

**WEST DUNBARTONSHIRE COUNCIL**

**Report by the Director of Social Work and Housing**

**Housing Committee: 5 August 1998**

**Subject: Rent Harmonisation**

**1. Purpose**

- 1.1 The purpose of this report is to outline measures taken to produce a rent setting mechanism that can be used to determine payment periods and rental charges for all of the Council's houses on the Housing Revenue Account (HRA). The objectives are to produce a rents setting system that is fair, easily understood and capable of being updated in the future.

**2. Background**

- 2.1 Clydebank and Dumbarton District Councils used different methods to determine the appropriate rent for their Council houses.
- 2.2 Clydebank District Council operated a 48 week payment year. Dumbarton District Council operated a 46 week payment year.
- 2.3 The rental structure used in Clydebank was relatively flat. This meant that there was little difference in the rents charged for different types and sizes of houses.
- 2.4 The rental structure used in Dumbarton showed much wider variations in charges. Additional 'amenity' charges were also made following the installation of modernisation measures such as central heating.
- 2.5 Officers of the Social Work and Housing Department are currently progressing a series of measures which will harmonise all of the housing finance systems and policies across the former Dumbarton and Clydebank areas.
- 2.6 The implementation of a new rent setting structure will follow the setting up of a new harmonised cash collection system, a new housing benefit/council tax system and a new rent accounting system.
- 2.7 The target dates for the implementation of these systems are as follows:-

Academy cash collection (Dumbarton & Alexandra) live  
Academy cash collection (Clydebank) Sept/Oct 98  
First Software housing benefit/council tax July 98  
Saffron Rent Accounting Oct/Nov 98

### 3. Main Issues

- 3.1 In order to produce a rent setting mechanism for West Dunbartonshire's Council houses various issues require to be addressed. The main issues are:-

the payment period used e.g. 46 weeks, 48 weeks etc.

the elements or attributes of each property that should be taken into account when setting the rent;

the degree to which these elements as a whole should determine the rent;

the relative weighting of these elements;

the mechanisms to mitigate the impact of rent increases for properties;

the timescale for implementation of the proposed rent setting mechanism.

### 4. Tenant Consultation

- 4.1 A series of meetings was arranged in May and June 1998 with tenants groups in Dumbarton, Alexandria and Clydebank to discuss possible rental structures.

- 4.2 Each of these groups agreed that the new rental structure should be easily understood. They also considered that "ability to pay" should be a significant factor in influencing peoples housing choices.

- 4.3 The groups considered that each property rent should include a standard "base rent" element. This would be calculated as a set percentage of our total rental income. The greater this percentage the flatter the resulting rent structure. The remainder of the rent would be determined by attributes associated with each house.

- 4.4 Various possible elements that rents could vary on were outlined to the groups. These included house size, proximity to town centre amenities, house type and the popularity of the property's location.

- 4.5 Each of the groups considered that house size and type should influence the rent charged. The Dumbarton and Alexandria groups considered that the popularity of the property's location should be a factor although the Clydebank group stated that it should not. None of the groups considered that proximity to town centre amenities should be a factor in setting rents.

4.6 The groups felt that the weighting applied to rents due to size and type should be equal. The Dumbarton and Alexandria groups considered that the weighting due to popularity of location should be less than the other two factors.

4.7 The Dumbarton and Alexandria groups felt that the payment period should be 46 weeks. The Clydebank group considered that the payment period should be 48 weeks. These "free" weeks coincide with the July and December holidays and, in Dumbarton, the first week in April.

4.8 A compromise could be a 47 week payment year which would have the attraction of covering the fortnightly holiday periods in July and December as well as at the start of the financial year in April.

## 5. Variations in Rents

5.1 The rent set for particular properties can be based on any one of a number of schemes. Such schemes range from a completely flat structure (where rents are defined by the annual income required divided by the number of houses) to a structure where all of the rental charge for particular properties are defined by factors such as size, location, type, sole use of garden etc.

5.2 Council will require to decide the degree to which rents will vary between properties.

5.3 Existing tenants usually aspire to improve their housing situation by transferring to a higher demand house type in the most favoured locations. Council houses are allocated in terms of the allocation policy rather than the ability (or willingness) to pay. Since this is the case, it may seem reasonable to charge less rent in the lower demand properties to reflect the lower desirability while people wait for a transfer.

5.4 It would also appear reasonable that the differential based on desirability factors should not be so great that households are excluded from improving their housing conditions due to inability to pay substantially higher rents.

5.5 The mechanism used to determine the degree of variation in rents is the base rent model. This sets the same base rent for each property and allows variation on the remaining percentage. The higher that the base level is set the lower will be the variation in rents.

