

COMMUNITY & HOUSING OVERVIEW AND SCRUTINY COMMITTEE

Date of Meeting	Wednesday 11 th January 2023
Report Subject	Housing Rent Income and Welfare Response
Cabinet Member	Cabinet Member for Housing and Regeneration
Report Author	Chief Officer (Housing and Communities)
Type of Report	Operational

EXECUTIVE SUMMARY

This report provides Community, Housing & Assets Overview and Scrutiny Committee with a combined operational update on the latest welfare response impacts and current levels of 2022/23 housing rent arrears.

Rent arrears up to week 34 are £2.9m, compared to £2.7m at the same point last year. The ongoing costs-of-living crisis is having a detrimental impact on collections with some tenants struggling to meet the increasing living costs.

The use of the risk-based software is still being deployed to mitigate risks and ensure we make early engagement with those tenants who are failing to maintain their rent payments.

The report also provides a further update on the impacts that welfare reforms continue to have on residents and other cost of living challenges. It also provides an update on the work that is ongoing to mitigate many of these challenges and to support these households through the cost-of-living crisis.

RECOMMENDATIONS

1	Community, Housing & Assets Overview and Scrutiny Committee to note the latest financial position for 2022/23 rent collections.
2	Community, Housing & Assets Overview and Scrutiny Committee to support the ongoing work to manage the impacts that welfare reform has, and will continue to have, on some of the most vulnerable residents along with implementing support via Welsh Government support measures to mitigate the cost-of-living crisis.

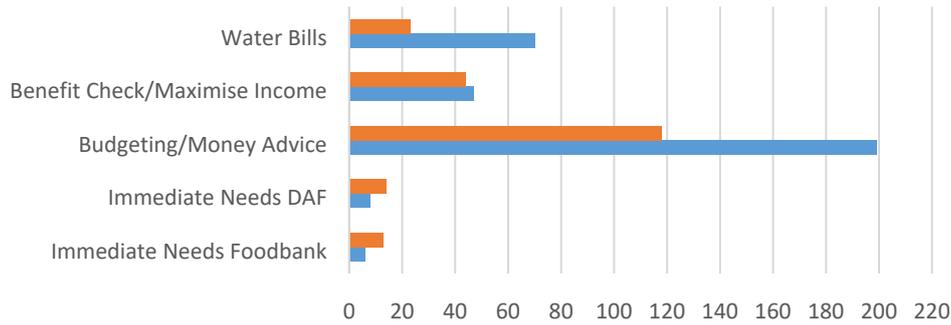
REPORT DETAILS

1.00	EXPLAINING THE LATEST POSITION FOR WELFARE REFORM AND COST OF LIVING CRISIS MITIGATION
1.01	<p>The report provides a further update on the impacts that welfare reforms continue to have on Flintshire residents and the work that is ongoing to mitigate this and support these households.</p> <p>Vulnerable households have not only been impacted significantly by the pandemic but are now also being impacted by the cost-of-living crisis. The report, therefore, also provides information around a range of measures that have been developed to help those affected by the cost of living and the support provided to residents to help mitigate these negative impacts.</p>
	Spare Room Subsidy
1.02	<p>More commonly referred to as the Bedroom Tax, this reform relates to restrictions of Housing Benefit or Universal Credit where the claimant is under occupying the property. The restrictions are:</p> <p>14% reduction to the eligible rent where a person living in a social landlord property, has one or more “spare bedroom”</p> <p>25% reduction to the eligible rent where a person living in a social landlord property, has two or more “spare bedrooms”.</p>
	Impact in Flintshire
1.03	<p>Currently, a total of 454 households in Flintshire are subject to a reduction in their housing benefit payments because of the Bedroom Tax.</p> <p>This means that tenants affected by this restriction must find this extra money to pay their rent.</p> <p>The data here is limited to those tenants who still claim housing benefit. The Bedroom Tax is a restriction that also is applied to Universal Credit (UC), however, the council does not have access to this data to be able to report on this position</p>
	Benefit Cap
1.04	<p>The total amount of annual ‘out of work’ benefit income which a ‘working-age’ household can receive is set at (figures for households outside of greater London):</p> <ul style="list-style-type: none">• £20,000¹ for couples and lone parents (£383.56pw)• £13,400 for single claimants (£256.99pw) <p>The latest figures at show that there are 10,997 households in Wales subject to a reduction in their housing benefit only. The data is unavailable to be able to report for those in receipt of UC.</p>

