

# Scrutiny Panel



November 2011

## Income Collection Service Review final report

### 1. Introduction

In July 2011, the Scrutiny Panel chose to complete our first service review. Based on current performance, the panel selected to review SLH's Income Collection service.

The panel felt that this service review was critical to the improvement of performance in this area, particularly considering the implementation of Welfare Reform.

The aim of the review was:

- To support performance improvement particularly around the key performance indicators:
  - Current tenant arrears;
  - Total arrears;
- For the Scrutiny Panel to gain a greater understanding of processes involved with the collection of income;
- Improve the income collection service currently offered to customers.

The service review was split into five elements:

- Communication;
- Policy & procedure;
- Best practice;
- Rent review process;
- Reality checks.

Each of the five elements has an additional supporting report providing more information on the outcomes of the review – which at the request of scrutiny members is attached as Appendices A – D. The purpose of this report is to summarise the five reports and join together the recommendations made across each of the areas.



Where this symbol appears in the report an example of a finding is given to support the conclusion.

## 2. Recommendations

As a result of the review, the Scrutiny Panel makes a series of recommendations (Appendix E) which have been considered by SLH and their responses are attached in the action plan. The Scrutiny Panel also recommend that any cost related recommendations are reviewed in 12 months and compared to income received in that period to demonstrate if they have presented value for money.

## 3. Methodology

The review was carried out in five parts. The panel split into two sub groups with one responsible for looking at communication and the remaining four areas reviewed by the second sub group. The panel opted for this approach to ensure that the workload of the review was manageable and to ensure it was completed in a timely manner.

## 4. Detail

### 4.1 Customer Communications & Information

This panel reviewed the following:

- **Letters**

The panel found that the letters currently used as part of SLH's income collection process were not user friendly or easy to understand. In particular, the panel felt that plain English is not used as standard throughout the suite of letters.

Recommendation 1 - A full review of the letters which support SLH's Income Collection policy which are developed in partnership with customers.

As part of this recommendation, the panel ask SLH to consider:

- The use of red print within letters;
- Using actual dates within letters rather than "contact me within 7 days" as it remains unclear as to whether this is the date of the letter or the date the letter is received by the customer;
- Ensuring joint tenants are recognised on all communication;
- Using plain English within all letters;
- Using non window envelopes.



One letter says "Since the last communication.." the panel felt that to support ease of understanding and personalisation, the letter could say "Since we last spoke" or "Since we last contacted you"

- **Income & expenditure Form**

The panel felt that the form currently used is confusing and not clear where information should be included. There was also a lack of clarity about who should use the income and expenditure form.

Recommendation 2 – Revise the income and expenditure form making it more user friendly and ensuring it considers joint tenants / applicant circumstances.

- **Information (Bulletin, website, leaflets)**

The panel felt that the leaflets in particular were out of date, did not provide enough information and were not clear in purpose. Whilst the Bulletin was found to be helpful, the panel recommends that the placement of welfare reform and income advice is positioned more prominently within each edition.

The website was found to be a good source of up to date information that should be replicated through other sources making the information available to customers without internet access.

Recommendation 3 – Review existing communication methods to promote responsible payment of rent and raise awareness of welfare reform implications. Promote the message that rent is a customer's priority payment / debt.

As part of this recommendation, the panel ask SLH to consider:

- Using non corporate colours for leaflets;
- Involve customers in development of new leaflet and communication;
- Articles on welfare reform and income collection are positioned more prominently in future editions of Bulletin;
- Reviewing rent statement to make it easy to understand.  
Consider the timing of rent statement timings to tie in with housing benefit payments.

The panel feel the implementation of these recommendations will support communication to be more readily accessible and easy to understand by customers.

- **Interviews with staff**

The panel interviewed staff from the Neighbourhood Service and Customer Service Teams. Whilst the panel were impressed with the commitment from the staff, notable differences in the process followed by the teams were evident.

The findings from this element of the review supported both the outcomes from the Mystery Shop and Policy reviews showing SLH

should emphasise rent payment at all times, the process for pursuing accounts falling into arrears should be speeded up and additional training around welfare reform is required for front line staff. The panel also felt that the differences identified in the pursuance of arrears supports views further in the report about specialist roles.

- **Customer focus group**

The panel invited customers to take part in a focus group to understand their views and experiences of SLH's income collection service. The consistent and strong messages which were drawn from this group were:

- SLH do not inform customers early enough that their account is in arrears;
- First contact with customers should be telephone or text and not letter;
- Payment of rent is not a priority when considering other expenditure;
- Rent statements are hard to understand.

Recommendation 4 – Investigate how first contact can be made earlier and more accessible considering the use of text and telephone contact. Where a letter is necessary in the early stages of arrears, hand deliver to ensure it is received by the customer.

- **Mystery shop**

Seven mystery shops were carried out using scenarios developed by the Scrutiny Panel. The Mystery Shoppers presented a report to Scrutiny Panel which concluded whilst the attitude of the Customer Service advisors when dealing with customer contact was extremely good there was a lack of knowledge around welfare reform and information provided to customers could be much improved.

The shops also demonstrated that there needs to be a greater emphasis on the requirement to maintain rent payment, even in the most difficult of circumstances, when dealing with every contact about income collection.

