

## COMMUNITY & HOUSING OVERVIEW AND SCRUTINY COMMITTEE

<b>Date of Meeting</b>	Wednesday 11 <sup>th</sup> September 2024
<b>Report Subject</b>	Housing Rent Income
<b>Cabinet Member</b>	Cabinet Member for Housing
<b>Report Author</b>	Chief Officer (Housing and Communities)
<b>Type of Report</b>	Operational

### EXECUTIVE SUMMARY

This report provides an operational update for housing rent collection rates, including the 2023/24 year-end outturn rent and the 2024/25 current position.

Cumulative rent arrears for 2023/24, as of 28<sup>th</sup> March 2024, were £2.06m compared to £2.03m in the previous year. However, with the early Easter bank holidays, £116k of rent income was received in 2023/24 but was not receipted until the 1<sup>st</sup> week in April 2024. In other words, rent arrears were £1.94m for at the end of 2023/24, an improvement of £90k.

The rent arrears for 2024/25 in week 14 are now £1.96m, compared to £2.43m in the previous year, a reduction of £463k.

### RECOMMENDATIONS

1	Note the year end outturn for 2023/24 and the latest financial position for rent collections in 2024/25.
---	--

## REPORT DETAILS

1.00	<b>EXPLAINING THE YEAR END OUTTURN AND LATEST POSITION OF RENT ARREARS</b>																											
1.01	<p>The rent arrears outturn for 2023/24 at the end of March 2024, was £2.06m, compared to £2.03m in the previous year, a technical increase of £31k.</p> <p>However, with the early Easter bank holidays, £116k of rent income was received in 2023/24 but was not receipted until the 1<sup>st</sup> week in April 2024. In other words, rent arrears were £1.94m at the end of 2023/24, an improvement of £90k.</p>																											
1.02	<p>The service continues to make steady improvements on collections with a reduction of rent arrears at year end and in-year.</p> <p>The table below illustrates the latest position for 2024-25, up to week 14, along with full year comparisons for previous years. Rent arrears in week 14 are around £464k lower than at the same point in the previous year.</p> <div data-bbox="320 913 1385 1368"> <p style="text-align: center;">Arrears Comparisons (2021/22 - 2024/25)</p> </div>																											
1.03	<p>The table below also shows the latest analysis of banded rent arrears up to week 14 for those contract holders who owe more than £250 in unpaid rent as contract holders who owe less than this are generally considered to be up to date with their payments:</p> <table border="1" data-bbox="549 1592 1161 2047" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="3" style="background-color: #c6e0b4;">July-24</th> </tr> <tr> <th style="background-color: #c6e0b4;">Banded Arrears (£)</th> <th style="background-color: #c6e0b4;">No. Contract Holders</th> <th style="background-color: #c6e0b4;">Arrears (£)</th> </tr> </thead> <tbody> <tr> <td>250 - 500</td> <td>523</td> <td>188,343</td> </tr> <tr> <td>500 - 750</td> <td>271</td> <td>165,723</td> </tr> <tr> <td>750 - 1,000</td> <td>167</td> <td>145,398</td> </tr> <tr> <td>1,000 – 2,500</td> <td>373</td> <td>580,603</td> </tr> <tr> <td>2,500 – 5,000</td> <td>149</td> <td>502,742</td> </tr> <tr> <td>5000+</td> <td>36</td> <td>228,744</td> </tr> <tr> <td><b>Total</b></td> <td><b>1,519</b></td> <td><b>1,811,552</b></td> </tr> </tbody> </table>	July-24			Banded Arrears (£)	No. Contract Holders	Arrears (£)	250 - 500	523	188,343	500 - 750	271	165,723	750 - 1,000	167	145,398	1,000 – 2,500	373	580,603	2,500 – 5,000	149	502,742	5000+	36	228,744	<b>Total</b>	<b>1,519</b>	<b>1,811,552</b>
July-24																												
Banded Arrears (£)	No. Contract Holders	Arrears (£)																										
250 - 500	523	188,343																										
500 - 750	271	165,723																										
750 - 1,000	167	145,398																										
1,000 – 2,500	373	580,603																										
2,500 – 5,000	149	502,742																										
5000+	36	228,744																										
<b>Total</b>	<b>1,519</b>	<b>1,811,552</b>																										

