

Item No.	Classification Open	Date: 23 January 2014	Decision Taker: Deputy Leader and Cabinet Member for Housing Management
Report title:		Housing and Community Services Fees and Charges 2014/15	
Ward(s) or groups affected:		All	
From:		Strategic Director of Housing and Community Services	

RECOMMENDATIONS

1. That the Deputy Leader and Cabinet Member for Housing Management agrees to the proposed variation in charges for housing operations (Table 1), and specialist housing services (Table 2).
2. That the Deputy Leader and Cabinet Member for Housing Management agrees to the implementation of the proposed statutory and non-statutory fees and charges for 2014/15 from 1 April 2014.

BACKGROUND INFORMATION

3. This report sets out proposals for fees and charges within the housing and community services department to be set for April 2014.
4. The Medium-Term Resources Strategy (MTRS) requires that:
 - Southwark 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; and
 - To increase all fees and charges capped by statute to the maximum level permitted.
5. 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

6. 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.
7. 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.
8. 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.
9. The tables below show the proposed charges for 2014/15. The fees have been divided into two areas:
- Operations; and
 - Specialist housing services.

Operations division

Table 1 – Proposed Increase for Operations 2014/15 Fees and Charges

Item	2013/14 Fee	2014/15 Fee	Increase
Mortgage reference	£135.00	£150.00	11.11%
House file keys	£16.00	£18.00	12.50%
Assa keys	£16.00	£18.00	12.50%
Entry fobs	£15.00	£17.00	13.33%
Lock changes	£70.00	£80.00	14.29%
Visitor parking permits – ten visits	£16.00	£16.00	nil
Visitor parking permits – sixty visits	£80.00	£80.00	nil
Second bay parking	£80.00	£80.00	nil
Area-wide permit (contractors and council staff)	£125.00	£125.00	nil
Southwark-wide permit (contractors and council staff)	£125.00	£125.00	nil
Business permits	£125.00	£125.00	nil
Carers permits	£35.00	£35.00	nil
Removal of illegally parked vehicle	£250.00	£250.00	nil
Daily storage charge – removed vehicle	£44.00	£44.00	nil
Travellers sites – single pitch	£80.92	£83.02	2.60%
Travellers sites – double pitch	£109.81	£112.67	2.60%

10. Non-traveller's sites – these fees and charges have been increased with a view to limiting the impact upon tenants. However since the charges apply to a relatively small proportion of residents this has to be balanced with the need to ensure cost recovery wherever possible. The lower level charges have been increased by £2.00 each, and others in proportion to this. Fee increases are proportionately similar to those for 2013/14.
11. Following the introduction of the estate parking Traffic Management Order in 2013/14, the council have committed not to increase any estate parking permit prices for a minimum of two years and this is reflected in Table 1.
12. Travellers' sites – these charges have increased in accordance with recent changes in legislation and reflect the latest RPI position of 2.6% (November 2013). Given that the majority of government inflation uplifts are now based on the Consumer Price Index (CPI) rather than RPI, and that it is proposed that dwelling rents also be shifted to this basis from April 2015, it is likely that travellers sites charges will also be uplifted on a CPI basis from 2015/16.

Specialist Housing Services division

Table 2 – Proposed Increase for Specialist Housing Services 2014/15 Fees and Charges

