

Local government

Wales

Housing

Good practice guide

 **audit**  
commission  
in wales



# Closing the gap

Working together to reduce rent arrears

The Audit Commission is the independent body responsible for regulating the audit of local government and the NHS in Wales. Public audit is an essential element in the process of accountability for public money. It provides assurance that public money is being properly safeguarded and accounted for, that public business is conducted in accordance with proper standards and that public money is used economically, efficiently and effectively.

The Audit Commission carries out national research on public sector service delivery. It also participates in joint inspections with the Social Services Inspectorate for Wales and Estyn, and is responsible for Best Value inspection of housing and other local government services not covered by other statutory inspectorates. It is responsible for appointing external auditors to audit financial statements and to carry out reviews of governance arrangements and performance in all local authorities, health authorities, trusts and local health groups, police and fire authorities and national parks authorities in Wales.

If you would like to know more about the work of the Audit Commission in relation to housing services please contact Anne Delaney, Audit Commission in Wales, Deri House, 2-4 Park Grove, Cardiff CF10 3ZZ or telephone 029 20371022.

Website: [www.audit-commission.gov.uk/wales](http://www.audit-commission.gov.uk/wales)

Introduction	2
<b>Part 1: Delivering the service</b>	<b>5</b>
Collecting rent	6
Preventing arrears	11
Recovering current arrears	20
Collecting former tenant arrears	24
<b>Part 2: Driving improvement</b>	<b>27</b>
Driving improvement	28
Clear corporate aims and objectives	29
Understanding the nature and scale of the problem	32
Effective performance management arrangements	34
Strong tenant focus	42
Working with Housing Benefit services	47
Working with other services/ agencies	56
Committed and trained staff	59
Information management and IT	62
Appendix 1: acknowledgements	66
Appendix 2: resources	68
Appendix 3: Chartered Institute of Housing recommended performance indicators	72
Appendix 4: Department for Work and Pensions, performance standards on working with landlords	75

© Audit Commission 2002

First published in November 2002 by the Audit Commission for local authorities and the National Health Service in England & Wales, 1 Vincent Square, London SW1P 2PN

Typeset by Ministry of Design, Bath [www.ministryofdesign.co.uk](http://www.ministryofdesign.co.uk)

Printed in the UK for the Audit Commission by CW Print Group

ISBN 186240405 4

Photographs: [www.third-avenue.com](http://www.third-avenue.com)

# Introduction

- 1 For most social landlords, rent arrears are a significant and growing problem. This has serious implications for both landlords and tenants. A decline in the rental income of councils and housing associations can impact on:
  - rent levels;
  - the level and quality of housing services;
  - the ability of councils and housing associations to maintain their housing stock;
  - the ability of housing associations to repay their loans; and
  - the extent to which councils and housing associations meet the performance expectations of central government, regulatory bodies and lenders.
- 2 A relatively small decline in the proportion of rent collected can have a significant impact on service delivery. For example, a 1 per cent decline in the rent collection rate in the council sector in Wales in 2000/01 was equivalent to around £4 million, the cost of maintaining over 5,700 homes for a year, or 260 in each council area.
- 3 In extreme cases, high arrears levels can threaten the financial viability of organisations, in particular small housing associations or associations that have a high proportion of specialist accommodation with high charges.
- 4 For tenants, escalating rent arrears generate anxiety and stress, and can ultimately lead to the loss of their home and homelessness.
- 5 Whilst social landlords are under ever increasing pressure to show they are maximising their rental income, they also need to recognise that rent arrears is a sensitive issue. Although tenants in arrears are sometimes portrayed as feckless, their failure to pay their rent is often due to wider problems of poverty, debt and budgetary mismanagement. The increase in rent arrears should also be viewed within the broader context of growing personal indebtedness.
- 6 Social landlords need to ensure that they achieve an acceptable balance between making it convenient for tenants to pay their rent, as far as possible preventing arrears occurring, and taking prompt action to recover any debts that do accrue. Ultimately, preventing arrears from reaching unmanageable levels is in the interest of tenants as well as landlords.
- 7 This report is one of two on rent arrears and Housing Benefit (HB), published by the Audit Commission in Wales in partnership with Cardiff University.
- 8 It is a practical guide for councils and housing associations on how to prevent and manage rent arrears, including how to work more closely with Housing Benefit services. The report has a practical focus and is aimed at operational managers and

staff who want to challenge and improve their approach to arrears prevention and recovery. It covers not just policies and procedures, but also the pre-requisites for improvement – such as strong strategic management, tenant involvement and good working relations with HB services.

9 The report is in two parts.

**Part 1: Delivering the service**, describes positive practice in relation to the key activities of:

- collecting rent;
- preventing arrears;
- recovering current arrears; and
- recovering former tenant arrears.

**Part 2: Driving improvement**, highlights the key requirements for continuous improvement:

- clear corporate aims and objectives;
- understanding the nature and scale of the problem;
- effective performance management arrangements;
- strong tenant focus;
- working with HB services;
- working with other services/agencies;
- committed and trained staff; and
- effective information management and IT arrangements.

10 Included throughout the report are examples of positive practice, drawn from the Wales study and from other sources such as Housing Inspection reports and good practice websites. They cover Wales, England and Scotland.

11 A list of key self-assessment questions is included at the end of each chapter.

12 Appendix 2 provides key information sources, including publications and websites.

13 The second report, *Rent Arrears and Housing Benefit in the Welsh Social Rented Sector*, focuses on the national picture, and describes the scale and nature of the arrears problem in Wales and how social landlords are responding. The report includes a range of recommendations aimed at the Welsh Assembly Government, local government and housing associations.

- 14 The study on which both reports are based has been jointly funded by the Welsh Assembly Government and the Audit Commission in Wales. It covers both councils and housing associations since the rent/arrears collection function is broadly the same in both sectors and there are considerable opportunities for cross-fertilisation of ideas and practice.
- 15 The study team consisted of Angela Evans, Robert Smith, Pauline Card and Tamsin Stirling. The reports have been written by Angela Evans (Audit Commission in Wales) and Robert Smith (Cardiff University).
- 16 The Commission is grateful to all those who have contributed to the study and report, in particular the councils and housing associations that participated in the study, the Welsh Assembly Government for supporting the study, and the external Advisory Group for its helpful suggestions and comments (members of the Advisory Group, together with other acknowledgements, are listed in Appendix 1). However, responsibility for the report's conclusions rests with the Commission alone.

# Part 1

## Delivering the service

Collecting rent

Preventing arrears

Recovering current arrears

Recovering former tenant arrears

# 1

## Collecting rent

- 17 Councils and housing associations need efficient and effective rent collection methods that are also convenient for tenants. Although Welsh councils and housing associations are beginning to extend the payment options available to tenants, there is scope to improve customer choice further. Payment in person at council or housing association offices and post offices continue to be the most widely available payment options, and over two-thirds of Welsh councils still provide door-to-door rent collection services.
- 18 Where councils and housing associations have recently introduced alternatives, these are most likely to be direct debit and Paypoint/Payzone (which allows tenants to pay in post offices or designated shops using a swipe card). However, a third of social landlords do not offer the option of paying by direct debit, and only a tenth offer online payment facilities. Given the e-government agenda, and the Government's commitment to extend access to bank accounts, it is important for social landlords to offer a range of payments methods, including electronic options.
- 19 The main barriers to extending payment options are:
- setup and ongoing costs, especially for small housing associations;
  - dispersal of stock, in particular in rural areas;
  - staff and/or elected member resistance; many councils remain committed to door-to-door collection;
  - lack of information on the costs and benefits of existing methods; and
  - the relatively high proportion of social tenants who do not have bank accounts.
- 20 Although Best Value and, more recently, the Wales Programme for Improvement has encouraged, first of all councils, and more recently housing associations, to systematically challenge their services and ways of working, few social landlords in Wales have carried out a detailed cost benefit analysis of their rent collection methods.

## Positive practice

### Reviewing rent collection methods

- 21 Rent collection methods vary in terms of operating costs and effectiveness. For example, past research has suggested that post office giro payments are associated with relatively high levels of arrears, whilst door-to-door collection and office payments are associated with lower levels. However, door-to-door collection is usually a costly service to operate, whilst standing orders and direct debits (where tenants have bank accounts) may be much more cost effective. However, the balance

of costs and benefits will vary locally. For example, some councils and housing associations have made door-to-door collection more cost and service effective by combining rent collection duties with other responsibilities or targeting the service:

- **Conwy County Borough Council** uses generic housing officers to collect rent and provide information and advice on a range of issues including repairs, allocations and anti-social behaviour. The council considers this to be a valuable service, especially in rural areas (*Source: Wales study*).
- **Edinburgh City Council** has a tailored door-to-door collection service which is used when officers feel it will help guarantee regular rent payments and where standing orders/direct debits cannot be used (*Source: HouseMark good practice example*).

---

## Box 1

### Review of rent collection methods

**Westminster City Council** reviewed its rent collection methods in 1999. At that time the following payment options were used:

- post office by giro-slip – 49 per cent;
- council's one-stop cash office – 24 per cent;
- bank by giro transfer – 18 per cent;
- standing order – 8 per cent; and
- direct deduction from DSS – 1 per cent.

The council costed and evaluated various payment options, and as a consequence introduced:

- direct debit;
- swipe cards; and
- Paypoint.

Direct debit, introduced in July 2000, had the cheapest transaction costs, and within 12 months of its introduction, 2 per cent of tenants had switched to this method. However, the council has found it is resource intensive to administer because of the frequent changes as tenants move in and out of HB entitlement. Swipe cards (that can be used at council offices, post offices or at a Paypoint outlets – situated in local shops and garages) cost 46p per transaction at council offices and post offices, and just 36p at Paypoints. This compares with 70p for each giro-slip presented. Twelve months after their introduction swipe card payments at post offices accounted for 40 per cent of transactions and those at Paypoints for 3 per cent. The council estimates that the new methods will generate annual savings of £50,000, as well as providing tenants with more payment options.

(*Source: HouseMark good practice example.*)

22 Social landlords will only know if they have struck an appropriate balance between the costs (both set-up and on-going) and the convenience and effectiveness of different rent collection methods if they have carried out a systematic review. Such a review should take into account:

- tenants' preferences;
- the costs of setting up and operating different methods;
- safety and security issues;
- the effectiveness of different methods in minimising arrears; and
- wider benefits (eg bringing staff into contact with tenants).

23 Given the high costs and safety/security issues associated with door-to-door collection, social landlords should be able to demonstrate that the approach is appropriate. Indeed, the Chartered Institute of Housing in its Housing Management Standards Manual recommends that door-to-door collection services should only be provided if:

- the health and safety risks have been carefully assessed in consultation with staff and trade unions and are considered to be acceptable;
- appropriate precautions are taken to protect the safety of collection staff.

### Having a variety of payment options

24 It is important that collection methods are easy to understand and use and offer tenants a degree of flexibility and choice in the ways in which they pay their rent. The easier it is for tenants to pay, the more likely they are to do so. New technology means that a variety of more modern methods of rent payment can be developed. For example:

- **On-line rent payment systems**

BillPay is a new method of payment developed by Girobank which allows any personal customers of banks or building societies who hold a debit (*not* credit) card to make regular one-off payments online. Customers need to register with BillPay, and payments are subject to authorisation and clearance (four working days). The set up costs for landlords are modest, and the transaction costs (though higher than direct debit) are around half the cost of a post office swipe card payment. **North Norfolk DC** introduced Billpay in January 2001, to allow tenants and residents to be able to pay housing rent, business rates, council tax and other payments 24 hours a day, 365 days a week. However, take-up has been limited, with only 42 rent payments made between January 2001 and March 2002. Two hundred council tax payments were made using Billpay during the same period (*Source: HouseMark promising approach*).

- **Swipe cards**

**Rhondda-Cynon-Taff CBC** has replaced rent cards with plastic swipe cards. The system has been set up with Girobank and lets tenants pay rent and council tax bills by presenting their card, along with the cash or cheque, at any post office in

the UK. The cards are cheap to produce and have a long shelf-life, which means that the council no longer has to print and distribute payment books on a regular basis (*Source: Wales study*).

- **Automated payment machines**

**Stockport MBC** has used an automatic payment machine (similar to cash dispenser machines), located in the town centre to offer a quick and convenient way of paying rent and other charges (eg council tax). Customers are issued with a personal payment card and the machine accepts cash and cheques. In this way rent payments can be made 24 hours a day, seven days a week (*Source: HouseMark good practice example*).

- **Paypoint/Payzone**

Paypoint/Payzone is a network of outlets in local shops and garages that allows tenants to make cash payments outside usual office hours. **Merthyr Tydfil Housing Association** recently introduced the system following a survey of tenants on their payment preferences (*Source: Wales study*).

25 The e-government agenda makes it all the more important for social landlords to make full use of electronic options. These are particularly important in rural areas where tenants are often considerable distances from council/housing association offices. However, social landlords should also consider the needs of tenants who do not have bank accounts. Wherever possible, council tenants should be able to pay their rent at the same time they pay other council bills such as council tax.

### Encouraging tenants to switch to direct debit/standing order

26 Direct debit/standing orders have low transaction costs and bring in regular payments. Further, direct debit has the advantage of increasing payments in line with rent increases. Many social landlords have started to offer incentives to encourage tenants to change to direct debit or standing orders. For example:

- **Caerphilly County Borough Council** introduced an incentive scheme to encourage tenants to pay by direct debit in late 2001. Tenants who switch to this method have £15 credited to their account. Since the scheme was introduced the proportion of tenants paying by direct debit has increased to around 13 per cent (*Source: Wales study*).

27 However, direct debit and standing orders are only available to tenants with bank accounts which, given the high proportion of social tenants without accounts, automatically limits their potential. Setup costs can also be prohibitive for small councils or associations. However, the Government's target of extending access to bank accounts should broaden the appeal of these payment options in future.

