

COMMUNITY & HOUSING OVERVIEW AND SCRUTINY COMMITTEE

Date of Meeting	Wednesday 12 th July 2023
Report Subject	Housing Rent Income
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 and Housing Overview and Scrutiny Committee with the latest operational update on the 2022-23 outturn collection of housing rent. For rent collection, cumulative rent arrears, as of 31st March 2023, were £2.02m compared to £1.90m in the previous year, an increase of £124k.

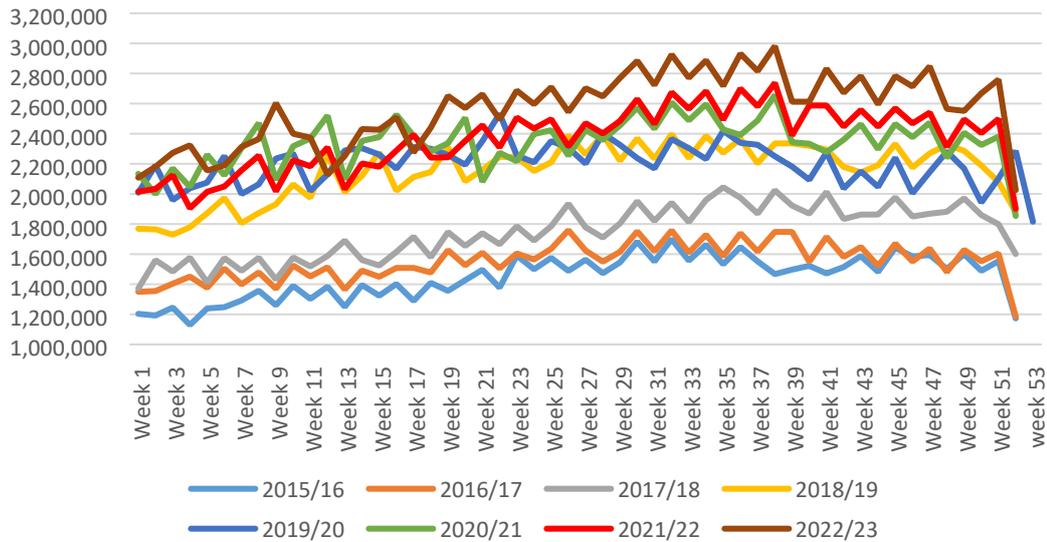
RECOMMENDATIONS

1	Note the latest financial position for rent collections in 2022-23 as set out in this report.
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REPORT DETAILS

