

**RESOURCES, REMUNERATION & REGENERATION
COMMITTEE
17 NOVEMBER 2011**

ITEM C1

PERFORMANCE MONITORING INFORMATION QUARTER TWO 2011/12

Report of the Chief Executive of Derby Homes

1. SUMMARY

This report is submitted by the Chair's Group to highlight key performance issues arising from the discussion of quarter 2, 2011/12.

2. RECOMMENDATION

The Committee is requested to note and comment on the contents of this report.

3. MATTER FOR CONSIDERATION

3.1 The Chair's Group considered the quarter 2 performance report at the meeting on 17 October 2011. A copy of the performance report is available on request from Julie Eyre, Performance Manager.

3.2 Finance Perspective – Rent Arrears

3.2.1 North Area Performance Quarter 2 2011/12

The North Area current arrears were £590,829 at the end of quarter 2. This is 11.4% behind the end of quarter 2 target of £523,472.

Qtr 2 2011/12

Office	Current Arrears Quarter 2	Target	% Ahead/behind
Brook Street	£77,042	£63,887	-17.0%
Chaddesden Park	£91,764	£85,875	- 6.41%
Cowsley	£104,358	£117,019	+10.8%
Mackworth	£162,833	£120,002	-26.3%
Spondon	£37,714	£30,059	-20.2%
Sussex Circus	£117,117	£106,627	-8.95%

3.2.2 South Area Performance Quarter 2 2011/12

The South Area current arrears were £829,594 at the end of quarter 2. This is 9.96% behind the end of quarter 2 target of £746,898.

Qtr 2 2011/12

Office	Current Arrears Quarter 2	Target	% Ahead/behind
Chellaston	£39,216	£32,985	-16.1%
Alvaston	£81,046	£75,110	-7.32%
Osmaston	£160,740	£132,066	-17.8%
Allenton	£124,617	£101,608	-18.4%
New Sinfen	£53,805	£59,014	+8.82%
Old Sinfen	£61,712	£47,324	-23.3%
Austin	£123,292	£130,616	+5.60%
Littleover	£27,951	£22,689	-18.8%
Stockbrook St	£157,212	£145,486	-7.45%

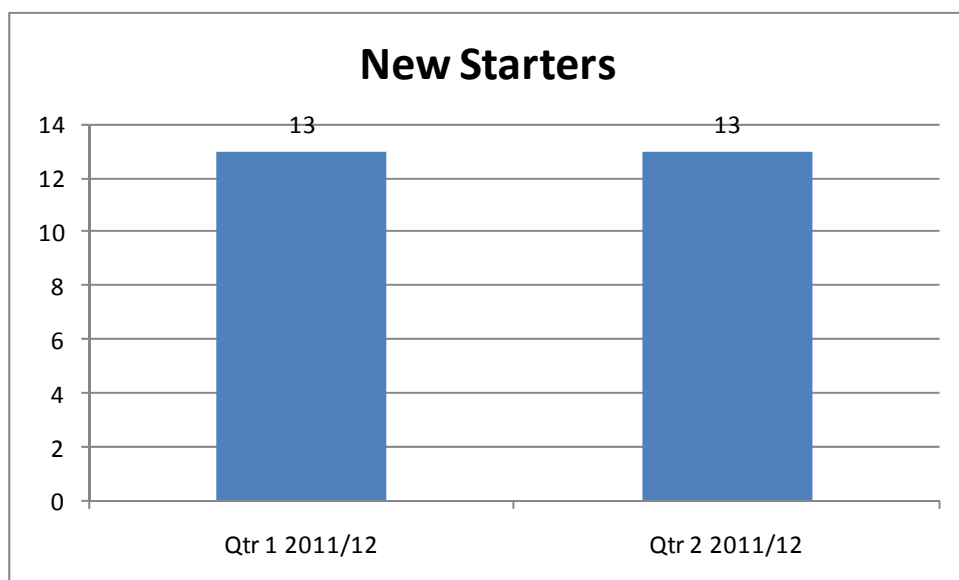
3.2.3 An update on rent arrears will be brought to all future Board meetings. A copy of the one to 29 September Board is attached at Appendix A.

3.3 Financial Perspective- Invoices

In quarter 2, invoices paid within 30 days was 92.28% against a target of 97%. Constant changes in the Repairs Team structure has been identified by the responsible officer as the reason for the bottlenecks and delays.

