

NOTTINGHAM CITY HOMES

PERFORMANCE AND REGULATORY COMMITTEE

REPORT OF GILL MOY, DIRECTOR OF HOUSING OPERATIONS 5TH FEBRUARY 2008

RENT COLLECTION PERFORMANCE

1 SUMMARY

- 1.1 This report details the rent collection performance to December 2007, progress against targets, provides comparative trend analysis and benchmarking information and sets out how performance will be improved.

2 RECOMMENDATIONS

- 2.1 That Performance and Regulatory Committee note the contents of the report and they endorse the proposals to improve performance.

3 COLLECTION PERFORMANCE

- 3.1 The collection of rent due and arrears (BVPI66a) has fallen well below target during the first nine months of 2007/8, peaking at 95.8% on 29th December 2007, against a target of 97.1%; a shortfall of £1.03 million. The difference between the December actual and the year end stretched target of 97.35% represents a need to collect all of the rent due plus an additional £1.25 million. See Appendix 1; BV66a Target & Actuals.
- 3.2 The Company restructured to create specialised Rents teams in July 2007. These comprise of 3 area based arrears management teams of 11 staff each , plus a centralised administrative and Contact Centre team. All Rents staff have effective performance management frameworks in place enabling individual and team performance to be closely managed.
- 3.3 Collection performance in the first 4 months of 2007/8 prior to the formation of the current structure was poor, to the extent that full retrieval of the situation after that point was all but impossible. Since July, BVPI66a performance has improved by 1.1%.
- 3.4 An In Year collection rate gives a better indication of current collection performance by removing the brought forward arrears from the equation; the amount paid is divisible by the amount due. Sums in excess of 100% provide a true overall debt reduction. At the end of July 2007, this indicator stood at 98.38%; a shortfall of £467,000. At the end of December, this had improved by 1.35% to 99.73%; still a shortfall of £158,000, but an improvement of £309,000 in 5 months. When comparing the period July to December only (covering the new structure arrangements), this indicator jumps to 101.03%; a surplus of £311,000. Appendix 2 displays progress made.
- 3.5 Challenging in year collection targets in excess of 100% have been set for the

final quarter of the financial year down to individual patch level. Performance against targets is monitored weekly. 4.3 details how this process is being managed.

- 3.6 Whilst evidence shows that the specialised Rent structure is beginning to deliver improvements, these changes need to be delivered at an accelerated rate. Improving our collection rate is a major Company priority and a number of new initiatives are being implemented.

4 PLANS TO IMPROVE PERFORMANCE

- 4.1 A full review of the arrears policy and processes has been undertaken to ensure that contact with debtors is increased, particularly at the early stages, and robust, consistent action is taken where appropriate. Assistance will always be made available for those that are vulnerable or in need of help, but a generally tougher stance will be adopted by Rent Account Managers. The arrears process has been more clearly defined to remove any ambiguity or unwarranted discretion. This is likely to result in more notices, court dates and possibly evictions as the Company retrieves slippage. This will be operational on 4th February 2008 and discussed at the February meeting of the Tenant Rents Panel to ensure it meets tenant's needs. Views of the City Council will be sought to ensure it meets their aspirations. Letters have already been reviewed in conjunction with staff and the Tenant Rents Panel to make them more clear and effective. These are due to go live at the end of January 2008.
- 4.2 Prevention of arrears is key to improving performance. Three Financial Inclusion Officers directly assist new and existing tenants with benefit applications and advise on bank accounts, loans, savings, insurance and general budgeting. An on-line benefit calculator has been procured for general public use as well as managing casework for staff and will be operational from February 2008.
- 4.3 Managers employ a range of management reports to ensure that performance is known and timely, effective correction action is taken. Patches that are not meeting their in year collection target are identified in monthly performance meetings between the Head of Rents and Operations Managers. Action to rectify or improve performance is discussed and a corrective action report is completed. This report will detail and analyse reasons for poor performance, the historical trends, particular problems that the patch faces and any Rent Account Manager capability issues. A challenging target will be set and progress closely monitored until performance reaches target.
- 4.4 Targets for Rent Account Managers making contact with tenants have been increased and evening working has been trialled. It is intended to extend the hours of the Rents Contact Centre to at least 6pm by 1st March 2008. Rent Account Managers routinely call hard to reach tenants in the evening using their work mobile telephone. Out of hours visits can be arranged where necessary and regular evening work is currently being scoped.
- 4.5 The Central area based team are piloting a new approach that creates Account Management Teams rather than individuals managing patches. This links two or three Rent Account Managers together to jointly manage an area with one team member primarily reviewing accounts and two being responsible for contact work. It is too early to gauge success in collection performance, but early indications

