

**NORTH LANARKSHIRE COUNCIL**

**REPORT**

<b>To:</b> SCRUTINY PANEL – STRATEGY AND POLICY IMPLEMENTATION		<b>Subject:</b> REVIEW GROUP REPORT ON RENT ARREARS, HOMELESSNESS AND EVICTIONS POLICY - UPDATE ON DEPARTMENTAL RESPONSE TO RECOMMENDATIONS
<b>From:</b> DIRECTOR OF HOUSING & PROPERTY SERVICES		
<b>Date:</b> 16 February 2005	<b>Ref:</b> TMcK/UC/DL	

**1. Introduction**

1.1 This report provides an update for the Scrutiny Panel on action taken by the department in response to the recommendations of the Rent Arrears, Homelessness and Evictions Policy Review Group.

**2. Progress Update**

2.1 A summary of the Group's recommendations together with an update on progress towards their implementation are set out at Appendix 1.

**3. On-Line Benefits Calculator**

3.1 The outcome of the DWP bid for funding this project is still awaited. Due to the high number of bids submitted, these are taking longer than expected to process and the DWP is unable to provide an indication of the timescale for their decision.

3.2 In the meantime, funding has been made available from the Council's 2004/05 ICT Capital Programme. This will meet approximately 50% of the total cost, with the remainder provided from the Modernising Government Fund.

- 3.3 The funding for this project having been secured, an order was placed with the software supplier in January. The supplier has provided an implementation plan that indicates this facility will be operational from 7 March 2005.

#### **4. Rent Incentive Scheme – Direct Debit**

- 4.1 Item (d) on Appendix 1 recommends that options be devised for a rent-free period to encourage tenants to pay their rent by direct debit.
- 4.2 Issues for consideration together with the implications of introducing a rent incentive scheme are set out at Appendix 2. In summary, the issues are:
- a) Scope
  - b) Timing; and
  - c) Cost.
- 4.3 Given the implications of introducing a rent-free period, as set out at Appendix 2, the department does not propose to take this further.
- 4.4 Notwithstanding the above proposal, the department continues to promote direct debit as the preferred payment method. Over the last year, the number of tenants paying by direct debit has increased by approximately 20%, whilst, over the same period, the housing stock has reduced by approximately 3%.
- 4.5 In addition to the rent-free option, following a request from the Scrutiny Panel consideration has also been given to running a prize draw for tenants paying by direct debit. However, in view of the legal implications in terms of discrimination against other rent payers, this option has not been pursued.

#### **5. Tenants Information Pack**

- 5.1 At its meeting on 27 October 2004, the Scrutiny Panel requested that consideration be given to issuing information packs to tenants prior to the signing of their missives.
- 5.2 The Tenants Information Pack will be delivered to all prospective tenants at the pre-offer stage of the allocation.
- 5.3 A summary will also be developed and sent out with the offer letter.

#### **6. Pension Credits**

- 6.1 In response to a recommendation from the Panel at its meeting on 27 October 2004, approximately 45,000 leaflets promoting Pension Credit were issued to pensioners during December along with the Council's £10 gift in the First Stop Shops.

**7. Recommendation**

7.1 The Panel is asked to note this report.

A handwritten signature in black ink, appearing to be 'T McKenzie', written in a cursive style.

**T McKenzie**  
**Director of Housing & Property Services**

**Encl.**

**REVIEW GROUP REPORT ON RENT ARREARS, HOMELESSNESS AND EVICTIONS POLICY**  
**Recommendations for the Department of Housing and Property Services**

<b>ITEM</b>	<b>RECOMMENDATION</b>	<b>ACTION TAKEN (Updated 16 February 2005)</b>	<b>ACTION OUTSTANDING/ TARGET IMPLEMENTATION DATE</b>
(a)	Incorporates a paragraph within the first arrears letter advising tenants on how to obtain money advice/debt management.	New procedures introduced. Money advice available on all correspondence. Money advice directory available at all First Stop Shops.	Complete.
(b)	Ensure that the rent arrears database is used to target certain categories of tenant for home visits as detailed within paragraph 5.3 of the report.	<p>Although there are data protection issues on holding and regularly updating information on items such as “vulnerable groups”, the system holds details on family composition and dates of birth, which enables individuals to be identified for such visits.</p> <p>“Settling in” visits have recently been introduced for all new tenants when any vulnerable people are identified and referred to Tenancy Services staff for ongoing support.</p>	Complete.
(c)	Initiate a considerable increase in the amount of publicity to tenants indicating the different ways in which rent can be paid particularly through direct debt.	<ul style="list-style-type: none"> <li>◆ New wallet size “Rent is Vital” payment card</li> <li>◆ Tenants information pack</li> <li>◆ Arrears letters</li> <li>◆ Rent statements &amp; rent increase notices/newsletter</li> <li>◆ Q &amp; A leaflet</li> <li>◆ Tenants Newsletter/NLC News</li> <li>◆ Letters issued to tenants paying at Post Offices scheduled for closure promoting Direct Debit</li> <li>◆ 3,500 letters issued before Christmas enclosing Direct Debit mandates – similar exercise planned for March 2005</li> </ul>	Ongoing.

