

REPORT TO: HOUSING COMMITTEE 19 JUNE, 2000

REPORT ON: RENT MANAGEMENT : PAYMENT FREQUENCIES

REPORT BY: DIRECTOR OF HOUSING

REPORT NO: 379-2000

1. PURPOSE OF REPORT

1.1 To outline to Committee various proposed changes to rent payment frequencies.

2. RECOMMENDATIONS

2.1 Committee approves the suggestion outlined in paragraph 6.6. that any tenant wishing to pay their rent at a frequency less than fortnightly must do so in advance and that this decision be implemented from 2 October, 2000, thereby giving tenants an opportunity to build up the necessary credit balance on their account.

3. FINANCIAL IMPLICATIONS

3.1 It is considered that the action outlined in this report will have a positive effect on overall rent arrears figures and bad debt and will help to provide a more uniform income flow.

4. LOCAL AGENDA 21 IMPLICATIONS

4.1 None.

5. EQUAL OPPORTUNITIES IMPLICATIONS

5.1 The proposed changes are consistent with the Council's Equal Opportunities Policy.

6. BACKGROUND

6.1 Reference is made to the report (No. 198/2000) regarding Rent Arrears which was approved by Committee on 20 April, 2000. An action item in part two of Appendix 1 stated that a report would be prepared on payment frequencies and thereafter any proposed changes brought to Committee for consideration.

6.2 Currently, tenants may pay their rent using the following frequencies: weekly, fortnightly, monthly or quarterly.

Tenants wishing to pay monthly or quarterly must obtain permission. Some 1,875 tenants pay monthly and 224 quarterly.

6.3 At this time the vast majority of these payments are made in arrears. Whilst this may be acceptable for those tenants paying weekly or fortnightly, as it is in line with the tenancy agreement conditions, it is suggested that there are a number of significant drawbacks when payments are made monthly and quarterly in arrears.

- 6.4** These drawbacks are considered to be:
- a. The potential for very high arrears to accrue before it is known there is a problem. For example, a tenant paying monthly in arrears might be owing nearly £300 before a first reminder would be issued for non-payment. An even worse scenario is that of a quarterly payer where the amount could be in excess of £900. Such default is however rare.
 - b. By allowing tenants to pay monthly or quarterly in arrears income is delayed to the Housing Account.
 - c. When the financial year ends before the end of the calendar month of March, a number of quarterly and monthly payers may not have cleared their accounts, the effect of which would increase the arrears performance reported to the Accounts Commission.
- 6.5** From the tenants perspective, payment in arrears can be an attractive option but, on balance it is considered, for the reasons provided, that tenants should no longer be able to pay monthly or quarterly in arrears. Any tenant wishing to pay monthly or quarterly will have to pay in advance. Introduction of these new procedures follows best practice adopted by many Local Authorities and should lead to improved performance monitored by the Accounts Commission.
- 6.6** Tenants would have the choice to either pay in advance or to pay weekly or fortnightly in arrears utilising any of the payment methods provided, i.e. at Area Housing Offices and City Square, at Post Offices, by Bank Standing Order, or Direct Debit. Elderly and disabled tenants may also pay a collector. In an attempt to facilitate any existing tenant wishing to pay in advance it is proposed to introduce this policy from 2 October, 2000. As a result, such tenants will have the benefit of the two "free" weeks in the summer to assist them in accruing the necessary credit balance on their accounts.
- 7.0** CONSULTATIONS
- 7.1** The Director of Support Services, Director of Finance and the Chief Executive have been consulted in the preparation of this report.
- 7.2** Dundee Federations of Tenants Associations have expressed a concern that, even with 2 "free" weeks in July, tenants currently paying monthly in arrears may suffer financially in attempting to bring their rent account into credit.
- 7.3** In order to address this concern it is proposed that the principles outlined in this report be approved but that individuals who anticipate particular hardship as a result would be offered support and advice with the option of moving to paying monthly in advance in stages over an agreed period determined by their particular circumstances.
- 8.0** BACKGROUND PAPERS
- 8.1** Housing Committee Report No. 198/2000.

ELAINE ZWIRLEIN
DIRECTOR OF HOUSING

SIGNED _____

DATE _____