

REPORT TO: BEST VALUE SUB-COMMITTEE  
REPORT ON: RENT ARREARS IN COUNCIL HOUSING  
REPORT BY: CHIEF EXECUTIVE  
REPORT NO: 617-2001

1. **PURPOSE OF REPORT**

- 1.1. To report on Best Value Review of the Rent Arrears process, as it pertains to house rents, within the Housing Department. This report is essentially concerned with the maintenance of current tenants' current rent accounts.

2. **RECOMMENDATIONS**

- 2.1. It is recommended that the sub-committee agrees the continuous Improvement proposals undernoted.
- a. To continue with the improvement action plan agreed at the Housing Committee in March 2000 and detailed in Appendix 5.
  - b. Implement the action detailed in Appendix 6.
  - c. Undertake the action outlined in Appendix 7.
  - d. Avoid unnecessary delays in processing arrears action via routine audit checks on performance. To be introduced from January 2002.
  - e. Amend rent arrears procedure to better illustrate officer responsibility and to accommodate any necessary changes as a result of agreed action items e.g. improved recording of case information. To be completed by December 2001.
  - f. In consultation with other Local Authorities and major Housing Associations investigate the feasibility of developing a range of sound benchmarking criteria. To be completed by March 2002.
  - g. In an attempt to provide a greater guidance to staff and ensure greater consistency of approach and fairness to the setting of arrears repayment agreements a standard repayment formula should be adopted. To be completed by March 2002.
  - h. Examine ways in which the communication process between the Housing Department and other council departments could be improved. To be completed by December 2001.
  - i. Housing staff should be trained to use earnings arrestment appropriately. To be completed by October 2001.

- j. Undertake further investigations to determine if an external organisation could provide a comprehensive arrears service more economically and effectively than the current in-house team.

To be achieved by June 2002.

All the above continuous improvement proposals are designed to achieve the following key performance indicators.

- i. Current arrears as a percentage of the net debit should fall to 7% by March 2004 interim targets for March 2002 and March 2003 will be 9% and 7.75% respectively.
- ii. The percentage of current tenants owing more than 13 weeks rent excluding those owing less than £250 should fall to 5% by March 2004. This said a detailed investigation into performance in this area will be completed by March 2002.
- iii. An overall customer satisfaction level of 85% should be set thereby replacing the former target of 80%. The new target should be achieved by March 2003.

### 3. **FINANCIAL IMPLICATIONS**

- 3.1. This review accounts for 1.3% of the Housing Department's total revenue budget in the Financial Year 2001/2002. No additional costs or savings will result but if financial targets are achieved some £250,000 additional rental income will be collected over the next three financial years.

### 4. **EQUAL OPPORTUNITIES**

- 4.1. There are no implications arising out of this report.

### 5. **LOCAL AGENDA 21 IMPLICATIONS**

- 5.1. There are no implications arising out of this report.

### 6. **DEFINITION OF THE SERVICE REVIEWED**

- 6.1. The service reviewed relates to the processes operated by the Housing Department to prevent and manage current tenants' rent arrears in relation to the houses it lets. At the time of the review the equivalent of 11 full-time staff provide this service from the area housing offices.

### 7. **JUSTIFICATION FOR REVIEWING THE SERVICE**

- 7.1. Ensuring tenants do not fall into arrears and if they do responding quickly and effectively to minimise debt accruing is a critical requirement if the Housing Department is to maximise rental income. Also, by maintaining lower levels of current arrears there will be a resultant reduction in levels of bad debt, everything else remaining constant.

## 8. **REVIEW METHODOLOGY**

- 8.1. The review team consisted of a Team Leader (from Personnel Management Services), a Lead Officer (an Area Housing Manager) and a number of staff from various sections of the Housing Department.
- 8.2. The review was conducted through the identification of critical success factors, consultation and customers including the Dundee Federation of Tenants Associations (D.F.T.A.) other stakeholders both internal and external and benchmarking with other local authorities and housing associations.

### 8.3. **Critical Success Factors**

## 9. **STAKEHOLDERS**

- 9.1. The rent arrears function as addressed in this report provides a service to council tenants. This is by far the most important group and also includes the D.F.T.A.
- 9.2. Internal stakeholders identified were staff in other Council Departments namely, Finance, Social Work, and Support Services.
- 9.3. In the terms of external stakeholders the Review Group asked Shelter , the main external organisation involved in an advocacy role for tenants to comment. Discussions were undertaken with a number of Sheriff Officers and comments were also received from Dundee North Law Centre an independent aid agency, via the Social Work Department.
- 9.4. The critical success factors were identified as being:

**Costs** – Internal unit costs per arrears case, Sheriff Officers fees, Internal Legal costs.

**Quality** – Comparison of Dundee City Council's procedure with good practice, adherence to internal procedures, customer satisfaction.

**Outputs** – Current tenant arrears as a % of the net rent due in the year  
% of current tenants owing more than 13 weeks rent at the year end excluding these owing less than £250.

Both the above being the performance indicators established by the Accounts Commission.

## 10. **PERFORMANCE REVIEW**

- 10.1. Performance was reviewed via a number of mechanisms, including a tenant questionnaire, the Accounts Commission's PI's, comparison against the Good Practice model devised by the Accounts Commission via a Value for Money Audit carried out by the external auditor on behalf of the Commission in December 1999 and costs were benchmarked with a number of local authorities and a few housing associations.
- 10.2. In general Dundee was found, in terms of the process employed, to follow good practice, for its service to be well received by its tenants and its operation to be cost effective. Whilst stakeholder feedback has been good there are areas where improvements can be made and these will be addressed through the continuous improvement process.

