

NOTTINGHAM CITY HOMES

PERFORMANCE AND REGULATORY
COMMITTEE
13 MAY 2008

REPORT OF THE DIRECTOR OF HOUSING OPERATIONS

RENT COLLECTION PERFORMANCE

1 SUMMARY

- 1.1 This report details the rent collection performance for the year to 5th April 2008, Best Value and local performance indicators, sets out how performance will be improved. Projections and targets for 2008/9 will be distributed at the meeting.

2 RECOMMENDATIONS

- 2.1 That Performance and Regulatory Committee note the contents of the report and they endorse the proposals to improve performance and targets for 2008/9.

3 COLLECTION PERFORMANCE

- 3.1 Best Value and Local Performance Indicators targets and actuals are as follows;

<u>Indicator</u>	<u>Target</u>	<u>Actual</u>
In Year Collection (collected/ rent due; high best)	101.27%	99.36%
BV66a (collection of rent & arrears; highest best)	97.35%	96.23%
BV66b (tenants owing 7 weeks +; lowest best)	8.50%	9.03%
BV66c (tenants served with Notice; lowest best)	19.0%	27.93%
BV66d (tenants evicted for arrears; lowest best)	0.90%	1.07%
Arrears as % of rent due; lowest best)	4.20%	4.31%

None of the Team's performance indicators achieved their target in 2007/8.

- 3.2 In Year Collection Rate

£81.42 million of rent and service charges were due in 2007/8; £1.6 million per week. 99.36% of sums due were collected. Although this represents a shortfall of £532,000, this indicator has continually improved since dedicated Rents Teams were created in July 2007, culminating in a 1.09% rise, worth a significant £887,478. An In Year collection rate in excess of 100% would represent genuine reductions in debt levels across the board and must be achieved in 2008/9.

- 3.3 BV66a

When the 2006/7 arrears brought forward of £3.6 million is added to the in year equation, the out-turn figure is 96.23%. This represents an improvement of 0.73% on 2006/7 (+£620,646), but 1.12% short of the 2007/8 target of 97.35%. The legacy of debt inherited from the Council, £6.5 million current tenancy debt in March 2005, continues to blight BV66a performance and is likely to do so for

some time.

- 3.4 BV66b
2,595 tenants owe seven weeks or more in rent, 151 more than the target, but 215 fewer than at March 2007 (640 fewer than March 2006). It is also worthy of note that the number of tenants owing more than 52 times their rent has reduced to 20 from 32 at March 2007 (68 at March 2006, 276 at March 2005).
- 3.5 BV66c
2,892 tenants (925 more tenants than anticipated) were served with a Notice of Seeking Possession in 2007/8. High debt levels, the need to intervene early and take a robust approach has resulted in more notices being served than previously anticipated. Support and assistance is provided to tenants that need it and referrals to our Debt Advice Service, standard practice at notice stage, are at record levels. Until arrears are brought under better control, this indicator is likely to remain high, although evidence shows that the consistently better collection performing organisations generally serve higher levels of notices than those who are poorer performing.
- 3.6 BV66d
304 households were evicted in 2007/8, a reduction of 66 on 2006/7, although 47 more tenants than anticipated. This is the fourth successive year of improvement. Again, higher debt levels and a robust approach, despite offering support to those that need it, have resulted in the target not being met. Evictions are regrettable and provide poor value for money, but it is estimated that 66 fewer evictions have saved over £250,000 in rent loss and void repair costs last year.
- 3.7 Arrears as a Percentage of the Debit
This is a local indicator used for comparative purposes. Current residential tenancy arrears stand at £3,509,826 (4.31% of the debit charged), a reduction of £86,950 on March 2007. Whilst still too high & demonstrating poor performance against most other ALMOs, this is indicative of the inherited high debt values that have historically blighted performance. In 2006/7, £3.59 million arrears amounted to 4.66% of the rent debit due & in 2005/6, £4.1 million owed equated to 5.51%. Whilst this indicator demonstrates improvements made, the rate of progress needs to increase.

4 PLANS TO IMPROVE PERFORMANCE

- 4.1 The Rent Collection Performance report to Performance and Regulatory Committee of 5th February 2008 detailed plans to improve performance. These, together with additional initiatives and better management control of casework have been implemented.
- 4.2 Rent Account Managers are concentrating on collection performance and have been given challenging targets for in year collections. Their Performance Management Framework and performance reports have been simplified to provide a clearer focus.
- 4.3 A 100%+ Action Plan has been devised to meet the Company requirement of consistently exceeding 100% collection performance thus delivering genuine reductions in bad debt.

