

## GOVERNANCE AND AUDIT COMMITTEE

<b>Date of Meeting</b>	Wednesday 17 November 2021
<b>Report Subject</b>	Housing Rent Income – Audit Wales Report
<b>Report Author</b>	Chief Executive

### EXECUTIVE SUMMARY

This report provides the Committee with an operational update following the publication of a recent Audit Wales report on Housing Rent Income.

The Audit Wales review has acknowledged the proactive measures already taken by the Council in supporting tenants and stabilising rent collections during a period of unprecedented change, especially with the rollout of Universal Credit and the recent impacts of the coronavirus pandemic.

The review has concluded the Council had, by March 2020, successfully stopped the increase in Council tenant rent arrears.

In summary, the Audit Wales report now sets out two recommendations to collect additional performance measures to better understand the overall income and rent arrears performance and to build on the improvements already made. The two additional indicators being proposed are:

- Total rent collected during the year from both former and current tenants; and the amount written off during the financial year in unpaid rents
- The collection of more comprehensive datasets including strengthening integrated tenant engagement arrangements to better understand the needs and experiences of tenants and to inform future housing service delivery

### RECOMMENDATIONS

1	That Members are requested to note the report.
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## REPORT DETAILS

1.00	EXPLAINING THE AUDIT WALES REPORT ON RENTAL INCOME
1.01	<p>Collection of rent during the rollout of Universal Credit and other welfare reforms, together with the recent impacts of the Covid pandemic, have been challenging for the housing service in the same way as it has for other social landlords.</p>
1.02	<p>Most tenants have maintained their rent payments, but the pandemic and continued rollout of Universal Credit has inevitably also impacted on the ability of some tenants to pay their rent on time.</p>
1.03	<p>As part of the Councils ongoing response and to mitigate the impacts on tenants and ensure the long term financial stability of the Housing Revenue Account, Audit Wales have undertaken a comprehensive review to assess the effectiveness of the Council in supporting tenants and the package of measures that have been put in place to maximise rent collection levels and minimise bad debts.</p>
1.04	<p>The Audit Wales report sets out many examples of good practice and the co-ordinated work being undertaken across the housing service to maintain rent collection levels. The report also acknowledges the proactive measures already taken by the Council during a period of unprecedented change, especially with the rollout of Universal Credit and the recent impacts of the coronavirus pandemic.</p>
1.05	<p>In summary, the report confirms the Council has stopped the increase in council tenant rent arrears and the audit findings identify two specific recommendations for improving performance, to build on the improvements already made and to better understand the overall income and rent arrears performance.</p> <p>Audit Wales have identified two indicators that may assist in developing additional reporting information:</p> <ul style="list-style-type: none"><li>• Total rent collected during the year from both former and current tenants; and the amount written off during the financial year in unpaid rents</li><li>• The collection of more comprehensive datasets including strengthening integrated tenant engagement arrangements to better understand the needs and experiences of tenants and to inform future housing service delivery</li></ul>
1.06	<p>The Housing service continues to develop strategies to increase collections and in respect of the collection of former tenant arrears, the service has recently deployed an additional software module specifically targeted at former tenant arrears – the software deploys existing analytical and predictive technologies using the Mobyssoft ‘Rent Sense’ solution to quickly identify former tenants who are at risk of not making repayments on time.</p>

1.07	The deployment of new software for managing former tenant arrears, along with enhanced reporting tools, will now enable officers to make further improvements in the collection process and to also provide additional reporting information to Cabinet and to Scrutiny Committee on former tenant arrears, as well as better visual information on write off levels.
1.08	In addition to this, and in respect of the collation of data to capture tenants' feedback and to better understand the needs of tenants, the housing service is proposing to send out a detailed questionnaire to solicit customer feedback which will assist and support future models of service delivery.

<b>2.00</b>	<b>RESOURCE IMPLICATIONS</b>
2.01	None directly arising from the report.

<b>3.00</b>	<b>CONSULTATIONS REQUIRED/CARRIED OUT</b>
3.01	The Audit Wales report will be shared with the Corporate Resources Overview & Scrutiny Committee on 11 November.

<b>4.00</b>	<b>RISK MANAGEMENT</b>
4.01	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.

<b>5.00</b>	<b>APPENDICES</b>
5.01	Appendix 1 – Audit Wales Report - Rental Income – Flintshire County Council

<b>6.00</b>	<b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>
6.01	Audit Wales – Rental Income Report (document 2330A2021-22)  <b>Contact Officer:</b> David Barnes, Revenues Manager <b>Telephone:</b> 01352 703652 <b>E-mail:</b> <a href="mailto:david.barnes@flintshire.gov.uk">david.barnes@flintshire.gov.uk</a>

7.00	<b>GLOSSARY OF TERMS</b>
7.01	<p><b>Housing Revenue Account (HRA):</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 also build new council homes.</p> <p><b>Welfare Reform:</b> 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> <p><b>Audit Wales:</b> is the statutory external auditor of most of the Welsh public sector, including local authorities. Audit Wales role includes examining how public bodies manage and spend money and how they achieve value in the delivery of public services.</p>