

To: Housing Panel

Date: 10th December 2015

Report of: Head of Financial Services

Title of Report: Rents Performance

Summary

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

Key decision *No*

Executive lead member: Councillor Susan Brown

Report author: Damon Venning

Policy Framework:

Appendix 1: Case Studies

Background

1. Following the Housing Scrutiny Panel's meeting on the 9th October 2014 this report provides an update on current and former tenant arrears as at the end of October 2015. In particular:
 - The profile of debt by age and value
 - The number of tenants in arrears who are affected by any of the benefit changes and/or direct payment rollout.

Overall Rent Collection Performance

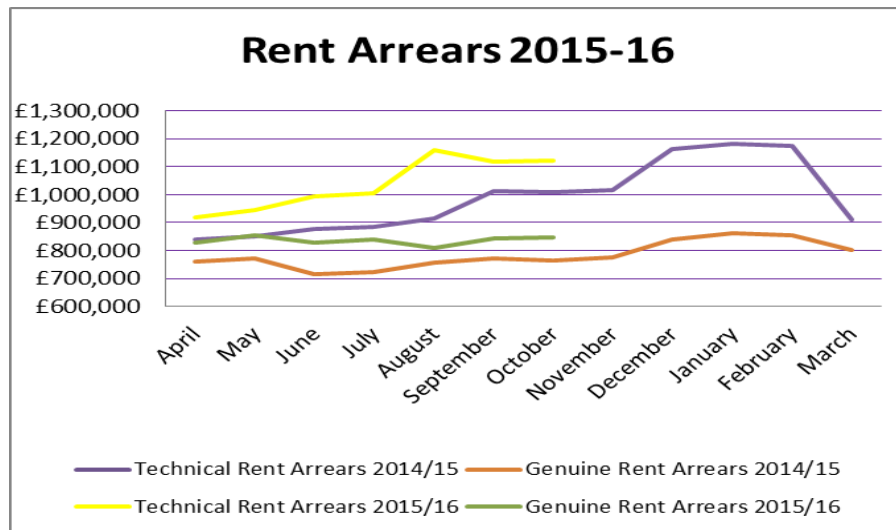
2. As at 31st October the collection rate was 95.93% against a target of 94.75%. This is up on the October 2014 position (95.47%). The target collection rate at the 31st March 2016 is 98.00%. The target collection rate at 31st March 2015 was 97.5%.

Technical arrears versus 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 2015/16 there are 52 weekly rent debits, which equates to 4.34 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 are paid 4 weekly in arrears
4. This report adjusts the technical arrears figures to provide a 'genuine arrears' figure 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 and genuine arrears from the end of March 2015 to the end of October 2015, compared to the 2014 figures. Technical arrears were £911,717 (2.12% of rent roll) at 31st March 2015. They had risen to £1,121,890 (2.44% of the rent roll, an increase of £210,173) at the end of October 2015. Genuine arrears were £803,690 at 31st March 2015 and had risen to £847,174 at the end of October 2015, an increase of £43,484. The trend levels in changes to arrears patterns are similar to corresponding years, which will lead to reducing levels at end of year.

Table 1: Rent arrears comparison between 2014 and 2015 to the end of October 2015



6. Table 2 below shows the profile of debt by the number of weeks in arrears. It shows there is a decrease of 295 arrears cases since March 2015 predominantly in the 0-13 week bracket (305). However, the number of arrears cases between 13 and 52+ weeks has increased both in value (£13,644) and volume (10). There are 15 cases older than 26 weeks that:
- Have been to Court for possession but an arrangement made

- Are continually monitored by the Income Management Team so that any failure to keep to the arrangement is actioned immediately.

Table 2: Aged Debt Analysis for Rent

Range	Genuine Arrears March 2015	Genuine Arrears Cases	Genuine Arrears October 2015	Genuine Arrears Cases
0 to 4 weeks	227,401	1732	229,883	1405
4 to 13 weeks	349,679	462	377,036	484
13 to 26 weeks	176,528	89	193,097	100
26 to 39 weeks	44,824	15	39,394	13
39 to 52 weeks	5,258	1	7,763	2
52 Weeks +			0	0
	803,690	2299	847,174	2004

High Level Arrears (13-52+ weeks)

7. All cases over 13 weeks in rent arrears have either been taken or are in the process of going to court to seek a legal agreement to pay the rent arrears. The Rents Team are members of the court user group and judges have requested that we work with tenants early in the arrears process so any orders or judgements made are realistic for the tenant to adhere to payments.

