



Report for:	<b>Housing and Community Overview and Scrutiny Committee</b>
Date of meeting:	<b>7 October 2020</b>
Part:	<b>Part 1</b>
If Part II, reason:	

Title of report:	<b>Housing Rent and Income service: Update</b>
Contact:	Cllr Margaret Griffith, Portfolio Holder for Housing  Author: Sandra Mogan, Team Leader Rent and Income
Purpose of report:	To update members on the implementation of the Orchard Income Analytics IT system and changes made to improve performance and mitigate external factors
Recommendations	That members consider the report and make comments as felt appropriate.
Period for post policy/project review	12 months
Corporate objectives:	Affordable Housing Delivering an efficient and modern Council
Implications:	<u>Financial</u>  Identifying tenants in need of support, reduce rent arrears and maximise income will ensure that Dacorum's Housing Service can maintain its financial position and demonstrate a sound financial long-term plan for the Housing Revenue Account.  <u>Value for money</u>

	With Covid-19 having an impact on the ability to collect rent, tools like Income Analytics can provide value for money and make better use of time to maximise its rent collection and debt recovery to safeguard the Housing Revenue Account.
Risk implications	Failure to maximise rent collection and recover debts places a financial risk on the organisation and risk of eviction for tenants which in turn could increase pressure on the Homeless Team.
Community Impact Assessment	Community Impact Assessments are completed before any new policy decisions are made
Health and safety Implications	N/A
Consultees:	Layna Warden – Group Manager, Tenants and Leaseholders Fiona Williamson – Assistant Director, Housing Mark Gaynor – Corporate Director, Housing and Regeneration Rent and Income Team Orchard Systems
Background papers:	H&C Overview and Scrutiny Committee Universal Credit report June 2019 H&C Overview and Scrutiny Committee HouseMark performance report September 2020
Glossary of acronyms and any other abbreviations used in this report:	DBC – Dacorum Borough Council IA – Income Analytics IT – Information Technology DWP – Department for Work and Pensions HB - Housing Benefit UC – Universal Credit

## **1. Introduction**

- 1.1. Effective rent collection is a core part of the Council's housing service. While one team specifically focusses on recovering the annual rent, a number of actions are in place from pre-tenancy training, sign-up of a property and tenancy management to install a culture across the service and through tenants to reduce rent arrears. Internal processes are continuously regularly reviewed, considering any external factors that can reduce the ability to collect the £54 million annual rent roll.
- 1.2. The purpose of this report is to provide members with a summary on the use of Income Analytics, an IT system recently implemented by the Rent and Income Team. This report also details the improved performance management and changes to the way the service is delivered. It finally gives an update on changes put in place to mitigate the impact of Covid-19 and Universal credit.

## **2. Background**

- 2.1. The Rent and Income team manage rent accounts for all current and former tenants and also manage recharges. The current housing stock, not including temporary accommodation, amounts to over 10,100 properties and responsibility for the rent accounts is shared between 9 officers and allocated by geographical patches. A change in Team Leader in 2019 provided the opportunity to review working practices and install a greater focus on tenancy sustainment and the importance of early intervention in reducing rent arrears.
- 2.2. A report was presented to members in June 2019 reporting on the position in relation to Universal Credit (UC). This provided detail on the impact of UC across the Housing Service and also steps that had been taken to prevent tenants who received housing costs directly to them from falling into rent arrears.
- 2.3. An effective IT System is vital for managing rent accounts and Orchard Housing has been used for many years to make recommendations to officers on the next step of the procedure to recover rent arrears. A number of new systems are being used by housing providers which use data science and take payment patterns and tenant's history to identify the accounts at greatest risk to make smarter recommendations.
- 2.4. While a number of providers approached us to demonstrate these products, in February 2019 a growth bid was approved to use Orchard's new platform - Income Analytics. Income Analytics helps to reduce arrears, maximise revenue and increase efficiency in particular with tenants who receive universal credit. This was implemented and started to be used by the team shortly before lockdown in March 2020.
- 2.5. To ensure we received value for money on the investment in the new system, a six month review was due to be carried out at the end of September. The aim of this review was to compare rent performance with the previous year to identify

which efficiencies had been gained through the changes to the team and processes.

### **3. Current position**

3.1. At the end of March 2019/20 the current rent arrears stood at 3.19% of the gross annual rent debit. Arrears tend to increase throughout the year due to the timing of Direct Debits and Universal Credit direct payments, then reduce over the non-rent weeks in December and the end of March. This figure has increased to 4.62% as of the end of August 2020. This compares with the figure of 4.25% in August 2019, however as highlighted in the recent HouseMark performance report this matches the figures and impact reported by other housing providers.

