

**Department of
Finance and Personnel
Memorandum on the Third and Fourth
Reports from the
Public Accounts Committee
Session 2009-2010**

**The Management of Social Housing Rent Collection and
Arrears**

**Bringing the SS Nomadic to Belfast – The Acquisition and
Restoration of the SS Nomadic**

**Presented to the Northern Ireland Assembly
by the Minister of Finance and Personnel**

12 January 2010

BELFAST: THE STATIONERY OFFICE LTD

© Crown Copyright 2010

The text in this document (excluding the Royal Arms and other departmental or agency logos) may be reproduced free of charge in any format or medium providing it is reproduced accurately and not used in a misleading context. The material must be acknowledged as Crown copyright and the title of the document specified.

Where we have identified any third party copyright material you will need to obtain permission from the copyright holders concerned. For any other use of this material please write to
Office of Public Sector Information, Information Policy Team, Kew, Richmond, Surrey, TW9 4DU or e-mail:
licensing@opsi.gov.uk

Contents

<i>Pages</i>	5-8	Department for Social Development: The Management of Social Housing Rent Collection and Arrears
	9-10	Department for Social Development: Bringing the SS Nomadic to Belfast – The Acquisition and Restoration of the SS Nomadic

Glossary of Abbreviations

CAB	Citizen's Advice Bureau
CPD	Central Procurement Directorate
DFP	Department of Finance and Personnel
DSD	Department for Social Development
NI	Northern Ireland
NIHE	Northern Ireland Housing Executive
The Trust	Nomadic Charitable Trust

Third Report

Department for Social Development

The Management of Social Housing Rent Collection and Arrears

Introduction

At 31 March 2009 the social housing sector comprised approximately 115,000 dwellings. Of those 93,000 were owned by the Northern Ireland Housing Executive (NIHE) and the remaining 22,000 by Housing Associations. Landlords are responsible for collecting some £350 million of rental income annually in respect of their properties. At 31 March 2009, NIHE and Associations had arrears of £14 million and £7 million respectively.

The profile of many social tenants is that they are often vulnerable, unemployed or in low paid employment, and many are in and out of work and on and off benefits. Some, a minority, are long term debtors with multiple debts. Arrears prevention and recovery policies and practices have to be sensitive to this – particularly in the current climate.

Measures to Maximise Rent Collection and Prevent Arrears

PAC Recommendation 1

NIHE's acceptance of the need for improved arrears prevention is welcome. The Committee recommends that NIHE reviews its current range of prevention activities and develops a specific action plan to address any gaps relative to best practice standards.

The Department for Social Development (DSD) accepts this recommendation. NIHE has already significantly expanded prevention activities e.g. money advice specialist staff trained by the Citizen's Advice Bureau (CAB) in each Accounts Unit, rollout of this training to all staff has been completed, a floating support service is available and procedures are in place for referral to CAB for more complex cases. However, NIHE is not complacent and recognises the need for further improved arrears prevention and a review of the current range of preventative activities will be undertaken and an action plan to address any gaps relative to best practice standards will be presented to the NIHE Board in April 2010.

PAC Recommendation 2

It is encouraging that NIHE has improved its system for processing Housing Benefit and adopted a more holistic approach to assessing overall benefit eligibility. The Committee recommends that NIHE undertakes a formal evaluation of these new developments to assess whether they have delivered sustained performance improvements.

DSD accepts this recommendation and welcomes the Committee's acknowledgement that there has been sustained improvement in Housing Benefit processing. NIHE has implemented a Housing Benefit calculator on the internet to assist applicants to determine their potential entitlement and is in the process of implementing a new e-benefits system which will streamline the claim application process and will provide potential entitlement detail on Housing Benefit and other social security benefits for the customer by January 2010.

NIHE is implementing a continuous improvement programme to streamline the process for assessing overall benefit eligibility. NIHE is confident that these initiatives will build on progress made to date and undertakes to evaluate these developments by April 2010 to assess if they have delivered sustained performance improvements and will take any follow up action necessary.

PAC Recommendation 3

It is unacceptable that large individual debts were allowed to accumulate, regardless of their origin, without NIHE acting sooner to recover them. The Committee recommends that NIHE routinely produces an aged debtor profile, to assist it in identifying issues and clarifying the nature of the rent arrears problem and in targeting arrears recovery activity more effectively.

DSD accepts this recommendation. NIHE recognised from their inspections and performance monitoring that the debt management service could be delivered more effectively. As a result, it has been modernised, relocated into six Service Centres to improve efficiency, staff have been retrained and a new performance management system is being devised. In addition, since November 2009, NIHE has been producing a report on debts by debt value which is monitored on a monthly basis. This allows NIHE to identify any issues arising and clarify the nature of rent arrears problems which enables recovery activity to be targeted more effectively. NIHE is confident that these actions will reduce the number of large individual debts.

