

Report of the Interim Deputy Chief Executive

RENTS TEAM RESTRUCTURE1. Purpose of report

To seek approval to restructure the Rents Section and recruit additional resources as part of the move to the Housing Department and in preparation for the implementation of Universal Credit.

2. Background

After reviewing the current processes and in order to achieve the above objectives, the Interim Rents Manager has recommended the proposed restructure for the following reasons:

- The rents team is unlikely to be able to absorb the expected increased workload brought about by the implementation of Universal Credit.
- Following some recent research, in comparison to other rent teams in similar local authorities the rents team appears to be under resourced by approximately 4 FTE.
- Procedures and practices need to be changed to bring them in-line with best practice and to provide a more customer focused service; this is not possible with the current structure and resources.

3. Detail

A summary of the operational business case for the proposed changes is set out in appendix 1. The current and proposed structure charts for the two teams in shown in appendix 2, and financial implications are shown in appendix 3. Evidence of consultation with the unions is set out in appendix 4.

4. Financial implications

The financial implications are detailed in appendix 3.

Recommendation

The Committee is asked to RECOMMEND to the Policy and Performance Committee that:

- 1. The new Income Collection Team structure, including the posts of: Income and Housing Manager, Income Collection Manager, Income Collection Accountant, Income Collection Officer and Income Collection Assistant be approved.**
- 2. The recruitment of additional resources: 3 FTE Income Collection Officers, 1.6 FTE Income Collections Assistants and 1 FTE 12 month fixed term Financial Inclusion Officer be approved.**
- 3. The deletion of the existing posts be approved.**

Background papers

Nil

APPENDIX 1

1. Operational Business Case

There are several operational objectives underpinning the restructure proposals:

- Mitigate the risks brought by the implementation of Universal Credit
- Increase the management capacity within the Housing Department
- Increase the capacity within the rent team
- Ensure the successful integration of the rents team into the Housing Department
- Broaden the remit of the rents team
- MobySoft RentSense software

2. Mitigate the risks brought by Universal Credit**2.1.1 What is UC?**

UC is the government's flagship welfare reform measure. Its main aims are to reduce administration, ensure that claimants are better off in work and to prepare claimants for, and encourage them into, work.

UC will replace the following benefits for all working age claimants:

- Job Seekers Allowance (JSA)
- Employment and Support Allowance (ESA)
- Income Support (IS)
- Working Tax Credit (WTC)
- Child Tax Credit (CTC)
- Housing Benefit (HB)

Key features of UC:

- Payments will be made once per month *in arrears* directly to the claimant.
- Claimants will not receive a breakdown of the payment detailing how much they have been paid for each of the elements (housing element, work element, child element etc.) and will have to budget to meet their outgoings.
- The claimant will be required to complete a claimant commitment and meet objectives in order to receive their payments.
- The claim will be managed online by the claimant including updating the rent amount. Changes in any earned income will be fed in directly from the Inland Revenue.

In order for third parties to be able to discuss any matters relating to the UC claim, express and specific permission must be given by the claimant and recorded on their journal. This permission is specific to the issue recorded and only lasts for the duration of that enquiry. This is a major change to the current

system where claimants could give permission to third parties to discuss their claims for housing benefit for the duration of their claim for example.

The rollout of UC in the borough has already started in the north at Heanor Job Centre and will go live on 14 November 2018 at Beeston Job Centre. Beeston Job Centre currently processes approximately 5,100 claims for ESA, JSA and Income Support alone.

As Broxtowe Borough Council is responsible for both charging of rent and payment of HB, the Council is in a fortunate position in that HB is paid onto the rent account weekly. In comparison, Housing Associations usually receive HB paid every 4 weeks in arrears and have to include arrears resulting from HB in their arrears reporting.

Last year the Council received over £8m in income from HB which equates to approximately 55% of the annual debit. This income has been pretty much guaranteed and has taken little management but this amount will significantly reduce as UC is rolled out and tenants have to pay their own rent.

2.1.2 How have other councils and ALMOS been affected?

As the rollout of UC has been in place for several years now there is a wealth of research into the effect on landlords in terms of the increase in rent arrears and extra costs in collecting rent.

