

Item No.	Classification Open	Date: 20 February 2012	Decision Taker: Deputy Leader and Cabinet Member for Housing Services
Report title:		Housing Services – Fees and Charges 2012/13	
Ward(s) or groups affected:		All	
From:		Gerri Scott , Strategic Director Housing Services	

RECOMMENDATIONS

1. That the Cabinet Member agrees the proposed statutory and non-statutory fees and charges for 2012/13. To be implemented in April 2012.
2. That the Cabinet Member agrees to the proposed variation in charges for Area Management (table 1), Home Ownership (table 2) and Community Housing Services (table 3).
3. Fees and charges relating to Travellers and Temporary Accommodation will be implemented on April 2nd, the start of the first rental week in 2012/13. All other charges will be implemented from 1 April 2012.

BACKGROUND INFORMATION

4. This report sets out proposals for the fees and charges to be set for April 2012/13.
5. The Medium Term Resource Strategy (MTRS) requires that:
 - LBS increase discretionary fees and charges to a level, as a minimum, that is equal to the most appropriate London average (e.g. inner London, family, groupings etc) except where this conflicts with council policy, would lead to adverse revenue implications or would impact adversely on vulnerable clients.
 - To increase all fees and charges capped by statute to the maximum level permitted.
6. The Council's constitution requires that all fees and charges increases are agreed by the relevant Cabinet Member through an IDM report. This report is also required where no changes are proposed.

KEY ISSUES FOR CONSIDERATION

7. Fees and charges are those charges where there is a schedule of rates for services provided. There are two types; mandatory and discretionary i.e. where the Authority must charge or where there is a choice of charging. Whether mandatory or discretionary, the charges will be either:
 - Fixed – where the level of charges is set by statute and the Authority has no discretion.
 - Capped - where a maximum level is set, generally by statute and so charges cannot be set in excess of this, or
 - Flexible – where there is full discretion on the level of charges to be set.
8. Where the Authority has a choice about charging, any decision not to charge must be agreed by the relevant Cabinet Member. This is reviewed annually

9. In arriving at the proposed fees, consideration has been given to benchmarking data, market forces, volume assumptions and the sensitivity of demand to any price increases as well as the impact that increases will have on customers' ability to pay and the take-up of services.
10. The tables below show the proposed charges for 2012/13. The fees have been divided into 3 discrete areas: -
 - Area Management
 - Leasehold Management
 - Community Housing Services.

Proposed increase for Area Management 2012/13 fees and charges

Table 1

Item	2011/12 Fee	2012/13 Fee	Proposed Increase
Mortgage Reference	£105.00	£120.00	14.29%
House File Keys	£12.50	£14.00	12.00%
Assa Keys	£12.50	£14.00	12.00%
Entry Fobs	£11.50	£13.00	13.04%
Visitor Parking Permits - 10 visits	£15.00	£16.00	6.67%
Visitor Parking Permits - 60 visits	£75.00	£80.00	6.67%
2nd Bay Parking	£75.00	£80.00	6.67%
An Area Wide permit (Contractors & Southwark Staff)	£110.00	£125.00	13.64%
A Southwark Wide permit (Contractors & Southwark Staff)	£110.00	£125.00	13.64%
Business Permits	£110.00	£125.00	13.64%
Carers Permits	£35.00	£35.00	Nil
Lock Changes	£55.00	£61.00	10.91%
Removal of illegally parked vehicle	£250.00	£250.00	Nil
Clamping of illegally parked vehicle	£125.00	£125.00	Nil
Daily storage charge – removed vehicle	£40.00	£44.00	10.00%
Travellers sites – Single	£74.96	£78.56	4.80%
Travellers sites – Double	£101.73	£106.61	4.80%

Area Management Fees and charges

11. Fees and charges have been increased with a view to limiting the impact upon the majority of tenants but to ensure that fees relating to operational activity represent a reasonable contribution to the expenses and administration of delivering the service such as key and fob provision, lock change and mortgage reference. These charges apply to a relatively small proportion of residents.
12. It is considered that visitor and second bay parking costs still offer good value for money despite a proposed 6.67% increase. Additionally this income contributes towards the administration of the parking service on estates. There

is no proposed increase for carer permits; however contractor/business permits are increased at a higher rate.

