
Rent Arrears Report

April 2024 to March 2025

Assistant Mayor Briefing: Monday 2nd June 2025

Housing Scrutiny Commission: 10th July 2025

Assistant Mayor for Housing: Cllr Elly Cutkelvin

Lead Director: Chris Burgin

Useful information

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1. PURPOSE OF REPORT

- 1.1 To inform the Members of the Scrutiny Commission on the rent arrears progress within the general housing stock, over the full financial year, from April 2024 to March 2025.

2. RECOMMENDATIONS

- 2.1 The report is for information and Members are asked to note the contents of the report.

3. SUMMARY

- 3.1 At the end of the financial year (31st March 2025) the cash amount outstanding was **£1.704M**, for current tenant rent arrears within the general housing stock. This is **15% lower** than at the same point in the previous financial year. Like many Social Landlords nationally, the team faced significant challenges in collecting rent and service charges, due to the cost-of-living crisis which continues to impact tenants' financial circumstances. Notwithstanding the team have delivered outstanding performance and the rent arrears are much lower when compared to previous years. The team have managed to control rent arrears from increasing to unmanageable amounts and continued with sustaining tenancies despite the economic pressures. (See 4.1 to 4.5, Table 1 & 2).
- 3.2 The proportion of rent collected between April and March 2025 was **98.84%**. The figure reflects a rolling 53-week performance and demonstrates the hard work and tremendous efforts made by the team in maximising rent collection.
- 3.3 The team supported tenants to apply for Discretionary Housing Payments. A total **£259,153** was paid in awards for all qualifying Council tenants. This is a **29% Increase** in awards compared to the previous financial year. (See 4.32 to 4.33)
- 3.4 The team successfully processed Household Support Fund (HSF) applications to award **£970K** worth of housing costs to tenants affected by the cost-of-living crisis. A total of **1399 tenants** were supported by this scheme. This year the scheme was offered in two phases, the HSF5 scheme which was available from May 2024 – September 2024, with an allocation of £500K. HSF6 Scheme which was available from October 2024 – March 2025 with an allocation of £470k. The allocation and successful distribution of DHP and HSF funding has had a significant impact on the Council's ability to support tenants in sustaining their

tenancies which is of paramount importance alongside collecting the income which sustains Housing's services.

- 3.5 A further **5,319** tenants which is **28%** of all Council tenants were supported with Utilities and/or Food. Like the Household support fund for rent support, this support was offered in two phases, HSF5 and HSF6. This shows a **1% Increase** in support in comparison to the previous year. (See 4.34 to 4.37, Table 10).
- 3.6 The total value of the top 500 cases at year-end 2024/25 **decreased** by **20%** when compared to the same point in the previous year. (See 4.11 to 4.13 & Table 7 & 8).
- 3.7 By the end of the financial year 2024/25, a total number of **9,305** council tenants were claiming UC equating to **49%** of all current council tenants. This compares to **24%** of council tenants in receipt of Housing Benefit. By the end of the year a total of **52%** of tenants claiming UC were in rent arrears (See 4.17 to 4.22, Table 9).
- 3.8 The Rent Management Advisors (RMA) have been supporting tenants with welfare benefit claims. They received a total of **1,111 referrals** throughout the year, which is **9% higher** than at the same point in the previous year and **77%** of the households had some type of vulnerability. (See 4.23 to 4.31). The work of the RMAs is critical to tenancy sustainment, and they regularly receive positive feedback for their excellent work in supporting tenants.
- 3.9 In the last financial year, only **4 evictions** were conducted for non-payment of rent, and this figure compares to 7 in 2023/24 and 7 in 2022/23. These were all single households; no families were evicted during the year. Since April 2024, a total of **59 cases** were submitted to court for rental possessions which equates to an **average of 5 cases** per month and this compares to 81 court submissions in the year 2023/24. Pre-Covid, the average court submissions were around 80 cases per month which represents **94% annual reduction** in possession actions. (See 4.38 to 4.40) This is a fantastic achievement and represents some of the lowest levels of eviction across the whole of the country. When reviewed alongside the high levels of income collection this is indicative of the outstanding performance of the team.