11. **COSTS**

11.1. In relation to Internal Unit Costs a benchmarking exercise was undertaken with a number of local authorities and housing associations the details of which are discussed in Section 14.

11.2. The delivery of the requisite legal notices by Sheriff Officers was scrutinised and it was considered, on balance, that the fees charged by the Sheriff Officers in Dundee represent value for money. This is primarily because a local fee has been negotiated which provides a significant discount on the national fee. The respective figures are displayed below.

	<b>National Fee</b>	<b>Local Fee</b>
Serving Notice of Proceedings	£21.20	£4.90
Serving Court Summons	£21.20	£9.70
Serving Intimation of Ejection	£21.20	£4.90

11.3. The Housing Department uses the Legal Section of the Support Services Department to arrange court dates and thereafter to represent the City Council in Court although instructions are given by senior housing staff. Given that the legal services have recently been subjected to a Best Value Review and found to be providing value for money it is considered that the Director of Housing should continue to utilise the Legal Section for this work.

12. **QUALITY**

12.1. In an attempt to identify tenant satisfaction levels two lines of investigation were pursued.

a. A Customer Satisfaction Survey was issued to a random sample of users of the service. The full results of which are illustrated in Appendix 1.

b. Discussions took place with the committee of the D.F.T.A.

12.2. A Summary of the main points arising from the customer survey is noted below.

How easy to understand was the correspondence and advice you were given?

	<b>Easy</b>	<b>Difficult</b>
1 <sup>st</sup> Reminder	92.8%	7.2%
2 <sup>nd</sup> Reminder	90.2%	9.8%
Notice of Proceedings	80.1%	19.9%
Legal Costs	79.5%	20.5%
Different Ways of Paying Rent	89.5%	10.5%

How understanding were the staff in responding to your problems with rent arrears?

<b>Understanding</b>	84.9%	<b>Not Understanding</b>	15.1%
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How would you describe the Housing Departments attempt to reach an agreement with you regarding repayment?

<b>Fair</b>	91.7%	<b>Unfair</b>	8.3%
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Overall 84.2% of respondents were satisfied or very satisfied with the advice given by housing staff. Whilst the overall results are very good it is considered that improvements could be made regarding the ease of comprehension with some standard letters and this issue is addressed as part of the continuous improvement proposals.

- 12.3. Discussions with the D.F.T.A. highlighted a general satisfaction with the service. A number of suggestions were received namely:
- a. more use be made of earnings arrestment and
  - b. Housing Benefit advisers to be available in area housing offices

These suggestions are addressed as part of the continuous improvements proposals.

- 12.4. Comments were invited from the three Council Departments directly involved with the rent arrears process and the responses are detailed below.
- 12.5. Comments were forwarded on behalf of the Social Work Department from the Welfare Rights Team in conjunction with those of an external voluntary organisation namely Dundee North Law Centre, which specialises in supporting tenants in arrears and representing them in Court.
- 12.6. Concern was raised at the high levels of repayment sought which was believed to be unrealistic in certain cases given the financial circumstances of these tenants and that as a consequence the repayments would fail to be maintained. This failure would lead to further action leading to additional costs for the Department and perhaps further legal expenses for the tenant. This issue is addressed as part of the continuous improvement proposals.
- 12.7. The delays in processing Housing Benefit although greatly improved still gave some cause for concern.
- 12.8. Earlier contact with the tenant was also desired. However, since October 2000 the arrears process has been brought forward by one week. As a result the first reminder is now issued when two weeks rent is due instead of three. Also it is pertinent to note that a contact protocol has recently been agreed with Social Work.
- 12.9. The Finance Department originally suggested that a more effective liaison between the two Departments should be established. However, since this consultation took place regular liaison meetings at Director level have been instigated and both Departments agree that significant improvements have been achieved. Also, each Department has identified designated liaison officers.
- 12.10. In order to represent the Housing Department effectively the Legal Section have to be supplied with the most accurate and up to date case information available prior to calling in Court and that emphasis should be placed therefore on sound communication between the two Departments. At this time the Legal Section consider that even although communication is very good the information exchange process is worthy of closer examination and this item is addressed as part of the continuous improvement proposals.
- 12.11. As the main external agency Shelter were invited to provide comments and emphasised the need for earlier contact and referral to advice workers especially regarding the tenant's entitlement to benefits other than housing benefit. Shelter also suggested that information on advice agencies should be made available to tenants in arrears at all stages and that greater attention should be placed on prevention. Shelters comments are

addressed as part of the continuous improvement proposals.

13. **OUTPUTS**

13.1. These are the performances indicators used by the Accounts Commission namely:

a. Current tenant arrears as a percentage of the net amount of rent due in the year.

The table below shows Dundee's performance across the last three financial years.

	<b>% Amount</b>	<b>Cash 1997/98</b>
1997/98	8.3	1,275,037
1998/99	8.7	1,370,262
1999/00	8.6	1,362,589

Performance has remained relatively stable over this period.

b. The percentage of current tenants owing more than 13 weeks rent at year end excluding those owing less than £250. The undernoted table shows the Housing Department's performance.

