

**Housing Service Strategies  
RENT ADMINISTRATION  
AND COLLECTION**

**1. Introduction**

- 1.1 This Housing Service Strategy relates to the rent administration and collection in respect of the Council's housing and garage stock.
- 1.2 A rent accounting system is necessary to provide clear audit trails in the administration and control of the income involved. Legislation lays down clear time-scales that must be met on implementation of a rent increase. Failure to meet this criteria could result in loss of revenue to the Authority, criticism and legal challenge. The Council also has an obligation to its tenants to ensure the income is correctly administered and accountable.
- 1.3. Staff within Housing Services co-ordinate this function and draw upon the skills of colleagues within other services, i.e. Finance and Legal.
- 1.4. This Strategy was formulated in consultation with the Epping Forest Tenants and Leaseholders Federation and the Housing Scrutiny Panel, and agreed by the Housing Portfolio Holder on 13<sup>th</sup> February 2006.
- 1.5 Housing Services has been awarded the international ISO 9001:2000 quality accreditation for all its services, including rent administration and collection for a further 3 years commencing June 2004.
- 1.6 The Council was awarded the "Investors in People" status during 2002 and this was renewed in 2005 for a further 3 years. This incorporates all the functions of the Housing Services, which includes rent administration and collection.
- 1.7 In addition to this the whole of the Housing Services also achieved a CharterMark Award in 2004 for three years.

**2. Background to Service**

- 2.1. The Rent Accounting and Collection Team of the Housing Resources Section in Housing Services co-ordinate all the activities involved with administering rent accounting and collection. This involves all notifications to tenants of their rent increases, issuing of rent swipe cards, standing orders and direct debits. The main role of this section is to balance and control the collectable debit and reconcile the income in respect of all the Council's residential HRA properties and garages.
- 2.2. In addition one member of staff (1FTE) was added to this Section in 2002/03 to assist with the additional workload as a result of the changes required to the rent accounts through supporting people and rent restructuring initiatives.
- 2.3. The Council owned the following HRA stock as at 31<sup>st</sup> March, 2005

- 6,642 residential properties
- 873 leasehold properties
- 2,912 garages
- 1 Homeless Persons Hostel comprising 38 rooms and 10 chalets

2.4. As at 1<sup>st</sup> April, 2005 the stock was made up of:

	No.	%
• 349	Bedsits	5.25
• 2,357	1 Bedroom Properties	35.49
• 1,854	2 Bedroom Properties	27.92
• 1,917	3 Bedroom Properties	28.86
• 165	4/5 Bedroom Properties	2.48
Total		100.00%
6,642		

2.5. The collectable rent debit in 2004/05 was £22,406,295 (an increase of 2.8% from 2003/04). This is the total annual income collectable from every property and garage, irrespective of housing benefit. Rent is collected through a variety of methods. Due to the rural nature of the District, Post Office Giro and Pay Point or Pay Zone is extensively used to enable tenants to pay their rent at any post office in the country or designated Pay Points or Pay Zones within the District. The Council provides three cash desks based in Epping, Waltham Abbey and Loughton. Direct debits and standing orders are also offered to tenants.

2.6 The three staff (3 FTE) in the Rent Administration and Collection Team are responsible for controlling the overall collectable debit against the actual income received. They are also responsible for accounting for the income collected in respect of other charges such as heating and water rates. The rent accounting service keeps the main database in Housing Services, which identifies all Council properties, the collectable debit and the income due. The service monitors all payments against the amount due and is heavily relied upon by housing management officers for information on the payment records of tenants and the calculation of individual and overall rent arrears. One member of staff (1FTE) carries out changes required under the rent reforms and reconciling significant financial claims from Essex Council Council, in respect of Supporting People. This is covered in more detail in Section 3.

2.7. The section also administers all changes to individual tenants' rent accounts such as the amount charged, the various elements that make up the gross rent and any other changes to the tenant's account such as changes of name.

