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**PROPOSED ALTERATIONS TO RENT CHARGES  
FOR COUNCIL TENANTS IN 2009/10**

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**Responsible Cabinet Member – Councillor Bill Dixon,  
Neighbourhood Services and Community Safety Portfolio**

**Responsible Director - Cliff Brown, Director of Community Services**

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**SUMMARY REPORT**

**Purpose of the Report**

1. This report seeks Cabinet approval for a Government proposal to offer local housing authorities the opportunity to reduce the guideline rent increases for Council housing in respect of 2009/10.

**Summary**

2. The report considers the impact the proposed reductions in rent increases from 6.02% to 2.98% will have on the Housing Revenue Account and General Fund bearing in mind Communities and Local Government (CLG) have agreed to compensate the Council for the loss of income but not the associated costs for administration of the change which will be charged to the HRA and the Housing General Fund.

**Recommendation**

3. It is recommended that :-
  - (a) The previously agreed average weekly rent increase of 6.02% (£3.21) be reduced to 2.98% (£1.59) subject to CLG approval.
  - (b) The draft budget in **Appendix 1** be approved.
  - (c) The associated administrative costs be charged to the HRA and Housing General Fund as appropriate.

## Reasons

4. The recommendations are supported in order to support the Government's initiative to ease the financial burden of Council tenants during the current economic downturn.

**Cliff Brown**  
**Director of Community Services**

## Background Papers

No Background papers were used in the preparation of this report.

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S17 Crime and Disorder	The proposals will not impact on issues of crime and disorder
Health and Well Being	By reducing rent levels Council tenants should have more disposable income which could be used to improve their health and well being
Sustainability	There are no sustainability issues
Diversity	Whilst many of our tenants are eligible for Housing Benefit and will remain unaffected by the rent reductions, the proposals will make Council housing more attractive to a wider range of households on low incomes
Wards Affected	All wards with Council housing are affected
Groups Affected	All Council tenants
Budget and Policy Framework	The proposals do not represent a significant change to the agreed budget or policy framework as the reduction in rental income will be covered by central government
Key Decision	This is a key decision because it will have a significant impact on Council tenants living throughout the Borough
Urgent Decision	For the purpose of the 'call-in' procedure this represents an urgent matter in order that the CLG deadline of the end of April can be met.
One Darlington: Perfectly Placed	The reduced rent levels will contribute towards the Council's financial inclusion policies.
Efficiency	There are no direct efficiency savings for the Council as the benefits of the proposals are aimed at improving the lives of Council tenants. However any backdated credits for those tenants not in receipt of Housing Benefit will assist in reducing any rent arrears.

## MAIN REPORT

### Information and Analysis

5. Cabinet reviewed the revenue budget, rent levels and service charges for the Council's Housing Revenue Account (HRA) for the financial year 2009/10 on 17 February 2009 and subsequently referred the report to Council for approval on 26 February 2009. It was agreed that an average weekly rent increase of 6.02% (£3.21) be implemented in line with the Government's Rent Restructuring Model. All Council tenants were accordingly issued with the statutory four weeks notice of their rent increase and are currently being charged rent at the new rate from 6 April 2009.
6. On 11 March 2009 the Council received a letter from the Communities and Local Government (CLG) outlining proposals for implementing a reduction in the national average guideline rent increase for local authority tenants which was followed by a consultation paper on 26 March 2009. Unfortunately all the detailed information on the financial implications has only recently become available and CLG now require confirmation of whether we intend to take up their offer by the end of April 2009.
7. The effect of the proposed changes for 2009/10 is that the average weekly rent increase will reduce from 6.02% (or £3.21) to 2.98% (or £1.59). The financial impact of the proposed reduction in charges is included in the draft budget shown at **Appendix 1**. Examples of the proposed weekly rent increases for 2009/10 are shown at **Appendix 2**.
8. Whilst CLG are covering the costs arising from the reduced rental income they have made it clear that local housing authorities will be responsible for any additional administration costs which traditionally fall on the HRA. It is estimated that over £10K will be incurred in terms of additional work undertaken by Finance, IT and Housing Services and postage costs. There will also be an increase in the number of enquiries received by Customers Services. The financial implications in respect of additional Housing Benefit processing has been estimated to be £2K which will be charged to the Housing General Fund.

### Outcome of Consultation

9. The Tenants Board considered the proposals on 15 April 2009 and agreed to support the recommendations to accept the CLG's offer to financially support Council's who decide to reduce the increase in guideline rents.