13. There is no proposed addition to the cost of clamping and car removal as the majority of income is 'retained' by the contractor to pay for their service.
14. Travellers Sites – These charges have increased in accordance with recent changes in legislation and reflect the latest RPI position (December 2011).

Proposed increase for Home Ownership 2012/13 fees and charges

Table 2

Item	2011/12 Fee	2012/13 Fee	Proposed Increase
Discretionary service charge loan application fee	£498.00	£523.00	5.02%
Mandatory service charge loan application fee	£100.00	£100.00	Nil
Voluntary Charge application fee	£498.00	£523.00	5.02%
Notices of Assignment & Notices of Charge	£10 / £30	£10 / £30	Nil
Pre- Assignment pack	£156.00	£164.00	5.13%
Pre- Assignment pack - Expedited 48 hours	£214.00	£225.00	5.14%
Postponement of charge for home improvement	£111.00	£117.00	5.41%
Postponement of charge for all other reasons	£156.00	£164.00	5.13%
Remortgage	£75.00	£79.00	5.33%
Retrospective Letter of Postponement	£226.00	£238.00	5.31%
Deed of Covenant	£116.00	£122.00	5.17%
Additional Completion Statement Fee	£35.00	£37.00	5.71%
Ad-hoc/ Voluntary disposals	£203.00	£214.00	5.42%
License for Alterations	£203.00	£214.00	5.42%
Collective enfranchisement	£203.00	£213.00	4.93%
Gas Servicing Admin Fee	£30.20	£30.20	Nil
Expedition fee for Remortgage	£58.00	£61.00	5.17%
Expedition fee for Pre-assignment	£58.00	£61.00	5.17%
HO Guide Postage Cost (to send HOU guides on request)	£5.28	£5.28	Nil
Reproduction Copy of Lease	£35.00	£37.00	5.71%
Certified copy of Lease	£50.00	£53.00	6.00%
Reproduction Copy of Section 125 notice	£23.00	£24.00	4.35%
Reproduction copy of specification	£23.00	£24.00	4.35%
Individual enfranchisement	£203.00	£213.00	4.93%
Purchase of properties freehold on short leases	£203.00	£213.00	4.93%
Right of first refusal - Pre emption requests	£79.00	£83.00	5.06%
Others/Land	£203.00	£213.00	4.93%
Sale of freehold reversionary interest	£203.00	£213.00	4.93%

Further engrossment of the counterpart lease	£23.00	£24.00	4.35%
Lease extensions	£203.00	£213.00	4.93%
Ad-hoc disposals	£203.00	£213.00	4.93%
Collective enfranchisement	£203.00	£213.00	4.93%
Collective enfranchisement (lease back of tenanted properties)		£510.00	Two tier fee
Landlords Consent for Alterations Permissions (like for like replacements i.e. kitchens/bathrooms)	£29.00	£30.50	5.17%
Landlords Consent for Alterations Permissions (change of boilers/radiators)	£58.00	£61.00	5.17%
Landlords Consent for Alterations Permissions (minor structural alterations)		£75.00	Two tier fee
Landlords Consent for Alterations Permissions (any internal works or retrospective permissions)	£203.00	£213.00	4.93%
Landlords Consent for Alterations Permissions (structural alterations) Retrospective permissions		£325.00	Two tier fee
Additional completion statement fee	£58.00	£61.00	5.17%
Duplicate RTB Documentation	£47.00	£49.00	4.26%
Legal Discharge of Charge - RTB Natural	£50.00	£50.00	Nil
Legal Discharge of Charge - RTB Premature & VSCL & DSCL	£100.00	£100.00	Nil
Rent References	£35.00	£37.00	5.71%
Section 146 notice fee	£222.00	£233.00	4.95%
Equity Share - Administration fee	£100.00	£100.00	Nil
Equity Share – Valuation fee	£155.00	£155.00	Nil
Equity Share - Legal Fee	£475.00	£475.00	Nil
Equity Share - Lease plan	£160.00	£160.00	Nil
Equity Loan - Administration fee	£100.00	£100.00	Nil
Equity Loan - Valuation fee	£155.00	£155.00	Nil
Equity Loan - Legal fee	£275.00	£275.00	Nil
Equity Loan - Exit fee	£100.00	£100.00	Nil
<u>Barrow Store - Annual Rents</u>			
Bournemouth Road	£624.00	£656.00	5.13%
Southwark Park Road (Small)	£248.00	£260.00	4.84%
Southwark Park Road (Large)	£624.00	£656.00	5.13%
Portland Street	£1,000.00	£1,050.00	5.00%
Kingston Mews (Small)	£500.00	£525.00	5.00%
Kingston Mews (Large)	£1,000.00	£1,050.00	5.00%
Northchurch	£900.00	£946.00	5.11%
<u>Garages- Weekly Rent (reference only)</u>			
Concessionary (Blue Badge & Elderly)		£13.62	
Standard		£18.62	

