

Committee:	Executive	Agenda Item No.:	8.
Date:	4 th April 2011	Status	Open
Category	2. Decision within the functions of Executive		
Subject:	Report of the Reduction and Prevention of Rent Arrears Improvement Scrutiny Review.		
Report by:	Councillor Hilary Gilmour – Chair of the Improvement Scrutiny Committee		
Other Officers Involved	Scrutiny Officer		
Director	Director of Neighbourhoods		
Relevant Portfolio Holder			

RELEVANT CORPORATE AIMS

STRATEGIC ORGANISATIONAL DEVELOPMENT – Continually improving our organisation.

TARGETS

By March 2011 reduce the number of current housing tenants owing more than 7 weeks rent by 20%, from the March 2009 figure.

Reduce former Council housing tenants arrears by 25% by March 2011.

VALUE FOR MONEY

It is hoped that the recommendations made in this report will contribute to further reducing the amount of rent arrears owed to the Council which in turn will benefit the Council's budgets, as rent arrears reduce, the bad debt provision can also be reduced, resulting in an increased working balance in the general fund budget.

THE REPORT

At it's meeting on 28th June 2010, the Improvement Scrutiny Committee agreed to undertake a review on the reduction and prevention of rent arrears.

The Council takes the issue of rent arrears very seriously and created two Corporate Plan targets for 2010/11 to ensure that performance was monitored.

The Committee acknowledged the efforts of the Tenancy Management Team in a challenging environment with the team achieving a £400k reduction in rent arrears since responsibility passed to the Housing Department.

The Committee aimed to build on these successes and identify ways to continue and improve on this progress, whilst ensuring that preventative measures were taken to avoid rent arrears in the first instance.

The Improvement Scrutiny Committee is aware that a Payment Strategy is being developed and this may have a major impact on the way payments are made and could potentially reduce the amount of tenants getting into arrears if new and more accessible options are available to them.

ISSUES/OPTIONS FOR CONSIDERATION

The recommendations made by the Improvement Scrutiny Committee

IMPLICATIONS

Financial: None identified
Legal: None identified
Human Resources: None identified

RECOMMENDATIONS

- 1. That the Executive consider the Improvement Scrutiny Committee recommendations set out in the report of the Reduction and Prevention of Rent Arrears Scrutiny Review.**
- 2. That a response be provided on the review recommendations in order that an action plan is drawn up to monitor implementation.**

REASON FOR DECISION TO BE GIVEN IN ACCORDANCE WITH THE CONSTITUTION

Consideration of reports from Scrutiny Committee.

ATTACHMENTS: Y
FILE REFERENCE:
SOURCE DOCUMENT: ***Reduction and Prevention of Rent Arrears Scrutiny Review Report***

**BOLSOVER DISTRICT
COUNCIL**

**IMPROVEMENT SCRUTINY
COMMITTEE**

**REDUCTION AND
PREVENTION OF RENT
ARREARS SCRUTINY
REVIEW**

February 2011

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Foreword of Councillor Hilary Gilmour Chair of the Improvement Scrutiny Committee

It is a pleasure to present this review report on behalf of the Improvement Scrutiny Committee.

It details the findings, conclusions and recommendations from the Committee on the review of - Reduction and Prevention of Rent Arrears.

I would like to take this opportunity to thank all the stakeholders involved.

I would like to say a special thank you to Claire Millington, Scrutiny Officer for her professionalism, guidance and support and also thank you to Abby Brownsword, Democratic Services Officer for her commitment.

Finally, a sincere thank you to the members of the Improvement Scrutiny Committee for their perseverance and dedication, committing to extra meetings to meet the deadline of this review.

1. Introduction

At its meeting on 28th June 2010, the Improvement Scrutiny Committee agreed to undertake a review on the reduction and prevention of rent arrears.

The review was identified as a priority by elected Members at the Scrutiny Conference and it was considered timely to examine this area to review current practices and to identify good practice and areas for improvement.

Since responsibility was transferred to the Housing Department a reduction of around £400k has been achieved. What became apparent from the outset of the review was how much the Housing Department is doing with the resources available and the amount of work the Tenancy Management Officers deal with. An average housing officer's patch would usually cover approximately 500 properties in a comparable authority, Bolsover officers cover 1300 in addition to dealing with their own court work.

The Council takes the issue of rent arrears very seriously and created two Corporate Plan targets for 2010/11 to ensure that performance is monitored.

