings.

15.3 Careline charges for Council tenants be increased by 12.5% with effect

from 1 April 2002.

15.4 Housing Visitor charges be increased by 49% from 1 April 2002.

15.5 A charge be introduced for individual garden maintenance of £2.66 per week to cover the expenditure incurred.

16. REASONS FOR RECOMMENDATIONS

To ensure that the City Council's Corporate Charging Policy requiring an increase in income of 3.5% for 2002/03 is complied with. Additionally where increases are above the corporate guidance this is as a consequence of both the introduction of Rent Restructuring on 1 April 2002 and in preparation for the Supporting People regime in 2003/04.

D THOMAS T BRAMLEY

City Treasurer Director of Housing

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|-------------------------|---------------|------------------|
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