

RENT ARREARS UPDATE

Report of the Director of Housing and Customer Service

1. SUMMARY

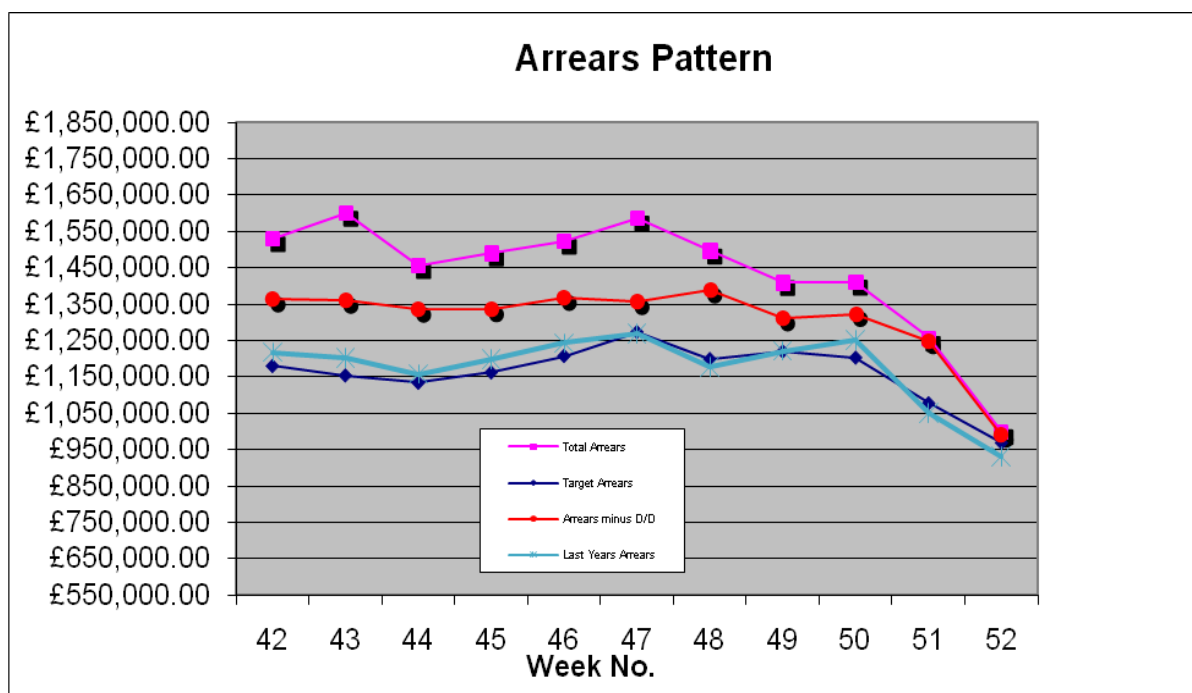
This report presents the year end performance on rent arrears and advises the City Board on the ongoing management actions since the last report.

2. RECOMMENDATION

The City 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 year end out turn on rent arrears.



3.2 As at 30 March 2012 (week 52) the total current arrears were £1,000,443, against a target arrears figure of £970,208. Excluding arrears of Direct Debit and Standing Order payments the total actionable arrears figure was £990,550.

3.3 The total % of rent collected against the total debit for 2011/12 was 98.28%. This represents similar performance to 98.37% in 2010/11. This is excellence performance against a back drop of a 7% rent increase.

- 3.3 The total number of arrears cases at year end was 3,374. This is a slight reduction on 3,390 which was the total number of arrears cases at year end in 2010/11.
- 3.4 At year end the number of tenants owing more than seven weeks of rent as a % of the total tenants was 6.49%. This is also a reduction against 2010/11 when the figure was 6.57%.
- 3.5 Throughout the year we have worked closely with Derby City Council (DCC) Housing Benefit Processing team. The table below shows the weekly Housing Benefit postings received over the last twelve weeks.

WK	DATE	AMOUNT £		WK	DATE	AMOUNT £
41	09.01.12	606,133		47	20.02.12	667,968
42	16.01.12	620,561		48	27.02.12	666,144
43	23.01.12	634,801		49	05.03.12	634,302
44	30.01.12	641,259		50	12.03.12	636,205
45	06.02.12	641,860		51	19.03.12	59,364 *
46	13.02.12	634,722		52	26.03.12	33,465 *

* Denotes rent free weeks.

- 3.6 The sustained improvement in benefit processing, particularly on new claims, has contributed to the reduction in rent arrears. We have continued to fund an additional agency employee within the Processing team to concentrate on Derby Homes claims and propose to continue this arrangement through to June 2012. We estimate that this will cost in the region of £15,000. Discussions are ongoing with DCC to ensure that we continue to effectively work in partnership to achieve continued improvements in performance.
- 3.7 From the beginning of February 2012 we have been making out of hours telephone contact with tenants in arrears. This initiative has resulted in 2,067 successful contacts, 499 arrangements to pay over £50.00 and 96 cash payments made during calls totalling £13,328.82. Where we did not receive a response from the tenant 1,186 text messages were sent.
- We are currently evaluating the cost of this exercise and looking to introduce more out of hours working within our standard collection processes.
- 3.8 During the rent free weeks we have conducted a high profile 'Pay to Stay' campaign. This has targeted Sinfen ward which was the electoral ward with the highest arrears in the City. All tenants in arrears in Sinfen and Osmaston were contacted with an emphasis on rent payments being made through the rent free weeks to reduce their outstanding arrears.
- 3.9 During the rent free weeks we received total payments of £334,534.46. This was broken down by £77,852.58 Direct Debit and Standing Order payments and £256,681.88 cash payments.
- 3.10 We have now notified the ten winners of this year's clear rent account incentive draw. Further publicity will follow in due course.

- 3.11 Continuing to prepare for the forthcoming welfare benefit reforms we have recruited to two temporary positions which provide additional resources to work on publicity and raising awareness amongst tenants who will be affected. A key area of work over the next twelve months will be identifying and working directly with tenants under-occupying properties and promoting options, including mutual exchange to minimise the impacts of reductions in Housing Benefit payments from April 2013.
- 3.12 External training has been arranged for the Income Management Team on 9 May 2012 on Discretionary Housing Benefit Payments. These payments are intended to temporarily relieve hardship through changes to benefit payments/circumstances and the budgets for these payments have been greatly increased to cope with the changes. Traditionally claims have been very low. We aim to maximise the use of discretionary housing payments to assist our tenants with the transitions.
- 3.13 Income Management functions are subject to an internal audit inspection by the Central Midlands Audit Partnership, due to commence during April 2012. This audit will examine all of our processes and procedures to ensure compliance and best practise. An action plan will be produced and the recommendations of the audit will be reported to Audit Committee in due course.

4. FINANCIAL & BUSINESS PLAN

The future funding of the Housing Revenue Account is dependent on maintaining effective income collection and minimising the levels of rent arrears.

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

Consultation
Legal & Confidential
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

Author: Maria Murphy. Director of Housing & Customer Service
maria.murphy@derbyhomes.org Tele Derby 01332 888522

Background Information: None.

Supporting Information: None.