

Performance Surgery Template – BV66b and BV66c

PART A – OVERVIEW

Title of Indicator:	Percentage of Local Authority tenants with more than seven weeks (gross) rent arrears – BV66b
	Percentage of Local Authority tenants in arrears who have had Notices Seeking Possession served – BV66c
Indicator definition:	Refer to Annex A
Portfolio:	Housing Management
Scrutiny Commission:	Community
Accountable Officer:	Maureen Davies
Assistant Director:	Mark Menzies

1. How is the indicator underperforming?

Annex B - Underperformance checklist

Annex C – Historical Performance Results

PART B – ANALYSIS OF CURRENT PERFORMANCE (To be completed by Accountable Officer)

BV66b

2. Are the performance results ‘true’ results?

Yes the results are true. We have checked with other organisations and they tell us they calculate theirs in a similar way.

3. What factors contribute to performance?

Housing benefit processing times, tenants paying promptly and prompt action on non payers all contribute towards performance.

It appears historically that we must have had a lot of tenants who have arrears levels which would have contributed to this indicator if it had existed before 2005, although we have no statistics available to prove this. The first statistics that were available were on the year when our arrears performance was exceptional.

4. What is causing the indicator to underperform?

Tenants not paying or sorting out their housing benefit claims is the main factor. Housing Benefit processing delays also contribute.

Direct deductions from income support and job seekers allowance for arrears only allow £3.00 a week to be deducted.

Fair repayment promise ties us to affordable agreements also restricts us in automatically asking for lump sums to reduce arrears. Lengthy court and eviction processes do not help the situation.

5. What actions could be undertaken to improve performance?

Certainly housing benefit processing times are important. This is not only because there are artificial arrears caused by delays but also it allows us to identify who needs to be paying what quicker.

Exclusion from the fair repayment promise and a policy of asking for lump sums could make a difference.

BV66c

2. Are the performance results 'true' results?

We have checked with other organisations and they tell us they calculate theirs in a similar way. There may be a small discrepancy in the numbers as the system is prone to human error. Sometimes a notice is requested but then not delivered and these will not have been excluded by the computer system.

3. What factors contribute to performance?

Tenants paying their rent promptly and prompt action by officers on non-payers contributes positively to performance. Housing Benefit delays and investigations into benefit fraud contribute in a negative way.

4. What is causing the indicator to underperform?

Generally high arrears resulting in legal action being required.

Tenants not paying or getting as much housing benefit as initially thought.

5. What actions could be undertaken to improve performance?

We have set up another code to identify the notices that are actually delivered.

There could be a delay in serving notices but this is not recommended as it is likely to have an impact on 66a (income collected) and 66b (cases with more than 7 weeks arrears)

Notices have to be served on tenants with serious arrears to enable court action to be taken.

PART C – RESULTS OF PERFORMANCE SURGERY (For completion following the surgery)

The meeting was held on 9 August 2007

Attendees:

Councillor Williams
Mark Menzies
Ian Fullagar
Maureen Davies
Jaz Sanghera
Mahroof Hussain
Rob Davison
Heather Greenan
Nadya Dunayeva

6. What were the main causes of underperformance discussed?

- BV66 is made up of four components which are inter-related – (a) % of rent collected, (b) tenants with more than seven weeks rent arrears, (c) notices served, (d) evictions. The objective is to maximise (a) and minimise (b), (c) and (d). At present, Derby Homes is top quartile performance for (a) although performance did fall marginally in 2006/07. Any further deterioration in (b) could potentially worsen this.
- The housing benefits system was converted during 2006/07. This has led to a delay in the processing of benefit claims, which has caused a knock-on delay in the identification and collection of tenant arrears. Around 80% of tenants are benefits cases so the impact is not insignificant.
- Overall, the number of tenants in arrears is decreasing which is positive. Officers acknowledged that notices served and evictions would need to increase in order to reduce levels further.
- There are limited means available to crack 'hard cases' of tenant arrears. The Fair Repayment Promise means that tenants are only obliged to pay back £3 per week.
- In some cases, this policy can act as a barrier for tenants to pay back more.
- If tenants do have debt problems, they can be referred to Money Advice for additional support.
- There are ongoing problems with the judicial process, but these issues are outside the Council's control.
- The lack of understanding about filling in application forms can also cause unnecessary delays. Outreach support was in place until recently to support tenants.