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<b>ITEM</b>	<b>RECOMMENDATION</b>	<b>ACTION TAKEN (Updated 16 February 2005)</b>	<b>ACTION OUTSTANDING/ TARGET IMPLEMENTATION DATE</b>
(d)	Devise options for a rent-free period to encourage tenants to pay their rent by direct debit.	Covering report refers.	N/A
(e)	Adjust the tone of the correspondence to tenants in relation to payment of rent and rent arrears to take account of the circumstances of the individual e.g. first time defaulters and 18 – 25 year olds.	<p>Within the new procedures 18-25 year olds and other vulnerable clients are referred at an early stage for tenancy support and to other agencies including money advice.</p> <p>All letters reviewed in relation to new procedures (subject to consultation) and revised as appropriate.</p>	Completed.
(f)	Issue a guidance leaflet advising pensioners of pension credits.	<ul style="list-style-type: none"> <li>◆ The Pension Service does this, including stocking/re-stocking our hard information areas within each First Stop Shop</li> <li>◆ Pension Credits promoted in rent statements and notices/newsletters</li> <li>◆ NLC Benefits/Pension Service stand at Tenants' Conference</li> <li>◆ 45,000 leaflets issued to OAPs with £10 gift in First Stop Shops</li> </ul>	Completed.
(g)	Hold open days within First Stop Shops and Libraries to provide information to pensioners on pension credits.	Open days/surgeries held with the Pension Service. Where possible, these also coincided with the distribution of the £10 gift to OAPs.	This will continue on a regular basis.

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<b>ITEM</b>	<b>RECOMMENDATION</b>	<b>ACTION TAKEN (Updated 16 February 2005)</b>	<b>ACTION OUTSTANDING/ TARGET IMPLEMENTATION DATE</b>
(h)	Review the current Housing Benefit claim form to take account of the needs of the tenants with sensory impairments, in particular the colour scheme and font size.	The benefit application form is now available in both large print and clear print versions.	Completed subject to ongoing review and amendment to reflect legislative changes etc.
(i)	Include within the Housing Benefit form a note of contact addresses and helpline numbers of money advice organisations for the benefit of claimants.	Insert included in the application form gives contact address and telephone numbers for CAB/Money Advice Centres/National Advice Centres/Welfare Rights Officers/Income Maximisers.	Completed.
(j)	Purchase an online benefits calculator such as the one currently being used by the City of Manchester Council to allow tenants claiming Housing Benefits to be advised while their claim is being processed of a realistic figure they might expect to receive.	Funding secured and software ordered.	Launch planned for 7 March 2005.
(k)	Establish a protocol with the Director of Social Work, the Director of Planning and Environment (Trading Standards) and the Citizens Advice Bureaux in North Lanarkshire setting out respective roles in providing advice and support to tenants in rent arrears, particularly vulnerable groups and the arrangements for instigating dialogue between relevant departments and agencies, possibly including regular meetings between them.	Procedures include referrals to money advice agencies and protocol with Social Work. An SLA is in place with CAB. A Housing Advice Worker is funded through the Homelessness Strategy. In addition, a case conference standard agenda/proforma has been introduced to ensure all avenues have been exhausted and all support is available to any tenant facing eviction. This will ensure a consistent approach is adopted across the department.	Completed.

