Summary:
At its meeting on 25th July 2012 the debt management performance of Elevate, within the Revenues and Benefits service was reported to PAASC for the financial year 2011.12. From this report a number of questions and comments arose. The service was asked to bring a report back to PAASC addressing these. The report below sets out the responses to these questions.

Recommendation(s)
That the committee notes the content of this report.

Reason(s)
To assist in the Policy House priority of a well run organisation delivering its statutory duties in the most practical and cost-effective way and improving the customer experience.

1. Introduction and Background
At its meeting on 25th July 2012 PAASC agreed that the Revenue and Benefits service should produce a report which:

- Outlines the process or policy officers adhere to when escalating a case through the courts.
- Outlines the process or policy officers adhere to when calculating what a “reasonable payment” is.
• Outlines the 18 months of Elevate performance and the two years of Council performance prior to Elevate East London assuming control in relation to evictions and commencing court proceedings.
• Discusses revenues and benefits performance generally.
• Addresses the concerns raised by PAASC in relation to One Stop Shops.
• Addresses the hypothetical and potential conflict of the Council evicting a family, but then having a duty of care to re-house them if children or young people are involved.
• Whether the practice of processing cases “in one go” is affecting performance.

2. Proposal and Issues

Process used to escalate a case through the courts.

2.1. There is a general recovery policy which is set out below but our policy allows for tenants with identified individual needs to be engaged with differently. This requires foreknowledge of tenants’ individual circumstances having been noted by whoever has dealt with them previously.

2.2. Rents officers will put those with special circumstances “on hold” from recovery action or they will have made notes about how recovery must proceed e.g. in liaison with a support worker, or by sending e mails only; large print letters etc

2.3. Staff are required to seek to contact vulnerable tenants, through an identified relative or support worker, by telephone or by e mailing them or carrying out a home visit, before they send a third reminder letter or take any more serious recovery action.

2.4. Staff will liaise with housing management where tenants have identified vulnerabilities/support needs, to propose that a case conference is held where a multi agency approach is required.

2.5. The general policy for recovery is that prevention is best so the sign up process for tenants to sign for the new tenancy is used to impress upon tenants, their responsibility to be good neighbours and their primary responsibility to pay their rent. Officers place strong emphasis on tenants applying for housing benefit (HB) at this stage and they seek to persuade the tenant of the benefits of paying their rent by direct debit.

2.6. In terms of the escalation procedure for rent recovery as agreed with the Council the stages run as set out below, but it is important to emphasize that the process is rarely linear as the vast majority of those in arrears will contact us at one or more of the recovery stages and we will halt further action while we give them a chance to pay by instalments or give time for tenants to provide further information about HB or for them to dispute a particular rent charge etc.

2.7. The stages of recovery run as follows:

   o When a balance of one week’s rent is outstanding – a letter 1 is sent which is a mildly worded reminder to clear the debt. The tenant is invited to discuss any difficulties with the rents team.
If one week later the arrears have not been cleared or the tenant has not contacted to make an arrangement to clear the debt over an agreed period – a letter 2 is sent which warns that recovery action will be taken if the arrears are not cleared. The tenant is again urged to make contact with the rents team.

If one week later there has been no clearance of the debt or contact from the tenant which results in an agreement – a letter 3 will be sent which warns that a Notice of Seeking Possession will be served on the tenancy the following week unless the account is cleared or the tenant contacts to make an arrangement to clear the debt.

A minority of tenants are given “Introductory” tenancies and their Notice is required to be worded differently as they have restricted rights as tenants. They are served with a “Notice of Possession Proceedings” but it runs for the same time period and the same sanction follows if the debt is not tackled.

One week later unless the tenant has acted to clear the debt or to make an arrangement with us a Notice (NSP of NPP) will be served on the tenancy which gives the tenant five weeks to clear the debt.

The Notice is a legally prescribed document and it states that the Council is entitled to take them to the County Court if they have not cleared by the end of five weeks from the date of service on the Notice. The Notice advises the tenant that they might wish to seek legal advice.