7. What actions were agreed to improve performance? Has an action plan been prepared?

- Derby Homes is acutely aware of the need to focus attention on improving BV66(b) and BV66(c). To date officers have raised awareness amongst

staff responsible for 66 b, c, d indicators through 'job chats' and team meetings.

- Helping tenants with applications and improving their knowledge on how these should be completed properly e.g. outreach support where possible.
- Improving awareness of what will happen if payments are not made on time, i.e. possible homelessness.
- Help on difficult cases e.g. from external parties.
- Working with the Housing benefits to improve processes and handover arrangements.
- Benchmarking with other authorities who are managing to achieve good performance across BV66a, b, c and d.
- Cllr Williams will review the direction of travel at the next performance surgery.
- The matter will be also discussed at the next Derby Homes performance review.

8. What are the resource implications of these actions?

- No additional resources were discussed so all actions will be undertaken within existing budgets.

9. What are the timescales?

See Annex D for Action Plan

10. When will progress be reported to Scrutiny?

Community Commission on 1 October.

Audit Commission Definitions

BV 66b Amended 2005/06 Good Performance ↓			
Title	Rent Collection and Arrears Recovery: tenants in arrears		
Description	Percentage of Local Authority tenants with more than seven weeks (gross) rent arrears.		
Purpose/aim	<p>This indicator along with BV66a, BV66c & BV66d is a key measure of the effectiveness and efficiency of a local authority's rent collection and arrears recovery service. These indicators are four discrete parts but should be looked at holistically.</p> <p>An efficient rent collection service is important to ensuring that as much of the rent due, and thus potential income is collected and received.</p>		
Definition	<p>Measure the number of tenants with more than seven weeks of (gross) rent arrears as a percentage of the total number of council tenants.</p> <p>A 'week' is taken to be five working days, thus seven weeks should equal 35 working days, representing the upper-quartile target for processing housing benefit claims. This is designed to account for the external factors that can contribute towards tenants falling into rent arrears, for example delays in the processing of housing benefit claims and payments.</p> <p>Please refer to BV66a for a full definition of rent due.</p> <p>Only let HRA properties should be included. This means HRA hostels should be included, but not private sector leasing.</p>		
Formula/ Worked Eg.	<p>The calculation is cumulative; information will need to be kept for the whole year.</p> <p>A running total of tenants with seven weeks arrears and the number of tenants in arrears is needed. Divided both of these by the number of weeks to give an average figure:</p> $N = \frac{x}{y/52} \times 100 \text{ where:}$ <p>x = Cumulative number of tenants with more than seven weeks arrears each week, over the whole year</p> <p>y = Total HRA tenancies each week, totalled for the whole year.</p>		
Measurement Period	Current financial year	Data Source (if	N/A

BV 66b Amended 2005/06 Good Performance ↓			
		external)	
Return Format	%	Decimal Places	2
Further Guidance	<p>Service charges should not be included, but this in practice makes no difference to the figure, as they are removed from both sides of the equation and so do not need to disaggregate.</p> <p>E.g.</p> <p>With Service Charges</p> <p>Rent £90</p> <p>Arrears must be over £630 to be included</p> <p>Without Service Charge</p> <p>Rent £90-£20 =£70</p> <p>Arrears must still be over £630 (and not £490) as £140 of the arrears can be assumed to be for service charges</p>		
Target Setting	Local		
Scope	<p>Metropolitan Councils, London Boroughs, Unitary Councils, District Councils, Council of the Isles of Scilly, Common Council of the City of London</p> <p>Nb: Authorities owning fewer than 200 council dwellings at the start of the financial year do not need to report this indicator.</p>		

