

	OVERVIEW AND SCRUTINY COMMITTEE – 3rd February 2009	Agenda Item No.
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Rent Arrears Performance	
For further information about this report please contact	Alison Simmons Head of Housing & Property Services (01926) 456403 alison.simmons@warwickdc.gov.uk
Service Area	Housing & Property Services
Wards of the District directly affected	All
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006	No
Date and meeting when issue was last considered and relevant minute number	15/7/08 – Overview and Scrutiny Committee
Background Papers	

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	No
Included within the Forward Plan? (If yes include reference number)	No

Officer/Councillor Approval

With regard to officer approval all reports *must* be approved by the report author's relevant director, Finance, Legal Services and the relevant Portfolio Holder(s).

Officer Approval	Date	Name
Relevant Director	23/01/09	Bill Hunt
Chief Executive		
CMT		
Section 151 Officer		
Legal	26/01/09	Peter Oliver
Finance	26/01/09	Mike Snow
Portfolio Holder(s)	23/01/09	Councillor Mrs Grainger

Consultation Undertaken

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Final Decision?	Yes
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Suggested next steps (if not final decision please set out below)

1. SUMMARY

- 1.1 The purpose of this report is to provide an up to date picture on the progress of the work that have been carried out by the Rents and Finance Team during 2008/09 and to detail the action to be taken to ensure performance is improved during 2009/10.

2. RECOMMENDATION

- 2.1 That the Scrutiny Committee notes this report and monitors future performance through the quarterly performance reporting framework.

3. REASONS FOR THE RECOMMENDATION

- 3.1 The report is intended to provide background information for members. The Housing Portfolio Holder and the Head of Housing and Property Services will be attending the Committee's meeting to facilitate further scrutiny.

4. ALTERNATIVE OPTION CONSIDERED

- 4.1 No alternative options have been considered in advance of scrutiny of this issue.

5. BUDGETARY FRAMEWORK

- 5.1 The effective collection of rent and charges and the minimisation and prompt recovery of arrears are critical aspects of managing the Housing Revenue Account and its 30 year Business Plan.

6. POLICY FRAMEWORK

- 6.1 The performance management framework contains 6 indicators relating to the collection of rent and the recovery of arrears. Four of these indicators were national Best Value Performance Indicators (BVPs) during 2007/08 and although BVPs were discontinued for 2008/09, replaced by a new set of national indicators, all 6 existing performance indicators have been retained for 2008/09. The indicator measuring the level of current tenant rent arrears has been elevated in importance and features as one of the top 21 key indicators within the Corporate Strategy.
- 6.2 Efficiency in rent collection and effectiveness in arrears management supports several elements of the Corporate Strategy: Leadership – to provide clear community leadership and effective management of resources whilst delivering responsive public services in an open and transparent manner; Housing - to improve housing service efficiency to meet housing needs in the district and Customers – to improve the efficiency of service delivery to the council's customers.

7 BACKGROUND

7.1 Managing Rent Collection and Arrears Recovery

- 7.1.1 The primary responsibility for income management rests with the Rents and Finance Team within Housing and Property Services. Other teams, notably the Tenancy Management and Supporting People Services teams, have a supporting role with important discussions involving rents being held when properties are initially offered, as part of the tenancy sign-up process, during scheduled settling-in

visits and visits undertaken prior to an introductory tenancy transferring to a secure tenancy and as part of routine sheltered scheme visiting arrangements.

7.1.2 The current establishment of the Rents and Finance Team is for 9.5 FTE staff.

The team current comprises a Rents and Finance Manager, a section of 3.5 staff primarily responsible for maintaining the rent system and another section of 5 staff primarily responsible for income recovery from tenants in arrears of rent and/or charge.

7.1.3 Arrears recovery is undertaken by 3 full time Income Recovery Officers supported by an Income Recovery Support Assistant. The latter post manages garage rent arrears and the administration of garage repossessions, along with the recovery of former rent arrears.

7.1.4 The previously vacant Rents and Finance Manager post was filled on 15th December 2008.

A permanent Senior Income Recovery Officer was appointed at the end of December 2008, replacing the temporary Team Leader position.

The Senior Finance Officer post has been vacant since September 2008; however recruitment is now underway with interviews taking place on 23rd January 2009.