PAC Recommendation 4

Senior management must take responsibility for the arrears recovery process. The Committee recommends that they should regularly review communication of policies and related training for front line staff, as well as ensuring that the inspection regime is designed to identify problems quickly.

DSD accepts this recommendation. Senior management within NIHE are aware of the importance of an effective arrears recovery process and in view of this, quarterly performance reviews will be undertaken by senior policy and operational managers with effect from January 2010. These will formally incorporate feedback on the communication of policies and related training requirement for front line staff. In addition, managers are required to outline their detailed plans to senior management to address any issues identified through the inspection process which will help identify any problems quickly and progress against these plans is monitored on a monthly basis. The inspection routine, which has been reviewed to reflect the modernisation process will also be increased to twice yearly with effect from January 2010.

PAC Recommendation 5

It is important that the rationalisation of NIHE's office network produces improved service delivery. The Committee recommends that, where instances of poor practice continue to be identified, NIHE must be able to show that it has taken swift and effective remedial action, with demonstrable improvements in performance as a result.

DSD accepts this recommendation. DSD and NIHE are confident that when fully implemented, NIHE's improvement plan will deliver an enhanced arrears prevention and recovery framework which will produce an improved service delivery. NIHE agrees with the Committee that it is important to take remedial action where instances of poor practice are identified. The results of inspections within NIHE are reported to senior managers and any requirements for remedial action are formally identified and subsequently actioned in order to improve performance.

PAC Recommendation 6

NIHE's current target in this area is not meaningful or challenging and is capable of being manipulated. The Committee recommends that NIHE puts in place new and more comprehensive corporate targets for rent arrears against which its performance can be measured in the future.

DSD accepts this recommendation and whilst it accepts that the target was not as robust as it could have been, would wish to assure the Committee that the target was not manipulated. In addition, although NIHE had only a single corporate target regarding arrears, DSD were provided with progress against a number of operational targets which enabled it to monitor performance on a monthly basis. NIHE now provides a more detailed analysis of arrears in terms of District area, variance from targets, current/past tenants, write-offs and payments received. All information is provided for each of the Accounts Offices as well as NIHE totals. However, NIHE has now expanded its corporate targets to include a new set of robust and challenging targets for rent arrears and will report on their performance against these at year end starting in April 2010 to the NIHE Board. Progress against targets is reported and discussed with the Department at monthly performance meetings.

PAC Recommendation 7

NIHE needs to revamp and expand its performance reporting framework. The Committee recommends that NIHE should routinely report information on performance against a wider range of indicators, so that the NIHE Board can exercise its oversight and challenge function on a more informed basis.

DSD accepts this recommendation. NIHE's performance management system is under review to reflect the modernisation programme and the introduction of a new computer system. The review is to be completed by March 2010 but is likely to increase the range of corporate targets such as arrears and write off's as a percentage of collectable income and reducing the number of tenants more than 13 weeks in arrears. Performance on these targets will be reported to the Board monthly.

In addition the NIHE will produce an end of year report to the Board on a broader range of debt targets e.g. new tenant debt which will enable them to exercise their oversight and challenge function on a more informed basis.

PAC Recommendation 8

It is important that benchmarking is used as a tool to improve performance. The Committee recommends that NIHE should review its current practices in this area and prepare a formal benchmarking strategy. This strategy should identify actions required in relation to performance and process benchmarking.

DSD accepts this recommendation. NIHE has a strong belief in benchmarking and accepts that an overarching strategy should be developed and linked into the capabilities of the new computer system. NIHE is currently looking at all aspects of how they benchmark and ways to improve benchmarking as part of developing a formal benchmarking strategy and will incorporate its current comprehensive benchmarking programme into the overall strategy. The strategy will identify any actions required in relation to performance and process benchmarking and is due to be complete by March 2010.

PAC Recommendation 9

The Committee recommends that NIHE implements improvements to its dated information systems without further delay to rectify these deficiencies and will expect to see tangible results in the form of improved customer service and the production of comprehensive and accurate rent data.

DSD accepts this recommendation. NIHE proposes to introduce a new computer system in 2010 which will improve customer service such as enabling direct debit facilities for families wishing to pay rent in this way and improved notification of arrears to our customers which should provide more clarity.

The new computer system is regarded as one of the best for arrears recovery and rent accounting which will assist in improved workload management of arrears recovery. This system is currently being used successfully in other housing authorities in England.

The Department's oversight and regulation of the social housing sector

PAC Recommendation 10

Until comparatively recently, the Department did not apply sufficient oversight and scrutiny to Housing Associations' rental income and arrears management performance. The Committee recommends that the Department reviews its data collection and analysis on a regular basis to ensure it is robust and fit for purpose.