BV 66c Amended 2005/06 Good Performance ↓	
Title	Rent Collection and Arrears Recovery; possessions sought
Description	Percentage of Local Authority tenants in arrears who have had Notices Seeking Possession served
Purpose/aim	<p>This indicator along with BV66a, BV66b & BV66d is a key measure of the effectiveness and efficiency of a local authority's rent collection and arrears recovery service. These indicators are four discrete parts but should be looked at holistically.</p> <p>An efficient rent collection service is important to ensure that as much of the rent due, and thus potential income is collected and received.</p>

BV 66c Amended 2005/06 Good Performance ↓			
	<p>This part of the indicator is designed to minimise the possibility of offering incentives for perverse working practices in rent arrears recovery leading to possession action and eviction. ODPM believes that possession should be a last resort and wants to ensure that this tool for recovery is not used inappropriately.</p>		
Definition	<p>Any arrears for service charges should not be included in this indicator.</p> <p>Please refer to BV66a for a full definition of rent due.</p> <p>Do not include Notice to Quits for non-secure tenants, notices against licensees (e.g. hostels) or Notice To Terminate for Introductory Tenancies. This also means that licensees in arrears should not be included in the number of tenants in arrears.</p> <p>The denominator in this part should be all tenants who are in arrears, measured over the whole year.</p> <p>If a tenant was served more than one NSP, this should only be counted once.</p>		
Formula/ Worked Eg.	<p>$N = (a / b) \times 100$</p> <p>Where: a = number of tenants who have been served a NSP during the financial year b = number of tenants in arrears.</p> <p>Calculate the average number of tenants in arrears by dividing the sum of the number in arrears at the end of each week by 52.</p> <p>Only include secure tenants in the denominator.</p>		
Measurement Period	Current financial year	Data Source (if external)	N/A
Return Format	%	Decimal Places	2
Further	ODPM is due to issue guidance later in 2005, which is based		

BV 66c Amended 2005/06 Good Performance ↓	
Guidance	on research carried out by Glasgow University on Possessions and Evictions. The guidance will be available in hard copy and on the ODPM website. This sets the policy context and aims to help social landlords to prepare and review their policies and procedures for managing Rent Arrears.
Target Setting	Local
Scope	<p>Metropolitan Councils, London Boroughs, Unitary Councils, District Councils, Council of the Isles of Scilly, Common Council of the City of London</p> <p>Nb: Authorities owning fewer than 200 council dwellings at the start of the financial year do not need to report this indicator.</p>