A report on localgov.co.uk states that the amount owed in rent arrears for people claiming UC and living in council housing has nearly doubled in the past year (Jan 2017). The study by the National Federation of ALMOs and the Association for Retained Council Housing found 89% of claimants were in rent arrears and that arrears had risen from an average of £321 to £615 in the 12 month period.

The Guardian also reported on 17 September 2017 that 'rent arrears among tenants receiving Universal Credit are running at three, four or even five times of the level of those on the old system'. They go on to state that "Figures obtained by the Observer under FOI also show that half of all council tenants across 105 local authorities who receive the housing element of universal credit (...) are at least a month behind on their rent, with 30% two months behind."

Likewise the final report from the Northern Housing Consortium (NHC) 'Impact of Universal Credit – The Frontline Perspective' (December 2017) states:

"The total arrears per organisation submitting data attributable to UC claimants grew in each round of surveys from almost £23,000 in Round 1 to more than £180,000 in Round 4. At this point, average arrears per UC claimant stood at £427"

An assessment of the likely impact of Universal Credit on Broxtowe's rental income has been carried out as part of the MobySoft (see paragraph 7) business case. Based on information gleaned from their work with c.100

registered providers of social housing they estimate that 29% of our income is at risk from UC. Further information about the likely impact is set out in the full business case at the end of appendix 1.

2.1.3.1 Impact on Broxtowe to date:

The Council currently has 98 UC cases

- Of these 82 are in rent arrears and the balances range from £28.66 to £1,817.39
- 42 of the 98 cases had clear rent accounts or were in credit when they made their claim for UC

Of the 98:

- 5 have had no increase or decrease in arrears since claiming UC
- 31 have reduced their arrears since claiming UC
- 62 have increased balances since claiming UC – the total increase totals £26,961.06

The net change in arrears across this group is an increase of £20,606.17.

Broxtowe Borough Council has recently employed a financial inclusion officer to support tenants with their finances and works closely with Citizens Advice Broxtowe to provide support both to tenants and residents of the borough. The Financial Inclusion Officer recently advised that she is currently operating a waiting list with around a 2 week wait for an appointment. Cornwall Council is anticipating a 416% increase in the number of people needing personal budgeting support for UC. As the Financial Inclusion Officer is unlikely to be able to meet such an increase in the demand for support, the proposal includes an additional 12 month fixed term Financial Inclusion Officer to see the Council through the start of the rollout. Officers within the rent team will also require additional training to allow them to spend more time supporting customers claiming UC.

2.1.4 What have other organisations done?

The National Housing Federation compiled a report which followed seven Registered Providers in the first year of the role out 'Universal Credit One Year In: The experience of housing associations'. Whilst Broxtowe Borough Council is not a Registered Provider the experiences are directly comparable.

They reported that several of the organisations changed their staff structure or recruited additional staff to manage UC. The changes included:

- Forming a specialist team to deal with UC claims
- Reworking the team
- Creating new rent officer and team leader posts
- Creating financial support teams
- Changing the remit of the rent officer from enforcement to dealing with debt and financial issues.

In order to prepare for UC the rents team restructure proposal reflects the sort of steps taken by other organisations including:

- Reworking the team
- Creating new rent officer and a new manager post
- Increasing the financial support team
- Changing the remit of the officers

3. Increase the management capacity within the Housing Department

A decision has already been made that the rents team will move into the Housing Department. The management of the rents team within the Housing Department has been considered. The current Housing and Operations Manager currently manages Tenancy and Estates, Allocations (including cleaning) and Homelessness. The Housing Allocations and Options Manager post was deleted in April 2018 following committee approval and the Independent Living Service is currently reporting directly to the Interim Senior Housing Manager. It is therefore proposed to introduce an additional manager 'Income and Housing Manager' who will have responsibility for both the Income and Independent Living Teams.

Moving the line management of the Independent Living Service will not have an impact on the job evaluation grading of the Housing and Operations Manager's post.