Arrears Engagement Activity

8. Table 3 below shows the last three years of agreement and court activity highlighting a decrease in legal activity in the last two years. This outlines the team's endeavours to contact tenants early in the arrears process and resolve debt problems before they escalate. It also shows that tenants are adhering to long term agreements or payment plans.

Table 3: Arrears Actions for all Tenants

Arrangement Type	2012/13	2013/14	2014/15	October 2015
Agreements	859	996	734	456
Court Orders	68	125	114	42
Court Restorations	32	87	46	28

9. Tenants in arrears are contacted by the Rents Team in the first instance to make an agreement. If this agreement is not adhered to, or we are unable to make contact with the customer, then the case is escalated to a court hearing. At the court hearing the judge will make a determination based on the individual case presented, and will either grant possession, or suspend possession based on an agreement being maintained via a court order, or adjourn the case subject to a payment arrangement being agreed and maintained. The team has evicted 5 tenants in the current year; this is significantly lower than organisations in our benchmarking group where the average is approximately 20 per year.

Engagement with tenants

In June 2015 the team achieved full compliance for the Customer Service Excellence assessment, as well as achieving three compliance pluses for;

- Developing customer insight about our customer groups to better understand their needs and preferences.
- Empowering and encouraging all employees to actively promote and participate in the customer-focused culture of the organisation.
- Demonstrating how customer-facing staffs' insight and experience is incorporated into internal processes, policy development and service planning.

Former Tenant Arrears

10. Since April 2015 we have increased our focus on collection of Former Tenant Arrears to ensure we are collecting these debts alongside current tenant arrears. Our collection performance in the current year is 12% compared to an industry benchmark of 10%. This is shown in monetary terms below:

Starting Balance April 2015	£427,051
Balance at October 2015	£373,098
Collected	£53,953
Collection Rate	12.64%

11. The Council are currently procuring a new Enforcement Agency and Debt Collection Agency contract for the collection of all debts which will come into force in January 2016. The Debt Collection Agency will be engaged to collect income where efforts by the team have been unsuccessful. It is intended to select two agencies that will provide competition and we can measure performance against each. We are currently working with a company called Akinika who are collecting 3.24% of our outstanding debt before we write off any remaining.

12. Case Studies

- Attached at Appendix 1 are some case studies which show customers with varying levels of debt. This shows how arrears can accumulate and what actions the team takes to recover debts.

Debt Analysis by Value

13. Table 4 below shows the profile of debt by value. Since 1st April 2015 the number of arrears cases has decreased by 295, however, the arrears have increased (£43,484).

Table 4: Rent Debt Analysis by Value of Debt

Range	Genuine Arrears March 2015	Genuine Arrears Cases	Genuine Arrears October 2015	Genuine Arrears Cases
£0 to £100	30,560	876	23,533	559
£100 to £250	84,071	532	79,925	481
£250 to £500	144,546	394	154,884	430
£500 to £750	124,304	204	121,228	200
£750 to £1000	87,812	101	95,540	111
£1000 +	332,398	192	372,064	223
	803,690	2299	847,174	2004

Welfare Reform

Universal Credit

14. Out of a total of 7,645 tenants, there are 31 tenants who are now in receipt of Universal Credit (UC). 23 of these cases have had an arrears increase of an average of £573.
15. We have applied for a total of 10 Alternative Payment Arrangements (APA), where the housing element of Universal Credit is paid directly to the Council.
16. There have been several issues in dealing with the Department of Works and Pensions (DWP) to ensure tenants receive timely assessments and communicate the information required. To assist in enhancing our communication with the DWP we will be applying to become a "Trusted Partner" that will allow us to undertake APA reviews on behalf of the DWP that will assist our tenants to avoid falling into arrears due to delays in payment of their Universal Credit.

17. Of the 31 tenants that have received UC payments three were part of the direct payment demonstration pilot (DPDP). None of these tenants are in rent arrears and are keeping to agreed payment plans.

