

CABINET MEMBER FOR NEIGHBOURHOODS

**Venue: Town Hall, Moorgate
Street, Rotherham.**

Date: Monday, 2 March 2009

Time: 10.00 a.m.

A G E N D A

6.1 - De-pooling Service Charges (herewith)

6.2 - Area Plan Priorities 2009/2010 (herewith)

ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS
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1.	Meeting:	Cabinet Member for Neighbourhoods
2.	Date:	2nd March 2009
3.	Title:	De-pooling Service Charges
4.	Directorate:	Neighbourhoods and Adult Services

5. Summary

The Audit Commission recently inspected the ALMO and highlighted that some of the specialist services could be potentially de-pooled to make the charging structure equitable and fair for all tenants. De-pooling in this context relates to situation whereby the tenant only pays for the services that they receive.

The Inspectors highlighted that the costs of cleaning communal areas, and those associated with the provision of an estate caretaker were currently pooled. This means the costs for these services are met by all tenants of the Borough, irrespective of whether they received the services or not.

The report considers a number of options for Cabinet to consider which are outlined in the proposals and details

6. Recommendations

That the Cabinet Member considers the following options:

1. Commissions the work associated with de-pooling charges in respect of:

- A. Communal cleaning and caretaking services.**
- B. De-pools charges for one of the services identified**

If commissioned a further report will be presented giving details of how the project will be implemented.

Or

3. Considers that no action is necessary as the current charging structure is equitable and fair.

7. Proposals and Details

- 7.1 De-pooling in the context of rent relates to situation whereby the tenant only pays for the services that they receive. It is currently the case that additional charges for sheltered accommodation, such as Rothercare, Communal Facilities and the Warden, are borne by the recipients of those services, so they are effectively de-pooled.

The actual rent charged for the Sheltered Services is established by dividing the costs of providing that service by the number of users. This is then shown as a separate charge item on the rent account, so tenants can clearly identify what they are paying for.

The recent Audit Commission inspection identified that the costs of cleaning communal areas, and those associated with the provision of the estate caretaking service were currently pooled. This in effect meant that the costs associated with these services were being met by all tenants throughout the Borough, irrespective of whether they received a service or not.

This practice goes against the Audit Commissions equitable and fair charging structure for rent and the issue was identified as a potential weakness in the Commissions feedback sessions during their recent inspection. In addition it was also highlighted as a recommendation in HQN's indicative inspection report in February last year

To address the issue the Council would have to consider changing its charging structure and levy additional rent for those services identified in this report

- 7.2 In terms of costs and options the following issues have been identified:

Communal Cleaning - the cost of providing the communal cleaning service is currently £140k per annum. The cleaning service is currently received by 3,850 Council tenants and 146 Leaseholders, all living in communal blocks of flats.

In terms of funding Leaseholders currently pay £22 per year, which brings in £3,200 in revenue. The remaining £136,800 comes directly from the HRA, and is funded by rent payers.

De-pooling involves reducing the rent for a property by the value of the service charge and then restructuring the reduced rent to the formula rent that has remained unchanged¹.

To bring in an effective structure all the costs associated with the communal flats would have to be stripped back to get to a position where the tenants rent is differentiated from all the other charges. Once this position had been attained service charges could be built up dependant on tenant's choice and the level of services they wished to receive.

It is estimated that an additional charge of 0.75p per week would have to be levied to recover the costs currently associated with communal cleaning. It is also anticipated that the current charge for leaseholders would have to be uplifted to £35 per annum, so that irrespective of tenure the charges would be equally apportioned.

¹ HQN Briefing – Page 1 Implementation of tenant service charges by Tony Huff December 2008

Housing Benefit confirmed that cleaning communal areas would be eligible for rebate. Using this assumption and the fact that 64% of tenants are in receipt of some form of Housing Benefit, out of the 3,850 tenants affected only 1,386 will be potentially liable to pay the charge. The remaining 2,464 could have the charges met by increased rent rebate.