Private		£27.50	
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15. Fees were increased last year following the previous years (2010/11) freeze. For 2012/13 consideration has again been given to a number of factors including volume assumptions, 2009/10 London Councils benchmarking data (which empirically shows our fees to be in line with other local authorities and therefore reasonable), market forces and the sensitivity of demand to any price increases. The proposed fee increase is in the region of 5.1%, as above, which is then rounded where appropriate.
16. Certain charges have had no increase because they are either set by statute, or by outside bodies. These include:-
- Loan Application fee.
 - Notices of assignment and charge.
 - Postage charges
 - Legal discharge of charges
17. This year the established fees in respect of collective enfranchisement involving a leaseback of tenanted properties, and landlords consent for alterations have been rationalized in this report. HO & TMI has recommended a higher fee to reflect the increased workload for collective enfranchisement applications that require the council to carry out consultation with the tenants due to the change in freehold ownership and instruct solicitors. In the case of the permission requests fee, the proposed charge for minor alterations (£75), internal works (£213) and structural alterations (£325) all of which were covered by the previous £203 fee, have been introduced to appropriately reflect the variation in the level of work required for minor, normal and retrospective permissions.
18. Collective enfranchisement (lease back of tenanted properties)
HOU currently charges £203 for all collective enfranchisement applications. The £203 fee for collective enfranchisement was calculated for freehold sales when the relevant building consists of two flats and the freehold sale is to both leaseholders in equal shares. However, when leaseholders apply to purchase the freehold of a building which has flats occupied by tenants, these flats must be leased back to the Council on completion of the freehold sale. For such applications the Council is required to carry out consultation with the tenants due to the change in freehold ownership and instruct solicitors to agree the new leases of the tenanted properties. HO & TMI recommends a higher fee of £510.00 for these collective enfranchisement applications due to the increased workload.
19. Alterations – Landlord’s consent
HO & TMI currently charges an established fee of £203 for all applications relating to structural alterations by leaseholders. However, it is clear that the current fee encompasses the entire breadth of possible alterations i.e. minor, standard and structural alterations. HO & TMI is proposing to introduce a tiered charging approach for the existing fee of Landlord's consent for alterations to more accurately reflect the workload involved with dealing with these specific types of application.

a) Permission requests (minor structural alterations)

For applications by leaseholders to carry out minor structural alterations to their property which do not require a site inspection by a technical officer i.e. the

installation of a satellite dish, HO & TMI proposes a reduced fee of £75 (as compared to the standard fee of £203.00). The proposed introduction of this lower tier is in response to a recommendation from the leaseholder charging scrutiny.

b) Permission requests (internal works)

It is proposed that the existing standard fee of £203.00 remains at the established rate with an increase of 5.1% to reflect the difference between the workloads involved in the minor and structural alterations requests.

c) Retrospective Consent (structural alterations)

The Council has a policy of refusing consent to leaseholders who apply for permission to carry out certain structural alterations to their property. When a leaseholder requests retrospective consent for structural works to their property that the Council would have refused the Council may insist the leaseholder surrenders his existing lease and enter in to a new lease. In this circumstance, HO & TMI must liaise with technical officers and the leaseholder to agree the new repairing obligations and then instruct solicitors to incorporate these agreed terms in a new lease. As a result HO & TMI recommends a higher fee of £325 for the Council's retrospective consent for structural alterations.

