

## **EAST AYRSHIRE COUNCIL**

**HOUSING COMMITTEE – 18 APRIL 2000**

### **ARREARS CONTROL**

#### **Report by the Director of Homes and Technical Services**

#### **1. PURPOSE OF REPORT**

- 1.1 To advise Committee of the ongoing study being carried out by the Accounts Commission with regard to rent arrears, to highlight those areas where there is scope for improvement in our practices and to indicate that these changes are being introduced.

#### **2. BACKGROUND**

- 2.1 Throughout the local authority sector, as a whole, there has been an increasing problem of escalating rent arrears. This has prompted a national study of the problem to be undertaken by the Accounts Commission, who propose to publish their findings later in the year.
- 2.2 In January and February of this year, the Accounts Commission as part of a national study on Arrears Control, examined our practices and compared these with their recommended Good Practice. The first report of the Commission is due in May 2000. However, early indications imply that there are a number of areas where improvements could be introduced, and it is proposed to take advantage of the information supplied by the Accounts Commission immediately.

#### **3. GOOD PRACTICE STATEMENTS - BACKGROUND**

- 3.1 The Accounts Commission Study identified six main areas in the Arrears Control Process viz:

Policy and Procedures

Arrears Prevention

Arrears Recovery

Legal Action

Former Tenants' Arrears (Finance Department remit)

Review and Continuous Improvement

- 3.2** Each of these areas can be sub-divided into areas of activity(49 in total), each of which can contribute to the effective management of rent arrears. Unfortunately, the Good Practice Statements have not been weighted in the study to indicate their contribution within the overall process. The degree to which we comply, or otherwise, with these Good Practice Statements is not absolute in most cases, the findings being based on a sample caseload and on evidence presented. Despite this ,it is suggested that the scope of the study and its recommendations provide valuable guidance in the way we should direct our energies in the prevention and pursuit of rent arrears.
- 3.3** For the purpose of this report, we would seek to identify those areas where scope for improvement in our practices has been identified and indicate briefly what proposals are in place.
- 3.4** It should be noted that Arrears Control is a recognised Module within the Orchard Integrated Housing Management System, and many of those areas for improvement have already been identified as integral features of the Module, which is time-tabled for introduction along with the Rents Module towards the end of the year.

## **4. GOOD PRACTICE**

### **4.1 Policy and Procedures**

- 4.1.1** The Study indicated that although the Council's written policy covered strategic objectives, prevention and management, there was scope for enhanced review systems to ensure that the policy was being adhered to.

To address this issue, a system of audit has been introduced to examine caseload on a line by line basis to ensure compliance with the recognised procedures.

### **4.2 Arrears Prevention**

- 4.2.1** The Study indicated that there was a lack of structured face to face meetings carried out at the start of tenancy to advise on Housing Benefit, methods of payment and implications of non-payment.

- 4.2.2** To address these deficiencies, a New Tenant information pack is being developed which will be issued to all new tenants at the time of signing the missive.

Every new tenant will be issued with a Housing Benefit Application Form, and this will be completed prior to the keys being issued.

Housing Officers have received initial training in providing outline Housing Benefit advice to indicate if some rent payment is due, whilst awaiting Housing Benefit determination.

Further training in this area has been identified and will follow on throughout April and May. Wider Welfare Benefit Training for Housing Officers has also been identified and a programme of Training is being developed with our colleagues in Social Work.

### **4.3 Arrears Recovery**

**4.3.1** The main areas for improvement within this area were:

- The lack of flags used on tenant records to identify tenant circumstances
- Up to date information produced at end of every period/ cycle
- Records contain detail of all correspondence and meetings
- Review of arrears files no more than two weeks apart
- Monetary trigger exists to pursue a repayment arrangement
- Agreement confirmed in writing within three - five days.

**4.3.2** Deficiencies in this area reflect, to a large extent, the problems associated with working a manual arrears system.

