



CAERPHILLY HOMES TASK GROUP (WHQS) - 21ST FEBRUARY 2013

SUBJECT: HOUSING REVENUE ACCOUNT CHARGES – 2013-2014

REPORT BY: DEPUTY CHIEF EXECUTIVE

1. PURPOSE OF REPORT

- 1.1 For Members of the Task Group to note the increased charges which are to be effective for the Housing Revenue Account in 2013-14.

2. SUMMARY

- 2.1 Members of the Task Group will be aware that the preparation of the Housing Revenue Account (HRA) budget is quite separate to the work involved in setting the General Fund Budget and Council Tax. There are a number of issues which impact upon the HRA that are outside the Council's control.
- The Welsh Government (WG) determines the annual guideline rent increases. The standard uplift policy for Local Authorities is based on the previous September RPI plus a 2% real increase in support of rent convergence. The previous September's RPI is 2.6% so the average increase for Wales is an indicative 4.6%. Unfortunately, final figures from WG, which includes Caerphilly's individual guideline rent, are yet to be confirmed but in order to ensure the Council's business plan remains viable; an increase of 4% is necessary.
 - For the last few years a housing benefit limitation scheme has been in existence
- 2.2 In order to meet the deadlines for advising tenants of increases in rents and other charges, the increases have to be determined and fully agreed by 18th February 2013. All charges must be formally agreed by this date or it will not allow sufficient time for notice of increase to tenants, which is a legal requirement, and this would result in a weekly loss of £32k in rent alone.
- 2.3 All charges including the original guideline rent increases are highlighted detailing the amount of additional income that would be generated if the proposed increases were implemented, along with the percentage of service users receiving benefit. It is important to note that not all of the additional income is controlled by the HRA, as there are some costs that are passed through to other service providers such as gas and electric providers.

3. LINKS TO STRATEGY

- 3.1 The recommendations within this report provide the council with additional income that will be utilised to supplement existing funding arrangements to provide management, repair and improvement of the housing stock. This funding is used to maximize the resources available to assist in meeting and maintaining the Welsh Housing Quality Standard (WHQS). The rent increase is applied equally to all tenants. The report therefore links to the following strategic

objectives:

- Improvement Plan 2009/12, Building Better Communities for All - *To improve the provision of housing for our tenants;*
- Community Strategy Living Environment Objective 1 – *Encourage the development and maintenance of high quality, well designed and efficient, sustainable homes and environments which can meet all needs;*
- People, Property & Places: A Local Housing Strategy for Caerphilly County Borough (2008/2013) Strategic Aim 6 – *Our aim is to provide good quality, well managed homes in communities where people want to live, and offer people housing choices which meet their needs and aspirations, and*
- The National Housing Strategy - Improving Lives and Communities - Homes in Wales (WG 2010) priority – *Provide housing-related advice, guidance and support, including financial and debt management advice, to help people stay in their homes and to help them to make best use of their income.*

4. THE REPORT

4.1 Rent Increase

4.1.1 For a number of years the WG have effectively determined the level of annual rent increases. As a result of the housing benefit limitation scheme, rent increases above Assembly guidelines do not produce extra income from tenants in receipt of housing benefit. This continues to be the case for 2013/14 even though rent rebate expenditure is no longer part of the HRA. Approximately 75% of tenants are in receipt of housing benefit.

4.1.2 The WG initial draft proposal for 2013/2014 of 4.6% as an All Wales average, is equivalent to a 4% increase for Caerphilly, (£3.00 on a 48 week basis). Based on our current average rent, this equates to just over £1.5 million (excluding voids) of additional rental income. Draft details have not been provided at this stage by WG of the guideline rent increases for each Authority. Any update will be reported at the Scrutiny Committee meeting. The impact on the housing subsidy charges for 2013/2014 cannot be completed as yet because the final notifications are yet to be confirmed from the Assembly.

4.1.3 This current average rent is £75.02 and an increase of £3.00 would raise this to £78.02 (on a 48 week basis).

4.1.4 The Stock Condition Survey carried out in 2008 reported that high levels of investment are required to maintain the properties and meet the Welsh Housing Quality Standard. A rent increase less than the guideline rent would inevitably reduce the Council's ability to manage and maintain the housing stock to the necessary standards, and it should be noted that failure to implement these increased charges would increase the shortfall in resources identified in the Housing Business Plan required to meet the WHQS by 2019/20 and maintain it thereafter.

