COMMUNITY & ENTERPRISE OVERVIEW AND SCRUTINY COMMITTEE

Date of Meeting	Wednesday, 22nd January 2020
Report Subject	Housing Rent Income
Cabinet Member	Cabinet Member for Housing
Report Author	Chief Officer (Housing and Assets)
Type of Report	Operational

EXECUTIVE SUMMARY

This report provides Scrutiny members with the latest operational update on the latest position for rent collection during 2019/20, following the last report to Scrutiny committee in June 2019.

The latest position shows that by implementing the new technology in July 2019, designed to track and monitor rent arrears more quickly and provide earlier interventions, rent collection is continuing to stabilise and rent arrears are starting to fall. This is being achieved despite the ongoing welfare reform challenges and increasing number of council tenants being in receipt of Universal Credit.
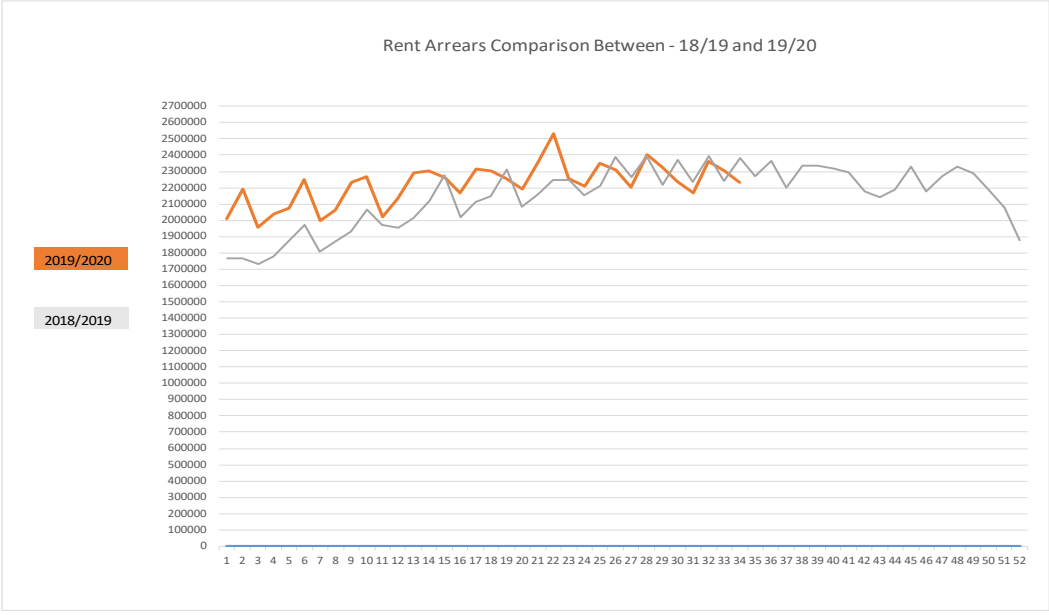
Total Rent Arrears in 2019/20, up to week 34 (up to Monday 25th November), were £2.23m, compared to £2.38m at the same point in 2018/19. This shows an improving collection position with overall rent arrears falling by £150k.

A further update, in the form of a verbal presentation, will also be provided at Scrutiny committee to ensure elected members also have the very latest rent collection position in mid-January 2020.

RECOMMENDATIONS	
1	Note the latest financial position for rent arrears in 2019/20 as set out in the report.
2	Endorse the intention to provide a further verbal report at the committee meeting to give scrutiny members the very latest rent arrears position as at early January 2020.

