

**PERFORMANCE SCRUTINY PANEL – 9TH OCTOBER 2018**  
**Report of the Head of Landlord Services**  
**Lead Member: Councillor Mercer**

**ITEM 9      HOUSING RENT ARREARS AND UNIVERSAL CREDIT**

Purpose of report

To provide an update on current rent arrears and the implementation of Universal Credit (UC).

Background

At its meeting on the 16th April 2018, the Panel asked for a further update regarding housing rent arrears, including detailed information regarding UC.

Current rent arrears

Table 1 (below) shows a snapshot of current tenant rent arrears and performance at the end of August 2018.

<b>Value / Indicator</b>	<b>End Week 23 (August)</b>	<b>End of Year Target 2018/19</b>
Current Tenant Cash Arrears	£525,357	£874,000 <sup>1</sup>
No. of Current Arrears Cases	1,366	-
Current Arrears as a Percentage of the annual rent debit	2.46%	4.08%
In Year Rent collection rate (team target)	98.52%	99.5%
Rent Collection (Including arrears brought forward from the previous year) (corporate indicator)	94.32%	95.31%

Table 1 (above) - snapshot of current tenant rent arrears and performance at the end of August 2018

The chart at Appendix 1 shows the current tenant rent arrears as a percentage of the annual debit for the last three years. Whilst at this time of year a general increase in arrears would be expected, the increase in 2018/19 is higher than that at the last two years. The cash value of the increase compared to the previous year is £23,711.

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<sup>1</sup> Estimated due to changes in rent roll over the course of the year

Factors driving the increase in rent arrears include delays in housing benefit processing and changes to tenants’ benefits as they move on to UC.

Capita, who are contracted to process housing benefit claims for the Council, have brought in additional resources and are reviewing processes to speed up the processing of claims.

An increase in arrears due to UC is likely and arrears targets have been set accordingly for 2018/19 to reflect this.

Universal Credit

UC was introduced as part of a range of changes to welfare benefits through the Welfare Reform Act 2012. It brings together a number of working-age benefits (including housing benefit) into a single payment. UC is a significant change to the way that the benefits system for working age people operates.

Some of the main differences between UC and the old welfare system (which includes housing benefit) relate to the way in which benefits are claimed and paid. These include:

Old welfare system	Universal Credit
<p>For Council tenants, housing benefit is a distinct benefit, paid weekly, directly to the Council to cover all or part of the rent for a Council home, without it ever touching the tenant /claimant.</p> <p>Council tax support is paid directly to the Council.</p> <p>Other benefits are paid to the claimant separately.</p>	<p>Claimants will receive just 1 monthly UC payment (combining a number of benefits, including those relating to housing costs) in arrears, paid into a bank account in the same way as a monthly salary.</p> <p>Support with housing costs will go direct to the claimant as part of their monthly payment. The tenant will then have to pay rent to the Council.</p> <p>Council tax support will need to be claimed separately, and will still be paid directly to the Council.</p>
<p>Many applications for housing benefit are made using paper-based application forms.</p>	<p>Most people apply online and manage their claim through an online account.</p> <p>There are extremely limited circumstances in which claims can be made via paper forms or on the telephone.</p>

Table 2 (above) - Summary of differences between old welfare system and UC.

## UC claimants and rent arrears

Tenants claiming UC are individually flagged on the Council's housing management system to support case management and monitoring.

Detailed management information around UC is produced on a weekly basis. Table 3 (below) shows the position at the end of August 2018.

At the end of August 2018 the average debt of UC claimants in arrears was £551.35 compared to an average debt of £384.59 at all tenants (including UC cases) in arrears.

<b>UC claimants</b>	<b>August 16/17</b>	<b>August 17/18</b>	<b>August 18/19</b>
Total number of UC claimants 16-17	54	82	202
Balance of all UC claimants 16/17	£19,837	£36,357	£76,858
Average Debt of all UC claimants 16/17	£367.35	£443.38	£380.48
Total number of UC claimants in arrears 16/17	40	65	154
Total debt of UC claimants in arrears 16/17	£21,526	£43,371	£84,908
Average debt of UC claimants in arrears 16/17	£538.15	£667.24	£551.35

Table 3 (above) UC Claimants and Arrears August 16/17 - August 18/19

## Individual case risk assessment

The number of UC claimants is increasing (and will continue to do so). To support effective case management based on risk, each tenant on UC is given a traffic light rating (Red Amber Green - RAG) on the Council's housing management system. Red cases carry the greatest degree of risk as the tenant is solely responsible for paying the rent to the Council. Green cases carry the least degree of risk as payment of the housing element of UC is paid directly to the Council.