	Impact in Flintshire
1.05	As at November 2022 there were 13 households in Flintshire which were subject to a reduction in their housing benefit or UC as a result of the benefit cap being applied. The total loss each week for all these households is a collective loss of income of around £626 per week, equating to approx. £32,600 per annum.
	Cost of Living Support Scheme
1.06	<p>A Cost-of-Living support scheme has been delivered on behalf of Welsh Government (WG) to provide local households with a £150 payment to help mitigate the impacts of rising energy costs.</p> <p>The main scheme was aimed towards households in Council Tax bands A to D and households in receipt of Council Tax Reduction across all Council Tax bands. The main scheme closed for applications on 30th September 2022.</p> <p>A total of 45,813 payments have been made to eligible households totalling £6.9m – this equates to a take-up rate of 98.4%.</p> <p>Welsh Government have also provided further funding for local authorities to design and implement a discretionary scheme to provide support to those households not eligible for a payment under the main scheme.</p> <p>Discretionary payments, consisting of individual awards of either £125 or £150 have been awarded to 7,080 households, with total awards equating to £905k. The Discretionary scheme remains open for eligible households.</p>
	Unpaid Carers
1.07	<p>As part of the package of support for the cost-of-living crisis Welsh Government introduced a one-off £500 payment to all eligible unpaid carers in Wales who were in receipt of Carers Allowance on 31 March 2022.</p> <p>The payment was made in recognition of the increased financial pressures many unpaid carers have experienced during the pandemic, and to help with some of the additional costs they have incurred. The payment was targeted towards those individuals who care for someone for at least 35 hours a week and have low incomes.</p> <p>Individuals are not eligible for the payment if:</p> <ul style="list-style-type: none"> • they have an underlying entitlement to Carers Allowance but do not receive a payment because they are in receipt of another benefit at the same or higher rate; or • they receive a carer premium within a means tested benefit. <p>Registration commenced on 16 May 2022 to 15 July 2022. Payments for successful claims were made from June through to the end of November 2022.</p>

	Following successful promotional activity through our Corporate Communication routes and Social Services, a total of 2,324 applications were received and 1,693 payments of £500 were made totalling £846,500.									
	Winter Fuel Support Scheme									
1.08	<p>From 1st September 2022 to 31st January 2023 eligible households can claim a one-off £200 payment from their local authority to provide support towards paying their fuel bills. The payment is available to all eligible households regardless of how they pay for their fuel, whether that is, for example, on a pre-payment meter, by direct debit or by paying a bill quarterly.</p> <p>7,744 automatic payments were issued to households in receipt of Council Tax Reduction Scheme (CTRS) where their bank account details were already as obtained as part of the Cost-of-living Scheme (COLSS).</p> <p>Since 1st September 2022, 6,126 applications have been received, and of these 5,629 have been eligible and have received the payment. A total of 13,373 households have now received this payment resulting in Flintshire households benefiting from £2,674,600 so far.</p>									
	End of Support Grants – Self Isolation Payment and Tenancy Hardship Payment Scheme									
1.09	Welsh Government closed the two schemes earlier this financial year which means there is a continued risk of financial pressure on households who cannot work due to Covid-19 related illness.									
	Welfare Support									
1.10	<p>The number of residents needing support and advice to help manage finances continues to see a rise in demand especially in Q2 when comparing Q1 and Q2 figures for 2020-21-22 and 2022-23. Figures are shown in the chart below:</p> <div data-bbox="316 1444 1284 2027" data-label="Figure"> <p style="text-align: center;">Welfare Referrals Received 2021-23 (Q1&Q2) comparison</p> <table border="1"> <caption>Welfare Referrals Received Data</caption> <thead> <tr> <th>Year</th> <th>Q1</th> <th>Q2</th> </tr> </thead> <tbody> <tr> <td>2021-22</td> <td>540</td> <td>220</td> </tr> <tr> <td>2022-23</td> <td>420</td> <td>350</td> </tr> </tbody> </table> </div>	Year	Q1	Q2	2021-22	540	220	2022-23	420	350
Year	Q1	Q2								
2021-22	540	220								
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Welfare support breakdown 2021-23 (Q1&Q2)