Recommendation 5 – Additional training on impact of welfare reform and dealing with income collection calls is provided to the Customer Service Team along with more in depth information being provided through the Customer Relationship Management system to support call handling.

- **Customer survey**

The panel developed a survey which was sent to 500 SLH customers whose accounts have been or are in arrears. A return rate of 9.6% was

achieved. Whilst slightly disappointed with the return rate, the panel feel that the results can still be used to support this review.

The main conclusions that can be drawn from returned surveys include:

- A high percentage of customers state that they are unaware of the benefits advice service;
- Customers feel that they are not contacted quickly enough when their account falls into arrears;
- Current incentives offered to pay rent are not attractive enough to encourage payment;
- Most customers do understand the consequence of failing to maintain rent and other payments.

Recommendation 6 – Perform an analysis of the cost of existing payment incentives against success rate.

## 4.2 Rent Review

Members of the Scrutiny Panel met with SLH's Finance Team to discuss the rent review process. From this understanding of how the process works, the panel understand that:

- SLH use a recognised formula for calculating annual rent review;
- The rent charging period lasts for 52 weeks of the year;
- Direct debit changes as a result of the rent review process have caused concern for customers. SLH confirmed that direct debits are only increased where the tenants account is in arrears. Accounts with credits do not have their direct debit amended – this leads to arrears at a later date when the credit runs out.



A panel member who was in credit found that their direct debit payment was not increased with the rent review process due to a credit on their account. It was not until they queried it with SLH that the direct debit amount was updated to reflect the rent review.

Recommendation 7 – The direct debit payments for all customers are adjusted in line with the annual rent review process. This includes customers who are in credit. At the time of the rent review the credit on the account should be checked to understand how it has accrued;

Recommendation 8 - Consider introduction of 'rent free weeks' by spreading the cost of the annual rent charge over 49 or 50 weeks allowing for one 'rent free' week at Christmas, Easter and one in the school holidays. This would support customers who might not see their rent as a priority over these periods.

## 4.3 Policy Review & Best Practice

Members of the Scrutiny Panel reviewed SLH's policy and procedure whilst also looking at examples of policies from organisations within are within the top 25 performing organisations (either in SLH's peer group or nationally).

The group were looking to see if SLH's policy & procedure:

- Supported the appropriate collection of rent and other arrears from customers;
- Provided a swift response to customers whose account fell into arrears;
- Prevented the increase of further debt amongst customers.

In addition, the review of best practice policies was also carried out with comparisons drawn against SLH's policy.

On completing the review, the panel found:

- SLH's policy & procedure is detailed but not specific nor does it provide clarity over what the policy is trying to achieve;
- Pursuance of arrears at SLH is too letter driven with little evidence of other communication;
- Procedure for pursuance is slow and not direct enough which supports the increase of customer debt;
- No link between agreement amounts and the length of time it takes to pay off arrears with the agreed amount;
- Neighbourhood Officers come too late into the process as the Customer Service Team handles the early stages of arrears.

Recommendation 9 - Simplify SLH's current policy and procedure making it:

- A faster and more direct collection process;
- Clearer what the policy is trying to achieve and more direct in pursuance of those who will not pay;
- More flexible around communication methods – do not rely solely on letters which customers may often ignore;
- Speedier contact from Neighbourhood Officer. Remove the Customer Service pursuance of low level arrears.

Recommendation 10 - Clearer performance management of those responsible for managing rent accounts.

Recommendation 11 – Improve the management of agreements including:

- Completing budget assessments when agreements are made especially where a minimum amount is agreed) to highlight why that amount has been agreed;

- Clearly indicate how long debt will take to pay off based on agreed repayment amount.

#### **4.4 Reality Checks**

The Scrutiny Panel carried out reality checks against rent accounts, grouping the checks into the following:

- Top 20 highest arrears cases;
- 20 cases from 0 to 8 weeks;
- 20 cases which are currently outside of the policy in terms of action due.

The group were looking to see:

- If policy & procedure was followed in processing the cases;
- Identifying if there was a cycle to the arrears;
- If positive case handling was having an impact on arrears reducing.

The panel found that:

- There was too much evidence of actions being over ridden without justification. Notes to support actions were not comprehensive;
- There were too many instances of high level arrears;
- Too much emphasis on letters to pursue arrears;
- Customers are not clear about how long their debt will take to pay off;
- There was a link between the slow policy and procedure currently used and the build-up of arrears;
- There was no clear performance management of cases.

Recommendation 12 – Consider implementation of specialist income management officers to enhance performance **or** one specialist Debt Management Officer to deal with high level cases (evidence of high performing organisations show they have specialist officers).

Recommendation 13 – In depth specialist training for staff in debt management, debt collection and how to engage with customers who will not disclose financial issues.

## **5. Conclusions**

Whilst the Scrutiny Panel found elements of positive practice in the service, it is clear that there a number of areas of improvement which we feel could enhance performance.

The panel is particularly keen to see SLH strengthen its communication and awareness amongst both customers and staff of welfare reform.

These recommendations are report to Senior Management Team in the first instance and keenly await feedback on results.

Report compiled by:

SLH Scrutiny Panel.