<b>Year</b>	<b>No. of Tenants</b>	<b>As a % of Total Tenants</b>
1997/1998	22,796	3.8
1998/1999	21,666	4.3
1999/2000	19,250	5.4

Performance has continued to decline in each of the subsequent years for 1997/98 and possible reasons for this are examined in para 14.15.

14. **RESULTS OF COMPARISONS**

14.1. **Costs**

14.2. The benchmarking exercise was undertaken primarily to obtain cost comparisons. This, however, proved to be difficult to achieve because few of the organisations contacted retained the appropriate financial information.

14.3. Unfortunately, only two organisations responded fully and it was, therefore, considered more appropriate to make use of the process benchmarking case study undertaken by the Benchmarking Forum which involved a number of local authorities and was published in October 1998.

14.4. These figures are illustrated in Appendix 2. From these figures it is suggested that the Dundee service is comparatively speaking cost effective in that Dundee had the lowest average arrears level per case and the second lowest cost per case. However, due to the wide variance in average costs there is some doubt regarding the integrity of the figures available because they may well not reflect a like for like comparison and it is suggested therefore that further detailed research be undertaken to develop a sound comparative basis and this will be taken up as a continuous improvement proposal.

14.5. **Quality**

- 14.6. The first quality factor examined was how well Dundee City Council's arrears process complied with the "good practice" model identified by the Accounts Commission and tested via a Value for Money audit carried out on behalf of the Commission by external auditors in December 1989. This comparison was in many ways a benchmarking exercise as it involved every other local authority in Scotland and a number of registered social landlords. There were 43 statements of good practice split into six categories and Appendix 3 details Dundee's comparative performance in the six categories
- 14.7. At the time of the study Dundee was found by the external auditor to comply with 34 or approximately 80% which is a better performance than that achieved by the majority of local authorities. Since the time of the report the external auditors have revised their view on two of the statements meaning that Dundee now complies with 36 out of 43 statements. Indeed, in the specific areas of Arrears Recovery and Legal Action, Dundee scored exceptionally well. It is suggested that this study should form the most significant platform for continuous improvement given its credentials and national perspective particularly in the area of Arrears Prevention.
- 14.8. The Review Group concluded that Dundee already shows a high degree of compliance with a set of very recently established good practice criteria. Details of the Group's proposals for continuous improvement regarding the statements on which Dundee does not comply are included as continuous improvements proposals as detailed in Appendix 6. Reference is also made in Section 16 Continuous Improvements to a follow up report issued by the external auditors in January, 2001 the detail of which is illustrated in Appendix 7.
- 14.9. The second factor examined was the degree of adherence to the existing internal rent arrears procedures. Two sources of information were utilised a) information from the 1999/2000 external auditors study and b) an internal examination carried out by the review group.
- 14.10. In the case of the external auditor a favourable report was given i.e. Dundee was found to adhere to the procedure timetable for initiating legal action. However, after examining a number of higher arrears cases the review group found, in a minority of cases, a number of issues which must be addressed:
- a. contact with tenant is often poorly recorded i.e. lack of appropriate detail regarding family circumstances, income level and source etc.
  - b. there were unnecessary gaps between the arrears stages leading to higher arrears levels.
- 14.11. A review of the actual procedure involved found it to be sound but the group considered that the format could be amended to state more clearly officer responsibilities. This and a) and b) above will be taken forward as continuous improvement proposals.

14.12. **Outputs**

- 14.13. Over the three most recent years for which there are national figures available 1997/98 – 1999/00 Dundee's performance has remained relatively static ranging between a high of 8.7% to a low of 8.3% (see Appendix 4A) which approximates to the Scottish average. However, when compared to the best performing urban designated authority North Lanarkshire whose performance has ranged between 5.2% and 5.4% it suggests that improvements could be achieved.

This was recognised by the Director of Housing in 1999 when a review was undertaken and an action plan was put into place in April 2000. The main goal of the plan being to achieve reduction in current arrears to the point where they represent no more than 7% of the current net rental charge by March 2002. This target is the figure considered achievable by the Accounts Commission in relation to urban authorities and if achieved would generate some £250,000 of additional income.

- 14.14. Since November 2000 however, there have been severe difficulties with the processing of Housing Benefit as result of which it will not be possible to achieve the target of 7% by March 2002. Given the anticipated timescale to bring Housing Benefit processing back on schedule March 2002 a more realistic target date would now be March 2004. Targets for the intervening years would be March 2002, 9% and March 2003, 7.75%.
- 14.15. In relation to the number of tenants owing more than 13 weeks rent excluding those under £250 (see Appendix 4B). Whilst Dundee has performed better than the Scottish average it is suggested improvements could be made and that a reasonable target would be 5% to be achieved again by 2004. Achieving this target will also be dependent on future rent increases and the number of council houses which are occupied. It should be noted that the figure of £250 was set by the Accounts Commission many years ago and has not been altered to take account of inflation during that period. It is, therefore, suggested that a more detailed investigation into performance in this area be undertaken, especially as there has been an increase in the number of cases over the last three years. This study to be completed by the end of March 2002.

