
Rent Arrears Progress Report

April 2017 to March 2018

Assistant Mayor Briefing: 4th June 2018

Housing Scrutiny Commission: 25th June 2018

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

Useful information

Ward(s) affected: ALL

Report author: Zenab Valli

Author contact details: Zenab.valli@leicester.gov.uk Ext 0116 454 3573

Report version number: V1a

1. PURPOSE OF REPORT

- 1.1 To inform Members of the Scrutiny Commission of progress in the above area of work over the full financial year, from April 2017 to March 2018.

2. SUMMARY

- 2.1 The cash amount owing at week ending 1st April 2018 was £1.442m, this is 1.31% **lower** than at the end of the previous financial year – see 3.2, Table 2.
- 2.2 The number of tenants in serious debt, (owing more than 7 weeks rent) was 1,264, some 4.90% **higher** than last year – see 3.5, Table 4.
- 2.3 For the financial year from April 2017 to March 2018, c. £1.014m **extra rent** was collectable as a result of the “bedroom tax.” see 3.13 below.
- 2.4 A total of £359,939 was paid by Discretionary Housing Payments (DHP’s) for all Council tenants, of which £125,187 was for those affected by the Bedroom Tax, from April 2017 to March 2018. This compares to about £208k for Bedroom Tax the previous year.
- 2.5 The arrears among those affected by the Bedroom Tax **fell by £19,016** from £144,434 to £125,417 over the course of the 2017/18 financial year.
- 2.6 There were 37 evictions in 2017/18, compared to 54 in the previous year. This is a decrease of 31.48%. Out of 20,272 current Council tenancies at the end of the year, this would amount to less than 1 percent (0.183%) of all tenants being evicted in the year.

3. REPORT

Rent Arrears

- 3.1 Rent arrears at the end of each quarter for the financial year 2017/18:

Table 1. Quarterly Arrears

Period	Arrears at end of quarter
Quarter 1	£1,701,808
Quarter 2	£1,845,256
Quarter 3	£1,549,990
Quarter 4	£1,442,250

3.2 Comparison of year-end figures for the last four years:

Table 2 year end (quarter 4's) figures

Period	Arrears at end of financial year
2014/15	£ 1,537,967
2015/16	£ 1,532,816
2016/17	£1,461,354
2017/18	£1,442,250

3.3 There is a clear seasonal trend for rent arrears to increase in the first part of the year, falling rapidly towards the latter part of the financial year. The rent collection figures for Leicester remain good in comparison with other authorities.

3.4 Rents were reduced by 1.0% on average in April 2017. The arrears fell slightly between April 2017 and March 2018 by 1.31%, compared to a decrease of 4.66% over the same period in 2016/17.

Number of Cases

3.5 After removing monthly payers (i.e. Direct Debits, Wage Stops, Arrears Direct (DWP), Bank Standing Orders) the number of tenants with rent arrears is shown in tables 3 & 4 below:

Table 3. Breakdown of Arrears Cases by Quarter end 2017-18

Period	Owing 7 Weeks or more Net
Quarter 1	1,631
Quarter 2	1,464
Quarter 3	1,148
Quarter 4	1,264

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)

Table 4. Breakdown of Arrears Cases by Year Ends

Period	Owing 7 Weeks or more Net **
2014/15	1,438
2015/16	1,366
2016/17	1,205
2017/18	1,264

3.6 The number of cases in arrears increased slightly by 4.90% over the previous year end figure. There is a lot of variability in these figures, but the overall trend is steady.

Arrears per Tenancy

- 3.7 The total arrears divided by the total number of currently occupied council tenancies are shown in tables 5 & 6 below:

Table 5. Average debt by quarter end 2017/18

Period	Average Debt
Quarter 1	£82.49
Quarter 2	£89.85
Quarter 3	£75.88
Quarter 4	£71.14

Table 6. Average debt by year end (Quarter 4)

Date	Average Debt
2014/15	£72.27
2015/16	£72.59
2016/17	£70.59
2017/18	£71.14

- 3.8 Tables 5 shows that the average debt reduced over the last financial year 2017/18. However, Table 6 shows that the debt by year-end has increased slightly by 0.78%.