The Committee is aware that a Payment Strategy is being developed and this may have a major impact on the way payments are made and could potentially reduce the amount of tenants getting into arrears if new and more accessible options are available to them.

For each of the recommendations detailed in section 2, a supporting statement is contained within the key findings in section 6 of this report.

2. Recommendations

Recommendation 1

That the support needs of Tenancy Management Officers be reviewed by the Head of Housing to ensure that adequate support is provided in respect of preparing, handling and presenting cases in Court.

Recommendation 2

That the Housing Enforcement Officer and Tenancy Management Officers be supported in their continued efforts to get involved in Court User Groups. The Committee noted that at the Executive on 7 February 2011, it was reported that contact had been made with the Derbyshire Criminal Justice Board with a view to arranging a meeting to consider the establishment of a Court User Group.

Recommendation 3

That the Portfolio Holder and the Director of Neighbourhoods be asked to address the issue of rent arrears in South Normanton and consider the impact of rotating the Tenancy Management Officers so that they can gain experience of the different areas of Bolsover.

Recommendation 4

That officers be encouraged to ensure that information relating to the whereabouts of former tenants, etc that is picked up by the Rent Collectors is recorded and passed to the appropriate officers to be followed up.

Recommendation 5

That consideration be given to providing the Rent Collectors with a facility to take card payments whilst at a tenant's property. This could include a device to take payment or simply allowing the customer use of a council mobile telephone so that the customer can pay their rent over the telephone.

Recommendation 6

That the Council continue to promote positive messages about paying rent on time and the Tenant Liaison Officer be utilised to provide information, promote positive messages and education of regular rent payment to Tenant Groups across the District.

Recommendation 7

That the Council considers the use of incentives and rewards for regular payers and those with clear rent accounts.

Recommendation 8

That the Council continues to actively promote payments by Direct Debit with both new and existing tenants.

Recommendation 9

That consideration be given to new tenants being required to pay four weeks rent in advance of a new tenancy commencing.

Recommendation 10

That the relationship between Housing and Revenue Services be developed so that officers understand the roles of each service and information on the express service be provided to Housing staff from Revenue Services employees.

Recommendation 11

That clear arrangements for processing arrears payments efficiently and reporting new arrears following a payment at the cash desk to the Tenancy Management Officer be agreed.

3. Scope of Review

The review aimed to consider the Council's current practices in relation to rent arrears and consider how the Council could make further progress in the reduction and prevention of rent arrears.

With that in mind, the Improvement Scrutiny Committee agreed to explore the following areas,

- Current performance
- The communication and standard letters used as part of the arrears process
- How rent is collected – options
- How and where rent arrears arise
- What does rent arrears cost the authority, tenants and the public purse.

The Committee comprised of the following Members,

Cllr Hilary Gilmour (Chair)

Cllr Rose Bowler (Vice-Chair)

Cllr Pauline Bowmer

Cllr Ray Brooks

Cllr Jim Clifton

Cllr Ray Heffer

Cllr Jim Smith

Cllr Rita Turner

Cllr Deborah Watson

Support to the Committee was provided by the Scrutiny Officer and the Democratic Services Officer.

4. Method of Review

- 4.1 The Committee met on seven occasions to consider the scope of the review, key issues they wanted to discuss and the people they wished to interview.
- 4.2 The Committee interviewed a wide range of officers who were involved within the Housing and Revenue Services.

Attached at **Appendix 1** is a list of stakeholders interviewed.

4.3 Equalities and Diversity

Within the process of the review the panel have taken into account the impact of equalities and have not identified any negative impact.

5. Evidence

5.1 The following documents were considered as part of the review:

- Improving the effectiveness of Rent Arrears Management – Good Practice Guidance.
- Standard arrears letters and documentation
- Comparison exercise with neighbouring authorities

6. Key Findings

Strengths

- 6.1 Since the transfer of rents collection to Housing, the percentage of rent owed has reduced year on year. The Committee have considered quarterly updates on performance against the two corporate plan targets detailed in the Council's Corporate Plan. As at January 2011 (quarter 3) the target of a 20% reduction of current housing tenants owing more than 7 weeks rent (SODa4) has been achieved.
- 6.2 The four Tenancy Management Officers conduct face-to-face interviews with new tenants and follow up appointments within four weeks to identify any support required by the tenant.
- 6.3 The Tenancy Management Officers are proactive in providing support to tenants and are extremely dedicated to their jobs, even undertaking lone worker training so that they can make house calls and work late after 5.00 pm.

