

## PERTH AND KINROSS COUNCIL

## Housing and Health Committee

29 March 2017

## Rent Arrears – Cash Collection within Localities

## Report by Acting Executive Director (Housing and Community Safety)

**PURPOSE OF REPORT**

This report seeks Committee approval to make permanent the temporary arrangements to collect payments in local housing offices and tenants' homes as one way of supporting and reducing the Council's rent arrears.

**1. BACKGROUND/MAIN ISSUES**

- 1.1 In a report to Housing and Health Committee in May 2016 (Report 16/233) members approved the extension of the successful cash collection pilot for Council house rents to May 2017 in order to manage and reduce the current high level of rent arrears. Previously, in 2009, the Council agreed (Report 09/325) that cash collection in rural localities would cease, with the exception of the Council's main office in Pullar House and in Letham, Perth and promote alternative methods of payment. This decision was based on the costs of cash collection in rural Council areas compared to similar services offered through Post Offices and Paypoints and recognising a reduction in the number of payments made at rural offices.
- 1.2 In the meantime, however, the level of rent arrears for Council houses has continued to increase and is currently significantly higher than the Scottish average. The Council is aware of the challenge of collecting rent and the need to improve our rent arrears performance. As a result, the service introduced a range of initiatives to try and prevent as well as manage a reduction in the level of rent arrears incurred by tenants.
- 1.3 One of these initiatives was a pilot introduced in January 2016 to support improved performance in the collection of Council house rents. The objectives of the pilot were to give all housing staff the ability and flexibility to accept payments for arrears and rent when and where offered by tenants. The aim of this was to increase rental income and reduce rent arrears.
- 1.4 A key element of the service's approach to preventing and minimising rent arrears is to maximise face-to-face contact with tenants. This means officers working locally, meeting tenants in their homes, offering support, as well as having challenging conversations about the need for tenants to keep their rent payments up to date. It has been essential for officers to have the flexibility to accept payments where tenants agree to pay towards their rent arrears and critical that staff are able to accept cash payments where offered.

- 1.5 In 2015/16 our collection rate of Council house rents rose to 98% a rise of 1.9% from the previous reporting year. However, this performance was lower than the Scottish average (99.5%) and our arrears levels remained significantly higher.
- 1.6 Housing and Health Committee approved the extension of the pilot in May 2016, recognising it was discrete work focused on collection of Council house rents and not for other services. The Director was to submit an update report on the impact of these arrangements in August 2017, but in light of the success of the pilot and its impact over the last 12 months, it is proposed now to make this arrangement a permanent one.

## 2. THE NEED FOR CASH COLLECTION OF COUNCIL HOUSE RENTS

- 2.1 Managing rent arrears and ensuring tenants are able and supported to pay their rent is a key challenge and priority for the Council and for councils across Scotland, particularly in difficult economic times.
- 2.2 Having the ability and flexibility to collect cash from tenants able and willing to make payments to reduce their rent arrears locally is continuing to prove effective. During the pilot period January to end December 2016 over £226k in cash payments was received, as indicated in the table below. Although the Letham team already had the facility to accept cash payments within the office (along with Pullar House), the pilot has enabled the team to significantly increase payments received. Before the pilot, the Letham team collected £81,941 in the 12 months from January 2015 to December 2015, and this increased by 56.5% to £128,246 during the pilot.
- 2.3 The table below summarises the amount of rent collected across the teams, the majority of which was accepted at local housing offices. It also demonstrates the reduction in arrears levels across teams during this period.

Locality Team	Amount Paid (1 January 2016 to 31 December 2016)	% (net) rent arrears per area Mar 16 *	% (net) rent arrears (net) Feb 17 *
Letham/Hillyland	£128,246	14.46/14.49	10.84/12.97
Blairgowrie/Pitlochry	£ 85,085	10.37/9.15	9.16/6.16
Crieff/Kinross	£ 4,775	10.77/13.08	8.12/9.28
Generic Login	£ 8,225		
<b>Total</b>	<b>£226,482</b>	(12.78% total P+K as in table below)	(10.44% total P+K as in table below)

\* % arrears figures are for each area at March 16, compared to March 17.

