

<b>17 October 2017</b>		<b>ITEM: 5</b>
<b>Housing Overview and Scrutiny Committee</b>		
<b>HRA Service Charges Update</b>		
<b>Wards and communities affected:</b> All	<b>Key Decision:</b> Key	
<b>Report of:</b> John Knight, Assistant Director of Housing		
<b>Accountable Assistant Director:</b> John Knight, Assistant Director of Housing		
<b>Accountable Director:</b> Roger Harris, Corporate Director Adults, Housing & Health		
<b>This report is Public</b>		

## **Executive Summary**

This report updates the Committee on the progress of the proposals to extend some service charges to tenants which were considered earlier this year and agreed by Cabinet in July.

### **1. Recommendation(s)**

#### **1.1 That the Committee comments on the report**

#### **1.2 That the Committee agrees the approach proposed in the report to re-considering the grounds maintenance charge, following the decision in September 2017 to suspend the introduction of the charge for tenants pending a review.**

### **2. Introduction and Background**

2.1 As part of the ongoing requirement to produce a 30-year Business Plan for the Housing Revenue Account (HRA), a report was first submitted to the Housing Overview and Scrutiny Committee in December 2016 summarising the position of the HRA and identifying a number of financial pressures.

2.2 The report recommended that service charges were extended and introduced for a number of housing management services which were at that point not the subject of a dedicated charge. Estimates of the additional revenue which would be available if such charges were applied at the levels proposed were included in the financial projections incorporated into the report, although the projected additional revenue was highlighted separately to show clearly that the revenue was not assumed, given the need for approval by Cabinet to bring in the proposed charges.

- 2.3 The rationale for the extension of charges was set out in the report, which identified a number of councils where similar charges were already being made, and also summarised the current charging arrangements to highlight what could be seen as anomalies in the current model – for example the fact that those tenants in sheltered housing who had most recently moved in paid an £8.00 p.w. charge for the enhanced housing management service provided to all residents, while tenants of longer standing were not charged anything for receiving the same service.
- 2.4 Following a discussion at the December 2016 Committee it was agreed that officers would re-visit the proposal to extend the sheltered housing charge to all sheltered residents, particularly in light of the proposal to increase the charge over a three-year period to a new figure of £15.00 per week for all residents. The implementation date for all the proposed charges was adjusted from May to July 2017 to allow for this further scrutiny. A further report was duly submitted to the Committee in February 2017, which set out the service's conclusion that all the proposed charges – i.e. both for sheltered and general needs services - should still proceed.
- 2.5 In the February meeting the Assistant Director of Housing set out in detail the approach to consultation on the proposals which was going to be applied. In the case of those general needs tenants who would be liable for the new charges for lift maintenance, communal electricity, door entry systems and grounds maintenance, this would consist of an initial notification letter, accompanied by a Frequently Asked Questions document setting out clearly in plain English the reason for the proposed changes and the impact on those tenants who would be affected. The letter would also give details of the opportunity to comment on the proposals through a consultation process, via an online portal, in writing, by email, and in the case of tenants identified as 'vulnerable' by calling a dedicated number in the Contact Centre to have their responses entered by a Customer Services Officer.
- 2.6 Following the February meeting this approach was duly followed, and the consultation exercise took place during March. A small number of general needs tenants responded to the consultation, and their responses along with those of tenants in sheltered housing were captured in a full report, This was summarised in the report to Cabinet in July which recommended the extension of the charges to general needs tenants as originally proposed (in the case of sheltered tenants some adjustments to the proposed charges had been made after the consultation exercise, leading to a reduction of the charge in future years to £10.00 p.w. rather than the £15.00 originally proposed).
- 2.7 Following Cabinet approval of the report in July, the service prepared for the implementation in October of all the charges which were then agreed. Using the same mail-merge mechanism, and the same data-set of affected tenants, the service formally notified those tenants who had previously received the preliminary notice that the charges were taking effect and that they would be

applied to individual rent accounts from Monday October 2<sup>nd</sup>. The letter also included details of how any tenant who disagreed with any of the charges could contact the service, so that the decision to include them could be revisited.

### **3. Suspension of grounds maintenance charge**

- 3.1 Between the sending of the formal notification letters on August 25<sup>th</sup> and the full Council meeting on September 27<sup>th</sup>, the service received a number of enquiries from tenants and members relating to the new charges, the great majority of which concerned the introduction of grounds maintenance charges for general needs tenants. Among these enquiries the majority concerned residents of street properties, rather than flats. As set out in the notification letter, the service responded to all enquires about the application of the charge by re-visiting the decision to include the tenant in the list of tenants to be charged. In a small number of cases this exercise led to the charge being removed from the tenant's account – in the majority of instances the exercise confirmed the original decision to include the tenant in the charges, and full details were given in individual responses of why this decision had been taken.
- 3.2 On September 27<sup>th</sup> the Leader of the Council, in consultation with the Chair of the Housing Overview and Scrutiny Committee, made a decision to suspend the introduction of the grounds maintenance charge pending a review. A letter was sent to all affected tenants making clear that the charge had been suspended and that their rent account would not include the £5.00 per week amount from October 2<sup>nd</sup> as originally decided.
- 3.3 The advice letter also made clear that the service would be amending Direct Debits and Housing Benefit payments accordingly. Because of the timing of the announcement, in the case of a small number of tenants whose Direct Debit payments had been adjusted to reflect the charge, the revised amount was taken from their bank despite the fact that the charge itself had been rescinded. This is because the banks through the BACs system require 10 days' notice of a variation to the Direct Debits being processed by regular automated transfers for a 'bulk' customer such as the Council. As was clearly conveyed in the advice letter, adjustments will be made to future payments which will fully offset the impact of those payments which do not accurately reflect a tenant's current liability.
- 3.4 A motion was then carried unanimously at the Council meeting on September 27<sup>th</sup>, calling on the Cabinet to re-evaluate the needs for the grounds maintenance charge for general needs tenants.
- 3.5 The grounds maintenance charge for general needs tenants has been removed from the Northgate database at source, pending the conclusion of the review, so there is no possibility that any charges will be applied to rent accounts during the review period. Formal notices of variation are also being prepared to supersede those sent in September to make each tenant's liability