Item	2013/14 Fee	2014/15 Fee	Increase
Discretionary service charge loan application fee	£550.00	£550.00	nil
Mandatory service charge loan application fee	£100.00	£100.00	nil
Voluntary charge application fee	£550.00	£550.00	nil
Notices of assignment and notices of charge	£10 / £30	£10 / £30	nil
Pre-assignment pack	£172.00	£180.00	4.65%
Pre-assignment pack – expedited 48 hours	£236.00	£248.00	5.08%
Postponement of charge for home improvement	£123.00	£129.00	4.88%
Postponement of charge for all other reasons	£172.00	£180.00	4.65%
Remortgage	£83.00	£87.00	4.82%
Retrospective letter of postponement	£250.00	£263.00	5.20%
Deed of covenant	£128.00	£134.00	4.69%
Additional completion statement fee	£39.00	£41.00	5.13%
Ad-hoc/voluntary disposals	£225.00	£237.00	5.33%
License for alterations	£225.00	£237.00	5.33%
Collective enfranchisement	£224.00	£235.00	4.91%
Gas servicing administration fee	£30.20	£30.20	nil
Expedition fee for remortgage	£64.00	£67.00	4.69%
Expedition fee for pre-assignment	£64.00	£67.00	4.69%
HO Guide postage cost (for HOU guides on request)	£5.30	£5.30	nil
Reproduction copy of lease	£39.00	£39.00	nil
Certified copy of lease	£56.00	£59.00	5.36%
Reproduction copy of section 125 notice	£25.00	£25.00	nil
Reproduction copy of specification	£25.00	£25.00	nil
Individual enfranchisement	£224.00	£235.00	4.91%
Purchase of properties freehold on short leases	£224.00	£235.00	4.91%
Right of first refusal – pre-emption requests	£87.00	£91.00	4.60%
Others/land	£224.00	£235.00	4.91%
Sale of freehold reversionary interest	£224.00	£235.00	4.91%
Further engrossment of the counterpart lease	£25.00	£26.00	4.00%
Lease extensions	£224.00	£235.00	4.91%
Ad-hoc disposals	£224.00	£235.00	4.91%

Table 2 (continued)

Item	2013/14 Fee	2014/15 Fee	Increase
Collective enfranchisement:			
Standard charge	£224.00	£235.00	4.91%
Lease-back of tenanted properties	£536.00	£563.00	5.04%
Landlords Consent for Alterations Permissions:			
Like-for-like replacements i.e. kitchens/bathrooms	£32.00	£34.00	6.25%
Change of boilers/radiators	£64.00	£67.00	4.69%
Minor structural alterations	£79.00	£83.00	5.06%
Any internal works or retrospective permissions	£224.00	£235.00	4.91%
Structural alterations – retrospective permissions	£341.00	£358.00	4.99%
Additional completion statement fee	£64.00	£67.00	4.69%
Duplicate right-to-buy documentation	£51.00	£54.00	5.88%
Legal Discharge of Charge:			
RTB natural	£50.00	£50.00	nil
RTB premature; voluntary SCL, discretionary SCL	£100.00	£100.00	nil
Rent references	£39.00	£41.00	5.13%
Section 146 notice fee	£245.00	£258.00	5.31%
Equity Share:			
Administration fee	£100.00	£100.00	nil
Valuation fee	£155.00	£155.00	nil
Legal fee	£475.00	tbc	tbc
Lease plan	£160.00	tbc	tbc
Equity Loan:			
Administration fee	£100.00	£100.00	nil
Valuation fee	£155.00	£155.00	nil
Legal fee	£275.00	tbc	tbc
Exit fee	£100.00	£100.00	nil
Barrow Store – Annual Rents:			
Bournemouth Road	£690.00	£725.00	5.07%
Southwark Park Road (small)	£273.00	£287.00	5.13%
Southwark Park Road (large)	£690.00	£725.00	5.07%
Portland Street	£1,100.00	£1,155.00	5.00%
Kingston Mews (small)	£550.00	£578.00	5.09%
Kingston Mews (large)	£1,100.00	£1,155.00	5.00%
Northchurch	£994.00	£1,044.00	5.03%
Garages Weekly Rent (reference only):			
Concessionary (Blue Badge & Elderly)	£13.62	£13.62	nil
Standard	£18.62	£18.62	nil
Private	£27.50	£27.50	nil
Bed and Breakfast:			
Weekly rate	£190.38	£190.38	nil
Daily rate	£27.20	£27.20	nil
One breakfast meal	£2.58	£2.58	nil
Two breakfast meals	£5.13	£5.13	nil
Three breakfast meals	£7.71	£7.71	nil
Four breakfast meals	£10.27	£10.27	nil
Five breakfast meals	£12.85	£12.85	nil
Six breakfast meals	£15.40	£15.40	nil
Seven breakfast meals	£17.98	£17.98	nil
Eight breakfast meals	£20.55	£20.55	nil
Nine breakfast meals	£23.12	£23.12	nil
Ten breakfast meals	£25.69	£25.69	nil