Underperformance Checklist

Name of Indicator: BV66 b and c

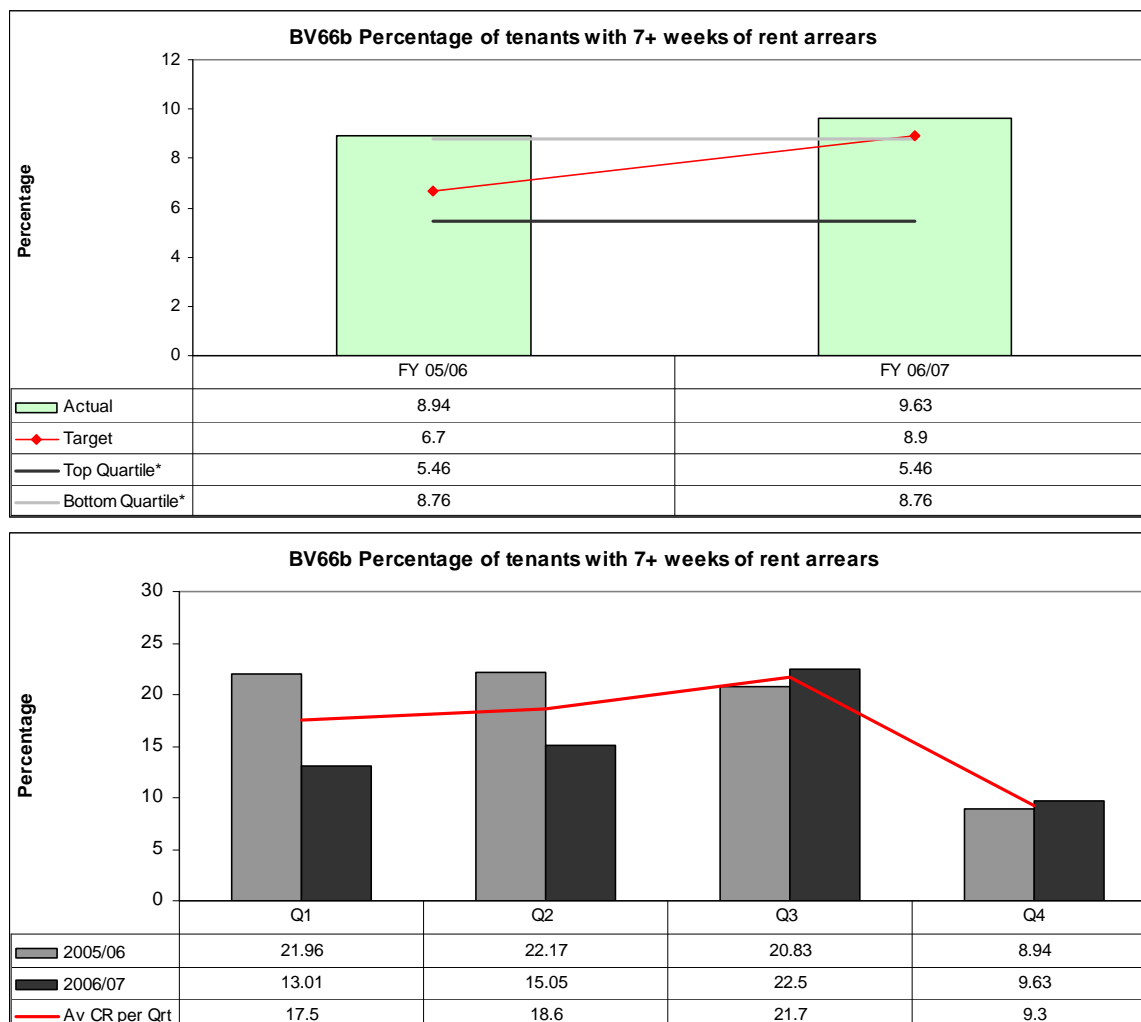
Criteria	Evaluation		Comments
	Yes	No	
<p>Is the indicator failing to meet target?</p> <p>Is the indicator 'red' or 'amber'?</p>	Yes		<p>BV66b - At the end of 2006/07 performance was 9.63% - 8% below the target of 8.90%, which meant that the indicator was classified as 'red'.</p> <p>BV66c - At the end of 2006/07 performance was 37.08% - 5% below the target of 35.30%, which meant that the indicator was classified as 'red'.</p>
<p>Was the target the unrealistic?</p> <p>Was the target stretching enough or has the target been missed by a significant amount?</p>	No		The targets for both indicators appear more realistic than 05/06. The target for BV66a of 6.7 in 05/06 was too stretching and the target for BV66b of 53.1 was not stretching enough.
Is the direction of travel deteriorating?	Yes		<p>BV66b - Performance deteriorated by 0.69% between 2005/06 and 2006/07.</p> <p>BV66c - Performance deteriorated by 1.78% between 2005/06 and 2006/07.</p>
<p>Do we compare poorly with other authorities?</p> <p>Are we in the bottom or lower median quartile compared to all unitary authorities? <i>BVPs only</i></p>	Yes		<p>For both indicators, performance has been categorised as bottom quartile for the past two years.</p> <p>BV66b</p> <ul style="list-style-type: none"> • Top quartile – 5.46 • Bottom quartile – 8.76 <p>BV66c</p> <ul style="list-style-type: none"> • Top quartile – 20.11 • Bottom quartile – 34.74
Has our position compared to our peers declined over the past 12 months?	N/A		There is only one year of comparative data so this cannot be confirmed. However it is likely that performance against peers has declined.
<p>Is the performance of the indicator moving in a different direction to the national trend?</p> <p>Only tick 'yes' if movement of the indicator is negative. <i>BVPs only</i></p>	N/A		There is only one year of comparative data so this cannot be confirmed.