clear in the interim period. Where tenants had already requested a review of the decision to include them, prior to the decision to suspend the charge, the service is still carrying out the necessary checks to establish if the decision was reasonable. At this point, however, these tenants are only being substantively advised that the suspension is in effect, and that they will be advised of their individual position going forward once the review has been concluded.

#### **4. Review of grounds maintenance charge**

4.1 In light of the decision to suspend this charge the service is proposing a comprehensive review of the proposal to introduce it, taking a 'first principles' approach and considering the proposed charge from every relevant perspective. The work required to provide the necessary analysis is already underway, and a report will be submitted to the Committee in December setting out the full context of the proposed charge and inviting comment on a range of options for the future.

4.2 The review will consider the charge under a range of headings including the following;

- The overall initial rationale for the charge as set out in the HRA Business Planning report(s)
- The work carried out after the adoption of the Business Planning report to identify a) the areas of land being maintained under the HRA, and therefore included in the cost of the grounds maintenance service, as delivered by the Environment team through a Service Level Agreement with Housing, and b) the individual tenants who should be liable for the grounds maintenance charge based on their enjoyment of some of the areas/facilities being maintained
- The impact on the HRA and on Housing services of all the available financial options, including; a) the retention of the charge at the level already proposed; b) the withdrawal of the charge in full; c) the implementation of a lower standard charge; d) the modification of the charge to vary the amount payable by each tenant according to the level of service they receive; e) the impact of moving in annual phases towards the recommended level of charges for each tenant (whether standard or variegated); f) the option of charging only tenants in certain types of property (e.g. flats on estates) rather than all tenants deemed to be benefitting from the service, regardless of property type, as currently envisaged; and g) any other variations of the proposed charging model which may be relevant, and the impact of each one on the revenue position of the HRA
- The wider context of the HRA Business Plan in the context of current planning for the next 30 years, including the announcement in early October of the end from 2020/21 of the current mandatory reduction in basic rents, and the re-introduction of a rents model allowing Councils to increase rents annually by a maximum of the Consumer Price Index plus 1%

- 4.3 In the event that it is proposed to continue with a grounds maintenance charge in some form, the service will consult widely on its (re)-introduction, using meetings of Tenants and Residents Associations where these are functioning along with community forums, hubs, etc., in order to give tenants an opportunity to engage with managers directly and raise their concerns.
- 4.4 Separately, and as a part of the housing review which would be taking place in any event, the operation of the current Service Level Agreement is being reviewed, and action will be taken if possible to reduce the overall cost of the service, potentially leading to reductions in the future of any charges which are derived directly from that overall cost.
- 4.5 As stated above the Committee will be asked to consider in December a full report giving the findings of the review, and setting out the full range of options for the Council to consider. Based on the Committee's feedback at that stage the service will consider the way forward and decide what proposals if any to progress to Cabinet in relation to grounds maintenance charges.

## **5. Impact on corporate policies, priorities, performance and community impact**

No direct implications arising from this report.

## **6. Implications**

### **6.1 Financial**

Implications verified by: **Julie Curtis**  
**HRA and Development Accountant**

At each stage of the process the financial effects of extending service charges have informed provisional HRA business planning, with financial information provided to members which made clear how additional revenue could be spent if the direct costs of certain services were covered by new revenue streams.

As made clear in the main body of this report, the full financial impact of each potential outcome of the review will be modelled as part of the review, and will inform the findings and recommendations. The final revenue position will determine the service's prioritisation of spending items within the HRA.

## 6.2 Legal

Implications verified by: **Martin Hall**  
**Principal Solicitor**

No direct implications from this report.

## 6.3 Diversity and Equality

Implications verified by: **Rebecca Price**  
**Community Development Officer**

No direct implications from this report.

## 6.4 Other implications (where significant) – i.e. Staff, Health, Sustainability, Crime and Disorder)

- Not applicable.

## 7. Background papers used in preparing the report (including their location on the Council's website or identification whether any are exempt or protected by copyright):

- HRA Business Planning reports to Housing Overview and Scrutiny Committee, December 2016 and February 2017
- Service charges – report to Cabinet, July 2017

## 8. Appendices

- Appendix 1 – Housing Overview & Scrutiny Committee Minutes December 2016
- Appendix 2 – Housing Overview & Scrutiny Committee Minutes February 2017
- Appendix 3 – Notice of Variation
- Appendix 4 - FAQ Documents
- Appendix 5 – Consultation Letter 1
- Appendix 6 - Consultation Letter 2

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