4. REPORT

Current Tenant Rent Arrears

4.1 Current Rent Arrears at the end of each quarter for the financial year 2024/25:

Table 1. Quarterly Arrears

Period	Arrears at Quarter End
Quarter 1	£2,715,523
Quarter 2	£3,210,877
Quarter 3	£1,789,044
Quarter 4	£1,704,319

4.2 Comparison of year-end figures over the last four years:

Table 2. Financial Year End Figures

Period	Arrears at Financial Year End
2021/22	£1,576,981
2022/23	£1,724,846
2023/24	£1,974,282
2024/25	£1,704,319

- 4.3 Table 1 shows the cash amount owing at the end of each quarter in the last financial year. The arrears were higher at the start of the year and decreasing towards year-end which historically, are normal patterns and trends that are seen.
- 4.4 Table 2 shows the cash amount owing at week ending **31st March 2025**. The total arrears were **£1.704m**, which is over **15% lower** compared to the same point in the previous financial year. This figure does not represent non-dwelling properties.
- 4.5 The proportion of rent collected between April and March 2025 was **98.84%**. The figure reflects a rolling 53-week performance and demonstrates the hard work and tremendous efforts made by the team in maximising rent collection. The rent collection figures for Leicester remains excellent in comparison with other authorities with only **40%** of our current tenants in rent arrears.
- 4.6 The list below sets out a summary of some good working practices and achievements of the team.**
- Processed Household Support Fund applications to award **£970k** worth of housing costs to tenants affected by the cost-of-living crisis. A total of **1399 tenants** were supported by this scheme. A combined total of 547 children living within these tenancies benefited from this support. A total of 226 tenants with disabilities received this support along with 41 Pensioners. The remainder of the award supported 585 households with vulnerabilities.
 - The team communicate with tenants in various ways to encourage rent payments, maximise rent collection and reduce rent arrears. A total of **44,409 telephone contacts** were made or received by the team in the financial year 2024/25 including duplicated contacts made by the team to the same tenant, averaging 171 calls per working day.
 - A further **7,437 text messages** were sent by the team to reach out to tenants for payment and support. This does not include the automated bulk texting facility.
 - **Emails** were also sent and received to tenants and a total of 17,529 were sent and 11,146 were received which is a **combined total of 28,675** throughout the year, averaging 110 emails per working day.
 - A total of **962 home visits** were completed to tenants' home which is an average of 4 visits per working day throughout the year.
 - The team produced and issued **24,986 letters** throughout the year not including the system generated automated letters. This includes a combination of general rent

payment reminder letters and invites to appointments alongside anything more serious where legal actions due to persistent non-payment is being considered. This equates to 96 letters per working day.

- We collaborated with the Councils IT department to develop the **Housing Online** system enabling tenants to access a breakdown of their service charges. This allows tenants to provide DWP a breakdown of their rent and service charges to support their Universal Credit applications and ensure claims can be updated and processed in a timely way. The system has been further enhanced allowing tenants to see any additional amounts owed in their sub-accounts for example warden or alarm charges.
- We referred over **110 tenants to the National Energy Action** who provide a single point of contact service for people with health conditions or vulnerabilities that put them at greater risk of being affected physically or mentally by the cold. The resolute energy advisers provide tailored support to tenants with their energy bills, negotiating with energy suppliers, adding them to the Priority Services Register, if eligible, as well as long-term energy advice.
- Effective **partnership working** with the District Managers (Tenancy management) and the Repairs managers to agree decisions to progress complex cases and discuss any tenant issues which might be causing reasons to withhold rent payments.
- A joint approach and attendance at **Corporate Income Collection meetings** to identify any emerging patterns and trends impacting debt collection. Sharing performance information and good practice to ensure there is a consistent culture in corporate debt collection across the council.
- Continuing cross cutting and **multi-agency work on non-engagement cases** by using the strategies that were developed in the recent years. For example, applying internal system messages alerting all Housing staff that tenants need to engage with the team urgently. Enabling the tenants to discuss their position and offer proposals in writing opposed to speaking or meeting with us. Consulting with the tenancy management teams and police to conduct welfare checks or checking hospitals, Social Care, and prisons on tenant whereabouts.
- Frequent **complex case review meetings** with Manager and Team Leaders to explore serious arrears of more than £1,500. The meetings help produce a plan of action and kept the team challenged as the cases were overseen by management.
- An ongoing **emphasis on staff performance management** to ensure output and productivity is not affected whilst the service continues operating from home.

Number of Cases

4.7 The number of current tenants with rent arrears owing 7 weeks or more net rent is shown in tables 3 & 4 below.

Table 3. Breakdown of Arrears Cases by Quarter end 2024-25

Period	Owing 7 Weeks or more Net
Quarter 1	1,070
Quarter 2	1,002
Quarter 3	571
Quarter 4	477

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

Table 4. Breakdown of Arrears Cases by Year End

Period	Owing 7 Weeks or more Net
2021/22	956
2022/23	968
2023/24	862
2024/25	477

4.8 The number of cases in arrears owing 7 weeks or more net rent, **decreased by 45%** over the previous year end figure. The 7-week arrears include lower amounts of net rent, so this is not a true reflection of the serious debt cases.