15. **OPTION APPRAISAL**

- 15.1. The Best Value review indicated that the current methodology employed by the Housing Department provides a cost effective service which is well thought of by customers and which compares very favourable with the good practice criteria recently established by the Accounts Commission. This said the Review Group nevertheless considered two options.

a. **Outsourcing the Rent Arrears Service**

Whilst a few local authorities in Scotland have employed firms to collect bad debt the Review Group could not identify even one which outsourced the rent arrears service. This is perhaps not so surprising as rent arrears is a far more complex area of work and requires access to the Council's computerised rents accounts and poses a difficult set of questions regarding how and where a private firm would carry out this work.

It is considered therefore that this option should not be pursued at this time especially given that the available performance indicators and benchmarking suggest Dundee Housing Department provides a cost effective service. However, as a follow up item further investigations should be undertaken to determine if there are any organisations that could undertake this work and at what price. Thereby allowing a competitive comparison with the in house costs, etc.

b. **Centralising the Rent Arrears Service**

Whilst this option may provide economies of scale over the present decentralised system it runs contrary to the concept of locally delivered services. Whilst the Accounts Commission in its report "Managing Rent Arrears Getting the Balance Right" (June 2000) state that, "Councils should review the rationale for having separate units responsible for pursuing rent arrears and Council Tax arrears and consider the benefits of a corporate approach to debt recovery" there is a strong



case to be made for local service delivery as it allows tenants easier access to a comprehensive range of services.

In a recent service delivery questionnaire tenants provided the following feedback, 14% of respondents intimated they would prefer all services delivered from a central location, 49% voted for the status quo and 37% intimated that all housing services should be delivered locally.

Clearly, then a very high vote for decentralisation from customers. A copy of that report is contained in the audit file.

Taking account of both sides of the argument the Review Group recommends that the rent arrears service continues to be delivered from area offices. This view is premised on the very high level of demand from customers to access housing services at a local level. Once a more reliable benchmarking exercise can be undertaken the question of value for money of a decentralised service versus a centralised service should be revisited.

## 16. **CONTINUOUS IMPROVEMENTS PROPOSALS**

16.1. The main points for action in the future are:

- a. To continue with the improvement action plan agreed at the Housing Committee in March 2000 and detailed in Appendix 5.
- b. Implement the action detailed in Appendix 6 which addresses the issues raised in the Accounts Commission's Value for Money Study.
- c. Undertake the action outlined in Appendix 7, which addresses issues, raised in the follow up report by the external auditor.

In addition, the following items, which were highlighted in the report and which are not detailed above should also be undertaken to improve service delivery.

- d. Avoid unnecessary delays in proceeding arrears action via routine audit checks on performance. To be introduced from January 2002.
- e. Amend rent arrears procedure to better illustrate officer responsibility and to accommodate any necessary changes as a result of agreed items e.g. improved recording of case information. To be completed by December 2001.
- f. In consultation with other Local Authorities and major Housing Associations investigate the feasibility of developing a range of sound benchmarking criteria. To be completed by March 2002.
- g. In an attempt to provide greater guidance to staff and ensure greater consistency of approach and fairness to the setting of arrears repayment agreements a standard repayment formula should be adopted. To be completed by March 2002.
- h. Examine ways in which the communication process between the Housing Department and other council departments could be improved. To be completed by December 2001.
- i. Housing staff should be trained to use earnings arrestment appropriately. To be completed by October 2001.

- j. Undertake further investigations to determine if an external organisation could provide a comprehensive arrears service more economically and effectively than the current in-house team.

To be achieved by June 2002.

16.2. All of the above continuous improvement proposals are designed to achieve the following key performance indicators.

- i. Current arrears as a percentage of the net debit should fall to 7% by March 2004, interim targets for March 2002 and March 2003 will be 9% and 7.75% respectively.
- ii. Taking account of rent increases the percentage of current tenants owing more than 13 weeks rent excluding those owing less than £250 should fall to 5% by March 2004.

This said a detailed investigation into performance in this area will be completed by March 2002.

- iii. An overall customer satisfaction level of 85% should be set thereby replacing the former target of 80%. The new target should be achieved by March 2003.

17. **CONSULTATION**

17.1. The Directors of Finance, Support Services, Housing and Social Work have been consulted on this report.

18. **BACKGROUND PAPERS**

18.1. Best Value Submission to the Secretary of State December 1997. Policy and Resources Sub-Committee 11 December 1997.

18.2. "Managing Rent Arrears. Getting the Balance Right". A joint study by the Accounts Commission and Scottish Homes, June 2000.

18.3. "Monitoring and Recovery of House Rental Debt Owed by current Tenants". A process benchmarking case study carried out by the Benchmarking Forum, October 1998.

**ALEX STEPHEN**  
**CHIEF EXECUTIVE**

**SIGNATURE** \_\_\_\_\_

**DATE** \_\_\_\_\_

## **APPENDICES**

1. **Customer Satisfaction Results**
2. **Benchmarking Study.**
3. **Accounts Commission Compliance with Good Practice Statements.**
4. **Performance Comparison with Other L.A.'s**
5. **Internal Improvement Action Plan.**
6. **Accounts Commission Good Practice.  
Statements Not Complied with by Dundee City Council**
7. **Value for Money Study Agreed  
Improvement Actions.**

