
Rent Arrears Progress Report

October 2018 to December 2018

Housing Scrutiny Commission: 11th March 2019

Assistant Mayor for Housing: Cllr Andy Connelly
Lead Director: Chris Burgin

Useful information

Ward(s) affected: ALL

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1. Purpose of the Report

- 1.1 To inform the Members of the Scrutiny Commission the rent arrears progress for quarter 3 which covers period, 1st October 2018 to 30th December 2018.

2. SUMMARY

- 2.1 The cash amount owing at week ending 30th December 2018 was **£1,504,978**, this is **2.9% lower** than at the same point in the previous financial year – see 3.1, Table 1.
- 2.2 The proportion of rent collected between April to December 2018 was **99.69%**, this is in line with achieving the set target for year end.
- 2.3 Between April 2018 and December 2018 a total **£138,222** was paid by Discretionary Housing Payments (DHP's) for all Council tenants. From this figure a total of £57,138 was paid to support those tenants affected by the Bedroom Tax. A total of £5,067 was paid to support LA tenants in receipt of Universal Credit. The team are prioritising their focus on utilising the DHP funds for 2018/19, to help sustain tenancies for those in rent arrears.
- 2.4 Evictions are carried out as a last resort and during quarter 3 there were a total of 7 evictions that took place due to non-payment of rent. This figure is **lower** in comparison to the same point last year (2017/18) where the figure was 11.
- 2.5 Universal Credit Full Service was introduced on 13th June 2018. By the end of Quarter 3 (30th December 2018) a total number of **1,270** tenants had made a new claim for Universal Credit and the total value of arrears at the end of quarter 3 was **£265,988**.
- 2.6 The Rent Management Advisors have been supporting vulnerable tenants, or those with complex needs who are claiming Universal Credit. By the end of quarter 3 a total of **544** council tenants were supported with their Universal Credit claim. Majority of the tenants only required short-term support and generalist advice.
- 2.7 The number of tenants in serious debt, (owing more than 7 weeks rent) was **1412**, this is higher by 23% in comparison to the same point last year – see 3.3, Table 2

3. REPORT

Rent Arrears

- 3.1 Rent arrears at the end of the third quarter (30th December 2018) and previous financial years were:

Table 1. Quarterly Arrears

Q3 Period (Oct to Dec)	Arrears at End of Quarter 3
2014/15	£1,300,041
2015/16	£1,129,210
2016/17	£1,191,775
2017/18	£1,549,990
2018/19	£1,504,978*

* All payments collected up to week ending 30th December 2018 are included.

- 3.2 The rent arrears decreased by **2.9%** in comparison to the same point in the previous year (2017/18). The increased difference between the last 2 years and previous years is a result of an awkward month end resulting in incoming direct debit payments not being included within quarter 3.

Number of Cases

- 3.3 The number of tenants with rent arrears owing 7 weeks or more net rent is shown in tables 2 below:

Table 2. Breakdown of Arrears Cases by quarter end 2018-19

Q3 Period (Oct to Dec)	Owing 7 Weeks or more Net
2014/15	1,617
2015/16	1,839
2016/17	1,124
2017/18	1,148
2018/19	1,412

N.B. Where no net rent is payable (i.e. on full benefit), full rent has been used as a default value to calculate number of weeks owing)

- 3.4 The number of cases owing 7 weeks or more (net rent) is higher by **23%** over the previous year's quarter end figure (2017/18). The increase is reflecting Universal Credit caseloads and delays in council receiving Alternative Payment Arrangement (APA) from the DWP due to delays of up to 8 weeks.

Arrears per Tenancy

- 3.5 The total arrears divided by the total number of occupied council tenancies are shown below:

Table 3. Average debt by quarter end - 2018/19

Q3 Period (Oct to Dec)	Average Debt
2014/15	£61.02
2015/16	£53.35
2016/17	£57.42
2017/18	£75.88
2018/19	£74.19

- 3.6 Tables 3 shows that the average debt decreased by **2%** in comparison to the same point last year. This figure is variable depending on the number of occupied properties at any given time and the figure is likely to increase due to the diminishing stock numbers through the Right to Buy Scheme.

Top 500 Arrears Cases (by value)

- 3.7 Tables 4 (below) shows the top 500 accounts with highest arrears and total value during Quarter 1, 2 and 3, regardless of tenants payment methods.

Table 4 Top 500 arrears cases by quarter end - 2018/19

Quarter	Top 500 Arrears	Highest case	Lowest case	Average	Total Value
Quarter 1 2018/19	500	£3,551	£614	£952	£475,859
Quarter 2 2018/19	500	£2,826	£658	£1032	£515,835
Quarter 3 2018/19	500	£3,616	£631	£1021	£510,623

- 3.8 The table shows a **1%** decrease of the total value of arrears in comparison to quarter 2 figures but an increase of **7%** from quarter 1 figures. This is in line with the increase seen in table 2 (over 7 weeks net rent) and reflects on the impact and delay of Universal Credit payments. Higher debt cases are generally more complex to manage and require intensive support from the team to help maximise the rent collection.

Impact of Universal Credit Full Service (UCFS)

- 3.9 Universal Credit Full Service was introduced on 13th June 2018. By the end of quarter 3 (30th December 2018) a total number of **1,270** council tenants made a new claim under the new system which equates to **6.26%** of all current council tenants.

