

To: HOUSING COMMITTEE		Subject: HOUSING FINANCE POLICY REVIEW
From: DIRECTOR OF HOUSING		
Date: 13 November 1995	Ref: GSW/CAB	

1. INTRODUCTION

- 1.1 Reference is made to my progress report of 10th October 1995 which was submitted to the first meeting of the Housing Committee on 25th October 1995. Within the aforementioned report I indicated my intention to submit more detailed reports on all major aspects of the housing service in order that Committee could determine the policies and service standards which should operate from 1st April 1996.
- 1.2 The purpose of this report is to review the following housing finance functions carried out within the Housing Department :
  - ◆ Rent Collection (excluding rent arrears)
  - ◆ Rent Accounting
  - ◆ Rent Structures
  - ◆ Charges for Lock Ups and Garage Sites
  - ◆ Home Contents Insurance
- 1.3 For each of the above the report will endeavour to highlight the main variations in policy across each of the merging authorities and where possible make recommendations as to how these differences should be tackled prior to next financial year i.e. 1996/97.
- 1.4 Where appropriate I have also taken the opportunity to prepare a draft policy statement which basically encompasses all key elements of best practice for each function or service. The formal adoption of these policy statements should provide elected members, officials and service users with a clear and early indication of the Council's broad aims for each service and the principles and methods which will be adopted to achieve them. It is recognised however that such policy statements may require in the short term to incorporate relevant variations between some of the merging areas due to the major differences in approach and systems currently in place. There will therefore require to be further review of these policies after the new Authority comes fully into operation with a view towards harmonisation across all of North Lanarkshire.

2. RENT COLLECTION

2.1 Collection Methods

Table 1 overpage summarises the collection methods operated by each of the merging authorities at present :-

Method	Cumbernauld & Kilsyth	Monklands	Motherwell	Strathkelvin
Area Offices	Yes	Yes	Yes	Yes
Post Offices	Yes	Yes	Yes	Yes
House	No	Yes *	No	No
Direct Debit	No	No	Yes	Yes
Standing Order	Yes	Yes	Yes	Yes
Salaries/Wages	Yes	Yes	Yes	Yes
Automatic Machines	No	Yes #	No	No

TABLE 1 - Rent Collection Methods

\* House collection for housebound on request. Also remote village of Gartness where there is no Post Office (service used by approximately 35 tenants).

# MARC (Monklands Automatic Rent Collection) available at 2 sites: Housing Department, Bank Street, Airdrie - 24 hours; The Quadrant Shopping Centre - during opening hours.

2.1.2 As can be seen from Table 1 there are some differences in approach which it would be beneficial to rationalise :-

Direct Debit - It is recommended that payment by direct debit be extended to all tenants in Cumbernauld & Kilsyth and Monklands.

House Collections and Automatic Machines - It is recommended that these should continue meantime only within the Monklands area, pending further review during financial year 1996/97 to examine future provision of these services across all of North Lanarkshire.

## 2.2 Post Office Payment Facilities

2.2.1 A significant number of tenants currently use this facility to pay rent as is illustrated in Table 2 below :-

<u>Authority</u>	<u>% of Payments</u>	<u>Approximate Annual Cost</u>	<u>Charge per Transaction</u>
		£000	
Cumbernauld & Kilsyth District Council	20	7	48.25p
Monklands District Council	46	80	49.25p
Motherwell District Council	27	103	51.25p
Strathkelvin (Part)	55	12	44.75p

TABLE 2 - Use of Post Office Girobank Rent Payment Facility

### 3.

- 2.2.2 Negotiations have already commenced with Giro Bank to secure a more cost effective basis of charging and this will be the subject of a further report to Committee prior to 1st April 1996.
- 2.2.3 To reduce the cost of rent payments made at Post Offices in recent years this payment facility has been withdrawn from a number of branches which are in close proximity to existing Area Housing offices, with a cash payment facility e.g. Wishaw, Burnhead and Bellshill. At present all of these Post Offices accept Council Tax payments for the Regional Council. From 1st April 1996 Council Tax payments will be made to the new Council and continuing with the restriction on rent payment at these locations to the same Council could appear anomalous. This matter has been discussed with the Director of Finance and it is recommended that the Council should continue to restrict rent payment at these Post Offices pending further examination of the future use of these facilities by the Finance Department for the purpose of Council Tax payments during 1996/97. Re-introduction of rent payment facilities for each of these Post Offices could substantially increase collection costs by up to £150,000 per annum.
- 2.3 Receipting Methods

Table 3 below summarises the main receipting methods used by each of the merging authorities.

