

IMPROVEMENT TO HRA RENT MANAGEMENT

Relevant Portfolio Holder	Craig Warhurst
Portfolio Holder Consulted	7 th & 8 th July 2020
Relevant Head of Service	Judith Willis & Guy Revans
Ward(s) Affected	All wards
Ward Councillor(s) Consulted	
Key Decision / Non-Key Decision	Key decision
This report contains exempt information as defined in Paragraph 3 of Part I of Schedule 12A to the Local Government Act 1972, as amended	

1. SUMMARY OF PROPOSALS

To advise Members of additional software required to enable a more enhanced management of the Housing Revenue Account (HRA) rental income. This will require additional software to integrate with the already approved Housing System. The report and business plan details the rationale for the need of the additional functionality in light of the increasing arrears position as a result of the Covid-19 Pandemic.

2. RECOMMENDATIONS

The Council is to RESOLVE that

- 1) The capital programme for 2020/21 for the Housing Project is increased by £65k to be funded from existing reserves; and**
- 2) Delegation is given to the Head of Environment and Housing Property Services and the Head of Legal, Property and Democratic Services to procure a suitable provider for implementation.**

3. KEY ISSUES

Financial Implications

- 3.1 The initial capital investment for a rental management systems is approximately £65k. This would be met from the 2020/21 existing capital reserves within the HRA.
- 3.2 Ongoing annual costs of approximately £55k pa from 2021/22 would have to be met from the HRA revenue budget. It is assumed that revenue savings would be generated to more than offset this cost.
- 3.3 Initially Phase 1 of the Housing Services Review predicted to deliver a total cost saving of around £750k by Autumn 2020, with a further £140k being delivered by April 2020 in Phase II, following implementation of CX and a rental management

system. £320k of those savings can be attributed to the Income Management Function, assuming that arrears remained stable at 2.99%

- 3.4 Due to Covid both the Civica project and the service review have been delayed and Phase one savings cannot now be delivered before December 2020 and Phase II before May / June 2021. Because of the increased demands placed on the service due to Covid, in order to reduce caseloads per officer to realistic levels, some 27 Officers would be required at a cost of around £950,k which therefore makes rent arrears almost cost neutral to recover.
- 3.5 By bringing forward implementation of a rental management system to October 2020 the need for two phase implementation would be negated and £300-£350k of cost savings within the income function could be delivered before the end of the financial year at least, notwithstanding the service review and IT project.
- 3.6 In addition to delivering savings on operating cost, also to be considered is the stabilisation of the escalating arrears crisis. If a rental management system can be fully implemented by October 2020, rather than January 2021 onwards, then over £100k of arrears could be completely prevented and the financial position returned to its pre covid position.
- 3.7 The review of the HRA budget for 2021/22 will include the ongoing software costs together with projections on savings to be delivered

Legal Implications

- 3.8 The anticipated costs of the system over a projected 4 years exceed current EU procurement limits. Undertaking a full EU procurement exercise would not allow for contract award and implementation within the current timescale.
- 3.9 It is therefore proposed that the software be procured through the G-Cloud – a pre-procured framework focussed on cloud-based software administered by Crown Commercial Services. Procurement through the G-Cloud involves a sifting exercise to identify possible suppliers and a clarification exercise to ensure that suppliers' offers meet the Council's requirement and finalise costs. The process is fully compliant with EU procurement rules, but can be completed in just a few weeks.

Background / Service Implications

- 3.10 The reason why this report is required is because an urgent response to a rapidly escalating financial situation brought about by the Coronavirus outbreak is required in advance of implementing either Civica CX and / or resuming a review of Housing Services. The basis for making the recommendations in this report is to enable officers to procure a rental management system to mitigate the risks posed by this crisis notwithstanding either of the two above events taking place in the medium to longer term.

- 3.11 This business case supports the Housing Services work to deliver to the Council's agreed vision and strategic purposes to enrich lives and aspirations through the provision of efficiently run and high quality services, ensuring that all in need receive appropriate help, support and opportunities.

This Business case also supports the Council's principles to:

- Put people at the heart of everything we do
- Take responsibility
- Be innovative
- Be non-discriminatory in our actions
- Be customer centred
- Be inspiring
- Take pride in our place
- Lead
- Provide expertise
- Support communities

A rental management system will enable us to deliver all of these purposes and principles.

- 3.12 The report and its proposal is underpinned by the collection of rent arrears performance data since lockdown on March 23rd along with data gathered.

Customer / Equalities and Diversity Implications

- 3.13 A rental management system will significantly improve the quality of service provision and helps ensure that every customer has fair and equitable access to services to support them at the right time and in the right ways and that a fair and equitable approach is taken by staff in operating the rent arrears recovery process.

4. RISK MANAGEMENT

- 4.1 Reputational risk of failing to deliver services fairly and equitably to customers due to unmanageable workloads.
- 4.2 Financial risks of not mitigating the impact of reducing guaranteed income from Housing Benefit and subsequent increasing Universal Credit / cash based debts as a result of Covid, along with inability to identify emerging financial issues for customers and intervene early through exploitation of innovative technology.
- 4.3 The reputational and financial risks to viability of the HRA reduction in ability to provide the full range of housing services that the HRA subsidises, such as planned and responsive repairs, neighbourhood services and tenancy sustainment activities.

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- 4.4 Financial risk to the General Fund in terms of added pressure exerted by increased evictions and homelessness due to Covid creating financial difficulty for customers and inability to pay rent

5. APPENDICES

Appendix 1 - The Rent Management System Business Case.

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