Direct Payments

18. We currently have 915 tenants that are receiving direct housing payments. Table 5 below outlines that there are 182 tenants on direct payments in rent arrears at the end of October 2015. Some of these tenants were in arrears prior to being moved onto direct payments. 131 of those tenants have rent arrears of less than £200.

19. Table 5 below shows the level of arrears at the end of March 2015 and the end of October 2015 for tenants affected by Welfare Reform with Direct payments broken down into each phase

Table 5: Arrears Breakdown

		Genuine Arrears March 2015	Genuine Arrears August 2015	Genuine Arrears September 2015	Genuine Arrears October 2015
No Housing Benefit	Sum	£360,652	£336,122	£340,315	£338,422
	Tenant in Arrears	994	807	792	796
	Average	£363	£417	£430	£425
Direct Payments	Sum	£19,442	£60,538	£65,131	£66,418
	Tenants in Arrears	96	164	166	182
	Average	£203	£369	£392	£365
Housing Benefit (Partial and Full)	Sum	£423,596	£412,800	£436,720	£442,334
	Tenants in Arrears	1209	966	1019	1026
	Average	£350	£427	£429	£431
OCC Tenants	Sum	£803,690	£809,460	£842,166	£847,174
	Tenants in Arrears	2299	1937	1977	2004
	Average	£350	£418	£426	£423

Bedroom Tax

20. There are currently 407 tenants currently affected by the bedroom tax, this is a reduction from 660 tenants with bedroom tax deductions when the policy was introduced in April 2013.

21. Out of these tenants there are 21 that are being supported by Discretionary Housing Payments (DHP). There are a further 6 tenants in receipt of DHP affected by the Benefit Cap which was introduced in April 2013.

22. Current data suggests that a further 109 City Council tenants may be affected by the proposed reduction in the benefit cap in 2016. The Welfare Reform Team is currently contacting these tenants to inform them of the likely impact and invite them to engage with the Team in order to help prepare for the changes.

Benchmarking data:

23. Benchmarking data provided by HouseMark for the 12 months to 31st March 2015 compares data for the City Council with similar Local authorities that have retained their Housing stock.

Rent Arrears & Collection Summary							
KPI	SampleSize	Upper	Median	Lower	Oxford City Council (2014/2015)		
					Result	Rank	Quartile
Percentage of rent collected (excluding current arrears brought forward)	35	99.84	99.54	99.35	100.11	2	Upper Quartile
Current tenant rent arrears as % of rent due (excluding voids)	36	1.29	1.68	2.3	2.14	25	Middle Lower
Former tenant rent arrears as % of rent due (excluding voids)	36	0.63	1.23	1.79	0.86	13	Middle Upper
Percentage of rent debit not collected due to rent arrears	33	0.17	0.48	0.67	-0.11	2	Upper Quartile

24. The chart below shows Oxford City Council as 25th out of 36 Local authorities for current tenant rent arrears as a % of rent due (excluding voids). We are arranging offsite visits to investigate and take the learning from those delivering best practice.



Service Improvement

25. Actions completed from the last report

- Promoting Direct Debit as our preferred payment method- we now offer this as the preferred payment option and current take up is almost 40% of total tenants (which includes those on full Housing Benefit)
- Improved processes and procedures- as part of the restructure and the tenant consultation process we have revised letters and correspondence, improved efficiency and communication through tenant and staff consultation, and improved technology. The Council has purchased the RentSense software from Mobyssoft which will provide improved management and reporting of arrears.
- Arrears prevention at sign up of tenancy- we have had a dedicated officer who has built on and improved the process, and this will be incorporated into the new Housing structure as this moves forward this year
- Former Tenant Arrears collection- we have placed greater emphasis and management on these arrears this year and monitor collection more closely. We have started to measure collection and are collecting this debt at around 2% higher than our peers.
- Process review- from cradle to grave- we are working with a number of other teams in Housing, Welfare Reform, Customer Services to journey map the processes we have with tenants from the initial contact with us to the end of a tenancy. We have developed an action plan and will be reviewing this in January 2016 once a number of new processes have been embedded through the Housing Team restructure
- Universal Credit implementation- we have 31 tenants on Universal Credit and continue to work with Job Centre Plus and the Welfare Reform and Benefits Team to ensure a smooth transition