1.00	EXPLAINING THE LATEST POSITION OF RENT ARREARS																																																																														
1.01	Collection of rent continues to remain challenging with the rise in costs-of-living and the impacts on some contract holder's ability to pay. 2022-23 has seen the biggest increase in inflation for a generation as prices rise at a much faster rate than household income. Social contract holders 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.																																																																														
1.02	We are continuing to signpost contract holders with referrals to specialist teams across the Council, including the Supporting People and Welfare Response teams.																																																																														
1.03	<p>Year-end rent arrears represent 5.0% of the total gross rent yield for 2022-23 and this reflects the continued challenges.</p> <table border="1" data-bbox="416 808 1299 1487"> <thead> <tr> <th>Financial Year</th> <th>Gross Rent Yield</th> <th>Year End Rent Arrears</th> <th>Rent Arrears as % of Rent Yield</th> <th>Movement in Arrears (£)</th> <th>Movement in Arrears (%)</th> </tr> </thead> <tbody> <tr> <td>2022-23</td> <td>£40,869,185</td> <td>£2,025,521</td> <td>5.0%</td> <td>£124,487</td> <td>0.2%</td> </tr> <tr> <td>2021-22</td> <td>£40,172,621</td> <td>£1,901,034</td> <td>4.7%</td> <td>£46,806</td> <td>0.1%</td> </tr> <tr> <td>2020-21</td> <td>£39,949,266</td> <td>£1,854,228</td> <td>4.6%</td> <td>£38,714</td> <td>0.1%</td> </tr> <tr> <td>2019-20</td> <td>£39,969,296</td> <td>£1,815,514</td> <td>4.5%</td> <td>£-65,000</td> <td>-0.4%</td> </tr> <tr> <td>2018-19</td> <td>£38,086,058</td> <td>£1,880,514</td> <td>4.9%</td> <td>£279,905</td> <td>0.5%</td> </tr> <tr> <td>2017-18</td> <td>£36,153,000</td> <td>£1,600,609</td> <td>4.4%</td> <td>£415,211</td> <td>0.9%</td> </tr> <tr> <td>2016/17</td> <td>£34,293,000</td> <td>£1,185,398</td> <td>3.5%</td> <td>£12,368</td> <td>-0.1%</td> </tr> <tr> <td>2015-16</td> <td>£32,857,000</td> <td>£1,173,030</td> <td>3.6%</td> <td>£143,956</td> <td>0.3%</td> </tr> <tr> <td>2014-15</td> <td>£31,452,000</td> <td>£1,029,074</td> <td>3.3%</td> <td>£33,325</td> <td>0.1%</td> </tr> <tr> <td>2013-14</td> <td>£30,859,000</td> <td>£995,749</td> <td>3.2%</td> <td>£8,381</td> <td>-0.2%</td> </tr> <tr> <td>2012-13</td> <td>£29,222,000</td> <td>£987,368</td> <td>3.4%</td> <td>£-69,017</td> <td>-0.4%</td> </tr> <tr> <td>2011-12</td> <td>£28,097,000</td> <td>£1,056,385</td> <td>3.8%</td> <td>-</td> <td>-</td> </tr> </tbody> </table>	Financial Year	Gross Rent Yield	Year End Rent Arrears	Rent Arrears as % of Rent Yield	Movement in Arrears (£)	Movement in Arrears (%)	2022-23	£40,869,185	£2,025,521	5.0%	£124,487	0.2%	2021-22	£40,172,621	£1,901,034	4.7%	£46,806	0.1%	2020-21	£39,949,266	£1,854,228	4.6%	£38,714	0.1%	2019-20	£39,969,296	£1,815,514	4.5%	£-65,000	-0.4%	2018-19	£38,086,058	£1,880,514	4.9%	£279,905	0.5%	2017-18	£36,153,000	£1,600,609	4.4%	£415,211	0.9%	2016/17	£34,293,000	£1,185,398	3.5%	£12,368	-0.1%	2015-16	£32,857,000	£1,173,030	3.6%	£143,956	0.3%	2014-15	£31,452,000	£1,029,074	3.3%	£33,325	0.1%	2013-14	£30,859,000	£995,749	3.2%	£8,381	-0.2%	2012-13	£29,222,000	£987,368	3.4%	£-69,017	-0.4%	2011-12	£28,097,000	£1,056,385	3.8%	-	-
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1.04	Rent and arrears collection always follows a pattern where performance improves significantly at year-end compared to the in-year position. This is mainly due to collecting outstanding income through rent free weeks. The table below illustrates the latest position along with previous year comparisons:																																																																														

Arrears Comparisons (2015/16 - 2022/23)



1.05

The table below also shows the year-end analysis of banded arrears compared to previous years. The table sets out those contract holders who owe more than £250.00 in unpaid rent as contract holders who owe less than this are generally considered to be up to date with their payments.

Banded Arrears (£)	Mar-21		Mar-22		Mar-23	
	Num	Arrears (£)	Num	Arrears (£)	Num	Arrears (£)
250 - 500	460	169,224	502	186,917	497	179,240
500 - 750	244	150,878	254	153,646	273	168,286
750 - 1,000	155	132,552	170	146,587	168	146,302
1,000 - 2,500	432	674,751	399	626,994	400	638,966
2,500 - 5,000	132	449,779	141	483,502	157	537,944
5000+	28	176,290	31	199,655	40	252,917
Totals	1,451	1,753,474	1,497	1,797,301	1,535	1,923,654

1.06

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 cases 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 contract holders and the Council with many contract holders paying their arrears and now having the support, they need to maintain their ongoing rent payments.

