

## ANGUS COUNCIL

## NEIGHBOURHOOD SERVICES COMMITTEE – 16 APRIL 2009

## Report by the Director of Neighbourhood Services

## INDEPENDENT RENT ARREARS REVIEW – FINDING AND RESPONSE

**Abstract:** It is recommended that the Committee note the headline findings of the independent report and approve the actions set out in response to the findings.

## 1. RECOMMENDATION

1.1 It is recommended that the Committee:

- i. Note findings of the report
- ii. Agree the actions set out in the report in response to the findings of the independent review.
- iii. Bring back a further report on how the Scheme of delegation is to be amended to accommodate the recommendations of this report

## 2. BACKGROUND

2.1 Members have been made aware of the performance on rent arrears and have adopted a new policy, and actions to tackle the issue. This has started to show some signs of success with the level of arrears starting to show a downward trend.

2.2 Members agreed to conduct an independent review of the changes made in an effort to further target the Council's actions to tackle the culture of non-payment of rent and to tackle the rising trend of rent owed.

2.3 The Report is attached at Appendix A for Members information and the full report has been placed in the Member's lounge for consideration. The findings of the report demonstrate that progress is now being made in halting the growth in rent arrears and beginning the process of reducing arrears to nationally comparable levels and thereafter to better national performance levels.

### 2.4 Main Findings of the Report

2.5 The headline findings and next steps are reproduced for Members' information and consideration. There are twelve main findings of the report:

1. Speed up process for legal action by delegating approval to Head of Housing.
2. Elected members should scrutinise performance regularly.
3. Update the strategy before the end of 2009.
4. Carry out a full self-assessment by Sept/Oct 2009
5. Ensure a stronger focus on the beginning and end of tenancies as key stages to prevent both current and former tenants arrears.
6. Focus on getting arrangements as early as possible with tenants in arrears.
7. Schedule the Service Improvement Group for twice a year (May and December) and establish sub-groups to work on specific issues
8. Complete the work already set out by the Housing benefit sub-group and implement.
9. Complete local Community Housing Team plans by mid-May and monitor throughout the year
10. Assess the business case for two more income maximisation/money advice workers to be placed in the main housing offices.
11. Use the ACCESS teams to do outbound calling where possible.
12. Produce new procedural guidance for staff and quality assure the key processes.

## 2.6 Response to the Findings

### 2.7 Recommendation One - Speed up process for legal action by delegating approval to Head of Housing

2.8 Members have previously agreed to speed up the process by removing the time delay taken to go through the process of gaining Committee approval for eviction. The recommendation of the report is to remove this element of the process altogether with evidence showing that the best performing authorities in Scotland in managing rent arrears do not seek committee approval but have this delegated to a Chief Officer. Members are asked to agree this recommendation on the basis that performance is regularly reviewed by Committee and this regular review includes information on those going through legal process, the impacts of the process and performance information on the numbers being subjected to eviction proceedings.

2.9 Members are further asked to note that approval of this recommendation will be sought only when Members are satisfied that the review of processes is complete and provides clear evidence that officers will act through a clear and auditable process which ensures that eviction action is only taken as a last resort. The review of processes will be presented to the August cycle.

### 2.10 Recommendation Two - Elected members should scrutinise performance regularly

2.11 It should be noted that full disclosure of the arrears across Angus and by Community Housing Team is provided. This performance report will, however, be updated to provide information on court process figures including the numbers subject to eviction proceedings.

### 2.12 Recommendation Three - Update the strategy before the end of 2009/10

2.13 This recommendation is agreed and a revised strategy will be submitted before recess.

### 2.14 Recommendation Four - Carry out a full self-assessment by Sept/Oct 2009

2.15 The Scottish Housing Regulator has produced a self assessment matrix which is used to gauge progress on process on the basis that sound and auditable processes with performance standards generate positive results. Angus Council's Housing Division is piloting the Angus Improvement Model and in addition to this process it is recommended that the Regulator's self assessment model is conducted before the Autumn of 2009 and the results presented to Committee.

### 2.16 Recommendation Five - Ensure a stronger focus on the beginning and end of tenancies as key stages to prevent both current and former tenant's arrears

2.17 The Council's existing policy sets out a two pronged approach of tackling the high end rent arrears through the legal process where repayment arrangements are not entered into or maintained whilst the longer term management through prevention is delivered through early intervention in all cases. The report recommends a refreshing of this as a central part of the Council's approach. This element will entail greater personal contact and is agreed as something which is essential to the long-term success of the Council's arrears management approach. Work is underway with an early intervention approach and it is recommended that the focus on this work is maintained.

### 2.18 Recommendation Six - Focus on getting arrangements as early as possible with tenants in arrears

2.19 This recommendation is agreed and it is recommended that this is delivered in accordance with the existing policy. Action on this element of the arrears work will be reported to Committee as part of the overall arrears performance report.

### 2.20 Recommendation Seven - Schedule the Service Improvement Group for twice a year (May and December) and establish sub-groups to work on specific issues

2.21 The Service Improvement Group (SIG) is a multi-disciplined team which involves housing division, finance division; welfare rights and law and administration staff who meet to discuss

issues which if tackled will improve coordination and performance. This Group has already been established and the recommendation to maintain and harness the benefits of this group is accepted.

