

COMMUNITY, HOUSING & ASSETS OVERVIEW AND SCRUTINY COMMITTEE

Date of Meeting	Wednesday, 8 th December 2021
Report Subject	Housing Rent Income
Cabinet Member	Cabinet Member for Housing
Report Author	Chief Executive
Type of Report	Operational

EXECUTIVE SUMMARY

This report provides the latest operational update for 2021/22 housing rent collection.

Total rent arrears for current tenants, as at week 28 (up to mid-October 2021) is £2.40m, compared to £2.35m at the same point in 2020/21 and £2.40m at the same point in 2019/20 pre-pandemic.

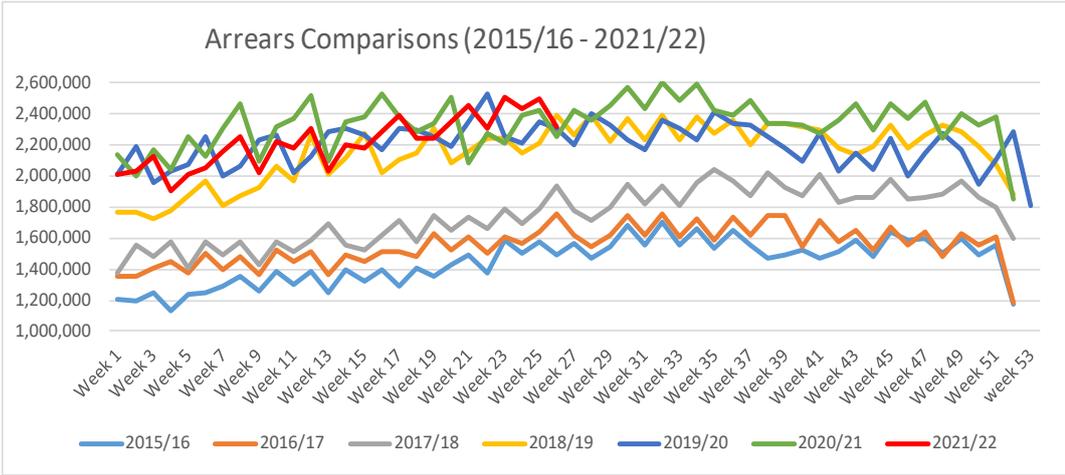
The Rent Income Service continues to support tenants and ensure interventions are provided to tenants to prevent further legal action and to ensure tenants meet their payments.

In cases where tenants do not engage or pay, despite all the offers of help and support, the service is taking legal action through the County Courts to ensure those tenants who do not pay keep to the full terms of their tenancy agreements.

