
Rent Arrears Progress Report

July 2018 to September 2018

Housing Scrutiny Commission: 26th Nov 2018

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 2nd July 2018 to 30th September 2018.

2. SUMMARY

- 2.1 The cash amount owing at week ending 30th September 2018 was **£1,819,237**, this is 1.41% **lower** 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 **1656**, this is **higher** by 13% in comparison to the same point last year – see 3.3, Table 2.
- 2.3 Universal Credit Full Service was introduced on 13th June 2018. By the end of Quarter 2 (30th September 2018) a total number of **735** tenants had made a new claim for Universal Credit and the total value of arrears at the end of quarter 2 was **£243,421**. A total of **75.65%** tenants (556 out of 735) who made a new UC claim were in rent arrears at the end of quarter 2. A total of **63.27%** (465 out of 735) already had existing rent arrears prior to making the new UC claim.
- 2.4 Between April 2018 and September 2018 a total **£190,138** was paid by Discretionary Housing Payments (DHP's) for all Council tenants. From this figure a total of **£69,324** was paid to support those tenants affected by the Bedroom Tax, this compares to about £86,123 for Bedroom Tax at the same point in the previous year. A total of **30** council tenants in receipt of Universal Credit were supported with a Discretionary Housing Payment with a total value of **£7,057**.
- 2.5 There were **10** evictions that took place during quarter 2 due to non-payment of rent which is same as in the previous year 2017/18.

3. REPORT

Rent Arrears

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

Table 1. Quarterly Arrears

Q2 Period (July to Sept)	Arrears at End of Quarter 2
2014/15	£1,873,442
2015/16	£1,708,364
2016/17	£1,808,214
2017/18	£1,845,256
2018/19	£1,819,237*

* All payments collected up to week ending 30th September 2018 and direct debits paid in 1st October 2018 are included in this figure

- 3.2 The rent arrears decreased by **1.41%** in comparison to the same point in the previous year (2017/18). At the start of the year (April 2018) the arrears were slightly higher than previous years but the recent trend is that the arrears are consistently lower than at the same point last 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

Q2 Period (July to Sept)	Owing 7 Weeks or more Net
2014/15	2,063
2015/16	1,492
2016/17	1,494
2017/18	1,464
2018/19	1,656

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 **13%** over the previous year's quarter end figure (2017/18) and the likely factor for the increase is due to Universal Credit caseloads. Where a request has been made for the DWP to pay the council directly using an Alternative Payment Arrangement (APA), there is a potential 8 week delay before the first APA is received into the rent account. More detail around Universal Credit is provided further down the report.

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

Q2 Period (July to Sept)	Average Debt
2014/15	£88.59
2015/16	£86.02
2016/17	£86.59
2017/18	£89.85
2018/19	£90.30

- 3.6 Tables 3 shows that the average debt increased by **0.50%** in comparison to the same point last year. This figure is variable depending on the number of occupied properties at any given time and likely to continue 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 the highest arrears and their total value during Quarter 1 and 2 regardless of tenants payment methods.

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

Quarter 1 (Apr to June)	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

- 3.8 The table shows an **8.4%** increase of the total value of arrears in comparison to 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 in 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 2 (30th September 2018) a total number of **735** council tenants made a new claim under the new system which equates to **3.65%** of all current council tenants.
- 3.10 A total of **75.65%** tenants (556 out of 735) who made a new UC claim were in rent arrears at the end of quarter 2. A total of **63.27%** (465 out of 735) already had existing rent arrears prior to making the new UC claim.