2.8 The section also updates the computer information for Housing Management Officers to undertake the collection of arrears. It provides the overall statistical information and balances of all accounts.

### **3. Coverage**

3.1 This Strategy deals with all aspects of rent administration and collection to ensure that processes are in place to provide a structured and detailed account of the collectable and collected income to the Council.

- 3.2. Rent levels prior to 2003 generally mirrored the guideline base rent. However, the Government has brought rent setting by local authorities onto a common system based on relative property values and average earnings. The intention is that rents for local authorities and housing associations move towards comparable rents by 2012 using an approach which could be readily and easily understood. In March 2001, the Government issued the Guide to Social Rent Reforms which set out how the reforms would be achieved and detailed a standard methodology (or formula) for use by RSL's and local authorities for calculation of rents. The basis of the formula is as follows:-
- 30% of a property's rent should be based on relative property values compared to national property values;
  - 70% of a property's rent should be based on relative local earnings compared to national earning;
  - a bedroom factor so that, all other things being equal, smaller properties have lower rents.
- 3.3. Rents started to be recalculated in this way from April 2003 to produce a "target rent" for each property, which could be much higher or lower than the current rent. The actual rent tenants pay must then increase or decrease, to this target by April 2012.
- 3.4. On average, it was estimated that rents would need to increase by around 9% between 2003 and 2012 to reach these target rents. Around 70% of all tenants would have rent increase, and around 30% would have rent reductions. However, as a safeguard, rents cannot increase or decrease by more than £2 per week in any year, above inflation plus half percent.
- 3.5. All homes have been valued and target rents calculated. Therefore, in order to comply with this, a Rents Strategy was agreed by the Council in 2002 (to be reviewed), in consultation with the Tenants and Leaseholders Federation. This strategy also incorporated another major change to the rents is 'Supporting People'.
- 3.6. The government has recently announced further changes to the rent restructuring and the draft HRA subsidy determination which has significant implications for Local Authorities. These include:
- The need to calculate a new target rent for every dwelling to reach by 2012
  - The increased 2006/2007 cash flow implications of caps and limits because of the increased target rents.
  - The discretion to choose how to apply the 5% cap on average actual rent increases.
  - The 2006/2007 cash flow implications of the 5% cap.
- 3.7. It is too soon to establish the full implications of the proposed changes but, in the short term, it appears to have a detrimental effect on the HRA. However, in the longer term it may prove more beneficial.
- 3.8. 'Supporting People' is a separate regime designed to account for support costs outside of the HRA framework. Essentially, Supporting People removed the costs of care and support from the HRA and other funding streams to be funded by a County-wide 'pot'. Commissioners at a County level decide on the

allocation of funding from the County-wide pot across all supporting people contracts in Essex.

- 3.9. The main impact on rent restructuring was that care and support charges (mainly in sheltered schemes) have been separated from rent accounts, to be accounted for through Supporting People charges. The issues are complex but, basically, whilst the total amount payable by existing tenants has not been increased, care and support costs have been separately identified within each rent account. This had the effect of reducing the basic starting level for use in rent restructuring calculation for some properties and has had an impact on the Council's ability to achieve target rents.
- 3.10. All new tenants after 1<sup>st</sup> April 2003 not in receipt of housing benefit have to pay care and support charges in addition to current rent payments. All tenants resident before 1<sup>st</sup> April 2003 have "transitional protection" met by the Council, which means that they pay no more than they would have if the charge had not been introduced. After this date, only those in receipt of housing benefit will have their charges met by supporting people.
- 3.11. Changes to the supporting people distribution of funds could have a significant impact on the HRA.
- 3.12. This Strategy ensures that the processes flow smoothly and provide the information to maximise the income to the Authority. It also provides the information required by tenants and other users of the service.
- 3.13. Legislation, detailed in Section 6, provides strict time-scale limitations and stipulates the information that must be supplied to the tenants, although the Council is committed to reduce administrative time to the minimum.