#### **3.2. Introducing a new rent arrears management system - Income Analytics**

3.3. The Rent and Income team implemented a new rent arrears management system called Income Analytics (IA) in early March this year. A number of the features of this system have meant that the team can focus on working with customers who are approaching financial difficulty earlier, allowing quick steps to be taken to work with them to manage their rent account balance before their situation becomes unmanageable with more serious implications and possible court action.

3.4. IA has text and email functionality where bulk messages can be sent out to a selected group of tenants and this is useful as a prompt for those with low levels of arrears, this reduces the need for contact where a simple prompt for payment is required. This results in freeing up time for officers to work on the high priority accounts where more support and contact is required.

3.5. Additional functions of IA include the ability to create 'filters' allowing officers to focus on specific accounts in order of severity. Additionally the predictions of highest risk are based on previous payment history only prompting the accounts where a payment was already expected rather than just the current balance. The system is visual and includes a graphical display of each rent account which offers immediate clarity as to the status of the account and the level of risk it poses to both tenant and organisation.

3.6. As Income Analytics was implemented 2 weeks before Covid-19 brought a nationwide lockdown it is very hard to identify the true value of the system and its effect on rent arrears. While it is hard to quantify without any available comparison, the system has improved the ability to manage rent arrears during the pandemic.

3.7. The methodology behind IA has meant a culture shift in how rent accounts are managed. With the introduction of IA and the new method of working it has been important to support officers effectively through this change with regular team meetings. A positive outcome of IA that can be reported is the increase in the teams' productivity, data for the 6 months prior to the implementation of IA

compared with 6 months following implementation shows there has been a 59% increase in number of actions taken by officers on accounts.

3.8. Income Analytics has also had a significant impact as a performance management tool. Managers have the ability to create reports to monitor individuals' workload or a specific level of arrears across the service.

### 3.9. **Team performance**

3.10. The Rent and Income team have experienced major changes in their management team over the last year with the retirement of two long serving managers. This has caused some disruption in the team however it has given an opportunity to set out a clear vision for the Rent and Income service to focus on engagement and supporting tenants to pay, only using enforcement action as a last resort. Transforming the service to meet the range of support needs of tenants in these extremely challenging times has been proved no mean feat but the reward of minimising the risk to tenancies proves its worth.

3.11. More regular contact with tenants helps build positive relationships and trust, to ensure that tenants feel comfortable to work with us without the fear of 'talking to the rent officer'. Engaging with tenants is key to reducing rent arrears and this has been the prime focus during the current pandemic situation and it is clear that this has been a major factor in preventing a critical rise in rent arrears.

3.12. There is a fine balance between how much support is offered before enforcement action is considered and Lead Officers regularly monitor accounts where these concerns are evident and ensure all risks are assessed before appropriate action is taken. Staff are now very clear as to what is expected of them and managers continue to support them with this whilst ensuring any performance management issues are dealt with promptly and effectively.

### 3.13. **Universal Credit**

3.14. The introduction of Universal Credit full service to Dacorum in December 2018 brought about an increase in rent arrears. This was partly due to the delay in applying for UC and the five week wait for payment but additionally with tenants receiving housing costs directly there is a greater risk rent is not paid when juggling other monthly expenditure and debts.

3.15. It was the predicted impact of Universal Credit that prompted the recruitment in May 2019 of a UC officer. Part of this role has been to ensure a fast track approach to any UC applications by ensuring all verifications from the Department of Work and Pensions (DWP) are completed and returned within 24 hours to enable fast turnaround of the claim into payment. With over 1900 tenants now in receipt of UC this has been vital.

3.16. This officer has also built an excellent working relationship with the DWP including arranging shadowing between the income team and Job Centre Plus to help

improve understanding of roles and responsibilities which proved invaluable during the Covid-19 pandemic where the team have needed to work more closely with external agencies. Additionally feedback to the DWP led to changes in their system which has reduced the time officers spend interacting with DWP, for instance we are now able to confirm tenant details and apply for UC managed payments via a DWP portal rather than by written forms.

### **3.17. Impact of Covid-19 on rent processes**

3.18. Unfortunately Covid -19 has had a significant impact on the ability for tenants to pay and for the housing team to collect rent. The financial impact of this has been reported to members along with a comparison of the performance of DBC compared to other housing providers as provided by HouseMark.

