

CABINET

Date of Meeting	Tuesday, 13 th July 2021
Report Subject	Housing Rent Income
Cabinet Member	Cabinet Member for Housing
Report Author	Chief Officer (Housing and Assets)
Type of Report	Operational

EXECUTIVE SUMMARY

This report provides Cabinet with an operational update on 2020/21 year end housing rent income collection performance for housing, including the 2021/22 latest collection position.

The outturn for 2020/21 resulted in rent arrears of £1.854m compared to £1.815m in the previous year – an increase in arrears of £39k. The data generally makes for positive reading especially when contrasted against earlier predictions for rent arrears for the service throughout the last twelve months, particularly at a time when the Covid-19 pandemic has impacted on the ability of some tenants to pay on time.

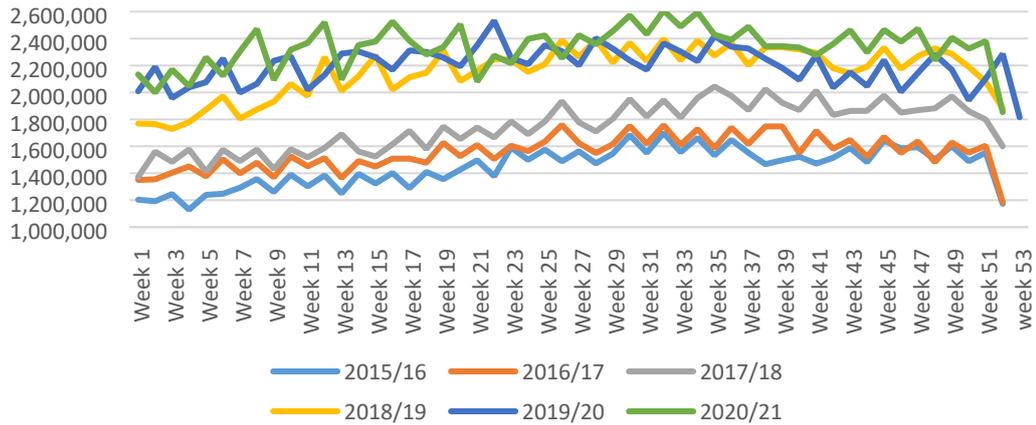
RECOMMENDATIONS

1	Cabinet support the report noting the £1.854m year-end position for rent arrears in 2020/21.
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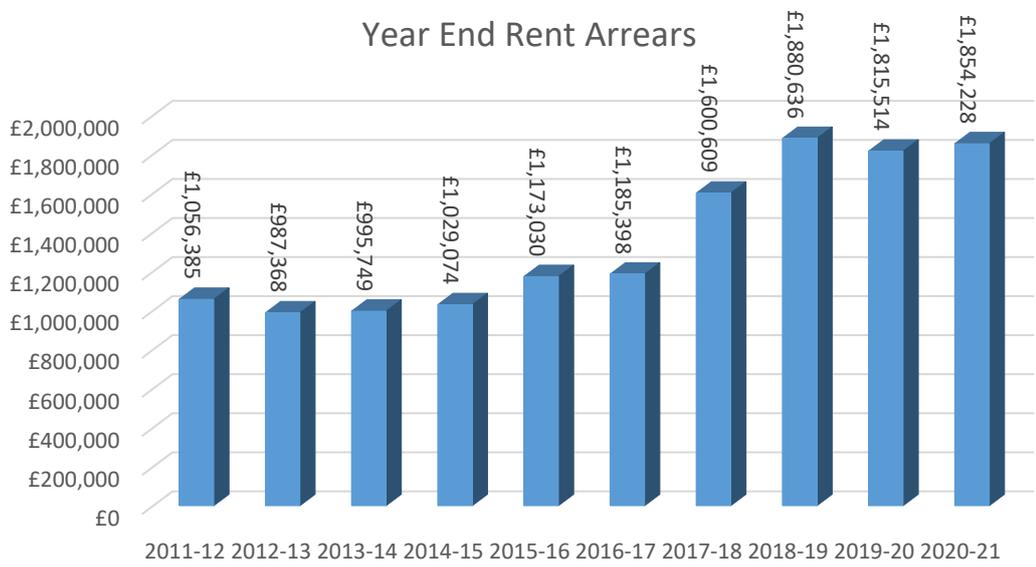
REPORT DETAILS

1.00	EXPLAINING THE LATEST POSITION OF RENT ARREARS																																																																		
1.01	The 2020/21 financial year has been one of the most challenging for the 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 year-end position for 2020/21 shows rent arrears (£1.854m) have marginally increased by £39k compared to the previous years' outturn (Table 1). The data generally makes for positive reading especially when contrasted against earlier predictions for rent arrear at a time when Covid-19 continues to impact on the ability of some tenants to pay their rent on time.</p> <p>Table 1</p> <table border="1" data-bbox="370 808 1337 1415"> <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>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> <p>* denotes the period when Universal Credit full service was rolled out.</p>	Financial Year	Gross Rent Yield	Year End Rent Arrears	Rent Arrears as % of Rent Yield	Movement in Arrears (£)	Movement in Arrears (%)	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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1.03	The chart (Arrears Comparisons) and bar chart (Year End Rent Arrears) below illustrates the year end position in 2020/21 as well as the comparable outturns for previous years.																																																																		

Arrears Comparisons (2015/16 - 2020/21)



Year End Rent Arrears



1.04

Most tenants have maintained their rent payments, but the pandemic has inevitably also impacted on the ability of some tenants to pay their rent on time.