## 6. Elements/Attributes to be Used

6.1 If it is accepted that some proportion of the rental charge should be based on the attributes of the properties, it will be necessary to identify the attributes used and their relative weightings.

6.2 It is possible to consider a large number of attributes as a basis for variation. Factors such as size, position within the buildings, sole use of garden, shared use of garden, position within tenement, age of property etc could, for example be used.

6.3 However, it may be desirable to limit these factors so that the calculation of the rent applied can be easily understood.

6.4 Since the more desirable types (i.e. cottage, four in a block, bungalow etc) of property tend to be older and have the use of a garden it would be reasonable to use house-type as a good indicator of these other attributes.

6.5 House size is fixed and easily measured.

6.6 The desirability of particular locations (rather than house type or size) is very important in terms of the demand for houses. This factor is however less easily defined than size and type and it is subject to change. A useful proxy for desirability is the level of points received for applicants to be offered a tenancy in a particular area. This has been used for Clydebank properties. As information on the stock in Dumbarton and Alexandria was more readily available at estate level, estate void rates was used as a proxy for desirability.

## 7. Relative Weighting of Elements/Attributes

7.1 Size and house type may be considered as equally important.

7.2 Popularity of location is important but more difficult to define. It is also the case that Clydebank tenants groups were strongly against using this factor in determining the rental structure although the Dumbarton groups favoured its use.

Taking account of this it may seem reasonable to include popularity as a factor but reduce its weight to half that of size and type.

7.3 The proposed model follows that outlined to Housing Committee in May 1998 except that "proximity" has been removed as an attribute and "popularity" has now been given a reduced weighting.

## 8. Transitional Arrangements

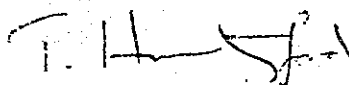
8.1 It is important to note that the rent setting mechanism is separate from the setting of the Housing revenue budget.

- 8.2 In considering the effect of implementation it will be useful to examine the effect of the mechanism on existing tenancies assuming a requirement to collect exactly the same total amount of money.
- 8.3 Officers of Social Work and Housing have set up a model of all of the Council's existing tenancies to explore the effect of varying base rent level and the weightings of the property attributes.
- 8.4 Assuming the same amount of money is required to be collected overall, the effect of implementing a new rent setting mechanism will be to raise the level of rent collected from some properties and decrease the level collected from others. Very few rents will remain exactly the same.
- 8.5 For harmonisation Committee is invited to consider the following options:-
- 8.5.1 **Increases and decreases could both be implemented simultaneously.** Since the same amount of money is collected overall, the additional total rent raised from the properties where the rent is increased will match the reduction in total income from those where the rent was decreased. However, it may be fair to phase-in or cushion increases. Implementing decreases in full but phasing-in increases limited to £1 per week could cost over £800,000.
- 8.5.2 **Increases could be implemented but not decreases.** Those rents subject to decreases would be frozen either for a predetermined number of years or until such time as annual rent increases would bring the post-harmonisation rent up to the pre-harmonisation level. The following example should clarify this:-
- |   |     |
|---|-----|
| Existing pre-harmonisation weekly rent                                      | £35 |
| Revised weekly rent after harmonisation                                     | £33 |
| Rent frozen at £35 until annual rent increases bring £33 up to or above £35 |     |
- 8.5.3 It is proposed that rent harmonisation starts in April 1999 and that any resulting rent increases are limited to £1 per week. It is likely that this arrangement will continue for between 3 and 5 years for most tenants affected.
- 8.6 Option 2 above maximises the resources retained within the HRA and is the option recommended to Committee. Proposals for the use of funds within the HRA are dealt with in another report to this Committee.
- 8.7 Once the model is fully developed it is proposed that a presentation to members and tenants groups is arranged.

9. Recommendations

9.1 Committee is asked to

- i) accept option 2 in Paragraph 8.5.2, and
- ii) to agree to a 47 week payment year.
- iii) accept that harmonisation proceeds from April 1999 with any resulting re  
increases limited to a maximum £1 per week.



T Huntingford  
Director of Social Work and Housing

---

**Background Papers:** Housing Committee, 6 May 1998, Rent Harmonisation

**Person to Contact:**

EXTRACT FROM 5 August 98  
HOUSING CTEE MINUTE

### RENT HARMONISATION

With reference to the Minutes of Meeting of the Housing Committee held on 6th May, 1998 (page 3443 refers), there was submitted a Report by the Director of Social Work and Housing outlining measures taken to produce a rent setting mechanism that can be used to determine payment periods and rental charges for all of the Council houses on the Housing Revenue Account.