**2.22 Recommendation Eight - Complete the work already set out by the Housing benefit sub-group and implement**

2.23 The SIG has a number of sub groups who investigate and make improvements on key service areas. One of these groups is housing benefit. With just over 50% of tenants in receipt of full or partial housing benefit, the significance of getting the entitlement to benefit processes swiftly is not under-estimated and this recommendation is accepted.

**2.24 Recommendation Nine - Complete local Community Housing Team plans by mid-May and monitor throughout the year**

2.25 Community Housing Teams (alongside all other housing teams) are currently producing their 2009/10 to 2012/13 Business and Performance Plans. These will be complete earlier than the recommendation, before the middle of April to fit in with corporate planning priorities. Performance in respect of Statutory Performance Indicators and Key (Business) Performance Indicators will be developed and reported on regularly with a full Divisional Performance report being presented to Committee over and above the regular arrears performance reports highlighted in recommendation two. The Business Plans will include section on rent arrears management.

**2.26 Recommendation Ten - Assess the business case for two more income maximisation/money advice workers to be placed in the main housing offices**

2.27 The report highlights the key role income maximisation plays in improving the financial circumstances of individuals and also in tackling the culture of non-payment. The recent focus on arrears has generated significant additional work for the Council funded welfare rights officers to the point where the service is being overwhelmed with referrals. The recommendation acknowledges the need to ensure individuals are able to have their financial circumstances reviewed and income maximised. It is recommended that Members agree to explore this recommendation and that a fully costed proposal is developed for two temporary posts to be funded by the Housing Division to work to prevent arrears from starting in the first instance and to maximise income in all cases but particularly where arrears are occurring.

**2.28 Recommendation Eleven - Use the ACCESS teams to do outbound calling where possible**

2.29 ACCESS, through both ACCESS Offices and ACCESS line offers the potential to develop a pro-active approach to contacting those in arrears offering advice and assistance and referrals to welfare benefit advice. It is recommended that a three month trial is explored with ACCESS and the costs of this trial are developed and reported to Committee before the trial is begun. It is further recommended that this initiative is developed and presented to Committee in August.

**2.30 Recommendation Twelve - Produce new procedural guidance for staff and quality assure the key processes**

2.31 This recommendation is accepted and will be presented to the August Committee and will be tested by the Housing Division's Quality Assurance Team before the end of the financial year with the results of the quality review being presented to committee.

**3. NEXT STEPS**

3.1 Following these recommendations, the finer detail of the report will be discussed and agreed and the actions set out in the report will be developed and actioned as a matter of priority for Housing Division staff.

**4. FINANCIAL IMPLICATIONS**

4.1 There are no financial implications associated with this report at this time but reports on the recommendations which carry a financial implication will be subject to Committee approval.

**5. HUMAN RIGHTS IMPLICATIONS**

5.1 The are no human rights implications associated with this report.

## **6. CONSULTATION**

6.1 The Chief Executive, the Director of Corporate Services, the Head of Finance and the Head of Law and Administration have been consulted in the preparation of this report.

## **7. EQUALITIES IMPLICATIONS**

7.1 The issues dealt within this report have been the subject of consideration from the equalities perspective (as required by the legislation). An equalities impact assessment is not required.

## **8. CONCLUSION**

8.1 The Neighbourhood Services Committee has invested considerable time, effort and resources in tackling rent arrears and generating a culture of rent payment. The Council undertook the independent review to target its efforts further. The nature of the recommendations demonstrate that a number of the biggest changes have been made and the Council needs to, now, fine tune its strategy, processes and performance management and give the time needed to tackle this long-standing problem. The key issue is now to maintain the level of priority and maintain the momentum targeting resources and efforts in support of Members commitment to success.

**RON ASHTON  
DIRECTOR OF NEIGHBOURHOOD SERVICES**

**NOTE:** No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to a material extent in preparing the above Report.

**Hsg/NS/AMcK**

## Appendix 1

### **Report for Angus Council – Review of the management of Rent Arrears - March 2009**

#### **Introduction**

This review of rent arrears was commissioned by the Director of Neighbourhood Services and the Head of Housing in January 2009 to provide the council with an external assessment of its rent arrears management and performance and to make recommendations where change is needed. The review has been carried out by desk-top analysis of information, interviews with key staff charged with improving the arrears, including some in corporate functions, and by setting this within a context of comparative assessment of good practice.

The council's performance on rent arrears deteriorated over a number of years prior to 2008/09 and is poor relative to other councils. While the council is hopeful that it will meet its end of year target of 9% for net percentage of current arrears, this is from a low position of 13.6% in 2007/08. Performance from other councils in recent inspection reports for 07/08 figures showed 5.1% in North Ayrshire, 2.8% in Aberdeenshire, and 2.9% in Moray. Indicators of total arrears, numbers of tenants in arrears, and numbers of tenants in serious arrears in Angus all show a need for improved performance. This is at a time when other landlords have generally been improving their performance, and contrasts markedly with Angus Council's own earlier performance. (3% in 2002/03 identified in the Communities Scotland Pathfinder Inspection report.)

More recently, as above in 2008/09, this trend in declining performance has begun to be reversed, and there is a reasonable basis on which to build in the coming year. However former tenants arrears have continued to increase. Current arrears have reduced from £1.029M in April 2008 to £1.017M in March 2009 so although progress is slow it is in the right direction.