Average Arrears Per Debtor

4.9 The total arrears divided by the total number of tenants in rent arrears at the specified intervals are shown in tables 5 & 6 below:

Table 5. Average Arrears per Debtor by Quarter End 2024/25

Period	Average Arrears
Quarter 1	£277.07
Quarter 2	£297.22
Quarter 3	£247.48
Quarter 4	£226.01

Table 6. Average Arrears per Debtor by Financial Year End

Period	Average Arrears
2021/22	£233.14
2022/23	£246.94
2023/24	£273.79
2024/25	£226.01

4.10 Table 5 shows the average arrears fluctuated at each quarter end and Table 6 demonstrates, by year end they were lower by 17% compared to the previous year end which correlates with the decrease in the value of the rent arrears.

Top 500 Arrears Cases (by value)

14.11 Table 7 & 8 (below) shows the top 500 accounts with the highest arrears and total value of arrears at the end of each quarter and year end regardless of tenants' payment methods.

Table 7. Top 500 Arrears Cases by Quarter End

Quarter End 2023/24	Highest Case	Lowest Case	Average	Total Value
Quarter 1	£5,797	£852	£1,285	£642,713
Quarter 2	£6,495	£797	£1,193	£596,399
Quarter 3	£5,293	£612	£1,012	£505,756
Quarter 4	£3,787	£582	£882	£440,904

Table 8. Top 500 Arrears Cases by Year End

Period	Highest Case	Lowest Case	Average	Total Value
2021/22	£3,569	£607	£940	£470,151
2022/23	£3,009	£650	£930	£464,865
2023/24	£5,889	£717	£1,101	£550,651
2024/25	£3,787	£582	£882	£440,904

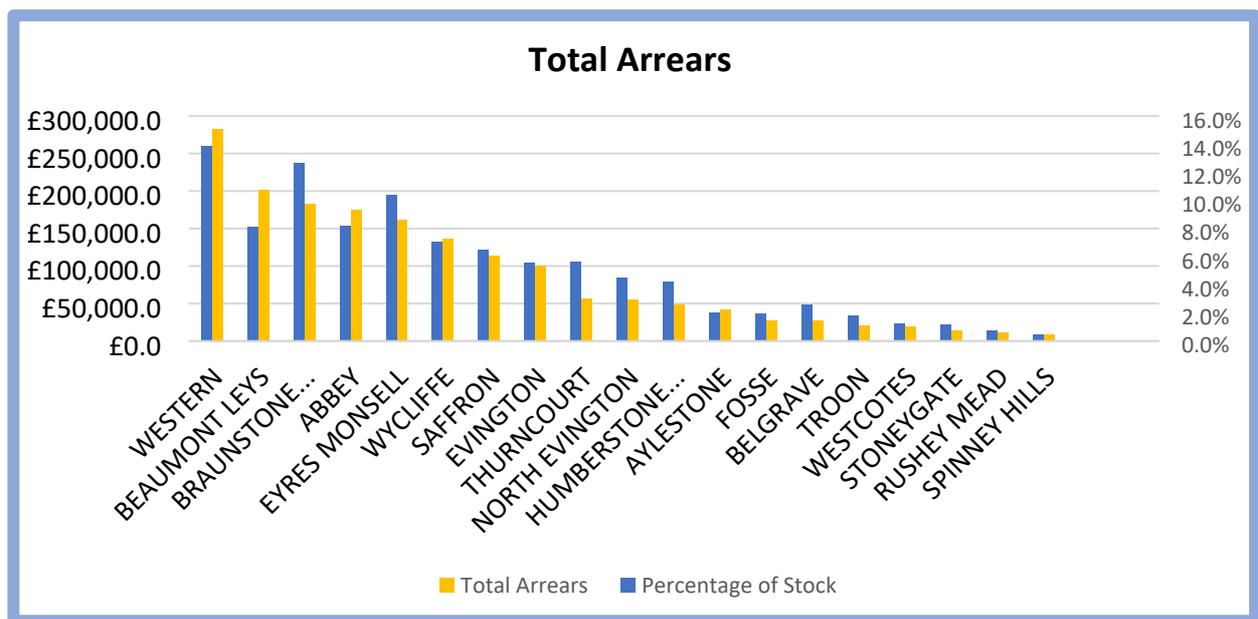
4.12 Table 7 shows that the total value of top arrears cases **decreased by 31%** at year end when compared to quarter 1. The total value figures within this table have been relatively stable throughout the year.

4.13 Table 8 shows the total value of the top 500 cases at year-end 2024/25 was **lower by over 17%** when compared to the same point in the previous year.