20. The equity loan and equity share schemes were introduced in 2011/12 with their associated fees. Under the provisions of sections 308 and 309 of the Housing and Regeneration Act 2008, which make amendments to the Housing Act 1985, local authorities now have the power to assist leaseholders to meet major works service charge demands in two new ways:

- By providing an equity loan, where the major work service charge cost is offset as a percentage share in the market value of your home as assessed by the Council.
- By purchasing an equity share in your home, where again, the major work service charge cost is offset as a percentage share in the market value of your home as assessed by the Council.

This new payment option is neutral and the leaseholder will bear the cost of the fees as below:

- With the equity loan and equity share purchase schemes, the legal and plan-drawing fees payable by applicants are based on the fees payable by the Council under contracts it holds with the relevant service providers - in this case Paris Smith and Plan London. The fees payable by the Council under these contracts are fixed until 31 March 2013 and 1 February respectively. It is therefore recommended that the fees charged to leaseholders are not increased this financial year.

Proposed increase for Community Housing Services 2012/13 fees and charges

Table 3

Item	2011/12 Fee	2012/13 Fee	Proposed Increase
B&B - Weekly rate	£190.38	£190.38	Nil
B&B - Daily rate	£ 27.20	£ 27.20	Nil

B&B – 1 Breakfast meal	£ 2.36	£ 2.55	8.05%
B&B – 2 Breakfast meals	£ 4.71	£ 5.08	7.86%
B&B – 3 Breakfast meals	£ 7.07	£ 7.63	7.92%
B&B – 4 Breakfast meals	£ 9.42	£ 10.17	7.96%
B&B – 5 Breakfast meals	£ 11.78	£ 12.72	7.98%
B&B – 6 Breakfast meals	£ 14.13	£ 15.25	7.93%
B&B – 7 Breakfast meals	£ 16.49	£ 17.80	7.94%
B&B – 8 Breakfast meals	£ 18.85	£ 20.35	7.96%
B&B – 9 Breakfast meals	£ 21.20	£ 22.89	7.97%
B&B – 10 Breakfast meals	£ 23.56	£ 25.44	7.98%
Private Sector Leasing /Self Contained- 1 Bed	£211.34	£211.34	Nil
Private Sector Leasing /Self Contained- 2 Beds	£268.47	£268.47	Nil
Private Sector Leasing/Self Contained- 3 Beds	£310.00	£310.00	Nil
Private Sector Leasing/Self Contained - 4 Beds	£413.84	£413.84	Nil
Private Sector Leasing/Self Contained - 5 Beds	£500.00	£500.00	Nil
Weekly Hostel laundry charge	2.69	£2.90	7.81%
Home Improvement Agency – Disabled facilities grant for Housing associations.	20% - value of works completed	20% - value of works completed	Nil
Home Improvement Agency – Disabled facilities grant for home owners and private tenants	17.5% - value of works completed	17.5% - value of works completed	Nil
Repair Grants & loans for home owners and private tenants	15% - value of works completed	15% - value of works completed	Nil
Renewal team – production of schedule	£75.00	£75.00	Nil
Renewal team administration Fee – Landlord Grant	£100.00	£100.00	Nil
Empty HOMES administration fee – for private landlord energy saving grants	£25.00	£25.00	Nil
Empty HOMES administration fee – empty homes grant	£100.00	£100.00	Nil
Home maintenance – survey pack – on benefits	£ 10.00	£10.00	Nil
Home maintenance – survey pack – all others	£ 60.00	£60.00	Nil
Home maintenance DVD & checklist pack	£ 10.00	£ 10.00	Nil

21. The council has statutory powers and duties to provide temporary accommodation to homeless applicants under part VII of the 1996 Housing Act. Southwark Council uses a variety of accommodation to discharge these duties, including bed and breakfast, hostels, estate voids and private sector leased properties.
22. This report addresses the charges made for temporary accommodation to homeless households which fall within the General Fund, i.e. Private Sector Leasing and bed and breakfast accommodation. This report does not address the issue of annual increases for temporary accommodation which is funded

through the HRA for general and special needs hostels and estate voids. Those increases were considered and approved by Cabinet on the 24 January 2012, as part of the HRA Rent Setting Report.