## Self assessment questions

- Have rent collection methods been systematically reviewed in the past two years?
- Do you know how much different rent collection methods cost to operate?
- Are tenants satisfied with the rent payments options available? Have their views been canvassed in the past two years?
- Are tenants able to pay via:
  - direct debit?
  - debit card?
  - local shops?
  - post offices?
  - internet?
- Do you know what proportion of tenants pay by each method?
- Do you know what proportion of tenants have bank accounts and access to the internet?
- How accessible are different payment options? Are they available 24 hours, seven days a week?
- Do you provide incentives to encourage tenants to use particular payment methods?
- If you have a door-to-door rent collection service:
  - have the costs and benefits (including safety and security implications) been systematically reviewed?
  - has the possibility of providing other services (such as benefit advice, checking on HB claims) been considered?

# 2

## Preventing arrears

- 28 Prevention is better than cure. It is more cost effective, allows councils and housing associations to target resources on improving services, and reduces the anxiety and disruption experienced by tenants.
- 29 The importance of prevention is recognised by Welsh social landlords. The majority provide welfare benefit advice, visit tenants within the first few weeks of them taking up their tenancies and advise tenants who have applied for HB of any potential shortfall and the amount they are likely to have to pay.
- 30 There has, however, been a shift in the emphasis of preventative work over recent years. Given the impact that HB administration has on arrears levels, council and housing association initiatives to speed up the HB application process have become increasingly important. For example, a growing number of housing associations have created specialist HB liaison posts, and landlords are placing more emphasis on pre-tenancy advice and support to ensure that HB applications are submitted promptly and with all supporting documentation.
- 31 There is also evidence of a harder edge to prevention. Many social landlords, in particular housing associations, are placing more emphasis on the responsibility of tenants to ensure their rent is paid, even if they are in receipt of HB, and this is sometimes reinforced by publicity campaigns and/or incentives for regular payers.
- 32 In spite of these developments, there is still considerable scope for social landlords to be more systematic and innovative in their provision of advice and support services. The type and quality of advice and support currently provided by Welsh councils and associations is highly variable. Some make limited use of local agencies, and although the provision of advice features in all the procedure manuals we looked at, how and when advice and support should be provided is rarely spelt out. Very few – just one in ten – Welsh councils/associations have standards or targets in relation to advice. This is clearly an issue across England and Wales. The limited availability of money, benefits and debt advice was criticised in over a third of Housing Inspectorate and Housing Corporation inspection reports covering rent/arrears collection services analysed by the Housing Quality Network.<sup>1</sup>

## Positive practice

### Checking on previous tenancies

- 33 Social landlords should have in place systems for checking whether housing applicants have debts with other social landlords, and clear criteria and procedures for excluding or suspending applicants with arrears and making arrangements for debts to be cleared.

<sup>1</sup> *Rent Arrears – Key points from Audit Commission and Housing Corporation Inspections, the Housing Quality Network, 2002.*

## Providing pre-tenancy information and advice

- 34 Arrears often accumulate early in the life of a tenancy, often because of HB delays or the cost of moving home, and so effective prevention should start early. Pre-tenancy and tenancy sign-up meetings present important opportunities for social landlords to meet new tenants face-to-face to provide advice and support and to convey key messages at the outset about tenants' rights and responsibilities.
- 35 During pre-tenancy meetings, social landlords should:
- explain the rent and other charges payable (including any additional charges like service charges or water rates) and likely running costs of the home;
  - make an assessment of the tenants ability to pay the rent and cope with the tenancy;
  - help the tenant to complete a HB form/council tax rebate form, where appropriate (including giving guidance on the documentation required to support a claim);
  - provide advice on other possible benefit entitlements;
  - advise and help low income and vulnerable tenants to get assistance with the costs of moving and setting up home;
  - emphasise the importance of keeping the HB service informed of any changes in circumstances and responding to reviews;
  - stress the importance of making regular rental payments;
  - provide information on the organisation's policies and procedures in relation to rent arrears; and
  - provide information on who to contact if the tenant experiences difficulties paying the rent.
- 36 It is important for councils and associations to emphasise the effect that rent arrears have on tenants' eligibility for future tenancies. The Homelessness Act 2002 introduces new provisions regarding unacceptable behaviour, including non-payment of rent, which affect applicants' rights to rehousing.
- 37 Some housing associations have taken prevention a few steps further by ensuring that an application for HB has been submitted before a tenancy starts **[Box 2]** and/or carrying out pre-tenancy affordability checks to ensure that tenants will be able to maintain regular payments. Affordability checks take into account family finances and property costs (including council tax, water rates, energy costs as well as the rent).

---

## Box 2

### Pre-tenancy advice

**Swaythling Housing Society** has a two-stage approach to pre-tenancy advice – the home visit and the sign-up meeting.

A home visit is made to every new tenant before they are signed up for a tenancy. During the visit staff:

- provide details of the rent and charges payable;
- give out an HB form;
- calculate the amount of HB, if any, likely to be awarded;
- explain rent payment options; and
- emphasis the importance of regular rent payments.

Following the visit, a letter is sent to tenants confirming the sign-up arrangements and reminding them to complete and submit their HB form and bring the receipt issued by the HB department with them to the sign-up meeting.

During the sign-up meeting the information provided by the tenant is confirmed, and a payment method is agreed. If the tenant is not entitled to HB, or does not provide a HB receipt, a full week's rent is taken from the tenant at that time.

Following the sign-up meeting, a letter is sent to the tenant confirming the amount to be paid. Details are then passed on to the association's Income Team.

*(Source: HouseMark good practice example)*

---

**Pembrokeshire Housing Association** ensures that all new tenants are visited by the association's welfare benefits officer before they sign their tenancy agreement. The officer helps tenants complete their HB form, calculates their likely HB entitlement, so that ideally the Council has a completed HB form from day one of a tenancy.

*(Source: Wales study).*

---

### Early monitoring

- 38 Pre-tenancy advice should be followed by close monitoring of the rent account in the early weeks of the tenancy and a visit to make sure there are no problems, irrespective of whether there are arrears accruing.

### Identifying tenants who might be vulnerable to arrears

- 39 Although social landlords should aim to meet all new tenants face-to-face before a tenancy formally starts and again within the first few weeks, where this is not possible landlords should ensure that support is directed towards the most vulnerable tenants.

## Calculating tenant payments

- 40 The majority of new tenants are dependent on HB to pay their rent, and will experience delays of, typically, several weeks before they receive their first payment. A large proportion of tenants receiving HB pay part of the rent themselves, and so it is important for social landlords to inform tenants when tenancies begin of the amount they are likely to have to pay personally. If tenants do not make interim payments, they could have accumulated significant arrears by the time HB is received. **Swansea City and County Council** uses a HB and council tax benefit calculator to estimate likely benefit entitlements. Staff provide tenants with a printout showing likely entitlement and the basis for the calculation (*Source: Wales study*). **Manchester City Council** has an online benefit calculator that enables tenants or their advisers to log on and calculate likely entitlement through the council's website (*Source: Housing Inspection report*).

## Ensuring tenants receive financial and benefit advice

- 41 Tenants with rent arrears usually have low incomes, multiple debts and limited access to financial services, including reasonably priced loans. For example, of the 2 million adults without a bank account in the UK, 84 per cent live in social housing.<sup>1</sup> Without advice and support, many tenants are likely to sink deeper into debt and could end up losing their home. The Homelessness Act 2002 emphasises the importance of money and benefits advice to help tenants sustain their tenancies.
- 42 As a minimum, social landlords should provide advice on benefits, and act as a gateway to more specialised support and advice such as debt counselling, financial advice and sources of finance such as credit unions. They should:
- publicise the availability of welfare benefits through posters, advice leaflets etc;
  - provide tenants with application forms for benefits;
  - keep tenants informed of any significant changes in HB and other benefits;
  - carry out income checks for all tenants in arrears to help tenants maximise their income;
  - provide a welfare benefits advice service for tenants or refer tenants to external agencies;
  - ensure welfare benefit advice services are accessible and widely available – for example, through evening and Saturday sessions, mobile surgeries, home visits in rural areas and for tenants who are housebound;
  - run periodic benefit campaigns with other agencies such as the HB service, Benefits Agency.

<sup>1</sup> Newcombe, R., Cox, A., Neuberger, J., Whitehead, C. (2002) *Partnerships for Financial Inclusion: Housing Associations and Financial Institutions*. Cambridge, Cambridge Housing and Planning Research

- 43 In most cases it will be preferable for social landlords to use external debt counselling agencies because of the potential conflict of interest that can occur when creditors advise on debt prioritisation. Debt counselling involves working with tenants to maximise their income, assist with benefit claims, appeals and backdating, budgeting advice and helping people to develop a strategy that will minimise the effects of debt on their financial well being. Advice usually covers;
- guidance on working out personal budgets;
  - advice on priority and non-priority debts;
  - what to do about contacting creditors; and
  - what to do if creditors take legal action.
- 44 Social landlords should know what sources of advice and support are available locally. They should consider setting up formal liaison and referral arrangements, possibly underpinned by financial support (see Working with other services/agencies, Chapter 10). In a number of councils, HB staff have spear headed take-up campaigns for specific benefits. For example, as a result of a campaign on the minimum income guarantee (income support for pensioners) that included letters, leaflets/posters and home visits, one council in Wales was able to award additional money to over 72,000 pensioners.
- 45 Councils and housing associations should have clear standards, targets and procedures for providing advice and support.
- 46 The provision of advice can be a particular problem in rural areas. Some councils and housing associations have overcome this difficulty by providing regular local surgeries or a mobile service.

---

### Box 3

#### Providing information advice in a rural area

A number of rural councils in Wales have developed Public Information Points (PIPs) in key public locations. These consoles allow members of the public to access information on a range of council and other local services. **Carmarthenshire County Council**, for example, has had PIPs for approximately three years but has recently expanded provision to over twenty locations, such as post offices, libraries and pubs across the county. The information points allow free access to the council's website, and the websites of twenty-four partner organisations, including advice agencies. Member of the public can also email the organisations free of charge.

**Shelter Cymru**, in partnership with Councils and housing associations, provides regular outreach advice sessions in the majority of local authority areas in Wales. Advice sessions are held in a variety of locations, including community centres, CAB offices, as well as council/housing association offices. After homelessness, most of the enquiries they receive are about rent arrears and HB.

47 Some councils and housing associations have developed their own services to reduce financial exclusion, on the basis that this will also help reduce arrears and make tenancies more sustainable. For example, a number of councils and housing associations provide financial services directly to tenants, or act as financial intermediaries, referring tenants on to appropriate services (for example the all-Wales Credit Union Hotline). Some of these services are provided in partnership with other councils or housing associations. For example:

- **East Lancs Moneyline**, based in Blackburn, is funded mainly by Blackburn and Darwen District Council, with support from Hydburn District Council, and housing associations Twin Valley Homes, Places for People and Space. The project makes loans at the same rate of interest as high street lenders, provides financial advice and has a cheque cashing arrangement with the local Co-operative Bank.
- A number of housing associations are working with the **Woolwich Building Society** to introduce a basic bank account for tenants.
- **Darlington Building Society** has introduced a guarantee fund scheme in which housing associations deposit a lump sum to act as a guarantee. Tenants are encouraged to save because tenants' and an association's deposits are aggregated to give tenants an enhanced interest rate. The guarantee also allows them to borrow at a rate of less than 5 per cent, considerably lower than the rates charged by *loan sharks*.

(Source: *Liberating Funds, Housing, March 2002*)

### Providing clear messages

48 Councils and housing associations should use tenants' handbooks and newsletters to advise tenants about the importance of making sure their rent is paid on time, remind them that they are responsible for applying for benefit, and explain the arrangements for getting advice about rents and benefits. A number of social landlords have run publicity campaigns to emphasise the importance of tenants paying their rent and highlight the consequences of not doing so. For example:

- **Edinburgh City Council** carried out a publicity campaign involving:
  - radio advertising;
  - bus advertising;
  - display boards;
  - posters; and
  - newspaper articles.

The council also set up a telephone hotline for tenants and advertised the freephone number widely to encourage tenants to make contact with the council about their arrears and other financial problems, particularly before they got out of control. The media campaign, which cost £24,000, successfully raised the profile of the issue and contributed to a £177,000 reduction in current arrears (Source: *HouseMark good practice example*).

- **Conwy County Borough Council** has targeted its PR campaign to cover periods when arrears traditionally increase – before Christmas and summer holidays (*Source: Wales study*).

### Issuing regular rent statements

- 49 All tenants should be given regular (at least quarterly) statements of their rent accounts and payments. These should be easy for tenants to understand and, where appropriate, accompanied by letters highlighting non- payments.

### Liaising with Housing Benefit

- 50 Liaison with the HB service is crucial to the prevention and reduction of arrears. Chapter 9 looks in detail at the partnership arrangements that councils and housing associations should have in place, but in summary they should cover the key areas of:
- sharing information;
  - submitting claims;
  - dealing with enquiries;
  - updating social landlords on the progress of HB claims;
  - prioritising serious arrears cases;
  - referral of housing association claims to the Rent Officer service;
  - making interim HB payments;
  - making direct payments to social landlords;
  - notifying social landlords when HB claims are due to be renewed;
  - submitting information to the HB service; and
  - recovering overpayments.

### Incentive and penalty schemes

- 51 **Irwell Valley Housing Association** was the first social landlord to offer enhanced services to tenants who conducted their tenancies satisfactorily, including paying their rent on time. In order to be a member of the ‘Gold Service’ scheme, tenants need to have at least six weeks tenancy and have paid their rent on time. If a tenant is in arrears, they can be a member if an agreement for repayment has been kept to for at least twelve consecutive weeks. The benefits of membership include:
- discounts from high street shops;
  - bonus points awarded in the form of vouchers;
  - enhanced priority for transfers; and
  - a quicker maintenance service.

(*Source: Chartered Institute of Housing Good Practice Unit*)

There are few incentive schemes in Wales, although there are signs of growing interest:

- **Charter and Glamorgan and Gwent Housing Associations** are working in partnership to introduce an incentive scheme. Consultants are collecting key process and financial information to provide a baseline against which the associations can measure the effects of the project (*Source: Wales study*).
- **United Welsh Housing Association** holds regular prize draws for tenants with clear rent accounts and those who are keeping to repayment agreements. The draw is held every six months with a prize of £1,000 for the winner. The prize draw has been publicised through the association's tenants' newsletter (*Source: Wales Study*).

52 Penalties, such as preventing tenants in arrears from transferring to another property or having improvements carried out, are also used by some social landlords to encourage tenants to make regular rent payments.