REPORT DETAILS

1.00	**EXPLAINING THE LATEST POSITION OF RENT ARREARS**
1.01	Total Rent Arrears in 2019/20, up to week 34 (up to Monday 25th November), were £2.23m, compared to £2.38m at the same point in 2018/19. This shows an improving collection position with overall rent arrears falling by £150k.
1.02	The current position, compared to the previous year, is illustrated below: Rent Arrears Comparison Between - 18/19 and 19/20
1.03	Despite the ongoing challenges of increasing numbers of tenants migrating away from Housing Benefit to the Universal Credit system, the housing service has worked hard to challenge the inevitable impacts that most social landlords experience of rising rent arrears.
1.04	The latest collection position shows rent arrears have stabilised and no longer increasing as they have done in previous years since the introduction of UC full service.
1.05	Steady progress is being made to reduce rent arrears and this is being achieved as a direct result of: • increasing resources • introducing an early intervention hub to assist those tenants at most risk of losing their homes • adopting a more robust stance around the importance of paying rent on time • investing in Mobysoft 'Rent Sense' software
1.06	The current position shows that for the first time since 2016/17, rent collections are improving and rent arrears reducing. This position is reflected on the trend analysis shown below:

Arrears Comparison 2015/16 - 2019/20

Legend: 2015/16, 2016/17, 2017/18, 2018/19, 2019/20
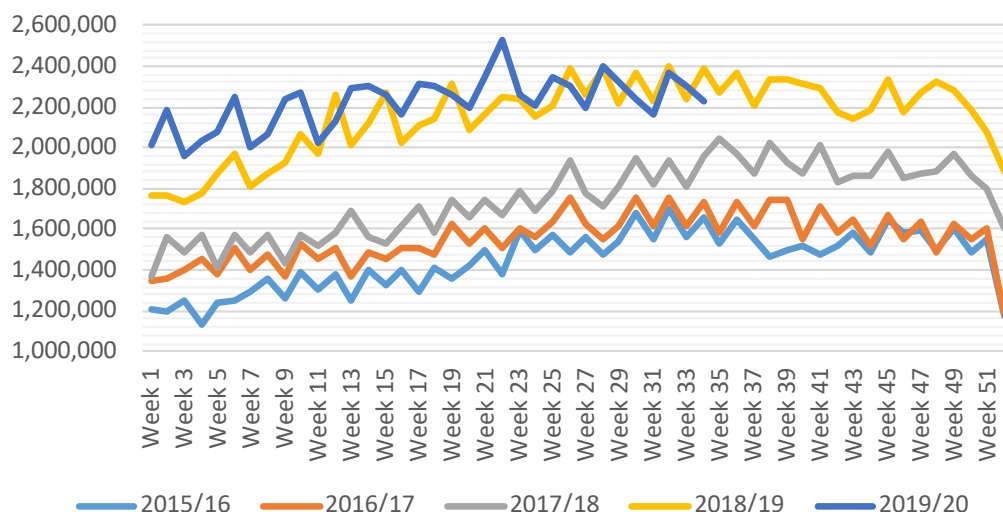
1.07	The table below also shows the latest rent arrears by claim type:

Claim Type	Num. of Tenants	Num. of tenants in Arrears	Total Arrears	Avg. Rent Arrears Nov 19	Avg. Rent Arrears Sept 19	Avg. Rent Arrears April 19	Avg. Rent Arrears Nov 18
UC	575	492	£564,293	£1,147	£1,203	£1,283	£1,473
HB	3,153	1,450	£325,311	£224	£213	£232	£334
Non UC/HB	3,409	2,250	£1,340,619	£596	£609	£565	£702
			£2,230,223				

1.08	The Revenues service continues to take legal action as a last resort against those tenants who fail to engage and fail to pay rent on time. In most cases, the initial court action results in regular repayment and tenants getting back on track with payment of rent, but on occasion, further follow-up legal action is necessary against those tenants who persistently fail to pay and who make little, or no effort, to pay on time, despite being ordered to do so by the courts.

1.09	With around 7,100 live tenancies, just 16 evictions have taken place so far in 2019/20 for serious rent arrears after all recovery remedies have been undertaken by the Council and only after the judicial system are satisfied that everything that can be done has been done to support the tenant.