Estate Caretaking - In terms of estate caretaking the issue is more complex as the majority do not work at a fixed location. The service is currently split into north, south and central areas where staff can work anywhere within these localities. Only 3 of the central caretakers spend any significant time at a particular location and these are linked to refuse collection duties at Beeversleigh, Masborough and Warncliffe flats.

Two options are proposed:

a) Recharge the costs for the specialist caretakers only – using information from activity based costing we have established that the 3 caretakers spend 34% of their time carrying out specialist functions associated refuse collection in the areas identified. A total of 468 tenants derive benefit from this particular service and to de-pool the charges the costs associated with 1 full time equivalent, plus equipment and materials, would have to be recharged. To recover these costs it is estimated that each resident would have to pay an additional 0.72 per week in de-pooled charges.

Or

b) Determine that all tenants benefit from the caretaking service and have potential access to service provision within their own neighbourhood. This would in effect mean the current charging structure was fair and should remain the same.

Housing Benefit confirm that the regulatory requirement for the payment of rent rebate is dependant on 'whether the service is connected to the provision of adequate accommodation'. The Benefit Service indicates that the specialist work associated with refuse collection and chute maintenance would make this element eligible for Housing Benefit.

Using the same rational as communal cleaning, if 64% of tenants are in receipt of Housing Benefit then only 168 tenants out of 468 would be liable to pay an additional charge. The remaining 300 would have any increase met by additional rent rebate.

7.3 If de-pooling is considered an option the Authority wishes to pursue, then the following actions would need to take place:

- a) All the costs associated with the communal flats would have to be re-calculated to get to a position where we are able to differentiate what is rent and what a service charge is.
- b) Consultation – Neighbourhood staff would have to consult with tenants and leaseholders about the level of service required and the amount of rent they would be willing to pay for such services. The process would enable residents to make more informed choices about the services they received.
- c) Amending ANITE's rent module – sub-accounts would have to be set up for rent accounts affected by the new charging structure.
- d) Statutory Notification – A 28 day notification letter itemising the new charges would have to be sent to the all tenants affected by the changes.

- e) Further work would have to be carried out with Housing Benefits to ensure all the new charges were benefit eligible and that the IT systems could post payments to rent accounts.

8. Finance

- 8.1 Consultation has taken place with the HRA Accountant and de-pooling the charges as outlined would be cost neutral, after taking account of administration and contract costs.
- 8.2 It is envisaged that the proposal would have no impact on the current level of subsidy.
- 8.3 The de-pooling of service charges from the rent would reduce the rent into a net rent figure, which would pay for the rental for accommodation only. Under the rent restructuring rules the properties affected by service charge de-pooling would see an exceptional rise in their rents back to the previous rent level before the de-pooling of service charges².
- 8.4 The following model gives an indication as to the effect of applying a £5 service charge³.

	Normal Rent Restructuring	With de-pooled Service Charge of £5
Formula rent 2008/09	£58.60	£58.60
Actual rent 2007/08	£47.60	£47.60
2008/09 uplifted rent (6/7 actual rent x RPI x ½%)	$£47.60 \times 1.039 \times 1.005 =$ £49.81	$(£47.60 - £5.00) \times 1.039 \times 1.005 =$ £44.48
2008/09 calculated actual rent (uplifted rent + {formula rent – uplifted rent}/9)	$£49.81 + (£58.60 - 49.81)/9 =$ £50.79	$£44.48 + (£58.60 - 44.48)/9 =$ £46.05
Calculated rent + service charge	£50.79	$£46.05 + £5.00 =$ £51.05
Tenants' limit rent (uplifted rent + £2)	$£49.81 + £2 =$ £51.81	$£49.81 + £2 =$ £51.81
Actual rent to be charged + service charge (lower of limit rent and calculated rent)	£50.79	£51.05
Additional income		£0.26

- 8.5 In this example the LA is gaining £0.26 additional income from the tenant through de-pooling. If however the calculated total charge was greater than £51.81 then the limit rent would apply and the rent would need to be reduced so that the total limit was not exceeded. The service charge element would not be adjusted.⁴
- 8.6 For rent restructuring purposes increases in charges each year are limited to RPI + 0.5% + £2 week covering both the tenant rent + service charge increases. This includes during the process of de-pooling. Service charges once de-pooled can only be increased by RPI + 0.5%⁵.