## Appendix 1

	2008/09		Original 2009/10 Budget £000	Amended 2009/10 Budget £000
	Budget	Projection		
	£000	£000		
<b><u>INCOME</u></b>				
Rent of HRA Dwellings (Gross)	(14,550)	(15,106)	(15,599)	(15,156)
Sundry Rents (including Garages & Shops)	(365)	(367)	(370)	(370)
Charges for Services & Facilities	(1,589)	(1,617)	(1,629)	(1,629)
Contribution towards Expenditure	(434)	(419)	(413)	(413)
Interest Receivable	(62)	(42)	(42)	(42)
<b>Total Income</b>	<b>(17,000)</b>	<b>(17,551)</b>	<b>(18,053)</b>	<b>(17,610)</b>
<b><u>EXPENDITURE</u></b>				
Management	5,128	5,018	5,028	5,028
Maintenance - Revenue Repairs	3,379	3,394	3,509	3,509
Revenue Contribution to Capital	1,871	2,940	2,208	2,208
Housing Subsidy	4,428	4,428	4,903	4,460
Capital Financing Costs	2,074	1,773	2,255	2,255
Increase in Bad Debt Provision	120	150	150	150
Contribution to/(from) balance	0	(152)	0	0
<b>Total Expenditure</b>	<b>17,000</b>	<b>17,551</b>	<b>18,053</b>	<b>17,610</b>
<b>(Surplus) / Deficit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Opening Balance	500	652	500	500
Contribution to / (from) balance	0	(152)	0	0
Closing Balance	500	500	500	500
Estimated Closing Dwelling Numbers	5,338	5,446	5,386	5,386
Closing Balance per Dwelling	93.67	91.82	92.85	92.85

## Examples of Weekly Rent Increases for 2009/10

Area		Property Type	Approved Rent 2009/10	Proposed Rent 2009/10	Decrease between Approved & Amended £	Decrease between Approved & Amended %
<u>Middleton St George</u>						
	1 Mount Pleasant Close	1 Bedroom Bungalow	57.08	55.45	(1.63)	-2.9%
	4 Pounteys Close	2 Bedroom House	61.48	59.73	(1.75)	-2.8%
	2 Thorntree Gardens	3 Bedroom House	67.85	65.93	(1.92)	-2.8%
<u>Cockerton</u>						
	1 Newton Court	1 Bedroom Flat	51.80	50.32	(1.48)	-2.9%
	6 Elvet Place	2 Bedroom House	59.80	58.10	(1.70)	-2.8%
	5 Minors Crescent	3 Bedroom House	62.41	60.64	(1.77)	-2.8%
<u>Haughton</u>						
	16 Ted Fletcher Court	1 Bedroom Flat	52.03	50.55	(1.48)	-2.8%
	1 Lyonette Road	2 Bedroom Flat	58.13	56.47	(1.66)	-2.9%
	9 Nightingale Avenue	1 Bedroom Bungalow	57.26	55.62	(1.64)	-2.9%
	1 Rockwell Avenue	2 Bedroom House	61.79	60.03	(1.76)	-2.8%
	1 Dunelm Walk	3 Bedroom House	65.71	63.85	(1.86)	-2.8%
<u>Branksome</u>						
	8 Branksome Hall	1 Bedroom Flat	51.80	50.33	(1.47)	-2.8%
	30 Whitby Way	1 Bedroom Bungalow	57.14	55.51	(1.63)	-2.9%
	22 Malvern Crescent	2 Bedroom House	59.54	57.84	(1.70)	-2.9%
	16 Rosedale Crescent	3 Bedroom House	65.13	63.28	(1.85)	-2.8%
	152 Jedburgh Drive	4 Bedroom House	68.02	66.09	(1.93)	-2.8%
<u>Lascelles</u>						
	10 Rosemary Court	1 Bedroom Flat	51.70	50.24	(1.46)	-2.8%
	9 Gilling Crescent	2 Bedroom Flat	53.85	52.33	(1.52)	-2.8%
	2 Aldbrough Walk	2 Bedroom House	55.96	54.37	(1.59)	-2.8%
	1 Caldwell Green	3 Bedroom House	60.42	58.71	(1.71)	-2.8%
<u>Bank Top</u>						
	1 Aldelphi Court	1 Bedroom Flat	52.05	50.57	(1.48)	-2.8%
	6 Graham Court	3 Bedroom House	65.09	63.24	(1.85)	-2.8%

<u>Redhall</u>						
	1 Bramall House	1 Bedroom Flat	48.55	47.17	(1.38)	-2.8%
	13 Epsom Court	2 Bedroom Flat	52.85	51.36	(1.49)	-2.8%
	1 Murrayfield Way	1 Bedroom Bungalow	51.39	49.94	(1.45)	-2.8%
	3 Aintree Court	2 Bedroom House	55.56	53.98	(1.58)	-2.8%
	5 Elland Court	3 Bedroom House	59.32	57.64	(1.68)	-2.8%
<u>Eastbourne</u>						
	5 West Moor Road	1 Bedroom Flat	46.99	45.66	(1.33)	-2.8%
	22 Tansley Gardens	2 Bedroom Flat	52.58	51.09	(1.49)	-2.8%
	26 Firthmoor Crescent	2 Bedroom House	54.68	53.13	(1.55)	-2.8%
	33 Brignall Moor Crescent	3 Bedroom House	57.50	55.87	(1.63)	-2.8%
<u>Skerne Park</u>						
	10 Trent Place	2 Bed House	54.13	52.60	(1.53)	-2.8%
	37 Humber Place	3 Bed House	57.83	56.20	(1.63)	-2.8%