1. Purpose

1.1 To decide whether to de-pool council rents from April 2012 into rents and service charges.

2 Recommendations

2.1 It is recommended that rents be de-pooled into rents and service charges from 2012/13 onwards.

3 Background

3.1 The rent tenants pay currently covers the costs of all services provided. For example, all tenants pay towards the costs of cleaning the communal areas of flats, electricity to communal areas and grounds maintenance to communal gardens. Tenants pay whether or not they receive such a service. Costs for
these services are not shown separately so tenants cannot identify, for example, how much of their rent goes towards cleaning, and they cannot assess value for money.

3.2 De-pooling involves separating out these costs and charging them as a service charge.

For example, tenants who live in dwellings with communal, shared areas would be charged on the following basis.

**Current situation**

<table>
<thead>
<tr>
<th>Rent</th>
<th>£70</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service charges</td>
<td>£0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>£70 a week</td>
</tr>
</tbody>
</table>

**Example of de-pooled rent**

<table>
<thead>
<tr>
<th>Rent</th>
<th>£64</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service charge for cleaning</td>
<td>£3</td>
</tr>
<tr>
<td>Service charge for communal electricity</td>
<td>£3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>£70 a week</td>
</tr>
</tbody>
</table>

3.3 There would be no change for tenants who do not have shared communal areas. They would be charged on the same basis as at present.

3.4 Heating charges are already de-pooled. Only those flats that have communal heating pay a heating charge and the cost is not covered in the rent.

**4. Issues and Choices**

4.1 **Why de-pool?**

4.1.1 De-pooled charges create transparency. Tenants are able to see the cost of a service received and are better placed to assess value for money. It is clear how much each service costs and this makes the Council more accountable for service delivery. Tenants have been consulted about this proposal and overall are in favour. The results of the consultation are detailed in the appendix.

4.1.2 Charging separately for services results in only those tenants receiving the service paying for it and this is a fairer charging basis. Costs are not subsidised by the wider tenant body.

4.1.3 It is recommended as best practice. The Department of Communities and Local Government (CLG) state that local authorities should consider apportioning the costs to individual homes. (Source: CLG: Self-Financing Planning the Transition 2011). At inspection, the audit commission recommends that charges be de-pooled because this makes the charging structure equitable and fair for all tenants.
4.1.4 Government issued guidance on De-pooling in 2002 entitled “A Guide to Social Rent Reforms in the Local Authority Sector” in which it noted that rents are generally taken to include all charges associated with the occupation of a dwelling, such as maintenance and general housing management services. Service charges usually reflect additional services which may not be provided to every tenant, or which may be connected with communal facilities rather than particular to occupation of a dwelling. Examples are cleaning, caretaking, communal electricity. CLG did not make de-pooling compulsory but most authorities have de-pooled their charges.

4.1.5 Although at the point of de-pooling, rents are reduced by the amount of the service charge, ensuring that there is no initial increase, there may be an increase over the coming years due to the way the rent increase formula is applied. For example, if the target rent for a property is £80 and the actual rent is £75, the rent only has to increase by £5 over the following years to reach the target. However, if the rent is reduced to £70 because of de-pooling, it has to increase by £10 to reach the target. (These are illustrative figures only.) This has been made clear to tenants as part of the consultation. Consultation showed that of those tenants directly affected, more were in favour of the proposals than against – 49% in favour compared to 19% against.

4.2 How many tenants would have their rent de-pooled?

4.2.1 De-pooling will apply only to those who have shared communal services and this is typically, flats. The Council has 5,200 flats. De-pooling is expected to apply to 95% of these properties. This is approximately 42% of the housing stock. This will be a fairer system because only those who receive additional services will pay for them - services such as cleaning, electricity and maintenance of communal gardens. At present, the costs are shared by all tenants regardless of whether they receive these. Consultation results showed that 56% of tenants felt the proposals were fair, and only 10% felt they were unfair.

4.3 What service costs will be de-pooled?

4.3.1 Current shared service costs are caretaking and cleaning, CCTV, communal electricity for lighting, security doors etc, grounds maintenance of communal gardens and communal areas to flats. Charges will be based on costs incurred.