4.4 Obtaining contact with tenants is absolutely key to achieving the performance required. Managers have been instructed to be much more operational and lead from the front in significantly increasing contact actions. Rent Account Managers have been challenged to make contact with every increasing arrears case between 28th April and 16th May. Multiple telephone calls and home visits are required, at all times of the day and into the evening. All staff are expected to work till at least 6.30pm on at least one day a week undertaking home visits; more often if required. Where contact ultimately cannot be made, and after engaging Tenancy and Estate Management, Caretaking and Security colleagues, abandonment proceedings will be commenced.

Following this concentrated contact effort, Rent Account Managers will be maintaining high levels of contact with tenants, providing support where required, but being robust and escalating action where support is not needed or accepted.

4.5 Work is ongoing to extend working hours to maximise contact rates. The Rents Contact Centre have extended their opening hours from 08.30 to 16.50 to 08.15 to 18.00 Monday to Friday (09.30 on Wednesday's). Rent Account Managers and Operations Managers have to work till 18.30 at least one day per week and frequently attempt to contact tenants by telephone in the evening when at home.

4.6 Managers are undertaking full day casework supervision sessions every month with all Rent Account Managers to ensure that all accounts are being managed effectively and in line with procedures. Under performance and capability is being challenged and dealt with.

4.7 The Rents Manager is reviewing all cases that owe £1,000 or more and a full review will be undertaken every month. Operations Managers, in addition to supervisions, will undertake a review of all cases owing £500 to £999 and £250 to £499 every month.

4.8 A Publicity Strategy is being worked on to provide a consistent message to improve payment culture amongst tenants through hard-hitting campaigns, help and assistance offered, payment options, SMS texts, seasonal campaigns and incentives.

4.9 In order to increase contact and provide effective reminders to pay or attend appointments, an SMS (mobile telephone) texting system has been implemented. Tenants can send a text for free, by quoting the keyword "Rent" and their message. This service costs the Company 5.5p per incoming and outgoing text. Initial observations are that this is improving contact, particularly from the harder to reach groups such as younger tenants. Publicity should see a significant increase in the system's use and effectiveness. There is a facility to utilise this system to undertake bulk texting to tenants; free prize draws or Rent Free Week campaigns for example. 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.

5 2008/9 PROJECTIONS AND TARGETS

- 5.1 A target to collect in excess of 100% of rent and charges due every month (In Year Collection) has been set. Targets and projections will be supplied to the Committee at the meeting of 13th May 2008.

6 COMPARATIVE PERFORMANCE

- 6.1 Comparative end of year performance data is not fully available from Housemark or benchmarking partners. This will be reported to Committee at the next quarter update.

7 FORMER TENANCY ARREARS

- 7.1 Former tenant debt stands at £2.29 million overall, just under £2 million of which relates to residential rent accounts. Details of write offs will be reported to the next meeting of this committee.
- 7.2 £239,128 was collected in 2007/8, representing a collection rate of 6.8%; a reduction of 15% on 2006/7 levels. This is, in part, due to comparatively lower debt levels. The collection of former tenancy debt is an area highlighted for significant improvement in 2008/9.
- 7.3 Former tenancy arrears processes have been reviewed to ensure that more is done internally to recover the debt or trace the debtor prior to it being forwarded to debt collection partners on a no win, no fee basis.

8 FINANCIAL & RISK IMPLICATIONS

- 8.1 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.

9 IMPLICATIONS FOR NOTTINGHAM CITY HOMES OBJECTIVES

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

10 VALUE FOR MONEY & EFFICIENCY ISSUES

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

11 EQUALITY & DIVERSITY IMPLICATIONS

- 11.1 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.
- 11.2 Work is being undertaken to provide better profiling information on tenants to understand the effects on debt levels, benefit take up and arrears actions.

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

- 12.1 Performance and Regulatory Committee Rent Collection Performance report; 5th February 2008.

CONTACT OFFICERS: Mark Lawson
Rents Manager
Tel: 0115 9154102
E-mail: mark.lawson@nottinghamcityhomes.org.uk

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