

PERFORMANCE SCRUTINY COMMITTEE

18th May 2010

Report of the Director of Housing and Health

ITEM 8 Update on Rent Arrears (Charnwood Neighbourhood Housing Ltd)

Purpose of Report

To provide Committee with an update on the rent arrears situation at the end of the financial year 2009/10 (week 52).

Action Requested

The Committee is asked to note this report.

Policy Context

The reporting of performance is a key element of monitoring progress towards delivering the Council's corporate objectives as set out in the Corporate Plan.

Background

At the meeting held on 24th November 2009, Committee resolved to include in its work programme an item 'For a further position report on rent arrears to be brought back to the meeting on 18 May 2010.'

The Council as part of its landlord function monitors Charnwood Neighbourhood Housing (CNH) via its performance management framework regarding a suite of indicators relating to the collection of rent arrears. This includes the following indicators.

BV 66a – the percentage of rent collected in proportion to the percentage due.

BV 66b – the percentage of tenants who have more than 7 weeks gross rent.

BV 66c – the percentage of secure tenants who have been served with a Notice in the last 12 months as a percentage of all secure tenants in arrears.

BV 66d – the percentage of tenants evicted for rent arrears as a percentage of all tenancies.

The performance in relation to these indicators is attached at Appendix A. In addition to the arrears information, CNH has provided some further information in relation to how they are intending to continue to improve and develop services in relation to rent income collection in the future.

Financial Implications

Achieving good performance in rent collection is essential for the overall position of the Council's Housing Revenue Account and the future of CNH. Failure to maximise rent collection could have a detrimental effect on the essential services provided to tenants.

Risk Management

There are no specific risks associated with this report.

Background Papers: None

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Appendix A

Arrears Information supplied by Charnwood Neighbourhood Housing

The tables below show arrears figures recorded by the Housing Income Team as at the end of Week 52, 4th April 2010

The figures in the table below, show only dwelling arrears in banded groups.

Arrears between £0.01 - £150.00	£24,393.61	No. of Cases	689
Arrears between £150.01 - £300.00	£54,549.38	No. of Cases	296
Arrears between £300.01 - £450.00	£45,192.12	No. of Cases	152
Arrears between £450.01 - £600.00	£38,212.70	No of Cases	82
Arrears between £600.01 - £750.00	£43,098.26	No. of Cases	79
Arrears between £750.00 - £900.00	£35,021.07	No. of Cases	52
Arrears between £900.01 - £1200.00	£39,937.54	No. of Cases	46
Arrears between £1200.01 - £2000.00	£54,387.32	No. of Cases	41
Arrears over £2000.00	£24,008.21	No. of Cases	11
Total	£358,800.01	Total	1448

As at the end of quarter 4 (year end) the indicators were performing as follows

Indicator	Numerator	Denominator	Percentage
66a	£16,797,484.2174	£17,117,484.0851	98.13%
66b	297	5635	5.27%
66c	410	1237	33.14%
66d	17	5635	0.30%

BV66a

The annual target for this indicator was 98.6%. Whilst performance at year end was slightly less than the target, for this year there is a reduction in the overall level of arrears being carried forward to the 2010/11 financial year. By comparison, the arrears carried forward in 2008/09 were £423,260 which has reduced to £358,800 in March 2010; a reduction of £64,460.

As an annual comparison the number of arrears cases has also reduced from 1616 at the end of March 2009 to 1448 at the end of March 2010, a reduction of 168 cases.

BV66b

The annual target for this indicator was 5.25%. Again, the performance recorded was not achieved but by a very small margin. Overall this indicator has improved throughout the year and to put this in context, the target was missed by the equivalent of 2 arrears cases.

Whilst target was not achieved, this performance indicator has also improved from the last financial year. At March 2009 there were 351 arrears cases owing more than 7 weeks gross rent which equated to 6.59%. As at March 2010 this had reduced to 297 cases.

BV66c

There was no annual target set by either the Council or CNH for this indicator for 2009/10.

The figures reported at the end of March 2010 showed that 410 secure tenancies in arrears had been served with a Notice out of 1237 secure tenancies in arrears; equating to 33.14%. When comparing this information with the position at the end of the previous year, there were 428 secure tenancies in arrears which had been served with a Notice out of 1406 cases in arrears, equating to 30.44%.

Although the percentage has increased overall from the previous year, it should be noted that the number of Notices served reduced by 18 and the number of arrears cases has significantly reduced by 169 cases.

BV66d

The annual target for this indicator was 0.6% and we are pleased to report the performance recorded exceeded target.

When comparing the performance recorded this year to March 2009 the number of tenants evicted for rent arrears has reduced from 29 to 17; a reduction of 12 tenancies.

Overall Performance Conclusions

As advised earlier, the value of arrears being carried forward into the next financial year has reduced from the previous financial year despite the rent increase and the economic recession. Therefore to summarise the performance at the end of 2009/10:

- The number of tenants owing more than 7 weeks gross rent has improved significantly throughout the year and was only 2 cases off reaching the annual target.
- The number of Notices served on secure tenants has reduced but more significantly the number of tenants in arrears has reduced throughout the year.

- Fewer tenants have been evicted for rent arrears and overall the value of debt outstanding is lower than the previous year.

Service Improvements 2010/11

Following on from feedback from the Audit Commission inspection and in order to continuously look for improvements and to sustain tenancies there are a number of initiatives proposed for this year to improve rent arrears collection within Charnwood:

1. The Housing Income Team are altering their approach to arrears recovery. One Officer will be responsible for the arrears recovery of all cases owing over 7 weeks gross rent and three other Officers will focus on lower arrears cases. One Officer will be responsible for low level debts below £30.00 which currently represent around 300 cases. This action should help to prevent arrears cases reaching 7 weeks gross rent arrears, increase early intervention and support lower arrears cases, reducing the overall number of tenants in arrears.
2. Targets for each officer will be set to ensure that they each have clear goals to aim for in line with the team target for 2010/11. These will be compared against other Officers within the team and performance information will be displayed prominently within the office. Targets will be monitored weekly and reported monthly to the Senior Management Team of CNH.
3. Rent Incentives will continue to be offered during seasonal periods when arrears generally increase to encourage tenants to maintain a clear rent account.
4. Now that QL is embedded and used as a daily tool to help monitor the collection of income, it is proposed that further functions are explored such as the automatic monitoring of arrears cases where a repayment arrangement has been made. The advantage to the team is by developing this aspect of the system it will enable Income Officers to concentrate on arrears cases which are increasing and to enable more intensive monitoring and support to those tenants who require assistance with benefits and debt management.
5. We are working with the CNH Contact Centre so where applicable they can take and deal with some of the low level enquiries such as requests for rent statements and balances. This will free up Income Officers to concentrate on the more complicated cases.
6. The Housing Income Team have already increased the number of dates available for Direct Debit (DD) payments and introduced weekly DD's in 2009. This has resulted in an extra 325 tenants using this highly cost effective payment method during 2009/10. A new annual team target will be set and each Income Officer will have a target number of cases to encourage to pay by this method by the end of 2010/11. Incentives for customers paying by DD will continue to be offered in the form of a prize draw for new DD payers as well as prize draw for tenants who have maintained their DD payments for over 12 months.