are that considerably more contact-type actions are being taken. There are no discernable collection performance differences across the three areas currently, but should this pilot prove successful, it will be rolled out to the North and South areas from April 2008.

- 4.6 In order to increase contact and provide effective reminders to pay or attend appointments, an SMS (mobile telephone) texting system is being implemented by the end of February 2008. Customer satisfaction surveys have identified this as a popular method of making contact and other ALMOs and RSLs have shown texts to be effective and good value for money.
- 4.7 Former tenancy arrears processes are being reviewed to ensure that more is done internally to recover the debt prior to it being forwarded to debt collection partners on a no win, no fee basis. In house tracing systems are being procured to enable a higher hit rate internally and reduced costs if forwarded to external partners. The collection of former tenancy arrears has a target to increase collections from the current 5% to 7% by March 2008 and 11% by March 2009. Industry standard is between 5% and 11%. The table in Appendix 3 details collection and write off performance over the past four years.
- 4.8 Learning from best practice is vital for improving service and collection rates. The Rents team have scoured practitioner websites such as Housemark and Audit Commission inspection reports and guidance. Whilst there is no magic wand to wave, good practice examples and new initiatives have been taken and applied.

5 COMPARATIVE PERFORMANCE

- 5.1 Appendix 2 displays current year performance against that of previous years. Current tenancy rent arrears have reduced year on year, but remain substantial and a major priority for the Company.
- 5.2 According to the Housemark Metropolitan ALMO group benchmarking data, an in year collection rate of 99.73% would equate to the third quartile of 2006/7 rates and second quartile of 2007/8 quarter 3 figures. See Appendix 4.

6 HOUSING BENEFIT

- 6.1 The Company's relationship with the Council's Benefit Service is good and of critical importance to maximising collection rates and benefits due to tenants. Housing Benefit is likely to contribute £50 million this year, some 62% of income.
- 6.2 The Rents team and Benefits are working closely together on a number of projects to prevent arrears and reduce the large number of failed claims that occur due to a lack of information being provided. The Rents team receive details of claims pending information and those that have been cancelled. Cases due to be suspended are to be provided from February 2008.
- 6.3 A dedicated Benefits Landlord Liaison Line is provided and licences for Rents staff to access the Benefits document management system are being secured.
- 6.4 The Rents team and the Benefits service have arranged monthly operational liaison meetings to discuss joint working and to eliminate barriers. Operational Managers are to shadow their colleagues to gain a better understanding of each

others roles and responsibilities.

7 FINANCIAL & RISK IMPLICATIONS

- 7.1 Achieving good performance in rent collection is essential both for the overall position of Nottingham's Housing Revenue Account and for the status of the Company. Minimising the amounts written off as rent arrears will ensure that more resources are made available for front line services. The Company must demonstrate that it has developed sound processes to maximise collection rates and robust monitoring systems are essential.

8 IMPLICATIONS FOR NOTTINGHAM CITY HOMES OBJECTIVES

- 8.1 The failure to maximise collections will have an immediate and detrimental affect on the management fee and the Company's ability to provide essential services.

9 VALUE FOR MONEY & EFFICIENCY ISSUES

- 9.1 Higher collection rates will enable more HRA funds being put to productive service provision rather than bad debt provision.

10 EQUALITY & DIVERSITY IMPLICATIONS

- 10.1 Despite a more robust approach being adopted, support will continue to be provided for vulnerable tenants who are having difficulty in paying or claiming benefit. Referral procedures and links with support providers are being improved.
- 10.2 Work is being undertaken to provide better profiling information on tenants to understand the effects on debt levels, benefit take up and arrears actions.

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

- 11.1 Housemark Benchmarking report to September 2007; Metropolitan ALMO group

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