

BABERGH DISTRICT COUNCIL and MID UFFOLK DISTRICT COUNCIL

From: Corporate Manager – HRA Business Planning and Budget Management	Report Number: JHB/11/16
To: Housing Board	Date of meeting: 16 May 2016

INCOME COLLECTION PERFORMANCE FOR THE YEAR 2015/16

1 Purpose of Report

- 1.1 For Housing Board members and tenants to be informed of the progress made to improve income collection levels during 2015/16 by the Income Collection & Financial Inclusion team.

2 Recommendations

- 2.1 To note the progress made by the team to improve on existing income collection levels

The Housing Board is able to resolve this matter.

3 Financial Implications

- 3.1 The Housing Revenue Account (HRA) Income collection team has responsibility for the collection of all HRA Income

(Table 1 below sets out the amount of income to be collected during 2016/17)

Projected Income 16/17	Babergh	Mid Suffolk
Total amount of rental income	£16,157,828*	£14,341,237
Total amount of garage income	£ 279,237	£ 459,590
Total amount of service charges	£ 559,161	£ 710,181
Total Income	£16,996,226	£15,511,008
Ave weekly rent	£90.93	£84.16

*Includes compulsory garage rent

- 3.2 It is important that we maintain income collection performance at agreed levels. Failure to collect income would have a significant impact on our ability to maintain service levels and invest in our assets.

4 Legal Implications

- 4.1 There are no legal implications related to this report.

5 Risk Management

- 5.1 This report is most closely linked with the Council's Corporate / Significant Business Risk Key risks are set out below:

Risk Description	Likelihood	Impact	Mitigation Measures
The Councils fail to collect their rental & associated income	Low	High	The work by a collaborative Income/Financial Inclusion & System Support team to collect income in the most efficient and effective way.

6 Consultations

6.1 None

7 Equality Analysis

7.1 None

8 Shared Service / Partnership Implications

8.1 None

9 Links to Joint Strategic Plan

9.1 The content of this report and the work to collect HRA Income is connected to the following joint strategic priorities:

Housing Delivery	Make best use of our existing Housing Assets
Enabled & Efficient Organisation	Financially sustainable Councils

10 Key Information

10.1 The introduction of the changes within the Welfare Reform has affected tenants to varying degrees. During the Councils organisational review, resources were focused on developing teams which would ensure appropriate support was provided to tenants who we're most affected by Welfare Reform. This resulted in the setup of a dedicated income collection & financial inclusion team to maximise the Councils income streams.

10.2 In February 2015, the Joint Scrutiny Committee reviewed income collection performance, aware that performance in Mid Suffolk had been declining in the previous six to nine months.

10.3 Since the beginning of January 2015, officers have been devoted to improving performance whilst also improving the service given to our customers. As a result, the team have introduced many changes aimed directly at becoming more efficient and effective in the collection of HRA income.

A list of these changes are evidenced in Appendix One.

10.4 In April 2015, changes to the collection of Mid Suffolk direct debit payments for rent were made following the introduction of a paperless process. Unfortunately system changes resulted in a catastrophic failure to collect Mid Suffolk direct debit payments for the whole of April 2015. This led to the team manually having to collect in excess of £250,000 of rent, by contacting all those effected and obtaining a payment. Whilst in addition managing customers' expectations and the negative effects of failing to collect rent for a month.

10.4 Table 2 listed below sets the amount of total debt (current and former) each Council has had during the past four years as a percentage of total income. The most significant improvement is Mid Suffolk reducing its overall debt by 2.15% during the past 12 months.