The report identifies the progress the council has made, and where further improvement is needed. It summarises the key recommendations which cover;

- Strategy and policy
- Management arrangements, systems and resources
- Performance Framework
- Communication
- Corporate/partnership working

It also includes a self-assessment format, (under separate cover) which the council can use in due course to judge its progress. This format fits with the Scottish Housing Regulator's approach and builds in good practice approved by the Chartered Institute of Housing, the Audit Commission for England and Wales, and Audit Scotland.

It does not cover every specific improvement to procedures or process which will be required as many of these are already being worked upon, and some will only become clear as the action plans are progressed. Instead it focuses on the bigger issues which will see results over a two to three year period, with some more detailed changes where these are needed to change the focus and culture of the service. Neither does it cover former tenants arrears in any detail although it makes some key recommendations which can help reduce the increasing level of former tenants arrears. The aim is to have practical recommendations which the council can implement in 2009/10 and to enable it to review its progress as the strategy rolls forward.

## Underlying Principles

It is useful to set out some key principles which underpin this review, gathered from good practice and experience elsewhere. These can help the council to have a clearer context within which it aims to achieve strategic as well as operational progress. They are;

- A strong rent payment culture and efficient and accessible rent collection methods are critical in achieving good income for the housing service and at the same time ensuring sustainable tenancies. Customers who understand that paying rent is their prime responsibility in the contract with their landlord are more likely to sustain their tenancy. A more collective understanding is also important among tenants that better services can be delivered if everyone fulfils this responsibility, and rents can be kept more affordable. In a time where affordability is an issue for many households, and where vulnerability of many customers is evident, - either because of age, health, literacy or numeracy levels, lack of stability in household relationships, and so on, - this need to collect and use rent wisely becomes even more pertinent. Put simply good rent payment habits underpin the prevention of arrears. This should be a primary focus for any landlord. The reality is that many customers need support to get and maintain this habit given their often marginal circumstances. The support should start before customers are given keys for their new house and continue throughout their tenancy and beyond if they move house. This begins to highlight the practical focus that should be in place at the beginning and end of tenancies, rather than just when arrears arise, and requires a shift in strategic focus from simply managing arrears.
- Where arrears do arise there should be twin pillars of having (a) good local processes to make personal contact with tenants, and (b) structured and consistent processes for formal stages of dealing with arrears, which will determine the success in reducing them. The council has good potential to make progress on both pillars, given the structure it moved to in April 2008, where the community housing teams have the main responsibility for reducing rent arrears, and the small central team deals with process and procedural issues, supporting the local teams and also keeping the performance framework clear and servicing corporate improvements in processes. This combination can enable best use to be made of both central and local relationships with customers, with the potential to deliver an efficient and effective service. However it will not happen automatically without leadership, trust, common purpose and sound planning.
- There are a number of critical interdependencies, such as with Housing Benefit, Welfare Rights, other Social Work services, and legal services, which will affect the success of any arrears strategy. It must always be clear that the landlord retains the responsibility to collect rent, but how well each of these functions work with the landlord will determine how quickly progress will be made, both on individual cases and at a strategic level.
- While again it is important to remember that it is the landlord responsibility to collect rent and manage arrears there are potential gains which can be made by using other council resources to ensure good payment habits and improved communication with customers. The principle here is that the landlord can commission other services to work on its behalf and should specify the service it wants. Where possible resources should be put into prevention rather than into the more 'negative' activity of managing high balance arrears. Where there is a need to make big performance gains, and where there is a high volume of cases and activity required it may well be useful to consider 'spend to save' initiatives.

- There is not a 'magic bullet' which dramatically improves rent arrears issues. Improvement requires a co-ordinated range of actions and determined action over a considerable period of time. Significant change will come with strong leadership, clear roles, good communication, best use of systems and good liaison and advocacy managed by well trained housing staff to ensure that the right actions are done at the right stage for customers, and for the Housing Revenue Account. This does require confidence and resilience so that the targets will be achieved over time. It can be strengthened enormously by having a good planning cycle which is built upon an ethos of 'plan, do, review', - in other words work out where the council wants to be, how to get there, monitor progress and quality, and identify what it is learning from its prior experience. This cycle should fit in with the business processes of the council but should also be tailored so that staff at all levels regularly contribute and understand the value of their work as each year progresses.
- The systems used and performance framework are both important in successfully keeping clear priority, consistent actions, and learning from what works best. There must be simple system guidance and user-friendly procedures and reports. Otherwise it is often the case that tenancy and arrears records do not match so operational progress is time-consuming and difficult, and management reporting is not based on good data. There should be audits or quality checks on data inputting to back up this essential platform for action, and feedback or training given where necessary. Networks with other system users should be maximised to get the best from existing systems. Performance frameworks commonly have high priority for corporate goals, particularly now for councils in relation to the Single Outcome Agreement. They should also be developed below service level so that teams can see what they contribute, and should be tailored to how the teams work. It usually makes sense to consider what performance reports are available fairly easily from the system when setting indicators and building these into team targets so that there is a bottom-up as well as top-down approach to setting the performance framework.
- Good communication with customers, both individually and collectively, is essential to create a good payment culture and to maximise the likelihood of tenancies being sustained. Communications must focus on key messages and must be planned, regular and maintained over time. Planning rent payment campaigns and refining individual communications at key stages are both essential components of a successful strategy to better collect rent.

