
REPORT TO:	Housing and Community Services Committee	AGENDA ITEM:	16
DATE OF MEETING:	8th June 2004	CATEGORY:	Delegated
REPORT FROM:	Director of Community Services	OPEN	
MEMBERS' CONTACT POINT:	Bob Ledger (ext 5775)	DOC:	
SUBJECT:	Financial references for current and former tenants	REF:	
WARD(S) AFFECTED:	All	TERMS OF REFERENCE:	HCS01

1. Recommendation and purpose of report

1.1 To approve the proposal that a charge should be made for the provision of financial references provided by the Council

2. Background

2.1 Tenants pay to operate the mainstream housing business through their rent on a pooling system rather than paying for services at the point of delivery.

2.2 The Housing Service provides services to tenants and the wider public primarily utilising the income pooled into the Housing Revenue Account (HRA).

2.3 The Housing Service deals with tens of thousands enquires and requests for service each year and inevitably some of these are being funded by tenants through the pooled income when it may be more appropriate to make separate specific charges.

2.4 The Housing Revenue Account is projected to have medium term funding problems and any additional income would help, albeit in a relatively small way, to offset those problems.

2.5 The relatively common service request for financial references is proposed to be subject to specific charging at the point of delivery.

3. Financial references

3.1 In progressing mortgage applications and other financial transactions, tenants and agencies request that the Council provide financial references based upon their rent payment history.

3.2 Other bodies, including Councils and Registered Social Landlords, make a charge to cover their costs in providing such services. At South Derbyshire Council we do not currently make a charge and the service is provided free at the point of delivery with the cost being met from the HRA pooled income.

3.3 Upon checking with eight social housing providers within a 30 mile radius and four local Swadlincote financial institutions four of the eight housing providers make charges and they range from £11.75 to £60 and all four banks/building societies make charges and they range from £10 to £60. In line with these charges it is proposed to introduce a charge of £25 for financial reference requests made to this Council from 1st July 2004.

4. **Financial Implications**

4.1 Although the number of Right to Buy completions each year is 120 the number of applications is at least 200 per year. The income likely to be generated this financial year by the introduction of this charges is;

⇒ 150 (proportionate to being $\frac{3}{4}$ through the year) x £25 = £3,750.

5.2 Projecting these figures forward indicates that the Council could generate income of £15,000 over a full three-year period.

6. **Corporate Implications**

6.1 None.

7. **Community Implications**

7.1 This is a more equitable and fairer way of paying for this services as the resultant £3,750 can be pooled to provide mainstream Housing services.