	Immediate Needs Foodbank	Immediate Needs DAF	Budgeting/Money Advice	Benefit Check/Maximise Income	Water Bills
■ 21-22	6	8	199	47	70
■ 22-23	13	14	118	44	23

The chart above shows that demand continues, and the area of growth can be seen for immediate needs items such as Foodbanks and Discretionary Assistance Fund.

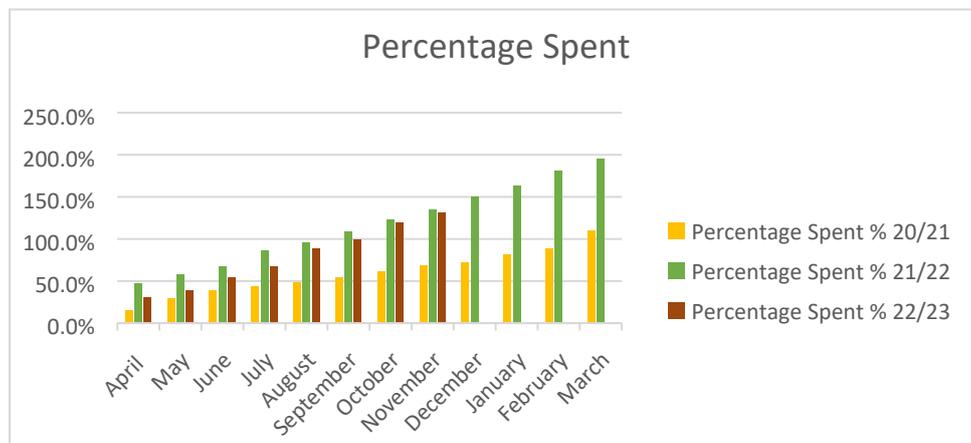
It is envisaged that with the ongoing cost of living crisis that this will continue to increase in demand.

Discretionary Housing Payments (DHP's)

1.11

Discretionary Housing Payments (DHPs) are payments that may be made by the Council to people that are receiving Housing Benefit or Universal Credit (housing element), but who may still need further financial help with their housing costs.

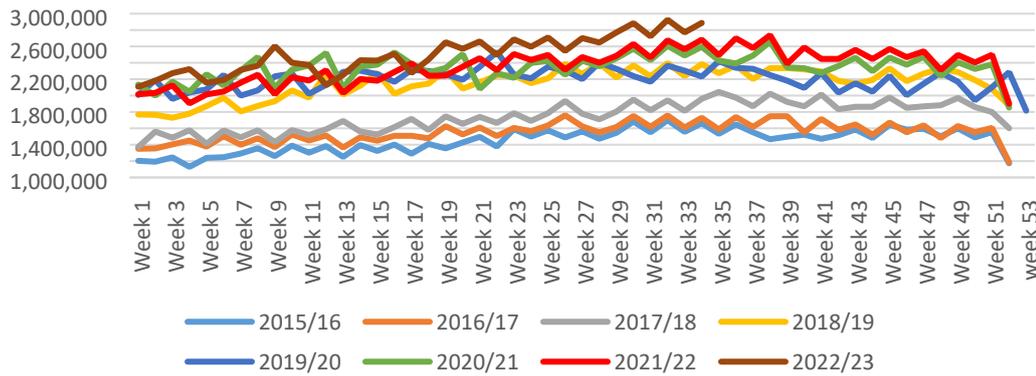
The chart below shows the expenditure over the past three years. 2022/23 includes data up to November 2022. The expenditure shows continuing demand. However, it is important to note that the DHP expenditure provided by Government to the Council has reduced.



The chart shows that current expenditure continues to be a demand.