3.4 Staffing Perspective

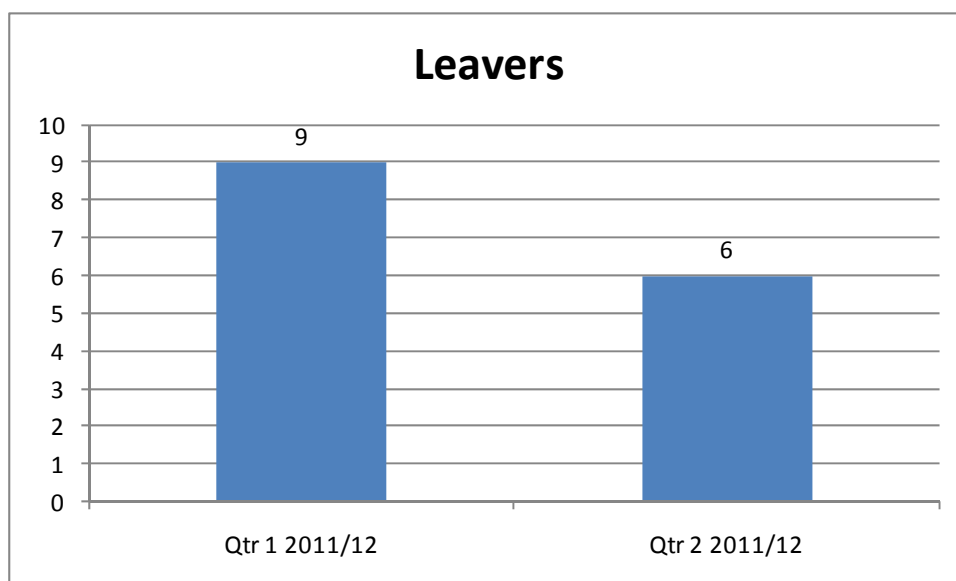
3.4.1 Starters June 2011- September 2011



3.4.2 There were 13 new starters during the quarter April to June. This is an average of 4.33 starters each month during this quarter. Nine of the new starters were Gas Engineers, one was in Communications and Marketing, 2 were in the Repairs Team and one was in Finance.

3.4.3 There were 13 new starters during the quarter July to September. This is an average of 4.33 starters each month during this quarter. Eight of the new starters were Gas Engineers, 4 were Customer Service Apprentices and was in Maintenance.

3.4.4 Leavers June 2011- September 2011



3.4.5 There were 9 leavers during the quarter April to June. This is an average of 3 leavers each month within this quarter. This included one Estate Response Apprentice, one employee from Housing Operations, 2 employees from Supported Living, one employee from Resident Involvement, one Gas Engineer and one employee each from the Performance Team, Communications and Marketing and Community Initiatives.

3.4.6 There were 6 leavers during the quarter July to September. This is an average of 2 leavers each month within this quarter. This included 2 Estate Response Apprentices who had reached the end of their contracts, two employees from Housing Operations and two employees from Supported Living.

The areas listed below have no implications directly arising from this report:

Consultation
Financial and Business Plan
Legal and Confidentiality
Council
Personnel
Environmental
Equalities Impact Assessment
Health & Safety
Risk
Policy Review

If Board members or others would like to discuss this report ahead of the meeting please contact the author, or Phil Davies, Chief Executive, phil.davies@derbyhomes.org – Phone: 01332 888528
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Background Information: None Supporting Information: None

Resources, Remuneration & Regeneration Committee 17/11/11 Replacement Appendix A - Performance Monitoring