<u>Area</u>	<u>Payment Location</u>	
	<u>Post Office</u>	<u>District Office</u>
Cumbernauld & Kilsyth	Rent Card	Rent Card
Monklands	Voucher Book	Rent Card
Motherwell	Voucher Book	Rent Card
Strathkelvin	Rent Card	Rent Card

**TABLE 3 - Receipting Methods**

Although there are some differences in approach, to minimise disruption to existing service provision, it is not proposed to take any immediate steps to rationalise any of the above differences. In the longer term Voucher Books could be made available for all tenants paying at Post Offices and Rent Cards for tenants paying at District Offices. The feasibility of introducing a magnetic strip payment card for rent payment at Post Offices is also being examined and will be the subject of a further report to Committee in due course.

#### 2.4 Draft Policy Statement

Taking account of the points of best practice adopted by each of the merging authorities in relation to rent collection, a draft policy statement on this matter is attached at Appendix 1 for consideration by Committee.

### 3. RENT ACCOUNTING

#### 3.1 Charging Methods and Rent Free Weeks

All of the merging authorities, with the exception of Monklands District Council, operate a 48 week charging cycle with 4 free weeks (2 in December and 2 in July). Monklands District Council operates on a 50 week basis with only 2 free weeks (December).

Since the majority of the existing tenants are used to a 48 week year it would seem appropriate to standardise on that basis and this will require a change to be introduced in Monklands which could be perceived as an increase in weekly rent levels i.e. tenants will immediately see the impact of a reduction in the weeks collectable with an average weekly increase of approximately £1.26 (4.1%) and not relate this to the fact that an additional free fortnight has been included. Since the Monkland's rent accounting records will not be transferred on to the MDIS rent accounting system until 1997, it is recommended that the introduction of the standard 48 week charging period be further considered at that time and that no change should take place in Monklands during next financial year.

### 3.2 Policy Statement

A draft policy statement on rent accounting is attached at Appendix 2 for Committee's consideration.

## 4. RENT STRUCTURES

- 4.1 Motherwell, Strathkelvin and Cumbernauld and Kilsyth District Councils operate rent structures which take account of apartment size, house type, attachment, amenity and degree of modernisation/improvement (Appendix 3 refers). Motherwell District Council's structure has been further refined by the implementation of a points weighting system. The rent structure in Monklands District is based on an assessment of rent levels in 1977 which have been the subject of flat rate across the board increases since that time. The different approaches adopted by each of the merging authorities in recent years results in significant differences in both the overall average weekly rent level as well as the average rent level for each apartment size as illustrated in Table 4 below.

	Cumbernauld & Kilsyth	Monklands	Motherwell	Strathkelvin
Average Weekly Rent (52 weeks)	£ 27.02	£ 28.92	£ 26.79	£ 27.62
<b>BY APT SIZE</b>				
1	25.40	28.71	22.70	
2	26.25	28.79	24.96	26.03
3	27.21	28.90	26.42	27.49
4	27.89	29.00	28.09	28.83
5	28.81	29.06	30.38	30.78
6	N/A	30.39	31.74	35.91
8	N/A	N/A	33.72	

TABLE 4 - 1995/96 Average Weekly Rent Levels

- 4.2 The introduction of a standard rent structure will be a major task and will require to be phased in to avoid unacceptable variations in rent levels. In the meantime it is recommended that the rent structures which presently operate within each of the merging authorities should continue during 1996/97, and that a full review of the options available to introduce a standard rent structure should be completed during that same period with a view to working towards the introduction of a standard system from 1st April 1997.

Committee may wish in the future to consider options to target any rent increase in a way which will start to tackle the variations in existing levels within the merging authorities.

## 5. LOCK-UPS AND GARAGE SITE RENTALS

Table 5 below summarises the differences in existing charges for lock-ups and Garage Sites made by each of the merging authorities.

	Cumbernauld & Kilsyth	Monklands	Motherwell	Strathkelvin
Lock-up Rented - Std.	£ 2.61	£ 2.54	£ 1.27	£ 2.58
- higher rented			1.97	
Garage Sites	0.48	0.85	0.90	0.96

TABLE 5 - Lock Ups and Garage Site Rentals per week

It is recommended that in determining the level of the annual increase for the above charges for 1996/97 attempts should be made to start to bring charges into line where at all possible.