² HRA Accountant – Nisar Ahmed

³ HQN Briefing – Page 2 Implementation of tenant service charges by Tony Huff December 2008

⁴ HQN Briefing – Page 2 Implementation of tenant service charges by Tony Huff December 2008

⁵ HQN Briefing – Page 1 Implementation of tenant service charges by Tony Huff December 2008

9. Risks and uncertainties

- 9.1 Failure to de-pool charges could result in criticism at the next Audit Commission inspection as the Authority could be seen as not having a fair and equitable charging structure.
- 9.2 The tenants that are currently subsidising the identified services but derive no benefit from it may challenge the current charging structure as being unjust. This could be difficult to defend if the Local Government Ombudsman were to become involved.
- 9.3 Housing Benefits have made an initial determination that the charges relating to communal cleaning and the specialist caretakers would be eligible for Housing Benefit. But they require more detail about the cleaning contract costs and the duties and responsibilities within the specialist caretaker's job description.
- 9.4 Implementing additional charges during the 'credit crunch' could have an impact on affordability especially when tenants have had above inflationary rent increase, at 6.9%, for the past 2 years. This could bring adverse publicity to the Council and ALMO, at a time when the economy is in recession.
- 9.5 Even though the majority of tenants (64%) are in receipt of Housing Benefits and will have any increase met by rent rebate, a significant number will still be affected. This could place this group on the margins of poverty, whilst those eligible for Benefits remain trapped where it not viable for them to get paid employment.
- 9.6 Conversely the revised charging structure could increase the number of tenants eligible for Housing Benefit. The revised rent would be set against the claimant's applicable amount, to assess if they are eligible for rent rebate. Indeed if a new claim were successful it could passport the applicant to other forms of benefit. For example Supporting People Grant and other non-housing related benefits, such as free school meals.
- 9.7 To test the assumption that creating service charges will detrimentally affect the demand for certain types of property, benchmarking has taken place with RSL's that have already carried out this procedure. The Shoreline Group, Stockton and Harrow have all carried out de-pooling to some extent and early indications highlight that there has been little impact on demand. The organisations contacted said tenants seem content with de-pooling charges as it increased local choice about what services are provided and they can have some influence over what is charged, and how it is charged. It is also seen to be fairer and more transparent – paying for services you get. It increases engagement of tenants in the cost of providing services, introducing an additional driver to obtain value for money. It can help prioritise spending – as with leaseholders, tenant priorities can change when a cost is attached to an option.
- 9.8 Any alteration to the rent structure could impact on the income collection rate. If bad debt provision is assessed at 2%, then it not unreasonable to assume that amending the charges could add £3k to the actual arrears. In context this would only be a 0.3% increase to an outstanding debt of £942K.

10. Policy and Performance Agenda Implications

- 10.1 Failure to implement a fair and equitable charging structure across the areas highlighted in this report could invoke criticism from the Audit Commission at the next inspection of the Housing Service.
- 10.2 In terms of Policy the tenancy agreement and sign-up process for the properties affected by the recommendations in this report would to be amended. This would enable the correct charges to be implemented from the onset of a new tenancy

11. Background Papers and Consultation

HQN Indicative Inspection Report

Audit Commission Interim Report

HQN briefing – Implementation of Tenant Service Charges

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ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS
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1.	Meeting:	Cabinet Member for Neighbourhoods
2.	Date:	2nd March, 2009
3.	Title:	Area Plans Priorities 2009/10
4.	Directorate:	Neighbourhoods and Adult Services

5. Summary

In July 2008 the Government published the ‘**Communities in Control: Real People, Real Power**’ White Paper which takes forward and develops the commitments made in the Strong and Prosperous Communities White Paper and states that a new ‘duty for Councils to promote democracy’ will be introduced.