- 6.4 Throughout the Housing team, there are systems in place to identify vulnerable tenants and any problems that may arise.
- 6.5 The two Rent Collectors are seen to be 'invaluable' by their colleagues in providing information to the Tenancy Management Officers, alerting Social Services and providing support and early intervention for tenants. Although there is no procedure to follow when being presented with a vulnerable tenant and information at present is passed on informally, rather than being reported and followed up.
- 6.6 The Rent Collectors collected £945,000 rent last year. The Rent Collector stated that being provided with a lease car had ensured that they were reliable and able to carry out their job efficiently. It was noted that changes to the Council's car allowances scheme were taking place and this included the lease car scheme.
- 6.7 The Rent Collectors also provide assistance to the Former Tenants Arrears Rent Administrator by helping with tracing former tenants whilst out and about within the District. Other benefits, including the informal reporting of any issues were also identified from the Rent Collectors working across the District.
- 6.8 Campaigns that have taken place over the last year have led to the successful sign up of more tenants to Direct Debit. The last campaign ran in March/April 2010 to coincide with the year end process and communications resulted in a further 70 tenants signing up. Figures detailed in the Housing Service Plan 2008/11 state that 1445 tenants currently paid by Direct Debit.
- 6.9 Recent changes introduced now mean that rent arrears are chased up once the account is £5.00 in arrears, this figure was £50.00 and the committee were of the opinion that a recommendation was necessary to reduce this amount. As this change has already been implemented, a recommendation is no longer necessary.
- 6.10 The Former Tenants Rent Administrator has already recovered enough back in arrears to cover her salary. As at January 2011, £39,580.64 of former tenants arrears had been collected.
- 6.11 Tracing former tenants is being undertaken by an external agency but all recovery is undertaken in-house by the Former Tenants Rent Administrator.

Areas for Improvement

- 6.12 Committee Members were advised of the problems experienced by the Tenancy Management Officers with the Courts who were reluctant to find in favour of the authority in the present financial climate.

The Committee agreed to investigate this issue further and questioned neighbouring authorities. From the authorities that responded to the questionnaire, a number reported that they had a good relationship with the local Court circuit and did not find it difficult to get a decision in their favour. Other comments received included,

- The same officers have been dealing with the same judges for 10-20 years, and they know we are reasonable – we normally get everything we ask for.
- There has been no change to the outcomes at initial possession hearing stage.

After considering these responses, the Committee agreed to approach the Courts which serve Bolsover District directly in order to follow up on some of the comments received. Questions put to the Courts included,

- Is there an amount of rent arrears (either weeks in arrears or monetary value) that the Court will consider serious – where action may be taken against the tenant? – If so, is this shared with local councils and other authorities to take into consideration when deciding whether to take court action?
- Are Court User Groups open to Council Staff to attend? – For the purpose of establishing links with the Courts. How could staff get involved?

The Committee are disappointed to note that to date, no responses have been provided.

In order to address some of the issues highlighted during the investigations, some of the actions suggested to increase the likely success of Court action included;

- Liaising with the Court and developing on-going working relationships with Court officials;
- Joining and actively participating in Court user groups;
- Providing training to staff on Court procedures. This may include in-house training, visits to Courts and accessing training and advice from Solicitors, Court officials and local authority legal officers or shadowing Housing Officers from other authorities in Court.
- Tenancy Management Officers seek feedback from legal officers on their preparation and presentation of court cases.

- 6.13 The Tenancy Management Officers and the Rents Administrators all commented that the Rent Collectors were invaluable at providing information back to officers where tenants may require additional support or assistance, or where a problem had arisen. There was no official system in place for this reporting and the Committee felt that a process should be in place to ensure that any information provided was recorded accurately and followed up accordingly.
- 6.14 Throughout the duration of the review, Members have considered performance information as part of their scrutiny role and have noted that the South Normanton area consistently has a higher percentage of rent arrears than the other areas. The performance information considered in January 2011 detailed that the rent arrears as a percentage of rent charged in South Normanton varied from the lowest figure of 4.8% to the highest of 5.3 % between April and December 2010, compared to the other areas figures varying between 2.2% to 3.2% over the same period of time. The number of tenants with arrears over 7 weeks was also higher in south Normanton, in December 2010 Bolsover had 68 tenants, Clowne, 61, Shirebrook, 51 and South Normanton, 106.

The Committee expressed concerns over how performance could be improved and agreed that the Portfolio Holder and the Director of Neighbourhoods be asked to look at how this issue could be addressed and the impact of rotating the Tenancy Management Officers, so that they can gain experience of the different areas of Bolsover, be considered. The Committee noted that the Contact Centre Managers rotated between the different areas.