## ADVICE WITH RENT PAYMENT DIFFICULTIES – 1999/2000 RESULTS

Appendix 1

No.	Question	Response	Overall
<b>1.</b>	<b>Please indicate your local Area Housing Office.</b>	Central/Maxwelltown	18.70%
		Lochee	24.60%
		Ardler/Kirkton	28.40%
		Happyhillock/Whitfield	28.20%
<b>2.</b>	<b>Where or how do you normally pay your rent/arrears to the Council?</b>	At Central Area Office	24.20%
		At Lochee Area Office	20.15%
		At Ardler/Kirkton Area Office	17.25%
		At Happyhillock/Whitfield Area Office	18.85%
		Deduction by DSS	7.75%
		By Direct Debit	1.90%
		By Bank Standing Order	0.00%
		At the Post Office	9.95%
<b>3.</b>	<b>What arrears reminders did you receive?</b>		
	A pink reminder letter?	Yes	49.70%
		No	50.30%
	A blue reminder letter?	Yes	18.00%
		No	82.00%
	A white Sheriff Officer's notice?	Yes	43.35%
		No	56.65%

No.	Question	Response	Overall
4.	<b>What action did you take?</b> TEXT		
5.	<b>Where did you discuss your rent arrears with the Housing Department staff??</b>		
	At an Area Office?	Yes	63.80%
		No	36.20%
	In your own home?	Yes	8.55%
		No	91.45%
	By telephone?	Yes	25.20%
No		74.80%	
6.	<b>If you discussed your rent arrears with Housing Department staff, were you advised.</b>		
	1. What might happen if you did not pay your rent?	Yes	73.75%
		No	26.25%
	2. That if legal action was to be taken against you, you may be liable for the costs?	Yes	62.00%
		No	38.00%
	3. About different ways of paying rent, e.g., Direct Debit?	Yes	47.35%
No		52.65%	
7.	<b>How easy was the correspondence and advice to understand?</b>		
	1. Pink reminder letter.	Easy	92.80%
		Difficult	7.20%
	2. Blue reminder letter.	Easy	90.20%
Difficult		9.80%	

No.	Question	Response	Overall
	3. White Sheriff Officer's notice.	Easy	80.10%
		Difficult	19.90%
	4. What might happen if you did not pay your rent?	Easy	87.45%
		Difficult	12.55%
	5. Legal costs to you if you did not pay your rent?	Easy	79.55%
		Difficult	20.45%
	6. Different ways of paying rent, e.g., Direct Debit.	Easy	89.45%
		Difficult	10.55%
8.	<b>If you discussed your rent arrears at the Area Office, did you feel the interview gave you enough privacy?</b>	Yes	75.35%
		No	8.15%
		Not applicable	16.50%
9.	<b>Where would you prefer to discuss your rent arrears with Housing Department Staff?</b>	At an Area Office?	59.20%
		In your own home?	22.70%
		By telephone?	18.10%
10.	<b>Can you tell us in the space below why you prefer that option?</b> TEXT.		
11.	<b>Was your difficulty with rent payment caused by a change in your entitlement to Housing Benefit, or a delay in processing your Housing Benefit application?</b>	Changed entitlement	31.65%
		Delay in Housing Benefit	30.00%
		Other	38.35%
12.	<b>How understanding were the staff in responding to your problems with rent arrears?</b>	Understanding	84.85%
		Not understanding	15.15%
13.	<b>How would you describe the Housing Department's attempt to reach an agreement with you regarding repayments?</b>	Fair	91.65%
		Unfair	8.35%

No.	Question	Response	Overall
14.	<b>Overall, how satisfied are you with the ADVICE you received from Housing Department staff on your rent payment difficulties?</b>	Very satisfied	36.25%
		Satisfied	47.95%
		Dissatisfied	8.95%
		Very dissatisfied	6.85%
15.	<b>Please tell us in the space below why you answered in that way?</b> TEXT.		
16.	<b>Pease let us know how you feel our staff could have advised you better.</b> TEXT		
	<b>Understanding Staff</b>		<b>84.85%</b>
	<b>Housing Department's Attempt to Reach an Agreement</b>		<b>91.65%</b>
	<b>Overall Satisfaction with Advice on Rent Payment Difficulties</b>		<b>84.20%</b>
	<b>Target for 1999/2000</b>		<b>80.00%</b>

Appendix 2

## BENCHMARKING COSTS

### 1998 STUDY

	DUNDEE	AUTH. A	AUTH. B	AUTH. C	AUTH. D	AUTH. E	AUTH. F
<b>Average Cost Per Case</b>	19.51	38.44	59.13	20.19	9.33	54.14	120.88
<b>Average Arrears Per Case</b>	64.23	211.74	190.28	119.37	155.23	209.06	237.11



ACCOUNTS COMMISSION  
GOOD PRACTICE STATEMENTS  
PERCENTAGE COMPLIED WITH

<b>CATEGORY</b>	<b>RSLs % COMP.</b>	<b>COUNCIL'S % COMP.</b>	<b>DUNDEE CITY % COMP.</b>
<b>Policy &amp; Procedures (3 statements)</b>	83%	78%	67% (now 100%)
<b>Arrears Prevention (8 statements)</b>	89%	79%	63% (now 75%)
<b>Arrears Recovery (14 statements)</b>	77%	69%	86%
<b>Legal Action (8 statements)</b>	69%	74%	88%
<b>Former Tenants (4 statements)</b>	87%	81%	75%
<b>Review &amp; Continuous Improvement (6 statements)</b>	81%	69%	83%
<b>OVERALL COMPLIANCE</b>	<b>80%</b>	<b>74%</b>	<b>79% (now 84%)</b>

