

**Bolsover District Council**

**Executive**

**31st January 2022**

**52 Week Rent Period**

**Report of Councillor Sandra Peake, Portfolio Holder for Housing**

<b><u>Classification:</u></b>	This report is public
<b><u>Report By:</u></b>	<b>Victoria Dawson, Assistant Director Housing Management and Enforcement</b>
<b><u>Contact Officer:</u></b>	<b>Victoria Dawson, Assistant Director Housing Management and Enforcement</b>

**PURPOSE / SUMMARY**

To consider moving from the current 48 weeks per year housing rent collection cycle to a 52 week rent collection cycle.

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**REPORT DETAILS**

**1 Background**

- 1.1 Currently the Housing Service collects rent over 48 weeks per year enabling two “rent free weeks” at the end of December and two more at the end of the financial year (near Easter). In actual fact, the term “rent free” is misleading. The annual rent for a property is currently divided by 48 weeks instead of by 52. This has the effect of making the tenant pay more on those weeks in which rent is charged than they would if it was spread evenly across all the weeks in the year.
- 1.2 The Council’s tenancy agreement contains a clause which states that tenants must pay their rent weekly in advance every Monday.
- 1.3 It is proposed to move from a 48 week rent collection cycle to a 52 week rent collection cycle. This is an operational change to assist tenants who receive the Universal Credit (UC) form of benefits, and allow for more efficient rent collection for the Housing Service.

**2. Details of Proposal or Information**

- 2.1 The “rent free” weeks were implemented for administrative reasons before rent collection was automated. The Housing Service used rent collectors at that time but we now offer other methods of rent payment. For example, tenants can pay their rent by Direct Debit on a weekly or monthly basis and we also offer

telephone payments, online payments and there is a payment kiosk at each of the four Contact Centres.

- 2.2 The “rent free” weeks were previously seen as a time when tenants in arrears could reduce their rent debts.
- 2.3 This proposal would be a change for tenants, however, it would result in tenants paying a slightly lower amount each week. As an example, if the rent for a property is £5000 each year and charged over 48 weeks, a weekly payment of £104.17 per week is due. However, if the rent were to be charged over 52 weeks, this reduces the total due each week to £96.15.
- 2.4 Universal Credit is worked on a 52-week cycle. Housing costs are included in the payments of Universal Credit and tenants are expected to pay their rent themselves. Previously, Housing Benefit was paid direct to the rent account. For those who are new to Universal Credit, they can find it difficult to manage this change, as they receive 12 equal payments. Currently, if they do not pay an additional sum each week on top of what they are paid in respect of housing costs, their rent accounts will go into arrears.
- 2.5 There is no statutory consultation required for the rent collection proposal, however tenants will be notified in advance of the changes to ensure minimum disruption. Some tenants like the “rent free” period and it is, therefore, important to communicate the reasons for the change and to provide maximum support to all tenants throughout. In particular, it will be important to communicate the need to pay every week in the lead up to the former ‘rent-free’ periods

### **3. Reasons for Recommendation**

- 3.1 By switching to a 52 week rent year, the Council will be aligning the rent account payment requirements to the Universal Credit payment cycles. Tenants will see a weekly reduction in their weekly rent which should make budgeting easier. In turn, this should have a positive impact upon the level of rent debt, and also reduce levels of stress and anxiety for those who are finding it hard to pay on time.
- 3.2 The main rationale for the change is to allow those in receipt of Universal Credit to spread the cost of their rent throughout the year and to ensure that their rent accounts are kept up to date as much as possible.
- 3.3 There is also a need to ensure that a rent payment culture is embedded in all aspects of housing service delivery. There is a tension between having weeks which are called “rent free” in an era where Officers are trying to encourage tenants to establish a payment habit and to keep their accounts up to date. By setting the expectation of a payment for every week of the year, it would minimise the situation where a tenant could claim that they had been under the impression that they were not required to pay rent because there had been a rent free week, or that their debt will be cleared because they intend to use the rent free weeks as an opportunity to make additional payments.

#### **4 Alternative Options and Reasons for Rejection**

- 4.1 Do nothing. This option is rejected because the proposal to move to a 52-week rent collection pattern will enable a more transparent service for tenants, will allow for better budgeting (aligned to benefit payments) and is consistent with most other household bills as well as providing a more efficient collection process for the Housing Service.
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#### **5. RECOMMENDATIONS**

- 5.1. To approve the proposal to move to a standard 52 week rent collection cycle from April 2022.

Approved by the Portfolio Holder - Cllr Peake, Executive Member for Housing

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#### **IMPLICATIONS**

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**Finance and Risk:**            Yes             No

**Details:**

The recommendation to move to a 52 week rent collection cycle will assist tenants to pay their rents and reduce arrears as it enables greater transparency and aligns with Universal Credit payments (where applicable).

There may be some changes required to standard letters and IT processes, however, it is expected they will be contained within existing budgets; therefore, there is no additional financial cost to the organisation in moving to a 52-week collection period.

On Behalf of the Section 151 Officer

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**Legal (including Data Protection):**            Yes             No

**Details:**

Any legal implications are identified within the report.

On Behalf of the Solicitor to the Council

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**Staffing:**            Yes             No

**Details:**

There are no staffing issues arising from the proposed operational changes to frequency of rent collection.

On behalf of the Head of Paid Service

## DECISION INFORMATION

<b>Decision Information</b>	
<p><b>Is the decision a Key Decision?</b>  A Key Decision is an executive decision which has a significant impact on two or more District wards or which results in income or expenditure to the Council above the following thresholds:</p> <p><b>BDC:</b>  Revenue - £75,000 <input type="checkbox"/> Capital - £150,000 <input checked="" type="checkbox"/></p> <p><b>NEDDC:</b>  Revenue - £100,000 <input type="checkbox"/> Capital - £250,000 <input type="checkbox"/>  <input checked="" type="checkbox"/> <i>Please indicate which threshold applies</i></p>	No
<p><b>Is the decision subject to Call-In?</b>  (Only Key Decisions are subject to Call-In)</p>	No
<p><b>District Wards Significantly Affected</b></p>	No
<p><b>Consultation:</b>  Leader / Deputy Leader <input type="checkbox"/> Cabinet / Executive <input type="checkbox"/>  SAMT <input type="checkbox"/> Relevant Service Manager <input type="checkbox"/>  Members <input type="checkbox"/> Public <input type="checkbox"/> Other <input type="checkbox"/></p>	<p>Yes</p> <p>Details:</p>

<p><b>Links to Council Ambition (BDC) priorities or Policy Framework including Climate Change, Equalities, and Economics and Health implications.</b></p>
<p>Customers – Increasing customer satisfaction with our services  Economy - Ensuring financial sustainability</p>

## DOCUMENT INFORMATION

Appendix No	Title
<p><b>Background Papers</b> (These are unpublished works which have been relied on to a material extent when preparing the report. They must be listed in the section below. If the report is going to Cabinet (NEDDC) or Executive (BDC) you must provide copies of the background papers)</p>	