The Orchard Module will be profiled to have a parameter in place to trigger action at various stages of the process. These actions will be backed up by automatically generated letters, which will confirm all actions taken, proposed or agreed.

To a significant extent, many of the above identified problems lead to breakdown further along the chain. Delays in the production of accurate up to date information, can lead to an abbreviated period of currency of the information produced, which has a knock on effect on letter issue and a subsequent knock on effect on record-keeping if letters have to be withdrawn because the detail is out of date.

The production of period end information has now been resolved, with prints being produced locally. Access to Housing Benefit Screens on enquiry only basis has also been arranged to assist Housing Officers identify if action is required or if information is awaited to enable a claim to be determined.

The provision of accurate, up to date information is crucial to the overall process, as is individual detail, on a case by case basis. Both these areas will be significantly enhanced by the introduction of the Orchard Rent and Arrears Modules and this has been acknowledged in the Accounts Commission Study.

### **4.4 Legal Action**

**4.4.1** Overall compliance in this area was relatively good. There were two main areas identified for improvement:

- Procedure timetable for legal action adhered to

- NOP/NTQ issued within two weeks of non-co-operation

**4.4.2** With regard to the former, this has been, to a degree, complicated by the past problems associated with Housing Benefit determinations and, in part, by the delays in production of up to date information, there being a natural reluctance to instigate legal action until there was a degree of certainty in the detail being acted upon. However, backlogs in typing have also affected this sub-criterion. In essence, however, these noted deficiencies have been highlighted, and the procedure re-stated, to be checked regularly in the audit system previously referred to.

#### **4.5** Review and Continuous Improvement

**4.5.1** The main areas highlighted in this area :

- Regular training provided to appropriate staff
- Good quality information available to inform decisions

**4.5.2** The latter sub-criterion has largely been dealt with previously in the report and also features in the Action Plan appended.

With regard to training, areas for improvement in Housing Officer knowledge of the Welfare Benefits/Housing Benefit Systems has been identified and acted upon. There, are, however, other areas to be worked upon, some of which have been explored by the Arrears Control Team, for example, evening visits, increased use of telephone contact and involvement of other agencies, e.g. Money Advice and Citizens Advice. To some extent, this also raises the issue of corporate debt and how we should approach the problem of ensuring a co-ordinated approach to pursuing debt within the Council.

### **5. FINANCIAL IMPLICATIONS**

**5.1** There are no additional cost implications in pursuing the proposals set out within the report.

## **6. LEGAL / POLICY IMPLICATIONS**

- 6.1** The proposed use of small debt actions against tenants with long-term small static balances constitutes a change to the current policy on pursuit of arrears.

## **7. CONCLUSIONS**

- 7.1** The Rent Arrears Management Study carried out by the Account Commission has assisted the Department in identifying areas for improvement within its practices.

- 7.2** It is recognised within the Good Practice Guidelines that timeous processing of Housing Benefit is crucial to the effective control of Rent Arrears.

It is acknowledged that there have been improvements in the processing of Housing Benefit in recent months and the experience of the Member Officer Working Group highlighted the importance of a closer liaison between the Housing Benefit and Rent Arrears Sections. Improvements in this area and the extension of training will add value to the service being provided to our tenants and should reverse the trend in rising levels of arrears.

- 7.3** The adoption of Good Practice techniques as identified within the study and the introduction of a sophisticated, fully automated and integrated Rent Arrears Module will greatly assist the effective management of current tenant arrears.

## **8. RECOMMENDATIONS**

- 8.1** It is recommended that Committee:

- (i) note the initial findings of the Accounts Commission Study and note that these changes are being introduced; and
- (ii) otherwise note the content of the report.

James Lavery  
Director of Homes and Technical Services  
6 April 2000  
GD/WT

### **LIST OF BACKGROUND PAPERS**

1. Accounts Commission - draft summary findings  
Rent Arrears Management Study

For further information please contact Gerry Darroch, Operations Manager on 01563 554873

**AGENDA**