

## NOTTINGHAM CITY HOMES

**PERFORMANCE AND  
REGULATORY COMMITTEE  
12 AUGUST 2008**

### REPORT OF RENTS MANAGER

#### RENT COLLECTION PERFORMANCE UPDATE

#### 1 SUMMARY

- 1.1 This report provides an update on rent collection performance for the first quarter of 2008/9, following the previous report to committee on 13<sup>th</sup> May 2008.

#### 2 RECOMMENDATIONS

- 2.1 That Performance and Regulatory Committee note the contents of the report.

#### 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)	100.07%	99.25%
BV66a (collection of rent & arrears; highest best)	95.90%	95.79%
BV66b (tenants owing 7 weeks +; lowest best)	9.00%	9.11%
BV66c (tenants served with Notice; lowest best)	30.0%	24.42%
BV66d (tenants evicted for arrears; lowest best)	1.00%	1.00%
Arrears as % of rent due; (lowest best)	4.15%	4.14%

#### 3.2 In Year Collection Rate

£21.82 million of rent and service charges have been levied to 5<sup>th</sup> July 2008. £21.66 million, or 99.25%, of sums due have been collected. This represents a shortfall of £163,919 against the first quarter target of 100.07%.

When compared to the same point in 2007, the performance this year has improved by 0.98% representing an additional £213,659 collected thus far.

#### 3.3 BV66a

Arrears of £3.5 million have been brought forward into this year's calculation. The shortfall of 0.11% against target represents a cash shortfall of £62,694.

When compared to the same point in 2007, the performance this year has improved by 1.09%.

#### 3.4 BV66b

2,591 tenants owe seven weeks or more in rent, 31 more than the target. When compared to the same point in 2007, the performance this year has improved by 1.09%, representing 349 fewer tenants at this level.

It is also worthy of note that the number of tenants owing more than 52 times their rent has reduced to 18 from 29 at June 2007 (63 at June 2006 & 256 at June 2005).

3.5 BV66c

2,932 secure tenants have been served with a Notice of Seeking Possession in the 12 months to 5<sup>th</sup> July 2008. The indicator is within target.

When compared to the same point in 2007, 318 more tenants have received a notice this year.

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

284 households have been evicted in the 12 months to 5<sup>th</sup> July 2008. The indicator is on target.

When compared to the same point in 2007, 47 fewer tenants have been evicted.

Considerable work is undertaken to reduce evictions to prevent homelessness. Evictions also represent poor value for money for the Company with average rent loss and void repair costs amounting to £4,000 per eviction.

3.7 Arrears as a Percentage of the Debit

This is a local indicator used for comparative purposes. Current residential tenancy arrears stand at £3,557,275, or 4.14% of the debit charged, an increase of £47,449 on March 2008 (but a £40,000 reduction on the end of May 2008).

3.8 2008/9 rents have increased by an average of 5% on last year. This, when added to other significant pressures on household income such as increase fuel and food prices, have created very difficult economic conditions.

## 4 PLANS TO IMPROVE PERFORMANCE

4.1 Whilst performance has clearly improved when compared to the first quarter of 2007/8, the crucial In Year Collection target has not currently been met during the first quarter of 2008/9. May's performance was particularly disappointing and a full analysis of underpaying accounts has been undertaken. There was no single reason for the poor performance, but contributory factors were a bank/ school holiday in the last week of the period and a reduction of available Rent Account Managers due, primarily, to annual leave resulting in 5 fewer full time equivalent staff throughout May.

4.2 The Rent Collection Performance report to Performance and Regulatory Committee of 13<sup>th</sup> May 2008 detailed plans to improve performance. These, together with additional initiatives and better management control of casework have been implemented.

- 4.3 Obtaining contact with tenants is absolutely key to achieving the performance required. Rent Account Managers were challenged to make contact with every increasing arrears case during May and contact actions (visits, office interviews and telephone calls) were up by 30% per person per day. Even so, contact rates need to be improved further, particularly home visits throughout the recovery process.
- 4.4 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.
- 4.5 A full review of cases owing more than £1500 is being undertaken and analysis completed to identify the reasons why some accounts have remained at that level for a considerable time. All cases, including those reducing, are to have a home visit and those that have remained at a high level for a year or more are to be offered a full benefit and debt “health check”.
- 4.6 The way we manage new tenancies is being reviewed with the Lettings and Homelink teams to ensure that the necessary support and assistance is provided that will prevent arrears, sustain tenancies and promote community cohesion.
- 4.7 “Days of Action” have been conducted with all members of the Operational Rents Team engaged on an estate, together with local office Estate Management staff. To date, the Radford high rise flats and Kingsthorpe Close in St Anns have been completed, with monthly days planned in other areas. Targeted leaflets, posters, letters, visits and surgeries have been arranged and a positive response received.
- 4.8 A new suite of Arrears posters have been produced and will be incorporated into a Publicity Strategy in July 2008. These are to be targeted at seasonal events, such as the holiday period, and at geographical hotspots such as high rise blocks.
- 4.9 The Rents Free (to customers) SMS Text system is proving an effective and popular method of contact, particularly from the harder to reach groups such as younger tenants. Over 400 texts per month have been sent or received since April 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.