Criteria	Evaluation		Comments
	Yes	No	
Does the indicator support a corporate priority?	Yes		This indicator directly supports the priority – “Giving you excellent services and value for money”.
Is this indicator a Comprehensive Performance Assessment or Local Area Agreement indicator?	Yes		This indicator forms part of the suite of key indicators that are assessed to determine the council’s annual direction of travel.
Has the indicator been previously highlighted as underperforming in the last 12 months?	Yes		This indicator has previously been highlighted as underperforming in the annual Best Value Performance Plan.

BV66 b and c - Historical Performance Results

The graph below sets out the performance results for this indicator over the past two years; compared to the 2005/06 quartile positions...

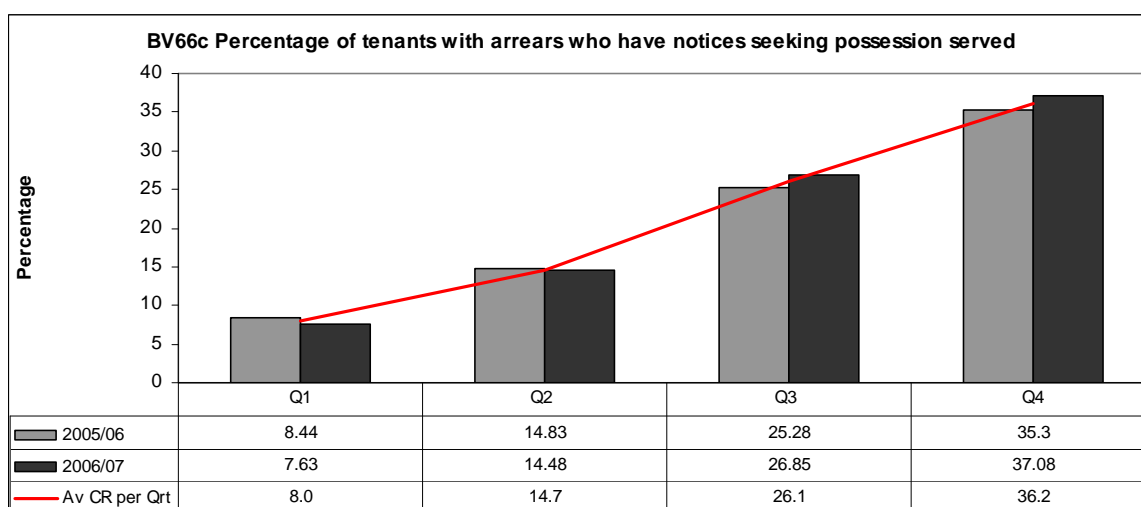
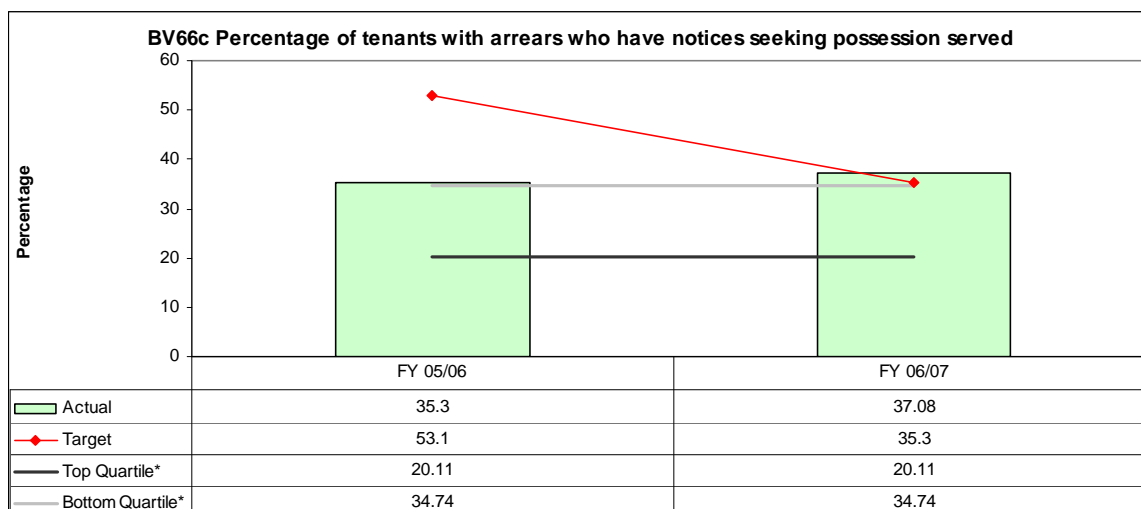
66b