## Self assessment questions

- Do you place enough emphasis on prevention, seeking possession only as a last resort?
- Are there systems in place for checking whether housing applicants have debts with other social landlords?
- Are there clear criteria and procedures for excluding or suspending applicants with arrears and recovering debts?
- Are prospective tenants interviewed to ensure that they will be able to afford the rent and other regular payments associated with holding a tenancy (such as council tax, water rates, utility bills)?
- Are tenants interviewed face-to-face when signed up for a new tenancy?
- Are tenants visited at home within four weeks of a tenancy starting?
- Is there a system for identifying tenants who may be vulnerable and require additional support to manage their tenancy?
- Is there clear and consistent information to tenants on their responsibilities to pay their rent, and the implications of not doing so (eg tenants' handbook, leaflets)?
- Are new tenants given advice on housing and other benefits?
- Do you work jointly with the HB service to encourage benefit-take-up?
- Are staff trained in welfare benefits?
- Do staff carry out an assessment of HB eligibility and advise tenants of the amount they are likely to pay?
- Are there arrangements for referring tenants to debt counselling advice and support?
- Are staff trained to recognise when tenants might need to be referred to specialist debt counselling and advice agencies?
- Do you support local debt counselling and advice agencies?
- Are rent statements sent out to tenants on at least a quarterly basis? Are statements easy to understand?
- Are there performance measures/targets relating to preventative work?
- Is compliance with policies and procedures on prevention monitored on a regular basis?
- Have you considered running publicity campaigns to encourage tenants to make regular rent payments?
- Have you considered introducing incentive schemes to encourage tenants to make regular payments?

# 3

## Recovering current arrears

- 53 Growing arrears levels have prompted many Welsh councils and housing associations to take a firmer line on arrears recovery. For example, **Swansea City and County Council** has adopted a *Getting Tough* policy following a Scrutiny Committee review of rent arrears management carried out in April 2001. The policy involves moving to the next stage in the recovery process if tenants break a repayment agreement without contacting the council or without a valid reason. Although the policy is in its infancy, it has already resulted in a downturn in the rate of increase in arrears – in the first quarter of 2002/03 arrears showed a 4.25 per cent increase compared with an increase of 6.35 per cent in the same period last year (*Source: Wales study*).
- 54 This firmer approach is reflected in increased levels of court action and evictions nationally. The number of actions entered into courts in Wales for the recovery of social rented properties increased by over half between 1996 and 2001, from 4,200 (1.7 per cent of social housing stock) to 6,600 (2.7 per cent of stock). The increase in court orders made for the recovery of properties was even steeper, from 600 (0.2 per cent of stock) in 1996 to 1,800 (0.8 per cent of stock) in 2001.<sup>I</sup> Although these figures are for all recovery actions, almost all actions will have been for arrears.<sup>II</sup>
- 55 Although legal action is an essential step where tenants persistently fail to pay their rent, councils and housing associations should use court action and repossession only as a last resort. The legal process is lengthy, expensive (adding on average some £200 to a tenant's debt) and, to a degree, unpredictable, which is why it is important for social landlords to devote adequate resources to preventative measures.
- 56 Repossessions are even more expensive, incurring costs for:
- legal action;
  - former tenant arrears (more difficult to collect than current arrears);
  - the management of void property, including in some areas the cost of boarding up properties;
  - re-letting properties; and
  - repairing and maintaining empty property prior to relet.
- 57 The Audit Commission has calculated that each tenancy failure due to inadequate community care arrangements can result in costs of over £2,000 to a council.<sup>III</sup> Social costs are also incurred through, for example, an increased risk of homelessness and tenants having to move away from locally based support networks.

<sup>I</sup> Figures from the Lord Chancellor's Department.

<sup>II</sup> A Welsh Assembly Government survey found that 98 per cent of council and 99 per cent of housing association possession orders in 2001/02 were for rent arrears (the remainder were for anti-social behaviour).

<sup>III</sup> *Home Alone: The Role of Housing in Community Care*, Audit Commission, 1998

## Positive practice

### Making early contact

- 58 Social landlords need to monitor rent accounts closely to identify at an early stage where there is a problem and to take early, firm and appropriate action. IT systems should provide an accurate and easy to access picture of a tenant's rent account, and where HB payments are involved, housing officers should have a clear picture of the true level of rent arrears. Officers should contact tenants no more than two weeks after a missed payment, and wherever possible contact should also be made via the telephone or a visit. **Caerphilly County Borough Council's** IT system triggers a first letter when arrears are one week and a penny. However, the system identifies older tenants who are sent a *softer* first letter (*Source: Wales study*). **Clwyd Alyn Housing Association** has introduced two part-time arrears officer posts with an emphasis on visiting tenants in their homes. Although responsibility for arrears remains with housing officers, the creation of dedicated posts has allowed the association to respond early and has had a direct impact on current arrears levels (*Source: Wales study*).

### Increasing the impact of letters

- 59 To be effective, letters need to be clear, free from jargon and sent at an early stage. Too many letters, or letters that are formalistic, poorly written or inaccurate, will be counter-productive.

### Making telephone contact

- 60 Over the last ten to fifteen years there has been a considerable growth in the number of households with access to a telephone. Social landlords should develop a database of tenants' telephone numbers, that can be used for targeted action on rent arrears.

### Making home visits

- 61 Visiting tenants in their own homes is an effective means of dealing with arrears, particularly when they are relatively new. They allow staff to identify any additional problems that tenants might have, offer appropriate advice and support and develop an action plan for dealing with arrears.

### Making contact out of office hours

- 62 Councils and housing associations should ensure that tenants have opportunities to contact them about arrears out of usual office hours. Some councils and housing associations have found it much easier to make contact with tenants during the evenings or weekends, although it is essential for social landlords to think through the security and safety implications. **Caerphilly County Borough Council** holds telephone numbers for a large proportion of tenants and carries out after hours debt chasing. **Conwy County Borough Council's** specialist rent arrears officers work flexible, contractual hours to allow them to visit tenants out of office hours (*Source: Wales study*).

## Making realistic agreements to clear arrears

- 63 An agreement to clear arrears should be realistic, taking into account a tenant's wider financial circumstances. The agreement should cover the amount to be paid, frequency and method of payment and timescale. It may involve an arrangement for HB to be paid direct to the landlord. Repayment agreements should be set out in writing and monitored closely to see that the terms are kept to, with early follow-up action if they are not. Some councils and housing associations ask tenants to sign agreements. There should be clear criteria and procedures for referring tenants for more in-depth debt counselling.

---

### Box 4

#### Repayment agreements

**Cardiff City and County Council's** policy on repayment agreements sets out arrangements in relation to:

- how repayments are to be made;
- level of repayments;
- completing financial statements;
- broken agreements; and
- agreements after court applications.

The policy includes recommended repayment amounts for different circumstances, and officers are expected, subject to the agreement of tenants, to carry out an assessment of financial circumstances. A financial statement report records key information, including income and guideline amounts for key expenditure. Any deviations from the recommended repayment amounts must be explained on an agreement form.

*(Source: Wales study)*

---

## Applying consistent procedures

- 64 In some organisations, housing officers dealing with rent collection and arrears have a high degree of discretion in the ways in which they undertake their work – for example, when they issue letters or notices and in the composition of letters. This can result in confused messages about the landlord's attitude to arrears. Whilst there is a need for a degree of flexibility in communicating with individual tenants, this should be done within pre-agreed parameters. Compliance with policies and procedures, including the exercise of discretion, should be monitored on a regular basis.

## Not pursuing court action where arrears are due to HB delays

- 65 It is inappropriate to enter cases into court where all or the bulk of arrears are due to HB administrative delays. A number of councils and housing associations have adopted this policy in order to expedite HB claims, but courts have responded critically and are increasingly reluctant to grant possession. The practice also causes unnecessary anxiety, embarrassment and expense for tenants.

## Assessing tenants' personal and social circumstances

- 66 Councils and housing associations should assess tenants' personal and social circumstances before entering a case into court, and liaise with other relevant agencies, such as the homelessness service, social services and advice agencies, to ensure that tenants receive the advice and support they need.

## Reviewing arrangements for legal representation

- 67 Social landlords should consider alternative arrangements for legal representation – for example, outsourcing or using non-legal specialists to reduce costs.

# Self assessment questions

- Are rent accounts monitored on at least a weekly basis?
- Are letters sent out within two weeks of a missed payment?
- Are tenants interviewed within four weeks of a missed payment?
- Do staff carry out an assessment of a tenant's ability to pay before making a repayment agreement?
- Are repayment agreements confirmed in writing?
- Do staff check benefit entitlement during arrears interviews?
- Do staff refer tenants on to specialist debt counselling/advice agencies?
- Have the style and contents of arrears letters been reviewed in the past three years?
- Are clear records kept of all actions taken to recover arrears?
- Do staff assess the personal and social circumstances of tenants before entering cases into court?
- Do staff liaise with other agencies (eg homelessness service, social services, advice agencies) to ensure that tenants receive the advice/support they require?
- Are arrangements for contacting tenants flexible, to suit their circumstances and lifestyles? Are staff accessible out of office hours?
- Are policies and procedures for recovering arrears set out clearly in writing, and provided in appropriate languages and formats?
- Are letters/communications with tenants clear? Are they in appropriate languages and formats?
- Is compliance with policies and procedures, including the exercise of discretion, monitored on a regular basis?
- Have arrangements for legal representation been reviewed in the past three years?

# 4

## Collecting former tenant arrears

- 68 Former tenant arrears and debts account for significant and growing amounts of money. Although the majority of social landlords in Wales have written policies and procedures in relation to former tenant arrears, there is considerable variation in the approaches and effort applied to their recovery. For example, a third of social landlords do not have targets in relation to former tenant arrears and in many cases the responsibility for pursuing debts is unclear or dissipated across many staff.
- 69 There is evidence of some social landlords focusing more attention on the collection of former tenant arrears (for example, by creating specific posts) but practices in many councils and housing associations are still lax.

## Positive practice

### Recording contact addresses

- 70 Some councils and housing associations request contact details for close relatives of tenants at the start of tenancies. These can then be used to trace tenants who have left owing rent with no forwarding address. However, it is important for social landlords to ensure that they observe the Data Protection Act when recording and using contact information.

### Taking early action

- 71 Where tenants give notice that they intend to leave, they should be informed of any outstanding arrears or other housing debts as soon as possible, and an agreement made on how these are to be paid. If the tenant is transferring to another property then it may be possible to insert a repayment clause in the new tenancy agreement. Where tenants are moving elsewhere landlords should seek to obtain a forwarding address and telephone number.
- 72 However, in the majority of cases households owing rent leave without giving notice. In these cases it is important to begin recovery procedures without delay, to record outstanding arrears on the tenancy file, to set up a former tenant arrears' account, and to try to trace where they have moved to.
- 73 Social landlords will need to decide if the former tenant is contactable, whether the level of arrears is sufficient to make it worthwhile pursuing, whether any special circumstances are known of, and whether it is appropriate to consider write-off.

## Having clear procedures for the pursuit of former tenant arrears

74 There should be clear procedures for the pursuit of former tenant arrears. **Cardiff City and County Council**, for example, has different procedural flowcharts and standard letters for the following circumstances:

- address unknown, no court order;
- address known, court order; and
- address unknown.

*(Source: Wales study)*

75 It is important that, wherever possible, policies and procedures take account of individual circumstances. **Charter Housing Association's** former tenant arrears policy, for example, states that debts of more than £50 should be passed to debt collection agencies unless:

- the ex-tenant suffers severe mental/physical disability;
- the tenant has died with a rent debt of less than £300; or
- there is domestic violence, in which case recovery will not be pursued against the victim.

76 This is not to say action will never be taken against tenants (or their relatives) in these circumstances, but any deviations from policy need to be sanctioned by the Housing Manager and details recorded for the purpose of annual review. The housing association is due to review its policy on former tenant arrears and will be considering introducing incentives to encourage former tenants to repay their debts – for example, by allowing them onto the association's waiting list with their application being activated when arrears have been reduced by a pre-agreed amount *(Source: Wales study)*.

## Having clear policies and procedures for the write-off of debt

77 Social landlords need to establish clear criteria for arrears write-off. This may be where the arrears are relatively small (for example, under £50), when they are over a certain age (for example, 12 months), where the tenant cannot be traced or is unlikely to have the resources to clear the debt, or where it is uneconomic to pursue the debt.

## Considering using tracing and debt collection agencies

78 All councils and housing associations should consider using tracing and/or debt collection agencies to locate ex-tenants and recover former tenant arrears. Where landlords do elect to use a debt collection agency, they should choose an agency that is a member of the Credit Services Association, the trade association for financial recovery services. There should also be clear criteria and guidance on the circumstances in which cases should and should not be referred.

### Using specialist staff

- 79 A number of councils and housing associations have given responsibility for former tenant arrears to specific staff, often with considerable success. **Newport County Borough Council**, for example, appointed an ex-tenant debt recovery officer in 1998. Before his appointment former tenant arrears were running at around £12 million and no debts had been written off for some five to six years. A corporate policy on the write-off of debts was developed, which allowed the council to write-off over a third of ex-tenant debts. In addition, letters requesting payment sent out in the first four months brought in around £20,000 (*Source: Wales study*).

### Having a protocol for identifying and dealing with the former tenant debts of housing applicants

- 80 Increased mobility has inevitably led to social landlords being approached, and sometimes rehousing applicants who have accumulated arrears with another social landlord. It is important that councils and housing associations have a policy and procedures in place for identifying and responding to such cases. Such arrangements will involve sharing sensitive information, and will need to observe Data Protection Act requirements. It is also important for social landlords to monitor the number of applicants who have former tenant arrears.

