

Committee:	Executive	Agenda Item No.:	10.
Date:	1 <sup>st</sup> February 2010	Status	Open
Category	Part of the Budget and Policy Framework		
Subject:	Housing Revenue Account Fees and Charges 2010/11		
Report by:	Director of Resources		
Other Officers Involved	Head of Finance and Revenues Head of Housing		
Director	Director Of Resources		
Relevant Portfolio Holder	Councillor E. Watts, Leader of the Council		

## RELEVANT CORPORATE AIMS

STRATEGIC ORGANISATIONAL DEVELOPMENT – to continually improve the efficiency and effectiveness of all Council Services by maximising the potential use of Council resources.

### TARGETS

The development of Policy Led Budgeting will help to inform future spending plans and assist in the delivery of annual efficiency gain targets.

### VALUE FOR MONEY

The Budget Process challenges existing spending levels and new spending proposals to ensure that resources are effectively used and directed towards the delivery of the Corporate Aims.

## Introduction

1. The meeting of the Executive on 4<sup>th</sup> January approved the increase in rents. Under the Rent Restructuring calculations for 2010/11, the range of rent changes range between a decrease of 1.46% (£1.21 per week) and an increase of 5.32% (£2.04 per week) with **an overall average of 3.65%**. The increase in 2009/10 was initially 7.04% before being reduced to 3.1%. This equates to an average weekly rent per dwelling of £63.03 (2009/10 Revised £60.87), based on 48 weeks.
2. The final aspect of the HRA budget to be formally approved is the future increases on fees and charges. PPMG 2 has reviewed Fees and Charges during the year and proposed that wherever possible, the Council should seek

to move as quickly as possible to a position where charges for such services reflect the cost of providing these services.

### **Heating costs**

3. Heating costs are currently subsidised to the value of £217,000, with less than 50% of the total cost being recharged to tenants.
4. The proposed increase in charges in 2010/11 is based on moving towards full charging over a ten year period, with work being done to reduce the heating costs by working with the tenants and introducing greater ability to control the heating by the tenants. It is expected this will generate £38,000 additional income. The charges for 2010/11 are shown below, based on a weekly charge over 48 weeks:

<b>Accommodation Types</b>	<b>2009/10</b>	<b>2010/11</b>
	<b>£</b>	<b>£</b>
Bedsit	5.01	5.90
1 bed flat	7.10	8.37
Wardens	13.24	15.60
1 bed bungalow	7.89	9.29
2 bed flat	10.49	12.36
2 bed bungalow	11.89	14.01

### **Special Services Charge**

5. Special Services Charge includes the costs incurred from living in a sheltered housing scheme; this includes heating and lighting of communal areas, a contribution to the cost of a warden, furniture to lounges, carpeting of communal areas, and cleaning. For 2010/11 it is proposed this will increase by £2.64 per week per tenant, and will increase income by £35,000, some tenants will have this covered by benefit payments. The costs of the service will also be reviewed to generate savings.

### **Lifelines**

6. The Council also offers a lifeline service to people who are not council tenants (i.e. Housing Association Tenants and Owner Occupiers). The table below details proposed levels of increase. The increase generates an additional £7,400 extra income.

### **Garages**

7. It is proposed to increase charges to garage related fees by the amount proposed in 2009/10 but not recommended for implementation. The increase generates approximately £13,680 in extra income for garages and £7,500 for garage sites.

## **Buggy Parking**

8. In 2009/10 Members considered a week charge of £2.50 for buggy parking but agreed to hold off this charge at that time. This option is brought before Members for a decision relative to 2010/11 charges. If a charge were made it would generate £1,680 in income.

## **Summary of charges**

9. The proposed increases are summarised below

a. Weekly Charges (48 weeks per year)

<b>Types of Charges</b>	<b>2009/10 £</b>	<b>2010/11 £</b>	<b>Increase £ / %</b>
Garages (Direct Debit)	6.00	6.50	£0.50 / 8%
Garages (other payment)	7.00	8.00	£1.00 / 14%
<b><u>Heating</u></b>			
Bedsit (Sheltered Scheme)	5.01	5.90	£0.89 / 18%
1 bed flat (Sheltered Scheme)	7.10	8.37	£1.27 / 18%
Wardens Flat (Sheltered Scheme)	13.24	15.60	£1.36 / 18%
1 bed bungalow	7.89	9.29	£1.40 / 18%
2 bed flat	10.49	12.36	£1.87 / 18%
2 bed bungalow	11.89	14.04	£2.15 / 18%
Static Warden – Self funded (actual cost of £20.44)	3.87	5.85	£1.98 / 51%
Mobile Warden - Self funded (actual cost of £4.84)	1.73	2.16	£0.43 / 25%
Special Services	3.53	6.17	£2.64 / 75%
Buggy Parking (including electricity) (New in 2010/11)	0.00	2.50	£2.50

b. Weekly Charges (52 weeks per year)

<b>Types of Charges</b>	<b>2009/10 £</b>	<b>2010/11 £</b>	<b>Increase £ / %</b>
Lifeline – pendant	3.30	3.50	£0.20 / 6%
Lifeline – Bronze Service	4.40	4.70	£0.30 / 7%
Lifeline – Gold Service	5.20	5.50	£0.30 / 6%

c. Annual Charge

<b>Types of Charge</b>	<b>2009/10 £</b>	<b>2010/11 £</b>	<b>Increase £ / %</b>
Garage plot	£96	£120	£24 / 25%

**Financial Impact**

10. A report to the Executive on 25<sup>th</sup> September 2006 recommended that the minimum working balance on the HRA should not fall below £1 million in order for the Council to position itself within the median value for other District Councils. The budget proposed seeks to reinstate this over a 3 year period. Increases in fees and charges will bring this achievement forward.
11. The report to the Executive in January indicated that the proposed HRA Budget for 2010/11 forecasts a minimum net operating surplus of £191,614, subject to any increases in fees and charges, bringing the working balance level up to £553,563. Approval of these charges will see the net operating surplus increase to £281,194 and the working balance to £643,143
12. Fees and charges agreed by the Executive will be reported to Scrutiny on 2<sup>nd</sup> February 2010.

**IMPLICATONS**

Financial: Increases in fees reduces varies subsidies within the HRA, increases the overall financial position of the HRA and generates awareness with tenants of the costs of the services they receive.

Legal: None

Human Resources: None

**RECOMMENDATION(S)**

1. That the proposed Housing Revenue Account budget for 2010/11 is approved.
2. That the proposed charges in respect of garages, garage plots, heating, special services, lifeline and warden services be agreed and recommended to Council.
3. That charging for buggy parking is introduced for 2010/11.
4. That consultation with tenants with district heating takes place to inform the setting of future fees and charges.

**REASON FOR DECISION**

The Council is required to consider increasing the level of the working balance.

ATTACHMENTS: Y  
FILE REFERENCE: None  
SOURCE DOCUMENT: Background papers held in Financial Services