

FLINTSHIRE COUNTY COUNCIL

REPORT TO: **COMMUNITY AND ENTERPRISE OVERVIEW & SCRUTINY COMMITTEE**

DATE: **WEDNESDAY, 2 SEPTEMBER 2015**

REPORT BY: **CHIEF OFFICER (COMMUNITY & ENTERPRISE)**

SUBJECT: **ARREARS - COUNCIL HOUSING**

1.00 PURPOSE OF REPORT

1.01 The report is to update members of the levels of rent arrears, including progress of operational changes. It also identifies emerging external considerations which will require further changes and potentially additional staff resources to ensure that arrears are managed in compliance with new legislation whilst supporting vulnerable tenants.

2.00 BACKGROUND

2.01 A review of the rent collection process identified a number of areas where change was required to provide a service which concentrated on debt management in addition to collection to ensure that arrears were addressed whilst enabling tenants to maintain future rent payments.

2.02 The operational changes to the service included:

A review of all arrears letters identified the need to update the letters to ensure available support was still promoted, but that letters stressed the importance of paying the arrears and maintaining future payments to avoid the potential consequences of non-payment.

The semi automation of reminders and visit lists removing labour intensive manual checking processes which released Income officers to visit and advise more tenants. This includes new tenant visits within the first 2 weeks of tenancy. The progress towards 100% automation is ongoing with support being required from the software supplier.

The visits to new tenants are assisting in the early identification of potential vulnerable tenants and the requirement for tenancy support in maximisation of benefit and budgeting skills.

Direct debit (DD) is being strongly promoted in part to support the closure of post office facilities but DD is recognised as a “guaranteed” payment method which reduces potential arrears. To assist tenants an additional monthly DD date has been introduced and weekly DD’S are now available.

The number of post office transactions has reduced significantly with a reduction of 75% in transactions however there were still 2,000 transactions which would equate to 500 tenants paying weekly rent. The department is continuing to support tenants to use alternative payment methods.

In instances where Notices of possession are required, a different Income Officer serves the notice; this removed the tenant’s familiarity with the primary income officer allowing a new review of the tenant’s circumstances and highlighting the importance of the Notice. This change in procedure has resulted in an increase in full payment of arrears and payment arrangements.

In cases where notices for possession are served, the tenant’s details are also now shared with Neighbourhood and Tenancy support officers, allowing early intervention for tenants needing support.

3.00 CONSIDERATIONS

3.01 Income officers have also contacted all tenants with arrears totalling over £600 to establish latest circumstance and reviewing payment agreements.

The new processes appear to be successful with the Quarter 1 arrears levels indicating a reduction in lower level arrears.

Appendix A - Banded arrears comparison for Quarter 1
Quarter 1 Arrears position / income collected

Cash Collection

2014/15 £3,796,071

2015/16 £4,082,272

Rent collection % collected

2014/15 95.73%

2015/16 96.39%

Rent arrears

2014/15 £1.224m

2015/16 £1.25m

Although there has been an overall increase of £26k against the same period last year, arrears under £1,000 have reduced by £34,368 and there has been an overall decrease of 118 tenants in arrears.

It must also be recognised that where tenants pay monthly, their accounts will be shown as in arrears. The software system does not facilitate these accounts to be identified separately, however accounts where Direct Debit payment in place indicates a high percentage of these accounts.

The collection of rent now includes service charges from April 2015 for new tenants (where applicable) with the following service charges.

Aerial	£0.88
Communal Cleaning	£2.75
Window Cleaning	£0.50
Laundry Cleaning	£0.37
Laundry	£0.75
Total	£5.25

If telecare/carelink alarms are within the property an additional weekly charge of £2.20 for tenants is applicable, excluding where Housing Benefit is applicable.

- 3.02 The levels of arrears continues to be addressed with all options being considered prior to eviction, but external factors continue to impact on the level of arrears.

The impact of Welfare reform is well known with the spare room subsidy (commonly known as bedroom tax) affecting Flintshire tenants. There are currently 660 tenants £236,457 in arrears. (Appendix A). The levels of arrears indicate that not all arrears are due to the bedroom tax however they must be considered as a contributory factor.

Assistance for these tenants is being proactively progressed, the allocations policy gives priority to those affected by the spare room subsidy. The policy can reduce priority for applicants who have arrears and are not maintaining a satisfactory arrangement to repay the debt. It disregards arrears of £1K for a single tenant and £2K per couple. Spare room subsidy cases are assessed on an individual basis and where there are arrears accrued before the spare room subsidy, the income team will contribute to the decisions around reducing.

Housing Payments (DHP) are also actively pursued within the DHP policy guidelines.

- 3.03 The introduction of Universal Credit (UC) in all Flintshire Job Centres is starting to impact on arrears due to the payment cycles of UC and length of time before the initial payment. There are currently 8 tenants (with arrears over £1000) totalling £15k which should be paid on receipt of UC. The service has actively sought direct payments from

the DWPs where possible, but this must be considered as a future risk.

- 3.04 The introduction of The Housing (Wales) Act 2014 requires local authorities to prevent or relieve homelessness by taking all reasonable steps to address housing issues. This means that the Flintshire Housing Options Service alongside the Tenancy Support Service will work with households to enable them to stay in their current home wherever this is possible. These activities include offering support around maintaining a tenancy and budgeting and in some cases spend to save payments to assist a household to remain in their current home if it is deemed suitable and affordable to their needs. There have been additional referrals through to the Housing Options and Tenancy Support Service to support tenants during this process.
- 3.05 Once all alternative options have been exhausted the service will proceed to apply for eviction.

The process of applying for possession is dependent on the decision of the Court, in many cases the Court will make a suspended order with an instruction to pay arrears at set amount, in many cases the minimum award is ordered being rent plus £3.70 per week. This results in arrears being paid over a number of years (£3K arrears would take over 15 years to recover) currently arrears include 334 tenancies totalling £462,888 who are paying on court orders.

- 3.06 There has been 6 evictions for 2015/16 to date, which is the same number as for the whole of 2014/15.

4.00 RECOMMENDATIONS

- 4.01 To review the content of the report and comment on current progress.
- 4.02 Consider the establishment of a dedicated Tenancy Support Officer within the Income Team.

5.00 FINANCIAL IMPLICATIONS

- 5.01 The timely collection of rent is vital to support a financially viable housing service.

6.00 ANTI POVERTY IMPACT

- 6.01 None directly from this report

7.00 ENVIRONMENTAL IMPACT

- 7.01 None

8.00 EQUALITIES IMPACT

8.01 None

9.00 PERSONNEL IMPLICATIONS

9.01 A more proactive approach to debt management has resulted in higher referrals to Tenancy support with 46 referrals within the first quarter, to enable a more joined up approach with the income team, consideration should be given to a dedicated officer being aligned with the Income team.

A dedicated officer would be available to provide long term budgeting support to tenants maintaining a case load to identify follow up requirements. The intention being to reduce low level arrears before they escalate, reducing arrears and producing higher income levels which would benefit the HRA and tenants in maintaining their tenancies. A business case is to be prepared jointly with Senior Manager Housing Services to identify costs and benefits to fund this post.

10.00 CONSULTATION REQUIRED

10.01 None.

11.00 CONSULTATION UNDERTAKEN

11.01 None.

12.00 APPENDICES

Appendix A Banded arrears comparison for Quarter 1

LOCAL GOVERNMENT (ACCESS TO INFORMATION ACT) 1985 BACKGROUND DOCUMENTS

None

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