RECOMMENDATIONS

1	That Scrutiny note the latest financial position for rent collections in 2021/22 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 during the Covid pandemic and during the after effects of the global crisis, remains a challenge for the housing service in the same way as it has for other social landlords who have been responsible for supporting tenants during the pandemic.																																																														
1.02	<p>The chart and table below illustrates the latest position in 2021/22 as well as the comparable positions for previous years.</p>  <p>Arrears Comparisons (2015/16 - 2021/22)</p> <p>2,600,000 2,400,000 2,200,000 2,000,000 1,800,000 1,600,000 1,400,000 1,200,000 1,000,000</p> <p>Week 1 Week 3 Week 5 Week 7 Week 9 Week 11 Week 13 Week 15 Week 17 Week 19 Week 21 Week 23 Week 25 Week 27 Week 29 Week 31 Week 33 Week 35 Week 37 Week 39 Week 41 Week 43 Week 45 Week 47 Week 49 week 51 week 53</p> <p>— 2015/16 — 2016/17 — 2017/18 — 2018/19 — 2019/20 — 2020/21 — 2021/22</p>																																																														
1.03	<p>The table below shows the current analysis of tenants in quarter 2 compared to quarter 2 in the previous year (2020/21). The table sets out those tenants who owe in excess of £250 in unpaid rent. Tenants who owe less than £250 and are generally up-to-date with their payments are excluded from the analysis.</p> <table border="1" data-bbox="320 1335 1398 2033"> <thead> <tr> <th rowspan="2">Banded Arrears (£)</th> <th colspan="2">2020-21</th> <th colspan="2">2021/22</th> <th colspan="2">Variances</th> </tr> <tr> <th>No.</th> <th>Arrears (£)</th> <th>No.</th> <th>Arrears (£)</th> <th>No.</th> <th>Arrears (£)</th> </tr> </thead> <tbody> <tr> <td>250 - 500</td> <td>603</td> <td>218,371</td> <td>594</td> <td>214,736</td> <td>-9</td> <td>-3,635</td> </tr> <tr> <td>500 - 750</td> <td>327</td> <td>200,747</td> <td>382</td> <td>234,233</td> <td>55</td> <td>33,486</td> </tr> <tr> <td>750 - 1,000</td> <td>201</td> <td>174,160</td> <td>188</td> <td>164,805</td> <td>-13</td> <td>-9,355</td> </tr> <tr> <td>1,000 - 2,500</td> <td>481</td> <td>754,234</td> <td>465</td> <td>735,948</td> <td>-16</td> <td>-18,286</td> </tr> <tr> <td>2,500 - 5,000</td> <td>156</td> <td>530,271</td> <td>142</td> <td>476,596</td> <td>-14</td> <td>-53,675</td> </tr> <tr> <td>5000+</td> <td>21</td> <td>126,509</td> <td>34</td> <td>223,135</td> <td>13</td> <td>96,626</td> </tr> <tr> <td>Totals</td> <td>1,789</td> <td>2,004,292</td> <td>1,805</td> <td>2,049,453</td> <td>16</td> <td>45,161</td> </tr> </tbody> </table>	Banded Arrears (£)	2020-21		2021/22		Variances		No.	Arrears (£)	No.	Arrears (£)	No.	Arrears (£)	250 - 500	603	218,371	594	214,736	-9	-3,635	500 - 750	327	200,747	382	234,233	55	33,486	750 - 1,000	201	174,160	188	164,805	-13	-9,355	1,000 - 2,500	481	754,234	465	735,948	-16	-18,286	2,500 - 5,000	156	530,271	142	476,596	-14	-53,675	5000+	21	126,509	34	223,135	13	96,626	Totals	1,789	2,004,292	1,805	2,049,453	16	45,161
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1.04	<p>In respect of the 34 cases currently owing in excess of £5k of unpaid rent:</p> <ul style="list-style-type: none"> • 18 tenancies are already subject to a court order • 4 tenancies progressing to possession stage • 8 have been served with notices of seeking possession • 3 are paying without the need for a court order • 1 has recently been evicted. 																
1.05	<p>Although the overall arrears position is relatively stable, it is interesting to note that recent statistics from the national 'Housemark' benchmarking for housing arrears management, confirm that two thirds of the housing sector collected less rent in August than they did in July.</p>																
1.06	<p>There remains several key risks to effective income management as a direct and in-direct result of the pandemic. These risks include, the ending of the temporary Universal Credit uplift and other economic pressures such as the recent increase in fuel and energy prices, all of which have an impact on household incomes and their ability to pay rent.</p>																
1.07	<p>As part of the mitigation measures and to support tenants during the Covid-19 pandemic, from March 2020, Welsh Government also introduced a package of measures to protect tenants from eviction. These measures have now been lifted but there remains a requirement to give an extended period of six months (instead of three months) when issuing 'Notices of Seeking Possession'. This is the statutory process we must follow before starting court proceedings for non-payment of rent.</p>																
1.08	<p>The extended notice periods impact on the ability of the service to take legal action quickly, but there are wider public interest considerations which recognise the importance of retaining the additional protections during a time when the virus remains a serious threat to public health and local authorities face additional demands to prevent homelessness. The increased notice periods are designed to give tenants a longer period of time to seek support for rent arrears.</p>																
1.09	<p>In appropriate cases, it has been necessary to re-start evictions for a small number of tenancies during 2021/22 where tenants have refused to engage. In some cases, tenants had abandoned the properties. Rent arrears alone in these four cases has equated to a total rent loss of £29k.</p> <table border="1" data-bbox="580 1621 908 2056"> <thead> <tr> <th data-bbox="580 1621 735 1767">Year</th> <th data-bbox="735 1621 908 1767">Number of Evictions for rent arrears</th> </tr> </thead> <tbody> <tr> <td data-bbox="580 1767 735 1809">2021/22</td> <td data-bbox="735 1767 908 1809">4</td> </tr> <tr> <td data-bbox="580 1809 735 1852">2020/21</td> <td data-bbox="735 1809 908 1852">0</td> </tr> <tr> <td data-bbox="580 1852 735 1895">2019/20</td> <td data-bbox="735 1852 908 1895">26</td> </tr> <tr> <td data-bbox="580 1895 735 1937">2018/19</td> <td data-bbox="735 1895 908 1937">30</td> </tr> <tr> <td data-bbox="580 1937 735 1980">2017/18</td> <td data-bbox="735 1937 908 1980">22</td> </tr> <tr> <td data-bbox="580 1980 735 2022">2016/17</td> <td data-bbox="735 1980 908 2022">19</td> </tr> <tr> <td data-bbox="580 2022 735 2060">2015/16</td> <td data-bbox="735 2022 908 2060">22</td> </tr> </tbody> </table>	Year	Number of Evictions for rent arrears	2021/22	4	2020/21	0	2019/20	26	2018/19	30	2017/18	22	2016/17	19	2015/16	22
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1.10	The national Breathing Space scheme that was recently launched has now provided 14 housing tenants in debt with a 60 day period of legal protections from their creditors, including those tenants who owe housing rent. The protections include pausing most enforcement action and contact from creditors. These measures though may impact negatively on the cash flow for the Housing Revenue Account (HRA) in the short term as debt advice agencies work with tenants to agree affordable repayment plans for the payment of debts.
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2.00	RESOURCE IMPLICATIONS
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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	Resource levels are also under review in the Housing Rent Income Service and will need to be increased to support the improvement of rent collections as part of the Covid recovery strategy. The HRA business plan for 2022/23 will take into account an additional two resources to deal with increasing workloads.
2.03	In addition to this, two Accommodation Support Officers have been embedded into the Rent Income service to ensure tenants receive the right level of support at the very earliest opportunity.