With these principles in mind the review explored the council's progress and the potential for further improvement in 2009/10 and beyond.

### **Progress the council has made**

#### **What was behind the downturn in performance?**

It is useful to learn from the previous experience of the council so that 'what works' is captured in the future strategy and makes sense to staff. In Angus it seems that good performance some years ago was due to a strong payment culture promoted among tenants and a culture of early action from the council when arrears occurred. This is exactly what is required again. However it must be recognised that this has to be re-established in different circumstances for both the customer profile and for the council's management structures, as well as following approved good practice. Due to a number of factors –often to do with other positive approaches to modernising services, such as setting up the ACCESS points - there was a loss of clear responsibility for early action on arrears and this was compounded by a lack of formal process and procedures or staff guidance. This appears to have happened at the same time that the customer base was changing, with more young people taking tenancies, some increasing turnover, increasing levels of personal multiple debt, and increasing issues of poor literacy and numeracy. While

most landlords have had to learn to deal with these issues it has proven to be a difficult combination in Angus in relation to rent collection, with the re-organisations of staff structures and few compensatory mechanisms for ensuring clear responsibility to take early action. It is interesting that in many ways staff previously appear to have been so clear on the culture that they successfully used common sense approaches to dealing with customers. Again this is what needs to be recaptured but in the modernised context of new systems, guidance, practices and roles.

The result has been that tenants have a weak payment culture, and staff have been unclear about responsibilities for preventing arrears building up, and about mechanisms for recovering arrears. Tenants appeared to believe that there are few consequences for non-payment of rent and that the council does not take action against those in high arrears to recover the tenancy. They have therefore not seen rent payment as their priority when they are juggling debts. While this does appear to be changing it is an area where further work will be needed throughout 09/10 to ensure the new culture is embedded.

### **What the council has done to date**

The council took action to address the deteriorating situation much more directly during 2008/09. It established a strategy for increasing the priority given to arrears reduction. Responsibility is now clearly placed with the Community Housing Teams, and a small central team co-ordinates 'corporate' policy and procedures. The role of other council services – Revenues and benefits, Legal services, Social work's range of relevant services, particularly the welfare rights service, the ACCESS service, and other aspects of the housing service such as assessment, tenancy support and tenancy sign-up, - have all been recognised as critical to improving performance. Council wide targets have been set within Housing, and a corporate Service Improvement Group set up. Work on making processes more consistent is underway. There is also a better understanding of the need for improved data entry and data management so that arrears reporting is 'clean' and meets audit requirements. All of these are important to improved performance and to gaining a much higher priority for reducing arrears.

The local teams are well placed to ensure personal contact with tenants and to have good intelligence on 'what works' to contact different customer groups, and individual customers. This is partly what Angus council previously excelled at, and although patterns have changed and many households are more transient than they used to be, there is every reason to be confident that the teams will really increase their skills on this front. While the teams have had to establish themselves on a number of generic housing management roles in 2008/09 they are nonetheless clear about the priority for reducing the arrears. Some additional resources were agreed for each team but there is still pressure on their ability to manage the consistency of the tasks to be carried out at the key stages, particularly given there is still a very high volume of cases. There is therefore a need to have good standardised processes which are common across all teams and which are as efficient as possible, leaving the teams freer to concentrate on the time-consuming task of getting personal contact and making arrangements with tenants in arrears.

The small central support team has recently grown in confidence and experience and drawn up a clearer agenda for itself, even though there have been resourcing issues, during this time. This team will be vital to take forward the performance framework, system issues, and consistency of processes which still need to be addressed. The team has also spent time clarifying processes with local teams and corporate colleagues, and for example reviewing the standard letters. Although this is often slow and frustrating work it is essential to deliver a good and improving service. Every effort should be made to maintain or grow the expertise in the team over the strategy period.

The leadership roles of the Director, Head of Housing, and the acting Service Manager, have been important in ensuring visibility and drive for the priority of improving rent arrears, - both within the housing service and corporately,- and identifying where detailed system and procedure issues need to be tackled. While this has not been easy in the first year of the strategy and there remains much to be done it is a valuable start. Much of the leadership role now is to maintain the level of resourcing and to continually build confidence that results can be achieved, while at the same time ensuring tenancies are sustained.

Council elected members have played an important role by being willing to tackle the problem of growing arrears and it does seem that this direction has helped get a better message into communities that the council will take action where people do not pay rent.

Out of all of these actions performance has begun to improve on current arrears. This is an early stage of 'halting the juggernaut' and the figures show a fairly high level of input measures and activity throughout 2008/09, with performance very slowly improving towards year end. This is symptomatic of changing culture, processes, procedures, and ensuring all staff are clear on direction. However it is fragile, confidence is not yet strong in the new arrangements, and in many aspects the identified actions have yet to be fully implemented. Further work now needs to be done to build on the corporate progress and to support the community housing teams so that they can successfully prevent new arrears and achieve greater reductions in 2009/10, and most importantly promote sustainable tenancies for all tenants. Further work will also require to be done to address the increase in former tenant's arrears and to decide on an appropriate improvement plan.