Accompanying written advice tells the tenant to make contact to discuss the debt. All notices include a statement of expenditure and Income form which the tenant is invited to return to us.

Notice will not be served until a check has been made that the tenant has received a response to any claim for housing benefit that they have made or any additional information that they have supplied to the benefits team.

If at the expiry of the Notice rent arrears are high, more than four weeks rent due; the tenant will receive a letter warning them that they are on the point of being referred to Court and telling them that if the Council have to take the matter to Court for a Possession Order they are in imminent danger of losing their home and they will be liable for up to £245 in Court costs which LBBBD will claim.

If arrears remain high and there is no agreement made by the tenant we apply for a Court hearing through LBBBD’s Legal Department. Again we hold off doing so if there are any HB issues known to the benefits team. Once Legal approve the Possession claim we write to the tenant telling them that the application has been made to the Court. If tenants contact us at this stage we will halt legal proceedings if they reduce the arrears sufficiently.

The Court will not expect us to take a case for possession unless a minimum of four week’s rent is owed. Tenants who pay a reduced rent because of HB will only be taken to Court if they owe around £200 which could represent 20 weeks rent arrears.
Within a month of the submission to Court, the Court write to the tenant (and to us) setting out the Court hearing date, which will usually be around two months hence. The Court invites the tenant to attend and to return an income and expenditure form and a defense form setting out their defense to the claim. The Court invites the tenant to attend the hearing.

If a housing benefit claim is made at this stage or new information about a claim is submitted at this stage or the tenant makes a large reduction we would adjourn the hearing if necessary. The benefit claim would be processed as a priority in order to continue any action or ask the tenant makes an arrangement to pay the rent not covered by benefit.

A rents team officer attends the Court to present the Council's case. If the tenant attends the Judge listens to what the tenant has to say and decides whether an outright possession order should be made or whether an Order should be suspended on the basis of the tenant clearing the debt by installments'. The latter is the usual outcome. If an outright order is made it is usually made on the basis of it coming into effect after 28 days.

Most tenants will have made contact with us by the time they receive the letter and almost all will have contacted us by the time the Notice is served. Some will clear the whole debt or make a lump sum reduction of it but most will ask for time to pay. In most cases we will agree a further arrangement with the tenant. If tenants stick to their arrangement no further action will be taken. There are tenants who do not contact but who make payments off of the debt which will usually mean that we will not go to the next stage of recovery but instead wait and see whether payments continue.

In rare cases where the tenant has not contacted us by the time that the Notice of Seeking Possession has expired a home visit will be made to seek to speak to the tenant. If the tenant does not answer at the time or does not respond to the letter left the housing management officer is informed. The housing officer will make checks to see if the tenant appears to still be in occupation. If the tenant is deemed to have moved out housing can take steps to repossess the property and the tenancy will be closed so there would be no need to pursue a rent arrears possession case.

Tenants who do not keep to their arrangement are contacted by rents officers and reminded to pay. Officers enquire about tenant’s circumstances and if they wish to make a new arrangement because of changes to their circumstances officers will agree this. If tenants persistently fail to keep to arrangements the next stage of recovery will be progressed.

3. Process for calculating a reasonable re-payment schedule.

There can be no standard repayment plan as individuals have such varying financial circumstances. Rents officers ask the tenants why they have not kept up payments and this will often show that the tenant has had unexpected expenditure demands or they have other debts.

Staff are trained to ask the tenant why they have allowed arrears to build up and they will note what the tenant says. Staff are also trained to remind the tenant that
payment of rent is their first duty as a tenant. Much depends on what the tenant has said. If it is clear from what the tenant says that they are in a situation of having multiple debts staff will ask them what they can afford to pay.

3.3. Tenants who receive full HB are expected to pay the debt off at the prevailing level set by the Department of Work and Pensions – currently £3.55 per week. Tenants who are receiving welfare benefits but who are working are expected to pay a minimum of £5 per week off of the debt, but someone on higher earnings may be allowed to clear the debt at around £5 per week whilst they sort out their budgeting difficulties.