Overall, there has been a slight decline in the year-end position between 2006/07 compared to 2005/06. When the quarterly profile of this indicator is reviewed it appears that the level of arrears was considerably lower than 2005/06 for the first two quarters of the year, with the position deteriorating in quarter three. 'Catch-up' did occur in quarter four as normal, but this was not sufficient to bring performance back into line with target. Both 2005/06 and 2006/07 results have fallen into the bottom quartile when compared to other unitaries.

Comments entered onto Performance Eye by the indicator's Accountable Officer at the end of 2006/07 are set out below...

"As predicted in quarter 3 the figure did reduce and we ended the year below 10%. However we were still 0.73% short of the target. We still have concerns as to our performance being bottom quartile but do believe the indicator is being calculated correctly. Benchmarking is being carried out with some of the better performing ALMOs with a similar stock to Derby Homes."



Overall, there has been a slight decline in the year-end position between 2006/07 compared to 2005/06. The quarterly picture reflects the position of 66b – as arrears rise during the year, the level of notices increases. In 2006/07, notice rose above 2005/06 levels as arrears deteriorated.

Comments entered onto Performance Eye by the indicator's Accountable Officer at the end of 2006/07 are set out below...

"The government has clearly stated that possession should be a last resort when dealing with arrears. Therefore our desired status at the end of this year is on target or lower, however this indicator increases throughout the year as more arrears action is taken. As predicted in quarter 3 this figure has continued to rise, slightly more notices were served in 2006/07 this was mainly due to more tenants being in arrears. Derby Homes follows good practise guidelines in arrears recovery, this includes early intervention, offering sound money advice and use of Notices where agreements are not reached or kept by tenants."

Action Plan

Indicator/ Area: BV 66 b and BV 66 c

No	Action	Expected impact on performance	Responsibility	Timescale	Links to other plans / strategies
1	Raising awareness with staff responsible for 66a,b,c,d Look at reporting indicators at officer level	Improved performance reported, although this may not be instant	Jaz Sanghera / Maureen Davis	Initially by Sept although this will be on going Reporting options by end of September 2007	
2	Benchmarking with top performing authorities Identify and contact top performing authorities on 66b and c	Gain new ideas to improve performance and change processes and procedures accordingly	Jaz Sanghera/ Emily Baker Performance Team	October 2007	
3	Working with Housing Benefits to improve processes Meet with housing benefits to discuss and progress ideas	Quicker processing times which will have an impact on the indicators	Jaz Sanghera	September 2007	
4	Set up new action codes to identify actual notices delivered Change existing reports to accommodate new codes	More accurate statistic reported	Jaz Sanghera	October 2007	

No	Action	Expected impact on performance	Responsibility	Timescale	Links to other plans / strategies
5	<p>Training for frontline officers on making sure housing benefit forms and required information is correct</p> <p>Revisiting the sign up stage to check if correct forms are being used</p> <p>Produce a checklist of items required</p> <p>Remind frontline officers to check rent accounts for rent arrears before post let visits</p>	Quicker processing times and limiting arrears accrued which will have an impact on the indicators	Jaz Sanghera	October 2007	