

## Report of Income Improvement, Housing Management

### Report to Chief Officer Housing Management, Environments and Housing

**Date: 27<sup>th</sup> August 2015**

**Subject: Request for the Approval of specialised training to maximise rent collection across the City of Leeds in line with Contract Procedure Rule 8. Between £10k and £100k - Intermediate Value Procurement**

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number:10.4.3 Appendix number: 1	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No

### Summary of main issues

1. This report requests the administrative approval from the Chief Officer to appoint the training contract.
2. This follows the KPMG Rent Arrears Collections and Operational Maturity Assessment in February 2015 outlining Housing Leeds current collections capabilities.
3. Orbit Services 2000 Limited to be appointed to the contract following procurement and this report details the training provision.

### Recommendations

4. The Chief Officer Housing Management is requested to approve the award of the contract to the preferred bidder Orbit Services 2000 Limited to deliver Rent Collection Training. The contract will commence September 2015 and complete December 2015 for a total value of £50, 320.00.

## **1 Purpose of this report**

- 1.1 This report seeks the administrative approval from the Chief Officer to appoint the training contract.
- 1.2 Orbit Services 2000 Limited to be appointed to the contract following procurement and this report details the training provision. This report confirms that the requirements of the Contracts Procedure Rules ,8. Between £10k and £100k - Intermediate Value Procurement, have been complied with.

## **2 Background information**

- 2.2 As a result of the creation of Housing Leeds in 2013 the operational procedures undertaken in the former Arm's Length Management Organisations (ALMOs) have being brought together to create a single city wide housing management structure. This has involved reviewing all the policies and procedures as well as a major staff restructure. During this organisational change, income recovery performance has reduced.
- 2.3 One of the councils' key objectives is to maximise income, so that communities can be supported and council housing assets invested in and poverty is tackled in the city. As such, the ability to maximise rent collection has been deemed a high risk to the council and this risk is regularly monitored and reviewed in the corporate risk register.
- 2.4 Welfare changes such as Social Sector Size Criteria and the Benefit Cap has had an adverse impact on the council's financial position and created financial hardship for a number of customers. As a result, income collection and arrears prevention is more challenging.
- 2.5 In February 2015, KPMG published an Operational Maturity Assessment into Rent Arrears Collection. This research was based on analysis and key findings based upon the income processes and interviews with a number of staff. A key finding of the report was that "wherever possible to use accredited trainers in a classroom setting rather than internal staff to ensure standardised best practice."
- 2.6 There are circa 200 Housing Officers who require comprehensive specialist arrears collection training. Many of the officers have either a specialist background in Tenancy Management and have no collection or negotiation skills or have come from other council departments resulting in no account management abilities or personal confidence in rent arrears collection. As the training will be delivered to all Housing Team Leaders, Housing Officers and Income Recovery staff it will be consistent. This training will be linked to all staff member appraisals in 2015/16 and be part of their Continuous Professional Development.
- 2.7 Each training course will last for 2 working days. The syllabus will involve:

- fully understanding the specialist role and responsibility of rent arrears collection
- being clear on the ideal outcome required from every rent arrears visit/ telephone call
- how to demonstrate the desired behaviour required
- having a clear understanding of the different defaulter types
- how to structure a rent arrears collections visit/call to enable control of the visit/call and achieve the ideal outcome
- how to and have the confidence to ask for a payment
- how to ask key questions to obtain quality data to enable understanding of the customers circumstances; their genuineness, ability and intent to pay
- how to raise the payment priority of the outstanding rent arrears
- how to explain the actions and effects of non-payment in order to encourage the customer to make an offer of payment today
- how to negotiate a payment today with a sincere sustainable payment promise for the remaining balance and the ongoing rent to be paid on time in the future
- how to sell the benefits of paying by direct debit
- how to empathise where appropriate/demonstrate understanding of the customers situation and the emotions attached
- the benefits of lots of practice using real life case studies and receiving feedback

2.8 As a result of the proposed training, staff will be able to identify arrears prevention, improve arrears collection performance and this will be a more efficient use of staff resources and time and will enhance productivity.

### **3 Main issues**

#### **3.9 Procurement Process**

3.9.1 Housing Leeds has sought to employ externally contracted trainers to undertake this training. An assessment has been undertaken to consider if there are any existing contracts to provide training through our Internal Service Provider, existing QA Training Framework, or existing suppliers. We confirm that our Internal Service Providers and QA cannot provide this training as they did not have an off the shelf training product to deliver or a fully experienced trainer to deliver the

interactive course, we did test them out a part of the trial of 3 companies, but we were not fully satisfied with their trainer's experience, delivery, and they did not provide a takeaway guide for staff to follow post training, to proceed with training without these key items would be a huge barrier to improving rent collection prior to 31<sup>st</sup> March 2016.

