

NOTTINGHAM CITY HOMES

REPORT OF DIRECTOR OF HOUSING SERVICES

THE BOARD
26 NOVEMBER 2009

MODERNISATION OF TENANCY AND ESTATE MANAGEMENT SERVICES – CESSATION OF CASH COLLECTION

1 SUMMARY

- 1.1 Report to Board on the proposal to formally consult with tenants, employees and other key stakeholders on the withdrawal of cash collection in the area housing offices and the revenue collector service.

2 RECOMMENDATIONS

- 2.1 It is recommended that the Board agree to the commencement of a formal consultation process with tenants, employees and other key stakeholders on the cessation of cash collection in the area housing offices and for the withdrawal of the revenue collector service by 31 March 2009, subject to approval from the City Council.

3 BACKGROUND

- 3.1 In September 2009 a report was brought to Board outlining plans for the modernisation of the Tenancy and Estate Management service which included a proposal to withdraw cash collection in the area housing offices and also the revenue collector service. The recommendation is set against the background of the Company achieving savings in the region of 20%, and in particular within the tenancy and estate management service where benchmarked costs reveal bottom quartile performance.
- 3.2 Nottingham City Homes and Nottingham City Council provide customers with extensive payment options, including Direct Debit, internet, telephone, Post Office, Paypoint, dispersed offices and revenue collectors. Methods that do not involve NCH staff transacting the payment are significantly cheaper, ranging from 16p for Direct Debit through to 45p per transaction at the Post Office. In contrast, rent transaction costs at NCH offices range between £1.23 and £5.87.
- 3.3 STATUS survey results inform us that more than 80% of our tenants prefer to contact us by telephone rather than using the area offices. This means that the primary function of some Housing Offices is as a payment point, effectively increasing transaction costs.
- 3.4 Therefore, NCH are seeking to;
- Move to the most cost effective methods of cash collection and cease to provide payment facilities in the area housing offices and the rent collector service following consultation with customers;

- Undertake joint campaigns with the City's Council Tax team to improve take up of Direct Debit and other value for money payment options;
- Effectively manage the risk of reduced rental and Council Tax income.

3.5 Customers will benefit in the following ways:

- ✓ More rent money will be made available to fund essential services;
- ✓ Payment by Direct Debit is easy, secure and ensures no payments are missed;
- ✓ Post Office and Paypoint outlets are open longer and at times when NCH offices are closed;
- ✓ Post Office and Paypoint outlets are in more convenient locations than the current NCH offices, with over 120 places to pay within the City boundary;
- ✓ The risk of burglary from customer's homes or robbery from their person is reduced by not storing or carrying cash to offices.

3.6 The Bulwell office receives the highest number of transactions per year of any NCH office, with almost £4.5 million in rent and Council bills being taken in 2008/9. This, in part, means that it attracts the lowest transaction cost of any office at £1.23 for rent only, or £0.68 when all transactions are taken into account. Bulwell has a busy town centre and many people who live in the locality rarely venture beyond the immediate neighbourhood. A new LIFT Joint Service Centre (JSC) is to be built at Bulwell, with planning at an advanced stage that includes a payment counter. An opening date of September 2011 has been set. In view of the large transaction base, relatively low costs, the town-centric nature of Bulwell and the difficulties in ceasing payment facilities then starting again in the JSC, it is suggested to retain payment facilities at the Bulwell office while NCH considers its future presence in the LIFT projects.

3.7 The provision of payment facilities at the current LIFT Joint Service Centres at Clifton Cornerstone and the Mary Potter Centre are encapsulated within the City Council's lease agreement with the Greater Nottingham LIFT Co. Discussions are planned with the City Council on future provision of payment facilities at these centres, but it is recommended that they remain open and under NCH control until the accommodation review is completed. Whilst there are similar arguments for keeping a payment desk at Clifton as in Bulwell (see 3.6 above), a combination of low collections and high accommodation charges at the Mary Potter Centre result in increased transaction costs. The provision of payment facilities at the Mary Potter Centre does not provide value for money for rent payers.

3.8 In order to achieve savings within the 2010/11 financial year the consultation process needs to be commenced as soon as possible running parallel to the required approvals from the City Council.

A report has been submitted to the City Council. The key recommendations of which are:

1. Subject to consultation with tenants in accordance with provisions in the Housing Act 1985, cease payment facilities/ cash collection in area offices from April 2010 and move to more cost effective methods of rent payment.
2. Retain payment facilities at the existing LIFT Joint Service Centre buildings at Clifton Cornerstone and Mary Potter Centre.
3. Retain payment facilities at the Bulwell housing office pending its transfer to the new LIFT Joint Service Centre in 2011.
4. Commence discussions with the City Council over the provision of payment facilities at the Mary Potter Centre and at the proposed new LIFT building at Bulwell
5. Subject to consultation with affected tenants in accordance with Section 105 of the Housing Act 1985, withdraw the revenue collection service and provide one to one support for vulnerable customers making the transition to alternative payment methods.