Highest 10% of Debt (by value)

- 3.9 Tables 7 and 8 below shows the highest 10% of arrears cases:

Table 7 Highest 10% of arrears cases by Quarter end - 2017/18

Period	No. Cases	Highest Case (Top 10%)	Lowest Case (Top 10%)	Average	Total Value
Quarter 1	877	£2,961	£474	£767	£673,435
Quarter 2	901	£2,865	£465	£766	£690,813
Quarter 3	704	£2,741	£454	£743	£523,604
Quarter 4	712	£2,615	£466	£768	£547,086

Table 8 Highest 10% of arrears cases by Year-End

Period	No. Cases	Highest Case (Top 10%)	Lowest Case (Top 10%)	Average	Total Value
2014/15	737	£2,607	£452	£745	£550,429
2015/16	776	£3,250	£420	£744	£678,231
2016/17	659	£2,758	£458	£728	£479,384
2017/18	712	£2,615	£466	£768	£547,086

3.10 Table 7 shows that the number of highest arrears cases has been varying over several years. Due to the volatility of these figures it is difficult to make a clear conclusion from them. However, the average value per case has increased plus the total value of cases has increased in comparison to the previous year 2016/17.

Impact of the Bedroom Tax (BT)

3.11 When the Bedroom Tax was introduced (April 2013), 12% (2,701) of our tenants were affected by the bedroom tax and 39% (1,044) of these were already in rent arrears.

3.12 From the 2,701 cases that were originally identified, by April 2018 the number of active cases had reduced to 1383. This is because the numbers affected are constantly changing as people come out of the bedroom tax, and new cases arise, due to changes in household composition or financial circumstances.

3.13 The extra rent collectable by the end of financial year 2017/18 was **£1.014m**.

What we do know about Bedroom Tax cases is:

- 68 tenancies had terminated between April 2017 and March 2018.
- In April 2017, there were 57% of affected tenants in arrears. This decreased to 51% by end of March 2018 (693 out of 1,362).
- For the year April 2017 to March 2018, a total of £359,939 of Discretionary Housing Payments had been received on behalf of all council tenants, of which £125,187 was for those affected by Bedroom Tax This compares to about £208k for bedroom tax for the previous year.
- The arrears among those affected by the Bedroom Tax have decreased by about £19k over the course of the 2017/18 financial year.
- These numbers will continue to change as the situation evolves.

Impact of Benefit Income Cap (BIC)

3.14 The BIC threshold decreased from £26k per year for families outside London to £20k per year during financial year 2016/17.

3.15 A total number of 188 tenants were affected by BIC at the start of April 2017, by the end of March 2018 this number decreased to 157. The average loss of Housing Benefits for this group has decreased slightly over the year to £53.77 per week by the end of March.

- 3.16 For the year from April 2017 to March 2018, this would equate to an extra collectable rent of about **£422k**. The significant amount in extra collectable rent is following the introduction of the lowering of the cap amounts. This brought many more households into range of the BIC, and increased the severity of it for those already affected.
- 3.17 The arrears among those affected by the Benefit Income Cap decreased by **£12,741** (29.05%) over the course of the 2017/18 financial year, from £43,860 at April 2017 to £31,119 by the end of March 2018.

Proportion of Rent Collected

- 3.18 The Income management team had 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 and March 2018 was 99.66%, which is above target.

Evictions

- 3.19 There were **37** evictions carried out for non-payment of rent from April 2017 to March 2018. This compares to 54 evictions in whole of the previous year (2016-17).
- 3.20 Of the 37 evictions, 9 were family cases, 1 was a childless couple, and 27 were single people.
- 3.21 There were 6 out of the 37 (16.22%) evictions whose debt included some Bedroom Tax.
- 3.22 Evictions remain at a relatively low level compared to earlier years and this is despite the economic difficulties experienced over the period and the impact of welfare reform. Management scrutinise all potential eviction cases to ensure that the sanction is only used as a last resort.

4. Priorities for Income Management Team 2018/19

- 4.1 The priorities identified for the coming year are:

Welfare Reform (WR) changes:

- ❖ Training all housing staff to respond to Universal Credit (FULL SERVICE).
- ❖ Raising awareness among LCC tenants including targeted contacts to those affected by Welfare Reform changes.
- ❖ Establishing protocols with DWP to help sustain vulnerable tenancies through Alternative Payment Arrangements and maximizing the use of the Landlord Portal and Trusted Partner Status.
- ❖ Adapt and review working practices to meet the challenges faced in maximising income collection.

Modernise ways of working:

- ❖ Introduction of paperless direct debit facility – making it easier for tenants to set up DD arrangements via IMT
- ❖ Developing and introducing a web based Rent Self –Serve facility that will allow tenants access to their rent statements and arrears balance online and instantly.
- ❖ Develop smarter ways of customer contacts including use of social media platforms e.g. mobile phone applications, text messaging, QR code scanning, email use etc.

5. Future Rent Arrears Progress Reports

- 5.1 The reports current format and its content has remained the same for a number of years and is now going through a review process. It must be noted that future rent reports may appear modified.

6. REPORT AUTHOR

- 6.1 Zenab Valli, Income Collection Manager – Tel 0116 454 3573