## Self assessment questions

- Do you have a clear policy on the write-off of arrears?
- Do you have documented procedures setting out staff responsibilities and processes for the recovery of former tenant debts?
- Are the procedures set out clearly in writing and in appropriate languages and formats?
- Are letters/communications with former tenants clear? Are they in appropriate languages and formats?
- Are former tenant debts and amounts written off regularly reported to elected/board members?
- Is there a realistic provision for bad debts?
- Is responsibility for former tenant arrears allocated to a specific person/persons?
- Have you explored the possibility of using tracing and debt collection agencies?
- If you use a debt collection agency, is it a member of the Credit Services Association?
- Are there targets in relation to the collection of former tenant debts?
- Where tenants transfer, are repayment clauses included in the new tenancy details?
- Is there a protocol with other social landlords for identifying and dealing with former tenant debts of housing applicants?
- Are the number of housing applicants with former tenant arrears monitored?
- Are arrangements for contacting former tenants flexible, to fit in with tenants' circumstances and lifestyles? Are staff accessible out of office hours?
- Is compliance with policies and procedures regularly monitored?

# Part 2

## Driving improvement

Delivering services effectively is not just about having the right policies and procedures. It is also about creating an environment that supports improvement. The key requirements for this are:

- Clear corporate aims and objectives
- Understanding the nature and scale of the problem
- Effective performance management arrangements
- Strong tenant focus
- Working with HB services
- Working with other services/agencies
- Committed and trained staff
- Effective information management and IT arrangements

# 5

## Clear corporate aims and objectives

- 81** Councils and housing associations need a clear corporate view of the aims and objectives for the rent/arrears collection service, and how these interact with other corporate priorities. Although all Welsh housing associations and three-quarters of councils have an arrears strategy, this alone does not guarantee a consistent corporate approach. Some social landlords lack a clear approach, due mainly to the conflicts inherent in arrears management and the relatively low profile of the service. Arrears often only get corporate attention when things go wrong – arrears increase and there is an outcry from senior managers and elected members/board members at the impact this has on income levels and performance indicators performance. Also, the conflicts inherent in arrears management – namely the requirement to ‘get the money in’ and also to meet a range of social objectives – are not always recognised at the corporate level. If these objectives are not reconciled corporately, individual staff will have to wrestle with different, sometimes conflicting priorities at the operational level and the organisation could be pulled in two opposing directions. This is frustrating and stressful for staff and sends out confusing messages to tenants, other service users and stakeholders.
- 82** Although an arrears strategy is not a general panacea, it is an essential mechanism for agreeing aims and objectives, reconciling potentially conflicting objectives and raising the profile of arrears prevention and management.

## Positive practice

### Having an arrears strategy with clear links to other policy areas

- 83** Every council and housing association should have an arrears policy covering prevention, recovery and legal action [**Box 5**]. The aims and objectives should cover:
- council's/housing association's financial interests;
  - tenants' interests – protected, for example, by helping them to maximise their income and to prevent and minimise debt; and
  - broader organisational objectives such as reducing social exclusion and poverty.
- 84** There should be clear links between the arrears strategy and higher level corporate strategies (such as the community strategy and anti-poverty strategy). **Cardiff City and County Council's** corporate anti-poverty objectives, for example, make explicit connections to service-specific objectives on benefit advice and take-up (*Source: Wales study*).
- 85** Councils and housing associations should also monitor the effects that arrears recovery action has on other objectives – for example, increased evictions are likely to

impact on homelessness and social inclusion objectives. In **Ynys Mon**, arrears performance data is reported regularly to the social exclusion theme committee.

- 86 There should also be horizontal links to other relevant service level policies, such as rent setting, collection and accounting. In short, all strategies and policies should reinforce each other.

---

## Box 5

### A clear arrears policy

**Taff Housing Association's** rent arrears policy attempts to strike a balance between helping those in need who are generally on a low income and sustaining the income received from rents in order to provide landlord services. It sets out the aims of its policy as follows:

- to encourage prompt and regular payments of rent to minimise arrears;
- to take appropriate action on rent arrears at an early stage;
- to assist and advise tenants on welfare benefits at the beginning of their tenancy and to build a good working relationship with the Housing Benefit department, DWP offices and welfare agencies. A good knowledge of local advice is also important;
- to ensure tenants are aware of the arrears policy and to encourage the use of direct benefit payments and standing orders;
- to maintain good relationships with tenants and to adopt a sensitive, sympathetic, but firm approach (to arrears); to ensure that tenants are aware in advance of any action being taken, and that they have full information on their rent account at any time; and
- to provide clear advice to officers on tackling and monitoring arrears, and to enable officers to respond flexibly to cases within policy guidelines.

*(Source: Wales study)*

---

### Having a corporate debt policy

- 87 Councils should develop a corporate debt strategy or policy. The majority of tenants with rent arrears have other debts and it is possible that different departments within the council are pursuing the same people, with no communication or co-ordination. The strategy should make it clear where responsibilities for collecting different debts lie, and set out principles and standards in relation to communication and contact, collection and recovery processes, repayments and benefit advice and debt counselling. **Leicester City Council's** fair debt collection code of practice includes a methodology for calculating affordable repayments, to be used by all departments. A central database records repayment agreements, to ensure that people are not asked for unrealistic amounts (*Source: HouseMark good practice example*). **Neath Port Talbot County Borough Council's** charter for the collection of debts sets out how the council collects debts, explains people's responsibilities to make repayments and how they can make a complaint (*Source: Wales study*).

## Having strong corporate commitment

- 88 Having a policy or strategy on arrears isn't enough. Staff and elected/board members should understand and support the arrears policy, and ensure that it is adequately resourced. Senior managers and members need to appreciate the impact that arrears have on the organisation's business – for example, the impact of a 1 per cent decline or rise in the rent collection rate. They also need to understand how the organisation's approach to arrears prevention and recovery impacts on other policy areas, and vice-versa.

## Self assessment questions

- **Is arrears prevention/recovery given high corporate priority and adequately resourced?**
- **Is there a policy/strategy on arrears prevention and recovery?**
- **Is there a corporate debt policy/strategy?**
- **Are overall aims and objectives on arrears prevention and recovery clear and challenging?**
- **Were the following involved in developing the arrears policy/strategy:**
  - **elected/board members?**
  - **housing officers?**
  - **tenants?**
  - **HB service?**
  - **local advice agencies?**
  - **other stakeholders?**
- **Are there clear links between the policy on arrears prevention/recovery and wider corporate policies – for example, anti-poverty, social inclusion, equalities?**
- **Is there a good understanding of the impact of arrears on the business of the organisation?**
- **Is the impact of the arrears policy on wider corporate policies monitored on a regular basis?**
- **Are there clear links between corporate aims and objectives and lower level objectives/targets?**
- **Is there consistent support from elected board members for the arrears policy?**
- **Are staff clear about key aims and objectives and the organisation's approach?**
- **Are tenants clear about key aims and objectives and the organisation's approach?**
- **Are other stakeholders clear about key aims and objectives and the organisation's approach?**

# 6

## Understanding the nature and scale of the problem

- 89 Social landlords need a good understanding of the scale, nature and causes of arrears if they are to prioritise and tailor their actions effectively. For example:
- what proportion of arrears are due to pending HB applications?;
  - are there significant residual arrears, following payment of HB claims?;
  - what types of tenants are most likely to accrue arrears?;
  - are arrears concentrated in particular areas or estates?; and
  - which types of debts are growing fastest – eg current tenants, former tenants, service charges, HB overpayments?
- 90 Although the use of information to understand key issues better is generally underdeveloped, some councils and housing associations have changed their approach to arrears prevention and recovery on the basis of this sort of intelligence. For example, **Swansea City and County Council** extended its use of HB calculators to all area offices when it realised that residual arrears (following payment of HB to new tenants) were much lower in the one area where HB calculators were used on a routine basis (*Source: Wales study*).
- 91 Social landlords should review key trend information at least annually. Where appropriate, information should be analysed by area and/or team.

## Self assessment questions

- Do you analyse key data to help you understand the scale and nature of the arrears problem, and to help target action? For example, do you know:
  - the incidence and level of arrears by household type, property type, type and length of tenancy?
  - the incidence and level of arrears by area/team?
  - the amount of arrears due to HB delays?
  - the amount of debt due to rent arrears, HB overpayments, rechargeable repairs costs, water rates, service charges, garage rents?
  - which types of debts are rising most quickly?
  - what proportion of arrears is attributable to small scale, static arrears?
  - average amount of residual arrears following payment of HB to new tenants?
  - average shortfalls between HB and payment due?
  - number/ per cent of tenants who leave with outstanding arrears
  - number/ per cent of tenants who leave without giving notice?
- Have policies/procedures changed in the past three years as a result of such an analysis?

# 7

## Effective performance management arrangements

- 92 A strong performance management system is the keystone to improvement. It provides:
- a clear focus and sense of direction for the service;
  - a framework for measuring the effectiveness of policies and procedures;
  - a way of ensuring consistency of approach across offices, areas and officers;
  - a framework for staff appraisal;
  - a link to corporate policies and strategies; and
  - a bridge to other relevant service level policies.
- 93 There is considerable scope in the majority of councils and housing associations to improve performance management arrangements for preventing and managing rent arrears. Current arrangements are weak in a number of respects – for example:
- in many cases, performance indicators and targets are not providing a balanced picture of performance;
  - many social landlords do not set targets for individual staff;
  - there is often limited involvement of elected/board members, staff and tenants in setting service standards and targets;
  - information on costs is generally weak; and
  - few social landlords have service standards and targets for prevention.

## Positive practice

### Using performance measures and targets

#### **Developing a balanced picture of performance**

- 94 Councils and housing associations need a range of performance indicators (PIs) and targets to provide a rounded picture of their performance. They should cover:
- costs and resources;
  - the tenant perspective;
  - the internal management perspective; and
  - outcomes.

- 95 Although it is important to develop a range of measures, councils and housing associations should be selective – indiscriminate development of dozens of PIs will undermine their value. Social landlords need to make a careful choice, based on their own objectives, policies and procedures and on their administrative and IT capabilities. There are a number of useful sources of information on PIs to which social landlords might want to refer:
- the Chartered Institute of Housing has developed a range of PIs on rent/arrears collection (listed in Appendix 3);
  - the Audit Commission, in partnership with IDeA, is developing a library of local indicators (the website address is included in Appendix 2); and
  - pay-to-use good practice and benchmarking services (email addresses are included in Appendix 2).
- 96 There is an expectation within Best Value and the Wales Programme for Improvement, that targets will be challenging but realistic and underpinned by concise, resourced action plans. There should also be clear links to broader corporate objectives.
- 97 It is important to recognise that PIs are not an end in themselves, and should be used in conjunction with other information and methods. For example, managers will need to monitor closely the performance of individual officers, including the progress made with problematic cases.

#### **Avoiding perverse incentives**

- 98 Arrears targets should not create perverse incentives for staff to take inappropriate recovery action. Social landlords should closely monitor recovery actions (including the number of possession orders and evictions) to ensure that all actions are in line with the organisation's policies and procedures.

#### **Focusing on what can be influenced**

- 99 Although it is good practice to focus on outcomes, it should be recognised that these measures are more susceptible to external influences. Wherever possible, councils and housing associations should include measures over which they have some control. For example:
- Arrears due to HB delays and HB payments in arrears should be separated from tenant arrears, since the two require different responses.
  - The percentage of rent due that is collected is a more meaningful measure of performance than the level of current arrears, since the latter includes cumulative arrears.

### Setting personal targets

- 100 Many social landlords have found that setting personal targets for staff has improved performance. For example, in spite of initial wariness, **Torfaen County Borough Council** HB staff are now committed to individual targets. The system (described in **Box 6**) encourages healthy competition and boosts morale since it clearly evidences service improvements .

---

## Box 6

### Personal targets

HB assessors with **Torfaen County Borough Council** have individual targets of 25 claims a day, whilst senior assessors (who process more complex cases) have targets of 15 a day. Performance figures are produced on a weekly basis, with a focus on the four week trend for each officer. A whiteboard in the assessors' room records claims processed and the backlog. Average weekly scores (per assessor) are distributed on a monthly basis. Staff receive annual achievement and development interviews (ADIs) and less formal reviews after six months. Supervisors/managers assess performance in the round – for example, teamwork, how well staff carry out additional roles (eg liaison with housing associations) and the accuracy of determinations – as well how quickly they process claims. The interviews are also used to identify any training or personal development requirements.

*(Source: Wales study)*

---

### Setting differential targets

- 101 Different targets might be appropriate for different areas, officers and types of debt. For example **Charter Housing Association** has different targets in relation to current and former tenant arrears and the percentage of rent collected, for the four geographical areas it works in, to reflect varying socio-economic contexts (*Source: Wales study*).
- 102 In most cases it will be appropriate to set different targets for different types of housing debt (for example, HB overpayments, water rates), although a worryingly high proportion of social landlords are unable to monitor these different forms of debt separately.

### Involving staff, members, service users and stakeholders in setting service standards and targets

- 103 Standards and targets developed jointly with key internal and external stakeholders are more likely to be relevant and receive support. Although only a small minority of social landlords currently involve service users or external agencies, there are still examples of good practice:
- A CAB representative was a full member of a **Bridgend County Borough Council** Best Value Review of HB administration.
  - The **Vale of Glamorgan** Housing Service held a series of focus groups with tenants to develop housing management service standards, including standards on rent/arrears collection.
- (Source: Wales study)*

## Implementing improvement

### Developing a service improvement plan

- 104 Where there is evidence of poor performance, councils and housing associations should develop a service improvement plan [Box 7]. The plan should record the aims and objectives of the service, appropriate targets and standards, key tasks, responsibilities and time-scales for achieving improvement, and identify appropriate resources. The plan should link to other relevant strategies and plans and be monitored on a regular basis.

---

### Box 7

#### Service planning

The Revenues and Benefits service at **Torfaen County Borough Council** has its own service and organisational development plan (SODP), that links to the Financial Services SODP and to higher level corporate plans and policies.

The SODP outlines core activities and service aims and objectives, reviews recent performance and sets targets for the future.

In addition to PI focused targets, the SODP includes a range of planned service improvements and developments. There is an emphasis on continuous improvement and learning from others' experience (eg through Inspectorate reports, benchmarking clubs and more informal networks).

Benefit service aims and objectives acknowledge the importance of broader priorities such as maximising claimants' incomes and providing a first class service (for example, by providing easy-to-understand information).

Each Financial Services staff member has an individual copy of the service's SODP, and key aims and objectives are reinforced through inclusion in posters, calendars and other internal documents.

The departmental management team monitors performance at its monthly meetings – complaints and the SODP milestone monitor are regular agenda items.

