

		AGENDA ITEM NO.							
Report Cover Sheet									
Name of Meeting:		Executive							
Date of Meeting:		11 th February 2008							
Report Title:		Rent Free Weeks - Update							
Summary of report:		To update Executive on recent developments regarding the approved change to a 48 week rent charging regime for council dwellings and garages from April 2008 and recommend that the proposed implementation is no longer undertaken.							
For Further Information Please Contact (report author):		Bill Hunt, Head of Housing and Property Services (01926) 456403 bill.hunt@warwickdc.gov.uk							
Business Unit:		Housing and Property Services							
Would the recommended decision be contrary to the Policy Framework:		No							
Would the recommended decision be contrary to the Budgetary framework:		No							
Wards of the District directly affected by this decision:		All							
Key Decision?		Yes							
Included within the Forward Plan?		Yes Ref 68							
Is the report private & confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?		No							
Date and name of meeting when issue was last considered and relevant minute number:		Executive 23 July 2007 Minute number 276 (d)							
Background Papers:		Introduction of Rent Free Weeks – Executive 23 July 2007 Consultation papers							
Consultation Undertaken									
Below is a table of the Council's regular consultees. However not all have to be consulted on every matter and if there was no obligation to consult with a specific consultee they will be marked as n/a.									
<table border="1"> <thead> <tr> <th>Consultees</th> <th>Yes/ No</th> <th>Who</th> </tr> </thead> <tbody> <tr> <td>Other Committees</td> <td>No</td> <td></td> </tr> </tbody> </table>				Consultees	Yes/ No	Who	Other Committees	No	
Consultees	Yes/ No	Who							
Other Committees	No								

Ward Councillors	No	
Portfolio Holders	Yes	Councillor Doody
Other Councillors	Yes	Councillor Mrs. Grainger
Warwick District Council recognised Trades Unions	No	
Other Warwick District Council Service Areas	No	
Project partners	No	
Parish/Town Council	No	
Highways Authority	No	
Residents	No	
Citizens Panel	No	
Other consultees	No	

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Officer Approval

With regard to officer approval all reports must be approved by the report authors relevant director, Finance Services and Legal Services.

Officer Approval	Date	Name
Relevant Director(s)	18/1/08	Mary Hawkins
Chief Executive	18/1/08	
CMT	18/1/08	
Section 151 Officer	18/1/08	Mary Hawkins
Legal	17/1/08	Simon Best
Finance	16/01/08	Mike Snow

Final Decision?	Yes

Suggested next steps (if not final decision please set out below)

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1. RECOMMENDATION(S)

- 1.1 To discontinue the planned implementation of a 48 week rent charging year for council tenants from April 2008 onwards.

2. REASON(S) FOR THE RECOMMENDATION(S)

- 2.1 At its meeting of 23 July 2007 the Executive approved the adoption of a 48 week rent charging year for council tenants commencing from April 2008. Officers subsequently commenced the planning of the changes required to the rent accounting system and associated systems and the agreed programme of tenant consultation.
- 2.2 The initial phase of the consultation involved a letter explaining the proposals and inviting comment being sent to over 7,500 tenants. Only 178 responses were received, a response rate of under 2.5%. Of these respondents 58 were in favour of the proposal (32.5%), 65 were against the proposal (36.5%), 23 neutral (13%) and 32 had further questions (18%). The overwhelming focus of these questions concerned the impact that the introduction of 4 non-chargeable weeks would have on the weekly rent charged in the remaining 48 weeks. It is reasonable to assume that having raised their concern as a question the majority of these respondents would not favour the implementation of the proposal so that the percentage of those not in favour of the planned changes should be regarded as being over 50%.
- 2.3 As the overall number of responses was so low it was decided that the consultation process should continue to the next stage which would involve a further letter to all 7,500+ tenants together with a sheet of Frequently Asked Questions. The main focus of this question and answer sheet would be to clearly explain the impact of the change in payment weeks on the weekly rent payable. The consultation timetable had been designed so sufficient time would be available for a further report to be brought to Executive were this second phase of consultation to demonstrate significant disquiet amongst tenants as to the proposals.
- 2.4 However, before this second consultation was sent the Council received notification of the draft subsidy determination for 2008/09 and the proposed changes to the national rent restructuring guidance. The impact of the proposed changes would leave tenants facing a rent increase significantly above inflation. The introduction of 4 non-chargeable weeks at the same time would be to increase the rent payable in the remaining 48 rent charging weeks by an average £10.33 per week, equivalent to a 16.57% rent increase.
- 2.5 The final subsidy determination for 2008/09 has now been received and the proposed rent increase for council tenants is considered elsewhere on the agenda. Despite our response to the consultation on the draft agenda the final determination is not similar to the draft. This means that were rent free weeks to be implemented the average rent payable in the 48 charged weeks would rise to £72.68 a 16.57% increase from 2007/08.
- 2.6 The basis of the proposal to alter the rent charging regime was that it would maximise our ability to collect rent from tenants in arrears. We would be able to agree payments in the non-charging weeks that would contribute a lump sum

reduction in the outstanding arrears balance, additional to the small weekly reductions already being achieved through repayment agreements.

2.7 However, too large an increase in the weekly rent payable in the remaining chargeable weeks is likely to mean this potential benefit will not be realised. An increase in the order of 16.57% is highly likely to increase overall indebtedness as more tenants struggle to maintain their rent payments, more than offsetting the positive impact of the 4 rent free weeks.

2.8 It is therefore recommended that no change to the charging regime is implemented and tenants notified accordingly.

3. ALTERNATIVE OPTION(S) CONSIDERED

3.1 The alternative option would be to proceed with the approved changes. This is considered to be likely to lead to a high level of tenant dissatisfaction and a potential significant increase in rent arrears.

4. BUDGETARY FRAMEWORK

4.1 There is no impact on existing budgets should the consultation and implementation process be terminated.

4.2 The effective collection of rent and charges together with the minimisation and prompt recovery of rent arrears is an underpinning principle to the Housing Revenue Account (HRA) Business Plan. Any future increase in rent arrears would be detrimental to the HRA.

5. POLICY FRAMEWORK

5.1 The HRA is a key component of the Council's budget and is integral to the delivery and management of the Council's landlord function.