### **The next steps**

There is a need to further increase the focus on arrears, maintain consistent action both locally and centrally, and make much stronger links with the application and sign-up process for new tenants so that the aim of having 'sustainable tenancies' is the key strategic driver for the council's interaction with its customers. The end of tenancy process is another key stage which is not 'visible' just now which can have a big impact on former tenants arrears. Comparisons with best performers through the Scottish Housing Regulator's inspection reports and best practice show that the council has scope to make progress in many areas. It is useful therefore to see the strategy in a timeframe of another two to three years to enable the range of actions to be implemented and to get arrears to a more manageable level locally. This period of time could allow the council to be placed significantly higher against its peers if it maintains its focus and resourcing.

The absolutely critical point for 2009/10 is to maintain a high level of priority and keep working on cases, with a focus on results. While there may be issues about sorting out alignment with HB and WRO services and increasing the use of ACCESS staff, these all appear to be achievable, with a clear willingness from the managers in these sections to help where they can. It would help the community housing teams to have a clearer framework within which to plan and monitor actions, so that they better understand what they are aiming to achieve and where they are being successful. The council could develop a framework around the key stages set out below to assist this process

<b>Stage</b>	<b>Action/Issue</b>
• Application/Selection –	affordability/WRO assessment, knowing HB evidence
• Sign Up –	Move-in date. HB evidence or two weeks rent
• Settling in visit	Sort outstanding HB issues
• Early arrears –	text, personal contact, Access calls, HB/WRO, arrangement
• Escalation –	personal contact, arrangement, SW/Assessment, evidence file
• Legal process –	evidence/authority, contact, pattern of payment, HB issues
• Decree/eviction-	clear process, new tenancy and former tenancy arrears account
• End of tenancy for FTA	Access pick up arrears.

The council could significantly amend its practice at the stage a customer is applying for a house and particularly at the selection, or offer of a house stage. This is when the council should ensure customers are well aware of the rent levels and of the types of evidence and process for Housing Benefit if they are likely to be eligible for it. They should also be acquainted with the payment methods and where possible asked about the possibility of using Direct Debit. Some standard information for customers and tables for Access and housing staff to identify the likely circumstances can be used rather than face-to-face interviews with HB staff at this stage.

At the sign-up stage there is a reminder of the need to pay rent but this important aspect appears to be lost among a whole range of other information given to the prospective tenant when they are often most interested in getting the keys to their new house. It is suggested therefore that at selection stage customers are advised that if they come to sign for the tenancy they should bring either their HB evidence requirements or rent payment for one or two weeks, and this is reinforced before sign-up if possible. Customers should also be offered an income maximisation interview as part of the sign-up process. This latter recommendation may require further resources as discussed elsewhere in the report.

In many cases there is a tension between ensuring tenants accept a property quickly, (and this helps the council keep letting times down,) and the fact that many tenants cannot move in if they have not got furniture etc. In most cases they will only get HB if they actually live in the property, so tenancy start date and move-in date have to be the same or an arrear can accrue which will not be covered by HB. Some landlords deal with this by offering a core furnishing package, and even if the council incurs some additional cost here it is often seen as a more 'positive' cost than beginning a tenancy with arrears. This may be something which the council wishes to consider in more detail.

When new accounts are set up they should have a clear link to any former tenancies so that all rent due can be collected, with proper distinctions between the two. It is not clear at the moment that this is common practice on all accounts, and it would help to have clear user-friendly guidance sent out as a reminder for staff.

The settling –in visit should also pick up any early arrears more consistently. This is the stage where HB staff could more easily address problems and where some additional help for the tenant may be welcome. It is very useful to monitor where arrears are happening at this settling in visit and making sure that the Housing Officer keeps the overall responsibility for sorting it out with the tenant, even if it is by engaging HB staff who can actually provide the help. The volume of new tenancies varies but is likely to be in the region of around 20 per month per main office, and assuming some of these will not be in arrears it is a more manageable way of preventing arrears than waiting for the escalation process to kick in. Housing Officers should consistently confirm on file whether there are arrears at the settling –in visit, and whether they have referred to housing benefit or other agencies. The outcome should be checked within one month. While the intention is to focus on getting a clear rent account this can also provide good evidence for any later legal action.

Where arrears arise for existing tenants then the key principle is to have early personal contact and to make an arrangement for repayments. Often letters are relied upon or visits made when the tenant is not at home. The council monitors numbers of visits made but rightly the Community Housing Teams are beginning to monitor how often this is converted into actual contact, as this is the key measure. Consideration should be given to extending out of hours contacts by phone to make arrangements with tenants in the early stages of arrears, allowing tenants to pay by phone immediately if possible, but at minimum arranging an office visit for them quickly.

It should become a standard part of the process that Notice of Proceedings should not be raised without personal contact having been made to alert customers that this will happen unless an arrangement is made and kept to. This has been effective for other landlords. Clearly this would require good judgement and careful scrutiny by arrears visitors and by the CHM as there will be some cases where contact cannot be made. In these cases abandonment notices or NOPs should be served. The aim here is to reduce the chances of NOPs being used to manage arrears and to put more resources into the attempts to make

personal contact. This will reduce the numbers of actions and the cost, and increase the culture of face-to-face and phone contact to manage arrears.