#### **4. Relationships to other documents**

- 4.1. The provisions of the Council's Housing Charter apply directly to rent administration and collection. These relate to the form of service to the public, which must be a key factor in any strategy.
- 4.2. Standing Orders and delegated authority govern the power of the Head of Housing Services to deal with the ordering of rent swipe cards, which is the main contract for the service.
- 4.3. The Council provides the Tenants Handbook which contains various information and the tenants payment letter accompanying the Swipe Card for rent payments also contains relevant information.
- 4.4. Housing Services policies and works Instructions available on the intranet are in place to ensure staff have clear processes to follow. This is subject to continual review in order to achieve improvements.
- 4.5. The Council's Tenant Participation Agreement, Council Plan, Housing Revenue Account Business Plan and Best Value Performance Plan are also relevant to this Strategy.
- 4.6. The Council's web-site incorporates a section on Housing Services and is relevant to this Strategy. The address is [www.eppingforestdc.gov.uk/housing](http://www.eppingforestdc.gov.uk/housing).

## **5. Aims and Objectives**

5.1. It is the aim of the Council's Housing Services Strategy on Rent Administration and Accounting;

"To administer and manage the rent administration and collection service in an effective manner".

This aim will be achieved by:

- a) following best practice and ensuring adequate procedures exist in order to fulfil all statutory, accounting and Council requirements.
- b) monitoring performance against time-scales, legislation, of other service requirements and needs.
- c) providing accurate information
- d) ensuring time-scales are adhered to
- e) responding to changes in legislation
- f) increasing consultation with customers
- g) maintaining ISO 9001:2000 quality systems

5.2. A recent audit of the rent restructuring accounts concluded that a sound system was in place to implement the requirements. An audit of rent accounting and administration is now in process.

## **6. Statutory Requirements**

6.1. Under Section 74 of the Local Government and Housing Act 1989, the Council is required to keep a "Housing Revenue Account" in accordance with proper practices. These include the following issues:-

- Procedure and time-scales for serving any rent increase notifications
- Short term lease of properties
- Equity Share properties
- Various statutory information to be supplied to tenants, at the start of a tenancy and annually
- Appeal procedures
- Calculation of rents
- Procedure for recovery of other charges, included in the rent

6.2. Human Rights Act 1998 (Articles 6,8 and 14)

- Appeal procedures

6.3. Data Protection Act 1998.

- Protection of personal data held by the Council

6.4. Code of Practice in Rented Housing.

- Local authorities adopted approach towards race equality.

6.5. Health and Safety at Work Act 1994

- Responsibilities of the Council as employees in respect of Health and Safety Issues.

## 6.6. Landlord and Tenant Act 1985

- Provisions relating to tenancies and leases.

## 6.7. Local Government Act 1999

- The Council's responsibilities in respect of the Best Value regime.

## 7. Client Consultation, Information and Involvement

- 7.1. The Council publication "Housing News" is distributed to all the Council's tenants and leaseholders. This is to ensure that they are kept up to date with regard to housing issues and also urges their involvement with the Council's consultation process.
- 7.2. The District-wide Tenant Participation Agreement, effective from November 2002 and renewed in November 2005, sets out in detail the way in which tenants and leaseholders will be consulted on housing issues.
- 7.3. A Tenant Participation Officer promotes the obligations set out in the Tenant Participation Agreement. The Council is actively involving the Epping Forest Tenants and Leaseholders Federation and promoting a wider interest throughout the District.
- 7.4. The Chairman of the Epping Forest Tenants and Leaseholders Federation is a member of the Housing Scrutiny Panel, which considers detailed housing issues.
- 7.5. Various information is provided in the "Tenants Handbook" issued to all tenants.
- 7.6. Tenants are regularly being consulted on various issues and surveys.
- 7.7. A Service Review on Housing Services that includes Rent Accounting and Collection was completed during 2003. Under this review a wider consultation exercise of all clients was carried out internally and externally.
- 7.8. The Council's web-site, Housing Section [www.eppingforestdc.gov.uk](http://www.eppingforestdc.gov.uk) also holds relevant information.

