

Law and Governance

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10 January 2014

Dear Panel Members

HOUSING PANEL (PANEL OF THE SCRUTINY COMMITTEE) - WEDNESDAY 15 JANUARY 2014

Attached are papers for agenda item 3 – Rent Arrears Analysis and Profiles, which were not available when the main agenda was printed.

Please bring these with you to the meeting.

Yours sincerely

Mathew Metcalfe
Democratic and Electoral Services Officer



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IN PEOPLE



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To: Housing Panel
Date: 15th January 2014
Report of: Head of Customer Services
Title of Report: Rents Performance

Summary and Recommendations

Purpose of report: To provide an update on rents arrears as requested by the Panel.

Executive lead member: Councillor Susan Brown

Recommendation(s): The Committee is recommended to:

Note the information requested and the work being undertaken to improve performance on the collection of arrears.

Background

1. At its meeting on 4th November 2013, the Panel requested more information on the profile of the rent arrears figures.
In particular:
 - the profile of the debt by age and value; and
 - the number of tenants in arrears who are affected by any of the benefit changes and/or in the direct payments pilot.

Overall Rent Collection Performance

2. The target collection rate for the year is 97.5%. As at 30th November 2013 the collection rate was 94.96% against a year to date target of 95.53%.

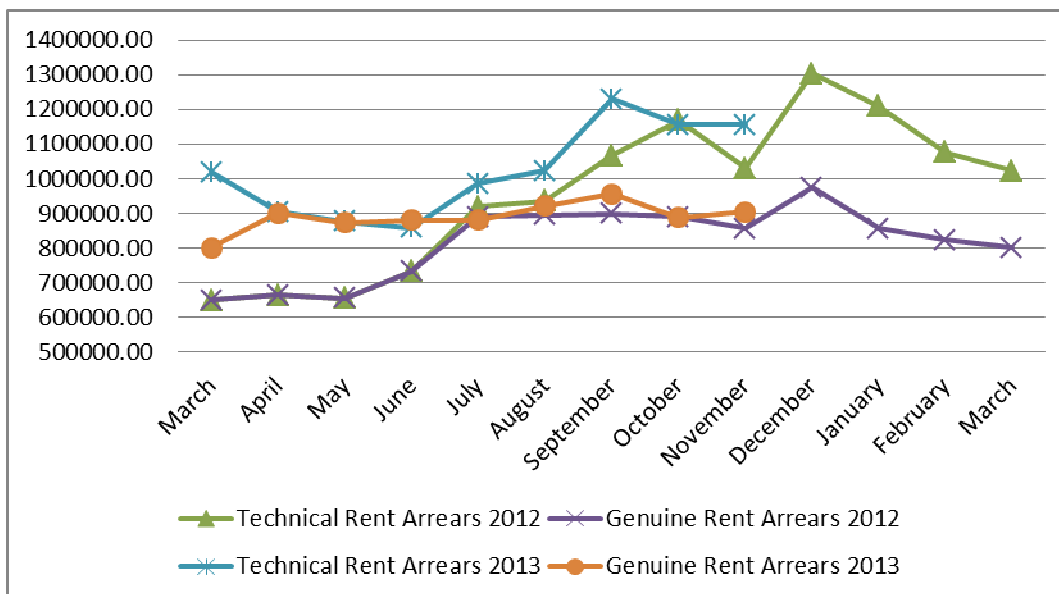
Technical arrears vs Genuine arrears

3. As the rent debit is raised weekly, the arrears figures are skewed by the following variables:
 - Direct Debit payment dates of the 5th, 15th and end of month.
 - The timing of monthly instalments. Most tenants paying their rent by direct debit will pay for their annual rent in 12 equal monthly instalments.
In 2013/14 there are 53 weekly rent debits, which equates to 4.4 weeks rent being paid each month, therefore at certain points in

the year the monthly debit is not cleared by the monthly payment. However, the instalment plan will ensure that each rent account will be cleared by the end of the financial year.