Arrears by Ward

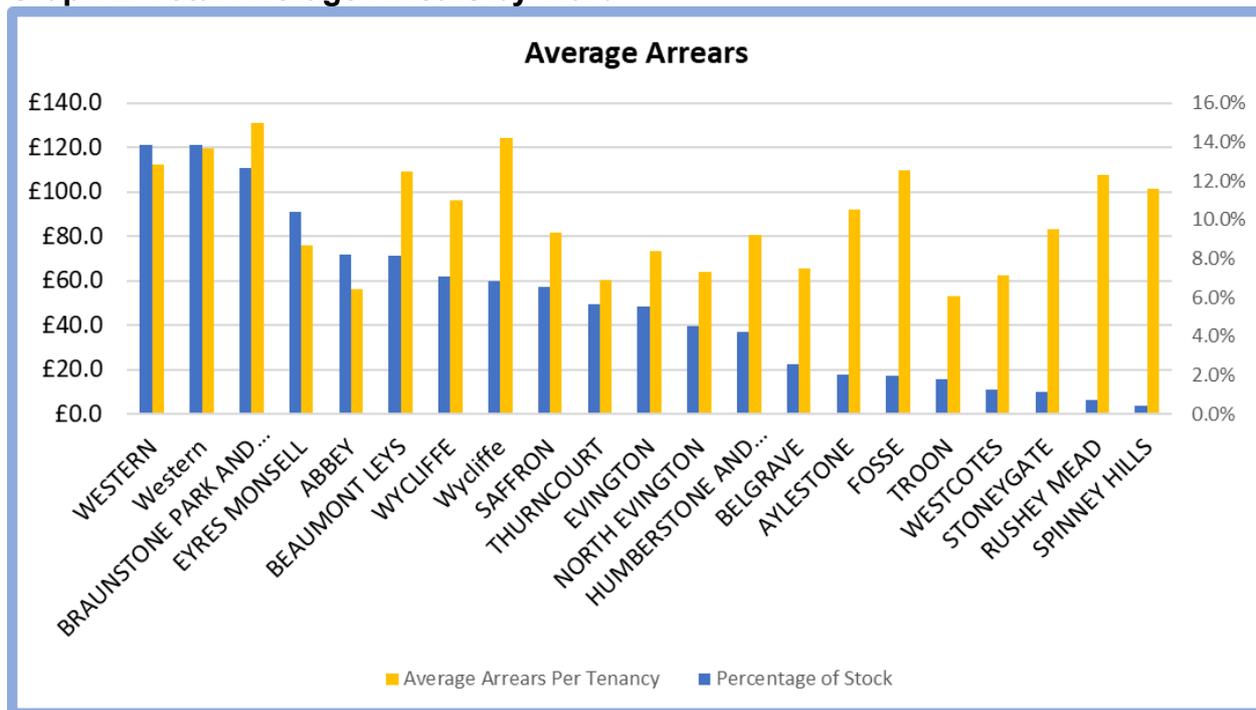
4.14 The graphs presented below show the total arrears and average arrears by ward at end of financial year 2024/25.

Graph 1. Total Arrears by Ward



4.15 The total arrears chart shows that the ward areas with the most stock have the highest arrears values, and the arrears are proportionate against the percentage of stock. There are no significant changes compared to the wards in comparison to last year. There is a combination of reasons for rent arrears to fluctuate for example, an increased number of monthly payers that fail to pay their rent on time or, opting to use pay point causing delays in payments reaching rent accounts in time for year-end. Historically, some tenants need persistent reminders and encouragement to pay rent in a timely way and therefore, pockets of staff underperformance or absence related issues where tenants are not being pursued for rent, can lead to negative impacts within ward areas.

Graph 2. Total Average Arrears by Ward



4.16 The average arrears chart presents the total average arrears per tenancy.

As the chart illustrates areas which are lower in stock have higher average arrears value. Despite low stocks sizes even the smallest number of cases with very high arrears can cause the average arrears to spike up. Areas with flats and bedsits can be predominantly occupied by single people. We know that single people are known to have more changes in circumstances on multiple occasions within a year compared to families or tenants of pension age. Changes in circumstances, benefits sanctions or transitioning in between different benefits or employment can cause an increase in rent arrears until such time the situation is resolved. Changes in employment status or zero-hour employment contracts can cause a spike in arrears whilst the tenant adapts to changes in their personal circumstances.

Universal Credit & Rent Management Advisor Support

4.17 Table 9 (below) provides information about Council tenants claiming Universal credit from the Department of Works and Pensions (DWP).

Table 9. Universal Credit Key Performance Indicators

Quarter End 2024/25	Number of UC Cases	% UC Cases in Arrears before UC Started	% UC Cases in Arrears at Quarter End	Total Value of Arrears	Average Arrears per Debtor	No. of APA's*
Quarter 1	7,673	58%	70%	£1,635,657	£305	4,493
Quarter 2	8,284	57%	76%	£1,999,646	£318	4,935
Quarter 3	8,820	56%	47%	£1,110,778	£258	5,333
Quarter 4	9,305	54%	49%	£1,158,299	£238	5,670

*APA = Alternative Payment Arrangements are when the DWP pay the housing Costs directly to the Council from the tenants Universal Credit Housing costs entitlement

4.18 By the end of the financial year 2024/25, a total number of **9,305** council tenants were claiming UC equating to **49%** of all current council tenants. This compares to **24%** of council tenants in receipt of Housing Benefit.