3.00	IMPACT ASSESSMENT AND RISK MANAGEMENT
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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.
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4.00	CONSULTATIONS REQUIRED/CARRIED OUT
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4.01	None.
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5.00	APPENDICES
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5.01	None.
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6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
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6.01	<ul style="list-style-type: none"> • Housing (Wales) Act 2014 • Welfare Reform Act 2012
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	<ul style="list-style-type: none"> • The Coronavirus Act 2020 – section 2 • The Debt Respite Scheme (Breathing Space Moratorium and Mental Health Crisis Moratorium) (England and Wales) Regulations 2020.
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7.00	CONTACT OFFICER DETAILS
7.01	<p>Contact Officer: David Barnes, Revenues Manager</p> <p>Telephone: 01352 703652</p> <p>E-mail: david.barnes@flintshire.gov.uk</p>

8.00	GLOSSARY OF TERMS
8.01	<p>Housing Revenue Account (HRA): 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 also build new council homes.</p>
8.02	<p>Breathing Space: The breathing space scheme, otherwise referred to as the Debt Respite Scheme will give someone in problem debt the right to legal protections from their creditors. There are two types of breathing space: a standard breathing space and a mental health crisis breathing space. The standard scheme is available to anyone and it gives legal protections for up to 60 days. A mental health breathing space is only available to someone who is receiving mental health crisis treatment and it has stronger protections. It last as long as the person’s mental health crisis treatment, no matter how long the crisis treatment lasts.</p>