Table 2 (continued)

Item	2013/14 Fee	2014/15 Fee	Increase
Private Sector Leasing/Self-Contained:			
One bedroom	£211.34	£211.34	nil
Two bedrooms	£268.47	£268.47	nil
Three bedrooms	£310.00	£310.00	nil
Four bedrooms	£413.84	£413.84	nil
Five bedrooms	£500.00	£500.00	nil
Hostels			
Weekly hostel laundry charge	£2.93	£2.93	nil
Sheltered hostels part-board charge	£18.44	£18.44	nil

13. For 2014/15 consideration has been given to a number of factors including volume assumptions, 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 5.00%, as above, which is then rounded where appropriate. The discretionary and mandatory service charge loan application fees have been held at last years level. This is because a further increase at this time could lead to adverse revenue implications or may impact adversely on vulnerable clients.
14. From April 2014 no changes will be made to temporary accommodation local housing allowance rates. That means Local Housing Allowance (LHA) rates will be based on the January 2011 circular for properties that are used to house housing benefit claimants. This is taken from the housing benefit and council tax circular number HB/CTB S1/2011. The information within this circular had an original expiry date of March 2013, but in October 2012 this was extended by circular HB/CTB G10/2012, and no further update has been issued.
15. Circular HB/CTB G10/2012 advised that temporary accommodation claimants will be treated differently once they have migrated into Universal Credit at which point they will be treated as being a privately-rented sector case regardless of what type of accommodation is used and will be subject to the appropriate LHA rate at that time based on the household composition of the claimant. Only cases within Universal Credit will be treated by the new method, and cases not in Universal Credit will continue along the current rules. Cases will migrate into Universal Credit in line with the migration strategy, which is to be confirmed by central government.
16. At this time no temporary accommodation claimants are affected by these rules as they have not migrated. The migration strategy is a central piece of Universal Credit policy and has yet to be formally confirmed.
17. 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; and
 - Legal discharge of charges.

18. 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 the home as assessed by the council; or
 - By purchasing an equity share in the home, where again, the major work service charge cost is offset as a percentage share in the market value of the home as assessed by the council.

19. This 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 were fixed until 31 March 2014 and 1 February respectively and subject to RPI-related increases thereafter. The increases therefore do not come into effect until a time after this report has been circulated and agreed. It should be noted that the £505.60 and £292.71 legal fees and the £175.00 plan drawing fee specified in Table 2 of this report will increase slightly, although based on current RPI trends it is not expected that this increase will exceed 5%.

20. Garage rents were increased substantially in 2011, with a further increase in the private-sector rent level in 2012. The Garage Working Party recommended that rents remain static in 2014/15 to ameliorate the rise in the cost of living and to encourage occupancy, and this recommendation forms part of the Final HRA Budget and Rent-Setting Report to be considered by cabinet on 28 January 2014.

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 Housing Revenue Account (HRA) for general and special needs hostels and estate voids. These increases are to be considered by cabinet on 28 January 2014, as part of the HRA Final Budget and Rent-Setting Report.

23. The council will once again set occupancy charges for bed and breakfast for tenants in non self-contained accommodation at £190.38 per week. This is based on the LHA for London and guidelines are taken from the housing benefit and council tax circular number HB/CTB S1/2011. The information within this circular had an original expiry date of March 2013, but in October 2012 this was extended by circular HB/CTB G10/2012.
24. The cost of providing breakfast; heating, lighting and water in accommodation used as 'bed and breakfast' is met by the hotelier who passes this on in the amount charged to the council to acquire the accommodation. A weekly charge for breakfast, heating/lighting and water is then made to each household placed in that accommodation. These charges are not eligible for Housing Benefit. It is anticipated that there will not be any increase in the amount paid to hoteliers to acquire accommodation in 2014/15 and these elements will therefore remain unchanged.
25. For self-contained units and private sector leasing, charges are also based on these guidelines, albeit at higher rates. The guidance outlines rates for one – five bedroom properties and the maximum allowed under the Housing Benefit subsidy rules.
26. 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.
27. It is proposed therefore, that the occupation charge to residents in bed and breakfast and private sector leasing remains as per Table 2 above for the next financial year.

