

ABERDEEN CITY COUNCIL

COMMITTEE - Housing and Environment DATE - 13/04/2010

DIRECTOR - Pete Leonard

TITLE OF REPORT – Update on Rent Collection Initiatives

REPORT NUMBER - H&E/10/046

PURPOSE OF REPORT

To update the Committee on the outcomes of the Housing Management “new ways of working” pilot which aims to sustain tenancies by employing early intervention and thus preventing a tenant getting into serious arrears.

1. RECOMMENDATION(S)

It is recommended that the Committee:

- a) notes and supports the initiatives being adopted and continue to monitor the rent payment rates through the regular performance reports and,
- b) approves the Policy that Housing Management will undertake the early intervention aspects of the rent collection process before it is agreed to escalate action to the Finance Service, Corporate Governance to instigate legal proceeding for debt recovery, which may include repossession of the tenancy.

2. FINANCIAL IMPLICATIONS

There are no financial implications as a result of this report. The target for rent arrears level is 6% of the net amount due. Currently rent arrears are sitting at 7.7%.

4. SERVICE & COMMUNITY IMPACT

Failure to effectively manage rental income has a significant impact on the majority of tenants who pay their rent regularly and consequently the funds available to reinvest in the Housing Service.

5. OTHER IMPLICATIONS

This report requires to be considered along with the review and redesign of the Housing and Environment Service, (which is the subject of a separate bulletin report to this committee).

The move to increased proactive and preventative measures will have a major impact on the delivery of the service ensuring more regular face to face contact between tenants and their housing officer. The aim is to move to a more generic role for the front line Housing Officers, supported by smaller, specialist sections. This will empower the front line Housing Officers and increase their accountability and responsibility for delivering a customer focused service.

6. REPORT

At the last Housing & Environment Committee a verbal update on the pilot was provided pending a full report to this committee.

The collaborative working and early intervention initiatives developed by the pilot has focused on: tenancy sustainment and homelessness prevention.

Details of initiatives piloted by the collaborative Finance Service, Corporate Governance and Housing Management teams in relation to rent arrears operations include the following:-

- Direct, personal and sustained contact with tenants during the early intervention stages of escalation often incorporating mobile working using hand held "Personal Digital Assistant's" (PDA's) in the tenant's home.
- Redesign of the information and advice provided at offer and tenancy sign up stage, with improved collaboration between services to support the tenant.
- Promotion of housing benefit, payment in advance and variety of payment methods.
- Improved management information to identify problems at an early stage which will positively impact on the number of notices of summary proceeding and court applications made in respect of tenants who fail to pay.
- Training and development of two area housing assistants currently based in the pilot area to incorporate the early escalation process into their duties.

The following outcomes of the pilot, effectively represent a 10% sample of current stock. The total rent arrears balance for area formerly identified as North 2 at the start of the pilot = £342,122. At the end of February 2010, this figure was £338,944. In financial terms, the further roll out of the initiatives adopted will improve as they are expanded into further areas of the City. In terms of providing a more customer focused service, the outcomes which positively impact on the wellbeing of tenants are significant in sustaining more tenancies (and therefore preventing homelessness), and thus are considered to be a success.

(At time of writing this report, information available for completed months range from September 2009 – February 2010)

Housing Benefit Take Up

The pilot team actively promoted the take up of benefit by providing assistance to tenants with the completion of forms and assisting to ensure that the correct evidence was provided on time. All new tenants were advised at the time of their offer, that either a completed housing benefit form or a rent payment would be required at the time of signing the lease.

The total of housing benefit paid during the life of the pilot shows an increase of £147,058 in housing benefit paid to tenants in the pilot area.

The total of housing benefit paid to tenants in the pilot area from 01.09.08 – 28.02.09 = £1,313,874.60.

The total of housing benefit paid to tenants in the pilot area for a similar period during the life of the pilot from 01.09.09 – 28.02.10 = £1,460,932.16

New Tenancies:

In November 2009, 66% of new pilot tenancies had an arrears balance. Changes to sign up procedures and increased support and communication with new tenants from the time they receive the offer, have resulted in this figure being reduced to 41% by the end of February 2010. (Ongoing support is being provided to these tenants to ensure they are signed up to payment agreements or are assessed for housing benefit.)

New Ways of Working:

A new escalation policy has been developed by the pilot team including a choice of letter or contact method available to staff depending on the severity of the problem and previous contact with tenants. The tone reflected in the letters has been proportionate to the escalation of action.