4. Increase capacity and resilience within the rent team

A comparison was made with organisations of similar stock size to Broxtowe to understand how the current staff levels compare. The information received indicates that the rent team is currently understaffed by approx. 4 FTE in comparison to other teams.

Landlord	Manager	Team Leader	Income Officers	Income Assistants	Average*
Macclesfield		1 shared role	8	1	625
Lancaster City	1		5		760
Sedgemoor	1	1	5	1	796
Wiltshire County	1 shared role	1	6	1	877
Bournemouth	1		4		1,315
Darlington	1	1	2.7	5	1,924
Shropshire			2	6	2,055
Broxtowe	0	1	1	1.4 vacant post +	5,155

* Average is the number of units divided by the number of Income Officers

Role	Broxtowe Head Count (comparable posts)	How do we compare?
Manager	0	There is currently no substantive manager. Five out of the seven organisations that responded had a rent manager
Team Leader	1 40 hour post	Three out of the five teams who had managers also had a team leader. In total 4 out of the 7 had a team leader demonstrating that Broxtowe's staffing in this role is comparable to other organisations of a similar size.
Income Officer (Recovery Officer)	1 FTE	This is lower than all the organisations listed. In one case by 7 rent officers. On average Broxtowe has 3.7 fewer rent officers than similar organisations.
Income Assistant (Rent Assistant, Clerical Assistant, Rent Collector)	1.4 FTE + vacant post (currently 22.5 hours)	On average the organisations above have 2 rent assistants. For teams with a higher count of rent officers the number of rent assistants is slightly lower; however teams with fewer rent officers have significantly more rent assistants.
Rent Accounting Officer	1 FTE	None of the teams who provided a response have a rent accounting officer (this function often sits within finance departments)

With the increased demands that will be brought by Universal Credit, it is proposed to increase the staffing levels within the team to ensure that the Council can maintain high levels of customer service and sustain performance.

Additional resources will allow us to:

- Intervene at a much earlier stage in the process when the arrears are more manageable for the tenant and quicker to recover
- Monitor rent accounts much more regularly
- Employ a much more person centred approach to income collection with a focus on engaging with individuals to ensure that the rent is paid in line with the tenancy agreement
- Spend more time supporting customers with their claims for UC
- Offer additional budgeting advice to help customers make their rent payments
- Work more closely with the housing team to provide a holistic approach to tenancy management in order to sustain tenancies
- Work in partnership with Citizens Advice to offer support to our most vulnerable tenants

- Manage absence in the team more effectively

All of the above will directly or indirectly mitigate the risks brought by Universal Credit.

5. Ensure the successful integration into the Housing Department

By increasing the number of Income Collection Officers the team will be able to work on a patch based system. Currently arrears work is divided up between the team by stage leading to a lack of consistency for the customer.

Having an income patch officer will mean that they can 'buddy up' with their estates counterpart to work more efficiently and provide more joined up services to customers.

Working closely together will be even more important following the issue of introductory tenancies which will require close and joint management from both the tenancy and income teams.

6. Broaden the remit of the team

Currently the team only collects rent and service charges from tenants. Other income due to the Housing Department is currently collected by the leasehold team for leaseholder charges and the Independent Living Service for Lifeline Charges. It is envisaged the team will become the central point for collection of all income due to the Housing Department hence the change of title from 'Rent' to 'Income Collection'. Given the current resource levels and the anticipated increase in workload brought by UC, the team would not be able to take on any further work without additional resources.

7. Mobysoft RentSense software

A decision was made at the Finance and Resources Committee on 11 October 2018 to invest in MobySoft's RentSense product.

The main benefits of the software are:

- The RentSense intelligence is unique in automatically establishing and analysing tenant transactional patterns without manual user intervention.
- RentSense will free up significant officer time to focus on income collection/arrears prevention.
- There will be negligible impact on internal services, including IT, and the implementation process can begin immediately without the need to make changes to the current system or processes.

MobySoft has prepared a business case (attached) which suggests that Broxtowe Borough Council could expect to see a reduction in arrears of 15.8% (equating to £75,282) in the first year. It will also free up additional capacity within the team of 1.27 FTE. Both of these outcomes would assist with mitigating the risks brought by UC.