23. The Council will set occupancy charges for Bed and Breakfast for tenants in non self contained accommodation at £190.38 per week. This is based on the Local Housing Allowance (LHA) for London and guidelines are taken from the housing benefit and council tax circular number HB/CTB S1/2011.
24. For self contained units and Private Sector Leasing, charges are also based on these guidelines, albeit at higher rates. The guidance outlines rates for 1 to 5 bed properties and the maximum allowed under the Housing Benefit subsidy rules.
25. The rate for self contained accommodation is calculated on the size of the unit at 90% of the published local authority housing allowance rate, plus £40 for management costs as outlined in the housing benefit circular.
26. It is proposed therefore, that the occupation charge to residents in B&B and Private sector Leasing remains as per table three above for the next financial year.
27. Homeless applicants resident in Bed & Breakfast accommodation are charged separately for the costs of breakfast from the occupancy charge. As this amount is not capped by subsidy it is proposed that the charge from April 2012 is increased by 7.96% - in line with the average rent increase.
28. The home improvement agency (HIA) provides a service to a vulnerable group of homeowners and private tenants who may have a disability and/or are aged 60 plus. This service enables clients to remain in their own homes in a safe, comfortable environment. The HIA offers support and advice during the grant application processing. They also provide a professional surveying and contract administration service. This is from initial inspection through to completed works within the home. The types of works undertaken can be from minor 'staying put' works to complete renovations or adaptations such as a stair lift or extension for a wheelchair user.
29. Fees are based on a percentage of the capital grants and loans that it dispenses. All clients who receive a grant or loan pay a fee for the work undertaken; this is an allowable expense and is taken into account when assessing the grant due to the client. This report proposes that the fees charged should stay at current rates.
30. Capital expenditure is demand led and based on levels of expected works. The overall capital allocation has been reduced from £20.1m to £12.6m over the next 10 years. Within this allocation the Disabled Facility Grant (DFG) has also reduced from £11m to £5.6m.
31. The DFG is a mandatory grant and in financial year 2012/13 is expected to be £1,231m, a reduction of £302k and will result in less work being carried out and it is felt that increased fees are not reasonable for this client group at this time.
32. The Renewal team assists non vulnerable homeowners and private landlords who are eligible for grant assistance. The team charges a fee for the schedule

of work it produces that will attract grant aid. These fees are reasonable for 2012/13 and will not be increased.

33. The Empty Homes team works with landlords and homeowners to bring long term empty properties back into use. The team offers a range of grants in order to deliver Southwark's Empty Homes Initiative. The team charges a fee to cover the administration of these discretionary grants and no increases are planned for 2012/13.
34. The Home maintenance packs are also discretionary and offered to all tenants.

Community impact statement

35. The council works in accordance with the single public sector equality duty contained within section 149 of the Equality Act 2010. This means the council must have due regard to the need to: eliminate unlawful discrimination, harassment and victimisation; advance equality of opportunity between different groups; and foster good relations between different groups. Guidance on the implications of the Equality Act and the duties it imposes on the council has been issued to service departments and members.
36. In September 2010, Cabinet agreed seven principles that will guide its decision making on the budget. Council Assembly added to this in July 2011 by agreeing the policy statement "A Fairer Future for All", and both these statements were appended to the Indicative Report in December for reference.
37. Consideration has been given to the reports relevance to equality issues in accordance with the public sector equality duty. This report is primarily to set fees and charges, which do not have a differential effect on any community or protected group. It is recognised however that increases in fees and charges may present particular difficulties for people on low incomes.
38. However, ameliorating the effect of this, temporary accommodation rents remain eligible for housing benefit. Certain charges, such as carers parking permits have not been subject to a rise and all other charges are either regulated by statute or compare with the relevant London average.