This mechanism enables support and resources to be targeted at cases that present the greatest degree of financial risk.

Table 4 (below) table shows the position at 21st September 2018.

<b>RAG description and total claimants in category</b>	<b>Sub category</b>	<b>Number of UC claimants in sub category</b>
<b>Red</b> - Not managed payments i.e. tenant pays housing element to the Council  <b>172 claimants</b>	UC tenant-paid (full costs)	45
	UC tenant-paid (partial costs)	68
	Unknown	59
<b>Amber</b> - Managed payments (direct to the Council ) but short of full housing costs  <b>18 claimants</b>	UC direct (partial housing costs)	10
	UC direct (partial housing costs plus third-party deductions for arrears)	8
<b>Green</b> - payments (direct to the Council) of the full housing costs  <b>50 claimants</b>	UC direct (full housing costs)	28
	UC direct (full housing costs plus third-party deductions for arrears)	22

Table 4 (above) Number of UC claimants by payment method and risk rating

Landlord Services case management resources

Staffing resources have been increased to prepare the Council and its tenants for changes to welfare benefits. The following resources are in place:

- 5 x Income Officer
- 2 x Financial Inclusion Officer
- 4 x Tenancy Support Officer (including a Team Leader that undertakes case work)

Assisting a tenant to make a claim for UC can take around two hours, and may include helping a tenant to set up an email account; a necessary step in the fully digital claim process. Caseloads for the Income Management, Financial Inclusion and Tenancy Support teams have increased.

An additional fixed term 12 month *UC Officer* post is currently being recruited to. This post will support transitional arrangements.

The level of resources will be kept under close review as more tenants move on to UC.

## Actions undertaken to prepare the Council and its tenants for UC

The Council has completed a range of actions to prepare tenants and the Council for UC. These include:

- Achieving trusted partner status with the Department for Work and Pensions to obtain access to the Landlord Portal. This enables the Council to:
  - verify tenancy and rent information for claimants
  - request managed payments and third party deductions for rent arrears where the DWP criteria is met (i.e. a tenant is in rent arrears of 8 weeks or more or they meet the definition of vulnerability).
- Attending sign-ups of new tenants to reinforce the need to treat rent as a priority expense, to identify those who need to claim UC, and to encourage the tenant to enter into easy rent payment methods from the start such as Clockwise accounts or direct debits.
- Articles in the tenants' newsletter *Your Home Matters* providing advice and information on UC.
- Establishing a service level agreement with Clockwise Credit Union to enable tenants to sign up for credit union rent payment accounts. The Council is the most successful housing provider in the credit union's area of operations as far as take-up of accounts is concerned.
- Monthly liaison meetings with the now co-located Department of Work and Pensions Team, and fortnightly operational/case management meetings.
- Providing tenants with externally-produced information and advice on UC in the form of leaflets and magazines produced by, for example, *Housing Matters* and *Quids In*.
- Engaging with other organisations that have been through the change to UC full service and learning from their experiences.
- Greater use of different communication methods such as text messaging and social media.
- Staff training.
- Providing internet-enabled mobile working devices for the Income Management, Financial Inclusion and Tenancy Support Teams to enable them to assist tenants in making claims for UC while away from their desks.
- Provision has been made within the Housing Revenue Account Business Plan to accommodate financial implications.
- The location of IT equipment in the co-located Job Centre Plus at the Council offices to enable claimants to make applications online.

- Implemented a UC Communications Plan including an all member briefing note.
- Used incentives to encourage take up of direct debits.

Background papers: none

Appendices: Appendix 1 - Arrears as a percentage of annual rent debit  
2016/17 - 2018/19

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Appendix 1 - Arrears as a percentage of annual rent debit 2016/17 - 2018/19

