

A Social Landlords' Guide to Reducing Rent Arrears

Proven tactics to reduce your rent arrears from some of the industry's best performing practitioners



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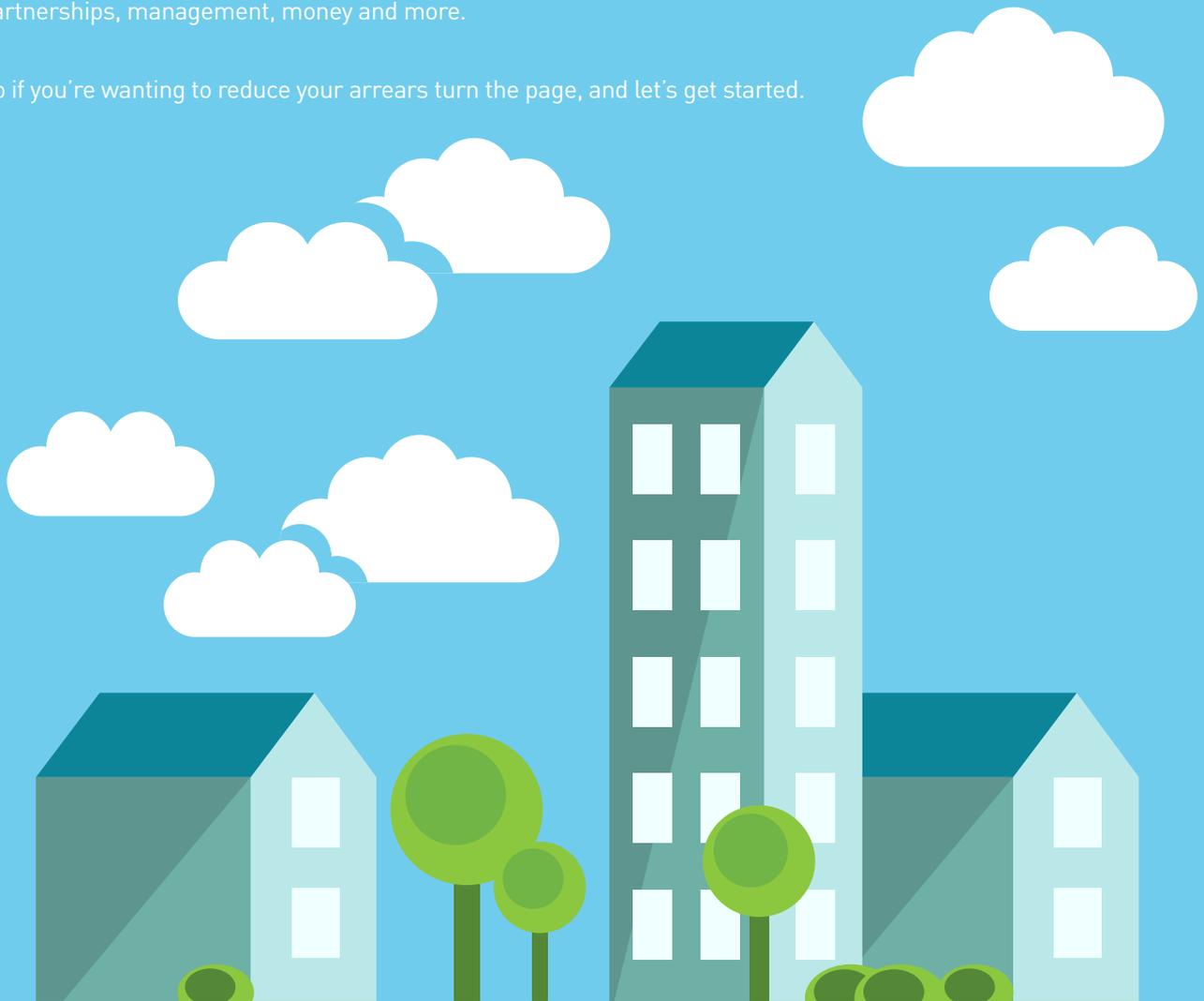


Introduction

For many social housing providers reducing rent arrears is critical to the successful running of their operations. High arrears can have many unintended effects on a social housing provider: additional incurred costs of recouping debt as well as writing off debt, all of which negatively affect the balance sheet.