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(l)	Promote debt-counselling services in all housing literature.	Implemented.	Completed.
(m)	Consider in conjunction with other departments and agencies as appropriate, the identification of one money/debt service provider to which tenants in rent arrears should be directed in order to provide consistency of money/debt advice.	Information and Advice review led by Chief Executive's Department underway.	Ongoing.
(n)	In conjunction with other departments and agencies advocate direct debit as the best method of paying rent.	Direct Debit being promoted through liaison with Planning & Environment (Trading Standards), Social Work and CAB.  Arrangements in place for Council Tax to issue Direct Debit forms to tenants paying at cash collection points.	March 2005 to coincide with year-end "focus" on rent arrears.
(o)	Pursue the potential for collecting rent from social security benefits with the consent of the tenant.	System enhancement in place to identify cases to maximise the use of "Rent Direct". Under current legislation, this is restricted to £2.80 per week from Income Support.	Completed subject to future legislative changes.
(p)	Ensure the regular issue of rent account statements to all North Lanarkshire tenants.	Issue of statements on a rolling programme (based on date of entry) introduced.	Completed.

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<b>ITEM</b>	<b>RECOMMENDATION</b>	<b>ACTION TAKEN (Updated 16 February 2005)</b>	<b>ACTION OUTSTANDING/ TARGET IMPLEMENTATION DATE</b>
(q)	Explore, in conjunction with the Head of Legal Services, the possibility of influencing future legislative changes to enable the Council to have access to benefit records to track down tenants who had abandoned their tenancies and who were in rent arrears.	All means of tracing former tenants are fully exploited within the scope of legislative provisions.  A "Focus on Former Tenant Arrears" is currently underway in the First Stop Shops.	Completed.
(r)	Use Tracing Agents to track down tenants who had abandoned their tenancies.	Pilot scheme for tracing and collection of former tenant arrears underway, with a further report to Committee after 18 months.	December 2005.
(s)	Prepare a guidance note clearly setting criteria for referral to Debt Advice Agencies, the Social Work Department, Tenancy Support Teams and other agencies as appropriate.	Incorporated into new procedures.	Completed.
(t)	Increase the number of staff within the Tenancy Support Teams to enable tenants, identified by staff in the Area Office as being in rent arrears, to benefit from a home visit with a view to minimising rent arrears.	Home visits are carried out by the Tenancy Support Teams on referral from Housing Services staff. Visits are demand-driven and are monitored on an ongoing basis.  A review of the Tenancy Support Teams is underway as part of a wider review of projects funded through Supporting People. There is no scope to recruit additional staff at this stage given the limitations of the Council's Supporting People allocation.	Completed.

## RENT INCENTIVE SCHEME – DIRECT DEBIT

ISSUES	CONSIDERATIONS	IMPLICATIONS
a) Scope	<ul style="list-style-type: none"> <li>• Should the option be restricted to tenants switching to direct debit or include those already paying by this method?</li> <li>• At any point in time, approximately 30% of tenants have an arrears balance. Many people are continually up to date by alternative payment methods. Should they be treated less favourably than those paying by direct debit?</li> <li>• Is it reasonable to expect other rent payers to “subsidise” those opting to pay by direct debit?</li> <li>• Not all tenants have bank accounts.</li> <li>• Set in a wider context, should more “good” tenants be rewarded, e.g. for keeping their property in good condition, having tidy gardens?</li> </ul>	<ul style="list-style-type: none"> <li>• Restricting incentives to new direct debit payers may encourage existing customers to leave and rejoin the scheme.</li> <li>• Cost/budget implications.</li> <li>• Social inclusion/discrimination issues.</li> <li>• Customer choice.</li> </ul>
b) Timing	<ul style="list-style-type: none"> <li>• At what point should any rent-free period be applied?</li> <li>• On average 2.6% of direct debits are returned unpaid every month.</li> </ul>	<ul style="list-style-type: none"> <li>• Incentives may have to be clawed back where direct debits are subsequently returned unpaid, thereby adding to current tenant arrears.</li> </ul>

## RENT INCENTIVE SCHEME – DIRECT DEBIT

ISSUES	CONSIDERATIONS	IMPLICATIONS
c) Cost	<ul style="list-style-type: none"> <li>• Approximately £31.00 per tenant per week is paid by direct debit.</li> <li>• It is impossible to predict accurately the number of tenants who would move to direct debit if an incentive was available.</li> <li>• What level of budget provision would be required?</li> </ul>	<ul style="list-style-type: none"> <li>• Offering one rent-free week to all existing direct debit customers would cost approximately £120,000.</li> <li>• An increase in take up of 15% would cost approximately £18,500 per rent-free week.</li> <li>• A 25% increase would cost approximately £31,000 per rent-free week.</li> <li>• A 50% increase would cost approximately £62,000, and so on.</li> <li>• Uncertainty over the level of provision required could lead to significant budget shortfalls to be met from elsewhere within the Housing Revenue Account.</li> <li>• Additional costs would be borne by all tenants.</li> </ul>