- 6.15 The Committee noted that Rent Collectors are often asked by tenants whether they can pay their rent using a debit card when the collector calls, a facility for people to pay their rent by debit card to the rent collector may increase the number of payments taken during collections. The collectors are only allowed to carry a maximum of £2000 in cash. This means that extra time is taken to deposit the money at the nearest Contact Centre. The extra facility of card payments may enable the collectors to spend more time making their calls, resulting in a more efficient use of their time.
- 6.16 The Council offered a number of options for payment including Direct Debit payments collected fortnightly or monthly on 1st, 15th or 27th of the month. Figures detailed in the Housing Service Plan 2008/11 state that 1445 tenants currently paid by Direct Debit. The last campaign to encourage tenants to sign up to this payment method was March/April 2010 when 70 tenants were signed up. The Committee were of the opinion that the Council should continue to actively promote Direct Debit payments.

The Committee also agreed that the good practice from other authorities which included quarterly prize draws for new Direct Debit

payers, a £10 shopping voucher awarded to those who sign up to Direct Debit or an annual prize draw for those with clear rent accounts should be considered. The Tenancy Management Officers did comment that some incentive schemes may have taken place in the past.

- 6.17 As a preventative measure, the Committee requested that consideration be given to requesting payment of four weeks rent in advance from new tenants.
- 6.18 During the evidence gathering interviews, Members heard from Housing staff and the Benefits Manager that the relationship between Housing and Revenue Services could be improved. Joint training sessions or meetings with other departments could be a useful way of widening perspectives and building good relationships between the departments.
- 6.19 When discussing rent arrears with tenants it became apparent that tenants groups facilitated by the Tenant Participation Officer were a major asset to the Council in providing messages to local people. Communication to tenants about rent and rent arrears should provide a consistent message, stating the potentially serious consequences of rent arrears, whilst also emphasising the support to tenants facing difficulties.
- 6.20 The Contact Centre Managers felt that it would help if the Customer's rent card stated what the arrangement and agreed payment for a tenant in rent arrears was. It is usual for the customer to say what they are going to pay, and this is not necessarily the amount they should be paying. If the amount of arrears to be paid in addition to the rent was stated on the card it would be quicker for the cashier to process, as if the amount is not stated, a search on the Housing system is required for the correct information. This process is time consuming when there is a queue at the cash desk.
- 6.21 An early detection of arrears could be made by the cashier who could report this through to the Tenancy Management Officer. This could be set as a standard, that if a customer is £5 in arrears after making a payment, that this is reported direct to the Tenancy Management Officer.

7. Conclusions

The Committee acknowledged the efforts of the Tenancy Management Team in a challenging environment with the team achieving a £400k reduction in rent arrears since responsibility passed to the Housing Department.

The Committee aimed to build on these successes and identify ways to continue and improve on this progress, whilst ensuring that preventative measures were taken to avoid rent arrears in the first instance.

The Council should continue to promote a rent payment culture and this should involve highlighting the connection between rent payments and the ability to deliver high quality services, as well as publicising the potentially serious personal consequences of accumulating arrears.

It is hoped that the recommendations made in this report will contribute to further reducing the amount of rent arrears owed to the Council which in turn will benefit the Council's budgets, as rent arrears reduce, the bad debt provision can also be reduced, resulting in an increased working balance in the general fund budget.

Appendix 1

Stakeholders

Cllr Keith Bowman -	Portfolio Holder for Housing
John Brooks -	Director of Resources
Peter Campbell –	Head of Housing
David Hill -	Head of Finance and Revenues
Deborah Whallett -	Housing Enforcement Manager
Michelle Whetton -	Benefits Manager
Maxine Marriott – (On behalf of the Contact Centre Managers)	Contact Centre Manager
Irene Lindley -	Tenancy Management Officer
Claire Sansom -	Tenancy Management Officer
Jodie Milward -	Former Tenant Rent Administrator
Cheryl Rhodes -	Rents Administrator
Errol Baxter -	Rent Collector
Cathy Ford -	Tenant Participation Officer
Mrs D Potts -	Tenant representative
Mrs M Kay -	Tenant representative
Mr & Mrs Marshall -	Tenant representatives
A1 Housing Bassetlaw Ltd	
Chesterfield Borough Council	
High Peak Community Housing	
Newark & Sherwood District Council	
Rykneld Homes Ltd	
South Derbyshire District Council	