The pilot team actively promoted the use of mobile technology where hand held devices provided up to the minute information in tenant's homes. Where mobile telephone numbers were available, tenants were sent text and voice mail messages rather than formal letters regarding early problems. Staff promoted payment by direct debit, payment in advance and assistance with housing benefit.

Arrears of more than 4 Weeks:

Ongoing support provided by the pilot staff and the new ways of working have reduced the number of tenants with a balance of more than four weeks rent by 66%.

Total of arrears of more than four weeks at start of pilot –

Total	- £22,678 (7 Sep 2009)
Number of cases	- 387

Total at the end of pilot	- £17,893 (8 March 2010)
Number of cases	- 173

Notice of Proceedings Served:

The number of legal notices served on tenants within the pilot area has been reduced by 54% compared to a similar period for the previous year.

<u>Notices served:</u> <u>Sep 08 – Feb 09</u>	<u>Notices served:</u> <u>Sep 09 – Feb 10</u>
222	119

Court Warning Letters

The number of tenants being warned by letter AR08 that they will be taken to court for the recovery of arrears within the pilot area has been reduced by 50% compared to a similar period for the previous year.

<u>AR08 sent</u> <u>Sep 08 – Feb 09</u>	<u>AR08 sent</u> <u>Sep 09 – Feb 10</u>
128	64

Eviction Actions:

No eviction actions were completed during either comparison year.

<u>Arrears Evictions</u> <u>Sep 08 – Feb 09</u>	<u>Arrears Evictions</u> <u>Sep 09 – Feb 10</u>
0	0

The number of tenants who decamped prior to the eviction date has been reduced by 50%

<u>Decamp Prior to Eviction</u> <u>Sep 08 – Feb 09</u>	<u>Decamp Prior to Eviction</u> <u>Sep 09 – Feb 10</u>
8 – leaving a total debt of £17,903	4 – Leaving a total debt of £6,636

Each time a tenant is subjected to the court process in respect of non payment of rent resulting in the tenant being evicted or quitting the tenancy during the ongoing action, the cost to the council is in the region of £3828 (A breakdown of these costs are attached in Appendix 1)

Customer Survey:

A sample of customers in the pilot were asked to complete a customer satisfaction survey giving their feedback on the new ways of working employed by the pilot. Early responses indicate that tenants are appreciative of the interventions provided by the team in assisting to reduce their level of debt.

Out of those who responded the majority were satisfied or very satisfied with the quality of information provided by the pilot staff and found it easy to understand.

Future Service Provision and Pilot Exit Strategy:

Audit Scotland and the Scottish Housing Regulator will ensure that all local authorities are clearly demonstrating that they are delivering customer focused services.

This requirement will be re-enforced in the forthcoming new Housing legislation which will introduce a Service Charter that will incorporate national outcomes, determined by Government in conjunction with landlords and other stakeholders. The Charter will also incorporate local outcomes determined by the landlord in conjunction with tenants, homeless people and other service users. This Charter will include measures on how social landlords will be expected to help tenants sustain their tenancies.

To ensure the council is best placed to meet its landlord requirements in ensuring it helps tenants sustain tenancies, which includes their responsibility to meet their rent obligation it is essential that the roles and responsibilities of the housing management service and the cash collection service is clearly defined and that the authority to escalate to formal recovery proceedings is led by the housing management service.

The collaborative working arrangements should continue until all front line housing officers have been trained in the early intervention procedure.

7. AUTHORISED SIGNATURE

Pete Leonard
Director of Housing and Environment

A handwritten signature in black ink, appearing to read 'Pete Leonard', is written over a horizontal dotted line.

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8. REPORT AUTHOR DETAILS

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9. BACKGROUND PAPERS

Housing and Environment Committee – 6 October 2009

Appendix 1)

The Financial Cost of Arrears Action Evictions

1. Court costs are approximately £350
2. Sheriff Officer charges an arrangement fee of £19.50
3. Sheriff Officer fees for eviction are £96.05
4. Sheriff Officer Fees for removal of items £46 per hour (2 hours costed).
5. Cleansing charges £150 per eviction
6. Average cost for repairs, each void, £2750
7. Void rent loss £370

There are also further costs associated with the forced ending of a tenancy for the non payment of rent. Some of these costs are difficult to quantify in financial terms but include the impact on the homelessness services, education, health care, Social Care & Wellbeing Service, child welfare, employment and associated support services in the City.