*(Source: Wales study)*

**Edinburgh City Council** has introduced a ten-point plan to reduce arrears by £1 million. The plan involves:

- encouraging tenants to make firm arrangements to pay their rent from day one;
- encouraging tenants to make full use of HB;
- providing a home rent collection service where it is felt this would help regular payments;
- maximising the use of standing orders and direct debits;
- early intervention in cases, intensive work on low level arrears and more selective use of court action;

- ensuring all letters are written in plain English;
- reviewing repayment arrangements and setting firm deadlines for tenants to clear outstanding debts;
- reviewing the use of legal action to assess how it can be used more effectively;
- reviewing the need to extend office opening hours; and
- a media campaign to raise the profile of the issue.

*(Source: HouseMark good practice example)*

**Conwy County Borough Council** has individual action plans for each estate officer to implement over a three month period. Plans indicate 'hot spots' and the support required to achieve a reduction in arrears.

*(Source: Wales study)*

---

## Monitoring and reviewing performance and impact

### Monitoring performance at all levels of the organisation

- 105 Monitoring of performance should occur at all levels, from individual staff members to elected/board members **[Box 8]**. Staff should receive regular performance reports, including comparisons with other areas and teams. Appropriate elected/board members should receive less detailed but key performance information, on at least a quarterly basis. Some social landlords report performance on an exceptions basis, where performance has dipped below pre-agreed levels.

---

### Box 8

#### Monitoring performance at all levels

There is a strong performance management culture within **Clwyd Alyn Housing Association**, which cascades down from the board and senior managers to frontline officers. Weekly information on arrears is produced, highlighting trends over time and by area. Area managers meet regularly with staff, and senior managers receive weekly emails on individual officers' performance.

*(Source: Wales study)*

---

#### Comparing performance

- 106 Social landlords should review and challenge their performance by making comparisons against:
- targets;
  - previous years; and
  - appropriate comparator groups.

- 107 National PIs provide the most convenient source of data on other councils and housing associations, but definitional inconsistencies can reduce their comparative value.
- 108 Councils and housing associations should select appropriate comparator groups, not just in Wales but also further afield. In deciding on a suitable group, they should take the following contextual factors into account:
- stock turnover;
  - urban/rural nature of area;
  - proportion of new tenants in receipt of HB;
  - proportion of new tenants who are single people;
  - proportion of tenants who are young/older;
  - proportion of tenancies of less than 12 months duration; and
  - time taken to process HB.
- 109 A benchmarking club or forum can provide additional opportunities to get beneath the statistics and make more detailed comparisons of performance. The **South Wales Rent Forum**, which has 11 local authority members, has been meeting on a quarterly basis since 1999. The Forum has compared costs, arrears processes, standard letters, organisational structures and grade levels and how PIs are defined and compiled.

#### **Monitoring the impact of policies and procedures**

- 110 Social landlords should regularly monitor the impact of arrears policies and procedures on the numbers of possessions, evictions and abandonments, and whether policies are having a differential impact on different groups – for example, black and minority ethnic households, young or older people or lone parents.

#### **Monitoring the exercise of discretion**

- 111 Although it is important for arrears recovery staff to apply policies and procedures flexibly in response to tenants' individual circumstances, it is essential for social landlords to monitor the application of discretion – for example, where standard letters are tailored or withdrawn – to ensure consistency of approach.

---

### **Box 9**

#### **Monitoring outcomes**

**Cardiff City and County Council** regularly monitors the number of notices issued, the outcomes of court action and evictions for each of its four districts. It also monitors the amount of outstanding arrears that are attributable to different types of tenancy terminations – for example, evictions, abandonments or death of tenant.

*(Source: Wales study)*

---

## Self assessment questions

### Using performance measures and targets

- Are targets defined in relation to national PIs?
- Are local PIs used?
- Is there a balanced range of performance measures and targets, covering costs and resources, the tenant perspective, internal management perspective and outcomes?
- Are there individual staff targets?
- Are there different targets for different areas/staff?
- Are there different targets for the recovery of different types of debt – eg rechargeable repairs, HB overpayments.
- Have the following groups been involved in setting service standards, measures and targets:
  - tenants?
  - staff?
  - elected/board members?
  - other stakeholders?
- Do measures and targets avoid creating perverse incentives?
- Do performance measures/targets link to corporate objectives?

### Implementing improvement

- Is there an action or improvement plan outlining how objectives/targets in relation to rent/arrears collection will be achieved?
- Does the plan take into account resource implications?
- Do the following groups understand and support key objectives and targets:
  - tenants?
  - staff?
  - elected/board members?
  - other stakeholders?

Continued overleaf...

## Key questions (continued)

### Monitoring and reviewing performance

- Are the following groups satisfied with the performance information they receive;
  - tenants?
  - elected/board members?
  - senior managers?
  - operational managers?
  - operational staff?
  - other stakeholders?
- Are arrangements for comparing performance with other councils/associations effective?
- Is the organisation a member of a relevant benchmarking club?
- Is the organisation using an appropriate comparator group?
- Are there effective arrangements for taking action, where objectives/targets are not being met?

# 8

## Strong tenant focus

**112** Although income maximisation is a crucial objective for social landlords, this should be balanced with tenants' interests and needs. The need for services to be tailored to tenants' circumstances, and for tenants to be involved in shaping and assessing those services, is a constant thread running throughout this report. In this section we highlight some of the key requirements.

**113** The Chartered Institute of Housing identifies the following aspects of service delivery to be of particular importance to tenants:

- a range of payment methods;
- a simple explanation of how the rent is calculated, the consequences of not paying rent and the likely assistance with HB if any;
- regular rent statements and efficient rent accounting;
- assistance with claiming welfare and housing benefits;
- advice on maximising available financial support;
- advice on ways of managing debts; and
- information to demonstrate determination and even-handedness in dealing with arrears.

*(Source: Chartered Institute of Housing Housing Management Standards Manual)*

**114** The way in which services are delivered can be as important as the services themselves – for example, accessibility, whether information is clearly presented and whether a landlord takes into account tenants' individual circumstances.

**115** Evidence from housing inspections and other sources suggests that there is considerable variation in how tenant focused councils and housing associations are.

## Positive practice

### Clear communications

**116** Given that a significant number of social tenants have literacy difficulties, it is important for all communications concerning rent and arrears to be clear, concise and simple to understand. Box 10 outlines the key requirements.

---

## Box 10

### Clear communications

Communications to tenants concerning rent and arrears should be in:

- plain language free of jargon;
- relevant community languages, where appropriate;
- large print, braille and tape versions, where appropriate; and
- an attractive design and format.

Social landlords should:

- make appropriate arrangements for communicating with tenants who have special needs, such as people with sight, hearing or learning difficulties;
- arrange for language interpreters to be present at interviews with customers who have difficulty speaking or understanding English.

*Source: Chartered Institute of Housing Housing Management Standards Manual*

---

**Cardiff Community Housing Association** has a Somali and Arabic speaking receptionist who has been an invaluable resource to the association. She is able to interview Somali and Arabic tenants in the office or in their own homes, writes letters that can be immediately understood by tenants, has built up an extensive database of contacts and has helped association staff understand the cultural issues relating to Somali and Arabic communities.

*(Source: Wales Study)*

**117** Information should be available on:

- rent payment options;
- how the rent is set;
- breakdown of the amount due;
- policies and procedures on arrears prevention and recovery;
- the consequences of not paying the rent;
- what to do if in arrears;
- what to do if facing eviction;
- how to get help and information (including external sources); and
- the performance of the council/association in collecting rent/arrears.

Information should be provided in a variety of formats – for example, tenants' handbooks, leaflets, websites and posters.

---

## Box 11

### Advice leaflets

**Kings Lynn and Norfolk Borough Council** produces an annually updated leaflet for tenants facing eviction. The leaflet provides advice to tenants on legal, financial, housing, family and health matters. It includes a list of useful addresses and contact numbers, including the borough council offices, social services, the CAB and Benefits Agency together with details of specialist agencies that can assist with family, education and child support issues.

*(Source: HouseMark promising approach)*

---

### Consulting with tenants

**118** Tenants' and service users' views should be taken into account when reviewing services and developing performance standards and targets. This can be done in a number of ways, for example:

- **Walsall Metropolitan Borough Council** uses its annual survey of the housing and council tax benefits service customers to find out what they think about the service and how it could be improved. The results have been used to improve application forms, letters and other documentation used by the council in providing the service *(Source: HouseMark Promising approach)*.
- **York City Council** has published a customer contract for rent services, which details the level and type of service that customers can expect. The key promises made by the council are to:
  - offer a fortnightly rent collection service;
  - send a rent account statement every three months;
  - refund credits on rent accounts within ten working days;
  - check and return rent cards within ten working days;
  - set up a rent account and send out a rent card within three working days of the start of a tenancy;
  - give four weeks notice of any rent increase; and
  - put any problems right quickly.

*(Source: HouseMark good practice example)*

### Responding flexibly

**119** Policies and procedures should be flexible enough to take into account tenants' individual circumstances, although there must be overall consistency of approach to ensure that tenants receive equal treatment. **Cardiff Community Housing Association**, for example, feels that its fairly small, localised tenant base, combined with low staff turnover, means that housing officers know the majority of tenants in arrears well and can tailor their responses to suit individual circumstances, making action more effective *(Source: Wales study)*.

## Making services accessible

120 Tenants should have a range of options for paying their rent and accessing information and advice. If there are no local offices, staff should be prepared to visit tenants with limited mobility at home. It should be easy for tenants to reach someone who can help them by telephone. **Caerphilly County Borough Council HB Service** makes its services accessible by:

- making direct line numbers available to claimants;
- keeping offices open throughout lunchtimes;
- allowing claimants to submit claims in any one of seven local offices (claims are paid from the date claims are received in the local office); and
- considering the pilot of locally-based teams who are responsible for rent collection, HB and council tax.

## Self assessment questions

- Are letters about rent/arrears easy for tenants to understand?
- Are tenants given clear information on:
  - rent payment options
  - how the rent is set
  - breakdown of the amount due
  - policies and procedures on arrears prevention and recovery
  - the consequences of not paying the rent
  - what to do if in arrears
  - what to do if facing eviction
  - how to get help/information (including external sources)
  - the performance of the council/association in collecting rent/arrears?
- Where appropriate, is information provided in a range of languages/formats?
- Have you canvassed tenants' views on the availability and clarity of information?
- Are staff available to talk to tenants outside usual office hours?
- Are staff accessible? Are there local offices, or are staff able to make home visits?
- Is it easy for tenants to reach someone on the telephone who can answer their queries?
- Have you canvassed tenants' views on the accessibility of services?
- Does your approach take into account individual circumstances?
- Are tenants involved in setting service standards and targets?

## Working with Housing Benefit services

- 121** The relationship between social landlords and Housing Benefit (HB) services is key to effective arrears prevention and management. Although a range of factors have an impact on arrears levels, the time councils take to process HB claims is clearly a crucial influence. The majority of social landlords – around 60 per cent – are dependent on HB to pay their rent. Some housing associations that re-house particularly vulnerable groups, such as homeless people, are even more dependent on HB for their income, and can experience acute problems if tenants/residents move on before claims are determined. It is not, therefore, surprising that Welsh housing associations attribute around 40 per cent of their current arrears to HB, whilst Welsh councils estimate the proportion to be in the region of 10 per cent.
- 122** HB delays not only affect cashflow, but also make it difficult for landlords to distinguish between arrears where HB is due and arrears that should be collected from the tenant, thus impeding rent collection and court action.
- 123** By improving communications and joint working arrangements, social landlords can not only reduce HB processing times and, consequently, arrears, but can also improve services to tenants and claimants. However, there must be co-operation from both parties. Social landlords should help to ensure tenants submit properly completed and documented claims promptly. HB services need to work more closely with social landlords to minimise arrears and overpayments.
- 124** This chapter looks at how social landlords and HB services can work more positively together to achieve improvement. It does not consider how HB services should be managed, since there are a number of recent, more specialist sources of advice on this, most importantly the HB/Council Tax Benefit Performance Standards published by the Department for Work and Pensions in March 2002. The standards, developed with the Benefit Fraud Inspectorate (BFI) cover seven key areas:
- strategic management;
  - customer services;
  - processing of claims;
  - working with landlords;
  - internal security;
  - counter fraud; and
  - overpayments.

- 125 Standards relating to working with landlords cover three aspects:
- communicating effectively with landlords;
  - making appropriate use of direct payments to landlords and preventing evictions; and
  - reducing overpayments to landlords by ensuring they have a better understanding of their responsibilities and taking prompt and appropriate action when overpayments occur.
- 126 Working with landlords standards are included at Appendix 4, and are referred to throughout this chapter. A full set of performance standards, including self-assessment checklists, is available on the DWP website (see Appendix 2).
- 127 A further source of guidance is the Audit Commission's Learning from Inspection report on HB administration.<sup>1</sup>
- 128 The focus of this chapter is on how councils and housing associations can work more constructively together to improve both HB and rent/arrears collection services. Examples of positive practice are provided in relation to:
- developing knowledge and understanding;
  - improving communications;
  - having clear policies and procedures;
  - sharing information;
  - carrying out pre-court action checks;
  - verifying claims; and
  - dealing with over-payments.

## Positive practice

### Developing knowledge and understanding

- 129 Lack of trust and understanding between social landlords and HB services is one of the main barriers to improving joint working. Clearly, where there is mutual trust and understanding, people are more likely to make themselves accessible, to listen and to share information. A number of social landlords have found that joint training and staff exchange/placement initiatives have been effective at breaking down barriers. For example:
- **Torfaen County Borough Council HB** service has held an on-site training session for CAB staff so they can meet with HB staff and learn more about the process of verifying and assessing claims (*Source: Wales study*).

<sup>1</sup> *Learning from Inspection: Housing Benefit Administration*, Audit Commission, 2001

- **Caerphilly County Borough Council HB** service has carried out job shadowing with the Benefits Agency across all teams over the past two years, which has helped develop mutual understanding. Rent officers with the council receive fraud awareness training (*Source: Wales study*).