4.3.2 Current average charges, based on 52 weeks, will be £2.50 a week for cleaning and caretaking; £1.40 a week for grounds maintenance; £2.50 for communal electricity; CCTV £3.50 a week. These are average figures and actuals will vary depending upon the costs of the services.

4.3.3 Laundry costs will also be charged as a service charge. At present there is a coin box on each machine, which has to be emptied by staff. This will be replaced by a service charge £1.50 a week.

4.4 Choices
4.4.1 Members could decide not to de-pool. There is no legal requirement to do so. However, this would mean that the current lack of transparency would continue. The Council’s charging basis would be out of step with both a number of authorities and with housing associations/Registered Social Landlords (RSLs).

4.4.2 Members could decide to de-pool but to do so on a pooled basis. For example, all flats that receive cleaning would be charged the same, regardless of how much the cleaning cost. This would mean that everyone paid the same. However, costs would still not be transparent - tenants would not be able to identify how much it was costing them for a service.

4.4.3 Members could decide to de-pool based on actual costs. This will create maximum transparency and fairness. It will be possible to identify actual costs in cases, such as electricity. However, some grounds maintenance is likely to be pooled to some extent, as it is not possible to identify all costs down to that level. However, this will be kept to a minimum and where possible actual costs will be charged. This is the recommended option.

5 Implications (including financial implications)

5.1 Policy

5.1.1 If approved, the changes will represent a new rent charging policy

5.2 Resources and Risk

5.2.1 No extra income will be generated in the first year. In subsequent years, once target rents have been reached, income will gradually increase.

5.3 Legal

5.3.1 The tenancy agreement permits changes to rent or other charges at any time upon the giving of at least 4 weeks written notice to the tenant.

5.4 Equality

5.4.1 An equality impact screening assessment has been carried out and no adverse impact has been identified on the equality groups. Whilst some tenants may experience increased rents in the longer term, charges being de-pooled are eligible for housing benefit under current regulations.

5.5 Consultees (Internal and External)

5.5.1 Tenants were consulted at the area tenant panels that took place in September. In addition to these four meetings, two further consultation meetings were arranged in November and all tenants were invited.

5.5.2 In addition to this, all tenants have been consulted individually. A consultation booklet was sent to all tenants explaining the proposals with a questionnaire
seeking their views. This was also placed on the Council’s website.

5.5.3 The Head of Revenues and Benefits has been consulted and the proposals have been developed in conjunction with the Council’s finance department.

5.5.4 Overall, 48% of tenants agreed with the proposals, only 17% of tenants disagreed with the proposals. The number of tenants responding to this question was 1,303.

5.5.5 Results for tenants of flats, bedsits and maisonettes were analysed separately and this showed that 49% of tenants agreed with the proposals and 19% disagreed. Full details are shown in the appendix.

5.5.6 Tenants were asked if they thought the proposals would lead to a fairer charging basis and 56% stated that they thought it would with 10% stating that it would be unfair.

5.5.7 Full details of the consultation results are shown in the appendix.

5.6 How the Proposals deliver Priority Outcomes

5.6.1 The proposals link to the Corporate Plan aim of providing quality services.

4.7 Other Implications

4.7.1 None

5. Background Papers

CLG: Self-Financing Planning the Transition 2011
CLG “A Guide to Social Rent Reforms in the Local Authority Sector 2002

Appendix
Consultation results

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Summary of consultation

Percentage of tenants agreeing with depooling

- Agree: 48%
- Not sure: 35%
- Disagree: 17%

Views of tenants, flats bedsits and maisonettes

- Agree: 49%
- Not sure: 32%
- Disagree: 19%

Do you think showing service charges separately from rent is fairer?