## **5 2008/9 PROJECTIONS AND TARGETS**

- 5.1 Challenging targets for BVPI's and the In Year Collection rate have been set and are displayed in Appendix 1.

## **6 COMPARATIVE PERFORMANCE**

- 6.1 Comparative performance data from Housemark for the first quarter on 2008/9 is not yet available. The 2007/8 year end comparison of the In Year Collection rate is in Appendix 2.

## **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 effect 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 Performance and Regulatory Committee Rent Collection Performance report; 13<sup>th</sup> May 2008.

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<b>Month/ 2008_9</b>	<b>BV66a</b>	<b>BV66b</b>	<b>BV66c</b>	<b>BV66d</b>	<b>In Year by Month</b>	<b>In Year Cumulative</b>
<b>2007/8 End of Year Actuals</b>	<b>96.23%</b>	<b>9.03%</b>	<b>27.93%</b>	<b>1.07%</b>	<b>99.36%</b>	<b>99.36%</b>
April	95.80%	9.10%	28.00%	1.05%	100.00%	100.00%
May	95.90%	9.00%	29.00%	1.03%	100.20%	100.10%
<b>June</b>	<b>95.90%</b>	<b>9.00%</b>	<b>30.00%</b>	<b>1.00%</b>	<b>100.00%</b>	<b>100.07%</b>
July	96.10%	8.90%	29.00%	1.00%	100.20%	100.09%
August	96.50%	8.60%	28.00%	0.98%	103.50%	100.61%
September	96.30%	8.70%	28.00%	0.95%	100.00%	100.48%
October	96.40%	8.60%	27.00%	0.95%	100.20%	100.44%
November	96.50%	8.50%	26.00%	0.93%	100.50%	100.45%
December	96.80%	8.30%	26.00%	0.85%	102.50%	100.67%
January	96.60%	8.30%	28.00%	0.90%	100.00%	100.61%
February	96.75%	8.20%	27.00%	0.88%	100.40%	100.58%
<b>March &amp; Year End</b>	<b>97.00%</b>	<b>8.00%</b>	<b>26.00%</b>	<b>0.85%</b>	<b>100.80%</b>	<b>100.60%</b>

Commentary

- BV66a Targeted improvement from 96.23% to 97% represents a potential arrears reduction of up to £505,084 to £2.95 million
- BV66b Targeted improvement will reduce the number of tenants owing 7 weeks or more by 297 to 2,280
- BV66c Targeted improvement will slightly reduce the number of tenants served with a notice by 200 to 2,692.
- BV66d Targeted improvement will reduce the number of tenants evicted by 62 to 242
- In Year Targeted improvement to 100.6% represents additional income of £505,084 collected.
- BV66a  $\text{£83,950,000 debit} + \text{£3,500,000 arrears} = \text{£87,450,000} * 97.0\% = \text{£84,826,500}$ , therefore arrears reduction of up to £876,500

## Housemark In Year Collection Benchmarking

## Rent Collection Performance Appendix 2

Year End 2007/08	
Upper quartile	100.40
Median	99.71
Lower quartile	99.41

Number in Sample	31
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	Year End 2007/8 Score	Rank
A1 Housing Bassetlaw	101.33	2
Ascham Homes	100.38	9
Ashfield Homes		
Barnet Homes	101.93	1
Blackpool Coastal Housing	99.40	23
Blyth Valley Housing	100.77	6
Brent Housing Partnership	99.46	21
Colchester Borough Homes	99.42	22
Dale and Valley Homes	100.05	12
Derby Homes		
Ealing Homes	100.44	7
East Durham Homes	101.00	5
East North East Homes Leeds	99.32	25
Eastbourne Homes	101.30	3
First Choice Homes	100.15	11
Gateshead Housing Company (The)	101.28	4
Gloucester City Homes	100.40	8
H and F Homes	99.80	14
High Peak Community Housing	99.92	13
Homes for Islington	99.70	17
Homes in Sedgemoor	98.97	27
Hounslow Homes		
Kirklees Neighbourhood Housing		
Lewisham Homes	97.68	28
Newark and Sherwood Homes	99.56	19
Northwards Housing	96.00	30
<b>Nottingham City Homes</b>	<b>99.36</b>	<b>24</b>
Rochdale Boroughwide Housing	99.19	26
Rykneld Homes	96.50	29
Six Town Housing	94.74	31
South Essex Homes	99.66	18
Stevenage Homes	99.70	17
Sutton Housing Partnership	100.18	10
Tristar Homes	99.71	15
Wigan and Leigh Housing	99.49	20

To date, few of the Major Cities ALMO group have filed their year end figures making a more representative comparison difficult.