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# **Rent Arrears Progress Report**

**April 2018 to June 2018**

Assistant Mayor Briefing: TBC

Housing Scrutiny Commission: TBC

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

## Useful information

Ward(s) affected: ALL

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### 1. PURPOSE OF REPORT

- 1.1 To inform Members of the Scrutiny Commission of progress in the above area of work over the first quarter, from 2<sup>nd</sup> April 2018 to 1<sup>st</sup> July 2018.

### 2. SUMMARY

- 2.1 The cash amount owing at week ending 1<sup>st</sup> July 2018 was **£1,713m**, this is 0.70% **higher** than at the end of the previous financial year – see 3.1, Table 1.
- 2.2 The number of tenants in serious debt, (owing more than 7 weeks rent) was 1,419, this is 13% **lower** than last year – see 3.3, Table 2.
- 2.3 Universal Credit full Service was introduced on 13th June 2018. By the end of Quarter 1 (30th June 2018) a total number of **92** tenants had made a new claim for Universal Credit with a total value of arrears at the time of claim equating to £21k.
- 2.4 During Quarter 1, a total of £89,540 was paid by Discretionary Housing Payments (DHP's) for all Council tenants. From this figure a total of £39,949 was paid to support those tenants affected by the Bedroom Tax, This compares to about £54,673 for Bedroom Tax at the same point in the previous year.
- 2.5 There were 8 evictions that took place during quarter 1 due to non-payment of rent, compared to 9 at the same point in the previous year.

### 3. REPORT

#### Rent Arrears

- 3.1 Rent arrears at the end of the first quarter (1<sup>st</sup> July 2018) and previous financial years were:

**Table 1. Quarterly Arrears**

Period	Arrears at end of quarter
2014 / 15 Q1 (April to June)	£1,843,279
2015 / 16 Q1 (April to June)	£1,571,769
2016 / 17 Q1 (April to June)	£1,793,931
2017 / 18 Q1 (April to June)	£1,701,808
<b>2018 / 19 Q1 (April to June)</b>	<b>£1,713,799*</b>

\* All payments collected up to week ending 1<sup>st</sup> July 2018 are included within this figure

3.2 The rent arrears increased by 0.70% in comparison to the same point in the previous year (2017/18). The increase is nominal and is the normal trend for the start of the year where the arrears are higher and gradually start to reduce later on in the year.

### Number of Cases

3.3 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 2 below:

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

Period	Owing 7 Weeks or more Net
Quarter 1 (2014 / 15)	2,472
Quarter 1 (2015 / 16)	1,546
Quarter 1 (2016 / 17)	1,550
Quarter 1 (2017 / 18)	1,631
<b>Quarter 1 (2018 / 19)</b>	<b>1,419</b>

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 arrears of 7 weeks or more (net rent) is lower by **13%** over the previous quarter end figure for 2017/18. There is a lot of variability in these figures, but the overall trend is steady.

### 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**

Period	Average Debt
Quarter 1 (2014 / 15)	£86.62
Quarter 1 (2015 / 16)	£74.74
Quarter 1 (2016 / 17)	£85.50
Quarter 1 (2017 / 18)	£82.49
<b>Quarter 1 (2018 / 19)</b>	<b>£84.83</b>

3.6 Table 3 shows that the average debt increased by **2.84%** in comparison to the same point last year. This figure reflects the slight increase in rent arrears as seen in 3.1.

### Top 500 Arrears Cases (by value)

3.7 Table 4 (below) shows the top 500 accounts with the highest arrears and their total value in quarter 1 regardless of tenants payment methods. This replaces the calculation used in previous reports which showed the highest 10% of arrears cases. Future reports will show comparisons against each quarter end.

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

Quarter 1 (Apr to June)	No of Cases	Highest case	Lowest case	Average	Total Value
Quarter 1 2018/19	<b>500</b> (Top 500)	<b>£3,551</b>	<b>£614</b>	<b>£952</b>	<b>£475,859</b>

- 3.8 Higher debt cases are generally more complex to manage and require intensive support from Income Management Team to help maximise the rent collection.

### **Impact of Universal Credit (UC) – Key Performance Indicators**

- 3.9 Universal Credit Full Service was introduced on 13<sup>th</sup> June 2018. By the end of quarter 1 (30<sup>th</sup> June 2018 – 2 weeks later) a total number of 92 tenants had already made a new claim for Universal Credit.
- 3.10 A total of 83.7% of tenants (77 out of 92) already had some rent arrears on their account at the time of making the claim for UC. The total value of the rent arrears at the time of making the claim were £21,305.
- 3.11 The total value of arrears increased steadily to £22,377 by the end of Quarter 1. This shows very little impact due to the data being collected over a very short time frame of 2 weeks. Future reports will be able to provide more detailed comparison of UC impact on rent arrears.
- 3.12 The average arrears per case equated to £277 per case.
- 3.13 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.

### **Proportion of Rent Collected**

- 3.14 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 and June 2018 was **98.48%**, which is in line with achieving the set target for year end.

### **Evictions**

- 3.15 There were **8** evictions carried out for non-payment of rent from 2<sup>nd</sup> April 2018 to 30<sup>th</sup> June 2018. At the same point in the previous year this figure was 9.
- 3.16 Of the 8 evictions, 2 were family cases and 6 were single people.
- 3.17 From the 8 evictions a total of **1** eviction had some debt which was due to under-occupation charges.
- 3.18 From the 8 evictions 6 had no Housing Benefit (HB) in payment prior to the eviction so Discretionary Housing Payment (DHP) was not applicable. A total of 3

out of 8 had previously been supported by the DHP fund and 1 had recently had their request for DHP refused.

3.19 Prior to taking eviction action the team work closely with Social Care & Health (SCH) department to help sustain tenancies. From the 8 evictions, 5 tenants were not known to the Adult Social Care (ASC) team and a total of 3 tenants failed to engage with the Children and Young People Services (CYPS) and ASC teams.

3.20 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.

#### **DHP's (Discretionary Housing Payment)**

3.21 A total of £89,540 was paid by Discretionary Housing Payments (DHP's) for all Council tenants, of which £39,949 was for those affected by the Bedroom Tax, from April 2018 to June 2018. This compares to about £54,673 for Bedroom Tax the previous year.

#### **4. REPORT AUTHOR**

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