While there has been a change in process for authorising the escalation to court which meant that there were some delays it is now agreed that there has to be a twin track arrangement which allows existing cases to be progressed towards court and if necessary withdrawn if the situation is sorted before calling. Otherwise arrears can build up even further. This can be changed in due course if the recommendation below is approved. Legal services have identified processes to improve the current situation with the local teams and have confirmed in the SIG that they are on top of the caseload. While this can change it is useful to know that these cases can be moved on as efficiently as possible. It also requires an agreement that all cases which get close to calling (on or after a specified period of time) are reviewed to see if any HB is outstanding. Delays in getting cases to court mean that circumstances change and for example Housing Benefit implications may be quite different than they were when the action was raised, so suitable priority and liaison is necessary for these cases so that the council is not putting cases to court with outstanding HB issues.

The council has spent time reviewing its processes with the aim of reducing the time taken to get to court with all appropriate cases. However there are still some time-lags built into the system which could be addressed. Many local authority landlords no longer ask the council to approve individual action and instead ask them to approve a strategy and policy with clear stages which are delegated to and authorised by senior managers. Regular policy and performance reports enable proper scrutiny by elected members without building in delays caused by the timescales of the committee cycle. It is suggested that this could improve the current process in Angus, and would not lose the leadership which has been shown so far.

It would be useful to have an analysis across the council of the current payment methods including their cost and the frequency with which customer groups use which method. This could assist the council with its forward plan for 2010/11. It could also work well alongside a better analysis of the customer profile, understanding the relative patterns and pressures for the various customer groups. The aim would be to facilitate more targeted and proactive planning for 2010/11.

### **'Plan, Do, Review'**

Given the progress the council has made it is now important to plan forward much more proactively for 09/10 and beyond. The council still has a high volume of high balance cases currently which needs to be dealt with appropriately and reduced over the next year so that both these cases are worked out of the system and the numbers entering the arrears processes are reduced. This should be reflected in the average arrear per case coming down and in the numbers of tenants in arrears coming down. However this will not happen overnight and as above will be a significant feature of the strategy during 2009/10. Recognition of this and appropriate planning to deal with it will continue to be important. The planning process needs to be integrated with the AIM performance framework, should ensure it has taken account of the previous actions identified in the original 'Pathfinder' inspection report from Communities Scotland in 2004, and should use the Scottish Housing Regulator's self-assessment framework so that the council is fully aware of the improvements it wants to make on a rolling basis and is aligned with what is expected of it. This is often referred to as the 'Golden thread' linking corporate objectives in a performance framework to the delivery of front line service. Work on these aspects can be scheduled to suit the council's business cycle and to take account of staff capacity.

The next key planning step for Angus is to underpin council-wide targets with meaningful local action plans, where Community Housing Managers can be confident that they are resourcing the issues which will bring most success in lowering the arrears figures while also sustaining tenancies for their customers. The local plans could use the headings below to work out appropriate action which the teams can feasibly manage during 2009/10. No plan should be seen as a blueprint and it is important to keep it as a 'live' document, perhaps updating it mid-year, as part of the business cycle review. It is suggested for example that the Community Housing Teams could produce their plan by late April/early May. This could be a facilitated process if necessary, given that the teams have not yet been accustomed to carrying out this

kind of planning. Over time the plans could become more detailed giving an analysis of the local customer profile, for example, looking at who pays by which method, and so on. Most importantly the plans would aim to have team targets which would be monitored monthly and reported on within the teams, and corrective action fed into the process. Where possible individual targets should be set which are then part of the council's performance management regime. These plans should be 'nested' with the overall housing service performance monitoring. It is suggested that each team would present their plan to the Head of Housing during May and would also take part in a review of all plans around October. This should help recognise the good work which is underway and also help solve problems where necessary. The culture for this planning process has to become 'the way we manage' rather than a bolt-on to existing work and should be part of a positive approach to managing improvements.

### **Community housing teams: Action plan headings**

- Achievements – What has the team delivered in 08/09?
- Targets – What do the team think they can deliver in 09/10 and how does this fit into the council-wide target?
- Local strategy – this should define how the targets will be met and what the team is setting out to do. It might include local campaigns. This section might also identify where there are 'wins' to be gained with specific customer groups.
- Resourcing/staffing/costs – this should specify what staff will be used for the component parts of the strategy, and where Access staff or others can be used. It might also point out any pressures, and put forward any spend-to-save ideas.
- Dependencies and relationships – where do they need strengthened and what support and training is needed.
- Monitoring framework – How does this fit with the housing service framework and provide reports at both operational and strategic levels.
- Quality assurance/checks – This might ask for quality assurance input to particular parts of the process where improvements are being sought – eg the sign-ups or settling –in visits, or the creation of new tenant accounts on the system.

The central support team should have a plan for its annual work too which lays out which issues it will deal with, and what impact this should have. During 2009/10 it should include

- scope for the current work on data cleansing and guidance to staff on inputting new records,
- method statements for SPIs and system solutions to ensure this is accurate for the year end,
- a communications campaign for customers, including a drive to increase direct debit take-up,
- quick wins on getting information to area teams on changes to payments,
- a new user-friendly procedures manual,
- an analysis of payment methods (cost per unit and effectiveness), and possibly customer profile,
- policy and escalation process alignment,
- the development of the performance framework and associated quality assurance checks,
- servicing of the SIG and its sub-groups,
- a training plan.

While all of this may not be fully achievable within the current resources it allows greater visibility of what needs to be done and therefore senior managers can decide how best to support it.

