

SLOUGH BOROUGH COUNCIL

REPORT TO: Neighbourhoods and Community Services Scrutiny Panel

DATE: 21st July 2016

CONTACT OFFICER: Neil Aves
Assistant Director, Housing and Environment

(For all Enquiries) (01753) 875527

PART I **FOR COMMENT & CONSIDERATION**

LOCAL AUTHORITY HOUSING – SERVICE CHARGES

1. **Purpose of Report**

This report note is brought to Neighbourhoods and Community Services (NCS) Scrutiny Panel following a request from the Overview and Scrutiny Committee. This request arose from its meeting on 20th January 2016, where an item on rent setting meeting led to a request for more information regarding the increase in tenant service charges.

2. **Recommendation**

The NCS Scrutiny Panel is requested to note this report.

3. **The Slough Joint Wellbeing Strategy, the JSNA and the Five Year Plan**

3a. **Slough Joint Wellbeing Strategy Priorities**

One of the key priorities for the Council is to ensure that its housing provision is offered to local residents, ensuring that the associated costs can be accommodated by Slough Borough Council (SBC) and the rents arising afforded by those being housed. This will meet the strategic priorities as follows:

Housing: By clarifying the arrangements for service providers with regards to their responsibilities to local residents, the experience of those renting SBC housing will be improved.

Increasing the transparency of its rent charging regime, SBC will improve both the offer being made to local residents and its position should there be any challenges made to its decisions.

3b. **Five Year Plan Outcomes**

The outcomes associated with the proposals are that:

- The homes in the borough will benefit through quality improvements across all tenures to support our ambition for Slough
- The Council's income and the value of its assets will be maximised

4. **Other Implications**

Financial

The financial implications of the proposals are outlined in the report. In summary, the high proportion of those renting SBC property receiving housing benefit means that national, rather than local government will be the main beneficiary of savings arising.

Risk Management

As an information report there are no risks associated with this issue.

Human Rights Act and Other Legal Implications

There are no Human Rights Act and Other Legal Implications

Equalities Impact Assessment

There is no Equalities Impact Assessment associated with this information.

5. **Supporting Information**

- 5.1 In January 2016 officers reported that the proposal made to Cabinet was to implement a 0.8% increase in service charge levies to tenants and leaseholders within council owned accommodation. This was at the same time as a recommendation to reduce overall rents by 1.0%.
- 5.2 While local authorities have some discretion over setting local charges, in practice both of these figures were imposed by the Government as part of its prudent management of public finances, welfare reform and reduction in the public borrowing figure.

Rents

- 5.3 In terms of the rents it was announced soon after the last General Election that public sector rents would be frozen and indeed for each of the next four years would reduce by 1% per year. Given that around 56% of our tenants are in receipt of some element of Housing Benefits this reduction results in less expenditure for the Treasury rather than placing money back into the pockets of our tenants however those who do pay their own rent might see a reduction of perhaps £7 or £8 per week after the four year reductions are complete.
- 5.4 Unfortunately in terms of the Council, over the life of the 30 year HRA Business Plan the reduced rent equates to over £30 million reduction in funding available for investment in the existing stock and construction of new homes.

Service Charges

- 5.5 With regard to service charges the 0.8% increase will not reflect any direct increase in the services provided as it merely reflects the increase in CPI cost of living index which the council pays out in terms of staffing and contracting costs.
- 5.6 There is however better news for future billing of service charges and as previously promised this will be the last year in which service charges are aggregated across the housing stock with only variations in charge to reflect the general requirements for each area of housing.
- 5.7 In future, having implemented the service charge module on the Capita Academy Housing Management computer system the service will, for the first time be able to apportion service charges directly to each area, estate, block, common part and flat so that tenants will be able to see exactly what they are paying for and what work has been undertaken in the vicinity of their home. Currently service charges are aggregated into three categories which means that tenants cannot easily identify what they are being asked to pay for however with the new system the number of categories is vastly increased so work items will be readily apparent rather than being wrapped up in a generic category like 'health and safety'.
- 5.8 The data is being loaded into the computer system in August 2016 and will be tested through to October 2016 with the expectation that the system will be signed off in December 2016 and ready to handle the 'live' data for the 2017-18 rent accounts.
- 5.9 Further enhancements will come from the reprocurement of the Interserve and Amey contracts in an exercise which has attempted to remove the confusion and cross-overs between the contractors and further work will be undertaken to measure the areas subject to grounds maintenance so that tenants will be liable only for the areas which are directly associated with their homes.
- 5.10 An update on this initiative will form part of the rent setting report in January 2017.

6. **Comments of Other Committees**

The matter was previously raised by Overview and Scrutiny Committee on 20th January 2016. In particular, the question as to whether the proposed increase in service charges would result in improved services to residents led to the matter's referral to the NCS Scrutiny Panel.

7. **Conclusion**

As the report is essentially a reference for information, the NCS Scrutiny Panel is requested to note the report and ask for clarification on any matters which remain unclear.

8. **Background Papers**

- '1' - Agenda papers and minutes, Overview and Scrutiny Committee (20th January 2016)