

## **RENT ARREARS AND WELFARE REFORM UPDATE**

Report of the Director of Derby Homes

### **1. SUMMARY**

1.1 This report gives details on:

- The year-end position on rent arrears
- Current performance
- Current impact of the under occupation charge
- Introduction of the Benefit Cap.

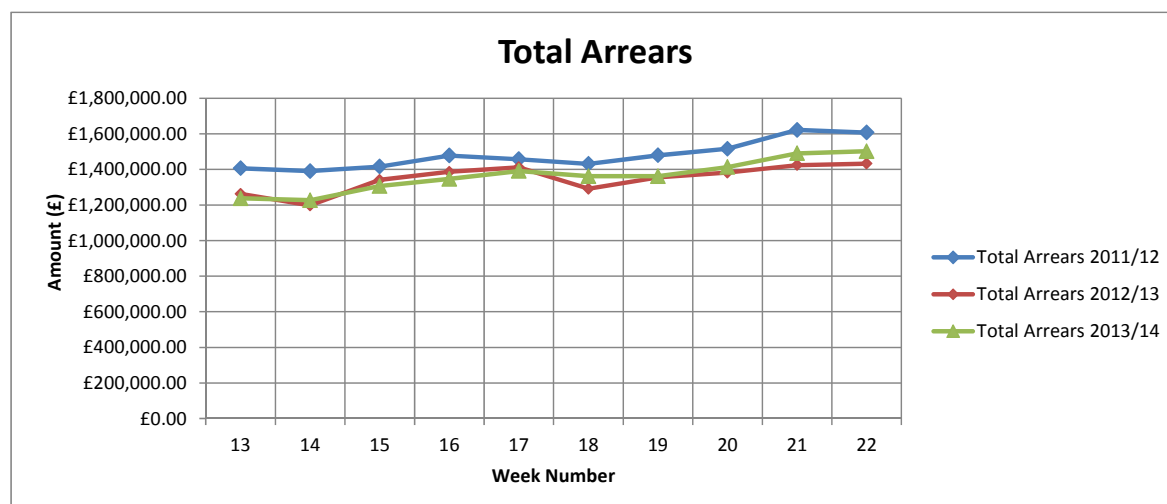
### **2. RECOMMENDATION**

That the City Board notes the report and agrees to continue receiving further update reports

### **3. MATTER FOR CONSIDERATION**

3.1 Current tenant rent arrears at year end were £1,047,432. The arrears at year end for 2011/12 were £1,000,443. This means that there was an increase in arrears of £46,989. The total debit or amount to be collected from tenants was £51,997,716. This means that Derby Homes collected 99.91% of rent charged. This is excellent performance given the overall economic climate.

3.2 Current performance is closely matching that of last year. Arrears as at week 22 were £1,502,087. At the same point last year they were £1,432,462. This is an increase of £69,625 (4.86%). This is an excellent position to be in given the fact that there has been a 5% increase in rents and the added under occupation charge to collect.



- 3.3 Derby Homes Board has received a number of reports on the preparations that were made for the implementation of the under occupation charge. We had estimated that this would potentially inflate arrears by around £350,000 by year end. It is an ever changing picture but currently we believe this figure could be nearer £300,000 and is clear justification for the preparation made and ongoing work for welfare reform.
- 3.4 Currently collection rates for the under occupation charge appear to be better than we anticipated. By Week 22 we will have had approximately an additional £411,694 of under occupation charge to collect. The impact of welfare reforms is beginning to impact on the arrears figures as some tenants are finding it difficult to keep up payments.
- 3.5 The housing management system does not have the capacity to accurately record arrears which have accrued entirely due to the under-occupancy charge. What we can do is measure the percentage of people who have paid all of the charge, some of it or none of it. At week 22 of the tenancies affected by the under occupation charge 36.87% have no increase in arrears, 55.16% are making part payment and 7.97% of tenants have yet to acknowledge a liability – many of which may still be waiting for Discretionary Housing Payment (DHP) assessment.
- 3.6 DHP's are being assessed on a priority basis. Derby Benefits have started to process these claims and decisions have been made in some cases, some successful, some unsuccessful. As the decisions come through the team are contacting tenants and advising of the options. Cases where an appeal is appropriate are being referred to Welfare Rights Team and affordable payments agreements are being made where tenants need to pay.
- 3.7 The Benefit Cap has been fully implemented in Derby and people affected have had their benefit capped. Benefits for families are restricted to a maximum of £500.00 a week and £350.00 for single people. The tenants affected are able to apply for a DHP to cover the shortfall and we are actively supporting our tenants to do this.

#### **4. FINANCIAL AND BUSINESS PLAN IMPLICATIONS**

Welfare Reform has a critical impact on Derby Homes Business if rent is not collected. Forecasts for arrears and write offs have been written into the HRA Business Plan and Risk Register

#### **5. RISK IMPLICATIONS**

As above

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

Consultation  
Legal and Confidentiality  
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

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