In relation to the strategy itself it was briefly reviewed as part of this external review of progress. This showed that some actions were underway or completed, and some were still outstanding (eg the procedures manual, or action to promote Direct Debit as the preferred rent payment method.) Overall there was some lack of clarity on the impact expected from the actions, but there was also a shared

understanding of the key strategic planks of preventing arrears where possible and managing them effectively where they do arise. The strategy was drawn up as a working document, so is presented as an action plan, and was not formally approved. It has served its purpose however and would merit a review in the second half of 2009/10 when it can draw upon the progress made and can also be presented to the council for scrutiny and agreement. This would also, for example, allow it to be set within the context of better beginning and end of tenancies, and to plan forward the resources required for the following years. The policy has still to be aligned with the escalation processes on the system and this is currently underway. Once this is done it can be used to consult with tenants and to get agreement with elected members on levels of delegated authority. It can be then monitored and performance against it reported to the council at agreed intervals.

### **Relative roles and dependencies**

Given the level of housing benefit on the HRA and with over 4,500 tenants receiving HB the importance of having an agreed strategy, processes and relationships with Housing Benefit staff cannot be overstated. While HB is governed very closely by regulations it is also important to understand how management arrangements in HB, housing, and ACCESS can best align within Angus to produce a single result for customers – ie that they get the support they need to successfully claim HB, that they know how to report changes in circumstances quickly, and that this will help keep clear rent accounts in most cases. The Housing staff must be appropriately trained to make the right contact with their colleagues for their customers at the right time/key stages, and HB should have resources in place to respond. There is a sub-group of the Service Improvement Group which has been set up between the Revenues and Benefits manager and the Arrears co-ordinator to address these issues. This is a good way to proceed and the issues identified should have a real impact on the service and the performance if they can be worked through and implemented. It is key to understand who should do what, when, and how, at each of the key stages, so that there is no duplication or gaps. It may be useful to set out these actions, as a process flow, against the key stages for housing as a check for staff. While there are many issues which can be improved over 2009/10 there is a will to have good co-operation and this is fundamental to making progress. The main issue at this time appears to be the capacity in both housing and HB to take on board the improvements but this should be a question of time to clarify solutions and change practice, and in increasing mutual understanding of what can be done.

The welfare rights function can be most effective at an early stage to focus on income maximisation for customers alongside clear messages on their prime responsibility to pay rent. It is however mostly used at the rent arrears 'sharp end' of when legal action has started. While this is often very helpful for customers it would be much better to 'front load' the service to prevent or deal with small arrears, and help change payment habits. Volume of customers will be an issue, as the WRO service is not resourced to deal with the Housing volume currently, even though there is a dedicated member of housing staff in the team. It is worth working on a business case to see where investment in this service, particularly focused on when tenants need it, will be value for money for the HRA, whether this is for a temporary period of time until arrears are brought down to more manageable levels, or as part of an ongoing service, recognising the vulnerability and issues of affordability for many customers.

Legal action is an unfortunate fact of life for any landlord. The corporate group has spent significant time understanding the legal issues and the council's lawyer has given opinion on how to deal with the range of circumstances coming forward in cases getting to court. This is important in underpinning the council's ability to ensure there are consequences for non-payment of rent, and in making sure that Housing Officers are clear about how to prepare cases effectively before getting to legal action. As elsewhere in this report legal action will be an abiding feature of rent arrears work, to a higher extent than is desirable, over 2009/10. The mid to longer term strategy should however be to minimise the use of legal remedies, because of the financial and social cost, because it absorbs a lot of precious staff time, and because it is not always the most effective way to ensure good rent payment habits. This is why it is proposed that Notice of Proceedings should not be used to manage arrears and that focus and resources should be much more strongly placed on personal contact, getting agreements on arrangements and closely monitoring them.

The ACCESS service is critical to the council's contact with all its customers and increasingly this is the case for housing matters too. While Housing Officers must be able to concentrate on more complex cases and where arrears have already mounted, there is no doubt that ACCESS staff can help by taking more of a role while cash receipting in dealing with customer questions, or in checking accounts when tenants hand in notice to terminate their tenancy. These aspects are already in discussion and should be implemented. The ACCESS staff could also help by being trained to do some outbound calling to tenants who are in the early stages of arrears. This has proven successful for other landlords and may be a useful resource to help keep early arrears down while the Community Housing Team focuses more on higher arrears cases. Initiatives such as this should have the added benefit of increasing the council focus on rent payment.

In all of these interdependencies the council has corporately undertaken a significant amount of work over 2008/09, and raised the profile of arrears management as a shared priority. This augurs well for the potential performance in 2009/10. However there is no doubt that the current volume of outstanding cases and the 'newness' of some of the processes creates some challenges for the corporate team. The Service Improvement Team could move into a new phase in 2009/10 where it meets twice in the year to review progress and identify new areas for consideration – possibly in May and December – while overseeing a number of sub-groups to focus on more detailed work which is likely to be productive this year. The Housing Benefit sub-group has already been set up and it may be that a legal remedies sub-group could be useful and a short life WRO group could, for example work on a business case for more dedicated resources.

Elected members can add powerful leadership to the success of the strategy by making sure their communities understand the need, and the benefits, for an improved payment culture. They should also approve and track progress of the strategy and performance. These roles, along with appropriate delegated responsibility to the Director and Head of Housing for managing individual cases will ensure (a) proper procedures and good practice are followed, and (b) legal processes are efficient where they are needed.