## 8. General Principles

The general principles governing the service are as follows:-

- 8.1. Housing Services will continue to provide at least three staff (3FTE) dedicated to the activities covered by this Service Strategy.
- 8.2. Since the integrated housing system (OHMS) has been introduced, more information has become available to clients. However, the overall aim is to supply more detailed information in the future to assist control and flow of information to clients.

- 8.3. Staff within this Section will ensure that all clients and tenants are responded to promptly and accurately.
- 8.4. The Council's Housing Services will, at all times, attempt to attain the targets laid down by legislation.
- 8.5. Internet payments and 24 hour telephone payment facilities have recently been provided to tenants. In addition to this, swipe card payment facilities are available allowing far more choice of places to make rent payments and an additional payment date has been provided for direct debits.
- 8.6. The ISO 9001:2000 accreditation for Housing Services will ensure that procedures will be maintained to provide consistent quality.
- 8.7. Procedures will be monitored and reviewed regularly to ensure time-scales are met and targets achieved.
- 8.8. Tenant and client consultations and satisfaction surveys will continue to be undertaken.
- 8.9. At all times accuracy will be maintained on information supplied and appropriate balances. Standing Orders, Financial Regulations and Corporate Policies will be adhered to. Throughout all processes, staff will be aware of the possibility of fraudulent claims.

#### **9.0. Best Value Considerations**

- 9.1 Housing Services undertook a service review in 2003. Various working groups were established to progress the work to be undertaken and investigate all areas with a view to improving and enhancing the service to the customers. The following outcomes resulted;
  - Challenge – Housing Services in general was thoroughly challenged by the Best Value Review. The Review concentrated on those services which have the greatest impact on customers, including rent accounting and collection and those which are in most need of improvement.
  - Compare – The Best Value Review used information from a number of sources in order to compare the quality of services provided with those of similar providers. The Council is a member of House-mark, who provided useful data, as well as performance indicators and the findings of the STATUS tenants satisfaction survey to compare costs and services. Separate surveys were undertaken of tenants and leaseholders.
  - Consult – The Council has adopted a strong consultation framework with the Epping Forest Tenants and Leaseholders Federation. This has been the main method of consulting customers about performance and areas for improvement under the Review.
  - Compete- The benefits of introducing competition in the provision of Housing Services was considered under the Best Value Review. Competition is more appropriate for some services than others and this was explained under the Review.

## 10. Future Developments

10.1 The following “SWOT” analysis identifies the strengths, weaknesses, opportunities and threats for the areas covered by this Service Strategy

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>❖ Knowledgeable and committed staff</li> <li>❖ Policy and Works Instructions available on the Intranet</li> <li>❖ Integrated Housing System</li> <li>❖ ISO 9001:9002 Accreditation</li> <li>❖ Good relationship with tenants</li> <li>❖ Good tenant consultation framework</li> <li>❖ Comprehensive performance monitoring</li> <li>❖ Good procedures and timetable</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>❖ Bed and Breakfast cases not on OHMS Housing Integral System.</li> <li>❖ Norway House Residents not on OHMS Housing Integral System</li> <li>❖ System Automatic scheduler for rent processes not installed</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>❖ Action Plans for Improvement</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>❖ Reduced funding from County Council from the “supporting people pot”.</li> <li>❖ Major I.T.failure</li> <li>❖ Implications of changes to Rent Reforms on Funding and Resources</li> </ul>

## 11. Action Plan.

11.1. The Action Plan for this Service Strategy as follows:-

Action	Lead Officer	Timescale	Resource Implications
<p>Publish different methods of rent payments in Housing News including the costs to the Council of each collection method.</p>	<p>Principal Housing Officer (Information and Strategy)</p>	<p>September 2006</p>	<p>Existing Resources</p>
<p>Produce Housing Service Strategy on Diversity to include systems for recording ethnicity, vulnerability and disability of service users.</p>	<p>Assistant Head of Housing Services (Property and Resources)</p>	<p>June 2006</p>	<p>Existing Resources</p>