Having heard the Convener, the Committee agreed:-

- (1) to accept option 2 in paragraph 8.5.2 of the Report as follows:-

that those rents subject to decreases following harmonisation would be frozen either for a predetermined number of years or until such time as annual rent increases would bring the post-harmonisation rent up to the pre-harmonisation level;

- (2) that there would be a 47 week payment year;
- (3) to accept that harmonisation should be implemented from April, 1999, with any resulting rent increases, limited to a maximum of £1.00 per week in any given year.' and
- (4) that once the model for harmonisation was fully developed a presentation would be made to Members and tenants groups and thereafter a Report would be submitted to the Housing Committee for final consideration.

### HOUSING REVENUE ACCOUNT SURPLUS 1997/98

With reference to the Minutes of Meeting of the Housing Committee held on 6th May, 1998 (page 3444 refers), there was submitted a Report by the Director of Social Work and Housing requesting the Committee to approve proposals for the use of the surplus on the HRA carried for-ward to 1998/99.

Councillor Flynn, seconded by Councillor White, moved the following Motion (a copy of which was circulated to those Members in attendance):-

"West Dunbartonshire Labour Group supports the proposals for additional expenditure contained in the report from the Director of Social Work and Housing. In particular, the extra investment on repairs and additional staffing will make a further contribution to tackling the problems of void houses.

The Policy of the Council has been to reduce rent increases to the minimum and the Housing Committee welcomes the proposals that rent increases for the next year be further reduced. This Committee therefore agrees that the target will be a nil increase. Furthermore, the Labour Group, while supporting prudent management of the HRA, believes that more should be done to find additional resources for improvement to the quality of life of our tenants, especially for measures that improve the safety and security of vulnerable people.

### RENT HARMONISATION

There was submitted a Report by the Director of Social Work and Housing describing a method of setting an annual charge for each of the Council's Houses on the Housing Revenue Account and making recommendations thereon.

Having heard the Convener, the Committee agreed to suspend Council Standing Order 18 (c) prior to considering this matter.

Having heard the Director of Social Work and Housing, the Committee agreed:-

- (1) to note the contents of the Report;
- (2) to approve the implementation of the Rent Harmonisation Model as detailed within the Report; and
- (3) that the project be delayed until April 2000 but note that the Director of Social Work and Housing would investigate the possibility of implementing the proposals during the next financial year and submit a Report detailing his findings to a future meeting of the Committee for consideration.



**WEST DUNBARTONSHIRE COUNCIL**

**Report by Director of Housing and Technical Services**

**Social Justice Committee : 9 June 2004**

---

**Subject: Rent Harmonisation**

**1. Purpose**

- 1.1** The purpose of the report is to advise the Committee of the delays experienced in the introduction of the rent harmonisation programme.

**2. Background**

- 2.1** At the Housing Committee held on 5 August 1998, the Director of Social Work & Housing presented a report entitled, "Rent Harmonisation". The Committee agreed:-

- (a) to accept option 2 in paragraph 8.5.2 of the report as follows:-

"that those rents subject to decreases following harmonisation would be frozen either for a predetermined number of years or until such time as annual rent increases would bring the post-harmonisation rent up to the pre-harmonisation level",

- (b) there would be a 47 week payment year,
- (c) to accept that harmonisation should be implemented from April 1999, with any resulting rent increases limited to a maximum of £1.00 per week in any given year,
- (d) that once the model for harmonisation was fully developed, a presentation would be made to Members and tenants groups and thereafter a report would be submitted to the Housing Committee for final consideration.

**3. Main Issues**

- 3.1** The Housing Committee was advised at the time that it would take between 3 and 5 years to implement rent harmonisation in full. However, significant delays to the timescale occurred for the following reasons:-

- (a) The existing computerised Galaxy Rent System was outdated and the Council had agreed to standardise systems to ensure that the Saffron Repairs module was supplemented firstly with the Saffron Rent module and then the Saffron Allocations module. However, as the existing Allocations module was not millennium compliant, it was necessary to introduce the Saffron Allocations module first, to ensure millennium compliance, with a resultant delay in the introduction of the Saffron Rent module.

- (b) At this time, the Council was in the process of processing a very large number of Transitional Housing Benefit (THB) claims. The software company were asked to develop an additional facility to allow THB sub accounts to be held on the Saffron rent system. However, due to the demands from other clients, the software company were unable to progress the THB development work and the rent harmonisation simultaneously. Given the substantial value resting on the successful implementation of the THB functionality, this additional work had to take priority.

**3.2** Although the Galaxy Rent System could not store different rents on a single rent account, it was able to cope with the first rent harmonisation increase which was processed in January 2001. This first increase completed the rent harmonisation for almost 1,000 tenancies.