## **Conclusion**

This report has set out the progress made by the council since it began to focus on improving its performance on arrears. While improvement has been slow to deliver results the work done by all staff during 2008/09 provides a platform for taking ahead a greater rate of improvement in 2009/10. Further work is required on former tenants arrears to have an action plan to reverse its downward trend. There is cause for optimism that the council can substantially improve its position relative to its peers in a two to three year period so long as it continues to maintain the priority for reducing arrears and the dedicated resources to achieve this. The strategy should be rolled forward during 2009/10 and the next steps as recommended in this review are summarised here. While there is no doubt that there is a good range of skills among the staff and a willingness to succeed, there is equally a need to further build confidence that it is achievable by more direct involvement of the community housing teams in planning the actions to deliver the strategy, and monitoring their own progress.

### **Next Steps:**

- Speed up process for legal action by delegating approval to Head of Housing.
- Elected members should scrutinise performance regularly.
- Update the strategy before the end of 2009/10.
- Carry out a full self-assessment by Sept/Oct 2009/10
- Ensure a stronger focus on the beginning and end of tenancies as key stages to prevent both current and former tenants arrears.
- Focus on getting arrangements as early as possible with tenants in arrears.
- Schedule the Service Improvement Group for twice a year (May and December) and establish sub-groups to work on specific issues

- Complete the work already set out by the Housing benefit sub-group and implement.
- Complete local Community Housing Team plans by mid-May and monitor throughout the year
- Assess the business case for two more income maximisation/money advice workers to be placed in the main housing offices.
- Use the ACCESS teams to do outbound calling where possible.
- Produce new procedural guidance for staff and quality assure the key processes.

## **Executive Summary**

The council has begun to tackle its increasing arrears trend and aims to improve its performance significantly over a three year period. It is determined to provide the appropriate leadership for both staff and customers so that the culture of rent payment is strengthened and arrears reduced and new arrears prevented where possible. It has achieved some progress in 2008/09 by giving greater priority to managing arrears and by a number of measures upon which it can build in the coming year. It wishes to increase its progress in 2009/10 so that it is more in line with its peers and to ensure it is following good practice.

This external review of the current practice in managing arrears aims to build on the council's achievements so far and to contribute practical recommendations for improvements which can be implemented during 2009/10.

The council's management arrangements now ensure that there is local responsibility for collecting arrears through the Community Housing Teams, with a small central support team aiming to provide more consistent processes, procedures and use of systems. A performance framework is being developed and introduced, and fair progress has been made in developing corporate working relationships so that critical interdependencies with housing benefit, welfare rights, legal action, and the ACCESS service are recognised, with the aim of using all appropriate resource and expertise. This is a reasonable approach to managing local communication with tenants and to having better practice and standardised and efficient processes in place. While there remains much to be done this structure can be used to drive improvements in the coming year.

Importantly recent figures on current arrears collection do show that the rising trend has been halted and therefore there is reason to be optimistic that the council direction is working and that staff are gaining confidence in how they manage arrears. However it is also important to recognise that this is a fragile stage where performance could go either way. Performance on former tenants arrears is declining and needs specific review and an action plan in place in early 2009/10. The key to success will be to have clearly understood plans, maintaining strong direction and leadership, with good monitoring and reviewing processes, while at the same time there is consistent resourcing and further improved skill levels. In some instances it may make sense to increase resources where, for example, 'spend to save' approaches can be demonstrated. It is fair to assume that it will take another two to three years for the council to get to the position it wishes to.

The review recommends a much stronger focus on the beginning and end of tenancies as key stages in preventing both current and former arrears. Currently these are weak in relation to promoting good rent payment habits. It also encourages the council to continue with the work begun in the corporate Service Improvement Group, lessening the frequency of the full working group and doing more detailed specific work on identified issues as part of the 2009/10 improvement plan.

The current strategy should be updated by the end of 2009/10, and a fuller self assessment done, in line with the Scottish Housing Regulator's recommended approach and good practice recommendations. However the key focus in the early part of 2009/10 should be to encourage local action and to develop local plans, maximising the range of skills which are currently present within and across the community housing teams, and really driving the performance improvements which have just begun to be evident. Some training and development will be needed to bring the overall standard of knowledge and skills up to the 'best in class' within the council, and to ensure processes are well integrated across Housing services

and Housing Benefits. Some further capacity for income maximisation and money advice work could really help to 'front load' improved advice for customers at the key stages, and could provide value for money for the HRA as well as wider community benefit, by increasing benefit uptake and helping to make tenancies sustainable. As progress is made during 2009/10 in dealing with the current volume of high balance cases the aim should be to put more of the effort into the early stages with customers, reducing the numbers of new arrears cases, ensuring affordable, early, repayment arrangements, and moving away from the focus on legal action. Personal contact with new tenants or with tenants on low outstanding balances, rather than a reliance on formal processes alone will make the difference as the high arrears cases are reduced.

Communication with tenants, both individually and collectively, should be greatly increased during 2009/10 to help shift the culture, focusing on key messages of the importance of paying rent, and getting support where it is needed. The report makes recommendations on this for local levels and also through the council more formally where elected members have a key leadership role to play.

#### Next Steps:

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