4.2 Service Charges at Sheltered Complexes (Excluding Utility and Alarm Charges)

This is applied to warden assisted sheltered accommodation, of which there are three types: -

- Complexes with warden assistance and communal facilities (916 units)
- Complexes with warden assistance and no communal facilities (133 units)
- Tredegar Court extra care scheme (25 units)

Members will be aware that sheltered accommodation is exempt from the housing benefit size criteria rules and tenants living in this accommodation of working age will not be liable for any shortfall

4.2.1 Complexes with warden assistance and communal facilities

Charges

The current charge is £21.71 per 48 week and it is proposed to increase by 2% to £22.14 in line with the Councils current business plan

Tenants in receipt of benefit

74% of tenants who receive this service are in receipt of benefit and therefore do not pay the charge

Financial Impact

The proposed increase would generate additional annual income of £19k

4.2.2 Complexes with warden assistance and no communal facilities

Charges

The current charge is £15.07 per week and it is proposed to increase by 2% to £15.37 in line with the Councils current business plan

Tenants in receipt of benefit

82% of tenants that receive this service are in receipt of benefit and therefore do not pay the charge

Financial Impact

The proposed increase would generate additional annual income of £1.9k

4.2.3 Tredegar Court Extra Care Scheme service charge

Charges

The current charge is £60.30 per week and it is proposed to increase by 2% to £61.50 In line with the Councils current business plan

Tenants in receipt of benefit

70% of tenants who receive this service are in receipt of benefit and therefore do not pay the charge

Financial Impact

The proposed increase would generate additional annual income of £1.4k

4.3 **Meal Charges (Tredegar Court Only)**

Charges

Residents of Tredegar Court receive a hot 2 course meal at a cost of £4.38 per day. This is equivalent to a weekly charge of £30.66 or £33.18 when collected over 48 weeks. Catering DSO currently provide the service to the HRA.

Meal charges at similar extra care schemes are substantially higher e.g Cefn Glas £7.91 per meal and Plas Hyfryd £7.53 (11/12 price) per meal (based on 48 week equivalent)

It is proposed to increase the charge by 2% in line with the Councils current business plan, which is equivalent to £33.84 per week, based on a 48 week collection.

Tenants in receipt of benefit

64% of tenants who receive meals are in receipt of housing benefit and will only pay a non-eligible amount. This amount has yet to be confirmed by DWP for 2013/14. The previous year's amount was £18.25 (48 week equivalent)

Financial impact

The proposed increased would generate additional income of around £1k which would be

passported to the Catering DSO for providing the service.

4.4 **Utility Charges At Sheltered Complexes**

Charges

This mostly applies to tenants in sheltered schemes where one gas and electric meter supplies the whole complex, as it is logistically impossible to supply each tenant with their own meter.

There are also however certain schemes included where tenants have their own gas and electric meters but historically it has been agreed that tenants pay a unified utility charge.

Utility providers are suggesting a large increase in energy costs from January 2013, typically 8.8% for gas and 9.1% for electric. These charges are passported to the energy providers, therefore the increase must be applied. Members agreed on the 8th February 2011 that the inflationary uplift plus an additional 3% phased increase be implemented to address the shortfall in recovering these costs currently being subsidised within the HRA.

The current charge is £15.21 per week and it is proposed to increase by 12% to £17.03. This increase is in line with those tenants who pay their own bills. The way in which the Council collects utilities charges is included in the sheltered housing review mentioned in paragraph 4.9 below

Tenants in receipt of benefit

Heating and lighting costs are not eligible for housing benefit, although there is a Winter Fuel Allowance (2011/12 rates were between £100 and £300) available from the Government for the majority of tenants over 60. This allowance is paid directly to the tenant therefore there is no additional income to the Authority despite this allowance being paid to meet fuel costs. An additional cold weather payment of £25.00 per week is paid to tenants on low income where for any 7 consecutive days the average temperature is zero Celsius or below.

Financial impact

The proposed increase would generate additional income of some £36k although this will be passported direct to the utility providers.

4.5 **Guest Room**

Charges

A number of sheltered housing schemes have guest rooms and the charge to visitors is £18.00 per night. It is not proposed to increase this charge this year as the charge is similar to other providers

Tenants in receipt of benefit

Guest room charges do not apply to tenants, and are not eligible for housing benefit.

Financial impact

No additional income will be generated.

4.6 **Temporary Accommodation At Ty Croeso**

Charges

The Authority has some accommodation of its own to assist persons made homeless and a high level of support is provided on site to tenants. Ty Croeso is currently undergoing a change of use to single person's accommodation and will be closed for the early part of 2013/14. It is intended that the management of Ty Croeso will not be in-house and tenders will be issued for an external support provider. The rent and service charge will be built into the management agreement so as yet is not known at this time.

Tenants in receipt of benefit

It is anticipated that the majority of tenants using this facility will be in receipt of Housing Benefit

Financial impact

The rent and service charge that will be set would ensure the costs of providing the high level support on site and maintaining the facilities are funded. The proposed charges are likely to be significantly lower than an alternative Bed & Breakfast placement. As Ty Croeso is owned by the Council it is exempt from the Housing Benefit subsidy rules and is therefore 100% recoverable.

4.7 **Community Alarm Charges**

In April 2011 the administration and provision of part of this service transferred to the Directorate of Social Services and the responsibility of managing the sheltered and group schemes remained with Housing. However to assist tenants, all charges will continue to be collected with their rent via the Housing service. The annual increase will continue to be reported to this Committee in accordance with the Local Government Act.