	<p>Bedroom Tax under-occupancy is still the most common reason for DHP applications which indicates that finding available suitable accommodation remains difficult for customers.</p> <p>Additionally, it reflects that there is an increasing number of people in need of support and assistance, so they can pay their rent.</p>
1.12	<p>During this financial quarter, the Welfare Response team commenced targeting support to households to help access benefits to help increase potential household income.</p> <p>75 households were identified who access Disabled Facilities grants and may receive Council Tax Reduction (CTR).</p> <p>Changes in the process have been made to ensure that more households are signposted to claim CTR earlier.</p> <p>41 cases identified where HB in payment and no CTR. Those potential customers have been written to with a response rate of:-</p> <ul style="list-style-type: none"> • 48% return • 65% processed and granted • Total weekly saving equating to approx. £160. <p>Further targeted work will be undertaken during 22/23.</p>
EXPLANING THE LATEST POSITION OF RENT ARREARS	
1.13	<p>Collection of rent continues to remain challenging with the rise in costs-of-living and the impacts on some tenant's ability to pay. Social tenants typically are less likely to have sufficient disposable income to cope with inflationary cost-of-living increases and this is having a direct impact on their ability to pay rent on time.</p>
1.14	<p>The Rent Income service has experienced increased workloads with the risk-based software reporting a 1.2% increase in cases where we need to contact tenants. Some tenants are paying what they can afford but this is not always covering full rent and is causing a delay in payment.</p> <p>We are continuing to signpost tenants with referrals to specialist teams across the Council, including the Supporting People and Welfare Response teams.</p>
1.15	<p>The table below illustrates the latest position along with previous year comparisons:</p>

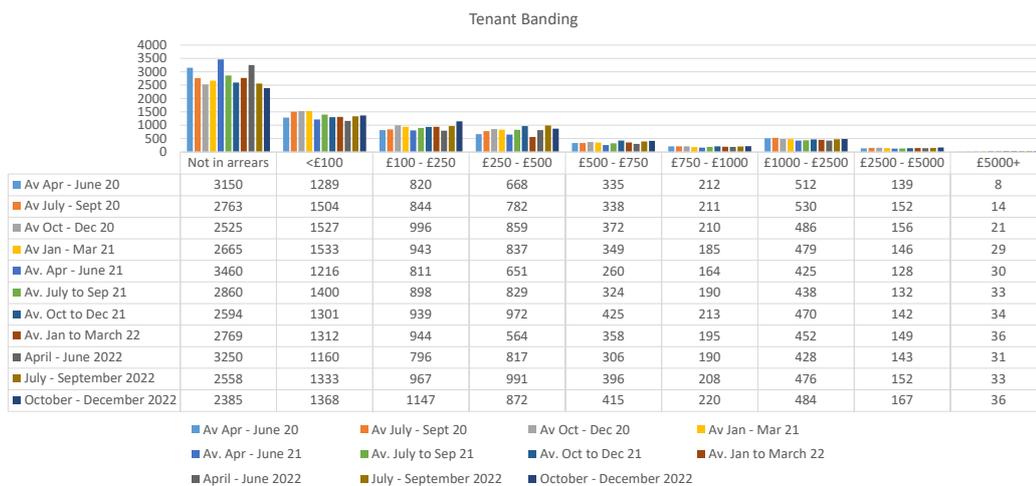
Arrears Comparisons (2015/16 - 2022/23)



1.16 Banded arrears for 2022/23 is shown below. Tenants who owe less than £250 and are generally considered to be up to date with their payments and are excluded from the analysis.