**3.3** Allowing for Council house sales, it is estimated that there remain around 5,000 tenants whose rent still requires to be fully harmonised.

**3.4** It should be noted that Audit Scotland in the follow-up Review of the Housing Rent System have asked that immediate action is taken to introduce the rent harmonisation programme and report to Council on the progress achieved.

**3.5** The up-to-date position is that the rent harmonisation development work is almost complete with system testing currently being finalised. It is anticipated that second stage of the implementation process could be introduced in August 2004. A letter will be required to be issued to all affected tenants.

#### **4. Financial Implications**

**4.1** The delay in implementing the rent harmonisation programme has meant that the rental income collected has been reduced by between £10,000 and £12,000 per month over a two/three year period. The difficulties associated with the full introduction of the rent harmonisation project has delayed receipt of the increased rental income by the Council.

#### **5. Recommendation**

**5.1** The Committee is requested to note the contents of this report and:-

- (a) agree that the second stage of the rent harmonisation increases be introduced in August 2004 and each August thereafter until harmonisation is complete.
  - (b) agree to limit increase to £1.00 per week.
  - (c) instruct the Director of Housing and Technical Services to bring forward regular reports on progress.
-

**Wards Affected:** All

**Appendix:** None

**Background Papers:** Housing Committee - 21 January 1998  
" " - 6 May 1998  
" " - 5 August 1998  
Audit & Performance Review Committee - 26 May 2004

**Person to Contact:**

### **RENT HARMONISATION**

With reference to the Minutes of Meeting of the Corporate and Efficient Governance Committee held on 26 September 2007 (Page 429 refers), a report was submitted by the Chief Executive providing information on the rent harmonisation programme and seeking guidance on the way forward.

After discussion and having heard Councillor McLaughlin, the Committee agreed:-

- (1) to continue consideration of the report until the next meeting of the Committee to allow feedback from tenants groups to be obtained; and
- (2) that a further report be submitted to the next meeting providing additional information on the levels of rent and detailing whether or not it was considered that some rents were too high.

### **CHRISTMAS PAYMENTS TO ELDERLY PEOPLE'S ORGANISATIONS**

With reference to the Minutes of Meeting of the Corporate and Efficient Governance Committee held on 26 September 2007 (Page 433 refers), a report was submitted by the Chief Executive seeking approval to make Christmas payments to elderly people's organisations.

After discussion and having heard the Head of Finance in further explanation and in answer to Members' questions, the Committee agreed to approve the Christmas contributions to elderly people's organisations as shown in the Appendix to the report, subject to the organisations submitting satisfactory supporting information.

Having heard Councillor McLaughlin, it was further agreed that the Grants Working Group would discuss the arrangements for distribution of the funds in future years.

### **PERFORMANCE OF REGISTRATION SERVICE**

A report was submitted by the Chief Executive:-

- (a) providing information on the performance of the Registration Service in West Dunbartonshire in terms of the national enhanced performance indicators produced by the General Register Office for Scotland (GROS) for the period 2003 to 2006; and
- (b) informing of the outcome of a Registration customer service survey which was carried out earlier this year.

**WEST DUNBARTONSHIRE COUNCIL**

**Report by Chief Executive**

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

---

**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.**

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

**Person to Contact:**

## 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



PROT 5 August 1998

Appendix 7  
Page 1 of 2

- Should have been implemented April 1999
- once model was fully developed a presentation would be made to Members and tenants groups and thereafter a report would be submitted to the Housing Committee for final consideration. WAS THIS DONE - IF NOT WHY NOT.
- Reme figures on 8.5.2 to current prices.

### Reasons for delays

- Galaxy System not able to store different rents on a single rent account. Could not progress until a better system was available.
- DDC Saffron Repairs Module. - Council decision to extend Saffron ~~to~~ rent module. Equal allocations needed. ? DATE
- Saffron not millenium compliant but Galaxy was - revert to Galaxy.
- Because the Saffron system required updating to accept the harmonisation programme the first increase was done using Galaxy in January 2001. The draft spec was not available until Sept 2001.
- 4 ~~4~~ What was the reason for delay from Sept 01 to April 04. (2 1/2 yrs)
- Software company unable to support both TBH development and rent harmonisation together.
- lost rents ?
- correct position.

Rent harmonisation starts in April 1999 and that resulting rent increases are limited to £1 per week. This arrangement would continue for between 3 and 5 years. (Number of tenants?)

Option 2.

47 Week payment year

increases £1 per week

Starts April 1999

- Number of properties affected
- explain the difference now per week
- how long to recover the sum
- What is the value of lost revenue?
- Have we consulted CS.

Financial Implications Section