Universal Credit is credited to tenants a month in arrears which means tenants rent account can display virtual or technical arrears until such time that payment is received.

4.19 Table 9 shows when tenants moved onto Universal Credit of tenants had pre-existing rent arrears on their rent account. This is a common theme when existing benefit claimants transition from one benefit to another, resulting in periods of non-payment of rent whilst the benefit payments are being processed. A tenant's non-compliance with the process can add to rent arrears increasing and backdating of UC can only be granted under very exceptional circumstances.

4.20 By year end a total of **5,670** tenants had successful APAs in place. The remaining tenants on UC are either waiting for UC award, paying the council directly using other payment methods, waiting for APA approval or for the first payment to reach their rent account. Again, the delay in payments will result in the account showing rent arrears which contributes to the overall arrears position in the earlier tables.

4.21 The team continue 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. Any issues with complex cases or with the joint working arrangements are escalated to the DWP Partnership Manager's for resolution. The team continue to provide an appointment service form the Job Centre Plus where appropriate and if tenants require urgent appointments to support benefit claims.

4.22 The DWP granted the council 'Trusted Partner' status which provides access to a 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.

- 4.4 The teams **8 Rent Management Advisors (RMA)** are responsible for supporting our most vulnerable tenants, or those with complex needs with claiming and maintaining Universal Credit claims. They have been helping tenants set up e-mail accounts, supporting people to make and manage their UC claims, supporting tenants with backdated payments and reconsideration of welfare benefits and encouraging people to consider digital learning courses. Additionally, they are regularly conducting research and sharing information within the team so we can respond to tenants needs and provide the most appropriate advice.
- 4.24 The RMAs received a total of **1,111 referrals** which is just over **9% higher** than at the same point in the previous year and **77%** from the total number of referrals had an identified vulnerability disclosed by the tenant. From the **1,111** referrals a total of **1075** were accepted (**97%**) and **3%** of referrals were **refused** as they did not meet the criteria for support. A total of **72%** of cases are **now closed** due to the support ending and **15%** of the closed cases failed to engage with RMAs. The current active caseload is **165 cases**.
- 4.25 The cases are separated into two types of support 'Short-Term' usually up to two months and 'Long-Term' up to six months. From the **883 cases** that have been closed so far, a total of **81%** of the tenants required **short-term support** in making benefit claims or basic budgeting advice and the remaining **19%** required **longer-term support** to help manage their claims and, to apply for any additional elements within their claim for example, Limited Capability for Work Related Activity. This is worth an extra **£423.27 per month** to tenants, however it can take several months for this to be awarded as tenant would usually be required to complete a Work Capability Assessment (WCA) to qualify for this payment.
- 4.26 The average wait time for the referrals to be allocated was **4 working days** and the average time to make the first contact with the tenant was **3 working days**. This demonstrates a waiting list process did need to be used, to allow the team to effectively manage the workloads.
- 4.27 The referrals were marked within a priority banding high, medium, and low. **High** defines tenants at immediate risk of homelessness i.e., pending evictions which amounted to **28%** from the **1,075 referrals that were accepted**. **Medium** priority referrals where tenants who were at risk of court possession proceedings equated to **59%** of the referrals. **Low** priority referrals where tenants had low level arrears with no legal action being considered were **13%**.
- 4.28 The team pursue legal action only as a last resort when all opportunities to sustain tenancies have been exhausted. From the 883 closed cases, **8%** of cases were pursued with **legal actions** due to non-engagement or persistent non-payment despite RMA intervention. This demonstrates that **92%** of households were supported with **tenancy sustainment** and any threat of possession proceedings as removed. On current and active cases, it demonstrates there is further scope to provide tenancy sustainment and support. For ongoing eviction cases RMAs provide frequent support and maintain efforts to engage with tenants until such time the eviction is cancelled or goes ahead.

- 4.29 RMA's supported tenants to claim welfare benefits, discretionary housing payments (DHP), backdated payments, reconsiderations, and underpayments. In the last 12 months a total value of **£398,000** was achieved by supporting **883 households**. This amount includes any potential entitlements for the next 12 months for disability related benefits which are awarded for a minimum of 12 months before reviewed. Decisions on mandatory reconsiderations and backdates can take a few months to resolve and reconsiderations on disability related benefits can take even longer for resolutions.
- 4.30 Due to RMA involvement and contributions in rent arrears cases the total value of **reduction in rent arrears** through RMA intervention equated to **£372,000**. This figure has been drawn out by taking the value of rent arrears at case opening stage and subtracting this from the value at the time of closing the case, resulting in the difference RMA intervention made to the rent arrears.
- 4.31 RMAs measured "Soft Outcomes" to help identify tenants confidence levels *after* their support had ended. It also helped to determine if the tenant felt empowered to be able to manage their claims for benefits without support in the future. An initial assessment gives scores between 1 and 5 based on tenant confidence. When the case is closed the assessment is then carried out again and re-scored to establish any improvement. If the score is higher than when the support initially started, it demonstrates an improvement in tenants' confidence. Based on the 883 closed cases, **70%** of tenants confirmed they had a **marked improvement** in their level of confidence. The remaining **30%** were tenants who felt their confidence levels **did not improve** or did not engage with the service.