### Improving communications

- 130 Reaching HB staff by telephone can be a frustrating process. However, increasingly HB services are accepting and responding to enquiries by email, and making direct line numbers available to council and housing association housing officers. Regularly updated contact lists allow other services and organisations to identify quickly the right people they need to talk to. A number of HB services have also introduced named contacts for each of the key organisations they work with, such as the housing department, housing associations and the CAB.
- 131 Regular meetings between social landlords and the HB service can be a useful way of monitoring service standards and procedures, tackling any operational issues and improving services. DWP Performance Standards state that there should be ‘regular two-way communication with landlords on HB administration’. However, it is important for all parties to be clear about the purpose of regular meetings or forums – conflicting expectations will waste time and achieve little.
- **Caerphilly County Borough Council** established an internal revenues forum in April 2002, comprising officers and managers from Rents, Benefits, Council Tax and Cashiers, to consider how services could be improved. Agenda items can be submitted by any member and minutes are circulated widely. The forum has instigated a number of practical service improvements, including allowing claimants to submit claims at any of the council’s seven local cash offices. Claims are payable from the date they are received locally (*Source: Wales study*).

### Having clear policies and procedures

- 132 There should be clear policies and procedures covering:
- the sharing of information (within the framework of the Data Protection Act);
  - submitting HB claims;
  - making enquiries on HB claims;
  - how housing staff are updated on the progress of HB claims;
  - prioritising serious arrears cases;
  - referral of housing associations claims to the Rent Officer Service;
  - making interim HB payments;
  - making direct payments to landlords;
  - notifying housing staff when claims have been terminated/suspended or are due for renewal (within the framework of the Data Protection Act);

- recovering overpayments; and
- provision of advice to tenants/claimants.

133 In some areas, standards and procedures are set out in a service level agreement (SLA), although there are mixed views on their effectiveness. Around half the Welsh housing associations that have an SLA with a HB service say it is ineffective. Problems with SLAs can arise when:

- there is an imbalance in relation to what different parties get out of the agreement;
- the agreement is not monitored at a senior enough level; and
- standards and targets are unrealistic, failure becomes endemic and the SLA is ignored.

134 However, many organisations have found SLAs useful frameworks for agreeing a range of standards and joint working arrangements for both parties **[Box 11]**. The coverage of SLAs varies, but often include the following areas:

- **HB services:**
  - time taken to determine claims;
  - circumstances in which interim payments will be made;
  - time taken to write to claimants requesting additional information;
  - timing of renewal letters and reminders;
  - processing of appeals;
  - criteria for recovering overpayments;
  - notification of overpayments;
  - notification of HB renewal dates;
  - referrals to the rent officer; and
  - direct payments to landlords.
- **Social landlords:**
  - advice/support provided to tenants to help them submit claims;
  - time taken to submit supporting information;
  - reinforcing with tenants the importance of reporting changes in circumstance;
  - time taken to repay HB overpayments; and
  - notification of outstanding HB claims, increased rents and service charges and void properties.

135 SLAs also cover issues of common concern such as:

- training,
- liaison meetings,
- responding to enquiries,

- maximising benefit take-up;
- performance monitoring;
- sharing information; and
- providing advice/information to tenants/claimants.

136 There is considerable scope for social landlords and HB services to collaborate more in the provision of welfare benefit advice to tenants and benefit take-up campaigns. For example, a HB advisor with **Monmouthshire County Council** holds weekly surgeries in each of the four area offices. The council is also developing a 'one stop shop' approach to service provision, and it is envisaged that HB advice will be available on this basis (*Source: Wales study*).

### Sharing information

137 There is a considerable amount of confusion amongst councils and housing associations in relation to what information can and can't be shared within the framework of the Data Protection Act. An overly cautious approach can lengthen processing times, and mean that tenants have to provide the same information a number of times. There is an urgent need for the Government to issue clearer guidance in this area. However, in the meantime there is considerable scope to improve the flow of information between social landlords and HB services. For example:

- HB and social landlords should:
  - agree protocols for information sharing; and
  - make it straightforward for claimants to consent to the HB service providing their landlord with information.
- HB services should:
  - copy letters to landlords in direct payment cases – for example, where a claim has been granted, suspended or cancelled or is due for renewal, or where there has been an overpayment. Letters should be easy to understand and include all relevant information;
  - provide social landlords with a weekly list of HB renewal claims due for renewal/not returned, stating the date each claim will be cancelled (where supported by tenant consent at the time of the claim);
  - work with council housing staff to enable them to verify HB claims;
  - provide guidance on the verification process and documentation required, so that social landlords can advise their tenants;
  - ensure that all cheques or BACS payments are supported by an explanatory letter or schedule clearly explaining what the payment is for; and
  - inform the social landlord if investigations reveal that a claimant living at a property is not the person named on the tenancy.

- Social landlords should:
  - assist tenants to complete and submit their HB claims properly and promptly;
  - submit information on rent and service charge increases in respect of each benefit claim promptly so the HB service can easily identify eligible and ineligible charges;
  - promptly notify the HB service of any claimants who have left tenancies, or where there have been relevant changes in circumstance;
  - inform the HB service in advance of projected rent and service charges on new schemes; and
  - inform the HB service in writing where there is a reasonable suspicion of fraud, and cooperate with the council's investigations into the case.

---

## Box 11

### SLAs

**West Pennine Housing Association** has an SLA with **Tameside Metropolitan Borough Council** for HB administration. The agreement also covers the 14 other associations that operate in the area. It sets out services to be provided by Tameside, which include:

- target times for HB claims;
- details of when HB will be paid direct to the housing association, along with terms upon which it will be paid; and
- details of the recovery methods which will be used by the council.

It also sets out the roles and responsibilities of housing associations which include:

- a maximum period for the repayment of HB overpayments;
- details of how HB will be promoted by the association; and
- target times within which the housing association should notify the council of outstanding HB claims, increased rent and service charges and tenants on HB leaving their properties.

Liaison meetings are held every six months.

*Source: HouseMark promising approach*

---

## Carrying out pre-court action checks

- 138** Before taking court action for rent arrears, it is essential that social landlords check with HB services on any HB payments that might be due. Social landlords should not pursue possession when arrears are due to HB processing delays.

## Verifying claims

- 139** The time taken to verify HB claims is a major contributory cause of processing delays. There is considerable scope for social landlords to assist with the verification process. A number of councils have trained council housing/rent officers to assist with the

completion of claim forms and verify evidence. This frees up time for HB assessors to concentrate on determining claims and also increases housing/rent officers' understanding of HB administration. Because they are defined as private landlords for the purpose of HB administration, housing associations cannot carry out verification work themselves. However, there is a possibility that associations may in future be permitted to verify HB claims. The DWP is currently conducting a pilot project involving associations in the verification of claims in 12 local authority areas, including Conwy. The results of the pilot exercise are due to be published in autumn 2002.

- 140 Outside formal verification, there are a number of ways that social landlords can streamline the verification process. For example:
- **Torfaen County Borough Council** has produced guidance for social landlords and voluntary agencies on the verification process and the information that is required (*Source: Wales study*).
  - **Denbighshire and Conwy Councils** have run joint training sessions with local housing associations on the verification framework (*Source: Wales study*).

### Dealing with overpayments

- 141 The recovery of HB overpayments is a sensitive issue for many housing associations. The deduction of overpayments from the bulk payments made to housing associations can have an immediate and significant impact on arrears levels. The DWP's commitment to improve HB over-payment recovery rates of councils makes it even more important for HB services and social landlords to work together to minimise overpayments and agree arrangements for recovery.

Agreements should cover:

- arrangements for notifying social landlords of overpayments;
- how overpayments should be repaid;
- how old an overpayment can be when recovered;
- time taken to repay overpayments;
- arrangements for appeals; and
- arrangements for informing HB of suspected overpayments.

## Self assessment questions

### Sharing information:

- How easy is it for you to check progress of HB claims? Are there key contacts, a dedicated line?
- Are your staff/tenants getting information to the HB service as swiftly as possible?
- Does your organisation always check on outstanding HB claims before taking court action?
- Do you:
  - submit information on rent and service charge increases in respect of each benefit claim promptly so the HB service can easily identify eligible and ineligible charges?
  - promptly notify the HB service of any claimants who have left tenancies, or where there have been relevant changes in circumstance?
  - inform the HB service in advance of projected rent and service charges on new schemes?
  - inform the HB service in writing where there is a reasonable suspicion of fraud, and cooperate with the council's investigations into the case?
- Does the HB service:
  - copy relevant information to you (as permitted by the Data Protection Act)?
  - provide you with a regular list of HB renewal claims due for renewal/not returned, stating the date each claim will be cancelled (as permitted by the Data Protection Act)?
  - provide guidance on the verification process and documentation required, so that housing staff can advise tenants?
  - inform you if investigations reveal that a claimant living at a property is not the person named on the tenancy?
- Do council housing staff have access to the HB system (read-only facility)? Is the system easy to interrogate?
- Is it straightforward for claimants to consent to the HB service providing you with information?
- Do information sharing arrangements meet data protection/privacy requirements?

Continued overleaf...

## Self assessment questions (continued)

### Joint initiatives:

- Are there joint training events with the HB service?
- Have you considered introducing secondments/job shadowing?
- Do you work with the HB service to provide advice and information to tenants/claimants?
- Do you work with the HB service to maximise benefit take-up?

### Policies and procedures:

- Are there clear and effective procedures in relation to:
  - sharing of information (within the framework of the Data Protection Act)?
  - submitting HB claims;
  - making enquiries on HB claims?
  - updating housing staff on the progress of HB claims?
  - prioritising serious arrears cases?
  - making interim HB payments?
  - notifying housing staff when claims have been terminated/suspended or are due for renewal (within the framework of the Data Protection Act)?
  - recovering overpayments?
  - provision of advice to tenants?
- Are there agreed service standards (on both sides) and are these adhered to?

# 10

## Working with other services/ agencies

- 142 Working with other services and agencies is a prerequisite for effective arrears management. Without it, arrears levels and the numbers of possessions and evictions would almost certainly rise, compromising social landlords' broader social objectives. The majority of tenants, for example, have multiple debts and would benefit from advice and support from specialist agencies with the knowledge and skills to be able to help.
- 143 One of the most important relationships, with HB services, was considered in detail in Chapter 9. Social landlords should also have effective working relationships with:
- **voluntary agencies** that provide welfare benefit and debt counselling advice and support;
  - **social services;**
  - **internal departments that might also be collecting debts** – eg council tax;
  - **other internal services** such as legal, rent accounting, finance; and
  - **external agencies and groups**, such as the Benefits Agency, debt recovery agencies, housing forums, court user groups.

## Positive practice

### Liaising with the courts

- 144 Court user groups have been highly effective in some areas, providing an opportunity for landlords, the HB service and court officials to discuss issues of concern, such as the number of suspended orders, and come up with solutions (for example, statements/affidavits from the HB service on the state-of-play of HB claims).

---

### Box 12

#### Court User Groups

**The Rhyl court users' group** was re-launched in April 2001 and has some 30 members including councils, housing associations, advice agencies and private law practices. The group, which is chaired by the District Judge, meets on a bi-annual basis, and also holds one-off meetings to discuss specific issues – for example, it met in October 2001 to discuss the implications of the Housing and Land Reform Act.

The group provides an important opportunity for the court and court users to share information and raise issues of concern. Members are asked for agenda items in advance. A number of the courts' working practices have changed as a result of group meetings – for example, the introduction of block appointments. The judge has also

raised with councils the high number of adjournments due to HB delays, and HB backlogs have reduced as a consequence.

*Source: Wales study*

### Making use of specialist advice and support agencies

- 145 Many social landlords do not have the skills, experience or time to provide specialist advice/support such as financial advice or debt counselling support. They should act as a gateway to other agencies who are equipped to help. Councils and housing associations should actively develop relationships with local advice and support agencies, possibly by providing funding or other types of support. They should also negotiate joint working arrangements, such as how referrals should be made, who key contacts are and how the agencies should share information. It may be appropriate to formalise these arrangements with a service level agreement.

#### Box 13

### Making use of specialist advice and support agencies

**Cardiff Community Housing Association** has contributed several thousand pounds over the past couple of years to the Somali Advice Centre based in Butetown. This has been in conjunction with other housing associations that operate in the area. This has helped to fund a Somali advice worker who has helped in tenancy matters and problems, acting as a go-between. The worker has been very successful especially in relation to HB problems and has saved the association money in respect of HB related arrears and appeals for backdating and overpayments.

*Source: Wales study.*

### Referring tenants who are at risk of eviction

- 146 It is important for social landlords to have arrangements in place to refer tenants at risk of eviction to key agencies such as social services. **St Edmundsbury Borough Council's Environmental Health and Housing Service** and **Suffolk County Council Social Services Department** have developed a protocol for sharing information about people who are likely to be evicted from their homes because of rent arrears or any other breach of their tenancy agreement. The protocol aims to ensure that, where rent arrears cases have already been to court and progressed to a warrant to evict, social services are automatically contacted and requested to supply the housing service with any information they may hold about the tenant. This helps to ensure that eviction is only carried out as a last resort. The protocol includes a process map of the procedure to be adopted (*Source: HouseMark promising approach*)

### Meeting with local agencies

- 147 In some areas, social landlords meet on a periodic basis with local agencies to discuss operational and/or strategic issues. Such a forum can be a useful venue for ironing out operational problems such as referral arrangements, and discussing policy issues of mutual interest.

## Holding joint training events

- 148 Joint training events, on subjects such as homelessness legislation and Housing Benefit, can be an effective mechanism for developing shared knowledge and understanding.

### Self assessment questions

- Is there a local forum that enables key stakeholders to discuss issues relating to the prevention and management of rent arrears?
- Are there regular meetings with external agencies?
- Do you have joint training sessions to address issues of common interest – eg changes to HB, new homelessness requirements?
- Are you a member of a court users' group?
- Do you have clear procedures for referring tenants to external agencies?
- Have you considered secondments or job shadowing schemes?

## Committed and trained staff

- 149** Staff are one of a social landlord's greatest assets. Effective arrears control requires frequent, preferably face-to-face, contact with tenants. If staff are de-motivated the service will almost certainly be poor, or a considerable way from achieving its potential.
- 150** Motivated staff, on the other hand, will not only reduce arrears levels but also bring other service benefits – for example by identifying additional needs that tenants may have. The move to more specialised staffing arrangements makes it all the more important for social landlords to select, train and support staff carefully.