The **New National Indicator NI 4** encourages councils to “increase the number of people who feel they can influence decision making

This report details the consultation process undertaken to develop the 2009/10 Area Plans and identify key local issues, including details of consultation activities, number of residents consulted and activities undertaken to ensure inclusion of hard to reach groups.

6. Recommendations

The Cabinet Member is asked to receive the report and note the progress made to date

7. Proposals and Details

The engagement and involvement of the community plays a vital role in ensuring the success of the Council's Corporate Plan, Rotherham Partnerships Community Strategy and the Local Area Agreement.

The Area Plan Consultation is a two way process with communities and individuals to find out the things that matter to them, their priorities and to use this information to work in partnership with locally based services and make improvements to the area. This is done by delivering projects so that Rotherham is a better place to live and which provide opportunities for local communities to;

- Work with local people to improve their quality of life
- Take action to tackle local issues
- Enable communities to influence plans and services for the area (including those of partners) to make sure they are what people want
- Increase public participation in the decision making process – so that residents are aware that the council actively seeks and values their input
- Bring together all those who live and work in an area in a positive and active partnership
- Work with communities to celebrate their areas so that people feel they belong to the Community and get on well together

The Area Plan Consultation, like all surveys however reliable, can only provide a snapshot at a particular point in time, and is based on a sample.

The 2008 Rotherham Place Survey sample size was 1,890 which works out at 270 people per Area Assembly. The Area Plan Consultation process was 3,200 people as detailed in Appendix 1.

Differences in the numbers of people that the Area Assemblies were able to consult with were influenced by factors such as people refusing to take part because they did not feel that their response could change anything, differences in numbers of vol/com sector groups in the Area Assembly Area , other consultations which have recently taken place, i.e. Parish Planning and the Place Survey itself, as well as consultation undertaken by partners in the statutory and vol/com sector (consultation fatigue).

Whilst it is useful to see responses across each Area Assembly, comparisons should not be made as the consultation across each Area Assembly, whilst planned and inclusive of all the relevant target groups cannot be identical.

Care therefore needs to be taken with the findings.

The consultation process to identify the priorities of local citizens in each area was spread over a three month period from October to December 2008.

7.1 Survey Methodology

Although various methods of consulting with people were used to meet the needs of specific groups, a robust and consistent consultation process was agreed which met with the guidelines contained in the CCI Framework.

The Area Assemblies utilised an on-line survey format to enable consistency across all areas and the ability to compare responses and priorities. This survey was completed either electronically on-line, during face to face targeted consultations or at other local community or focus groups within the vol/com sector and partners, street surgeries and walkabouts, visioning events, and young people's conferences.

This softer approach enabled the engagement of harder to reach groups such as younger/older people or people from BME Communities who might not be reached through traditional forums.

7.2 Target Groups

This year the Neighbourhood Partnership team developed a consultation plan and then within this plan each Area Assembly team was asked to develop their own localised plan for their consultation, ensuring that the consultation included all the relevant groups, ages, gender, ethnicity etc and so that recording of the 'softer consultation methods' could take place. Consultation also included TARA's, local businesses and carers groups.

7.3 Survey Questions

Desk top research took place to identify concerns highlighted at public meetings, from within existing reports or planning documents including partner and stakeholder information which would be reflected in the survey questions. Questions to be included in the consultation were also developed following consultation with partners including NHS Rotherham and South Yorkshire Police.

Questions were identified which could be clearly linked to the themes within the Sustainable Communities Strategy across all areas which would reflect previously identified priorities a 'reality check' approach to what was identified in last years plans.

