

To: Housing Panel
Date: 13th November 2017
Report of: Service Manager, Revenues and Benefits
Title of Report Rents Performance

Summary and recommendations	
Purpose of report:	To provide an update on rent arrears as requested by the Panel
Key decision:	No
Executive Board Member:	Councillor Susan Brown
Corporate Priority:	None
Policy Framework:	None
Recommendation: That the Housing Panel resolves to:	
Note the report	

Introduction and background

1. Following the Housing Scrutiny Panel's meeting on the 9th November 2016, this report provides an update on current and former tenant arrears as at the end of September 2017. 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 30th September 2017 the collection rate was 94.41% against a target of 95.33%. This is down on the September 2016 position (95.73%). The target collection rate at the end of 31st March 2018 is 98.25%. The target collection rate at 31st March 2017 was also 98.25%.
3. The overall Rent roll for this year has increased by approximately £360,000 compared to the same time last year. Despite a reduction in Rent of 1% for some tenancies, we had fewer Right To Buy's than budgeted, (budget assumed 40 but we had 25), we had approximately 200 properties move to formula rent when they

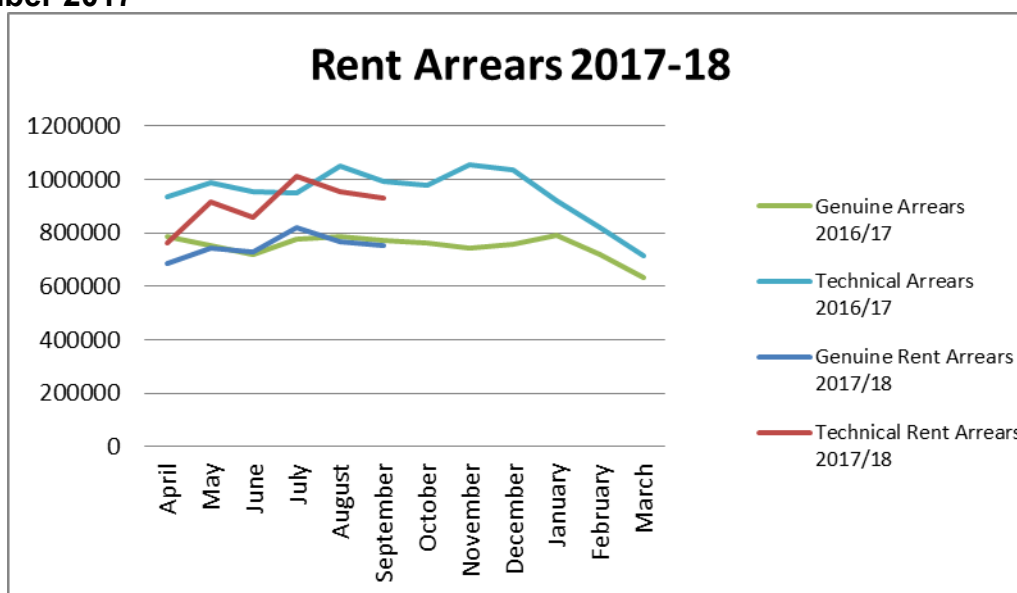
became void, The tenants service charge discount has been removed, 5 properties transferred to the Housing Company, and Cumberledge house was demolished

4. From April until September this year the team has experienced a higher than normal level of sickness absence and staff changes, which resulted in a higher level of arrears from April until August. The team is now almost fully staffed and we anticipate that the arrears across all areas of collection will continue to improve going forwards.

Technical arrears versus genuine arrears

5. 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 2016/17 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
6. 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).
7. Table 1 below shows technical and genuine arrears from the end of March 2017 to the end of September 2017, compared to the 2016 figures. Technical arrears were £713,307.40 at 31st March 2017. They had risen to £929,593.53 (an increase of £216,181.96) at the end of September 2017.
8. Genuine arrears were £629,999.13 at 31st March 2017 (the lowest figure for 6 years) and have increased to £752,029.49 at the end of September 2017, an increase of £122,030.36. (At the same point last year they were £771,520.00) 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 2016 and 2017 to the end of September 2017



9. Table 2 below shows the profile of debt by the number of weeks in arrears. It shows there is an increase of 91 arrears cases since March 2016 predominantly in the 0-13 week bracket. However, the number of arrears cases between 13 and 52+ weeks has increased both by value (£14,531.13) and volume (92).

10. There are 53 cases since April 2017 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.

Last year there were 131 in the whole year.