Name and contact details of author:-

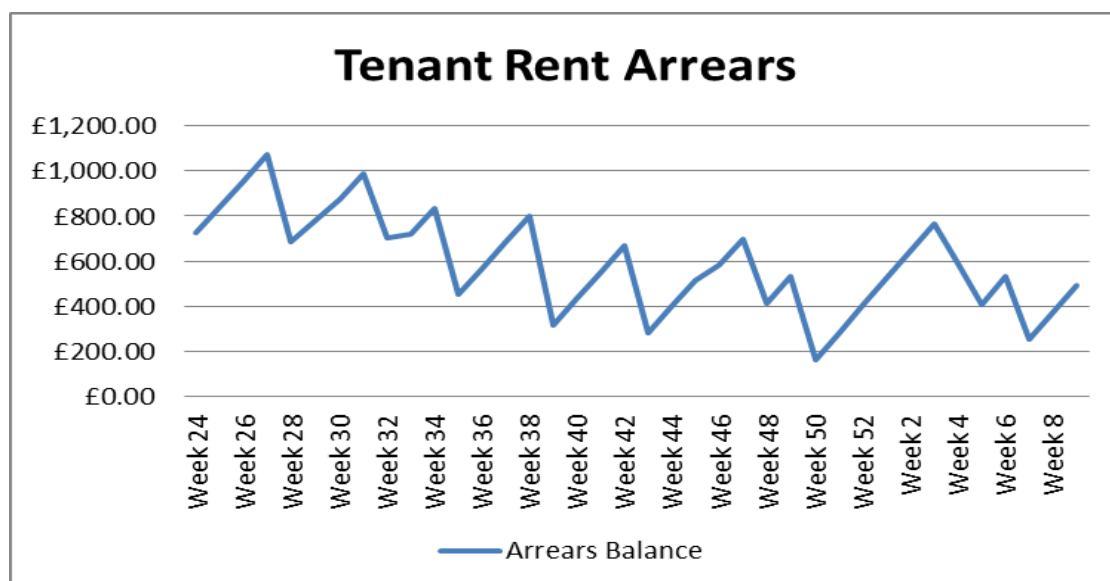
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Appendix 1: Case Studies

Case Study 1

Your Organisation	Oxford City Council	Your Name	
Your Position	Rent Officer	Contact details	



Vital information about the tenant and household i.e. Mental/physical impairments, Literate etc.	Tenant is living with partner; he has previously had a heart attack and double hernia.
Any known Support e.g. Social worker	Only partner
Date Social Services were e-mailed if children in household	N/A

Brief Summary of Account

Tenant is a 56 year old male living with partner in a three bedroom house. There are no known dependents and the tenant is not in receipt of any benefits.

Rent arrears started in September 2013 when the direct debit that was set up to pay the monthly rent was rejected two months in a row. This coincided when the main tenant had long term health problems that resulted in leaving employment. The tenants are always in constant contact to pay their rent but in that period were living off a reduced income that was causing financial difficulties.

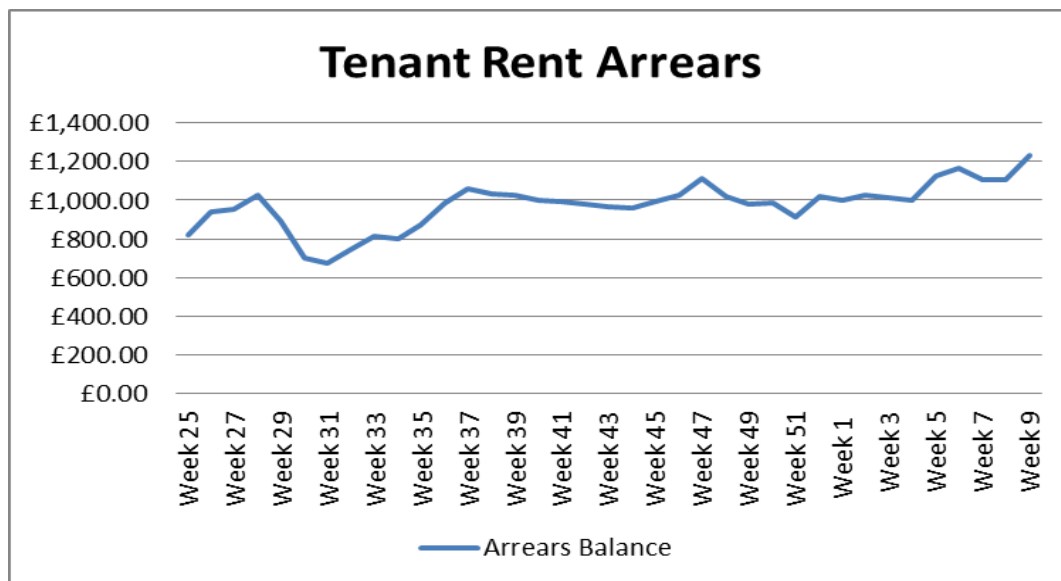
The tenants did not apply or receive benefits during this period despite being advised to apply. In the past year the Rents Team has been in contact with tenant and partner at least twice a month due to the way they pay their rent.