## Positive practice

### Selecting the right people

- 151** Although there is no ideal organisational or staffing structure for arrears prevention and management, many councils and housing associations are moving to more specialised arrangements. This makes it all the more important for social landlords to consider carefully whether they have the right people doing the right job. It is clearly important to ensure that staff have the appropriate skills, knowledge and commitment to perform their job. A number of social landlords have successfully used competency-based frameworks to allocate people to posts.
- 152** A number of social landlords have also offered jobs on higher grades or with additional incentives (for example, career grades, flexible hours) to attract the right staff.

### Providing training

- 153** Induction and ongoing training is essential. The Chartered Institute of Housing has identified the following training needs for arrears staff:
- rent arrears policies and procedures (including use of IT systems);
  - equal opportunities;
  - interviewing and negotiating skills;
  - legal framework for arrears recovery;
  - welfare benefit advice;
  - basic debt counselling; and
  - dealing with difficult or violent situations.

154 It is important for training to be embedded in the culture of the organisation. A number of social landlords have established tailored training programmes to meet their own specific needs. For example:

- Following a survey that found the majority of housing staff were unqualified and were apathetic, even hostile, towards existing training opportunities, **West Lothian Council** dramatically changed its approach. In partnership with a local college, and in close consultation with staff, it has developed a career development scheme including a training course that results in a Foundation Certificate in Housing. The course, which is used as an induction programme for all new staff, is accredited by the Chartered Institute of Housing. Job descriptions have also been revised. The intention is for every housing officer to have a housing qualification within two years (*Source: HouseMark good practice example*).

### Having clear roles, responsibilities and targets

155 Staff will be more committed and effective if their responsibilities are clearly delineated, and they are given explicit objectives and targets. Although staff can initially be wary of individual performance targets, there are many examples of staff responding positively when they realise that targets will not be used punitively but can be a useful way of measuring and celebrating service improvements. (see Chapter 7 on effective performance management arrangements).

### Communicating with staff

156 Staff morale is improved when staff receive regular feedback and information through regular meetings with managers and team meetings. It is also important to involve staff in more fundamental reviews of an organisation's approach through, for example, awayday events.

# Self assessment questions

## Staff morale

- Is there high staff turnover in relation to the service area?
- What is staff morale like? If poor, why is that?

## Training

- Do you have a training strategy?
- How are training needs assessed?
- Have any training needs in relation to arrears prevention/collection been identified?
- Is there a regular training programme?
- Have any recent internal courses covered issues in relation to arrears prevention/recovery?
- Have you organised any joint training programmes with other services/agencies?

## Communications

- Are there regular meetings between managers and staff dealing with arrears?
- Are there regular team meetings?
- Were staff consulted on the arrears policy/strategy?
- Were staff consulted on the drafting of procedures?
- Do all relevant staff have access to the procedure manual?
- Are all appropriate staff involved in the evaluation of performance?

## Staffing/organisational arrangements

- Has there been an effective challenge to current staffing/organisational arrangements within the past two years?
- Is the organisational structure a barrier to effective performance?
- If so, what are the problems that need to be addressed?
- Have you compared workload and staffing levels with other councils/ housing associations?
- Is there clarity of roles and responsibilities in relation to arrears prevention and collection?

# 12

## Information management and IT

- 157** Good IT systems are essential to the effective management of rent accounts and arrears. They should:
- allow for the speedy posting of payments to rent accounts;
  - enable officers to check quickly individual tenants' rent account details;
  - distinguish between different types of debt;
  - monitor compliance with policies and procedures;
  - generate information that will allow the council/housing association to profile the arrears problem and identify trends; and
  - interface with other relevant systems such as the HB system.
- 158** The effectiveness of rent IT systems in Wales varies considerably. Councils and housing associations use a variety of systems, and so it can be difficult for them to share good practice in terms of system operation and development. There is, however, scope for councils/associations to collaborate more in developing specifications for, and commissioning, new systems.
- 159** The most common weaknesses with IT systems are:
- inability to distinguish between different types of payment (eg HB, cash) and debt (eg water rates, HB overpayment);
  - a number of housing association IT systems cannot identify arrears due to unpaid HB direct payments;
  - many council systems have poor links with other IT systems such as HB; and
  - limited ability to generate management information.
- 160** Accurate, meaningful and timely information is essential to the management of rent arrears. Staff cannot confidently take early action if they are unsure of the true arrears figures, and managers need regular management information if they are to monitor actions and trends.

## Positive practice

### Integrating systems

- 161** There is considerable scope for councils to integrate and link IT systems (with, for example allocation, tenancies and finance). Better integration would mean that tenants/claimants would only have to provide information once, information would be

held consistently by different departments, and it would be easier for staff to access information. It is, however, important for councils to ensure that arrangements comply with the Data Protection Act.

## Sharing information

- 162 There are many opportunities for councils and housing associations to share information more effectively, for example by:
- automatically notifying HB services of rent increases, tenancy terminations etc;
  - HB services notifying housing authorities and associations of HB claims due for renewal and suspended and terminated claims; and
  - allowing housing staff access to a read-only HB system.
- 163 However, the use of shared data between services and organisations needs to be registered under the Data Protection Act. Chapter 9 on working with HB services looks at information sharing in more detail.

## Distinguishing between different types of debt

- 164 IT systems should be able to distinguish between different types of debts, such as HB overpayments, water rates, rechargeable repair costs and service charges, on an individual case and aggregate basis. This will enable social landlords to provide tenants with a precise breakdown of the amount they owe, and to monitor trends in different debts.

## Identifying arrears due to unpaid HB direct payments

- 165 Although one of the housing association performance indicators on arrears requires associations to net off the effect of unpaid HB direct payments, some IT systems do not have the facility to do this. If councils and housing associations cannot separate out HB and tenant arrears, it makes it very difficult for them to take early, effective action and to take cases to court. Some housing associations, for example **Newydd Housing Association**, have acquired a HB module to allow for the more effective monitoring of net arrears.

## Operational efficiency

- 166 The rent accounting system should:
- update rent accounts within 24 hours of receiving a tenants' payment, or in the case of Giro or bank payments, receipt of a credit transaction from the bank;
  - provide information in a customer friendly format – for example, rent account statements and arrears letters;
  - maintain a payment history for each tenant and details of recovery action taken;
  - separately identify former tenants' arrears, HB overpayments and other non rent payments such as court costs; and

- produce at least weekly, accurate and up-to-date account records for each tenant.

### Producing management information

- 167 Many IT systems are weak at generating management information. Systems should allow managers to monitor compliance with policies and procedures by, for example, generating exception reports on cases where actions have not been taken. Systems should also be able to produce information that will help a social landlord better understand the nature of the arrears problem – for example, the number of static arrears cases of less than £50, the number of cases over £500 in different areas, number of new tenants with arrears (see Chapter 6, *Understanding the nature and scale of the problem*).

---

### Box 14

#### IT systems

**Merthyr Tydfil Housing Association's** IT rents system has a number of advantages. It:

- interfaces with the finance system;
- is easy to amend and update;
- splits debt by type;
- identified different payment types;
- generates standard letters;
- provides payment histories;
- records arrears actions and stages;
- has a sundry debtors facility; and
- produces graphs.

**Cardiff Community Housing Association** makes extensive use of IT to support performance management. The IT system produces a range of information that is used at different levels of the organisation to monitor performance. For example, information on arrears levels and actions is reviewed at monthly meetings between the manager and housing officers, and key trend data on arrears is presented on a quarterly basis to the board of management. There is a dedicated database to record and monitor performance indicators.

*(Source: Wales study)*

---

## Self assessment questions

- Have you fully explored the scope for integrating or sharing information between systems?
- Is the use of shared data between services or organisations registered under the Data Protection Act?
- Are payments posted to tenants' accounts within 24 hours?
- Does the system:
  - produce customer friendly standard letters, but allows for individual tailoring?
  - produce customer friendly rent statements?
  - maintain a payment history for each tenant and details of recovery action taken?
  - produce at least weekly, accurate and up-to-date account records for each tenant?
- Can the IT system identify those in arrears not keeping to agreements?
- Does the system prompt the next action to be taken?
- Is it possible to produce reports of cases where actions have not been taken?
- Does the system separately identify different types of debt?
- Can the system identify arrears that are due to unpaid HB direct?
- Is it easy to produce one-off reports on, for example, the number of static arrears cases under £50, the number of cases £300+ in different areas?
- Does the system produce all necessary information for management purposes?
- Have all relevant staff received appropriate training?
- Is there adequate technical IT support?

# Appendix 1: acknowledgements

## Advisory Group members

Andrew Bowden	representing the Royal Institute of Chartered Surveyors
Peter Campbell	representing the Welsh Local Government Association
Anne Delaney	Housing Inspectorate Wales
Maureen Haire	Welsh Assembly Government
Mike Harmer	Welsh Assembly Government
Steve Jones	representing the Welsh Federation of Housing Associations
Carol Kay	Tenants' Participation Advisory Service Wales
Steve Long	representing the Chartered Institute of Housing Cymru
Iain Marshalsay	Benefit Fraud Inspectorate
Phillip Nash	representing the Welsh Local Government Association
John Puzey	Shelter Cymru
Raymond Smith	representing the All Wales Chief Housing Officers Panel

## Other acknowledgements

- All **councils and housing associations** that returned their survey forms and provided positive practice information.
- Staff at **Cardiff Community Housing Association, Clwyd Alyn Housing Association, Cardiff City and County Council, Caerphilly County Borough Council, Torfaen County Borough Council and Monmouthshire County Council** for their cooperation with the case studies.
- **Price Waterhouse Coopers** for distributing questionnaires to its local authority clients.
- Expert panel members – **Richard Batt** (Newydd Housing Association), **Sian Carey** (Dewi Sant Housing Association), **JJ Costello** (Shelter Cymru), **Julie Evans** (Cardiff Community Housing Association), **Terry Hennegan** (Welsh Tenants' Federation), **Roger Howard** (Welsh Tenants' Federation), **Simon Inkson** (Torfaen County Borough Council), **Kerry McDermott** (Pembrokeshire County Council), **David Power** (Cardiff Shortlife Housing Cymru), **Janet Smith** (Bridgend County Borough Council), **Christine Steele** (Newport CAB).
- **Gill Lewis, Anthony Snow, Andrew Lewis** and **Steve Barry** (Audit Commission in Wales), **John Gaughan, Rita Patel** and **Gill Green** (Public Sector Research, Audit Commission), **Roger Jarman** and **Martin Symonds** (Audit Commission Housing Inspectorate) for their comments on the draft reports.

- **Iolo Llewellyn** and **Chris Raspin** for statistical analysis and advice.
- **Beth Powell** and **Joanne Smith** (Audit Commission in Wales) for administrative and data analysis support.
- **Henry Small** and **Sarah Thomas** (Housing Statistics Directorate, Welsh Assembly Government) for providing statistical information.

## Appendix 2: resources

This appendix includes information on relevant:

- 1) databases of good practice on the internet and useful websites;
- 2) good practice services for which there is a charge; and
- 3) publications.

### 1) Databases of good practice on the internet and useful websites

What	Description	Where
<b>Audit Commission Inspection Service</b>	Website for all inspection activity including Housing Inspectorate and housing inspection reports.	<a href="http://www.bestvalueinspections.gov.uk/">http://www.bestvalueinspections.gov.uk/</a>
<b>Audit Commission Library of Local Indicators</b>	Website includes all local performance indicators developed by local authorities and details of useful publications	<a href="http://www.local-pi-library.gov.uk/index.shtml">http://www.local-pi-library.gov.uk/index.shtml</a>
<b>Audit Commission in Wales</b>	Website highlighting the role of the Audit Commission in Wales	<a href="http://www.audit-commission.gov.uk/wales/el/">http://www.audit-commission.gov.uk/wales/el/</a>
<b>Benefit Fraud Inspectorate</b>	BFI inspection reports	<a href="http://www.dwp.gov.uk">http://www.dwp.gov.uk</a>
<b>Cabinet Office good practice database</b>	Information on a wide range of initiatives that have been introduced in different parts of the public sector to improve service delivery	<a href="http://www.goodpractice.org.uk/app/search.asp">http://www.goodpractice.org.uk/app/search.asp</a>
<b>Housing Corporation Innovation and Good Practice projects</b>	Brief details of projects funded by the Housing Corporation Innovation and Good Practice programme	<a href="http://cig.bre.co.uk/igp/">http://cig.bre.co.uk/igp/</a>
<b>Syniad</b>	Syniad's aim is to help local government in Wales to improve performance and achieve high standards	<a href="http://www.syniad.gov.uk/">http://www.syniad.gov.uk/</a>
<b>Welsh Assembly Government</b>	Website includes information about good practice and innovation projects	<a href="http://www.assembly.wales.gov.uk/index.htm">http://www.assembly.wales.gov.uk/index.htm</a>

## 2) Good practice, benchmarking and policy services for which there is a charge

Details	Description	Access point(s)
<b>Good Practice Unit, Chartered Institute of Housing</b>	Unit holding examples of good practice and able to answer practical and legal queries	<a href="http://www.cih.org">http://www.cih.org</a> 024 7685 1767
<b>HouseMark</b>	Internet-based good practice and benchmarking service  Rent arrears good practice module includes good practice examples, tips, frequently asked questions, useful contacts and references  Benchmarking service covers all housing management functions	<a href="http://www.housemark.co.uk">http://www.housemark.co.uk</a> 024 7646 0500
<b>Housing Quality Network</b>	HQN examines and evaluates measures that can lead to improvements to the performance, quality and value of housing services  Has produced a rent arrears reality check Best Value self-assessment workbook	<a href="http://www.hqnetwork.org.uk/">http://www.hqnetwork.org.uk/</a> 01723 350099