Mobysoft has worked with some of the sector's leading practitioners to develop some best practice tips that will help social housing providers drive down arrears and increase their efficiency and collection rates. These are real world examples of what is working and making a difference in the social housing sector today. We have broken these tips down into different sections including: communications, partnerships, management, money and more.

So if you're wanting to reduce your arrears turn the page, and let's get started.



Money

Reducing Arrears is all about the Money!

Ask for the money!

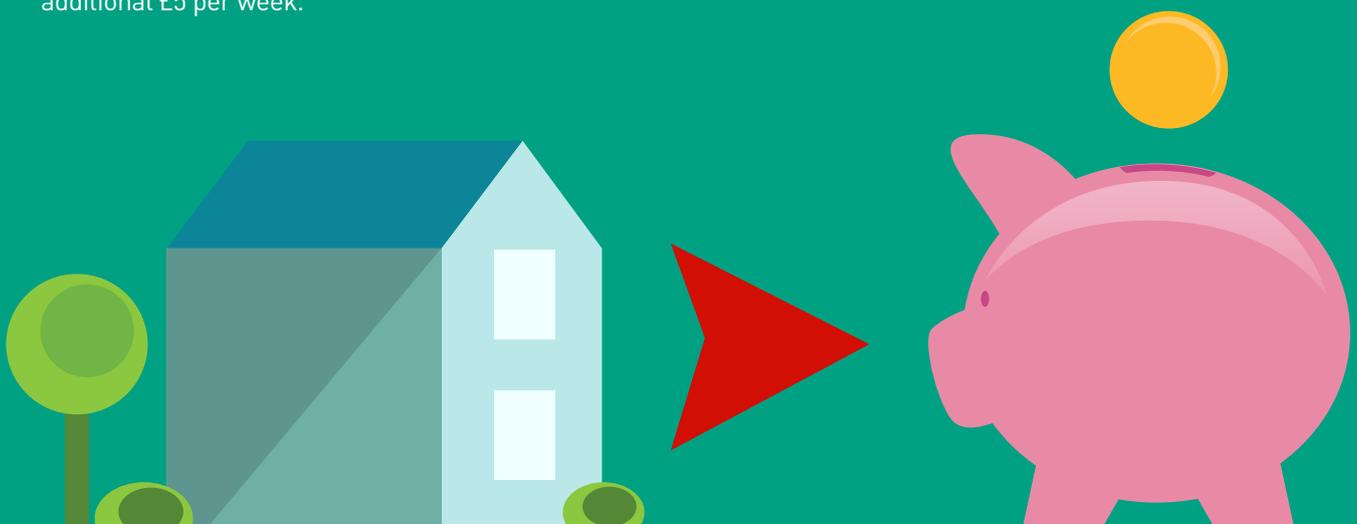
This may sound obvious but on every call ask for payment, something along the lines of “How would you like to pay today?” If you don’t ask, you don’t get.

Negotiate

When asking for the money you’re better off asking for full clearance to begin with, and work back from there. Assume that the customer can pay. If they can’t, when you negotiate start high and negotiate down. So if you want £100 from your tenant to reduce their arrears start off higher at £150, then at least this gives you room to negotiate.

Set Dates and Targets

When setting up an arrangement ask the tenant “when would you like to be free of this debt?” and then set up an arrangement to cover this. For example clearance in six months. This then gives the tenant an end date and something to aim for rather than an open ended arrangement of pay an additional £5 per week.