3.9 Good communication will be essential in the change process along with support for the most vulnerable tenants. In particular, it is recognised that one to one support will be needed for customers served by the revenue collectors and this will take the form of individual visits to all customers who receive the service. The key stakeholders who will influence or be affected by the modernisation plan have been identified, and a communication plan is being developed to support the process.

4 OTHER OPTIONS

- 4.1 Maintain the status quo. This will not deliver any savings, the service will remain un-modernised and benchmarked costs will remain bottom quartile. Health and safety concerns and the risk of fraud would remain unchecked.
- 4.2 Withdraw payment facilities from some NCH offices, but not all. This option would deliver partial savings, but could raise service inequality issues between areas of the City and health and safety concerns would remain.
- 4.3 Close payment facilities at all NCH offices, including the LIFT joint service centres at Clifton Cornerstone and the Mary Potter Centre and at the Bulwell office. This option would deliver additional savings to those achievable per the recommendation, but would raise risks around the City Council's lease obligations to LIFT Co. NCH wishes to completely review its area housing office provision, including the scope of its presence in the LIFT centres, whilst at the same time undertaking a review of the TEM services.

5 FINANCIAL & RISK IMPLICATIONS

5.1 Withdrawing the payment facilities in area offices and the revenue collectors and moving to more cost effective methods of cash collection will result in significant savings. For example;

5.2	Cost of cash collection in housing offices;	£270,302	<i>(excluding LIFT JSCs & Bulwell and net of NCC SLA income)</i>
	Cost of Revenue Collectors;	£38,054	
	Cost of Cash In Transit	£22,532	<i>(excluding LIFT JSC & Bulwell offices)</i>
	Gross Cost Saving;	<u>£330,888</u>	
	Less cost of processing alternative payment methods;	- £32,552	<i>(Estimated 70% of office payers transfer to Post Office/ Paypoint and 30% to Direct Debit)</i>
	Estimated Net Annual Saving;	<u>£298,336</u>	

This is a conservative estimate. The more tenants who can be encouraged to pay through direct debit, the more savings can be gained. For every tenant who moves from Paypoint/ Post Office payment to Direct Debit up to £12.50 is saved annually. Further estimated savings of £72,389 could be realised if the payment facilities at Bulwell office and the LIFT joint service centres at Clifton Cornerstone and Mary Potter closed.

5.3 Where the removal of payment facilities results in a housing office being significantly under-used, additional staff and overhead savings could be delivered on closure. For example, the proposed closures of the Lenton, Bilborough and Victoria Centre offices are likely to result in savings as follows;

	Bilborough, Lenton and Victoria Centre costs;	£247,500	<i>(Includes staff and overhead costs)</i>
	Less installation costs of self serve facilities (year one only);	- £19,500	<i>(Installation of free-phones and IT Kiosks in community buildings)</i>
	Less ongoing contribution for hire of community facilities & self serve maintenance;	- £9,000	<i>(Estimated cost of room hire for advice surgeries in community buildings & maintenance of IT Kiosks)</i>
	Net Saving Year One	<u>£219,000</u>	
	Net Saving Year Two onwards	<u>£238,500</u>	

5.4 NCH have not permanently filled vacant front-line housing posts in anticipation of realising accommodation and payment facility efficiency options. This, together with new jobs in the Customer Service Centre, means that any potential redundancies would be minimised.

6 IMPLICATIONS FOR NOTTINGHAM CITY HOMES OBJECTIVES

- 6.1 The Company has set itself a task of identifying 20% service efficiencies whilst at the same time maintaining customer satisfaction with services. This is set against the current economic climate where cuts are anticipated in public spending. NCH has an extensive range of payment options and whilst for some tenants office payment is a preferred method of paying rent all of the current housing offices have alternative payment options within 200 yards. By withdrawing the cash payment facilities within offices significant savings will be made which will lessen the impact of savings within other essential service areas.

7 VALUE FOR MONEY & EFFICIENCY ISSUES

- 7.1 The withdrawal of cash collection in the area housing offices and the revenue collector service will deliver real savings in the region of £300,000.

8 EQUALITY & DIVERSITY IMPLICATIONS

- 8.1 A full Equality Impact assessment will be undertaken if the recommendations are agreed. In particular one to one consultation with users of the revenue collector's service will be undertaken and support given to identify the most appropriate alternative payment method.

9 BACKGROUND MATERIAL AND PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT

- 9.1 House mark Benchmarking
Executive Board report

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