Table 2: Arrears Analysis for Rent

Mar-17

Weeks	Number	Value
0-4 weeks	2027	£289,232.60
5 - 13 weeks	280	£251,407.95
14 - 26 weeks	61	£116,094.07
27 - 39 weeks	14	£43,730.79
40 - 52 weeks	0	£0.00
53 + weeks	2	£12,075.15
Total		£712,540.56

Aug-17

Weeks	Number	Value
0-4 weeks	3399	454,223.01
5-13 weeks	358	327,461.31
14-26 weeks	72	144,743.62
27-39 weeks	15	45,346.68
40-52 weeks	2	8743.91
52+ weeks	1	6477.42
Total		986,995.95

Sept-17

Weeks	Number	Value
0-4 weeks	2118	415,316.72
5-13 weeks	394	366,099.83
14-26 weeks	69	143,289.09
27-39 weeks	10	28,936.19
40-52 weeks	2	7268.56
52+ weeks	1	6937.30
	Total	967,847.69

11. At the end of March 2017 there were only two accounts with the equivalent of between 39 and 52 weeks Rent arrears.

High Level Arrears (13-52+ weeks)

12. All cases that have more than 13 weeks of 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 Income 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.
13. We have implemented rent escalation policies for all eligible tenancies from the start of October this year. This has automated reminder letters for the lower level debts and will free up staff to tackle the higher value debt.

Arrears Engagement Activity

14. Table 3 below shows the last three years of agreement and court activity highlighting a potential increase in legal activity in the current year. 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	2015/2016	2016/2017	April 16- Sep-16
Agreements	734	1353	374
Court Orders	114	131	53

15. Tenants in arrears are contacted by the Incomes 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 can make their own judgement on whether or not to vary this arrangement and refer back to the Court in these cases.

16. The team has evicted 5 tenants in the current year to date; this is significantly lower than previous years but comparable to other organisations in our benchmarking group where the average is approximately 20 per year. The number of evictions has decreased because of staff shortages, however now that the staffing compliment is back to normal effective action will be taken to tackle the problems earlier, which in some cases means eviction is the right option.

Engagement with tenants

17. In July 2016 the whole Council achieved full compliance for the Customer Service Excellence (CSE) assessment, and the Rents Team who undertook the assessment the previous year achieved 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 insight and experience from customer-facing staff is incorporated into internal processes, policy development and service planning
- The CSE work is continuing and further work is being undertaken in the following areas to ensure compliance going forward:
 - ❖ Customer Insight programme being developed for implementation in 2017/18
 - ❖ Customer Welcome Pack being produced for tenancy sign-ups to improve the process. Customer consultation will be carried out once a draft has been approved by Landlord Services
 - ❖ Meetings with Tenancy Management have been arranged to revise the cross working sign-up Process and to discuss support requirements for vulnerable tenants.

Former Tenant Arrears (FTA's)

18. Current Former Tenant Arrears figures for the current year are detailed below:

Starting Balance April 2017	£372,227.67
Balance at September 2017	£411,780.21

19. This financial year the focus has been on targeting new tenants when they sign their tenancy agreement with a view to stopping arrears building up in the early stages of the tenancy. The team have also been tackling medium level arrears and the increase in high level debts to stop the escalation of arrears.

20. Former tenants' arrears are currently dealt with on a case by case basis with accounts being pursued but fewer write offs being completed than last year. We are shortly to request a bulk write-off of uncollectable debts of £55,000.00 which will reduce the arrears to £356,780.21.

21. The Debt Collection Agency will be engaged to collect income where efforts by the team have been unsuccessful. We have selected two agencies that will provide competition and we can measure performance against each. The Enforcement

Agencies will only be used as a matter of last resort in an attempt to collect the debt, failing which the debt will be written off.

Debt Analysis by Value

22. Table 4 below shows the profile of debt by value. Since 1st April 2017 the number of arrears cases has increased by 1,010, and the arrears have increased by £122,030.36.

Table 4: Rent Debt Analysis by Value of Debt

Range	Genuine Arrears March 2017	Genuine Arrears Cases March 2017	Genuine Arrears August 2017	Genuine Arrears Cases August 2017	Genuine Arrears September 2017	Genuine Arrears Cases September 2017
£0 to £100	34,530.60	844	60,890.22	2386	33,930.34	1772
£100 to £250	90,489.43	610	80,826.05	531	79,442.51	530
£250 to £500	104,156.95	292	126,912.07	351	125,837.51	347
£500 to £750	82,222.86	136	99,896.16	162	107,138.76	177
£750 to £1000	66,009.95	76	83,607.71	96	93,749.91	108
£1000 +	252,589.34	156	313,928.75	210	311,930.46	190
	629,999.13	2114	766,060.96	3736	752,029.49	3124

Welfare Reform

Universal Credit

23. Out of a total of 7,706 tenants, there are 38 tenants now in receipt of Universal Credit (UC). 26 of these cases have had an arrears increase of an average of £745.53 since they have been in receipt of UC

24. We have applied for a total of 19 Alternative Payment Arrangements (APA), where the housing element of UC is paid directly to the Council, and the Department for Work and Pensions (DWP) have agreed all 19 of these

25. There have been a number of issues in dealing with the DWP to ensure tenants receive timely assessments and communicate the information required

26. Of the 38 tenants that have received UC payments, 5 were part of the direct payment demonstration project

27. Oxford City Council went to Full Service on 18th October. We have done as much as we can to understand the implications for the service. Indications from others that

are already live with Full Service are that we should expect to see an increase in Rent arrears going forward. That said, we will be applying for Alternative Payment Arrangements (APA's) as we do now for those tenants that are vulnerable and unable to manage their rent.

