

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

REPORT TO: Leader and Cabinet
AUTHOR: Finance and Resources Director

13 April 2006

RENT SERVICE STAFFING STRUCTURE

Purpose

1. To request approval to increase the Rent Service staffing establishment by the equivalent of 0.6 full time posts (twenty two hours), funded through increased income, in order to improve rent collection levels and Best Value Performance Indicator scoring.

Effect on Corporate Objectives

2. Quality, Accessible Services	An increase in experienced staff will improve customers' access to expert advice.
Village Life	Improved rent collection means more revenue available to spend on Housing needs. Earlier intervention will prevent arrears escalating to the stage of eviction, enabling tenants to remain in their home.
Sustainability	Rental income is essential to maintaining and improving the existing Housing stock.
Partnership	Additional resources will facilitate proactive working with the Citizens' Advice Bureau and other agencies on debt management issues.

Background

3. The Rent Service is responsible for the administration and collection of rents from approximately 5,300 Housing tenants and 1,200 garage tenants. The annual amount of rent charged for 2005/06 was £18 million and arrears at the end of the 2005/06 financial year are approximately £640,000 (including former tenant arrears).
4. The 2005/06 financial year has seen an increase in arrears levels, primarily due to long-term illnesses suffered by two employees. Both employees have now successfully returned to full time work and there has been a noticeable improvement in arrears since a high point of £793,000 in January 2006. However, the absences have highlighted the low resourcing levels for this service and its vulnerability to absence and staff turnover.
5. At the end of 2004/05 rent arrears were £549,000, of which £430,000 was owed by current tenants. This equated to a collection rate of 97.4%. Whilst the collection rate is still relatively high, it is disappointing when viewed in the context of a District Council with little deprivation, low levels of benefit claimants and a high proportion of rent paid through direct debit.
6. Indications are that arrears levels are mainly due to a small number of persistent non-payers who run up large debts. Managing persistent arrears cases requires greater investment of resources than managing low value arrears cases. Effective and regular intervention at an early stage of arrears is essential in order to break the debt

cycle, but current limited resources frequently mean that intervention is sporadic and limited to the issue of standard letters.

7. Management support for the Rent Service was improved during September 2005 with the appointment of an experienced person to a team leader position. Since the appointment there have been marked improvements in performance monitoring and working practices, however, this improved management of the Services has also highlighted inadequacies resulting from the limited resources employed on the team.
8. The Office of the Deputy Prime Minister introduced a range of Best Value Performance Indicators (BVPI's) relating to rent collection from April 2005. The traditional measure of the percentage of rent collected is retained, but three new indicators were added; percentage of tenants more than seven weeks in arrears, percentage of tenants receiving notices seeking possession and percentage of tenants being evicted. The additional BVPI's are intended to encourage social landlords to achieve high collection rates, but also to limit the use of possession proceedings. Achieving top quartile performance across this range of indicators will mean there needs to be more emphasis on arrears prevention initiatives.
9. An informal benchmarking process was recently carried out with a local Housing Association with a good reputation for arrears management, in order to identify areas where recovery procedures could be improved. The Housing Association attributes much of its good performance to early intervention when arrears begin to accrue. The Council's Rent Service has adopted some initiatives identified from this exercise, but one striking fact to emerge from the benchmarking was the disparity between the staffing resources allocated to arrears collection between the two organisations. The Council employs just two full time equivalents, compared to six employed by the Housing Association, and the difference is even more pronounced when the number of rent accounts is considered.

10.

	No. of accounts	No. Arrears Officers	Accounts per Officer
Local Housing Association	5,000	6	833
SCDC	6,500	2	3,250

Considerations

11. There has been a considerable improvement in arrears levels since January 2006 but arrears are still significantly higher than in recent years. With current resources it is anticipated that arrears will be reduced to previous levels during 2006/07 but are unlikely to improve further.
12. A Rent Assistant has submitted a request to reduce weekly working hours to 22 hours per week due to childcare commitments. The request has been agreed in principle and will leave 15 hours per week vacant. This has presented an opportunity to review the current resourcing levels.
13. By utilising the vacant hours, and funding a further 22 hours per week from increased rental income, one additional full time post can be added to the establishment. Whilst this would not increase the resources to the level enjoyed by other organisations it would provide greater capacity for arrears collection and also improve the Service's resilience. An increase in income is necessary to fully fund the post, but the utilisation of vacant hours allows an opportunity to evaluate the effectiveness of investing in additional resource to improve income, whilst keeping the financial risk at a minimum.

Options

14. There are two options;
1. Retain the existing staffing establishment and attempt to recruit a part-time employee on a job share basis to fill the hours left vacant due to reduced working hours.
 2. Utilise the vacant hours to create an additional full time post funded partly by the vacant hours and partly by increased rent income.

Financial Implications

15. Increasing the staffing establishment by twenty-two hours will incur an annual cost of approximately £12,200 based on current salary levels.

Rent Assistant salary	£21,800
Less saving from reduced hours	<u>£9,600</u>
Additional annual funding required	£12,200

The utilisation of an additional post in arrears collection is anticipated to result in additional income in excess of £12,200.

Legal Implications

16. None.

Staffing Implications

17. A current full time Rent Assistant post would be reduced to 22 hours per week and an additional full time Rent Assistant post created. This would facilitate a request from an existing post holder for part time working following maternity leave.

Risk Management Implications

18. Without investment in additional staffing resources, the Rent Service will remain vulnerable to staff absence and turnover. In addition it may prove difficult to recruit to the vacant hours, resulting in the team operating with further reduced capacity and the potential for deterioration in service levels and collection performance.

Consultations

19. The Leader and Portfolio Holders for Resources and Staffing and for Housing have been consulted and express support for a more robust approach to rent collection.

Conclusions/Summary

20. The current Rent Service is under resourced which leads to elevated arrears levels and a high vulnerability to sickness absence and staff turnover.
21. There are four Best Value Performance Indicators for the Rent Service and additional resources will lead to an improvement in performance as measured by these indicators.

22. A reduction in the level of arrears will improve the financial standing of the Housing Revenue Account.
23. Additional staffing resources will facilitate earlier intervention in developing arrears cases, which is consistent with good debt management practice promoted by organisations such as the Citizens' Advice Bureaux.
24. An increase in staffing resources by 22 hours per week can be achieved at nil cost by utilising vacant hours and offsetting the additional costs by increased rent income.

Recommendations

25. It is recommended that Cabinet approve an increase in the authorised establishment of the Finance and Resources Department to provide for an additional 22 hours per week to be worked on the Rent Collection Service.

Background Papers: the following background papers were used in the preparation of this report: None

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