3.4. Staff always advise tenants who are experiencing difficulty to get immediate advice by ringing one of the free Money/Debt advice numbers that are advertised on the web site or to use the money advice services which are available from the children’s Centres in Barking or visit the Citizen Advice Bureau.

3.5. Our main concern is that we prevent a further increase in debt. Staff very often find themselves advising tenants that the weekly arrangement that the tenant is proposing seems unrealistically high, given their circumstances.

3.6. Staff always seek arrangements that are likely to be sustainable so they often ask for a lower weekly amount to be the agreed payment but they tell the tenant that if they want to pay more they can do so at any time. Again staff seek to persuade the tenant to pay by Direct Debit although many say they cannot because of Bank account and/or Bank charges issues.

4. Eviction Numbers

4.1. Table 1 below outlines the performance in the last 18 months of Elevate control and the two years of Council performance prior to Elevate East London in relation to evictions and commencing court proceedings.

4.2. The table below shows comparative recovery action figures from financial year 2008/9 up until 3rd August of this financial year i.e. 18 weeks. The figure of 520 in the 2010/11 column is an estimate based on Court Orders as records were not available.

4.3. The high numbers in 2011/12 were due to a backlog of cases which were passed to Elevate from LBBD, as the new Capita Housing system did not have the functionality to send out reminders for a number of months.

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Possession applications</td>
<td>131</td>
<td>982</td>
<td>520</td>
<td></td>
<td>561</td>
</tr>
<tr>
<td>Orders obtained</td>
<td>152</td>
<td>499</td>
<td>259</td>
<td>398</td>
<td>458</td>
</tr>
<tr>
<td>Eviction applications</td>
<td>41</td>
<td>501</td>
<td>310</td>
<td>338</td>
<td>396</td>
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<tr>
<td>Evicted</td>
<td>20</td>
<td>141</td>
<td>89</td>
<td>107</td>
<td>160</td>
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<tr>
<td>Closing arrears</td>
<td>3,247,885</td>
<td>3,856,311</td>
<td>3,411,424</td>
<td>2,379,655</td>
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Table 1
5. Revenues & Benefits Performance

5.1. Table 2 below shows Elevate Revenues and Benefits performance against its key performance indicators as at the end of September 2012.

<table>
<thead>
<tr>
<th>Ref</th>
<th>Description</th>
<th>Measure</th>
<th>Target 12/13</th>
<th>Target September 12</th>
<th>Actual September 12</th>
<th>Diff in cash or %</th>
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</thead>
<tbody>
<tr>
<td>KPI-06</td>
<td>Council Tax &quot;In Year&quot; Collection (BVPI-9)</td>
<td>%</td>
<td>94.50%</td>
<td>55.2%</td>
<td>55.5%</td>
<td>+0.3%</td>
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<tr>
<td>KPI-07</td>
<td>General Income Collection Rate(^1)</td>
<td>%</td>
<td>99.62%</td>
<td>62.96%</td>
<td>64.88%</td>
<td>+1.92%</td>
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<tr>
<td>KPI-08</td>
<td>Rents: &quot;In Year&quot; collection (BVPI-66a)</td>
<td>%</td>
<td>96.80%</td>
<td>96.80%</td>
<td>96.56%</td>
<td>-0.24%</td>
</tr>
<tr>
<td>KPI-09</td>
<td>General Income collection rate (Leaseholders)</td>
<td>%</td>
<td>86.26%</td>
<td>42.27%</td>
<td>44.09%</td>
<td>+1.82%</td>
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<tr>
<td>KPI-10</td>
<td>Overpayments Recovery Collection against Total Outstanding</td>
<td>%</td>
<td>£2.648m</td>
<td>£1,326k</td>
<td>£1,525k</td>
<td>£199k</td>
</tr>
<tr>
<td>KPI-11</td>
<td>Revenues Arrears Collection (C Tax)</td>
<td>%</td>
<td>£1.2m</td>
<td>£600k</td>
<td>£849k</td>
<td>£249k</td>
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<tr>
<td>KPI-12</td>
<td>Benefits: LA Error Threshold</td>
<td>% (Low)</td>
<td>0.38%</td>
<td>0.38%</td>
<td>0.47%</td>
<td>+0.09%</td>
</tr>
<tr>
<td>KPI-13</td>
<td>Benefits: Assessment Quality (Financial) Quarterly measure Q2 of 2012-13(^2)</td>
<td>%</td>
<td>85%</td>
<td>85%</td>
<td>92.86%</td>
<td>+7.86%</td>
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<tr>
<td>KPI-14</td>
<td>Time taken to process HB/CTB New claims</td>
<td>Days (Low)</td>
<td>21</td>
<td>21</td>
<td>18.94</td>
<td>-2.06</td>
</tr>
<tr>
<td>KPI-14a</td>
<td>Time taken to process HB/CTB Change events</td>
<td>Days (Low)</td>
<td>15</td>
<td>19.18</td>
<td>22.41</td>
<td>+3.23</td>
</tr>
</tbody>
</table>

