

11 March 2015

Housing & Health Committee

Preparing for Universal Credit

Report of: *Helen Gregory, Acting Head of Housing Services*

Wards Affected: *All Wards*

This report is: *Public*

1. Executive Summary

- 1.1 The Welfare Reform Act 2012 has introduced the biggest overhaul to the benefit system in 60 years; with a number of changes introduced to the benefit system to make it easier for claimants to move back into or change employment. The notable changes are the introduction of the spare room subsidy charge and the emulation of all benefits into a single benefit called Universal Credit.
- 1.2 There is a need to gear up for the roll out of Universal Credit. There will be a fundamental change in the way that tenants receive benefits and we need to have robust systems to ensure that we intervene early and provide support to people. The first tranche of the roll out is February/March 2015 for new single person claimants. The big shift is benefits being paid direct and monthly to claimants; as opposed to the rent being paid to the Landlord. There are approximately 60% of our tenants in receipt of full or partial housing benefit.
- 1.3 The need for tenants to budget and ensure that their rent is paid is essential. The new processes will hopefully help to mitigate the possibility of an increase in arrears by early intervention.
- 1.4 Housing Officers have undertaken a review of processes and systems and set up an Income Management Project Team with colleagues from different departments in the Council. A new streamlined process that provides for earlier intervention and personal contact with tenants who fall into arrears has been devised.
- 1.5 A new Income Management policy has also been written to reflect new approach to income collection and tenancy sustainment.

2. Recommendation(s)

2.1 Committee is asked to recognise the staff driven improvements to the way we manage income management.

2.2 Committee is asked to approve the new Income Management Policy.

3. Introduction and Background

3.1 The Income management project team has been reviewing the way they collect rent and chase arrears. There has been a steady increase in the level of arrears over the past two years which coincided with the economic downturn.

3.2 Housing Officers fulfil a generic housing management function which includes arrears management, anti-social behaviour, estates management, viewed lettings, neighbour disputes and tenancy changes.

3.3 The processes for chasing arrears through to court and as a last resort sometimes eviction is time consuming, and administrative. The existing processes had not been revised for at least 5 years. Best practice recommends early intervention with people falling into debt and supporting them with money advice and support, arranging an affordable agreement the better chances of keeping the debt low and under control.

3.4 The existing procedures are very system based and lengthy and promote arms length management and only interacting personally with tenants when their debt is substantial.

3.5 The Orchard management system (IT system) was not configured to use all the attributes it has, to assist staff in monitoring accounts, recognising when people were behind in their agreed payment plans. Automated reports and triggers were not being used.

3.6 We will ensure that we were in personal contact with tenants falling into arrears at an early stage to identify the 'Can't pay or Wont pay' tenants. Discussing with tenants their problems in paying, signposting them to Citizens Advice Bureau and Family Mosaic for support and assisting in housing benefit applications.

- 3.7 An Income Management Project team has been set up. Membership includes staff from Housing, Revenues & Benefits, IT, and the Contact Centre. We have been working together to revise the process, improving communication between department, amending procedures and systems.
- 3.8 Housing Officers have been carrying out testing of system changes within Orchard, required to support the new income management policy; redrafting letters that are more informative, inclusive and giving details of support and advice that tenants can receive.
- 3.9 We are introducing new additional direct debit dates. Previously we only collected monthly direct debits on the 15th of each month. From April 2015 we will offer the same dates that council tax offers for direct debits. We recognise the need to make it as flexible as possible for people to pay.
- 3.10 The new streamlined process complies with the pre court protocol which places the emphasis on Landlords to make agreements outside the Court where possible and not to serve Notice Seeking Possession on accounts which are waiting for housing benefit to be processed. This will have the affect that we can obtain court orders to pay lower debt.
- 3.11 Testing of the new income recovery on Orchard system is complete and revised processes will be transferred to our live system to introduce our new procedure from April 2015. This will include the introduction of additional payment date for direct debits and making more effort to intervene at a much earlier stage.

4. Issue, Options and Analysis of Options

- 4.1 The roll out of Universal Credit in Brentwood will begin in March 2015 for new single claimants; and Universal credit for families will be introduced in 2017. We have a risk that new claimants will be paid direct monthly and will need to manage their money to ensure rent is paid.
- 4.2 Our processes will be leaner and customer focused and will be better equipped to deal with these changes. The new procedure has more personal contact with the tenant and more proactive in its approach to develop a payment culture; identify at an early stage when a tenant may be in financial difficulty.

- 4.3 Our performance is top quartile when measured against our comparators in the House mark benchmarking club; which is good performance.
- 4.4 The Council's existing income management process is very process driven and not customer centred; with an over reliance on written communication and limited personal contact. There is a reliance on system (Orchard) recommendations for arrears actions and the process was restricting staff from being more proactive in dealing with tenants in arrears.
- 4.5 While our arrears performance has maintained top quartile performance we must not be complacent as there is a need to improve in line with best practice, and the new procedures should give us the best opportunity to achieve this.
- 4.6 The Housing Officers are motivated by the opportunity given to develop the procedures; building on their experiences and thoughts on how to improve the service.

5. Reasons for Recommendation

- 5.1 The Committee is asked to note the work of the project team and their commitment to maximising income and improved tenancy sustainment.
- 5.2 The Committee is asked to approve a new Income Management Policy in line with best practice and to assist in our preparations for universal credit and minimise the risk to our income stream.
- 5.3 This income project forms part of Housing's 'Getting our House in Order' Modernisation Programme.

6. Consultation

- 6.1 Housing Officers have presented their research and recommendations to the Housing Management Team, Housing Options Team and the Income Project Team.
- 6.2 They also delivered a presentation to Tenant Talkback and received positive feedback.

7. References to Corporate Plan

- 7.1 Localism: we believe that through bringing communities together and working effectively in collaboration with a range of groups and organisations we can better ensure the future wellbeing of our Borough. We will work with local businesses, community groups and voluntary sector to develop projects that will enhance and support the local community.
- 7.2 Housing, Health and Wellbeing: current legislative reforms will lead to significant changes to the way the council supports people in housing need and in receipt of state benefits. We will develop different ways of working, both in the way we deliver services and with the voluntary sector, to make sure that the more vulnerable residents in Brentwood are protected and help goes to those in need of it.

8. Implications

Financial Implications

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- 8.1 The rent roll is £11,964,640 for 2014/15. The introduction of Universal Credit presents a significant risk to rental collection; the revised income management policy will help to minimise the risk.

Legal Implications

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- 8.2 None directly arising from this report except to note that any policy must not be applied as if it is an inflexible rule as this would fetter the Council's discretion.

9. Background Papers (include their location and identify whether any are exempt or protected by copyright)

9.1 None

10. Appendices to this report

Appendix A - Income Management Policy Appendix A

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