

RENT ARREARS AND WELFARE REFORM UPDATE

Report of the Managing Director

1. SUMMARY

- 1.1 This report gives details on:
- Week 14 (w/e 07.07.19) position on rent arrears.
 - Detail of Discretionary Housing Payments.
 - Welfare Reforms and how we are mitigating the impacts.

2. RECOMMENDATION

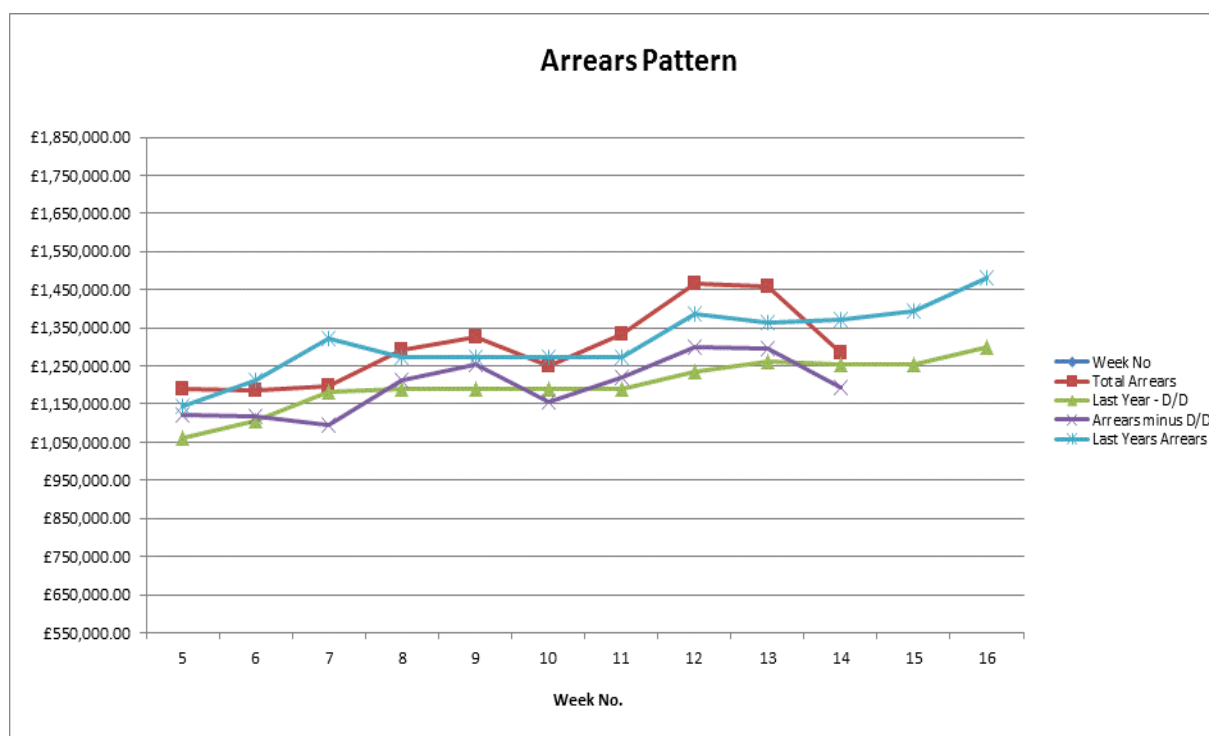
- 2.1 Operational Board notes the report.

3. REASON(S) FOR RECOMMENDATION

- 3.1 To ensure the Operational Board is provided with up to date performance on rent arrears and work on welfare reforms to monitor performance within this area of responsibility delegated from the Board of Derby Homes.

4. MATTERS FOR CONSIDERATION

4.1



Current tenant rent arrears for week 14 (week ending 7th July 2019) were £1,315,447 and £242,723 lower than the DORIS target figure.

Current arrears continue to be at better than expected levels due to a good start with the April rent free week creating good momentum and controlling high level rent arrears.

Universal credit cases continue to increase at a fairly consistent rate. We are maximising the use of Alternative Payment Arrangements (APA's) to make sure tenants who are vulnerable and may have difficulty in paying the rent and tenants who already have 8 weeks rent arrears, are paying via APA's so the rent is paid directly to Derby Homes.

Currently have 1,600 Universal Credit claimants. Of these 487 have APA's bringing in £159,639 a month in rental income directly from the Department for Work and Pensions (DWP). We also have direct deductions for arrears on 424 Universal Credit claimants bringing in £14,912 a month via the DWP.

This made a total for June of just over £174,551 coming from the DWP and this figure is expected to rise as more tenants move over to Universal Credit.