1.06	<p>For those contract holders who find it difficult to pay and who want to engage, we continue to signpost and make referrals to specialist teams across the Council.</p> <p>The housing service also continue to work collaboratively to discuss, support and resolve the more complex cases through the use fortnightly panel meetings to discuss these cases and to encourage engagement and support from contract holders.</p>																						
1.08	<p>The need to work within the spirit of WG policy intentions of “no evictions into homelessness” as well as maximising collections of rent to comply with the Councils Corporate Debt Recovery Policy can be a challenge and there is a balance to be struck between the two often conflicting policy intentions.</p> <p>The Revenues Rent Income service does not work in a vacuum and is acutely aware of the need to avoid evictions where possible, as a greater number of evictions will only lead to increased homelessness and greater budget pressures falling on the Council General Fund, as well as increased numbers of void properties and potential repairs.</p> <p>In appropriate cases, when all attempts have been made to support contract holders and there is a continued cycle of non-payment and non-engagement, in line with the updated Corporate Debt Recovery Policy, legal action is taken to repossess the property.</p> <p>A summary of the number of evictions carried out in each year since 2015/16 is shown below:</p> <table border="1" data-bbox="699 1167 1018 1682"> <thead> <tr> <th>Year</th> <th>Number of Evictions</th> </tr> </thead> <tbody> <tr> <td>2024/25</td> <td>1</td> </tr> <tr> <td>2023/24</td> <td>4</td> </tr> <tr> <td>2022/23</td> <td>2</td> </tr> <tr> <td>2021/22</td> <td>7</td> </tr> <tr> <td>2020/21</td> <td>0</td> </tr> <tr> <td>2019/20</td> <td>26</td> </tr> <tr> <td>2018/19</td> <td>30</td> </tr> <tr> <td>2017/18</td> <td>22</td> </tr> <tr> <td>2016/17</td> <td>19</td> </tr> <tr> <td>2015/16</td> <td>22</td> </tr> </tbody> </table>	Year	Number of Evictions	2024/25	1	2023/24	4	2022/23	2	2021/22	7	2020/21	0	2019/20	26	2018/19	30	2017/18	22	2016/17	19	2015/16	22
Year	Number of Evictions																						
2024/25	1																						
2023/24	4																						
2022/23	2																						
2021/22	7																						
2020/21	0																						
2019/20	26																						
2018/19	30																						
2017/18	22																						
2016/17	19																						
2015/16	22																						
1.09	<p>Aside from the collection of rent from current contract holders, whenever a contract holder 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 wherever possible from former tenants or the estate of a deceased tenant and some tenants have arrangements to pay in place to clear these arrears over an extended period.</p> <p>There is currently £158k outstanding in unpaid rent for former tenant arrears.</p>																						

1.10	<p>Each year, the HRA sets aside sufficient bad debt provision to meet the cost of irrecoverable rent debts and there is currently adequate provision set aside for 2024-25 and within the 30-year business plan to fund write offs.</p> <p>The recent improvements in rent collections have played a significant part in reducing the number and value of write offs. Consequently, there is now a much lower budget provision set aside to fund the cost of write offs.</p> <p>The table below also lists the levels of arrears that have been written off for various reasons including, bankruptcy, debt relief orders, contract holders leaving the property without a forwarding addresses and contract holders who have passed away leaving no estate or funds.</p> <table border="1" data-bbox="639 636 1027 994"> <thead> <tr> <th>Year</th> <th>Write off Values (£)</th> </tr> </thead> <tbody> <tr> <td>2024-25</td> <td>99,536</td> </tr> <tr> <td>2023-24</td> <td>192,338</td> </tr> <tr> <td>2022-23</td> <td>283,821</td> </tr> <tr> <td>2021-22</td> <td>288,898</td> </tr> <tr> <td>2020-21</td> <td>195,333</td> </tr> <tr> <td>2019-20</td> <td>624,478</td> </tr> <tr> <td>2018-19</td> <td>482,910</td> </tr> </tbody> </table>	Year	Write off Values (£)	2024-25	99,536	2023-24	192,338	2022-23	283,821	2021-22	288,898	2020-21	195,333	2019-20	624,478	2018-19	482,910
Year	Write off Values (£)																
2024-25	99,536																
2023-24	192,338																
2022-23	283,821																
2021-22	288,898																
2020-21	195,333																
2019-20	624,478																
2018-19	482,910																
<b>2.00</b>	<b>RESOURCE IMPLICATIONS</b>																
2.01	The deployment of the Mobyssoft ‘Rent Sense’ software, funded by the HRA, continues to be necessary to control rent arrears and to ensure resources are targeted effectively.																
2.02	Rent Sense enhances income collection operations. It eliminates the guesswork for housing and rent income officers, clearly indicating cases that require interventions to keep payment of rent on track.																

<b>3.00</b>	<b>IMPACT ASSESSMENT AND RISK MANAGEMENT</b>
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 is provided to those contract holders at highest risk of non-payment.

<b>4.00</b>	<b>CONSULTATIONS REQUIRED/CARRIED OUT</b>
4.01	None.

<b>5.00</b>	<b>APPENDICES</b>
5.01	None.

<b>6.00</b>	<b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>
6.01	<ul style="list-style-type: none"> <li>• Housing (Wales) Act 2014</li> <li>• Welfare Reform Act 2012</li> <li>• Renting Home Wales Act 2016</li> <li>• Corporate Debt Recovery Policy</li> </ul> <p><a href="https://www.flintshire.gov.uk/en/PDFFiles/Sundry-Debtors/Corporate-Debt-Policy.pdf">https://www.flintshire.gov.uk/en/PDFFiles/Sundry-Debtors/Corporate-Debt-Policy.pdf</a></p>

<b>7.00</b>	<b>CONTACT OFFICERS DETAILS</b>
7.01	<p><b>Contact Officer:</b> David Barnes, Revenues and Procurement Manager  <b>Telephone:</b> 01352 703652  <b>E-mail:</b> <a href="mailto:david.barnes@flintshire.gov.uk">david.barnes@flintshire.gov.uk</a></p>

<b>8.00</b>	<b>GLOSSARY OF TERMS</b>
8.01	<p><b>Housing Revenue Account:</b> 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><b>Bad Debt Provision (BDP):</b> 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>