Consultation / Notification of fee increases

39. Consultation is not required on the above fees and charges. However, formal notification of price increase is in certain circumstances. Once approved, notification of fee increases will be published through the appropriate channels.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Strategic Director of Communities, Law & Governance

40. This report recommends that the Cabinet Member for Housing approve the proposed changes in discretionary fees and charges for Housing services that have not already been agreed for the financial year 2012/13 with effect from 1 April 2012 except for fees and charges relating to travellers sites and temporary accommodation where the proposed date for implementation is 2 April 2012.

41. The report sets out where changes are proposed to existing housing service fees and charges and the reasons for the proposals. Under Part 3 D of the council's constitution, agreement of changes to existing fees and charges is reserved to individual cabinet members for decision making where the fees and charges are within their area of responsibility; housing services is within the portfolio of the cabinet member for housing.

General Fees and Charges

42. Section 21 of the Housing Act 1985 provides the council with a general power to manage its housing stock. This power enables the council to provide such services as it considers appropriate for the better management of its stock.
43. Section 93(1) of the Local Government Act 2003 ("the 2003 Act") enables the Council to charge a person for providing a discretionary service to him if he has agreed to its provision. This power is subject to the proviso that the authority is not authorised or expressly prohibited from charging for the service elsewhere in legislation.
44. The power to charge under the 2003 Act is also subject to a duty to secure that, taking one financial year with another, the income from charges made for the service does not exceed the costs of provision. This duty must be applied separately in relation to each kind of service.
45. The Council is therefore allowed to set the level of the charge for each discretionary service where provision is agreed as it thinks fit within the restriction that the income from the charges for each kind of service must not exceed the costs of its provision.
46. Except where otherwise referred to (and dealt with) below, the Strategic Director is not aware of any specific legislative provisions that would prevent the council relying on this charging power for the purpose of those general discretionary housing management and homeownership services provided to a person who has agreed to its provision.

Travellers Site Fees

47. Section 318 of the Housing and Regeneration Act 2008 that came into force on 30 April 2011 extends the security of tenure and other rights and responsibilities under the Mobile Homes Act 1983 ('the Act') to gypsies and travellers on local authority sites including provisions relating to pitch fees.
48. In May 2011 the Council issued written statements to all licensees in accordance with transitional provisions. The statements set out express and implied terms as required under the Act including the full provisions as to how and when pitch fees can be changed, and the various matters that may be taken into account when determining the amount of the new pitch fee. These include a presumption that the pitch fee will increase or decrease by no more than the retail prices index since the last review date. The proposed increase of 4.8% is the amount of the latest published RPI, which accords with this implied term.

Community Housing Services Fees and Charges

49. As indicated in the report the council has powers and duties to provide temporary accommodation to homeless applicants under Part VII of the Housing Act 1996. Under section 206 of the Housing Act 1996, as amended, the council has power to require a person to whom they are discharging their housing functions under part VII of the Act (homelessness), to pay such reasonable charges as the council may determine in respect of the accommodation.
50. Under the terms of the council's standard agreement with occupants of PSL properties, consent of the occupant to variation of charges is not required; however, four weeks written notification of any changes to the charges is required. The current agreement with those placed in bed and breakfast accommodation does not make similar provision but reasonable notice of any changes to charges made for such accommodation should be given.

Finance Director

51. This report seeks authority for approving the fees to be charged by The Housing Department for 2012/13. It is mostly concerned with fees and charges where the Council has discretion over the level to be charged.
52. The Medium Term Resource Strategy requires that fees and charges are set to a level equal to the most appropriate London average except where this conflicts with council policy would lead to adverse revenue implications or would impact adversely on vulnerable clients.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Housing Revenue Account / Housing General Fund Fees & Charges 2012/13	160 , Tooley St, Housings Management Finance, SE1 2TZ	Sam Davidson, Interim Accountant Tel: 0207 525 7706

APPENDIX

No:	Title:
None	

AUDIT TRAIL

Lead Officer	Gerri Scott, Strategic Director of Housing Services	
Report Authors	Sam Davidson, Interim Accountant	
Version	Final	
Dated	20 February 2012	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Strategic Director of Communities, Law & Governance	Yes	Yes

Finance Director	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team		20 February 2012