- 3.11 In comparison there are a total of **7,053** tenants that are in rent arrears and are *not* claiming UC, which equates to **35%** of all current council tenants.
- 3.12 The total value of rent arrears for the UC cases was **£243,421**. At the time of writing this report (12/10/2018) a bulk payment of **£45,710** was received from the DWP in connection to the request for payments to be made directly to the council (APA's). This payment reduces the total value of arrears to **£197,711** and demonstrates the impact delayed payments have on the highest arrears cases as mentioned earlier in the report. Future reports will be able to provide a more detailed comparison of UC impact on rent arrears at each quarter end.
- 3.13 The average arrears per case equates to **£269** for those in receipt of Universal Credit compared to an average of **£223** for those tenants in arrears and not claiming UC.
- 3.14 Although APA's can be requested they are not always guaranteed to arrive as changes in tenants circumstances or benefit sanctions can impact upon the payment being received as expected. The team are working collaboratively with the Department of Works & Pensions and Work Coaches from the local Job Centre Plus to minimise impact of Universal Credit on rent arrears and continue to make suggestions to improve the way APA's are paid to landlords.
- 3.15 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.
- 3.16 Since the roll-out of Universal Credit Full Service there have been no evictions for tenants claiming this new benefit and emphasis remains on using this sanction as the very last resort.
- 3.17 To help mitigate this risk of Universal Credit 4 new Officers were recruited around May 2018 called Rent Management Advisors (RMA). We are fortunate that 3 of the Officers already have background experience of working with vulnerable people and supporting with Welfare Benefits. They provide support and training to the less experienced RMA to enable the role to be carried out effectively. The purpose of the RMA 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.
- 3.18 By mid-September the Rent Management Advisors had received a total of 316 referrals and most of these tenants have only required general advice or short-term support whilst they make their initial UC claim. Around 35 have been identified as requiring more long-term support, which the officers are providing.
- 3.19 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 advise 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. This working arrangement has proved successful and there has been positive feedback from both our officers and DWP staff working in JCP.

- 3.20 Around 400 Universal Credit claimants have been seen by Income Management Officers and 34% 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.
- 3.21 As a result of this success, and the fact we expect to see more council tenants apply for Universal Credit, we are extending the co-location pilot for a further 3 months. The team will be giving a presentation at the Job Centre's team meeting to increase the number of council tenants they refer to the co-locating officers and using this opportunity to upskill JCP staff with knowledge around housing.
- 3.22 Generally, the relationship and partnership working with the DWP has been excellent and not just restricted to the co-location activity. We have been able to discuss complex cases with work coaches to support tenants in sometimes challenging and difficult situations. The Income Management Team also have access to the Derby Service Centre that is responsible for the back office processing of UC claims and are able to elevate complex cases for quick resolutions.
- 3.23 As people move from the old system of UC Live service to Full Service we are supporting our tenants to make this change. We are aware of 215 tenants who receive Universal Credit under the live service. We have written to these people to remind them to make new claims so they don't lose out on their benefit entitlement and fall into difficulties paying their rent.
- 3.24 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. However, it is too early to say whether this will be a long-term issue or whether it just relates 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

- 3.25 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 September 2018 was **98.89%**, which is in line with achieving the set target for year end.

Evictions

- 3.26 There were **10** evictions carried out for non-payment of rent from 2nd July 2018 to 30th September 2018. This figure is same as in the previous year 2017/18.
- 3.27 Of the 10 evictions, 2 were family cases and 8 were single people.
- 3.28 From the 10 evictions a total of 2 evictions had some debt which was due to under-occupation charges.
- 3.29 From the 10 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 10 had previously been supported by the DHP fund and 1 had their request for DHP refused due to non-engagement.
- 3.30 Prior to taking eviction action the team work closely with Social Care & Health (SCH) department to help sustain tenancies. From the 10 evictions, 4 tenants were not known to the Adult Social Care (ASC) team, 4 tenants were known and a total of 2 tenants failed to engage with the Children and Young People Services (CYPS) and ASC teams.
- 3.31 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)

- 3.32 Between April 2018 and September 2018 a total **£190,138** was paid by Discretionary Housing Payments (DHP's) for all Council tenants. From this figure a total of **£69,324** was paid to support those tenants affected by the Bedroom Tax, this compares to about £86,123 for Bedroom Tax at the same point in the previous year. A total of **30** council tenants in receipt of Universal Credit were supported with a Discretionary Housing Payment with a total value of **£7,057**.

4. REPORT AUTHOR

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