DERBY HOMES BOARD
24 NOVEMBER 2011

UPDATE ON RENT ARREARS

Report of the Director of Housing & Customer Services

1. SUMMARY

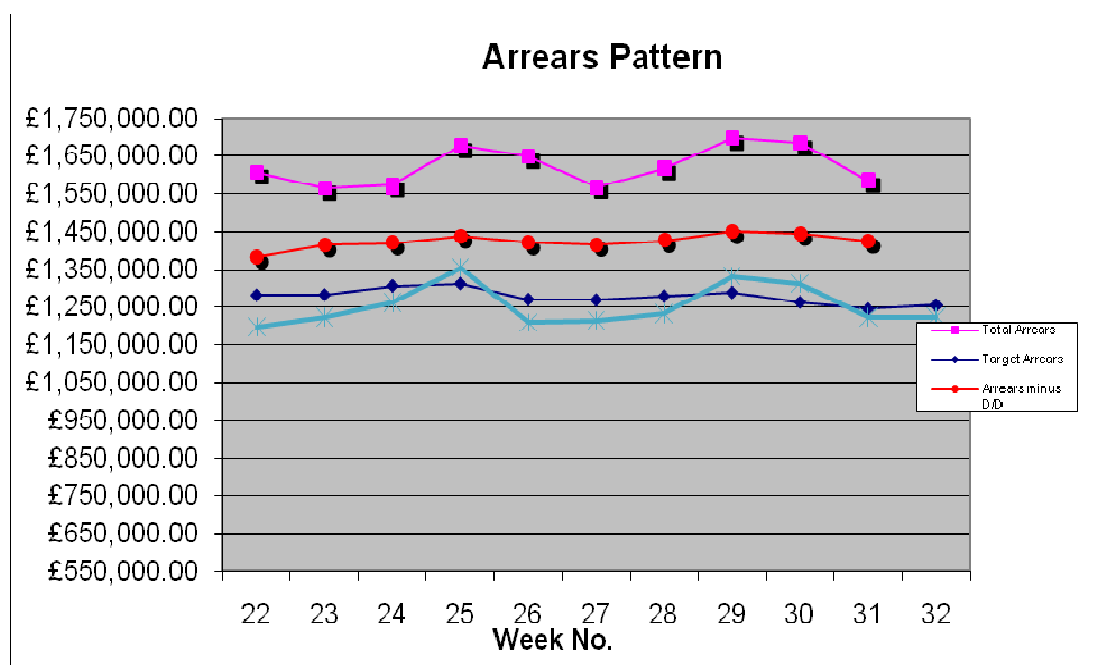
This report sets out current performance on rent arrears and advises the Board of the ongoing management actions and analysis undertaken since the last report.

2. RECOMMENDATION

The Board is asked to note the content of this report and approve the actions being taken.

3. MATTER FOR CONSIDERATION

- 3.1 The table below shows the ongoing trend of rent arrears. As at 7 November 2011 the current arrears were £1,585,657, against a target arrears figure of £1,223,229.



- 3.2 Since April 2011 we have seen an increase in the levels of arrears. At the beginning of the financial year the arrears were £1,088,358 which in real terms is an increase of £497,299. However, each year trends show an increase during the year which then reduces at given points towards year end. With this in mind our

target position is based on the arrears figure at the same point in time for the previous financial year and as at 7 November 2011 we were £362,428 above target position.

- 3.3 Further analysis of the arrears position was carried out at week 30, which is week commencing 24 October 2011. This analysis concentrated on looking at cash flow this year as compared to last year.
- 3.4 The difference, so far this year, between the amounts we have charged (the debit) and the amount we have collected shows that we have £573,101 of new arrears since the start of the financial year. Last year at week 30, this was £262,631.
- 3.5 We estimate that around two thirds of these new arrears are due to Housing Benefit and one third is cash-flow. There has been a reduction in performance in the processing of Housing Benefit claims, in terms of both new claims and renewals and this is having a serious impact on our arrears figure. This is due to reductions in overall numbers of processing staff and also changes to benefit regulations which have slowed down the processing of claims.
- 3.6 Board Members will recall that in early September 2011 Derby Homes agreed to fund an agency worker who would provide an additional resource to help process outstanding local authority claims. This additional resource has been in place for a month. The last four weeks of payments average £637,000 as opposed to an average of £633,000, a small if welcome improvement.
- 3.7 The table below shows the Housing Benefit postings received over the last 12 weeks.

WK	DATE	AMOUNT £		WK	DATE	AMOUNT £
20	15.08.11	635,916		26	26.09.11	636,719
21	22.08.11	634,873		27	03.10.11	623,774
22	29.08.11	629,330		28	10.10.11	637,968
23	05.09.11	619,575		29	17.10.11	634,538
24	12.09.11	644,211		30	24.10.11	632,669
25	19.09.11	638,922		31	31.10.11	641,051

This table does not take account of under and over payments processed through Housing Benefit and further analysis of this is being carried out. Further discussions with the Head of Benefits and Exchequer Services at Derby City Council will take place on 23 November 2011 and an update on progress on Housing Benefit will be given at the meeting on the outcome of these discussions.