- "On the whole, do you think that over the last 12 months your local area has got better or worse as a place to live",
- "Thinking about where you live, which of the things below, if any, do you think most need improving including health, facilities and services, education and skills and crime and Community safety.

This year the Area Assemblies consultation was aligned with the questions within the Place Survey in relation to whether or not

- "People feel informed about their local area"
- "People feel they are able to influence decision making"
- "Whether or not they are aware of the work of the Area Assemblies"
- "Whether or not people wish to become involved in improving the Community" (a range of options was offered, including Area Assembly meetings or volunteering , other local Community groups or organisations or specific focus groups).

7.4 Priorities

From the Area Planning consultation exercise each area was able to identify priorities which can be clearly linked to the wider priorities and objectives of the Rotherham Partnerships Community Strategy, the Local Area Agreement and the Neighbourhood Renewal Strategy, particularly linking in to the Safe and Proud themes.

The top ten priorities were identified for each Area Assembly. (attached as Appendix 2). Whilst the numbers of Area Assembly consultation samples was inconsistent, the results can be seen to be reflective of the community as they reflect the outcomes of other consultations undertaken by our partners in the statutory and vol/com sector. The top 3 priorities across all the Area Assemblies were:

- Anti Social Behaviour
- Fear of Crime
- Street Scene issues (clean streets/roads and pavements).

7.5 Next steps

Area Plan priorities will be included in service planning across directorates via the Council's Service Planning checklist (Chief Executives Performance Management). The priorities will also be linked into the Proud Board where dissemination across Rotherham's Theme Boards will be agreed.

Because the Area Plan Consultation process is in effect a snapshot of people's views at a set time, some of the information contained in the survey, in relation to the 'any other comments' that people made when completing the survey may require further investigation. This will be undertaken in conjunction with key partners at a specific focus group, for example comments regarding anti social behaviour may need to be looked at in more detail to identify if the ASB issue is across the Area Assembly area or targeted to a specific area or group of people in a community. This intelligence could then be addressed through the Area Assembly Neighbourhood Action Group.

Priorities from the consultation will be presented to Coordinating Groups throughout January and area plan actions will be developed. These priorities will also inform projects submitted under the Area Assemblies Devolved Budgeting Process to be implemented from April 2009.

It is vital that the information gained from the consultation about the numbers of people who feel they can influence decision making and who wish to get involved with Area Assemblies is used by the Area Assembly teams, particularly ensuring that people who want to be involved are offered the opportunities to do so in the ways they expressed. An important element this year will be to feedback to local communities the outcomes of the consultation in terms of priorities but also the outcomes of project proposals submitted under the devolved budget process which will address actions to meet the community priorities identified. This should enable people to feel that they can influence local decision making if they can see tangible results and particularly if projects are delivered organisations or groups they are familiar with.

8. Finance

This report has no current financial implications for RMBC.

9. Risks and Uncertainties

The principal risk associated with the identification of priorities and successful Area Planning Consultation, is the potential lack of ownership and commitment from key delivery partners. This risk will be addressed by clear statements of ownership of key actions in the Area Plans and a robust performance management structure overseen by the Neighbourhood Partnership Unit Manager and the 7 Area Partnership Managers.

A further risk is ensuring that the timetables for the Area Plan/Community consultation meet the timescales set for feeding into the Community Strategy, the Local Area Agreement.

10. Policy and Performance Agenda Implications

The desired outcome for successful Area Plans is that they will be integrated into RMBC's Neighbourhoods Service Plan, Community Strategy and the Local Area Agreement as well as delivering against the Outcomes Framework as follows:

Making a positive contribution – Councils ensure that people who use services are encouraged to participate fully in their Community and that their contribution is valued equally with other people.

The Area Assembly Teams do this by ensuring Communities have support and information to develop their involvement with issues that affect their lives

Economic well-being – access to income and resources sufficient for a good diet, accommodation and participation in family and Community life.