DHP's (Discretionary Housing Payment)

- 4.32 Between April 2024 and March 2025, the team supported tenants to apply for Discretionary Housing Payments (DHPs). A total **£259,153** was paid in awards for all qualifying Council tenants, this is a **29% Increase in awards** compared to the previous financial year. The team use DHPs to provide assistance to the most vulnerable tenants to sustain their tenancies and to safeguard them. The support helps alleviate poverty, prevent homelessness, and enables tenants time, to seek alternative accommodations and to better their financial position.
- 4.33 The current years forecast remains bleak as central government continue to reduce funding however, the team have successfully bid for a top up allocation from the Household Support Fund (HSF) in this new financial year (2025/26) to prevent Council tenants being put at risk of homelessness. The team have been awarded £500k HSF however there is no DHP allocation for the year ahead. Therefore, the allocated HSF is to support the tenants throughout the financial year and will need to be used to prioritise and support those experiencing income shock for example, redundancy, reduced hours at work, illness or caring responsibilities which can often lead to sudden financial hardship due to fluctuating incomes. Support will also be offered for those households on low incomes, affected by the cost-of-living crisis and who are struggling to manage day to day expenses due to high inflation.

Household Support Fund (HSF)

4.34 Due to the impact of Covid and the cost-of-living crisis, the Government introduced support funds which are being administered by the Council. This year the fund focussed on supporting people primarily with utilities and food. Over the year a **total of 5,319** tenants were supported which equates to **28% of all council tenants**. Tenants who did not qualify for HSF support were provided with advice on HB/UC and council tax which in total was 602 tenants.

Like the Household support fund for rent support, this support was offered in **two phases, the HSF5 scheme** which supported **1712 council tenants** with Utilities and the **HSF6 Scheme** which supported **1830 council tenants** with Utilities and **1777 with food**. The table below demonstrated the overall support provided including advice given to tenants who did not qualify for support. See Table 10.

Table 10. Household Support Fund

Description of Assistance Provided	Number of Households	Percentage of tenants supported
Food	1,777	9%
Utilities	3,542	19%
HB / UC advice offered	212	1%
Council Tax advice offered	390	2%

4.35 The Household Support Fund was also used to support tenants in exceptional cases where there was a genuine emergency and where tenants did not meet the qualifying criteria for existing housing support schemes for example, DHP, Housing benefit or Universal Credit. A **total award £970K** worth of housing costs to tenants affected by the cost-of-living crisis. A total of **1399 tenants** were supported by this scheme. This year the scheme was offered in **two phases**, the HSF5 scheme which was available from **May 2024 – September 2024**, with an allocation of £500K. HSF6 Scheme which was available from **October 2024 – March 2025** with an allocation of £470k.

4.36 A total of **54%** of the tenants had rent arrears only and **4%** required support with fixed District Heating debts only, the remaining **42%** had combined rent arrears plus, other service charges. Over **80%** of tenancies were at legal action stages for example, a legal notice was served or there was pending court or eviction actions. Through the support that was offered all pending legal activity is now aborted.

4.37 We obtained income and expenditures to maximise incomes and identify hardship. Using this sample of cases, we noted some clear patterns and emerging trends. The biggest factor affecting this group of tenants was low income, unemployment due to ill health, multiple debts combined with significant vulnerabilities and mental health related conditions which were compounded further due to their debt situation. The team were able to offer basic budgeting support and refer tenants for more specialist support to agencies like CITAL, Community Advice & Law Service, National Energy Action, Turning point and STAR.

Court and Evictions

- 4.38 The team have continued careful consideration before instigating possession proceedings and ensured all avenues of supporting tenants had been explored in advance of any legal action. Any potential court case was reviewed by management before submissions to courts. Since April 2024, a **total of 59 cases** were **submitted to court** for rental possessions which equates to an average of 5 cases per month and this compares to 81 court submissions in the year 2023/24. Pre-Covid, the average court submissions were around 80 cases per month which represents 94% annual reduction in possession actions. This demonstrates the teams' efforts in effective prevention and management of rent arrears and the offer of tenancy sustainment, all of which subsequently removed any threat of possession proceedings.
- 4.39 Evictions and warrant requests were being pursued only where it was necessary, with view that ongoing efforts to sustain tenancies continue to be provided until such time an eviction takes place. Tenants were encouraged and provided with ample opportunities to reach reasonable payment solutions to avoid possession orders and evictions. Management scrutinises 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.
- 4.40 In the last financial year, **4 evictions** were carried out for non-payment of rent, and the number remains low compared to pre-Covid levels. This figure compares to **7 in 2023/24** and **5 in 2022/23**. Evictions remain low compared to earlier years despite the economic difficulties experienced over this period, the ongoing welfare reform challenges, and the continued impact due to the cost-of-living crisis. The household make up for majority of the evictions were single people who had abandoned their homes and chose to not continue with their Council tenancy and a small number of childless couples who failed to make regular payments. The team are exceptionally proud of their achievements in ensuring families were supported with sustaining their tenancies.