\* net arrears figures have been used because gross figures were not available by locality for 2015/16.

- 2.4 Along with a range of initiatives this approach has contributed to a further improvement in our in year collection rate, with performance currently 100.07% an increase of 2.07% from the previous financial year.

- 2.5 Although performance continues to improve in all areas related to rent arrears, our arrears levels still remain higher than the majority of our peer group, so it remains an area for continued focus and improvement.

Area Performance	31 March 2016	February 2017
Gross rent arrears (all tenants) at 31 March as % rent due for the reporting year (Charter Indicator No. 31)	10.4%	9.85 %
Current tenant arrears as % of net amount of rent due in the year (Local Performance Indicator – as reported for 2015/16)	12.78%	10.45%

1. Gross rent arrears indicator is a Scottish Social Housing Charter indicator and includes current and former tenant arrears.

2. This was the previous national indicator so is a helpful comparison, but is not a Scottish Social Housing Charter. The figure includes current tenants only and doesn't include sequestrations within the year or the write offs.

- 2.6 The service will continue to monitor the chosen payment methods of tenants and encourage payment by the most efficient method. We need to offer and support tenants to pay their rent in as many ways as possible, and so propose to make this arrangement for collecting cash locally a permanent one.
- 2.7 As outlined in previous reports, there are no extra staff costs associated with local rent collection, as housing officers and assistants undertake this activity as part of their tenancy duties, taking the opportunity to accept cash when interacting with tenants for a wide variety of other reasons.

### 3.0 SUPPORTING CONTINUED IMPROVEMENT

- 3.1 Locality housing teams deliver a range of services to tenants to meet the Council's key priorities. However, given the significant challenges and the improvement needed a series of focussed "arrears drives" have been taking place across Perth and Kinross.
- 3.2 All frontline housing staff, supported by team leaders and senior managers within the Housing Service, focussed solely on rent arrears activities and agreed a targeted approach prior to each event, with senior managers visiting tenants where a court date or Decree had been approved. The first of these took place over 3 days (30 November-2 December 2016), with further 1 day campaigns in early February and two in March 2017.
- 3.3 This approach has had significant results as indicated in the table below, both in terms of additional income and importantly contact and engagement with tenants.

Action	Number
Phone Calls	1,451
Visits	555
New Repayment Agreements	138
Value of Payments Taken	£33,140

- 3.4 Due to its success, the arrears drive will continue for the remainder of 2017 with dates targeted at either the start or end of each month to maximise opportunities for payments.
- 3.5 Key to this success has been the ability for staff and tenants to be able to make and take cash payments.

### **Mitigating Risk**

- 3.6 The key risks associated with the introduction of the pilot were assessed and mitigated during the period of the pilot. These were assessed as being around lone working and the safety of staff, and the governance and financial procedures needed to safeguard cash collection.
- 3.7 Our lone working policy and risk assessments ensure that staff are aware of any risks associated with cash collection and are able to take the necessary measures to mitigate and reduce these risks. To date there have been no issues.
- 3.8 In relation to financial governance, robust procedures with clear governance and risk assessments were developed and reviewed with support from the Service's Internal Control Team. The systems and processes are audited by the housing Locality Co-ordinators and corporate finance officers reconcile the income between the rents and the financial ledger. In addition, the Council's Internal Audit team recently completed an audit of housing rents which resulted in an overall positive assessment. They scored the control measures as "strong" and "moderately strong" and had one action for the service on cash receipting. This involved an additional measure to tighten current arrangements for cancelled and spoiled receipts and this action will be completed next month.