The Income Recovery Support Assistant post is vacant and the recruitment process has commenced.

7.2 **Monitoring of Performance Indicators**

(see Appendix 1 for Performance Indicators)

7.2.1 The first of the 4 indicators measures the level of rent collected, expressed as a percentage of the gross annual rent debit. The gross debit is the amount of rent that could potentially be collected during a year if every property was let and every tenant paid the full amount of rent due on their home throughout the year. The 2008/09 gross debit is £19,757,192.

7.2.2 However, even if the whole of the £19.8M is collected during 2008/09 indicator HPS5 would still not have shown 100%. This is because when calculating this indicator the value of rent arrears owed by current tenants at the start of the year (i.e. arrears accrued during previous financial years) is added to the current year's gross debit.

7.2.3 In 2007/08 the performance for this indicator was 96.45% an improvement of 0.57% over the proceeding year. The target for 2008/09 is 97.75%, however performance cannot be calculated until the end of the financial year, as any measurements taken during the year will not give a true indication of performance.

7.2.4 The remaining 3 indicators all measure elements of the arrears recovery process. HPS6 examines the number of tenants with more than 7 weeks (gross) arrears as a percentage of the total number of tenants (whether in arrears or not). For the purposes of this indicator a 'week' is taken to be 5 working days, thus 7 weeks equals 35 working days equivalent to the upper quartile target for processing Housing Benefit claims. The indicator was designed this way to account for those

external factors that can contribute towards a tenant being in arrears such as a delay in processing a live Housing Benefit claim.

- 7.2.5 To date outturn for this indicator is 8.46% above the 3rd quarter target of 10%.
- 7.2.6 HPS7 measures the number of tenants who have been served a Notice of Seeking Possession expressed as a percentage of the number of tenants in arrears. The indicator was introduced to minimise the possibility of perverse working practices in arrears recovery leading to possession and eviction. Government is keen to ensure that possession is used as a last resort so considers a relatively low outturn against this indicator to be desirable, as a high percentage could show that a provider is using the service of notices inappropriately to keep arrears low at any cost without regard to the welfare of its tenants.
- 7.2.7 Target for 2008/09 was set at 25%. To date the out turn for this indicator is 10.97%, which demonstrates that tenants are keeping to payment arrangements set up when their arrears are relatively low, and more manageable, avoiding the need for Court action to be taken.
- 7.2.8 The final Indicator, HPS8, measures the percentage of tenants evicted for rent arrears. The target for 2008/09 is 0.18%; however current performance to date is 0.30% far exceeding the outturn for the year. We have concentrated on our high level, long term arrears cases, which has resulted in an increase in evictions. However, this is a last resort and follows the undertaking of all preventative measures.
- 7.2.9 The remaining 2 indicators measure the level of current tenant dwelling arrears and the total debt owed by all current and former tenants for rent, charges and court costs, both expressed as a percentage of the annual gross debit. The current level of current dwelling arrears is 3.55%, and the outturn for all current and former tenants for rent, charges and court costs is 7.32%.

8. PERFORMANCE 2008/09

8.1 Current Tenant Arrears

- 8.1.1 In July when a report was brought to the Committee the rent arrears stood at £689,109.00 this equated to 1,670 people in arrears. At the end of December 2008 the current arrears stood at £696,767.00 with 1,842 people in arrears. Of which 950 had agreements in place to repay their outstanding debt.
- 8.1.2 We are currently unable to measure how many of these arrangements have been broken and are in discussion with ICT to formulate a reporting process.
- 8.1.3 The peaks during this period as expected have increased during the Summer and Xmas period:-

Month	July	August	September	October	November	December	January (19/1/9)
Current Arrears	689,109.00	707,769.00	678,477.00	690,320.00	659,203.00	696,767.00	710,535.65*

8.1.4 During the period from the 1st July 2008 to the 19th January 2009 the Team has:-

- Served Notice on 473 tenants.
- Commenced 54 Court Proceedings.
- Evicted 21 tenants from their properties. Eviction action is always the last resort after all prevention measures have been undertaken.
- Negotiated 569 new agreements to clear arrears.