5. Key Challenges & Priorities for Year 2025/26

- 5.1 The last few years have been incredibly difficult and tough, the team will continue to face significant challenges and pressures in the coming year which are set out below.

Nil Award for Discretionary Housing Payment (DHP)

- 5.2 For the financial Year 2025/26 IMT have not been allocated a DHP budget. The team only have funding from Household Support Fund (HSF) of £700K to support tenants throughout the financial year. This DWP grant was substantial as the team use DHPs to provide assistance to the most vulnerable tenants to sustain their tenancies and to safeguard them. The support helps alleviate poverty, prevent homelessness and enables tenants time, to seek alternative accommodation and to better their financial position. Without this support the team are heavily reliant on

HSF funding, however with the substantially reduced grant compared to previous years, applications will need to be scrutinised to ensure tenants meet the criteria's and are able to demonstrate tenancy sustainability. We expect that the rent arrears will rise and with funding support streams being limited we may also see an increase in legal action being pursued. The team will ensure their primary focus is to intervene with tenants at an early stage to avoid arrears increasing and ensure support is provided to sustain tenancies.

Rising Inflation / Cost of Living Crisis

- 5.3 Rising inflation and costs of fuel and energy, and the ongoing cost of living crisis. The team will also be collecting additional rents due to the 2.7% increases from 1st April 2025 to core rents. **The rent arrears are expected to rise, and performance is likely to be very unstable.** The team will continue prioritising the Household Support fund enabling assistance with housing costs where tenants are struggling with rent arrears and facing hardship. The Rent Management Advisors will continue their primary focus in supporting tenants with applying for welfare benefits and maximising their incomes.

Welfare Benefit Changes

- 5.4 The government has announced plans to deliver £4.8 billion in savings by making change to the welfare system, which may disproportionately affect vulnerable groups, such as disabled people. These changes include freezing the health-related element of Universal Credit for existing recipients and halving its value for new claimants. There are also plans to tighten eligibility criteria for Personal Independence Payments (PIP), which may lead to some people losing entitlement and facing reduced household income. This will cause more financial Hardship. We have already seen an increasing number of vulnerable tenants requiring support. It is crucial for our team to stay informed about the welfare benefit changes for them to help and support tenants. The team have an additional RMA joining later this year to help with managing this. The RMA team have good relationships with Cital, DWP and Trun2Us and therefore will be able to support tenant with support, advice, and signpost tenants to the support service available.

Managed Migration

- 5.5 Managed Migration is approaching its final stages of the rollout of Universal Credit (UC) nationwide. The DWP are gradually moving those claimants still claiming legacy benefits on to UC. They will be notifying the claimants that their benefits are ending and inviting them to make a new claim for UC instead. Impacted tenants include those in receipt of Tax credits, Employment & Support Allowance (Income Related), Income Support, Job Seekers Allowance (Income Related), Housing Benefit or with Tax credits. Tenants in receipt of Pension related benefits are unaffected by this change but all other sickness related benefits will transition across by December 2025 with all legacy benefits ending by March 2026.

All tenants will be required to make a claim to move on to UC which will be worrying for some, and failure to make the claim in a timely way, might result in existing benefit awards being terminated, tenants losing out on transitional

protections and backdates considered under very exceptional circumstances only. This will potentially cause **rent arrears to increase** during the period whilst tenants transition on to UC where they will be waiting 5 weeks to receive their first payments. Many vulnerable tenants will struggle with this change and may not claim in a timely way resulting in increased rent arrears, hardship, and risk of homelessness.

Tenants are fortunate to have Rent Management Advisors who can support them with making claims and to navigate the benefit system however, this is under the provisions that tenants are willing to cooperate and engage with the service. We will be providing training events on “DWP’s managed migration” (Move to UC) to the team and wider Housing staff and tenants’ associations to ensure they can provide our tenants with the best possible advice and support.