28. UC claimants will also be able to apply for an Advanced Payment of their Universal Credit and we will be doing our best to ensure if this happens that their Rent is paid from that advance.

29. We can also apply for Managed Payments to help clear arrears

Direct Payments

30. We currently have 661 tenants who are receiving direct housing payments. These tenants are now monitored for non-payment using the standard Income Team procedure.

31. We have also amended our procedures to ensure we capture as many tenants as possible onto direct payments at tenancy sign-up.

Bedroom Tax

32. There are 399 (297 same time last year) tenants currently affected by the bedroom tax, this is a decrease of 261 cases from 660 tenants with bedroom tax deductions when the policy was introduced in April 2013. (However, there are a number of Direct Payment cases that were potentially not included in last year's report which may explain the increase)

33. Out of these tenants there are 30 that are being supported by Discretionary Housing Payments (DHP).

Benefit Cap

34. There are a further 137 council tenants who have been affected by the Benefit Cap (introduced in April 2013) and 39 that have had the cap removed. 65 tenants have received a DHP this financial year because of the benefit cap.

Benchmarking data

35. The Benchmarking data provided by HouseMark for the 12 months to 31st March 2017 which compares data for the City Council with similar local authorities that have retained their Housing stock is not available until mid-November, hence cannot be included in this report.

Service Improvement

36. Actions completed from the last report

- Promoting Direct Debit as our preferred payment method- we now offer this as the preferred payment option, and push this where possible at tenancy sign up, and current take up is 52.71% of total tenants (not including those on full Housing Benefit/ Universal Credit)

- We will be looking to offer any day Direct Debits when we implement the new Housing Management System to offer a range of additional Direct Debit dates for arrangements
- We continue to review processes and procedures on a regular basis and have reviewed all letters sent to customers from initial contact through to serving notice, improving efficiency and communication through tenant and staff consultation. We have recently reviewed our Rent statements to include a message about Universal Credit
- We have been using software for two years now which has allowed us to highlight specific areas of the city where there has been a growth in arrears. Using historical payment data for the tenants in that area we can divert resources to specific tenancies to tackle arrears.
- We have introduced an automated procedure of letter generation for our initial contact letters for secure tenancies, introductory tenancies, garage rents and temporary accommodation to better improve early notification to the tenant of non-payment but also allow staff resources to review notice of possession creation. This will assist with the collection of smaller rent arrears
- Former Tenant Arrears collection- we have started to focus attention on higher level arrears this year and management of those former tenant arrears by cleansing accounts and sending those viable for recovery to our Enforcement Agents.
- We continue to work with the Customer Contact Centre, giving additional training and advice, to ensure that these staff can resolve the customer enquiry at first point of contact.

New areas:

- We are currently assisting with the procurement of a new Housing Management System. Involvement has been with soft market testing, scoring the tender and initial clarification of points from the tender submission. Next steps are site visits and then the decision, before the project gets fully underway to implement the new software
- Arrears prevention at sign up of tenancy- we are reviewing our process currently and will also be including information about claiming Universal Credit and Council Tax Reduction. We continue to get tenants claiming Housing Benefit onto Direct Payments, this to help them treat their money like a salary, and to manage their money effectively. We constantly look at ways of improving the customer experience.
- We are drafting a procedure which will allow the contact centre and welfare reform team to make agreements on low level arrears to address this at first point of contact
- Universal Credit went to full service on 18th October 2017 in Oxford. This now encompasses all working age claimants. In sites that have gone to full service earlier there are reports of rent arrears rising significantly due to the delay in receiving Universal Credit payments. We will be monitoring these cases very carefully and addressing vulnerability at an early stage. We will apply for Alternative Payment Arrangements (APA's) in these cases, and managed payments for arrears.
- We are also busy preparing policies and procedures for the new Housing Company.

- Garage arrears continue to reduce as we have removed the second reminder letter from the recovery process. These currently stand at:

Current Tenants	£25,894
Former Tenants	£15,914
Total	£41,808

This means we seek possession of the garage earlier keeping arrears to a minimum.

- Rent arrears at the 31st March 2017 were the lowest they have been for 6 years

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Background Papers: None

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