

ABERDEEN CITY COUNCIL

COMMITTEE	Communities, Housing and Infrastructure
DATE	27 th August 2015
DIRECTOR	Pete Leonard
TITLE OF REPORT	Council House Rent Policy
REPORT NUMBER	CHI/15/249
CHECKLIST COMPLETED	Yes

1. PURPOSE OF REPORT

The purpose of this report is to provide elected members with information on the current Council House rent increase policy and current work being undertaken on the development of a future rent increase policy.

2. RECOMMENDATIONS

It is recommended that Committee:

- i. Instruct consultation with tenants on a rent increase for 2016/17 based on the existing policy of RPIX +1%. The July 2015 figure for RPIX is 1.1%
- ii. Instruct consultation with tenants on a new rent policy for 2017/18 onwards.
- iii. Instruct a report to a future committee on the views received from the consultation together with a proposal for a new rent increase policy.

3. FINANCIAL IMPLICATIONS

- 3.1 The Housing Revenue Account (HRA) budget for 2015/16 is just over £83m which is funded mainly from housing rents.

- 3.2 It is vital that the Housing Service, plans that adequate resources are available to ensure that our business plan is sustainable and able to finance the projected capital spend and new build program

4. OTHER IMPLICATIONS

- 4.1 Failure to adequately maintain and improve the Council's housing stock may lead to the Council breaching health and safety regulations, poorer housing conditions in Aberdeen and result in lower demand. It is important that the Council ensures that all our properties continue to meet the Scottish Housing Quality Standard (SHQS) and that we provide high quality services to its tenants.
The HRA should be managed in line with the Scottish Government's Guidance on the Operation of Local Authority Housing Revenue Accounts (HRAs) in Scotland

5. BACKGROUND/MAIN ISSUES

- 5.1 Aberdeen City Council is committed to ensuring that tenants' views are both sought and listened to. As part of the review on the future of the Council housing stock, a tenant referendum was held in 2002 to determine what the views of tenants on whether they wanted Aberdeen City Council to pursue housing stock transfer. The clear response from tenants was that they wanted the council to remain as their landlord. As part of the policy response it was acknowledged that increased investment was need in the housing stock which meant setting a long tern rent policy to enable sufficient funds to be made available to meet the commitment.
- 5.2 In 2003 a policy was agreed by committee to increase rents over the coming years, this was set as a RPIX+ %. The percentage increase was RPIX + 4% for 4 years moving to RPIX + 1% where it currently sits.
- 5.3 The Scottish Housing Quality Standard (SHQS) was introduced in February 2004 with the requirement to achieve the standard by 31st March 2015. The SHQS required major investment to the Council's housing stock which the rent policy was able to deliver.
- 5.3 Part 2, Chapter 1, Section 25 of the Housing (Scotland) Act 2001 states:-

(4)Where the landlord under a Scottish secure tenancy proposes to increase the rents or any other charges payable by all, or any class of, its tenants it must, before giving notice under subsection (1)—

(a) Consult those of its tenants who would be affected by the proposal, and

(b) Have regard to the views expressed by those consulted.

- 5.6 We currently consult our tenants annually on the potential rent increases with the result of this consultation being reported to council in December as part of the Housing Revenue Account Draft Budget and Housing Capital Budget. All council tenants are subsequently informed of the rent increase in February the following year.
- 5.7 In December 2014 Council agreed a rent increase for 2015/16 based on the RPIX +1%.
The current policy was linked to the delivery of the SHQS in March 2015.
- 5.8 The HRA Business Plan is currently being reviewed and will inform future rental options. A new rent increase policy needs to be agreed to help ensure the long term sustainability of the HRA business plan and ensure that the Energy Efficiency Standard for Social Housing (ESSH) can be met by December 2020. ESSH sets the minimum energy efficiency standard for social housing required by the Scottish Government.
- 5.9 The normal annual consultation with tenants will need to be undertaken in September 2015 in order for Council to set the rent for 2016/17 in December 2015. With no agreed policy in place to replace the current RPIX+1% it is proposed to consult tenants on this policy for financial year 2016/2017
- 5.10 A viable long term rent policy for 2017/18 and beyond will need to be developed. A major consultation exercise with our tenants will be required in order to gauge their views on the way forward. This consultation will consider tenants expenditure priorities, how many years a policy may apply for as well as appropriate indices to be used.

6. IMPACT

- 6.1 The report relates to the Single Outcome Agreement and the Council vision of Aberdeen – the Smarter City, in particular the strategic priority ‘Smarter living (Quality of Life)’ where we will provide quality services to our council tenants to enable them to have a dry, warm home in a safe and enjoyable environment.
- 6.2 The community plan sets out our vision for the future of the City – an Even better place to live and work, where people can expect high Quality services to meet their needs.

This report meets the following objectives:

- Homes challenge – improve the quality of housing and Environment for individuals and the community.

- Adopt and implement strategies to support independent living for People with special needs.

It also meets the objectives in the policy document “Aberdeen – the Smarter City”:

- Smarter living – we will enhance the physical and emotional wellbeing of all our citizens by offering support and activities which promote independence, resilience, confidence and self esteem.

6.3 Public – this report will be of interest to the public as it relates to potential increases in council rents.

7. MANAGEMENT OF RISK

Housing Revenue Account

It is imperative to establish a rent formula which will sustain the HRA business plans over the coming years which includes meeting the new SHQS guidelines on Energy Efficiency, Repairs, Modernisations and any New Build programmes, through maximising the potential income streams of the service whilst balancing this against making rents affordable.

8. BACKGROUND PAPERS

None

9. REPORT AUTHOR DETAILS

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