Banded Arrears (£)	Apr - June 2022 (Quarter 1)		July - Sept 2022 (Quarter 2 and to date)	
	No. Tenants	Arrears (£)	No. Tenants	Arrears (£)
250 - 500	817	298,824	872	318,885
500 - 750	306	186,606	415	252,145
750 - 1,000	190	164,925	220	190,092
1,000 - 2,500	428	671,489	484	772,089
2,500 - 5,000	143	488,146	167	568,472
5000+	31	201,625	36	234,663
Totals	1,915	2,011,615	2,194	2,336,346

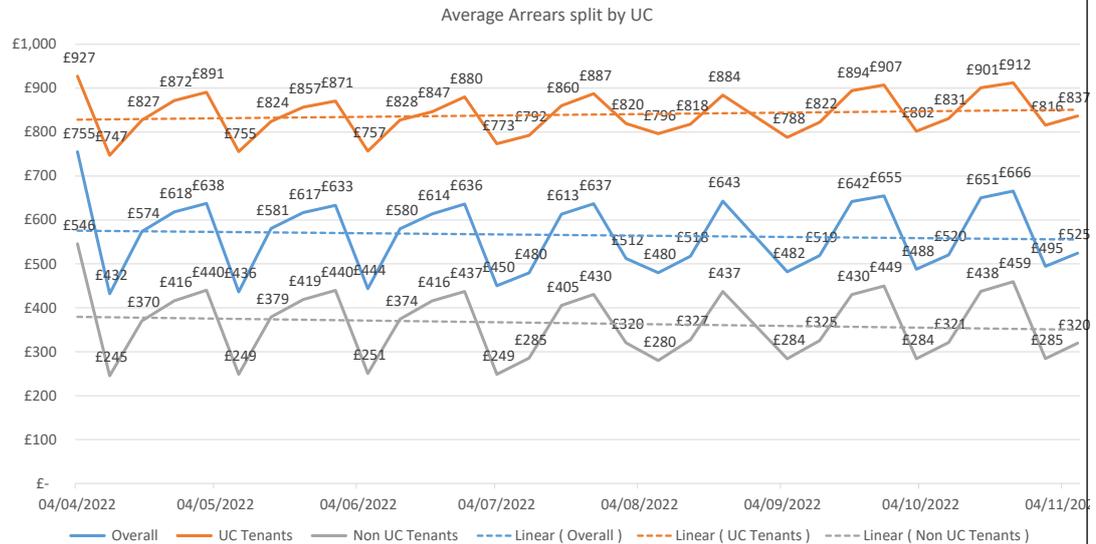
An additional analysis, showing the number of tenants in each banded arrear category from 2020 is set out below



1.17

The challenges for collection of rent from those tenants in receipt of universal credit continue to present a risk to the Council with more tenants migrating across to universal credit and the delays experienced with putting managed payment arrangement for some tenants where DWP deduct rent payments at source

To illustrate the impacts of universal credit tenants, below is a chart to compare the average arrears of tenants that are in receipt of universal credit in comparison to those who are not. This shows that typically tenants in receipt of universal credit have much higher levels of rent arrears.



1.18

The housing service continue to work collaboratively to discuss and support some of the more complex cases. Officers hold fortnightly panel meetings to discuss these tenants and work together through engagement and support to attempt to get positive outcomes.

As a result of this work there have been many positive outcomes both for the tenants and the Council with many tenants paying their arrears and now having the support, they need to maintain their ongoing rent payments.

1.19

In appropriate cases, when all other attempts of recovery and support have been taken, it is necessary to instigate court proceedings for non-payment of rent. There are still significant delays in the court following the pandemic and despite these delays there has been one eviction carried out to date.

Year	Number of Evictions for rent arrears
2022/23	1
2021/22	7
2020/21	0
2019/20	26
2018/19	30
2017/18	22
2016/17	19
2015/16	22