1.07 In appropriate cases, when all other attempts of recovery and support have been taken, when all attempts have been made to support contract holders and there is a continued cycle of non-payment and non-engagement, legal action is taken to repossess the property and during 2022-23 two evictions were undertaken.

Year	Number of Evictions
2022/23	2
2021/22	7
2020/21	0
2019/20	26
2018/19	30
2017/18	22
2016/17	19
2015/16	22

1.07 As part of the Councils ongoing response and to mitigate the impacts on contract holders and ensure the long-term financial stability of the Housing Revenue Account, Audit Wales identified additional information that may assist with additional reporting information to scrutiny – this relates to former contract holder arrears as well as amounts written off during the financial year.

The table below lists the levels of arrears that have been written off for various reasons including, insolvency, debt relief orders, contract holders leaving the property without a forwarding addresses and contract holders who have passed away leaving no estate or funds.

Year	Value (£)
2022-23	283,821
2021-22	288,898
2020-21	195,333
2019-20	624,478
2018-19	482,910
Total	1,875,440

When a contract holder vacates, passes away or is evicted from a Council property then the rent they owe become former arrears. The team continue to pursue these debts where possible and some former contract holders have arrangements to pay in place to clear these arrears over a longer period. There is £118k currently outstanding for former contract holder arrears.

1.08 New challenges lie ahead to maximise the collection of rent, including the aftereffects of the pandemic, rising living and energy costs and the need to deliver WG policy intentions of contract sustainment and “no evictions into homelessness”.

The vacant Team Manager position in Rent Income has also presented an opportunity for change/evolution, and re-consider the way in which we are

	structured to meet future demands, especially the need for better coordination of all aspects of tenancy management, having processes and resources in place to enable much earlier interventions with tenants and a more joined up approach across teams to address and respond to issues of non-payment of rent, and potentially other issues, at the very earliest opportunity.
1.09	The Housing Service has, over a 12-month period, been piloting different working methods to create better levels of service to contract holders, and to improve collection rates through a cultural shift across the teams and consider synergies between teams (Rent Income and Neighbourhood Housing). This is now helping to shape the service and develop a structure in which enables far greater early interventions, coordinated through a single team of officers who have a shared purposes and look at all aspects of tenancy management. With a greater focus on 'getting things right at the front end' it should result in less cases progressing through to court, improve service resilience and address skills gaps and recruitment issues.
1.10	The pilot has consisted of two Rent Income officers and two Neighbourhood Housing officers working on smaller patches to deliver better customer experiences and with single point of contact for housing, closer working arrangements and engagement with contract holders through more regular visits, identifying and coordinating multiple housing issues and developing a more joined up approach with Housing teams.
1.11	The outcome of the pilot is now helping to re-shape the service and way in which rent collection is coordinated across the portfolio since the reduction in rent arrears for pilot areas represents a 0.25% reduction in rent arrears.

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 bad debt provision to meet the cost of write offs and there is currently adequate provision set aside for 2023-24 and within the 30-year business plan to fund write offs.
2.03	The ongoing pilot is also helping to ensure resources are in place to enable earlier interventions with tenants and a more joined up approach across teams to address and respond to issues of non-payment of rent at the very earliest opportunity.

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 Officer: David Barnes, Revenues and Procurement Manager Telephone: 01352 703652 E-mail: david.barnes@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>Bad Debt Provision (BDP): is a reserve to cover financial losses for rents that may be uncollectable in the future. BDP is sometimes also referred to as 'impairment allowances for doubtful debts'.</p>