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| Report to | Cabinet | Item |
| | 13 March 2019 | |
| Report of | Director of neighbourhoods | 9 |
| Subject | The award of a contract for an early intervention rental income management tool. | |

KEY DECISION

Purpose

To seek approval to delegate authority to award a contract for an early intervention rental income management tool.

Recommendations

To delegate approval for the director of neighbourhoods in consultation with the deputy leader and cabinet member for social housing to award the contract for an early intervention rental income management tool from 01 June 2019.

Corporate and service priorities

The report helps to meet the corporate priority of healthy city and good housing and value for money services

Financial implications.

The financial consequence of this report is the award of a contract for an early intervention rental income management tool with an estimated service cost of £107,250 which is included within the Housing Revenue Account budgets for 2019/20.

Ward/s: All Wards

Cabinet member: Councillor Harris - deputy leader and social housing.

Contact officers

Lee Robson, head of neighbourhood housing 01603 212939

Grant Lockett, tenancy services and income manager 01603 212810

Background documents

None

Report

Introduction

1. In August 2016 a review was undertaken of the council's rent collection service. This formed part of a wider review of the housing service to ensure the resources were targeted on those most in need, to reduce costs and to ensure the service was focussed and flexible to meet the uncertain times ahead which were significant for the housing revenue account at the time.
2. Whilst there is less financial uncertainty today for the housing revenue account, it is important that the service continues to modernise to meet the ongoing challenges of maintaining the housing stock; building new homes and supporting those most in need. The findings from the review included:
 - Despite a high cost of collection, arrears were above target, in addition to over £1.2 million in former tenant arrears and more than £245,000 in bad debt write offs annually
 - Systems and processes were reported as leading to inefficiencies
 - Officers had unnecessarily high workloads
 - At least 40% of rent arrears cases reviewed by officers were analysed but were noted as not requiring contact although evidence was not available to validate this
 - Amongst low level cases that do require contact, there were numerous examples highlighting a lack of early and consistent intervention
3. Following a revalidation exercise in September 2017, which set out to compare the details from August 2016, the following was identified:
 - Despite development of the rent system and processes, it was suggested there was still significant time being lost by staff as a result of the reports that were produced by Capita Academy
 - Officers were still managing arrears via spreadsheets and workload was far too high to ensure sufficient time was being allocated to case work
 - This wastage could be further exacerbated upon the full roll out of Universal Credit, where officers would be required to proactively collect approx. £18.8m additional rent which would have been previously paid directly to the council
 - Within the service, approximately £30 million is received each year in the form of housing benefit (47% of rent roll).
4. The introduction of universal credit (UC) means significantly more rent will need to be proactively collected, as highlighted in the table below. It has been estimated from a study undertaken by Pricewaterhousecoopers (PwC) in 2017 ("Universal Credit" - PwC study with 19 LAs) that tenants on UC require 3 times more contact than other tenants:

| | Rent collected (organisation) (excluding housing benefit) – approx. | Rent collected (per officer) (excluding housing benefit) – approx. |
|-------------------------|--|---|
| Pre UC roll out | £28 million | £1.34 million |
| Post UC roll Out | £46.8 million | £2.3 million |

5. If the council's systems and processes are not updated or developed to deal with this increased workload, there will be limited ability to undertake an early intervention and prevention approach; to have quality engagement with tenants, which will impact on staff. To mitigate against this increase to workloads, the options to the council include investing in technology to reduce unnecessary wastage and to enable officers to maximise efficiency.
6. The current system does not enable staff to identify and prioritise the correct casework for officers at an early stage.
7. With approximately £18.8 million housing benefit rent at risk of migrating to universal credit with an estimated 6,000 tenants affected, it is crucial to invest in technology that will facilitate more effective and efficient processes to protect revenue streams and to identify those tenants that require support. Full digital roll out of universal credit commenced in Norwich in October 2018.
8. The council requires an effective and proven arrears management system that prioritises accurate workload based on automatically analysing individual tenant behaviour patterns and will be fit for purpose upon the introduction of universal credit.

Procurement Process

9. It is proposed to utilise an established procurement framework created by Crown Commercial Services. This is a specialist framework for cloud based solutions. The suppliers have been pre-assessed by the framework providers.
10. The council will assess all the services available on the framework and select the supplier that best meets the council's budget and requirements. Evaluation will consider both quality and price to determine the most economically advantageous return.
11. This approach will ensure the opportunity is still competitive, will promote value for money, and is fully compliant to the council's contract procedures and the Public Contract Regulations.
12. The contract is required to be awarded in May 2019 to meet key deadline for service delivery in June 2019. The contract is anticipated to be in place for four years.
13. The current timetable of Cabinet meetings and the procurement timetable do not allow a report to Cabinet identifying the winning supplier. The decision to award will be published as a Key Decision and therefore members will have the opportunity to review the decision in the usual way.

Integrated impact assessment



NORWICH
City Council

The IIA should assess **the impact of the recommendation** being made by the report

Detailed guidance to help with the completion of the assessment can be found [here](#). Delete this row after completion

| Report author to complete | |
|----------------------------|--|
| Committee: | Cabinet |
| Committee date: | 13 March 2019 |
| Director / Head of service | Lee Robson |
| Report subject: | To approve that the council go out to tender for the service provision of an early intervention rental income management tool. |
| Date assessed: | 14 February 2019 |
| Description: | An early intervention rental income management tool. |

| | Impact | | | |
|---|-------------------------------------|-------------------------------------|--------------------------|---|
| Economic (please add an 'x' as appropriate) | Neutral | Positive | Negative | Comments |
| Finance (value for money) | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Open tendering ensures that best value is achieved. |
| Other departments and services e.g. office facilities, customer contact | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Tenants will be able to effectively manage their healthy tenancy |
| ICT services | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Economic development | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Financial inclusion | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | This will ensure that tenants are offered the most effective way to sustain their housing tenancy |
| | | | | |
| Social (please add an 'x' as appropriate) | Neutral | Positive | Negative | Comments |
| Safeguarding children and adults | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | People and families will be able to remain in safe and appropriate housing |
| <u>S17 crime and disorder act 1998</u> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Human Rights Act 1998 | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | People will be able to actively chose where they live more effectively |
| Health and well being | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | People and families will be able to remain in safe and appropriate housing |
| | | | | |

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|--|-------------------------------------|--------------------------|--------------------------|--|
| | Impact | | | |
| Equality and diversity (please add an 'x' as appropriate) | Neutral | Positive | Negative | Comments |
| Relations between groups (cohesion) | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Eliminating discrimination & harassment | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Advancing equality of opportunity | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| | | | | |
| Environmental (please add an 'x' as appropriate) | Neutral | Positive | Negative | Comments |
| Transportation | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Natural and built environment | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | The works will extend the life expectancy of the properties. |
| Waste minimisation & resource use | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Pollution | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Sustainable procurement | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| Energy and climate change | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | |
| | | | | |
| (Please add an 'x' as appropriate) | Neutral | Positive | Negative | Comments |

| | Impact | | | |
|-----------------|--------------------------|-------------------------------------|--------------------------|--|
| Risk management | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | There is a low risk that the appointed supplier could fail during the life of the contract. The risk mitigation will be assessed as part of the tender process |

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| Recommendations from impact assessment | |
| Positive | |
| | |
| Negative | |
| | |
| Neutral | |
| | |
| Issues | |
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