1.20	<p>As part of the Councils ongoing response and to mitigate the impacts on tenants and ensure the long-term financial stability of the Housing Revenue Account, in 2021 Audit Wales undertook a comprehensive review to assess the effectiveness of the Council in supporting tenants and the package of measures that have been put in place to maximise rent collection levels and minimise bad debts.</p> <p>The Audit Wales review acknowledged the proactive measures already taken by the Council in supporting tenants and stabilising rent collections during a period of unprecedented change, especially with the rollout of Universal Credit and the impacts of the pandemic.</p> <p>Audit Wales identified additional information that may assist with additional reporting information to scrutiny – this relates to former tenant arrears as well as amounts written off during the financial year.</p> <p>The table below lists the levels of arrears that have been written off in the last five financial years for various reasons including, insolvency, debt relief orders, tenants leaving the property without a forwarding addresses and tenants who have passed away leaving no estate or funds.</p> <table border="1" data-bbox="646 891 1082 1173"> <thead> <tr> <th>Year</th> <th>Value (£)</th> </tr> </thead> <tbody> <tr> <td>2018/19</td> <td>482,910</td> </tr> <tr> <td>2019/20</td> <td>624,478</td> </tr> <tr> <td>2020/21</td> <td>195,333</td> </tr> <tr> <td>2021/22</td> <td>288,898</td> </tr> <tr> <td>2022/23 to date</td> <td>195,912</td> </tr> <tr> <td>Total</td> <td>1,787,532</td> </tr> </tbody> </table> <p>When a tenant vacates, passes away or is evicted from a Council property then the rent they owe become former tenant arrears. The team continue to pursue these debts and some tenants have arrangements to pay in place to clear these arrears over a longer period.</p> <p>There is £131k currently outstanding for former tenant arrears.</p>	Year	Value (£)	2018/19	482,910	2019/20	624,478	2020/21	195,333	2021/22	288,898	2022/23 to date	195,912	Total	1,787,532
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2.00	RESOURCE IMPLICATIONS
2.01	The continued deployment of the Mobyssoft ‘Rent Sense software, funded by the HRA, is necessary to control rent arrears and to ensure resources are targeted effectively.
2.02	Each year, the HRA sets aside provision to meet the cost of write offs and there is currently adequate provision set aside for 2022-23 and within the 30-year business plan to fund write offs.

3.00	IMPACT ASSESSMENT AND RISK MANAGEMENT
3.01	To ensure financial risks to the HRA are minimised as far as possible, rent arrears continue to be tracked on a weekly basis and cases are identified as quickly as possible to ensure targeted intervention if provided to those tenants at highest risk of non-payment.

4.00	CONSULTATIONS REQUIRED/CARRIED OUT
4.01	None.

5.00	APPENDICES
5.01	None.

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<ul style="list-style-type: none"> • Housing (Wales) Act 2014 • Welfare Reform Act 2012

7.00	CONTACT OFFICERS DETAILS
7.01	<p>Contact Officers: David Barnes, Revenues Manager Jen Griffiths, Housing & Benefits Manager</p> <p>Telephone: 01352 703652 and 01352 702929</p> <p>E-mail: david.barnes@flintshire.gov.uk Jen.griffiths@flintshire.gov.uk</p>

8.00	GLOSSARY OF TERMS
8.01	<p>Housing Revenue Account: the Council is required to keep a HRA to record all income and expenditure relating to the provision of local authority housing. All rental income, including arrears, must be held with a ring fenced HRA account. This means that income can only be used for council housing purposes and not general expenditure. This also allows rental income to be invested locally to help improve and maintain council owned homes and build new council homes.</p> <p>Discretionary Housing Payment: (DHP's) is a discretionary payment which can help towards housing costs and a person is entitled to Housing Benefit or the Housing Costs element of Universal Credit.</p> <p>Eligible Rent: this is the amount of rent (net of any ineligible services) that a claim for housing benefit or universal credit is calculated from.</p>

Ineligible Services: these are charges that may be included in rent that are not eligible for support through either housing benefit or universal credit. Such as: heating; lighting; hot water; meals.

Housing Benefit: helps tenants pay all, or part of their rent if they have a low income. Housing Benefit is administered by Local Authorities.

Registered Social Landlord: (RSL) are not-for-profit organisations that aim to provide good, low-cost accommodation.

Spare Bedroom: in the context of the spare room subsidy (or bedroom tax) this is where there are more bedrooms in the property than the household need. For example, a single person living in a two-bedroom house would be deemed as having one “spare” bedroom.

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 aged people in and out of employment.

UC Managed Migration: Managed migration describes the transfer of existing legacy benefit claims to Universal Credit, where there has not been a change of circumstances that has resulted in a ‘natural’ transfer to Universal Credit.

Welfare Reforms: changes introduced to a range of social security benefits and tax credits, which aim to ensure that the United Kingdom has an affordable benefit system.