3.19. The role of the Rent and Income team shifted during this pandemic to prevent an unrecoverable increase in arrears leading to a reduction in income for the organisation and resultant threat to tenancies has been to fully support tenants. The team have aimed to fully support tenants and ensure communication is maintained to prevent further arrears actions being taken and to prevent an increase of rent arrears.

3.20. With officers unable to visit or meet with tenants and the courts closed for any possession claims, rent arrears procedures could not be followed. This presented the team with an opportunity to go back to basics and increase contact with tenants by phone, text or email and to build relationships to support those tenants financially effected by Covid-19. Where tenants didn't respond to contact, letters were sent to offer help and support, clearly explaining the risks to their tenancy if they don't respond and engage.

3.21. Tenants with UC or HB applications were prioritised and kept in touch fortnightly to monitor progress of the claim. Due to the high numbers of UC applications it was important for the team to prioritise the DWP verifications within 24 hours to ensure a quick turnaround of the claim into payment. For tenants that were furloughed, officers discussed reduced monthly payments of 80% of rent where necessary and agreed a repayment plan when they were able, again keeping in regular contact to understand the tenant's situation.

3.22. Prior to the UK lockdown there were 5 cases with court dates for possession claims and 2 with eviction warrants, however these were all 'stayed' due to lockdown. One eviction warrant application will be cancelled and 4 possession claims will not be reinstated due to the excellent work of the income officers engaging with these tenants and reducing arrears.

3.23. Monitoring tenants effected financially or otherwise by Covid-19 was vital and alerts were added on accounts where we had knowledge of self-isolation, shielding or if they were financially effected by Covid-19. This helped track arrears for those affected. At the end of March 70 households had reported they were affected financially with a total rent arrears for them of £58,468. The position at

end of August was 413 households reporting being financially affected owing a total of £436,104. These figures have started to level and will be closely monitored to understand the impact on tenants and also on the ability to collect rent.

#### **4. Next steps**

- 4.1. The UC officer role is a full time position that ends in May 2021. This post has been invaluable to prevent rent arrears escalating for those in receipt of Universal credit and with the increase in cases this year, it is difficult to envisage a time when the expertise and focus of a dedicated UC officer will not be needed. Consideration of this will need to be made in the budget setting process for 2021/22.
- 4.2. The team will continue to work with all tenants through the continuing Covid-19 crisis and ensure they receive maximum help and support to sustain their tenancy. This will include closely monitoring unemployment rates and any increase in redundancies as the existing furlough scheme ends in October.
- 4.3. Even though courts have re-opened, possession claims will not be sought without exhausting every avenue to contact tenants and support them to reduce their debt. There will be cases where there is no option but to proceed to court with a possession claim or eviction warrant. These cases will be closely monitored and attempts will continue to engage with these tenants to prevent them losing their home.
- 4.4. Since the implementation of Income Analytics we have had the opportunity to help shape and develop the system. Feedback from users is essential and we have created a feedback form to ensure we capture all the concerns or suggestions from staff. We meet regularly with IA and they continue to embrace our suggestions where appropriate and these have been added to the system and are working well. Orchard as an organisation have shown they are keen to work with system users to improve and develop IA and we receive regular software updates that improve the system performance.
- 4.5. The rent arrears procedure has been reviewed and following this a Workstream Review is due to be carried out by the Strategy, Insight and Engagement Team in October 2020. This will carry out a number of engagement activities with officers and tenants to ensure that the new approach is embedded into the service.
- 4.6. The profile of the team will continue to be raised both within DBC and with tenants to breaking down any barriers that prevent tenants from engaging to supporting them to succeed and reduce rent arrears. This will encourage better cross team working and promote the culture that rent collection is every housing officer's responsibility, any call to a tenant should involve a check of the rent account.

#### **5. Conclusion**

- 5.1. A number of changes have been put in place across the service and specifically within the Rent and Income Team to maximise income collection. These have focused on the importance of face to face or phone contact with tenants to build relationships. It is vital to engage tenants so they trust us to help and support them rather than defaulting to enforcement action.
- 5.2. The reduction in arrears throughout 2019/20 demonstrates the benefit of this approach and it was hoped the introduction of Income Analytics would further complement the approach and improve rent collection. While a full review of Income Analytics was due to identify the value for money of this new system, the impact of Covid-19 has made it difficult to compare the success.
- 5.3. It is recommended to return to update members further once the Income Analytics system has had more time to affect rent arrears and where the arrears are not impacted by the current pandemic situation.