Money

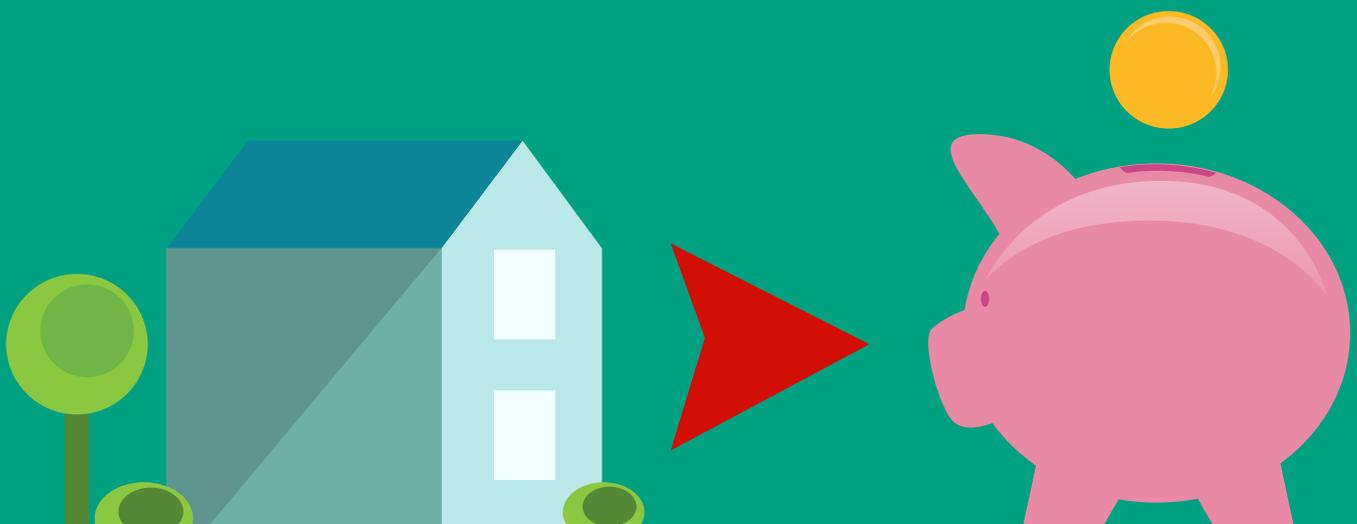
Direct Debits

Signing up tenants to Direct Debits makes collecting rent so much easier, so promote direct debits at every opportunity. Also remember it has got to be convenient for tenants. So by accepting any day Direct Debits this means tenants can set payments to come out of their account when they have been paid. What's more the cost of processing a direct debit transaction is cheaper than a cash transaction.

Self-Serve Payments

For some the myth exists that tenants won't self-serve, but they are and in increasing numbers. Encourage tenants to pay and manage their account online, the added benefit of doing this is it reduces overheads, but also allows them to make payments 24/7.

Tip! When wanting to blitz your arrears try targeting failed direct debits first, this often generates a 'quick win' for the income team.



People

You can't reduce arrears without your income team. They are critical to the success of reducing arrears.

Recruit the right the staff!

It sounds simple enough, but recruitment can be a minefield. However, you get this right at the beginning and it can make the whole process of income collection much easier. Make sure new recruits enjoy being on the phone, are solution focused, energetic, good negotiators and great communicators.

Invest in Your Staff

The workplace has now changed and income officers are now 'marketable commodities' in the recruitment world. So invest in your staff and their skills, this way this will help you retain your best staff and attract other high performing officers.



Management

You can't reduce arrears if you don't know the stats. Without the stats you can't make the right informed decisions so managing the whole process is critical.

Know Your Stats

Make sure performance stats are at your finger-tips both for individuals, the team, and the organisation. With this you can quickly see where the hot-spots are and be much more focused in where you need to apply your resources.

Report Completion

Keep a tight hold on report completion as what gets measured gets done.

Monitor Decision Making

Continually monitor accounts to ensure officers are making good decisions and taking timely action.

Pre-court Welfare Checks

Undertake pre court welfare checks when tenants who are about to go to court are visited by a welfare officer to ensure they are receiving the correct benefits and to run through the implications of a court hearing and county court orders.



New Tenant Management

Monitoring new tenants can help prevent issues down the line, below are some steps that many landlords see to minimise issues arising from new tenancies.

Set Expectations

Instil a payment culture with new tenants. One of the best ways is insisting on taking rent up front before new tenants get keys.

Assess Before Signing

Pre-tenancy assessments, this includes going through income and expenditure with applicants and budgetary planning. Remember to encourage new tenants to sign up to direct debits. Also it is an opportunity to provide tenants with the correct documentation to support their Housing Benefit claim, helping to ensure payments.