- 3.10 At the end of quarter 3 a total of **72.36%** of tenants (919 out of 1,270) were in rent arrears however, a total **75.2%** (955 out of 1,270) already had pre-existing rent arrears prior to making the new UC claim. In comparison a total of **5,382** tenants are in arrears that are not claiming UC which equates to almost **26.53%** of all current council tenants.
- 3.11 The total value of rent arrears at the end of quarter 3 were **£265,988** and the average arrears per case equates to **£209** for those in receipt of Universal Credit.
- 3.12 The team are working collaboratively with the Department of Works & Pensions and Work coaches from the local Job Centre Plus to minimise any impact of Universal Credit on rent arrears and continue to make suggestions to improve the way APA's are paid to landlords.
- 3.13 The DWP granted the council 'Trusted Partner' status which gives access to their Landlord Portal IT system. This has meant the Income Management Team can verify housing costs quickly to prevent delays in UC claims being assessed. The Trusted Partner status also allows the council to apply for Alternative Payment Arrangements (APA's) for vulnerable people who may struggle to pay their rent and any arrears themselves.
- 3.14 To help mitigate this risk of Universal Credit 4 new Officers were recruited in May 2018 called Rent Management Advisors. Their role is to support vulnerable tenants, or those with complex needs who are claiming Universal Credit. They have been helping tenants to set up e-mail accounts, supporting people to make and manage their UC claims, promoting and helping to set up Clockwise Rent Payment Accounts which ensures rent is paid on time and encouraging people to attend digital learning courses.
- 3.15 By the end of quarter 3 the Rent Management Advisors had received a total of **544** referrals and most of these tenants have only required general advice or short-term support whilst they make their initial UC claim. Around **98** had been identified as requiring more long-term support, which the officers are providing.
- 3.16 In June we started a 3-month pilot of co-locating Income Management Team Officers in the 3 Job Centre Plus sites (JCP). This is so we can meet with our tenants at the same time they have their first meeting with their work coach. We use this opportunity to advice on their responsibility to pay their rent themselves and establish whether they need any support to manage their claim, for which a referral to a Rent Management Advisor is made. There has been some positive feedback from staff working as part of co-location.
- 3.17 Around **613** Universal Credit claimants have been seen by Income Management Officers since the start of co-location (June 2018) and **44%** of these were council tenants. Other enquiries have included those from JCP staff (work coach), private sector and housing association tenants. In these circumstances our officers have provided housing related advice or signposted to other services available.

- 3.18 The pilot is currently being reviewed and evaluated to determine if co-location is proving effective and productive for the council and to help decide on the longevity of co-location.
- 3.19 Overall the key risks to the council with the introduction of Universal Credit Full Service is the potential increase in rent arrears, as majority of tenants will be responsible for paying the rent themselves. From the total number of people claiming UC a higher proportion of tenants are in arrears which relate to the initial assessment period of claims and delay in the payment of APA's. The team are supporting those tenants in arrears by making affordable repayment agreements for the outstanding debt and continually seeking to network with the DWP to mitigate the risks of increased arrears.

Proportion of Rent Collected

- 3.20 The Income management team have a key performance management target to ensure the proportion of rent collected at the end of the financial year is 99%. The proportion of rent collected between April to December 2018 was **99.69%**, which is in line with achieving the set target for year end.

Evictions

- 3.21 Evictions remain at a relatively low level compared to earlier years and this is despite the economic difficulties experienced over the period and ongoing welfare reform challenges. Management scrutinise all potential eviction cases to ensure that all avenues of maximising tenant income and sustaining tenancy have been explored. This includes ensuring that any vulnerability has been identified and the necessary referrals to supporting agencies are considered well in advance of any eviction process being followed. The eviction route is pursued as an ultimate last resort and after all efforts to sustain tenancy has been demonstrated and exhausted.
- 3.22 During quarter 3 there were **7** evictions carried out for non-payment as a very last resort and this is lower, than at the same point last year (2017/18) where the figure was 11.
- 3.23 Of the 7 evictions, 1 was a family case and 6 were single people.
- 3.24 From the 7 evictions 6 had no Housing Benefit (HB) in payment prior to the eviction so Discretionary Housing Payment (DHP) was not applicable and 1 has their application refused due to regulations not allowing the non-dependant deductions to be covered by DHP.
- 3.25 Prior to taking eviction action the team work closely with Social Care & Health (SCH) department to help sustain tenancies. From the 7 evictions, 5 tenants were not known to the Adult Social Care (ASC) team, 2 tenants had previous involvement with the Children and Young People Services (CYPS) and ASC teams.

DHP's (Discretionary Housing Payment)

3.26 Between April 2018 and December 2018 a total **£138,222** was paid by Discretionary Housing Payments (DHP's) for all Council tenants. From this figure a total of **£57,138** was paid to support those tenants affected by the Bedroom Tax. A total of **24** council tenants in receipt of Universal Credit were supported by DHP with the total value of **£5,067** in payments being awarded. Currently the team are prioritising their focus on utilising the DHP funds for 2018/19, to help sustain tenancies for those in rent arrears.

5. REPORT AUTHOR

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