## 6. HOME CONTENTS INSURANCE SCHEME

6.1 The scheme in Motherwell, Monklands and Strathkelvin is operated by Bowring, Marsh and McLennan Limited whilst General Accident operates the scheme in Cumbernauld & Kilsyth. Appendix 4 summarises the main elements of each of the packages operated by both companies which differ across each of the authorities. To work towards the adoption of a standard scheme providing a cost effective service for tenants and the Council it is recommended that the officials :-

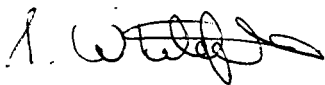
- a) Be authorised to negotiate with Bowring Marsh and McLennan Limited to operate a standard scheme in Motherwell, Monklands and Strathkelvin (NLC proportion) during 1996/97.
- b) Be authorised to negotiate an extension of the General Accident scheme for the Cumbernauld & Kilsyth area for 1996/97.
- c) Take steps to prepare tender documents etc and invite interested companies to quote for the provision of a standard scheme for a 3 year period commencing 1st April 1997.

## 7.0 SUMMARY AND RECOMMENDATIONS

7.1 With a requirement to accurately collect and account for housing rent income in excess of £80m each year it is essential that the Council has effective policies and procedures in place prior to 1st April 1996. This report has identified the main issues which must be tackled in the short term to achieve this and in summary it is recommended that Committee :-

- a) Approves and adopts the rent collection policy statement as detailed at Appendix 1.
- b) Approves and adopts the rent accounting policy statement as detailed at Appendix 2.

- c) Notes that no action will be taken meantime to introduce a standard rent charging basis of 48 weeks and that the existing arrangements continue unaltered during 1996/97 (Paragraph 3.1)
- d) Agrees that the rent structures operating within each of the merging authorities continue meantime pending the outcome of a comprehensive review which will be the subject of a further report to Committee during 1996.
- e) Agrees that in implementing any increase in housing rents or other charges for lock ups and garage sites etc prior to 1st April 1996, consideration be given to weighting such increases in such a way to start to address the major differences in charge levels.
- f) Authorises the officials to negotiate the provision of the home contents insurance scheme for 1996/97 as outlined in paragraph 6.1 of this report.



G S Whitefield  
Director of Housing

c.c. Chief Executive  
Director of Finance

RENT COLLECTION/POLICY STATEMENT

Policy Aim

To make available convenient, secure and cost effective rent payment facilities including :

- ◆ Payment at all branches of the Municipal Bank and Area Housing Offices utilising automated cash receipting systems
- ◆ Payment at Post Offices (excluding those in close proximity to Municipal Bank branches and Area Housing Offices)
- ◆ Postal payments
- ◆ Bank Standing Orders
- ◆ Direct Debit
- ◆ Direct wage deduction with certain employers
- ◆ Automatic rent collection facilities (Coatbridge & Airdrie only)
- ◆ House collection for house bound on request (remote villages within Monklands area only at present)

The above policy will be pursued by :

- Promoting the use of Council payment facilities
- Minimising waiting time at Council payment points to a maximum of 5 minutes
- Minimising the use of the more expensive Post Office Giro facility
- Offering Direct Debit/Bank Standing Order payments to all new tenants
- Actively promoting the use of the Direct Debit payment facility
- Operating automated cash receipting points at all Council payment points
- Regularly reviewing the opening times at all Council payment points to ensure that payments can be made at the most convenient times
- Undertaking regular reviews of the security in place at Council payment points and cash in transit arrangements
- Providing clear details of payment dates, free fortnights, etc.

RENT ACCOUNTING POLICY STATEMENT

Policy Aim :

To secure the accurate and timeous recording, control and reconciliation of all housing related charges and benefits by :

- ◆ Issuing annual statements to all tenants within 4 weeks of the financial year end.
- ◆ Producing fortnightly reconciliation reports balancing all charges, housing benefits, voids, payments and outstanding balances.
- ◆ Processing all requests for refunds within 15 working days.
- ◆ Updating rent accounts with payments within 3 working days of payment.
- ◆ Timeously reviewing rent charges to reflect improvements in accordance with the Council's rent structure
- ◆ Responding to account enquiries within 5 working days.
- ◆ Maximising the use of new technology
- ◆ Advising all tenants of the revised net charge payable no later than 5 working days prior to the start of the new financial year.