Community impact statement

28. 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.
29. 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'.
30. 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.

31. 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

32. 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

Director of Legal Services

33. This report recommends that the Deputy Leader and Cabinet Member for Housing Management approve proposals relating to fees and charges for the provision of a variety of services administered by the Housing and Community Services Department to take effect from 1 April 2014. The report sets out where changes are or are not proposed to existing fees and charges and the reasons for the proposals. The report indicates out broadly where the level of charge that may be made is set by statute.
34. Under Part 3D 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 management and community housing services is within the portfolio of the cabinet member for housing management.
35. The level of discretion that may be exercised by the council in setting charges will depend on relevant legislative provisions; such provisions may fix the amount that may be charged or allow discretion subject to legislative requirements and the usual public law constraints of rationality, reasonableness and fairness.

Discretionary charges where no specific provision by statute

36. The councils powers to provide services not specifically provided for by statute are contained in a number of provisions including; section 21 of the Housing Act 1985 which provides the council with a general power to manage its housing stock; section 1 of the Local Government Act 2011 which applies a general power of competence that gives the council the power to do anything that individuals generally may do, and section 111(1) of the Local Government Act 1972 which gives local authorities power to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of their functions.
37. As to charging for services, 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 to, or expressly prohibited from, charging for the service elsewhere in legislation.

38. 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.

Fees and Charges relating to Travellers' Sites

39. Section 318 of the Housing and Regeneration Act 2008 that came into force on 30 April 2011 extended 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.
40. The Act provides that certain terms shall be implied into the local authority's agreements with the occupants of the sites. These include 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 2.6% is the amount of the latest published RPI, which accords with this implied term.

Fees and Charges relating to Temporary Accommodation

41. 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.
42. Under Section 25 of the Housing Act 1985 and the terms of the council's standard non-secure tenancy agreement with occupants of private sector leasing properties, the council may vary the charges made but would need to give occupants four weeks written notification of any changes to the charges.
43. The Director of Legal Services is not aware of any legal impediment to the recommendations in this report.

Strategic Director of Finance and Corporate Services

44. This report seeks authority for approving the fees to be charged by the housing and community services department for 2014/15. It is mostly concerned with fees and charges where the council has discretion over the level to be charged.
45. The Medium-Term Resources 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.

46. The fees and charges that form this report are a combination of sources of income for either the council's HRA or general fund. Significant HRA income streams such as dwelling rents, non-dwelling rents, district heating charges and fixed service charges for tenants are set via the cabinet report on HRA Rent-Setting and Budget in January each year.
47. Leaseholder service charges are variable and therefore dependent on actual expenditure incurred. Leaseholder major works income is also dependent on chargeable works done and billed according to individual liability. Neither income stream falls within the compass of this report.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
HRA Indicative Rent-Setting and Budget 2014/15 (item 11, cabinet agenda 10 December 2013) http://moderngov.southwark.gov.uk/documents/s42695/Report%20Housing%20Revenue%20Account%20-%20Indicative%20Rent%20Setting%20and%20Budget%20Report%20201415.pdf	160 Tooley Street London SE1 2QH	Paula Thornton Constitutional Team 020 7525 4395
Housing and Community Services – Fees and Charges 2013/14 (IDM 21 February 2013) http://moderngov.southwark.gov.uk/documents/s35615/Report%20-%20Housing%20and%20Community%20Services%20-%20Fees%20and%20Charges%20201314.pdf	As above	As above

APPENDICES

No	Title
Appendix 1	Address list of blocks being considered for PPM works

AUDIT TRAIL

Lead Officer	Gerri Scott, Strategic Director of Housing and Community Services	
Report Author	Shaun Regan, Senior Finance Manager	
Version	Final	
Dated	23 January 2014	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS/DIRECTORATES/CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Director of Legal Services	Yes	Yes
Strategic Director of Finance and Corporate Services	Yes	Yes
Cabinet Member	Yes	Yes
Date final report sent to Constitutional Team	23 January 2014	

