

**REPORT TO: COMMUNITIES COMMITTEE ON 6 OCTOBER 2009**

**SUBJECT: PROPOSED CHANGES TO THE RENT SETTING POLICY**

**BY: DIRECTOR OF COMMUNITY SERVICES**

**1. REASON FOR REPORT**

- 1.1 This report proposes changes to the rent setting policy, in the light of the Council's new build programme and the decision to offer tenants the opportunity to pay for shower installations as part of the rental payment. The report indicates that consultation on these proposals should be carried out with tenants and other interested parties.
- 1.2 This report is submitted to Committee in terms of the Council's Administrative Scheme relating to the management of the Council housing stock.

**2. RECOMMENDATION**

**2.1 It is recommended that the Communities Committee agrees:-**

- (i) to consult on the proposed changes to the rent setting policy as set out in this report;**
- (ii) to consider a further report on the proposed changes to the rent setting policy, following consultation, in February 2010.**

**3. BACKGROUND**

- 3.1 On 25 November 2008, the Communities Committee agreed a proposal for a bid to the Scottish Government for a Council house new build programme (paragraph 5 of the minute refers). A proposal was submitted for 80 houses over two stages. The Council initially received Government funding for 40 houses which was subsequently increased to 48 houses. The Scottish Government has made funding available for a second stage of bidding. A bid will be submitted to the Government by 25 September 2009 and is subject to another report on this committee agenda.
- 3.2 A report and presentation on shower installations was presented to Housing Sub Committee on 29 October 2008 (paragraph 9 of the Minute refers). This responded to issues raised in the 2007 Tenant Survey. The Sub Committee received a report proposing that a programme of shower installation was considered funded by an increase in rental to cover the installation costs. Committee agreed that Officers should look into the wider option of offering an overbath shower to all tenants and to seek tenants views on the proposals through Tenants Voice
- 3.3 A further report was taken to Housing Sub Committee on 27 March 2009 (paragraph 11 of the Minute refers). This agreed to a programme of shower replacements being offered to tenants.

- 3.4 The Council's current rent setting policy was reviewed and agreed by the Community Services Committee on 23 Nov 2005 (paragraph 9 of the Minute refers). The current policy is based on points allocated to specific features and facilities of the property, as indicated in **APPENDIX I**. As the current policy does not take account of the new developments in new build and shower installation, officers have reviewed the policy. The proposed changes to the policy are in bold italics.

#### **4. PROPOSALS - COUNCIL HOUSE NEW BUILD**

- 4.1 The standard to which new Council houses will be built will be much higher than the standard achieved in the existing housing stock. Houses will be built to modern design standards, with higher space standards in relation to bathrooms and kitchens. The houses will have air source heat pumps and will be very well insulated. Resultantly there will be significant savings on energy bills for the tenants. Applying the existing rent setting policy to new build would not recognise these higher standards.
- 4.2 Currently, rents for Council housing in Moray are the lowest in Scotland and have been so for a number of years. Registered Social Landlord (RSL) rental levels are significantly higher than Council house rent levels in Moray.
- 4.3 To reflect the higher standard of new build properties, it is proposed that for Council house new build, the points rating on property type and bedroom ratio for new build is increased by 40%. This would result in rents for Council new build being some 37% higher than they would be under the current rent setting policy. An example of the impact of the proposals on rent levels (based on 2009/10 rental levels) for specific property types is provided in **APPENDIX II**. The table also includes a calculation if the two elements were increased at a lower level - 30%.
- 4.4 The proposed level of Council house new build rents would continue to be lower than comparable new build properties provided by RSLs.

#### **5. PROPOSALS – SHOWERS**

- 5.1 The report to Housing Sub Committee on 27 March 2009 proposed different lifetime estimates and that rents were set to recoup the costs of showers over 12 or 15 years. The costs being £2.48 per week and £2.15 per week respectively. These costs were based on figures from the previous financial year, 2008/09.
- 5.2 It is proposed that the more cautious estimate of 12 years is taken. If the weekly cost is updated to take account of the 3% increase in Maintenance Partnership rates in the current financial year, this would result in a charge of £2.55 per week. This would be the amount the tenant paid every week for the next 12 years and there would be no annual uplift.

- 5.3 The cost for new entrants to the scheme would be increased annually by the rate of the Maintenance Partnership increase to reflect increase in the costs of installing showers.

## **6. CONSULTATION PROPOSALS**

- 6.1 It is proposed that consultation with tenants will take place through an article in the December 2009 edition of Tenants Voice, the Council website and discussion with Tenant representatives. As part of this consultation, this report will also be considered by the Housing Sub Committee at its meeting on 16 October 2009.

## **7. SUMMARY OF IMPLICATIONS**

### **(a) Single Outcome Agreement/Service Improvement Plan**

Both the Single Outcome Agreement and the Service Improvement Plan identify the provision of new affordable housing as a priority in Moray.

### **(b) Policy and Legal**

The Council's approach to setting rent levels for its properties is set out in the rent setting policy. As with any significant changes to current policies, there is an expectation that the Council consults with its tenants and other interested parties on such changes.

### **(c) Resources (Financial, Risks, Staffing and Property)**

The proposed policy changes for council house new build will increase the income received through rents for the Housing Revenue Account. As debt charges will increase through increased prudential borrowing, the increased income will offset the impact of this on all Council tenants.

The proposals for changes to the rent setting policy for shower installations is set at a level to recoup the initial cost over a period of 12 years.

### **(d) Consultations**

Consultations on this report have taken place with the Director of Community Services, the Chief Housing Officer, Deborah Bosworth, Principal Accountant, the Capital Programmes Manager, the Team Leader Admin/Finance (Housing Services) and the Housing Strategy and Policy Manager.

## **8. CONCLUSION**

- 8.1 **This report presents proposed changes to the rent setting policy to reflect the higher standards of council house new build. The changes in relation to the provision of showers reflect the agreement that showers can be fitted where the tenant agrees to offset the cost of this over 12**

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**years. This means that installing the showers will have a neutral impact on the Housing Revenue Account.**

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Background Papers: With HPM  
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