Local Council Tax Support Scheme

- 5.6 This year, Revenues and Customer Support service has introduced a new council tax support (CTS) scheme to create a fairer, simpler, and more stable system. It aims to help low-income and vulnerable households by improving access to support and reducing financial fluctuations. The previous system led to frequent council tax bill changes whenever incomes shifted, making budgeting difficult. The new scheme simplifies the process for easier management, reduces bill changes for greater financial stability and provides fairer support for those in need. However, the challenges faced is that the income being used within the eligibility criteria includes disability benefits and Personal Independence payments, therefore increasing the income threshold for some of the most vulnerable households. Causing further financial hardship as they may not be entitled to benefit support. The team are in discussions with Revenues and Customer support to set up regular review meetings on their high cases, to ensure they do not impact the rent. In addition, we will also be able to support tenants with council tax discretionary support applications should be find tenants are struggling to manage. Our RMA’s and IMO’s have received tabletop training regarding the new scheme that will help them manage tenants’ expectations.
- 5.7 Despite another challenging and tough year ahead, the team continue to be supported to maintain resilience in a forever changing climate and are confident they will continue to deliver outstanding service to our tenants. They endeavour to stay focussed and positive, aim to continue delivering the outstanding performance and maintaining exceptional standards that have become synonymous with IMT. Tenant support will remain at the forefront alongside consistency in service to assist tenants with reducing financial burdens, maximise their incomes and referrals for specialist support where appropriate.

6. Financial, legal, equalities, climate emergency and other implications

6.1 Financial implications

This report sets out the position in relation to net rent arrears for current tenants at the end of March 2025. Not documented in this report are the arrears associated with non-dwelling properties (such as garages and parking spaces), hostel bedspaces and former tenants. The overall gross debt outstanding for all Council tenancies decreased by 15% compared to March 2024; this reduction will result in a corresponding decrease in the provision for bad debt.

Support from Discretionary Housing Payments and the Household Support Fund has been instrumental in helping tenants sustain tenancies and manage arrears, though future funding constraints may present challenges.

Jade Draper, Principal Accountant
28/05/2025

6.2 Legal implications

Recovery of rent and possession proceedings continues to be an area of work in which a number of instructions are received every year.

However, before the matter comes to legal services, the Council will have engaged with the tenant through the housing officers and other departments to assist them as much as possible. Whether this be through instalment payments or applications for additional funding. It is only if the tenant fails to engage, or the arrears become significant when legal services will truly be involved.

Once with legal the process is initiated through an initial letter before action which usually triggers the tenant to respond and enter into a payment arrangement to clear the arrears or engage with us to reach a resolution. Where such arrangements cannot be entered into it is at that time that a view is taken as to whether possession proceedings should be initiated or a simple debt recovery claim through the Court. The decision to do so it will be dependent on a number of factors such as the level of debt, historic payment patterns, and whether there are any other associated breaches of tenancy conditions.

The aim is to assist and encourage the tenant to bring their account up to date failing which litigation and possession proceedings are a last resort. We must be certain in the action to be taken as the Court must be persuaded that it would be reasonable to recover the arrears as sought (in a debt matter) or in a possession case that in the circumstances it is reasonable to make a possession order (which can be suspended provided that the tenant continues to make payments towards any arrears and pays the ongoing rent as it falls due).

Shazmina Ghumra
27 May 2025

6.3 Equalities implications

Under the Equality Act 2010, public authorities have a Public Sector Equality Duty (PSED) which means that, in carrying out their functions, they have a statutory duty to pay due regard to the need to eliminate unlawful discrimination, harassment and victimisation, to advance equality of opportunity between people who share a protected characteristic and those who don't and to foster good relations between people who share a protected characteristic and those who don't.

Protected Characteristics under the Equality Act 2010 are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation.

The report provides an update on the rent arrears progress within the general housing stock, over the full financial year, from April 2024 to March 2025.

There are no direct equality implications arising from this report, however it would be useful in relation to tenants in serious debt to have these monitored by protected characteristics as defined by the Equality Act (sex, sexual orientation, gender reassignment, disability, race, religion or belief, marriage and civil partnership, pregnancy and maternity, age) in order to address any adverse impact and put in place mitigating actions. It is important that officers continue to offer early appropriate professional support and guidance to tenants to reduce rent arrears. Tenants will continue to face challenges and pressures in the coming years due to the cost-of-living crisis and as central government continue to reduce funding. The work carried out by the Rent Management Advisors in relation to supporting vulnerable people some of whom will have complex needs helps to impact positively on people from across all protected characteristics. While maintaining a robust approach to rent collection, policies must be fair and proportionate, recognising that financial difficulties can arise from various circumstances, some of which may be linked to protected characteristics.

Equalities Officer, Surinder Singh, Ext 37 4148

6.4 Climate Emergency implications

There are no direct climate emergency implications arising from this report, although it is worth noting that the success in reducing rent arrears and sustaining rental income will be contributing to ensuring the council has the funds needed to maintain an energy efficiency stock. This not only reduces carbon emissions, but also helps reduce fuel poverty.

Duncan Bell, Change Manager (Climate Emergency). Ext. 37 2249.
22nd May 2025