

# EAST AYRSHIRE COUNCIL

## HOUSING COMMITTEE – 7 NOVEMBER 2001

### RENT ARREARS CAMPAIGN

#### Joint Report by the Directors of Homes and Technical Services and Finance

#### 1. PURPOSE OF REPORT

- 1.1 To recommend a series of further actions to improve management of rent arrears owed by council tenants in East Ayrshire.

#### 2. BACKGROUND

- 2.1 East Ayrshire is one of the most socially deprived areas in Scotland. Levels of economic and social deprivation throughout the area are reinforced by the isolated rural nature of many of our communities. Local unemployment rates are significantly higher than the West of Scotland average, with specific problems identified in relation to long-term and youth unemployment. The overall poverty level is compounded by a worse than average prevalence of low pay. Some indication of the degree of poverty in East Ayrshire can be obtained from examining benefit indicators including the number of free school meals and footwear and clothing grants provided by the council.

#### 2.2 Housing Rent Arrears

	As at 31/3/00 £000	As at 31/3/01 £000	As at 23/9/01 £000
Current Tenant Arrears	1,593	1,907	1,842
Former Tenant Arrears	345	974	1,011
	<b>1,938</b>	<b>2,654</b>	<b>2,853</b>

#### 2.3 Implementing Good Practice

In September 2000 it was reported to Committee that the Accounts Commission had published a document 'Managing Rent Arrears', resulting from a joint study with Scottish Homes. East Ayrshire participated in that study and a number of recommendations arising from the study have now been implemented, including:

- Improved liaison arrangements with Housing Benefit
- Early identification and recovery of Housing Benefit overpayments
- Interim estimates of Housing Benefit entitlements while applicants, especially new tenants, await assessment of their claim
- Improved monitoring and review arrangements incorporated into the Orchard Awareness Module
- More details regarding personal circumstances recorded in case files
- Immediate written confirmation of all arrangements (via automatic letter generation)
- System prompts and detailed recording of appropriate legal action in pursuit of arrears
- Training for Housing staff in Housing Benefits and Welfare Benefits generally.
- Training for staff in the effective use of the new Orchard Arrears Module

- Access to Housing Benefit enquiry screens for Housing Officers.

Additionally there have been improvements to the Cash Receipting Systems, extended to Local Offices, which allows earlier posting of rents, enabling prompt action to be taken on missed payments.

In addition, the introduction of the Orchard Rents and Arrears Modules provide Housing Officers with much better information earlier than the previous system. The arrears module has been developed to prompt earlier and more frequent personal contact with tenants, which is recognised to be a central feature in all good practice statements on rent arrears. Recognising the crucial role that Housing Benefit administration plays in the effective collection of rent and arrears control, Housing Officers have been given access to the Housing Benefit Mail Log as well as the Housing Benefit screens to check if applications have been received and if any additional information is required in pursuit of the claim. Training has also been provided in verifying supporting documentation. There are also arrangements in place to provide details of cancelled claims, following on from reviews.

Nonetheless, it is vital that every possible effort is made to reduce the outstanding debt to the Council. While there is some evidence to suggest that the measures taken to date are beginning to have an impact on the current tenant arrears, additional initiatives are required to maintain the momentum and to tackle directly the increasing incidence of Former Tenant Arrears, which are pursued by the Finance Department.

## 2.4 Proposals

As part of our commitment to seek continuous improvement in service performance, agreement has been reached between the departments of Homes and Technical Services, Finance and Education and Social Work on a series of proposals to improve performance on arrears prevention and recovery. These include:

- A publicity campaign targeted at Council tenants which stresses the importance of paying rent and highlights the risks of not doing so. The campaign, led by Housing and supported by Finance and the Anti-Poverty Unit, would comprise a suitable poster and leaflet campaign and the use of local radio and press advertisements.
- A benefits take up campaign to increase the number of council house tenants in receipt of housing benefit.
- Improved sign up arrangements for new council tenants including new tenants handbooks.
- Introducing new operational arrangements within area housing teams including designating one day per week as an arrears action day.
- Disregarding a small number of debts, not exceeding £15 in each case, which have arisen in previous years and where the net cost involved in recovering the debt far exceeds the amount owed.
- Introduce new arrangements to contract out elements of the recovery of former tenants arrears to an external agency.
- Introducing new working arrangements with local Citizens Advice Bureau, Anti Poverty Unit, Housing Benefit, Rent Collection and Accounting, and Housing to improve management of rent arrears.
- Investigating the option of appointing out-posted Benefit staff to Area Offices to improve joint working with Area Housing Teams.

- Examining opportunities to introduce new arrangements reflecting a corporate approach to debt recovery including both rent and council tax.
- Development of Rent Accounting system to allow direct debit arrangements for rent payment in lieu of bank standing orders which have proved ineffective as a method of rent collection. This initiative will be initially targeted to those tenants with existing bank accounts who currently pay by Standing Order.
- The introduction of a new 48 week rent payment schedule with the 4 “free weeks” to be applied during March of each year. This approach is now being used in other authorities and has the benefit of allowing all resources to be targeted during that month to recovering as much income as possible to balance tenants rent accounts at financial year end.

### **3. CONCLUSION**

- 3.1 The proposals put forward in this paper are designed to develop further a joint corporate approach to debt prevention and recovery, including the involvement of external partners whenever appropriate. The proposals aim to strike a balance between a firm line in pursuing arrears whilst offering those tenants, in genuine difficulties, all reasonable advice and assistance to organise their debts and meet their financial and legal obligations to the Council.

### **4. FINANCIAL AND LEGAL IMPLICATIONS**

- 4.1 The costs associated with these proposals can be met within approved budgets. There are no specific legal issues arising from this report.

### **5. RECOMMENDATIONS**

- 5.1 It is recommended that members:
- a) endorse the proposals outlined in this paper;
  - b) agree that the initial rent arrears campaign be targeted for November / December 2001;
  - c) note that future reports on progress will be submitted to members in due course.

James Lavery  
Director of Homes and Technical Services  
JC/JL/CW  
22 October 2001

### **BACKGROUND PAPERS**

Nil

(Members wishing further information on any of the above should contact Joseph Cassidy, Policy Manager, on 01563 576617)

Implementation Officer: Chris McAleavey, Head of Homes/Iain MacMillan, Head of Exchequer Services

**AGENDA**