- 4.2 As at 1st August 2019 there were 78 tenants affected by the Overall Benefit Cap. The Money Advice Team continues to work with these tenants to help them to manage their money on a reduced income.
- 4.3 We continue to support vulnerable tenants affected by the under-occupancy charge. Of the 100 tenancies currently in the priority group (those with property adaptations or being in receipt of carers allowance), to date, we have applied for 24 Single Discretionary Applications of which 16 have been awarded; 14 have received the award for the full 12 months and 2 for a six month period.
- 4.4 Below is a table showing where the Discretionary Housing Payment awards are being granted and amounts obtained for Derby as at 1st August 2019. These figures are sent quarterly from Derby City Council. At the time of writing this report, the latest figures were not available. The figures will be verbally updated at the meeting

Type	Number of awards	Total amount allocated
Benefit Cap		
Disabled		
House move / rent deposit		
Income taper		
Non-dependent deduction		
Under occupancy		
Universal Credit housing costs		
Totals		

4.5 Universal Credit

Universal Credit is a new benefit that has started to replace six existing benefits and tax credits with a single monthly payment. Universal Credit will eventually replace:

- Income based Jobseeker's Allowance
- Income-related Employment and Support Allowance
- Income Support
- Working Tax Credit
- Child Tax Credit
- Housing Benefit

4.6 Derby went live on 25 January 2016 to single new claims only. Prior to the full service date of 11th July 2018 we had 183 Universal Credit cases.

4.7 The DWP software has now been upgraded and from February 2019, families with more than 2 children have been able to claim UC.

4.8 From 15 May 2019 benefit rules are changing for mixed-age pension couples. In most circumstances this means that both members of a couple will need to have reached State Pension age to be eligible to make a new claim to Pension Credit or Housing Benefit. If your household circumstances change on, or after, 15 May 2019 and 1 partner is below pension age, you may be subject to the new Pension Credit and Housing Benefit rules. Depending on your new circumstances, your entitlement to one or both may end.

4.9 The process of moving people who receive the six old style benefits to Universal Credit is known as Managed Migration. Harrogate has been chosen to pilot the Managed Migration of up to 10,000 claimants in July 2019. Regulations have now been passed in Parliament for the pilot to start and completed by June 2020. Full Managed Migration for the whole Country is expected to be completed by December 2023.

4.10 Derby Job Centre moved to full service on 11th July 2018. From Monday 16th July Derby Homes staff have co-located at the Job Centre on a daily basis. As part of the evidence gathering exercise the work coaches complete, our tenants are directed to see our staff in order for us to discuss rent payments, advanced payments from the DWP, claim Council Tax Support and Council Tax Hardship, and availability of Local Assistance if required. At this time we are able to verify Housing Costs and apply for APA's digitally for the tenant.

Derby Homes is now a Trusted Partner and had access to the Landlord Portal from 20th June 2018. This allows us to verify tenants' housing costs so that the DWP can pay their Universal Credit entitlement as quickly as possible. We will also have the ability to request APA's through the portal if we think the tenant is unable to pay us themselves.

- 4.11 As at 8th July 2019 we have 1,575 Universal Credit claimants:
Families – 778
Couples – 93
Singles – 704
- 4.12 The payment dates for APA's and Direct Deductions from the DWP will be sent every 28 days to us via DWP. We have to allow up to 2 weeks for the payment to show on the rent account.
- 4.13 The claims made at the Derby Job Centre will be processed locally at the service centre on Pride Park which will enable more collaborative partnership working going forward. Our partnership remains strong with the DWP and Job Centre with monthly meetings scheduled to discuss co-location and any other issues that arise.
- 4.14 A new structure has been introduced in the Income Team to help mitigate the impacts of Universal Credit and other reforms our tenant's maybe affected by.

This includes:

The creation of a Welfare Reform team – see separate report on the details of this teams roles.

Adapting the role of the Income Recovery Officers to incorporate the changes arising from Universal Credit arrears.

5. OTHER OPTIONS CONSIDERED

- 5.1 Not applicable.

IMPLICATIONS

6. FINANCIAL AND BUSINESS PLAN IMPLICATIONS

- 6.1 Collection rates in 2019/20 on current tenant arrears are currently better than the forecasted (£1.6m) and budgeted within the Councils HRA Business Plan.

However we are expecting the June 2019 position of £1.3m to increase. Worst case scenario would be around the budgeted £1.6m at year end due to :

- In 2019/20 there is a “week 53” rent charge, meaning effectively there is an extra weeks’ worth of rent a service charged to collect (just over £1m). Whilst this will be supported by Housing Benefit, it is not currently supported by Universal Credit, so it is reasonable to assume arrears as a result.
- There will be an increasing number of tenants switching to Universal Credit over the year. Arrears will increase because of this.
- The timing of “4 week” direct debit payers and delayed APA payments now being received has assisted the June 2019 position – see graph in para 4.1 which shows a reduction in the (red line) “Total Arrears” figure.

- The natural cycle of arrears – which shows that arrears naturally increase in the autumn (impact of the school holidays and personal holidays) and in the period building up to and after Christmas.

7. RISK IMPLICATIONS

7.1 As above.

The areas listed below have no implications directly arising from this report:

Consultation
 Legal and Confidentiality
 Council
 Personnel
 Environmental
 Equalities Impact Assessment
 Health & Safety
 Policy Review

If Board Members or others would like to discuss this report ahead of the meeting please contact:

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Background Information: None

Supporting Information: None

Managing Director

Maria Murphy

25.04.2019