<b>CURRENT TENANTS' ARREARS AS A PERCENTAGE OF NET RENT DUE</b>						
	<b>1999/2000</b>	<b>1998/1999</b>	<b>1997/1998</b>			
<b>Semi-Urban and Rural Councils</b>						
Argyll and Bute	2.3	2.8	2.6			
Moray	2.4	3.0	2.1			
Perth & Kinross	2.5	2.5	2.4			
Angus	2.8	2.1	1.5			
Aberdeenshire	3.1	3.0	2.6			
Orkney Islands	3.2	4.4	4.8			
Scottish Borders	3.3	3.0	3.0			
Eilean Siar	3.6	4.4	5.2			
West Lothian	4.1	5.6	6.5			
Dumfries and Galloway	4.7	6.7	5.2			
Clackmananshire	5.0	5.7	5.3			
Shetland Islands	5.9	5.8	6.1			
Highland	6.9	6.3	5.6			
East Lothian	8.1	6.6	5.1			
Stirling	9.3	11.8	9.7			
Midlothian	12.0	10.6	6.8			
East Ayrshire	12.6	10.6	9.2			

<b>CURRENT TENANTS' ARREARS AS A PERCENTAGE OF NET RENT DUE</b>						
	<b>1999/2000</b>	<b>1998/1999</b>	<b>1997/1998</b>			
<b>City and Urban Councils</b>						
North Lanarkshire	5.4	5.4	5.2			
South Lanarkshire	6.0	8.5	5.2			
Aberdeen City	7.4	6.2	4.5			
Falkirk	7.6	6.6	6.3			
Edinburgh City	7.9	8.4	14.5			
Fife	8.1	7.2	8.1			
Dundee City	8.6	8.7	8.3			
Renfrewshire	8.6	8.8	8.0			
East Renfrewshire	9.7	12.7	10.9			
Inverclyde	10.2	10.3	8.3			
South Ayrshire	14.3	13	7.4			
North Ayrshire	14.3	16.8	11.4			
West Dunbartonshire	15.0	13.2	10.2			
East Dunbartonshire	15.7	17.7	14.4			
Glasgow City	15.9	13.6	15.0			
<b>All of Scotland</b>	<b>8.4</b>	<b>8.2</b>	<b>7.7</b>			

<b>PERCENTAGE OF TENANTS OWING MORE THAN 13 WEEKS RENT (£250+)</b>						
	<b>1999/2000</b>	<b>1998/1999</b>	<b>1997/1998</b>			
<b>Semi-Urban and Rural Councils</b>						
Argyll and Bute	0.8	0.4	0.6			
Dumfries and Galloway	1.0	3.7	Not reported			
Moray	1.1	1.6	0.7			
Angus	1.4	0.8	0.5			
Aberdeenshire	2.3	1.9	1.7			
Shetland Islands	3.4	4.6	6.1			
Perth & Kinross	3.5	2.1	1.6			
Scottish Borders	3.5	4.0	3.6			
Orkney Islands	4.0	3.3	3.6			
Clackmananshire	4.0	4.0	4.2			
Stirling	4.1	8.2	9.0			
West Lothian	4.2	4.2	7.4			
Eilean Siar	5.0	4.5	8.0			
Highland	5.4	5.1	3.6			
East Lothian	7.3	6.1	4.3			
East Ayrshire	7.6	5.8	4.0			
Midlothian	10.6	7.6	6.5			

PERCENTAGE OF TENANTS OWING MORE THAN 13 WEEKS RENT (£250+)						
	1999/2000	1998/1999	1997/1998			
<b>City and Urban Councils</b>						
South Lanarkshire	2.6	3.6	2.0			
West Dunbartonshire	3.3	7.1	5.1			
North Lanarkshire	4.0	2.3	2.7			
Renfrewshire	4.0	4.4	3.6			
Fife	5.4	2.6	4.8			
Dundee City	5.4	4.3	3.8			
Edinburgh City	5.9	6.1	6.1			
Falkirk	6.3	5.9	5.7			
East Renfrewshire	7.0	6.3	4.3			
East Dunbartonshire	7.8	11.9	8.6			
South Ayrshire	8.5	4.6	3.0			
North Ayrshire	9.1	8.2	4.6			
Aberdeen City	9.1	6.4	3.5			
Glasgow City	9.5	9.7	13.1			
Inverclyde	10.4	8.0	5.4			
<b>All of Scotland</b>	<b>5.8</b>	<b>5.4</b>	<b>5.4</b>			

**RENT ARREARS IMPROVEMENT ACTION PLAN**

ITEM	LEAD OFFICER	REPORTING DEADLINE	COMMENTS
<p><b><u>Part One Policy Items</u></b></p> <p>Introduce a Rent Arrears Policy</p> <p>Begin Arrears Process one week early</p>	<p>AH</p> <p>AH</p>	<p>March Housing Committee</p> <p>April 2000</p>	<p>Now in place.</p> <p>Agreed this should tie in with change to payment frequencies begins week commencing Oct 2000.</p> <p>Now in place.</p>