8.2 **Former Tenant Arrears**

8.2.1 Former Tenant Arrears have reached £381,844.46 in comparison with £299,213.00 in July 2008.

Month	July	August	September	October	November	December	January (19/1/9)
Former Tenant Arrears	299,213.00	322,516.00	353,240.00	362,421.00	375,089.00	381,445.00	381,844.46*

8.2.2 The increase in Former Tenant arrears is as a result of:-

- 21 Evictions amounting to £57,339.60.
- 14 Garage Repossessions amounting to £650.52
- 4 Abandonments amounting to £5,892.06
- 24 Deceased amounting to £1,840.83
- 7 Notice Given amounting to £5,591.63
- 2 Detained in Prison amounting to £2,522.48
- 8 Moved into the Private Sector amounting to £2,844.08
- 12 Unknown amounting to £7,307.93

8.3 **Garage Arrears**

8.3.1 Garage Arrears have increased from £3,033.17 in July to £3,789.45 to date.

Month	July	August	September	October	November	December	January (19/1/9)
Garage Arrears	3,033.17	3,399.00	3,206.00	4,355.00	2,519.00	3,890.00	3,789.45*

8.3.2 Since the change in the Garage Arrears Policy whereby a tenant in rent arrears on their home will lose their garage we have repossessed 14 number Garages.

*Mid month figures will always appear higher than comparing like for like allowing for monthly payments and Housing Benefit transfers.

9. **IMPROVEMENT PLAN 2009/10**

9.1 Factors affecting performance during this financial year have been those relating to staff and the implementation of the new re-structure for Housing and Property Services to provide and build an effective arrears recovery team.

9.2 With the current credit crunch and the forecast for the coming year, targets set will need to be revisited through the Service Planning process and Portfolio Holder statement to reflect the challenges ahead.

- 9.3 Against the backdrop of a worsening economic picture a number of measures were planned and have yet to be implemented and these will be taken forward in 2009/10.
- 9.4 Arrangements are being made with ICT to look at changes to the arrears procedures and process, including a more automated workflow to administer the rent arrears process.
- 9.5 The Heads of Revenues & Customer Services and Housing & Property Services met and agreed a range of measures to improve information sharing and change working practices across the two service areas, which were designed to allow rent arrears to be tackled more effectively. Due to the staffing issues these measures have yet to be implemented. Regular meetings will now be held between the newly appointed Rents and Finance Manager and the Benefits Manager to move these measures forward.
- 9.6 Negotiations have resumed with a specialist debt collection agency, however there is a need to investigate the cost of services provided by other specialist agencies. Previously the Income Recovery Support Officer spent a proportion of their time assisting with aids and adaptation applications these duties have now been moved to another area of the service and therefore their time can be maximized on chasing former tenant debt.
- 9.7 The day to day working of the team will change to incorporate the following measures to maximize rent collection:-
- Increasing the number of home visits made by Income Recovery Officers.
 - The setting up of surgeries in the District.
 - Improved joint working with other sections e.g. Housing Officers and Supported Housing Officers.
 - Work with Citizens Advice Bureau to increase debt awareness.
 - Work with DWP and Housing Benefit to maximize tenants' benefits.
 - The possibility of using text messaging to contact tenants and giving tenants the ability to view their rent balances on line via a secure web facility.

Appendix 1

The six existing performance indicators retained for 2008/9 are:

New PI Ref	Old PI Ref	Description	2008/9				Service Area
			Q1 Target	Q2 Target	Q3 Target	Q4 Target	
CS2i	HL20(1)	Reduce the level of current tenants rent arrears (expressed as a % of the gross debit).	3.5%	3.3%	3.4%	2.6%	Housing & Property Services
HPS4	HL20(4)	Total rent and charge debt owed by current and former tenants expressed as a % of the gross debt.	6.6%	6.8%	6.8%	6%	Housing & Property Services
HPS5	HL19	Local authority rent collection and arrears: proportion of rent.	n/a	n/a	n/a	97.75	Housing & Property Services
HPS6	HL19(1)	% of tenants with more than 36 days rent arrears.	9%	9%	10%	8%	Housing & Property Services
HPS7	HL19(2)	% of tenants in arrears who have had Notices Seeking Possession served.	6.25%	13%	18%	25%	Housing & Property Services
HPS8	HL19(3)	% of tenants evicted as a result of rent arrears.	n/a	n/a	n/a	0.18%	Housing & Property Services