DSD accepts this recommendation. The Annual Regulatory Return which Housing Associations are required to submit to DSD has been rationalised to remove extraneous data collection and has been reduced to 30 pages. In addition to providing a focus on key data, this has also reduced the amount of time it takes the Associations to complete the return and as a result DSD has been able to reduce the turnaround time. In addition, a series of checks designed to ensure the completeness and accuracy of the resultant data have also been implemented. This enables DSD to benchmark performance across the Associations and identify those with poor performance and take remedial action as necessary.

DSD is content that the revised processes for the collation of data for the Annual Regulatory Return are robust and fit for purpose and is confident that the figures for the 2008-09 return are reliable. A further review is due to be carried out after consultation with the Tenant Services Authority in England has been completed.

PAC Recommendation 11

Housing Associations are a growing proportion of the social housing sector. The Committee therefore recommends that the Department periodically subjects its regulatory framework for Associations to formal review, not less than every three years. These reviews should identify areas for improvement and be used to adapt the regulatory framework as risks in the sector evolve over time.

DSD accepts this recommendation. The current regulatory framework is being reviewed in conjunction with the rewrite of the Housing Association Guide. Where appropriate, specific requirements of the regulatory framework will be documented within the Guide, providing Associations with a single source of up to date guidance. Areas for improvement and best practice will be incorporated into this as a result of the inspection process. The Guide will be reviewed thereafter on an annual basis to continually identify areas for further improvement which will be used to adapt the regulatory framework as risks continue to evolve.

PAC Recommendation 12

The Committee recommends that the Department sets up formal arrangements for bringing together all the key stakeholders in the social housing sector, on a regular basis, to promote best practice, including reference to rental income management.

DSD accepts this recommendation. DSD has established and is currently funding a working group headed up by Housing Rights Service and including NIHE, Housing Associations, other public bodies and key stakeholders in the social housing sector to promote best practice and to produce guidance on the collection of rent and managing debt. This best practice guidance is due to be produced by March 2010.

Through the formal inspection process DSD will also promote best practice on rental income management and managing debt by informing and advising Associations on areas of improvement. In addition, the Inspection Team in conjunction with the Northern Ireland Federation of Housing Associations ran a seminar which promoted best practice and highlighted the problems and issues of rent collection. It is intended that further seminars will be held in the future as the need arises.

PAC Recommendation 13

There appears to be a lack of clarity in the important area of data protection and sharing, both internally and with relevant bodies. The Committee recommends that the Department and NIHE seek detailed, authoritative guidance from the Information Commissioner as to whether the necessary tenant arrears data can in fact be shared under the current legislation. This should be done as a matter of urgency and a report provided to the Committee.

DSD notes the recommendation. Current advice has confirmed that under the current Data Protection legislation, it is not possible to release this information to Housing Associations or even to other parts of NIHE.

Departments' responses to media queries on the Comptroller and Auditor General's Reports

PAC Recommendation 14

The proper forum for detailed discussions about the content of the C&AG's reports is with this Committee. The current guidance is clear. The Committee recommends that departments should consult with the Department of Finance and Personnel if they are considering public comment.

DSD notes this recommendation although remains of the view that the actions taken were in accordance with the current guidance and protocol.

The Department of Finance and Personnel (DFP) will draw this recommendation to the attention of departments.

Fourth Report

Department for Social Development

Bringing the SS Nomadic to Belfast – The Acquisition and Restoration of the SS Nomadic

Introduction

DSD purchased the SS Nomadic (Nomadic) at auction in Paris on 26 January 2006. Built in Belfast by Harland & Wolff shipbuilders for the White Star Line, the Nomadic's original purpose was to transfer first class passengers from the landing stage to the Titanic and Olympic liners and is a tangible reminder of these great vessels. The return of the Nomadic to Belfast's Titanic Quarter provides the potential for the restored ship to be used as a visitor attraction and as a historically important example of Northern Ireland's (NI) maritime industrial heritage. The ship has been placed on the core collection of the United Kingdom Register of Historic Ships. A charitable trust has been formed by a number of public, private and voluntary stakeholders to fundraise and oversee the restoration of the ship.

Departmental Oversight of the Trust

PAC Recommendation 1

The Committee recommends that the Department should assess the arrangements currently in place between it and the Trust against best practice guidance and the recommendations contained in the Committee's 2008 'Report on Good Governance - Effective Relationships between Departments and their Arm's Length Bodies', and adjust them accordingly.

DSD notes this recommendation. The Nomadic Charitable Trust (the Trust) was established as an independent charity as a matter of policy. While not considered be an arm's length body, DSD intends reassessing its current relationship with the Trust and in doing so will have regard to the Committee's 2008 Report insofar as its recommendations are consistent with the status of the Trust.

