



AGENDA ITEM:

SUMMARY

Report for:	Housing and Community Overview & Scrutiny Committee
Date of meeting:	22 September 2016
PART:	1
If Part II, reason:	

Title of report:	De-pooling of rents and service charges
Contact:	Margaret Griffiths, Portfolio Holder for Housing Andy Vincent – Group Manager Tenants and Leaseholders Responsible Officer
Purpose of report:	1. To identify to Committee Members the work that is being done to evaluate the ‘de-pooling’ of housing rents and service charges.
Recommendations	1. That Committee Members note the report 2. That Committee Members consider whether and how the flexibility that ‘de-pooling’ allows should be used to impact on the overall charges tenants receive, and to forward this to cabinet for their consideration .
Corporate objectives:	Affordable Housing
Implications:	<u>Financial</u>
‘Value For Money Implications’	‘De-pooling’ allows tenants to see the cost of the services they receive within their total weekly ‘rental’ charge which opens those services up to greater scrutiny in order to be able to justify the charges levied. ‘De-pooling’ gives the Council flexibility to vary these charges and is unaffected by government rent policy. The actual financial and value for money implications will depend on whether and how the flexibility is exercised.

Risk Implications	'De-pooling' opens services which are levying a service charge to tenants up to additional scrutiny. There are risks associated with this, particularly if the service is unable to justify the charge.
Equalities Implications	Service charges are be levied on all tenants living in flat blocks. There are some disparities in the profile of tenants of flat blocks compared to the tenant population as a whole (they are more likely to be younger and from a BME background) but these are not sufficient as to cause unequal treatment..
Health And Safety Implications	There are no Health and Safety Implications associated with 'de-pooling' rents and service charges.
Consultees:	Cllr Margaret Griffiths – Portfolio Holder for Housing Mark Gaynor – Director of Housing and Regeneration Elliott Brooks – Assistant Director of Housing Andy Vincent – Group Manager – Tenants and Leaseholders Kesh Naidoo – Accountant
Background papers:	The Housing Revenue Account Business Plan – available as a Cabinet report from 24 November 2015 meeting The Chartered Institute of Housing have produced a guidance paper on 'de-pooling' – this is available from www.cih.org/consultancyservices/briefings
Historical background <i>(please give a brief background to this report to enable it to be considered in the right context).</i>	A considerable number of housing organisations have 'de-pooled' their rents and services charges. This enables rents and services charges to be increased or decreased independently of each other. The first organisations commenced – 'de-pooling' their rents and service charges in the early 2000s
Glossary of acronyms and any other abbreviations used in this report:	<u>De-pooling</u> This is when the total weekly charge is separated or de-pooled into two elements - rent and service charges. Service charges are then broken down further into the individual elements which comprise them; examples are listed in appendix 1.

1.0 Introduction

- 1.1 In early 2016 a decision was taken by the Portfolio Holder for Housing to take forward work on the de-pooling of housing rents from the costs of providing services to tenants in flat blocks and sheltered housing for implementation in the financial year 2017/18. This report begins to firm this up and to seek Cabinet approval in due course.
- 1.2 A communication was sent to tenants in June 2016 informing them that the Council was considering de-pooling the rents and service charges.

2.0 Replicating the Leasehold Service Charge Structure

- 2.1 Dacorum Borough Council's approximately 1,700 leaseholders are charged a service charge for services received as part of living within a flat block.
- 2.2 It is proposed that the charging structure utilised for leaseholders will be replicated for tenants as they receive the same services. An example of leaseholder service charges is listed in appendix 1.
- 2.3 The Housing Service in conjunction with Finance is currently working to establish accurate charges for the flat blocks where there are no leaseholders.
- 2.4 It is not proposed initially to pass on the service charge for Grounds Maintenance to tenants. Further work is required to apportion the charge to individual blocks based on the amount of land around their property rather than using an average charge for each tenant.

3.0 Sheltered Housing

- 3.1 Work to establish the service charges for sheltered housing is underway. No sheltered properties have been sold under the Right-to-Buy. As a result there are no existing service charges for leaseholders which can be replicated for tenants.
- 3.2 When de-pooling the potential exists for elements of the support charge (such as the cost of laundry services) to be removed from the support charge and incorporated within a new service charge. One advantage of this is that it will reduce the support charge and mean that some communal services will be eligible for Housing Benefit.

4.0 Issues for consideration by the Committee

- 4.1 De-pooling gives the Council the flexibility to vary rents and service charges independently of each other. The Council's Rent Setting Policy (based on government requirement) sets out a 1% rent reduction for Council Tenants for each of the next 3 financial years (it currently is not clear whether this will apply to sheltered housing).

Committee Members are asked to indicate their view on how the flexibilities presented by the de-pooling of rents and services charges should be utilised by Dacorum Borough Council over the next 3 years. This will help inform the Housing Revenue Account Business Plan which will be presented to Cabinet in November.

Appendix 1

Examples of De-Pooled charges

<u>High-rise block</u>	
Charged for:	Equivalent per week (48)
Cleaning (weekly)	£1.49
Refuse Shute	£0.05
Electric (communal lighting)	£0.99
Landscaping	£0.85
Lift maintenance	£0.45
Lift Renewal fund	£9.21
Total per week:	£13.04
<u>Bedsit above garages</u>	
Charged for:	Equivalent per week (48)
Cleaning (6-weekly)	£0.31
Electric (communal lighting)	£0.39
Landscaping	£0.85
Total per week:	£1.55