There are some trends that are of concern, such as the notable increase in high-level arrears for tenants who owe in excess of £5k of unpaid rent. Despite everything that has been and is done to support tenants, a very small minority have failed to engage and continue to do so with the Council and appropriate recovery will be taken at the first opportunity against those tenants who do not effectively engage or pay.

Table 2 below shows the analysis of 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.

Table 2 – Rent arrears analysis

Banded Arrears (£)	Apr-20		Nov-20		Mar-21	
	No.	Arrears (£)	No.	Arrears (£)	No.	Arrears (£)
250 - 500	504	185,702	603	218,371	460	169,224
500 - 750	334	206,413	327	200,747	244	150,878
750 - 1,000	197	171,180	201	174,160	155	132,552
1,000 - 2,500	489	768,287	481	754,234	432	674,751
2,500 - 5,000	134	444,175	156	530,271	132	449,779
5000+	8	44,787	21	126,509	28	176,290
Totals	1,666	1,820,544	1,789	2,004,292	1,451	1,753,474

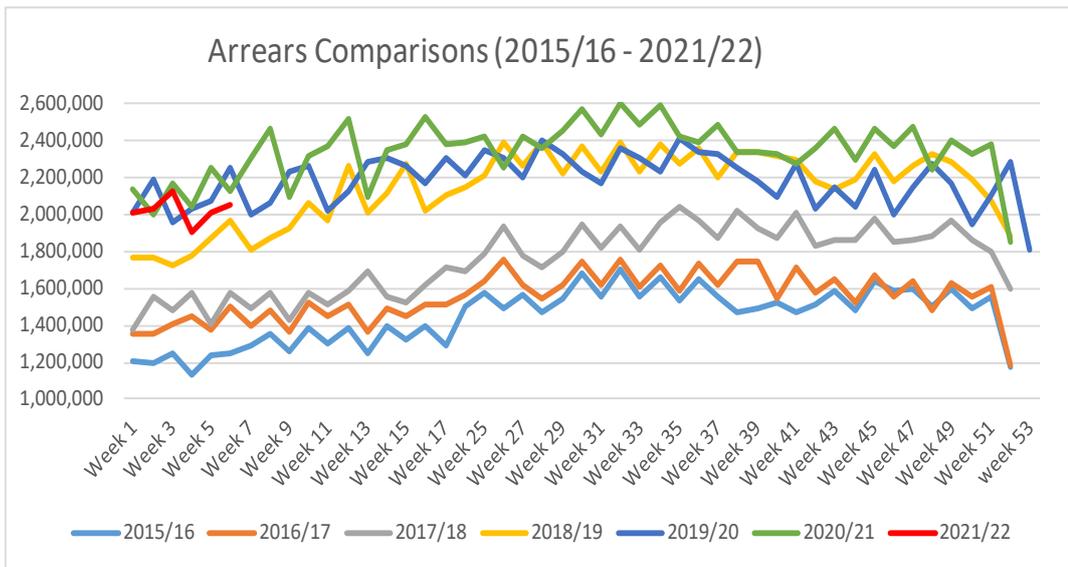
1.05 To support tenants during the Covid-19 pandemic, from March 2020, Welsh Government also introduced a package of measures to protect tenants from eviction and these measures remain in place until at least 30th June 2021. Consequently, no evictions have taken place during 2020/21.

1.06 There remains a small number of cases (5 in total) that were due to move to eviction prior to the lockdown, and these cases will be progressed when the moratorium ends. Rent arrears alone in these five serious cases of non-engagement now equates to a total of £34k, an increase of £20k since the start of the pandemic.

Table 3 - Evictions

Year	Number of Evictions for rent arrears	% Increase / Reduction
2020/21	0	-100.0%
2019/20	26	-13.3%
2018/19	30	36.4%
2017/18	22	15.8%
2016/17	19	-13.6%
2015/16	22	-

1.07 The current position for 2021/22 is starting to show an improving and more positive position as at week 6. Rent arrears are currently running at £2.05m, but are £75k lower than the same position in the previous year



1.08 Although rent arrears have stabilised since the introduction of Universal Credit and other welfare reforms, there remains several key risks to effective income management as a result of the pandemic. These risks include, the ending of the furlough scheme and uncertainty around the temporary Universal Credit uplift as well as other legislation such as the temporary suspension on evictions.

1.09 In addition to this, the introduction of the Breathing Space scheme in England and Wales from May 2021, is generally a welcome step as this will provide tenants in debt with a 60 day period of legal protections from their creditors, including what tenants owe in housing rent. The protections include pausing most enforcement action and contact from creditors.

1.10 The Breathing Space scheme is defined by legislation under The Debt Respite Scheme (Breathing Space Moratorium and Mental Health Crisis Moratorium) (England and Wales) Regulations 2020. These measures though may impact negatively on the cash flow for the HRA in the short term as debt advice agencies work with tenants to agree affordable repayments for the repayment of debts.

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	Resource levels are also under review in the Housing Rent Income service and may need to be increased to support the improvement of rent collections as part of the Covid recovery strategy. The HRA business plan

	for 2021-22 takes account of an additional resource for a temporary period of up to two years.
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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	This report was discussed in the Community, Housing and Asset Overview and Scrutiny Committee on 16 June 2021 and was supported.
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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 • 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
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7.01	Contact Officer: David Barnes, Revenues Manager Telephone: 01352 703652 E-mail: david.barnes@flintshire.gov.uk
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8.00	GLOSSARY OF TERMS
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8.01	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.
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	<p>Welfare Reform: these are changes introduced to a range of social security benefits and tax credits which aim to ensure that the UK has an affordable benefits system.</p>
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