Early Intervention

Early intervention as soon as you identify a customer who has specific vulnerabilities or needs help with managing money, deploy a Welfare Reform Officer to work with them to ensure they are connecting to the right organisations and have stable finances.



New Tenant Management

Maintain Credibility

You need to maintain credibility with tenants. If you outline what will happen if payments are missed to a tenant then you need to ensure as organisation that these actions are followed through. If not you lose credibility with tenants and they may then push further boundaries.

Make it Feel Like Home

Help new tenants make their property feel like home. If you do this not only will they take more care of the property, but also they are more likely to pay their rent on time. Help them by introducing them to services such as Freecycle where they can get free goods to furnish their home etc.

Finally monitor, monitor and monitor all new tenants!



Create Partnerships

Don't work in isolation create and build relationships with local authorities

Build Relationships

Build strong and productive working relationships with the local authorities you deal with. Getting a dedicated representative from the housing benefit team to visit your office(s) on a regular basis not only builds trust and keeps you better informed but will also help resolve queries quicker.

Joint Meetings

Use these relationships to discuss claims but also set up meetings with your residents. Undertake joint home visits with the senior benefit officer so you can deal with changes of circumstances in real time. A joined up approach will also make it easier for tenants as well, so everyone benefits.



6 Cs of Communication

Communication with your tenants is critical in reducing arrears. But how you communicate and with what frequency and tone will determine much of the success of your arrears reduction. We've developed 6C's that will help you with communication.

Clarity

It is vital what you say is clear and tenants can have no confusion over the meaning, so use plain English in all communications. Think as if you are talking to tenants face to face.

Concise

Why use a paragraph when a sentence will do. No one wants to read War and Peace, so get to the point.

Courteous

Manners cost nothing and can help build relationships and trust. Make sure officers always say 'Thank you' after each call and are polite to tenants.



6 Cs of Communication

Current

Keep your letter and email content current and fresh. So make sure you review and update them making them informative and eye catching, and watch your response rates rise

Consistent

What you are saying on the phones is this reflected in your letters and emails. What your website states is this reflected on phone messages that tenants get. Consistent messaging is the most effective. The more people hear it the greater the response rates will be.

Constant

Contacting tenants irregularly and simply to chase for payments can make your HA, ALMO or council feel remote and distant. Stay in touch with constant and relevant contact using different mediums. From a text after payment has been received saying 'thank you for your payment' through to letters about development work in their area. This constant communication makes you more approachable as an organisation.

Tip! Always refer to 'debt' in letters and on the phone – it is more emotive than rent arrears



 communication 

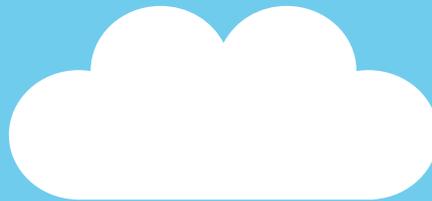
Miscellaneous Tips

Technology

Use technology to get ahead of the game. Using Apps and CRM help improve collections, data and efficiency

Dedicated Arrears Campaigns

Have a dedicated arrears campaign every so often, such as annually, bi-annually once a quarter etc, when you contact everyone in arrears. Ensure the campaign is integrated across your organisation including: texts, letters, calls, social media, meetings and online. Ensure that you limit leave throughout the campaign so you have maximum resource to help collect payments and reduce arrears. Support this with a roadshow at key locations in the local community, perhaps even partnering with LA's being able to target rent arrears with benefit advice will help draw larger audiences.



Thank You

Thanks for reading and we hope it helps.

We would also like to thank all those industry experts who helped compile this guide for the benefit of those working in social housing.

The organisations that helped compile this report are:



If you have any comments about this guide please get in touch with Mobysoft.

About Mobysoft

Mobysoft helps deliver time and cost saving solutions, which create tangible ROI for the Social Housing sector.

Founded in 2003 we offer a range of products including mobile SMS services to our unique rent arrears Business Intelligence application called RentSense. RentSense uses complex algorithms to analyse housing association's tenants' accounts, including all historical data, to assess their true arrears situation.

The software ensures an effective rent recovery process for over 55 housing organisations, including 8 of the G15. Many have collected c.£400,000 extra rent in their first year and achieved an average efficiency saving of 25%.



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