People are not disadvantaged financially and have access to economic opportunity and appropriate resources to achieve this.

Area Assembly Teams address this by breaking down barriers that prevent people accessing employment e.g. poor transport links and by supporting development of social enterprises and Community owned facilities

Improved Quality of Life – by creating opportunities for individuals to influence the services which are being delivered at a local level

Exercise Choice and Control – through the meaningful involvement of people in the development of Area Assemblies/Area plans and Neighbourhood charters

11. Background Papers and Consultation

Rotherham Community Strategy – 2005

ODPM Sustainable Communities: People, Places and Prosperity – 2005

ODPM Vibrant Local Leadership – 2005

ODPM Citizen Engagement and Public Services: Why Neighbourhoods Matter – 2005

Area Assembly Profiles 2006

Government White Paper 'Strong and Prosperous Communities' October 2006

Government White Paper 'Communities in Control' - 2008

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Appendix 1. Area Assemblies Consultation Outcomes for 2009/10 Area Plans

	RVW	RVS	WV	WN	WS	RN	RS
Total No of events	3	6	17	3	10		1
Total Number of Groups	7	26 (333 people involved)	11	2	12 (75 people)	23	20
Total Number of Individuals	486	367	155	1004	131	402	647
Total	486	700	155	1004	206	402	647
% Men	41%	40	35.	52	36.	36	
% Women	59%	57	64.	48	63	60	
% BME Communities	3%	4	3.5	4.6	3.5	5	22%
%Young People	N/A	22	10.	N/A	25.6	45	29
%Older People	27	21.5	17	13	24	14	25
%People with LD or PD	33 people	55 people	N/A	86 people	33 people	52 people	122 people
% who feel informed	49	54	56	36	46	33	34
% who feel they can influence decisions	24	26	25	19	22.	19	22
% who want to be involved in AA	17	36	28.5	12	30	20	15

APPENDIX 2. Consultation Outcomes - Priorities

Area Assembly	Priority 1	Priority 2	Priority 3	Priority 4	Priority 5	Priority 6	Priority 7	Priority 8	Priority 9	Priority 10
RVW	Anti-social behaviour	Roads/ Pavement Main – tenance	Facilities for CHYP	Criminal Damage	Fear of Crime	Opps for access to learning new skills	Parks/ open spaces	Drug Misuse	Comm facilities and activities	Motorcycle nuisance
RVS	Roads/ Pavement Main – tenance	Anti-social behaviour	Facilities for CHYP	Criminal Damage	Fear of Crime	Increased employ ment opps	Drug Misuse	Comm facilities and activities	Access to GP Services	Clean Streets
WV	Anti-social behaviour	Facilities for CHYP	Parks/ open spaces	Increased employ ment opps	Criminal Damage	Comm facilities and activities	Opps for access to learning new skills	Roads/ Pavement Main – tenance	Clean Streets	Drug Misuse
WS	Anti-social behaviour	Facilities for CHYP	Roads/ Pavement Main – tenance	Increased employ ment opps	Fear of Crime	Clean Streets	Drug Misuse	Comm facilities and activities	Criminal Damage	Opps for access to learning new skills
WN	Parks/ open spaces	Anti-social behaviour	Facilities for CHYP	Increased employ ment opps	Clean Streets	Criminal Damage	Comm facilities and activities	Drug Misuse	Fear of Crime	Play Areas
RN	Facilities for CHYP	Anti-social behaviour	Fear of Crime	Roads/ Pavement Main – tenance	Parks/ open spaces	Criminal Damage	Increased employ ment opps	Comm facilities and activities	Drug Misuse	Clean Streets
RS	Anti-social behaviour	Facilities for CHYP	Clean Streets	Roads/ Pavement Main – tenance	Criminal Damage	Fear of Crime	Increased employ ment opps	Services for the Elderly	Drug Misuse	Comm facilities and activities