(Table 2 – Babergh & Mid Suffolk [Total arrears] as a % of debt)

Year	BDC		MSDC	
	(Total sum outstanding including current & former arrears)	% arrears against total debt	(Total sum outstanding including current & former arrears)	% arrears against total debt
2015/16	£272,110	1.60%	£337,551	2.17%
2014/15	£164,990	1.62%	£404,962	4.32%
2013/14	£204,598	1.27%	£316,446	2.06%
2012/13	£119,094	0.79%	£213,823	1.46%
2011/12	£114,020	0.81%	£127,785	0.93%

10.5 Table 3 sets out performance for the past year for both Councils including any increase or decrease. Performance on the whole is very good and Mid Suffolk performance has improved in most areas during the past 12 months.

Whilst the figures show an increase in Babergh dwelling arrears, this is as a direct result from moving from a 48 to a 52 week collection year. See Appendix Two for a diagram explaining the effects of these changes in recording performance.

(Table 3 – BDC & MSDC Income Collection Performance 2015/16)

Income Collection Performance 15/16	Babergh (1 st April 2015)	Babergh (1 st April 2016)	Diff (-/+)	Mid Suffolk (1 st April 2015)	Mid Suffolk (1 st April 2016)	Diff (-/+)
Dwellings	£174,581	£229,062	+54,481	£318,570	£283,709	-34,861
Former dwellings	£ 50,736	£ 53,840	+3,104	£128,297	£ 34,228	-94,069
Garages	£ 665	£ 409	-256	£ 27,759	£ 5,909	-21,850
Former garages	£ 623	£ 350	-272	£ 11,817	£ 13,703	+1,886
Total arrears	£217,697	£272,110	+54,413	£488,993	£337,551	-151,442

10.6 Income collection performance is traditionally measured as percentage of the debit, with 98% being the benchmark for organisations. Table 4 shows how both Councils are now above target and the progress Mid Suffolk has made during the past 18 months.

(Table 4 - % of Local Authority Housing rent collected)

% of Local Authority Housing Rent collected	Babergh 2014-15 (Target 98%)	Babergh 2015-16 (Target 98%)	Mid Suffolk 2014-15 (Target 98%)	Mid Suffolk 2015-16 (Target 98%)
Quarter 1	98.55%	98.78%	98.26%	97.83%
Quarter 2	98.39%	98.26%	98.14%	97.82%
Quarter 3	98.59%	98.61%	97.35%	97.85%
Quarter 4	98.61%	98.21%	97.49%	98.03%

10.7 This report provides a summary of performance information related to the collection of HRA income for the period April 2015-2016. You will note the significant improvement made during this period. This year work will continue on the development and introduction of pledges set out in the HRA Income strategy to further enhance performance whilst mitigating against the impacts of Welfare Reforms including Universal Credit.

11 Appendices

11.1 APPENDIX A – CHANGES INTRODUCED SINCE JANUARY 2015 TO IMPROVE PERFORMANCE WITHIN THE HRA COLLECTION TEAM

11.2 APPENDIX B - A DIAGRAM EXPLAINING THE EFFECTS OF THESE CHANGES IN RECORDING BABERGH PERFORMANCE

12 Background Documents

12.1 None

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APPENDIX A

Changes introduced since January 2015 to improve performance within the HRA Collection Team

Performance	<ul style="list-style-type: none">• Greater performance monitoring and sharing
	<ul style="list-style-type: none">• Development of Capita
	<ul style="list-style-type: none">• A lot of work to deal with historic debits & poor performance
Policies and Procedures	<ul style="list-style-type: none">• Introduction of paperless direct debits (MDSC)
	<ul style="list-style-type: none">• Introduction of Income Strategy and work to achieve pledges
	<ul style="list-style-type: none">• Changes to current policies and procedures
Staffing	<ul style="list-style-type: none">• Colocation of the income collection team to Hadleigh
	<ul style="list-style-type: none">• Changes in staffing and changes to job roles
	<ul style="list-style-type: none">• Shared learning and development
	<ul style="list-style-type: none">• Joint working between System support, Financial Inclusion and Income Collection teams
	<ul style="list-style-type: none">• Sharing of roles and responsibilities

How Babergh recorded Income Collection Performance before changes taking effect – 48 to 52 week rent calendar year