## RENT COMPARISON

SUMMARY OF COMPARABLE RENT LEVELS 1995/96					
BY TYPE/SIZE	APT SIZE	CUMBERNAULD & KILSYTH			
		MONKLANDS	MOTHERWELL	STRATHKELVIN	
DETACHED	3	£27.49	£28.86	£28.48	£32.47
SEMI DETACHED	1	£25.45			
	2	£26.48	£28.71	£26.45	£30.00
	3	£27.42	£28.90	£28.04	£31.47
	4	£28.35	£29.02	£29.14	£32.95
	5	£28.99	£29.06	£31.00	£34.42
	6		£30.39	£32.42	
	8			£33.72	
	END TERRACED	1	£25.45		£24.76
	2	£26.37	£28.84	£25.55	£29.02
	3	£27.29	£28.89	£26.98	£30.47
	4	£28.24	£28.95	£28.90	£31.97
	5	£28.89	£29.02	£30.36	£34.42
	6		£29.31	£32.42	£35.91
MID TERRACED	1	£25.45		£24.20	£27.07
	2	£26.37	£28.84	£25.36	£28.51
	3	£27.29	£28.89	£26.43	£30.00
	4	£28.24	£28.95	£28.02	£31.47
	5	£28.89	£29.02	£30.54	£32.95
SHELTERED HOUSE	1	£24.68		£24.20	
	2	£26.00	£28.98	£26.92	
	3	£27.09	£30.48	£28.35	
	4		£30.58	£29.90	
FOUR IN A BLOCK FLAT	2	£26.20	£28.59	£25.50	£28.02
	3	£27.14	£28.77	£26.68	£29.50
	4	£28.10	£28.86	£27.82	£30.99
	5	£28.71	£29.02	£29.42	£32.47
	6			£30.76	
	BLOCK OF FLATS	1	£25.27	£28.76	£22.29
	2	£26.20	£28.79	£23.79	£27.07
	3	£27.14	£28.93	£25.27	£28.51
	4	£28.10	£29.08	£25.88	£30.00
	5	£28.71	£29.11	£28.88	
TOWER	2		£28.92	£24.91	
	3		£29.17	£25.74	
MAISONETTE	2			£23.69	
	3	£27.22	£29.00	£24.98	£29.50
	4	£28.14	£29.06	£26.15	£30.99
	5	£28.71			
TENEMENT	1			£18.47	
	2			£22.25	
	3			£23.66	
	4			£26.96	
	5			£26.13	
BUNGALOW	2	£26.62	£28.69	£26.90	
	3	£27.49	£28.88	£28.48	
	4			£29.79	
	5	£29.06		£28.73	
	6			£27.97	
	PARAPLEGIC	2		£29.38	£25.51
	3		£29.89	£26.82	
	4		£29.94	£30.28	

### Cumbernauld & Kilsyth District Council Rent Levels 1995/96

No. of Apartments	Category	Flat	Maisonette	Terraced	Semi-Detached	Detached
1	Standard	24.70		24.88	24.97	
	Gas	25.91		26.09	26.19	
	Electric	25.10		25.28	25.38	
	Solid Fuel	25.37		25.55	25.65	
2	Standard	25.62		25.80	25.88	26.05
	Gas	26.84		27.01	27.13	27.26
	Electric	26.03		26.20	26.33	26.45
	Solid Fuel	26.30		26.47	26.60	26.72
3	Standard	26.57	26.65	26.72	26.85	26.92
	Gas	27.78	27.86	27.93	28.06	28.13
	Electric	26.97	27.05	27.12	27.25	27.32
	Solid Fuel	27.24	27.32	27.39	27.52	27.59
4	Standard	27.65	27.57	27.67	27.77	
	Gas	28.71	28.78	28.88	28.98	
	Electric	27.90	27.97	28.07	28.19	
	Solid Fuel	28.17	28.24	28.34	28.44	
5	Standard	28.14	28.22	28.32	28.41	28.49
	Gas	29.35	29.43	29.53	29.63	29.70
	Electric	28.55	28.62	28.72	28.82	28.89
	Solid Fuel	28.82	28.89	28.99	29.09	29.16

### Monklands District Council Rent Levels 1995/96

By Type/Size	Apt Size	Weekly Rent
Detached	3	28.86
Semi Detached	2	28.71
	3	28.90
	4	29.02
	5	29.06
	6	30.39
End Terraced	2	28.84
	3	28.89
	4	28.95
	5	29.02
	6	29.31
Mid Terraced	2	28.84
	3	28.89
	4	28.95
	5	29.02
Sheltered House	2	28.98
	3	30.48
	4	30.58
4 in a Block	2	28.59
	3	28.77
	4	28.86
	5	29.02
Block of Flats	1	28.76
	2	28.79
	3	28.93
	4	29.08
	5	29.17
Tower	2	28.92
	3	29.12
Maisonette	3	29.00
	4	29.06
Bungalow	2	28.69
	3	28.88
Paraplegic	2	29.38
	3	29.89
	4	29.94