Table 2

Performance Summary:

Benefits:

- New Claims (KPI-14) processed in 18.94 days, performing higher than the target of 21 days.
- Changes in circumstances (KPI-14a) processed in 22.41 days, target 19.18 days. This is just below target as incoming work has increased significantly. Extra resources are being allocated to clear this work.
- LA error (KPI-12) is at 0.47% and above the target of 0.38%. Extra resources are being allocated to bring this back in line with target.

\(^1\) There is no monthly target. Comparison is with same point last year.

\(^2\) This will be available in the October report.
Council Tax:
- Council Tax collection (KPI-06) is 0.3% above target.
- Arrears (KPI-11) collection totalled £849k above profile by £249k.

Rents:
- Rents collection (KPI-08) is 0.24% below target at 96.56%.
  - Performance has improved compared to August.
  - Focus on eviction and recovery processes with Housing to bring performance back in line with target.

General Income:
- Leasehold collection (KPI-09) is 1.82% above target.
- HB overpayments collection was £199k above profile.
- General Income collection from Oracle is above profile by 1.92%.
6. One Stop Shop Queues

6.1. During July the One Stop Shops experienced a high demand for parking permit requests due to the introduction of new CPZs across the Borough.

6.2. This caused an unplanned increase in demand which therefore meant that at times Elevate were unable to offer a service to all customers and had to close the queues earlier to ensure that customers who were waiting in the queue could be dealt with before the service closing time.

6.3. The introduction of the new parking systems and processes has also doubled the amount of time it takes to issue a permit.

6.4. In addition to this we have seen a reduction in service levels as agreed as part of the Council’s budget savings which has reduced the number of staff we previously had to deliver the service.

6.5. The service in September has improved.

7. Duty to re-house

7.1. Elevate recognises the conflict that LBBD faces when evicting a family, but then having a duty of care to re-house them if children or young people are involved.

7.2. All eviction proceedings cannot go ahead unless approved by Housing senior managers, thus the Council make the decision to evict families and understand the conflict if these need to be re-housed.

7.3. To assist the Council in this process Elevate identify all cases with children and refer these cases to Social Services before proceedings are commenced to investigate whether help is needed for the family to prevent eviction.

7.4. The information provided is then shared with Housing senior managers to assist in their decision making process of whether to allow an eviction to go ahead.

7.5. Whether the practice of processing cases “in one go” is affecting performance

7.6. No cases are processed ‘in one go’. The above illustrated procedures are followed in all cases.

8. Consultation

None.

9. Financial Implications

None.

10. Legal Implications

None.
11. Risk Management
   No risks identified.

   No contractual issues identified

13. Staffing Issues
   No staffing issues identified

14. Customer Impact
   Due regard is taken for individual customer circumstances if advised to Elevate

15. Safeguarding Children.
   Eviction process takes account of tenants with children

16. Health Issues
   No health issues identified.

17. Crime and Disorder Issues
   No crime and disorder issues identified.

18. Property / Asset Issues
   No property/asset issues identified.

Background Papers Used in the Preparation of the Report:
None.

List of appendices:
None