- 3.8 Our cash flow position is also being negatively affected due to the way that we process Direct Debit. In September 2010 we administered a change to the dates credits were posted to rent accounts. This was necessary because we were crediting the account at the point of requesting the Direct Debit and this was showing accounts in credit. The change, which now complies with accounting requirements, has the effect of showing accounts a week in arrears and this had had the effect of adding around £130,000 to the overall arrears figure. This problem is further compounded where tenants opt for the payment date on 28th of the month. We have now withdrawn this option and will try to encourage more tenants to opt for 1st of the month.

- 3.9 Another complication caused by Direct Debits includes an increase in what are technically false arrears in five week months. The monthly calendar payment is calculated on a flat four weeks rent, therefore in five week months the account falls a further week into arrears. This balance is only corrected during rent free week periods and this will be significantly improved following the two rent free weeks at the end of December 2011.
- 3.10 So long as tenants maintain their Direct Debit payments, accounts will be clear at year end. It is also the case that we receive significant levels of backdated Housing Benefit during the final two rent free weeks before year end. Based on our current analysis this means that the final arrears are unlikely to be at least £150,000 higher than the closing point of 2010/11. However, should we see a continued improvement in Housing Benefit performance, the closing figure could be closer to target. I think this would be a reasonable outcome given the economic situation.
- 3.11 This analysis does give some reassurance against the current position but we are not complacent and are continuing to take steps to ensure our processes are robust. We have almost completed the restructure of the Income Management Team which provides more resources to tackle rent arrears. We have also strengthened the team in the area of income maximisation and financial inclusion in readiness for changes to welfare benefits and to ensure that we perform better in helping tenants' access benefits and avoid arrears.
- 3.12 We are continuing to encourage tenants to pay by Direct Debit. We currently have around 2,000 tenants on Direct Debit and our aim is to increase this further. We have been including mandates with all initial arrears letters and have run a marketing campaign in Derby Homes News. We have contacted 6,800 tenants who currently pay their rent and Council Tax, but not currently by Direct Debit and offered entry into a draw for a £150 prize for those who complete and return the mandate.
- 3.13 On 29 September 2011 Derby Homes Board approved proposals to consult with tenants on the current arrangements for rent free weeks. Three options have been presented to Housing Focus Groups:
- Retain the current arrangements of 4 rent free weeks
 - Reduce to two rent free weeks at the end of March
 - Abolish the rent free weeks and move to a 52 week rent year.
- 3.14 At the time of writing this report we had consulted with three out of five Housing Focus Groups, all of whom indicated a preference to retain the current arrangements. A verbal update will be given at the meeting on the preference of the two remaining Housing Focus Groups.
- 3.15 Further consultation will be done through Derby Homes News in December 2011 and a final outcome reported in January 2012. If they are retained then it is proposed to move a rent free week to week one, which will help reduce the false Direct Debit payer arrears caused by five week months.
- 3.16 It is also proposed to publicise a prize draw at the financial year end for all tenants with clear rent accounts or on Direct Debit or signed up to the tenants' dashboard on the website. Ten prizes of £250 decoration / home improvement vouchers will be awarded.

4. CONSULTATION IMPLICATIONS

As shown in paragraphs 3.13 to 3.16 above.

5. FINANCIAL AND BUSINESS PLAN IMPLICATIONS

The future funding of the HRA is dependent on the effective rent collection. If arrears increase this will reduce the amount of funds available for future repairs and services.

6. PERSONNEL IMPLICATIONS

None at the present time.

7. RISK IMPLICATIONS

The risk that arrears will rise and there will be a loss of funds to pay for repairs and services.

The areas listed below have no implications directly arising from this report:

Legal and Confidentiality
Council
Environmental
Equalities Impact Assessment
Health & Safety
Policy Review

If Board members or others would like to discuss this report ahead of the meeting please contact the author, or Phil Davies, Chief Executive, phil.davies@derbyhomes.org – Phone: 01332 888528

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Background Information: None.

Supporting Information: Derby Homes Board 29 September 2011 Item B4.