PAC Recommendation 2

The use of rolling contracts does not constitute best practice and is unlikely to deliver value for money. This point was previously made by the Westminster PAC in their report on 'Governance Issues in the Department of Enterprise, Trade and Investment's Former Local Enterprise Development Unit'. The Committee recommends that the Department of Finance and Personnel takes this opportunity to reiterate that point and draw departments' attention to the formal guidance issued by the Central Procurement Directorate on the matter. Departments should also be reminded of the need to have proper systems in place to monitor and control contracts.

DFP accepts this recommendation and agrees with the Committee that the use of rolling contracts is not regarded as best practice and is unlikely to deliver value for money. DFP's Central Procurement Directorate (CPD) issued formal guidance on the Use of Rolling Contracts on 14 July 2006 (Procurement Guidance Note 03/06) which is available on the CPD website. DFP will remind departments of this guidance and the need to have proper systems in place to monitor and control contracts.

On fundraising, progressing the project for centenary celebrations and Maximising visitor potential

PAC Recommendation 3

Finalisation of the Conservation Management Plan is key to this project; it will determine what needs to be done and the likely cost of the work, and it will form the basis of any application the Trust may make to the Heritage Lottery Fund. However, its completion provides an opportunity to step back and re-assess the project. The Committee recommends that, on completion of the Plan, the Department should ask the Trust to revisit its economic appraisal and confirm to the Department's satisfaction that the project will deliver value for money. The Committee agrees with the Westminster PAC's conclusion on The Result that preserving our heritage is important, but not at any cost.

DSD accepts this recommendation. The Conservation Management Plan is comprised of two parts. Part One was completed in May 2009 and contains the historical context policies for conservation and a statement of the significant importance of the ship. Part Two contains the full specification for the development and estimated cost of restoration and will be completed by January 2010. Both the Trust and DSD are committed to the project delivering value for money and have endorsed an option in the economic appraisal which reflects a realistic expectation of the total resources likely to be available for the restoration project. This option will be periodically revisited in the light of the actual available resources at each stage of the restoration. DSD is aware of the Westminster Committee of Public Accounts conclusion on *'The Result'* and agrees that preserving our heritage is important, provided that it delivers value for money.

PAC Recommendation 4

If the revised business case makes the case for taking the project forward, the Committee recommends that the Department and Trust must work together to ensure that contractors are appointed to enable work to commence at the earliest opportunity. It is critical to get the ship to a stage where it is open for viewing by the paying public who will then be contributing to its restoration costs and on-going maintenance, thus reducing the burden on the public purse.

DSD accepts this recommendation and will work with the Trust to ensure that procurement to appoint contractors begins at the earliest opportunity. Tenders will go out from January 2010 and the various contractors should be appointed within a couple of months. Restoration work will then get underway. The restoration will be implemented in three stages. Stage one will involve putting the superstructure back on again. Stage two will involve fitting out the first part of the inside and stage three will see further developments. DSD remains confident that stage one will be achieved, that stage two will be well underway by the time of the centenary and that the ship will be open to the paying public at that point.

PAC Recommendation 5

The Committee recommends that the Department must be more proactive in working with the Trust to market the Nomadic and to link it in with other events, such as the Tall Ships. In addition, the Department and Trust must continue to create and maintain effective relationships with those progressing the Titanic Quarter and the Titanic Signature Projects in order to maximise their impact on the Nomadic. The Department, in particular, must also be proactive in contributing to a wider overall maritime heritage strategy to ensure the Nomadic is given prominence within it.

DSD notes this recommendation. Whilst the lead responsibility for marketing the Nomadic falls to the Trust, DSD will continue to provide support to the Trust to maximise marketing opportunities. DSD has been liaising with the Department of Culture, Arts and Leisure, Department of Enterprise, Trade and Investment and Museums NI to ensure that the Nomadic is linked not only to the Titanic Signature Project but also to the preservation of NI's overall maritime industrial heritage. DSD will continue to work with the Trust and all key statutory bodies and stakeholders involved in progressing Titanic Quarter to ensure that the potential contribution of the Nomadic to developing NI's maritime industrial heritage and tourism product is maximised. DSD is in discussions with others about the desirability of a maritime heritage strategy and will ensure that the Nomadic is given appropriate prominence within it.



Published by TSO (The Stationery Office) and available from:

Online

www.tsoshop.co.uk

Mail, Telephone, Fax & E-mail

TSO

PO Box 29, Norwich NR3 1GN

Telephone orders/General enquiries: 0870 600 5522

Fax orders: 0870 600 5533

E-mail: customer.services@tso.co.uk

Textphone: 0870 240 3701

TSO@Blackwell and other Accredited Agents

Customers can also order publications from:

TSO Ireland

16 Arthur Street, Belfast BT1 4GD

Tel 028 9023 8451 Fax 028 9023 5401

ISBN 978-0-337-09577-1

