

Report of: Community Housing Business Manager

To: Executive Board

Date: Monday 19th March 2007

Item No:

Title of Report : Temporary Accommodation Annual Rent Review

Summary and Recommendations

Purpose of report: Report to recommend new rent and service charge levels for temporary accommodation from April 2007, following publication of non-HRA rent rebate subsidy levels for 2007/08, and to recommend a mechanism for the delegation of such decisions in future years

Key decision: Yes

Portfolio Holder: Councillor Patrick Murray (Improving Housing)

Deputy Responsibility: Housing Scrutiny Committee

Ward(s) affected: All

Report Approved by

Portfolio Holder: Councillor Patrick Murray

Chair: Jeremy Thomas

Finance: Dave Higgins

Strategic Director: Michael Lawrence

Revenues & Benefits

Business Manager Paul Warters

Policy Framework: Oxford Plan

Recommendation(s): That the Board agrees:

- (1) To set the net rent for private sector lease (PSL) units at £219.06 per week from 2nd April 2007.
- (2) To set the PSL heating and lighting service charge at £13.50 per week from 2nd April 2007.

- (3) To set the PSL water and sewerage service charge at £2.00 per week from 2nd April 2007.
- (4) To set the Nightly Charge Accommodation rate at £183.75 per week (£26.25 per night) inclusive, from 2nd April 2007.
- (5) To delegate future annual reviews and setting of PSL net rent, PSL service charges, and Nightly Charge rates to the Business Manager, Community Housing

Background

1. The majority of 'first stage' temporary accommodation for homeless households, provided by the Council, is through the Private Sector Lease (PSL) Scheme. This scheme provides good value for money and has allowed the Council to significantly reduce its use of Nightly Charge accommodation.
2. As at 1st March 2007, the Council leases 154 units of PSL accommodation, of which 125 units are occupied. Further PSL units are to be surrendered during 2007 as part of our strategy to reduce numbers of households in temporary accommodation. This will reduce costs further. At 1st March 2007, no Nightly Charge units were in use, although one property comprising of 4 units is retained for emergency use.
3. The current rent level for PSL and Nightly Charge properties were agreed by Executive Board on 28th February 2005, as follows:

Private Sector Lease Accommodation:	
Exclusive use of one room	£222.30 pw
Exclusive use of 2 or more rooms/ whole property	£228.20 pw
inc. Heating and Lighting charges	£7.10 or £13.00 pw
inc. Water charge	£1.50 pw
Nightly Charge Accommodation	£175 pw (£25 pn)
4. This increase applied on 4th April 2005. No rent level increases were made in 2006/07, although the non-HRA rent rebate cap was increased from £213.70 to £219.06. The Department for Work and Pensions (DWP) 'Housing Benefit and Council Tax Circular HB/CTB S1/2007' published in February 2007 has frozen the cap for 2007/08 at the 2006/07 levels.

Proposal

5. It is proposed that PSL net rent levels are increased from 2nd April

2007 to the 2007/08 cap level. This will enable the Council to maximise income for this scheme and help cover the cost of the scheme.

6. It is not proposed that we continue to differentiate between rooms and larger units, as at 1st March 2007, only 10 PSL units comprise of rooms with shared kitchen or bathroom facilities, and these are to be surrendered in June 2007.

7. It is proposed to set service charges at the following rates which more accurately reflect the actual cost of providing these services to the PSL scheme:

Heating and Lighting (Gas & Electric)	£13.50 (from £13.00)
Water and Sewerage	£2.00 (from £1.50)

8. The above PSL rates will make the rent breakdown for all PSL units as follows:

Net Rent	£ 219.06
Heating and Lighting charges	£ 13.50
Water charge	£ 2.00
Gross Rent	£ 234.56

9. This new rent is likely to increase PSL rental income by about £30,000 in 2007/08 which will help the scheme to achieve it's objective of trying to be cost neutral, if possible.

10. It is proposed that Nightly Charge Accommodation charges are increased in line with costs, but by no more than Government guidance on rent increases. Given that the rate was not increased last year, it is proposed to apply the maximum 5% increase. This will increase the rate by £8.75 to £183.75 per week, or £26.25 per night.

11. In future years, it is proposed that officers are delegated to review and set PSL net rent levels, and make any changes as deemed necessary, within the DWP Housing Benefit cap level, in order to try and achieve neutral cost for the PSL scheme.

12. Furthermore, it is proposed that officers are delegated to set service charge levels in light of the actual costs to the Council.

13. For Nightly Charge Accommodation, it is proposed that officers are delegated to review and set this rate, in order to meet the costs of providing such accommodation. Any increases will not exceed Government guidance in relation to HRA rent increases (although this does not legally apply to this accommodation) which for 2007/08 has set a maximum 5% cap on rent increases.

Options

14. It is possible to not introduce a rent increase, however, this would limit the potential income to the council in 2007/08.
15. Officers could continue to prepare a report to Executive Board on an annual basis for a decision regarding these rent increases, although such reports have to be prepared in a very tight 'time window' between the DWP announcing the new cap levels and the beginning of April, and it is felt to be a relatively 'technical' review, that may not be considered to require a 'policy' steer beyond that of trying to achieve budget neutrality and affordability for clients.

Financial Implications

16. There are no financial implications other than those dealt with above in the main body of the report.

Recommendations

17. That the PSL rent and charges increase be approved, as set out above, from 2nd April 2007.
18. That Nightly Charge rates are also increased from this date, as set out above.
19. That future increases in PSL rents and charges, and Nightly Charge rates, are delegated to officers to review and apply.

Name and contact details of author:

Dave Scholes, Housing Needs Manager

Tel: (01865) 252636 Email: dscholes@oxford.gov.uk

Background papers:

None