ITEM	LEAD OFFICER	REPORTING DEADLINE	COMMENTS
<b><u>Part Two Procedural Operational Items</u></b>			
Undertake a range of preventative measures ie a) Pre tenancy counselling. b) New tenant visit. c) Publicity campaign. d) Investigate the utility of providing additional furnished houses to assist those who cannot afford to furnish a house.	AH AH AH RG	March 2000 March 2000 June, Oct 2000, Jan 2001 May 2000	In place. In place. Completed. Held pending outcome of Best Value Review. New deadline September 2001.
Improve Management Information and Performance Monitoring.	AH		Held pending outcome of BVR. New deadline March 2002.
Investigate and report on the cost effectiveness of current system of pursuing cases through Sheriff Court.	AH/NB	May 2000	Study recommended continuation of existing methodology.
Prepare report on Achieving a Reduction in Bad Debts.	AH	June 2000	Due to other priorities this will not be addressed until December 2001.
Amend arrears procedure as required.	AH	August 2001	Complete in time for training. Now December 2001.
Promote Direct Debit.	DM	April/May 2000	All tenants contacted in July 2000 and again in January 2001.
Prepare a report on payment frequency. Thereafter reporting on any proposed change to Committee.	AH/DM	May Housing Committee 2000	Changes agreed ie, all monthly and quarterly payers must be in advance from October 2000 – now in place.
Prepare a management report with a view to reducing the number of abortive home visits undertaken.	AC	April 2000	Report prepared. Out of hours visits introduced in October 2000 for a trial period.
Review standard letters regularly utility and ease of comprehension.	AH		Held pending BVR. New deadline December 2001.

ITEM	LEAD OFFICER	REPORTING DEADLINE	COMMENTS
<p><b><u>Part Two Procedural Operational Items</u></b></p> <p>Prepare staff training programme.</p> <p>Deliver training programme.</p> <p>Undertake a range of issues in relation to Housing Benefit.</p>	<p>AH</p> <p>Various</p> <p>DM</p>	<p>March/April 2000.</p>	<p>Held pending BVR. New deadline December 2001.</p> <p>Held pending BVR. New deadline January 2002.</p> <p>a) A number of items which were to be addressed within a Service Level Agreement, have been delayed due to the introduction of a new software package at HB.</p> <p>b) HB workers have been reintroduced at the Lochee Housing Office for a trial period. Review December 2000.</p> <p>c) To improve communications Contact Officers have been identified in both HB and Housing.</p> <p>d) Regular meetings now take place between Director of Finance and Director of Housing and a mechanism is in place whereby operational issues can be discussed between identified reps from Finance and Housing.</p>



## Appendix 6

ACCOUNTS COMMISSION GOOD PRACTICE STATEMENTS NOT COMPLIED WITH BY DUNDEE CITY COUNCIL		Target Completion Date
Statement	Proposed Court of Action	
1.1(a) There is a formal arrears policy which sets down the organisations strategic objectives and its approaches to arrears prevention and management.	A policy statement was agreed by Housing Committee in March 2000, and Dundee now complies with this statement.	March 2002
2.5(a) Appropriate staff are suitably skilled and aware to be able to offer assistance to tenants (at the beginning of the tenancy and any subsequent time) to help claim Housing Benefit and other Welfare Benefits. Advice is provided about support organisations and assistance given with an early referral, where appropriate.	Whilst, at this time, a very basic level of assistance is given to Housing Benefit claimants ideally appropriate Housing Office staff should be trained to provide a fuller range of advice or at the very least comply with 2.5(b) below. A report on the feasibility of providing Welfare and Housing Benefit advice will be prepared. See also 2.5(c).	September 2001
2.5(b) Staff provide tenants with a reasonable estimate of Housing benefit entitlement at tenancy start date and at any subsequent time.	Appropriate Area Housing Office staff be trained to provide this service.	September 2001
2.5(c) Welfare Benefit entitlement is routinely checked at an arrears interview.	A report on the feasibility of training Housing staff to provide this service is to be prepared in conjunction with 2.5(a).	September 2001
2.6 Regular formal liaison meetings take place (at least quarterly) between Managers of the Rent Collection Service (including rent arrears and senior Housing Benefit staff.	Dundee now complies with this statement.	
2.7 Effective steps are taken by Councils to ensure maximum return of Housing Benefit forms at every review cycle. Tenants are reminded of the need to return forms and those not returning forms are proactively identified and pursued.	Housing Benefit is administered by the Director of Finance and amended procedures are to be put in place.	June 2001

ACCOUNTS COMMISSION GOOD PRACTICE  
STATEMENTS NOT COMPLIED WITH BY DUNDEE CITY COUNCIL

Target  
Completion  
Date

**Statement**

**Proposed Court of Action**

3.2(a) Tailored arrears reports show tenant's circumstances (e.g., a system flag indicates whether the tenant is on Income Support or has applied for Housing Benefit etc.)

At this time detailed arrears reports are available, but do not show whether the tenant is on Income Support or has applied for Housing Benefit. The information is, however, available on a separate screen from the computer system. At this time a request will be put to the I.T. Section to introduce a more user friendly system.

December  
2001

3.7(c) The agreement (by the tenant to pay back their rent arrears) is confirmed to the tenant in writing.

If the tenant makes an agreement in person at an Area Housing Office a copy will be given at that time. In instances where the agreement is made by telephone the Review Group believe that written confirmation within 3-5 days should also be issued thereby underlining the importance of sustaining the agreement to the tenant.

June 2001

4.4(b) Liaison with Social Services and other relevant agencies is carried out to ensure that tenants get access to support and advice in relation to the legal action and any consequent repossession of their home.