- Fairer: 56%
- Not sure: 34%
- Unfair: 10%
Summary of comments

Reasons for disagreement

- Alright as they are
- Present system works
- Not fair
- I don't live in flat so no answer
- Pay for lighting? It is pitch black in this area – how about putting the lights back on?
- If it is working properly why tinker?
- I disagree because you have never done any cleaning or cut my grass
- Concerned that rents can be increased due to service charges to reach target rent
- Makes in complicated
- It is too confusing to separate the charges
- Not if it means putting the rent up
- The way I see it this is a scheme to put rent up above the national average by separating service charges
- A local levy on food to pay for all council services. Because the system does not make it mandatory that everybody pays
- If it ain't broke don't fix it
- I see no need for change
- It is easier to pay one bill for all
- Aren't these services already going in my council tax?
- I don't feel the building is maintained to a standard to warrant a charge
- Because the residents should work together to keep it clean
- I normally sweep and mop the stair and stair well
- Rent too high now
- It will be another tier of bean counters – also rent minus service charge as pointed out will mean greater increase to achieve target rent.
- Just complicates things
- Nothing wrong with current system
- Will result in price increase – there has not been one since 2006
- It will work out more expensive overall
- Cannot afford
- I disagree because of the cost
- In my block, the hallways are never cleaned by NBC
- I think it is fine being included in rent
- Won't improve the service
Detail of consultation responses

Do you agree with the proposals to separate rent out into service charges?

<table>
<thead>
<tr>
<th>Answer Options</th>
<th>House</th>
<th>Flat</th>
<th>Bedsit</th>
<th>Maisonette</th>
<th>Bungalow</th>
<th>Response Percent</th>
<th>Response Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>36</td>
<td>62</td>
<td>3</td>
<td>4</td>
<td>29</td>
<td>10.3%</td>
<td>134</td>
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<tr>
<td>Agree</td>
<td>164</td>
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<td>5</td>
<td>9</td>
<td>105</td>
<td>37.8%</td>
<td>492</td>
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<tr>
<td>Not sure</td>
<td>160</td>
<td>183</td>
<td>5</td>
<td>5</td>
<td>106</td>
<td>35.2%</td>
<td>459</td>
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<tr>
<td>Disagree</td>
<td>27</td>
<td>45</td>
<td>1</td>
<td>2</td>
<td>26</td>
<td>7.7%</td>
<td>100</td>
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<tr>
<td>Strongly disagree</td>
<td>32</td>
<td>65</td>
<td>1</td>
<td>0</td>
<td>20</td>
<td>9.1%</td>
<td>118</td>
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</table>

If you disagree, please tell us why.

Do you live in a (please tick one box):

<table>
<thead>
<tr>
<th>Housing Type</th>
<th>House</th>
<th>Flat</th>
<th>Bedsit</th>
<th>Maisonette</th>
<th>Bungalow</th>
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</thead>
<tbody>
<tr>
<td>Count</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</table>

Answered question: 1303
Skipped question: 44
Do you agree with the proposals to remove the laundry token and charge for laundry through a service charge?

<table>
<thead>
<tr>
<th>Answer Options</th>
<th>House</th>
<th>Flat</th>
<th>Bedsit</th>
<th>Maisonette</th>
<th>bungalow</th>
<th>Response Percent</th>
<th>Response Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>33</td>
<td>35</td>
<td>2</td>
<td>1</td>
<td>16</td>
<td>8.2%</td>
<td>87</td>
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<tr>
<td>Agree</td>
<td>113</td>
<td>110</td>
<td>4</td>
<td>4</td>
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<td>27.4%</td>
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<tr>
<td>Not sure</td>
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<td>4</td>
<td>8</td>
<td>122</td>
<td>50.0%</td>
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<tr>
<td>Disagree</td>
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<td>1</td>
<td>2</td>
<td>10</td>
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<tr>
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<td>10</td>
<td>36</td>
<td>2</td>
<td>0</td>
<td>10</td>
<td>5.5%</td>
<td>58</td>
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</table>

1055 answered question
292 skipped question
Do you think showing service charges separately from rent is fairer than what we do now?

