

TITLE	Update on HRA rent audit
FOR CONSIDERATION BY	Audit Committee on 4 December 2017
WARD	None Specific
DIRECTOR	Graham Ebers Director Corporate Services

<p>OUTCOME / BENEFITS TO THE COMMUNITY</p> <p>Maximising both income that is used to invest in services and tenancy sustainment, which together, will increase resident satisfaction.</p>
<p>RECOMMENDATION</p> <p>That the Audit Committee note the progress made in completing the audit recommendations.</p>
<p>SUMMARY OF REPORT</p> <p>The report shows that over the previous three months, progress has been made on completing all the six audit recommendations with completion due by year-end.</p>

Background

There are six outstanding recommendations from the 2015/16 Rents Audit report of which two are high risk and four are medium risk.

In September 2017, an external report (called 'Phase 1') was completed that recommended actions to turnaround performance (called 'Phase 2 – September 2017 to December 2017' and 'Phase 3 – from January 2018') of rent collection. The recommendations have been turned into an action plan with completing the outstanding audit recommendations being a key part of the plan.

Analysis of Issues

A summary of the six outstanding recommendations is shown below along with an update of work completed over recent months.

1 – Rent Officers do not always have the capacity to chase former tenants' debt as well as current tenants' arrears (high risk)

Update 20 November 2017 - The 'Phase 1' report to turnaround the Rental Income Service that was approved in September 2017, recommends using an external end of account lifecycle agency to seek to recover the debt and to recommend write-offs, but where debt is recoverable we will deal with robustly. This approach has been agreed by the Category Manager Housing Operations and Lead Finance Specialist (Deputy S151 Officer).

From September 2017 to December 2017, dealing with the current rent arrears is the first priority. Universal Credit Full Service rolls out on 6 December 2017 and prioritising current tenant arrears will reduce the risk of future former tenant arrears.

Prior to December 2017, we will have approached external end of account lifecycle agencies to discuss them tracing, recovering and recommending for write-off all accounts for the former tenant arrears debt.

2 - Progress has been made in reducing current tenant arrears. However, the older debt becomes the more difficult it is to collect (high risk)

Update 20 November 2017 - Please see the comment in the 'Background' section of this report. The phase 2 action plan included providing a procedure for the Rental Income Team that sets out arrears levels for serving Legal Notices and making applications to the County Court for Possession. This procedure has been completed, and shared with both the Rental Income Team staff and Tenant and Landlord Improvement Group. This procedure is the first step in ensuring a 'payment culture' among staff and residents returns and is the 'norm'. Also, this procedure provides assurance for our residents that they are being treated consistently.

Two staff members left the team in September and October 2017 at which point the two remaining staff members in the team were delivering a reactive rather than pro-active service. Additional temporary staff have since been recruited and at 20 November 2017, there are five staff members working in the team.

We initially expect performance to get worse in Q3 before turning around in Q4. This will be supported by statements of account being sent in w/c 4 December 2017 to all of the circa 2,700 residents with a council tenancy. This will be the first time statements have been sent since May 2015. We are currently working on information to enclose with the statements that includes an information leaflet about Universal Credit Full Service and promoting paying the rent during December 2017.

3 - Full documentation may be absent to support new sheltered housing tenancies (medium risk)

Update 20 November 2017 - In w/c 17 October 2017, the requirements were discussed and the solution agreed, with this work now in progress. All documents will be at Shute End at end of play of the week of the sign up, this will be monitored at the weekly operational meeting, where we will confirm done until further notice.

4 - Northgate is unable to produce bulk automatic reminder letters without manual intervention (medium risk)

Update 20 November 2017 - at present, the first letter that is sent to residents in rent arrears is manually requested, printed and enveloped by the Rents Officer. This work should be automated so a file is produced once a week and sent to a printing company to print and post the letters.

We have had meetings with IT on 29 September 2017 and 2 October 2017 and identified that Northgate is missing a large piece of script to be able to automate this work. On 9 November 2017, we started the work to automate this process through our internal IT Team, Northgate Consultant, and Rental Income Team meeting to understand the current process and the work required to change this. We anticipate this work being completed by year end.

5 - Passwords for Northgate may be insecure (medium risk)

Update 20 November 2017 – during November 2017, testing has been completed regarding using a longer more secure password. Final testing is to be completed and

all staff will be required to change their password in December 2017 that will complete this audit recommendation.

6 - The validity of the Direct Debit (DD) figures in the Northgate Rent Processing reports is compromised as closing and opening balances differ (medium risk)

Update 20 November 2017 - on 10 October 2017, the issue was identified and Finance and IT are currently working together to seek a resolution to the identified issue. On 16 November 2017, further work has been completed and it is envisaged this recommendation will be completed in December 2017.

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council faces severe financial challenges over the coming years as a result of the austerity measures implemented by the Government and subsequent reductions to public sector funding. It is estimated that Wokingham Borough Council will be required to make budget reductions in excess of £20m over the next three years and all Executive decisions should be made in this context.

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	NA		
Next Financial Year (Year 2)	NA		
Following Financial Year (Year 3)	NA		

Other financial information relevant to the Recommendation/Decision
N/A

Reasons for considering the report in Part 2
N/A

List of Background Papers
N/A

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