Proactive contract is not made by the Council with voluntary agencies, it being considered inappropriate to discuss such matters with a third party without the tenant's permission. However, tenants are advised at various stages of the arrears process of both internal services and external agencies who can assist.

Other Council Departments, e.g., Finance and S.W.D. are contacted as considered appropriate. Also a protocol has recently been agreed between Housing and Social Work aimed at helping those people in priority need. It is suggested that notwithstanding such progress more could be done to publicise what assistance is available especially money advice units and a report outlining how this will be achieved will be prepared.

June 2001

ACCOUNTS COMMISSION GOOD PRACTICE  
STATEMENTS NOT COMPLIED WITH BY DUNDEE CITY COUNCIL

Target  
Completion  
Date

**Statement**

**Proposed Court of Action**

5.3 A realistic budget is set for bad debt.

Although a comparison of actual bad debt write off in previous years against budget shows significant variances, the current basis of calculation of the budget figure appears reasonable and the external auditor agrees. It is considered that improvements to arrears process will lead to better performance in the amount of bad debt at the year end and that there is no need to amend the basis of calculation.

In place.

6.1 Needs based comprehensive and regular training is provided to ensure that appropriate staff are properly trained.

The Review Group agree that there is lack of a cohesive training programme and that this should be addressed urgently and linked with the creation of Area Office based specialist teams if this specific option for improvement is approved.

September  
2001

## FURTHER REPORT FROM EXTERNAL AUDITOR

### AGREED IMPROVEMENT ACTIONS

PARA REF.	RECOMMENDATION	COMMENTS	AGREED	RESPONSIBLE OFFICER	AGREED COMPLETION DATE
5.3.2. & 5.3.3.	<p><b>Arrears Prevention</b></p> <p><b>R1</b> Via either training, or the introduction of housing benefits staff into housing offices, housing staff should be suitably skilled and aware to be able to offer assistance to tenants to help claim housing benefit and other welfare benefits.</p>	<p>In relation to HB trained staff being located in each area housing office, a decision will be made following an appraisal of the pilot study.</p> <p>Welfare benefit advice is unlikely to be provided by housing staff, rather customers will be directed to the various agencies providing this service.</p>	✓	Directors of Housing & Finance	April 2001
5.3.2. & 5.3.3.	<p><b>R2</b> At the beginning of tenancy, an estimate should be made of the tenant's entitlement to housing benefit and payment of net rent due requested.</p>	<p>It is agreed that an estimate should be provided. How this will be achieved is linked in no small way to the outcome of the pilot scheme mentioned above, but in any event the information will be available.</p>	✓	Alan Hosie, Central Area Housing Manager	October 2001
5.3.7.	<p><b>R3</b> Viewing and Signing Checklists should be annotated and retained as evidence of information provided to tenants at the start of tenancy.</p>	<p>Agreed. Internal procedure will be amended to emphasise the requirement to retain checklists and pro-forma may be altered to allow for tenant's signature.</p>	✓	Alan Hosie, Central Area Housing Manager	April 2001

PARA REF.	RECOMMENDATION	COMMENTS	AGREED	RESPONSIBLE OFFICER	AGREED COMPLETION DATE
5.4.2.	<b>Arrears Recovery Procedures</b> <b>R4</b> The Council should consider the use of system flats to identify tenants' circumstances (e.g. on income support or applied for housing benefits) on arrears reports.	Agreed. This item to be pursued with the Council's IT Section.	✓	Alan Hosie, Central Area Housing Manager	October 2001
5.4.3. & 5.4.4.	<b>R5</b> Repayment agreements between tenants and the Council should be confirmed in writing within 3-5 days.	Agreed. This item will be linked to R7 and R8 and will require IT development. A manual system is however likely to be introduced in the meantime.	✓	Alan Hosie, Central Area Housing Manager	April 2001 January 2001 (manual)
5.4.5.	<b>R6</b> Priority should be given to the introduction of a standard repayment formula to ensure that realistic repayment arrangements are made, which are affordable for the tenant. The formula should be introduced to staff in conjunction with training on undertaking financial appraisals.	Agreed. A report will be prepared for Director of Housing's consideration March 2001.  This item may however become a Corporate rather than merely Housing issue which may delay implementation.	✓	Alan Hosie, Central Area Housing Manager	June 2001
5.4.5.	<b>R7</b> Priority should be given to the introduction of a computer screen to record information on tenants' financial circumstances, to be utilised when making repayment arrangements.	Manual system in place. Request currently with IT Section.	✓	Alan Hosie, Central Area Housing Manager	April 2001

PARA REF.	RECOMMENDATION	COMMENTS	AGREED	RESPONSIBLE OFFICER	AGREED COMPLETION DATE
5.5.5. & 5.5.6.	<p><b>Legal Action</b></p> <p><b>R8</b> Priority should be given to the introduction of a computer screen to record information on tenant's personal circumstances, to be utilised for assessment purposes before cases are entered in Court.</p>	Manual system in place. Request currently with IT Section.	✓	Alan Hosie, Central Area Housing Manager	April 2001
5.7.4. & 5.7.5.	<p><b>R9</b> Actual arrears performance against target should be reported to Committee Members on at least a quarterly basis for monitoring purposes.</p>	Agreed.	✓	Duncan McDonald, PHO, Quality Unit.	March 2001.