The tenant is able to work however is on reduced hours and contracting so income is sporadic. This causes rent payments to fluctuate with the amount of work the tenant does. The team set arrangements to pay the arrears with the tenant that have to be adjusted for each change in circumstances.

The current arrangement is to pay the rent plus £25.00 per week to reduce the arrears. If the arrangement is adhered to the arrears will be paid off in five months' time. The tenant has been served a Notice of Seeking Possession (NSP) in line with procedures and if arrangements are not adhered to or contact with tenant ceases then the next course of action would be a court application.

Case Study 2

Your Organisation	Oxford City Council	Your Name	
Your Position	Rent Officer	Contact details	



Vital information about the tenant and household i.e. Mental/physical impairments, Literate etc.	The tenant is a female in receipt of housing payments of £2.08 per week. There are four dependents and four non-dependents declared in the property although there has been confirmation of twelve family members residing in the property.
Any known Support e.g. Social worker	Unknown
Date Social Services were e-mailed if children in	Social Services are involved with this family.

Brief Summary of Rent Account

Social Services have confirmed there are 12 people living in this five bedroom property as there are further non-dependents that have not been declared to housing benefit.

The rent account has been in rent arrears since December 2010 and has slightly been increasing due to non-dependent charges and variances in income that effect housing benefit claims. In November 2013 the tenant was taken to court where a possession order was granted as the tenant was not engaging with our services.

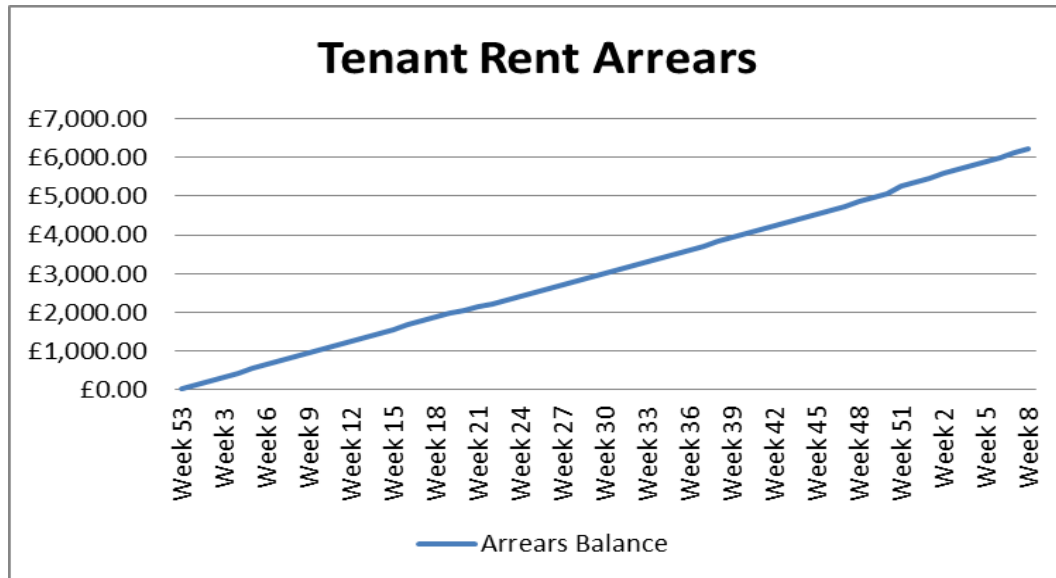
The tenant has recently been engaging with our services as well as the support services offered by the Council. It appears that there is a continuing battle with the tenant to pay the amount due after housing payments have been taken into account. The tenant is ineligible for Discretionary Housing Payment (DHP) due to earned income and we are constantly engaging with the tenant to pay rent owed.