Year	Number of Evictions for rent arrears	% Increase / Reduction
2019/20	16	-
2018/19	30	36.4%
2017/18	22	15.8%
2016/17	19	-13.6%
2015/16	22	-

1.10	The number of evictions up to 2019/20 year-end is expected to be much lower than the level of evictions in the previous year and this is testament to the joint work being undertaken across the Housing service to supporting tenants.
1.11	The successful deployment of the Mobysoft 'Rent Sense' software solution in July 2019 is also helping the service to identify rent arrear cases quickly and earlier interventions are being put in place on a case by case basis to prevent arrears building-up but ensure tenants meet their payment obligations.
1.12	Consequently, the deployment of new technology is vital in two ways. Firstly, it is helping the Council to identify risk cases, increase collections and reduce bad debts. Secondly, it enables the Council to intervene much sooner and this results in the Council dealing with smaller amounts of arrears and the opportunity to work with tenants quickly to get back on track with their rent. Ultimately, this approach provides positive outcomes for tenants who are able to have sustainable tenancies.

2.00	**RESOURCE IMPLICATIONS**
2.01	The deployment of additional resources and the deployment of Mobysoft 'Rent Sense' are funded through the HRA Business Plan. These resources will be required in 2020/21 and in future financial years to mitigate the ongoing risks associated with increasing caseloads and the complexity of those caseloads, particularly for UC tenants.

3.00	**IMPACT ASSESSMENT AND RISK MANAGEMENT**
3.01	Like many landlords, the Council has experienced, and continues to see, a steady increase in workloads due to the rollout of UC full service in Flintshire in April 2017. Coupled with added complexities of helping tenants to manage these claims and pay rent time on time, the Council has faced significant challenges in managing rent income since the introduction of full service UC.
3.02	Prior to the investment in Mobysoft 'Rent Sense' technology, the rent income service were filtering a long list of cases to determine which cases were paying on time and which were falling further into arrears. This was a manual process and highly resource intensive and as a result officers were unable to work through their caseloads each week, so tenants were not always being contacted promptly about arrears.
3.03	The successful deployment of the Mobysoft 'Rent Sense' software solution in July 2019 is helping the service to become more efficient in how we use our resources, so we can manage the escalating workloads as a result of increased number of tenants in receipt of Universal Credit. Central to this aim is to give the rent income team the ability to manage and prioritise those cases at most risk of not paying rent on time.

3.04	Rent Sense is now helping the Rent Income service to collect more of the rent that is due to the Council by a process geared around earlier interventions, while helping tenants to manage debts at the earliest opportunity, and avoiding rent debts from reaching un-manageable levels.

4.00	**CONSULTATIONS REQUIRED / CARRIED OUT**
4.01	None.

5.00	**APPENDICES**
5.01	None.

6.00	**LIST OF ACCESSIBLE BACKGROUND DOCUMENTS**
6.01	- Housing (Wales) Act 2014 - Welfare Reform Act 2012

7.00	**CONTACT OFFICER DETAILS**
7.01	**Contact Officer:** David Barnes, Revenues Manager **Telephone:** 01352 703652 **E-mail:** david.barnes@flintshire.gov.uk

8.00	**GLOSSARY OF TERMS**
8.01	**Universal Credit (UC):** is an integrated means-tested benefit for people of working age whose income is below a specified minimum amount. UC can be claimed by working age people in and out of employment and UC combines six legacy benefits, including Housing Benefit, into one single payment which is administered by the Department of Work and Pensions **Welfare reform:** these are wide ranging changes which were introduced by the UK Government to reform a range of social security benefits and tax credits which aim to ensure the UK has a more affordable benefits system. **Housing Revenue Account (HRA):** The Council is required to keep a HRA account to record all income and expenditure relating to the provision of local authority social housing, All rental income must be held within a ring-fenced HRA fund. This means that HRA income from rents can only be used for council housing purposes and not for other general council expenditure. This also allows the rental income to be invested back into council housing to help improve the standard of the stock of council housing and also build new council housing.