MOTHERWELL DISTRICT COUNCIL  
OUTLINE OF POINTS WEIGHTING SYSTEM

POINTS					
	4	3	2	1	0
FACTOR PROPERTY TYPE	COTTAGES:- DETACHED SEMI-DETACHED END- TERRACED	COTTAGES:- MID-TERRACED	FLATS:- MULTI-STOREY	FLATS:- 4 IN BLOCK	FLATS:- TENEMENT MAISONETTE
AMENITY CLASS	HIGHER RENT HIGHER AMENITY + SUPPLEMENT	PARAPLEGIC SHELTER	MODERNISED REFURBISHED BUILT AFTER 73		
CENTRAL HEATING			SOLID FUEL (WET) GAS (WET) STORAGE HEATERS	GAS WARM AIR ELEC. WARM AIR GRANT AID SYSTEM	COAL UNDERFLOOR TENANT INSTAL- LED SYSTEM

RENT SCHEDULE APRIL 1995 (WEEKLY)

CATEGORY	APARTMENT SIZE							
	1	2	3	4	5	6	7	8
0	£23.22	£24.64	£26.05	£27.47	£28.89	£30.32	£0.00	£31.73
1	£23.82	£25.24	£26.65	£28.07	£29.49	£30.92	£0.00	£32.33
2	£24.42	£25.84	£27.25	£28.67	£30.09	£31.52	£0.00	£32.93
3	£25.02	£26.44	£27.85	£29.27	£30.69	£32.12	£0.00	£33.53
4	£25.62	£27.04	£28.45	£29.87	£31.29	£32.72	£0.00	£34.13
5	£26.22	£27.64	£29.05	£30.47	£31.89	£33.32	£0.00	£34.73
6	£26.82	£28.24	£29.65	£31.07	£32.49	£33.92	£0.00	£35.33
7	£27.42	£28.84	£30.25	£31.67	£33.09	£34.52	£0.00	£35.93
8	£28.02	£29.44	£30.85	£32.27	£33.69	£35.12	£0.00	£36.53
9	£28.62	£30.04	£31.45	£32.87	£34.29	£35.72	£0.00	£37.13
10	£29.22	£30.64	£32.05	£33.47	£34.89	£36.32	£0.00	£37.73

\* HIGHER RENTED, HIGHER AMENITY HOUSES, ADD A FURTHER £2.17 PER WEEK.

### Strathkelvin District Council Rent Levels 1995/96

House Type	Size	Weekly Rent
End Terrace	1	27.53
	2	29.02
	3	30.47
	4	31.97
	5	34.42
	6	35.91
Mid Terrace	1	27.07
	2	28.51
	3	30.00
	4	31.47
	5	32.95
Semi-Detached	2	30.00
	3	31.47
	4	32.95
	5	34.42
Bungalow	2	29.02
	3	32.47
4 in a Block	2	28.02
	3	29.50
	4	30.99
	5	32.47
Tenament-ground	1	27.58
	2	27.07
	3	28.51
	4	30.00
Tenament-middle/top	1	27.07
	2	27.07
	3	28.51
	4	30.00
Maisonette-ground/middle	3	29.50
	4	30.99
Maisonette-top	3	28.51
	4	30.99
Cottage-end	3	30.47
	4	31.47
Cottage-middle	3	30.00
	4	31.47
Cottage-semi-detached	4	32.95

## HOME CONTENTS INSURANCE SCHEME

	Cumbernauld&Kilsyth District Council	Motherwell District Council	Monklands District Council	Strathkelvin District Council
Company	General Accident	Bowring Marsh& McLennan	Bowring Marsh& McLennan	Bowring Marsh& McLennan
No.Tenants On Scheme	1091	4650	6850	600
Rate per £1000 per week (52) OAP	£0.13	£0.11	£0.14	£0.15
Other	£0.13	£0.11	£0.17	£0.15
Min Sum Insured				
OAP	£ 9,000	£7,000	£ 9,270	£ 7,000
Others	£10,000	£9,000	£11,330	£10,000
Commission%	20%	10%	8%	10%
Renewal Date	1/4/96	1/4/97	1/6/96	1/4/96