## 3) Publications

Title	Description	Available from
<b>Managing Rent Arrears</b>	Good practice briefing published in 2001	Chartered Institute of Housing 024 7685 1752
<b>Managing Rent Arrears: Getting the Balance Right</b>	Report based on findings of joint study of councils and RSLs published in 2000	Accounts Commission Scotland/Scottish Homes  Available online at <a href="http://www.communitiesscotland.gov.uk/communities/upload/managing%20rent%20arrears.pdf">http://www.communitiesscotland.gov.uk/communities/upload/managing%20rent%20arrears.pdf</a>
<b>Recovering Housing Debt</b>	Good practice guide updated in 2001	Chartered Institute of Housing 024 7685 1752
<b>Rent Arrears</b>	Good practice guide published in 2000	National Housing Federation 0870 010 7676
<b>Rent Arrears Reality Check</b>	Self-assessment toolkit published in 2000	Housing Quality Network <a href="http://www.hqnetwork.org.uk/">http://www.hqnetwork.org.uk/</a> 01723 350099
<b>Rent Arrears Standard: A Guide to Managing Rent Arrears for RSLs</b>	Published in 2000	Housing Corporation <a href="http://www.housingcorp.gov.uk/">http://www.housingcorp.gov.uk/</a> 020 7393 2000
<b>Rents and Service Charges</b>	Good practice briefing published in 1997	Chartered Institute of Housing 024 7685 1752
<b>Housing Associations and Rent Arrears: Attitudes, Beliefs and Behaviour</b>	Research report published in 1998	Chartered Institute of Housing 024 7685 1752
<b>Housing and Anti-Poverty Strategies</b>	Good practice guide published in 1998	Chartered Institute of Housing 024 7685 1752
<b>Getting the Best Out of the Court System</b>	Guidance on handling possession cases in a county court or the High Court published in 2001	Office of the Deputy Prime Minister  Available online at <a href="http://www.housing.odpm.gov.uk/local/court/index.htm">http://www.housing.odpm.gov.uk/local/court/index.htm</a>
<b>Housing Benefit Administration – Learning from Inspection</b>	Learning from inspection report published in 2001	Audit Commission Best Value Inspection Service  Available online at <a href="http://www.bestvalueinspections.gov.uk/PDF/Ifihousingbenefit.pdf">http://www.bestvalueinspections.gov.uk/PDF/Ifihousingbenefit.pdf</a>
<b>Housing Benefit</b>	Good practice guide published in 1999	National Housing Federation 0870 010 7676

Title	Description	Available from
<b>Housing Benefit System in Crisis</b>	Report published in 1999	National Housing Federation 0870 010 7676
<b>Housing Benefit Overpayments: A Practice Guide</b>	Guide written by Chris Smith and published in 1998	
<b>Housing Benefit Performance Standards</b>	Performance standards set by government	Department of Work and Pensions and Benefit Fraud Inspectorate Available online at <a href="http://www.dwp.gov.uk/housing-benefit/publications/perf-stands/index.htm">http://www.dwp.gov.uk/housing-benefit/publications/perf-stands/index.htm</a>
<b>Housing Management Standards Manual</b>	Manual outlining legal requirements, standards and good practice on all areas of housing management  Is available on disc and regularly updated	Chartered Institute of Housing 024 7685 1752
<b>IRRV Benefits Committee of Inquiry</b>	Summary of recommendations published in 2001	Institute of Revenues, Rating and Valuation, 41 Doughty Street, London WC1N 2LF
<b>Local Authority Omnibus Survey (of Housing Benefit Managers)</b>	Wave five of series of annual reports	Department of Work and Pensions <a href="http://www.dwp.gov.uk">http://www.dwp.gov.uk</a>
<b>Acting on Facts: Using Performance Measurement to Improve Local Authority Services</b>	Report published in 2002	Audit Commission  Information available online at <a href="http://www.audit-commission.gov.uk/publications/actingonfacts.shtml">http://www.audit-commission.gov.uk/publications/actingonfacts.shtml</a>
<b>Aiming to Improve: the Principles of Performance Measurement</b>	Paper published in 2000	Audit Commission  Management paper available online at <a href="http://www.audit-commission.gov.uk/publications/brpperfm.shtml">http://www.audit-commission.gov.uk/publications/brpperfm.shtml</a>
<b>Getting Better All the Time: Making Benchmarking Work</b>	Paper that discusses the factors that lead to successful benchmarking published in 2000	Audit Commission  Information available online at <a href="http://www.audit-commission.gov.uk/publications/brgettin.shtml">http://www.audit-commission.gov.uk/publications/brgettin.shtml</a>
<b>The Beacon Council Scheme: Modern Service Delivery – Improving Housing Benefit and Council Tax Administration</b>	Report published in 1999	Centre for Research in Social Policy, Loughborough University 01509 223372

# Appendix 3: Chartered Institute of Housing recommended performance indicators

## Overall performance

- Rent collected as a percentage of the rent due\*
- Percentage of tenants satisfied with landlord's rent collection arrangements
- Total current rent arrears as a percentage of the annual gross rent due\*
- Arrears written off in the year as a percentage of the total rent due in the year\*
- Percentage of tenants owing more than 13 weeks' rent\* (where that exceeds £250) at the year end

*\*rent includes service charges*

## Service delivery methods

### Rent collection and accounting

- Volume of transactions for each rent payment method in the period
- Percentage of payments received not posted to tenants' rent accounts within target time (for example, within 24 hours of receipt)
- Percentage of tenants sent a rent statement within specified period (for example last 3 months)
- Number of hours or days on which the computerised rent accounting system is out of action
- Number and percentage of tenants for whom special collection arrangements are provided, for example door-to-door collection.

### Welfare benefits and debt counselling

- Number and percentage of tenants who received welfare benefits advice from the landlord
- Percentage of tenants in arrears who received welfare benefits advice from the landlord
- Number of benefit claims made by the landlord on behalf of tenants by type of benefit, ie housing benefit, council tax benefit, other benefits

- Number of tenants who after receiving advice from the landlord made a benefit claim and the total value of the backdated payments they received
- Number of repayment agreements negotiated with external creditors on behalf of tenants
- Number of tenants formally referred by the landlord to independent advice agencies.

### Housing benefit

- Number and percentage of tenants on full housing benefit
- Number and percentage of tenants on partial housing benefit
- Percentage of tenants eligible for housing benefit who are receiving their full entitlement
- Number and percentage of tenants whose housing benefit is paid direct to the landlord
- Number of housing benefit applications completed on behalf of tenants
- Number of liaison meetings held with the housing benefits section per annum

### Arrears – scale

- Number and percentage of tenants in arrears by arrears bands based on number of weeks or amounts, broken down into the following indicators:
- number and percentage by area, officer's patch
- number and percentage at the various different stages of recovery action
- number and percentage of tenants in arrears by tenant profile such as age, ethnic origin, new tenancy

### Arrears recovery

- Percentage of new tenants visited within two months of tenancy commencement
- Percentage of new tenants in arrears within the first six months of the tenancy
- Percentage of tenants in arrears who have made repayment agreements
- Percentage of tenants with repayment agreements who are keeping to their agreements
- Number of tenants in arrears with whom it has not been possible to make contact before a notice seeking possession is served
- Number of attachments of earnings (arrestments of wages in Scotland)
- Number and percentage of attachments of earnings (arrestments of wages) that have broken down
- Number of tenants whose arrears are paid direct to the landlord by the Department of Social Security

- Number of default actions (England and Wales) or small claims, summary cause or ordinary cause actions (Scotland) applied for/granted
- Number of notices seeking possession, notices of intention to ask for possession (introductory tenancies) or notices to quit issued in the period and the number in existence
- Number and percentage of tenants with arrears where specified action has not been taken (eg notice when arrears reach 6 weeks and court application when arrears reach 12 weeks)
- Number of applications made to the court for possession
- Number of suspended possession orders granted in the period
- Number of suspended possession orders still current
- Number and percentage of tenants keeping to the terms of suspended possession orders
- Number of possession orders granted in the period
- Number of evictions made
- Number of forthcoming evictions notified to the homeless persons section
- Number of debts and amounts written off in the period banded by value separately for former tenants and for current tenants.

### Former tenants' arrears

- Number of former tenants currently in arrears
- Number of former tenants' arrears cases which arose in the period
- Number and percentage of former tenants in arrears keeping to repayment agreements
- Value of former tenants' arrears and as a percentage of total annual debit.

### Staffing issues

- Average number of training days undertaken in the year per relevant staff
- Number and percentage of staff who have had relevant training in rent arrears such as policies and procedures, letter and report writing, welfare benefits, debt counselling, interviewing and negotiation skills, and dealing with violent and difficult situations

### Costs

- Total costs and cost per transaction for each rent payment method
- Average staff and overhead cost associated with dealing with arrears
- Average cost per welfare advice session
- Average cost per debt counselling session

# Appendix 4: Department for Work and Pensions performance standards on working with landlords

## Communicating effectively with landlords

Councils are performing *at standard* if they:

- provide clear practical advice to landlords on the operation of HB, including practical help-sheets or leaflets suitable for smaller landlords and landlords new to HB, using if appropriate templates provided by the DWP;
- have enquiry staff who are aware of the leaflets and able to send them out;
- include on the standard application form used by all tenants, including council tenants, consent wording to allow them to opt in, if they so wish, in direct payment cases to sharing information on the progress of the claim with the landlord; the form of consent is specific about what the landlord can be told; and the council will also accept clear self-standing requests signed by the claimant for a landlord or representative to make enquiries on the claimant's behalf;
- provide clear guidance to staff enabling them to provide information to landlords on the progress of individual cases, if payment is direct to the landlord and when the tenant has consented, within the legal framework, including the framework of the Data Protection Act (DPA);
- send letters to all landlords receiving direct payments informing them of their responsibilities and encouraging them to co-operate to prevent overpayments and recovery action against the landlord, see *HB (General) Regulations 1987*. This may be as part of routine correspondence or as part of a separate annual or more frequent exercise. Letters should remind landlords they have a duty to safeguard the public purse from abuse and to report cases of actual or suspected fraud amongst tenants: if they know the claimant is not entitled to benefit they themselves may be taking money fraudulently if they do not report the fact to the council;
- have regular two-way communication with landlords on HB administration, which reaches not just larger landlords but also smaller private landlords and their agents and smaller housing associations;

- send a letter to the landlord, when a decision is made to make direct payment to the landlord, at the same time as the letter is sent to the tenant. Letters should meet regulatory requirements, see particularly *Schedule 6 of the Housing Benefit (General) Regulations, Part 1V, paragraph 11*;
- in direct payment cases, when the tenant has specifically consented to information on the renewal of the claim being shared with the landlord, either send:
  - a copy letter to the landlord at the same time that a letter goes to the tenant inviting the tenant to renew their HB claim;
  - letters to the landlord at the same time as sending reminders to those tenants who have not submitted their claim and whose claim will cease unless the form is returned promptly.
- ensure all cheques or BACS payments are backed by an explanatory letter or schedule clearly explaining what the payment is for, for which tenancy, for which weeks.

When dealing with the council housing department, HB services are performing *at standard* if, in addition to the above, they:

- ensure benefit assessment staff check tenancy records when assessing or reviewing a claim, and in those cases where the tenancy record gives a different name from that of the claimant, checks that the claimant is the proper holder of the tenancy;
- have policy and practice to pass information on to the council housing department for action if records matching, fraud visits or other information identify the person living at the property is not the person named on the council tenancy records has abandoned the property or not moved in; and
- have policy and practice that the council housing department does not take enforcement action for collection of arrears when arrears are due to arrears of HB.

Councils are performing *above standard* if in addition to the above they:

- benchmark standards of communication with other councils;
- consult local landlords on their priorities for improvement, using methods which bring in the views of a wide range of types of landlord;
- participate in training housing association and council housing department staff to enable them to provide effective assistance to their tenants in completing HB/CTB claims and supporting appropriate documentation, also provide advice to housing associations and council housing departments to ensure that are aware of changes in the scheme or its administration that are likely to affect them or their tenants;
- have local agreements with housing associations and council housing departments on:
  - the submission of claims

- cases when claims would be better made in person
  - the handling of enquiries on claims
  - providing housing associations and council housing departments with up to date information on the progress of a claim when this is supported by claimant consent; ensuring landlords can get hold of the information they are entitled to on direct payments.
- make payment to housing associations by electronic transfer, where suitable software exists, except in exceptional circumstances.

## Paying landlords, preventing evictions

Councils are performing *at standard* if they have clear policies and practices to:

- ensure direct payments to landlords are made in appropriate cases in accordance with *Housing Benefit (General) Regulations 1987, Regulations 93 and 94*;
- make payment on account in line with the *Processing of claims* standard;
- operate the “fit and proper” person test in accordance with Regs. 94 (1B) and 93 (8);
- encourage the landlord to make direct contact before taking enforcement action; and
- use the provision to withhold payment of rent allowance to landlords in appropriate cases, in accordance with Reg.95 (1A)(6A).

Councils are performing *above standard* if in addition to the above, they have clear policies and procedures for managing priorities and dealing with urgent cases which pick up cases of serious arrears, debt and potential eviction before:

- they reach court
- a Section 21 notice under assured shorthold is activated, or
- the tenant loses the right to renew the tenancy.

## Minimising and recovering over-payments

Councils are performing *at standard* if:

- when benefit is paid direct, they notify the claimant and the landlord when a decision is taken to recover an overpayment from the landlord, fulfilling regulatory requirements, particularly HB (General) Regulations, paragraph 14 of Schedule 6, and states clearly:
  - the person to whom the repayment relates.
  - the landlord’s right of appeal and the time limits for review.

- that claimant and landlord can both have a full written statement of the reasons for the decision.
- the method of the overpayment recovery – eg invoice or demand, and the details of deductions from on-going HB or from another tenant’s HB.
- they have clear policies and practices on the recovery of overpayments which:
  - take opportunities to seek recovery from the tenant rather than the landlord in appropriate cases.
  - apply the rules in Reg.101, inserted by HB (General) Amendment (No2) Regulations, which prevent recovery from landlords who receive direct payments and report suspected fraud, in certain circumstances.

Councils are performing *above standard* if in addition to the above, they are in dialogue with landlords to encourage better understanding, and a culture of partnership with good landlords based on reporting and minimising as well as recovering overpayments.

 Copies of this report are available at:

[www.audit-commission.gov.uk](http://www.audit-commission.gov.uk)

or to order a printed copy telephone:

0800 502030



ISBN: 186240405 4

Stock code: LMH2886