### **Access to Specialist Support**

- 3.9 It is important that Housing staff and other frontline officers across the Council understand the issues that people face, including changes to the benefits system and challenges with managing their household finances. It is also important for tenants to be appropriately supported by staff to maximise their incomes, have budgeting skills, and where appropriate, can be given help and advice about employment opportunities and support.
- 3.10 Accessibility for many households continues to be an issue – transport links and costs impact on people's ability to access services, employment, support networks and is a very real issue in some of our rural areas.
- 3.11 A review of existing arrangements for the delivery of money advice, benefits and welfare rights services is therefore underway to identify improvements to locality working arrangements and address any issues to meet current and future needs of households facing financial difficulties. This should further support tenants to manage their income and finances and maintain their rent payments.

#### 4. CONCLUSION AND RECOMMENDATION

4.1 This report summarises the continued success of the cash collection pilot initiative which supports staff and tenants to reduce rent arrears. A key element of the service's approach to preventing and minimising rent arrears is to maximise face-to-face contact with tenants. This means officers working locally, meeting tenants in their homes, offering support and emphasising the need to keep rent payments up to date. It has been essential for officers to have the flexibility to accept payments where tenants agree to pay towards their rent arrears and critical that staff are able to accept cash payments where offered.

4.2 It is recommended that Committee:

- (i) Approve the proposal to accept cash payments for Council rents in local housing teams and tenants' homes on a permanent basis, following the success of the pilot.

##### Author

Name	Designation	Contact Details
Michelle Dow	Service Manager (Housing)	<a href="mailto:hcccommitteereports@pkc.gov.uk">hcccommitteereports@pkc.gov.uk</a> 01738 47500

##### Approved

Name	Designation	Date
Bill Atkinson	Acting Executive Director (Housing and Community Safety)	20th March 2017

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## 1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

<b>Strategic Implications</b>	<b>Yes / None</b>
Community Plan / Single Outcome Agreement	<b>Yes</b>
Corporate Plan	<b>Yes</b>
<b>Resource Implications</b>	
Financial	<b>None</b>
Workforce	<b>None</b>
Asset Management (land, property, IST)	<b>None</b>
<b>Assessments</b>	
Equality Impact Assessment	<b>None</b>
Strategic Environmental Assessment	<b>None</b>
Sustainability (community, economic, environmental)	<b>None</b>
Legal and Governance	<b>Yes</b>
Risk	<b>Yes</b>
<b>Consultation</b>	
Internal	<b>Yes</b>
External	<b>None</b>
<b>Communication</b>	
Communications Plan	<b>None</b>

### 1. Strategic Implications

#### Corporate Plan and SOA/Community Plan

1.1 The Council's Corporate Plan 2013 – 2018 lays out five outcome focussed Strategic objectives which provide clear strategic direction, inform decisions at a corporate and service level and shape resources allocation. They are as follows:

- (i) Giving every child the best start in life
- (ii) Developing educated, responsible and informed citizens
- (iii) Promoting a prosperous, inclusive and sustainable economy
- (iv) Supporting people to lead independent, healthy and active lives
- (v) Creating a safe and sustainable place for future generations

1.2 This report relates to all of these objectives.

### 2. Resource Implications

#### Financial

2.1 None arising from this report.

#### Workforce

2.2 None arising from this report

Asset Management (land, property, IT)

2.3 N/A

**3. Assessments**

Equality Impact Assessment

3.1 Under the Equality Act 2010, the Council is required to eliminate discrimination, advance equality of opportunity, and foster good relations between equality groups. Carrying out Equality Impact Assessments for plans and policies allows the Council to demonstrate that it is meeting these duties.

- The proposals have been considered under the Corporate Equalities Impact Assessment process (EqIA) and are not relevant

Strategic Environmental Assessment

3.2 The Environmental Assessment (Scotland) Act 2005 places a duty on the Council to identify and assess the environmental consequences of its proposals. However, no action is required as the Act does not apply to the matters in this report.

Risk

3.3 A Risk Assessment and associated procedures for cash collection and cash handling to support and protect staff have been developed.

**4. Consultation**

Internal

4.1 The Head of Finance has been consulted on this report.

External

4.2 The Tenant Committee Report Panel were consulted on this report and commented that "we need to continue to reduce rent arrears and we need early intervention to prevent them amassing."

**5. BACKGROUND PAPERS**

None

**6. APPENDICES**

None