- Direct payments of Housing Benefit paid 4 weekly in arrears.
4. This report adjusts the technical arrears figures to provide 'genuine arrears' figures on a monthly basis, ('genuine arrears' take into account the timing issues related to direct debits and direct payments of housing benefit).
 5. Table 1 below shows technical arrears from the end of March 2013 to end November 2013, compared to the 2012 figures. Technical arrears were £1,018,455.14 (2.47 % of rent roll) at 31st March 2013. They had risen to £1,156,620.41 (2.62% of the rent roll, an increase of £138,165.27) at the end of November 2013.
 6. Table 1 also shows genuine arrears from the end of March 2013 to end November 2013, compared to the 2012 figures. Genuine arrears were £801,124.20 (1.85% of rent roll) at 31st March 2013. They had risen to £904,230.83(2.08% of rent roll) at the end of November 2013 and are on track to be at or below the 31st March 2013 figure by 31st March 2014.

Table 1: Rent arrears comparison between 2012 and 2013 to the end of November:



7. The reason for the rise in technical arrears in September 2013 was due to tenants joining phase 2 of the Direct Payment pilot. The table shows how over the subsequent two months tenants are starting to manage their rent liability.

8. Table 2 below shows the profile of debt by the number of weeks in arrears:

Table 2: Aged Debt Analysis for Rent

Range	Genuine Arrears March 2013	Genuine Arrears Cases	Genuine Arrears November 2013	Genuine Arrears Cases
0 to 4 weeks	£219,962.37	1799	£327,330.51	2125
4 to 13 weeks	£322,679.28	452	£360,108.36	541
13 to 26 weeks	£204,638.68	114	£172,847.51	94
26 to 39 weeks	£50,693.57	18	£23,393.31	8
39 to 52 weeks	£3,150.31	1	£15,261.73	3
52 Weeks +			£5,289.41	1
	£801,124.21	2384	£904,230.83	2772

9. As can be seen the increase in the number of arrears cases is in the 0-13 weeks bracket, and the service is being proactive in tackling these. The team are specifically targeting all accounts in arrears below 6 weeks and contact is being made via phone or letter. This early contact with tenants allows us to support them in managing their rent payments and prevent accounts from progressing into more serious arrears. The number of arrears cases between 13 and 39 weeks has fallen both in value (£59,037) and volume (30). There are 4 cases older than 39 weeks. They are complicated cases, but we hope these will be dealt with by end of year.

Table 3 below shows the profile of debt by value.

Table 3: Rent Debt Analysis by Value of Debt

Range	Genuine Arrears March 2013	Genuine Arrears Cases	Genuine Arrears November 2013	Genuine Arrears Cases
£0 to £100	£44,615.02	943	£57,596.46	942
£100 to £250	£88,894.84	591	£126,285.14	775
£250 to £500	£137,309.43	379	£205,312.56	560
£500 to £750	£113,324.44	160	£128,262.97	212
£750 to £1000	£96,431.69	112	£109,779.56	126
£1000 +	£320,548.79	199	£276,994.14	157
	£801,124.21	2384	£904,230.83	2772

10. Since 1st April 2013 the number of arrears cases has increased by 388 (£103,106.62), predominantly in the £100 - £500 range.

Rent Debt Analysis by Welfare Reform Type

11. Table 4 below shows the level of arrears at the end of March 2013 and November 2013 for tenants not in the Direct Payment Project, tenants in Phases 1 and 2 of the Direct Payment Project and tenants affected by the bedroom tax.

There are only 10 households affected by the Benefit Cap. However, they are all in receipt of Discretionary Housing Payment and consequently none are currently in rent arrears.

Table 4: Arrears Breakdown

		Genuine Arrears March 2013	Genuine Arrears November 2013
OCC Tenants	Sum	£801,124.21	£904,230.83
	Tenants in Arrears	2384	2772
	Average	£336.04	£326.20
Non Direct Payments	Sum	£541,211.62	£636,623.63
	Tenant in Arrears	1392	1704
	Average	£388.80	£373.61
Direct Payments Phase 1	Sum	£259,912.59	£227,460.73
	Tenants in Arrears	992	800
	Average	£262.01	£284.33
Bedroom Tax	Sum	£115,512.71	£126,644.99
	Tenants in Arrears	320	296
	Average	£360.98	£427.85
Direct Payments Phase 2	Sum	£16,136.01	£40,146.47
	Tenants in Arrears	77	268
	Average	£209.56	£149.80

Note 1: The analysis of genuine arrears in this table does not add up to the total genuine arrears because some tenants fall into more than one category.