Investigate the feasibility of introducing additional frequency payments for Direct Debits.	Senior Housing Officer (Resources)	April 2006	Existing Resources
Provide information in Housing News on how rents and service charges are calculated.	Principal Housing Officer (Information and Strategy)	September 2006	Existing Resources
Undertake a further Direct Debit marketing campaign	Housing Resources Manager	September 2006	Existing Resources
Produce a Housing Services Strategy on Procurement.	Housing Resources Manager	September 2006	Existing Resources

## 12. Resourcing the Strategy

12.1 The number of staff resourcing this Strategy equates to 3.14 (FTE) within Housing Services. 2.88 FTE staff within the Rent Accounting and Collection Team including (1 FTE) dealing with supporting people claims and rent reforms) together with 0.26 FTE which relates to senior and admin staff support. This excludes staff from other services who provide additional support such as Finance and Legal.

12.2 The cost of this service is met primarily by the rent income received from tenants.

12.3 The Housing Service oversees the development of staff by the following:-

- Training Needs Schedule which records each member of staff training needs and how these are met
- Staff Development Reviews which identifies training needs

Two examples of the sort of training related to this Strategy that has been undertaken in the past is training on the new housing integrated system and training on the revised Government initiatives for rent reforms.

Staff Resource Projections

	2003 2004	2004/2005	2005/2006	2006/2007
Average no. staff to provide service (FTE)	3.14	3.14	3.14	3.14

Staff Resource Breakdown – 2004/05				
Post (s)	Housing Policy	Housing Resources	Housing Admin Support	Total
Senior Management - Housing Policy Rent Administration and Collection Housing Administration – Housing Client	0.07	2.88	0.19	3.14

### 13. Key Targets and Performance Monitoring

13.1. Listed below are the key targets and performance indicators which the Rent Accounting and Collection Service provide. However, although this section provides this information, it is not responsible for the performance of these targets as follows:-

Key Targets & Performance			
Performance Indicator	Actual 2004/2005	Target 2005/2006	Target 2006/07
Rent collected by the local authority as a proportion of rents owed on housing revenue account (HRA) dwellings	97.60%	98%	98%
Amount of former tenant arrears collected per annum	£60,071	£40,000	£40,000
The number of local authority tenants with more	Not applicable – New Indicator	12%	12%

than seven weeks of (gross) rent arrears as a percentage of the total number of council tenants	(April – June 2005/06 – 8.94%)		
Local authority rent collection and arrears: rent arrears of current tenants as a proportion of the authority's rent roll.	2.21%	2.10%	2.10%
Percentage of local authority tenants in arrears who have had notices seeking possession served	Not applicable – New Indicator (April – June 2005/06 – 4.58%)	17%	17%
Percentage of local authority tenants evicted as a result of rent arrears.	Not applicable – New Indicator (April – June 2005/06 – Nil)	26%	26%

13.2. In view of legislative targets involved, and the reliance of other sections on the system, continual monitoring is essential. The Housing integrated computer system allows more detailed and frequent reports. There are regular management performance monitoring meetings for all Housing Managers with the Head of Housing Services and the relevant Assistant Head of Housing Services once a quarter. The previous quarter's performance is discussed against targets set and a review of action that needs to be taken to improve performance in the following quarter. The Best Value Performance Indicators are included within the Best Value Performance Plan, which is published annually, and a summary is provided to every household in the District. The performance is also monitored by The Epping Forest Tenants and Leaseholder Federation, on a quarterly basis. This constant monitoring of all targets should adequately ensure that the provisions of this Strategy are achieved

#### **14. Reviewing the Strategy**

14.1. This Housing Service Strategy will be reviewed in consultation with the Epping Forest Tenants and Leaseholders Federation in April 2009.