- 3.9.2 As a result of no suitable Internal Service providers or current arrangements a competitive exercise has been carried out. Quotes and test sessions have been sought and undertaken from 3 other companies with whom the Council have prior knowledge of working with under previous contracts. The prices received from each company, is stated in a confidential appendix 1.
- 3.9.3 The 3 bidders were invited to deliver a training course and follow on coaching session back in the workplace, these sessions were evaluated against quality of content and also the priced submissions were evaluated. Orbit Services 2000 Limited were deemed the preferred bidder to deliver best value to the Council.
- 3.9.4 Orbit Services 2000 Limited has been previously used by all the former ALMO's for debt recovery negotiation training; the same as being currently proposed. It was then considered as value for money. As a result of the training, income collection rates in the ALMOs increased. Staff feedback from training undertaken by Orbit Services 2000 Limited, in the past was very high, resulting in a more confident staff base and an increase in staff morale. Orbit Services 2000 Limited has confirmed that they could provide the training from late September 2015 allowing for Rent Collection performance improvements during quarter 3 and 4.

### 3.10 **Risk**

Housing Leeds' main source of income is through rent collection. One of the KPMG report recommendations to maximise rent collection, is to undertake external training as soon as possible. Failure to deliver such training immediately could result in a lost opportunity to maximise income collection.

### 3.11 **Advertising**

As this training is deemed urgent, no advertising was undertaken via the Yortender electronic tendering system. However 3 independent external organisations were approached and invited to submit a course outline inclusive of costing's in line with the requirements of Contracts Procedure Rule 8.2 which states 'At least three written Tenders will be invited'.

## **4 Corporate Considerations**

### **4.1 Consultation and Engagement**

- 4.1.5 The need for this training originated from staff interviews/ focus groups as part of the KPMG consultancy whereby staff identified that they had skills gaps in income recovery negotiation skills.

4.1.6 PPPU&PU have been consulted and have supported the procurement process to ensure compliance with the Contract Procedure Rules and the Procurement Regulations.

4.1.7 The assessment for this training, is been supported by Housing Management SMT.

## **4.2 Equality and Diversity / Cohesion and Integration**

4.2.1 There are no cohesion and integration issues foreseen.

4.2.2 The training venues will be fully accessible and therefore compliant with the Disability Discrimination Act.

## **4.3 Council policies and City Priorities**

4.3.1 The delivery of this training will support the Best Council Plan priority 1 "Supporting communities and tackling poverty".

## **4.4 Resources and value for money**

4.4.1 Housing Leeds has sufficient budgetary provision to pay for this training.

4.4.2 Orbit Services 2000 Limited is the preferred bidder and deemed the best value for money in terms of the evaluation methodology applied. They provided the lowest priced submission and only company that fully met the requirements of the specification.

4.4.3 The specialist arrears training will be fully supported by managers and effectively evaluated to evidence return on investment.

## **4.5 Legal Implications, Access to Information and Call In**

4.5.1 This report is an Administrative Decision to be taken by the Chief Officer Housing Management. Therefore this report was not eligible to go on the Forthcoming Decision list and does not require Call In.

## **4.6 Risk Management**

4.6.1 The key risk for not delivering this training is that income recovery performance could potentially further deteriorates.

## **5 Conclusions**

5.1 The maximization of income collection is a key priority for Housing Leeds, as this enables good housing management and investment into the stock. The recently received KPMG report in income recovery recommended external training to be delivered to all staff involved in income collection, enabling a more consistent approach and to enhance staff skills. Orbit Services 2000 Limited who has previously undertaken work for the former ALMOs; then provided value for money

and high staff satisfaction and from receiving recent quotes were the cheapest provider. Furthermore Orbit Services 2000 Limited can deliver the training requirement within the next three months.

## **6 Recommendations**

- 6.1 That the Chief Officer Housing Management within this report is requested to approve that Orbit Services 2000 Limited is commissioned to deliver Rent Collection Training. The contract will commence September 2015 and complete December 2015 for a total value of £50,320.00.

## **7 Background documents<sup>1</sup>**

- 7.1 KPMG Operational Maturity Assessment into Rent Arrears Collection
- 7.2 Appendix 1. Price Submissions

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<sup>1</sup> The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.