

# **WEST DUNBARTONSHIRE COUNCIL**

## **Report by Chief Executive**

**Corporate and Efficient Governance Committee : 28 November 2007**

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### **Subject : Rent Harmonisation**

#### **1. Purpose of Report**

- 1.1** The purpose of this report is to provide information on the rent harmonisation programme and to seek guidance on the way forward.

#### **2. Background**

- 2.1** Reports were submitted to the Social Justice Committee on 9 June 2004, 10 November 2004, 12 October 2005 and 8 November 2006 and to the Corporate and Efficient Governance Committee on 26 September 2007 regarding progress on the introduction of the rent harmonisation programme.
- 2.2** The Committee on 26 September 2007 was asked to note the implementation of the fifth stage of the rent harmonisation programme and agree that the sixth stage of the rent harmonisation programme be introduced in September 2008, agree to limit the increase to £1.00 per week and to instruct the Chief Executive to bring forward regular reports on progress.
- 2.3** The Committee requested further information to be provided on the rent harmonisation programme.

#### **3. Main Issues**

- 3.1** The fifth stage of the rent harmonisation programme was implemented on Monday 17 September 2007.
- 3.2** There are still 1,553 rents to be harmonised, ranging from £0.01 to £33.35. If the increase in rents is limited to £1 per week, the rent harmonisation programme could take up to 35 years to complete. Appendix 1 shows a breakdown of the number of properties in each monetary band.
- 3.3** Although no new tenancies will be subject to rent harmonisation, due to the effect of a flat rate increase being imposed as well as an annual percentage increase, some cases will take longer to be harmonised than shown in Appendix 1.

- 3.4** The administration and cost involved in implementing the rent harmonisation programme every year in September is considerable. As well as the staff time involved in applying the increase, testing, amending housing benefit awards, system downtime and postage costs both for the actual rent increase and new benefit notification letters, there is also the inconvenience to tenants who have to amend their standing order or other method of payment.
- 3.5** Various options can be considered for the continuation of the programme
- (i) to equalise all rents
  - (ii) to stop the rent harmonisation programme for existing tenants and only charge the full harmonised rent when a new tenancy is created
  - (iii) continue to increase rents by £1 annually in September
  - (iv) Increase rents by a sum greater than £1 annually
  - (v) increase rents by a set percentage either at the same time as the annual rent increase or in September of each year.

#### **4 Personnel issues**

- 4.1** There are no personnel issues.

#### **5. Financial Implications**

- 5.1** On the basis of the next phase of rent harmonisation taking effect in April 2008, the following financial implications arise:

Option (i) To equalise all rents

Based on current figures this will increase the rental charge by £264k per annum.

Option (ii) To stop the rent harmonisation programme for existing tenants and only charge the full harmonised rent when a new tenancy is created.

The expected rental charge in 2008/09 would be approximately £67k less than if the current rent harmonisation programme continued.

Option (iii) The rental charge would increase by approximately £67k in 2008/09.

Option (iv) Increase rents by a sum greater than £1. If the increase was raised to £2 per week, it is anticipated that all but 30 cases would be fully harmonised by 2013.

Option (v) increase rents by a set percentage either at the same time as the annual rent increase or in the September of each year. If the charge was increased to 3%, it is anticipated that all but 20 cases would be fully harmonised by 2014.

## **6. Risk Analysis**

**6.1** There was no requirement to carry out a risk analysis.

## **7. Conclusion**

**7.1** There are 5 options available each of which need to be considered as to how to continue with the rent harmonisation programme. These options are:

- (i) equalise all rents
- (ii) stop the harmonisation programme
- (iii) continue the current programme
- (iv) increase rents by more than £1 per week
- (v) increase the rents by a set percentage

## **8. Recommendation**

**8.1** The Committee is requested to note the implementation of the fifth stage of the rent harmonisation programme as detailed in Committee Paper 26 September 2007:-

- (a) agree that the sixth stage of the rent harmonisation programme be introduced at the same time as the annual rent increase in April 2008.
- (b) agree to limit the increase to 3% per week.
- (c) instruct the Chief Executive to bring forward regular reports on progress.

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**David McMillan**  
**Chief Executive**  
**Date: 12 November 2007**

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**Appendix 1:** Number of rents still to be harmonised

**Background Papers:** Report to Social Justice Committee – 9 June 2004, Rent Harmonisation  
Report to Social Justice Committee – 10 November 2004, Rent Harmonisation  
Report to Social Justice Committee – 12 October 2005, Rent Harmonisation  
Report to Social Justice Committee – 8 November 2006, Rent Harmonisation  
Report to Corporate and Efficient Governance Committee 26 September 2007

**Ward Affected** All