In conjunction with the Tenancy Sustainment Team we have had numerous meetings with the tenant to avoid eviction as the cost to the Council to re-house this family would far outweigh the current rent arrears. After several meetings and conference calls between various sections Social Services have agreed to pay £500 of the rent arrears which is a good sign however it still leaves the tenant in default of approximately £500.

It is positive that the tenant is now frequently engaging although it is resource intensive to work with the tenant and ensure payments are maintained. In the last six weeks the Rent Officer for this tenant has estimated that he has spent ten hours of work on this tenant alone.

Case Study 3

Your Organisation	Oxford City Council	Your Name	
Your Position	Rent Officer	Contact details	



Vital information about the tenant and household i.e. Mental/physical impairments, Literate etc.	The tenant remained in the property after the death of parent and was not granted succession of the property. The account was deemed a Use and Occupation account whilst review conducted.
Any known Support e.g. Social worker	Unknown
Date Social Services were e-mailed if children in household	

Brief Summary of Rent Account

The tenant remained in the property following the death of parent in August 2010 whilst a review into succession was carried out. The rent element was being paid in that period by housing benefit until it ceased in August 2014. The situation was investigated with Rent Officers and Tenancy Management Officers as the rent arrears increased at the end of 2014 whilst it was agreed the tenant would not succeed the property and it was sent to Legal Services in January 2015 to recover the property.

Throughout this period no payments were made to the account whilst we waited for

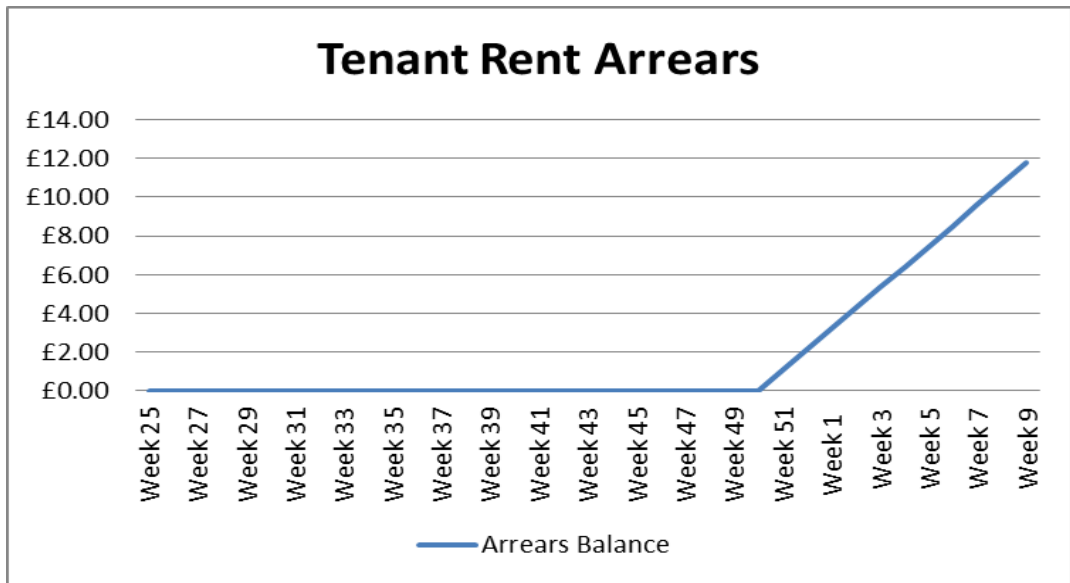
the legal process to begin. An application was submitted to the court in first week of March 2015 and we received confirmation from the court on 31st March 2015 that a hearing would be set for 7th May 2015.

At the hearing the Council was granted possession of the property after 14 days and an application for a warrant was made in the first week of June 2015. The Council has now had confirmation that and an eviction date has been set for 7th July 2015 that will ensure the property has been recovered.