Note 2: Tenants impacted by the bedroom tax with arrears prior to the 1st April have these detailed in the March 2013 column. Figures at the end of November 2013 show a decrease in the number of tenants in arrears but an increase in the value of arrears.

12. Table 4 shows 70% of arrears are not related to the Direct Payments.

13. Overall, the average rent arrears figure is reducing, although the number of tenants in arrears has increased.
14. The value and number of tenants in arrears in Phase 1 of the Direct Payments Project is reducing, although the average value for those remaining in arrears is increasing.

Direct Payments

15. The objective of Phase 1 of the Direct Payments project was to identify those people who could manage the direct payment of housing benefit, those who could not and those claimants who would be able to manage with some support.
16. Phase 2 sought to use the learning from Phase 1 to embed our approach into business as usual. For Phase 2 participants, much greater emphasis has been placed on supporting the tenant.
17. As an example of the learning from Phase 1, we had 112 tenants switched back out of 1242 in the first four weeks (9%). In Phase 2 we had 2 out of 460 (0.43%).
18. Below in Table 5 is some additional Management Information relating to Phases 1 and 2 of the Direct Payments project, showing how the learning from phase 1 has improved performance.

Table 5: Comparison of Phases 1 and 2 of Direct Payment Project

MI Data Summary			
	Phase 1	Phase 2	Combined
Total Rent Charged	£6,812,285.80	£525,261.00	£7,337,546.80
Total Payment Received	£6,610,145.67	£511,522.00	£7,121,667.67
Arrears Accrued	£202,140.13	£13,739.00	£215,879.13
Arrears Percentage	2.97	2.62	2.94
Collection Rate	97.03	97.38	97.06
Total Switchbacks	393	2	395

19. No tenant in the pilot is in receipt of direct payments if they are over 10 weeks in rent arrears. Intervention is made in every case where there are 4 to 8 weeks rent arrears; options are discussed with the tenant to assess whether they are able to manage direct payments.
20. The DWP has just published information from the Direct Payment project sites, and from this we can see that the average rent collection across all six sites was 94% compared to Oxford City Council at 97.03%.
21. Oxford City's participation in the Direct Payments Demonstration Pilot has been positive in many ways, enabling us to:
 - introduce the concept of direct payment of benefit to tenants ahead of time, supporting them through the transition

- engage with tenants who previously we had no contact with and gain a better understanding of their issues
- support tenants to develop the money management skills they will require
- influence the design of Universal Credit.

22. We will not be adding any more tenants onto the direct payment project for the rest of 2013/14, whilst we continue to support existing tenants and continue to improve the arrears position.

Recovery Activity

23. Since 1st April 2013 the following recovery activity has been taken to improve the arrears situation:

- The team have set up 477 arrangements for tenants in arrears. 137 (29%) have not kept to their agreement and have subsequently been issued with further action according to the Council's arrears escalation policy. If, theoretically, the remaining 340 (71%) keep to the terms of the agreed repayment plans this would reduce the arrears by a further £133,789.
- 102 Court Orders relating to non-payment of arrears have been set up. 35 (34%) of these tenants have not kept to the agreement set by the Court and will/are being reviewed for further action. The remaining 67 (66%) tenants will reduce the total rent arrears by £18,480 if they continue to comply with the court order until the end of the financial year.
- Notices Seeking Possession (NSP) have been served on 598 tenants. There are currently 513 accounts with a live NSP, which have a combined debt of £298k. (A Notice Seeking Possession is served if a tenant fails to keep to an agreement or does not make any payment towards rent arrears. It gives four weeks warning that we may apply to the County Court for a Possession Order.)
- At the start of the year we saw an increase in Debt Relief Orders but we have not received any in the last 6 months. We are currently dealing with three cases in conjunction with the advice agencies.
- 8 tenants have been evicted for rent arrears although only two of these were still in-situ when evicted. If we suspect any fraudulent tenancy we will report this to the tenancy management team who will forward the case to the Fraud team for investigation as required.

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