<table>
<thead>
<tr>
<th>Answer Options</th>
<th>House</th>
<th>Flat</th>
<th>Bedsit</th>
<th>Maisonette</th>
<th>Bungalow</th>
<th>Response Percent</th>
<th>Response Count</th>
</tr>
</thead>
<tbody>
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<td>Much fairer</td>
<td>44</td>
<td>71</td>
<td>2</td>
<td>2</td>
<td>32</td>
<td>11.3%</td>
<td>151</td>
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<td>Yes - this is fairer</td>
<td>181</td>
<td>243</td>
<td>9</td>
<td>11</td>
<td>124</td>
<td>44.4%</td>
<td>568</td>
</tr>
<tr>
<td>Not sure</td>
<td>152</td>
<td>169</td>
<td>4</td>
<td>5</td>
<td>106</td>
<td>31.1%</td>
<td>436</td>
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<tr>
<td>Unfair</td>
<td>23</td>
<td>29</td>
<td>0</td>
<td>0</td>
<td>10</td>
<td>4.8%</td>
<td>62</td>
</tr>
<tr>
<td>Very unfair</td>
<td>11</td>
<td>41</td>
<td>0</td>
<td>1</td>
<td>10</td>
<td>4.8%</td>
<td>63</td>
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</tbody>
</table>

1280 answered question
67 skipped question
Do you agree that the introduction of service charges would help improve the communal areas

<table>
<thead>
<tr>
<th>Answer Options</th>
<th>House</th>
<th>Flat</th>
<th>Bedsit</th>
<th>Maisonette</th>
<th>bungalow</th>
<th>Response Percent</th>
<th>Response Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree</td>
<td>28</td>
<td>59</td>
<td>2</td>
<td>2</td>
<td>22</td>
<td>9.2%</td>
<td>113</td>
</tr>
<tr>
<td>Agree</td>
<td>127</td>
<td>168</td>
<td>4</td>
<td>8</td>
<td>78</td>
<td>31.5%</td>
<td>385</td>
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<td>167</td>
<td>181</td>
<td>5</td>
<td>5</td>
<td>126</td>
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<td>3</td>
<td>21</td>
<td>10.2%</td>
<td>125</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>20</td>
<td>60</td>
<td>2</td>
<td>1</td>
<td>95</td>
<td>7.6%</td>
<td>95</td>
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</table>

answered question 1222
skipped question 125
Do you have any shared services or communal areas?

<table>
<thead>
<tr>
<th>Answer Options</th>
<th>House</th>
<th>Flat</th>
<th>Bedsit</th>
<th>Maisonette</th>
<th>Bungalow</th>
<th>Response Percent</th>
<th>Response Count</th>
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<tr>
<td>Yes</td>
<td>19</td>
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<td>11</td>
<td>15</td>
<td>58</td>
<td>33.5%</td>
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<td>No</td>
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<td>3</td>
<td>5</td>
<td>194</td>
<td>56.1%</td>
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<td>1</td>
<td>30</td>
<td>10.4%</td>
<td>135</td>
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Answered question: 1293
Skipped question: 54
If you have shared or communal areas, how satisfied are you with their condition?

<table>
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<tr>
<th>Answer Options</th>
<th>House</th>
<th>Flat</th>
<th>Bedsit</th>
<th>Maisonette</th>
<th>Bungalow</th>
<th>Response Percent</th>
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</thead>
<tbody>
<tr>
<td>Very satisfied</td>
<td>7</td>
<td>45</td>
<td>1</td>
<td>2</td>
<td>12</td>
<td>10.7%</td>
<td>67</td>
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<tr>
<td>Fairly satisfied</td>
<td>16</td>
<td>135</td>
<td>7</td>
<td>4</td>
<td>28</td>
<td>30.6%</td>
<td>131</td>
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<tr>
<td>Neither satisfied nor dissatisfied</td>
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<td>1</td>
<td>4</td>
<td>33</td>
<td>25.8%</td>
<td>167</td>
</tr>
<tr>
<td>Fairly dissatisfied</td>
<td>11</td>
<td>61</td>
<td>1</td>
<td>3</td>
<td>13</td>
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<td>89</td>
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<td>2</td>
<td>4</td>
<td>9</td>
<td>17.5%</td>
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</tr>
</tbody>
</table>

If dissatisfied, please explain why.

Answered question: 624
Skipped question: 723