Charges

Different charging arrangements are in place for tenants and non-tenants. There are currently 2973 connections for tenants and 992 for non-tenants. Tenants pay a weekly monitoring fee of £3.00. Non-council tenants pay the same weekly monitoring fee but also pay a £1.20 leasing charge for the equipment. The leasing fee is not intended to be increased. Social Services & Housing propose to increase the monitoring fee by 10p to £3.10.

Tenants in receipt of benefit

76% of tenants are in receipt of benefit and would not pay the alarm charge.

Financial impact

The proposed increase would generate additional income of £19.3k, which would assist in ensuring the current level of service provided is maintained.

4.8 **Garage Charges**

The Council has 1267 garages, of which 861 are let (74% are let to non-council tenants, 26% are let to council tenants). The current weekly rent is £7.35 and it is proposed to increase the charges by 2% in line with the Council's current business plan to £7.50 per week. A report has been approved by the Caerphilly Task Group which recommends proposals to improve and restructure our garage stock which will affect our future income but also our ongoing liabilities in respect of maintenance and repairs.

Tenants in receipt of benefit

Garage rents are not eligible for benefit and the majority of garage tenants are not council house tenants.

Financial impact

The increase will generate additional income of 9k

4.9 **Service Review**

Officers are currently undertaking a full review of all these services with the aim of ensuring consistency and fairness to all tenants.

There is also a commitment within the formal offer document to tenants to undertake a full review of the sheltered housing service and this is currently being progressed by officers and the outcome reported to members at a later date.

5. EQUALITIES IMPLICATIONS

- 5.1 As noted in 4.9, the full review being undertaken aims to ensure that all tenants are treated fairly and that the outcomes are equal even though different tenants have different requirements.
- 5.2 Equalities monitoring of tenants will continue to be an important source of information in order to ensure fairness, and also to highlight any direct impact the increases have on tenants who fall under one or more of the Strategic Equality Plan's protected characteristics. Any direct impact noted can lead to additional support and advice being offered or signposted in order to help those particular tenants.

6. FINANCIAL IMPLICATIONS

- 6.1 This report deals with the financial implications

7. PERSONNEL IMPLICATIONS

- 7.1 The proposals contained in this report will not alter the current arrangements for the collection of housing revenue account monies.

8. CONSULTATIONS

- 8.1 All consultation responses have been reflected in this report. This report was considered by Policy and Resources Scrutiny Committee on the 30th January, 2013 and was approved by Cabinet on the 5th February 2013.

9. RECOMMENDATIONS

- 9.1 Members of the Task Group are asked to note the contents of the report which recommended that:-
- a) An average rent increase based on WG guidelines, be agreed of 4%, (£3.00) per property from April 2013
 - b) The service charge at sheltered complexes with communal facilities be increased to £22.14 over a 48 week basis from April 2013
 - c) The service charge in the four sheltered schemes without communal facilities be increased to £15.37 over a 48 week basis from April 2013.
 - d) The service charge at sheltered complexes with communal facilities be increased to £22.14 over a 48 week basis from April 2013
 - e) The service charge payable by residents of Tredegar Court be increased to £61.50 over a 48 week basis from April 2013
 - f) The meal cost at Tredegar Court be increased to £33.84 based on a 48 week basis from April 2013
 - g) The utility charges in sheltered housing schemes where tenants currently pay a standard charge be increased to £17.03 based on a 48 week basis from April 2013.
 - h) The guest room charge at sheltered housing complexes are not increased from April 2013

- i) The charges at Ty Croeso to be determined at a later date.
- j) The community alarm charge for council and non-council tenants increase to £3.10 based on a 48 week from April 2013.
- k) The garage charges for Council and non-council tenants increase to £7.50 based on a 48-week basis from April 2013.

10. REASONS FOR THE RECOMMENDATIONS

- 10.1 Inflationary increases on providing all aspects of the housing service are experienced annually, however as the HRA cannot legitimately set a deficit budget, the loss of additional income will result in reduced resources being available to effectively manage and maintain the stock.
- 10.2 It should be recognised that if appropriate increases in all charges mentioned above (with the exception of rent which is outside of the authorities control) are implemented there will still be a shortfall of financial resources to cover the costs of some of the services listed. However, a review of these services will be undertaken and a separate report submitted at a later date.
- 10.3 29% of tenants currently receive one of the services listed above and housing benefit will cover the increased costs for the majority of these. Failure to implement the increased charges proposed will result in the services received by those tenants being further subsidised by the rent payments of those tenants not receiving that service.
- 10.4 If charges are not increased annually it has a detrimental effect on subsequent years as higher increases are then needed to recover the shortfalls from previous years.

11. STATUTORY POWER

- 11.1 Local Government Act 1972. This is a Cabinet function.

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