It is suspected that the tenant has been sub-letting the property in the last three years and was claiming housing benefit for that period until it ceased in 2014. The case was referred to Fraud and an investigation involving service areas of tenancy management, rents and fraud led to the legal recovery of the property.

Case Study 4

Your Organisation	Oxford City Council	Your Name	
Your Position	Rent Officer	Contact details	



Vital information about the tenant and household i.e. Mental/physical impairments, Literate etc.	The tenant is 93 years old and has had a tenancy since January 1986.
Any known Support e.g. Social worker	Unknown
Date Social Services were e-mailed if children in household	

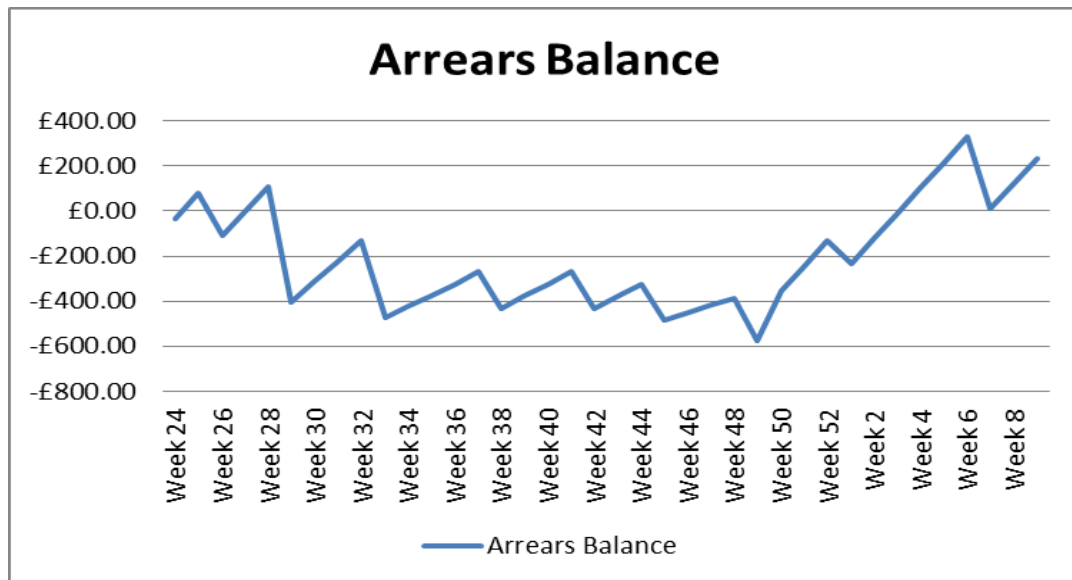
Brief Summary of Rent Account

The tenant was on full housing benefit payment until 6th April 2015 when the rent was increased and housing benefit was re-assessed. It has been awarded with a £1.07 per week deduction due to excess income due to excess capital exceeding £16,000.

The arrears have been increasing at this rate since the start of the financial year and the team have visited the property and were unable to initiate a payment plan due to non-access of the property. The team will continue to pursue personal contact rather than by letter to arrange payment if initial assessment of housing payments continue.

Case Study 5

Your Organisation	Oxford City Council	Your Name	
Your Position	Rent Officer	Contact details	



Vital information about the tenant and household i.e. Mental/physical impairments, Literate etc.	The tenant is a 48 year old female living in a two bedroom house with no known dependents.
Any known Support e.g. Social worker	Unknown
Date Social Services were e-mailed if children in household	

Brief Summary of Rent Account

The tenant has been in work throughout her tenancy however was on full housing

benefit for a period in 2014 when her account was £500.00 in credit. The housing benefit was reduced in August 2014 due to earned income and this saw a reduction in the credit on her account then in March 2015 the housing benefit ceased and responsibility for payment of full rent began.

The tenant was contacted by the Rents Team in April 2015 (Week 4) where a payment plan was agreed for payments over the internet as direct debit was refused due to funds in bank account. In June 2015 it was agreed to set up a direct debit for future payments as tenant was confident payments would be sustained at the agreed level. The payment plan was agreed that the arrears will be reduced to £0.00 by the end of this current financial year.

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