

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

Report of the Head of Income Management & Advice Services

### **1. SUMMARY**

1.1 This report gives details on:

- June position on rent arrears.
- Detail of Discretionary Housing Payments.
- Welfare Reforms and how we are mitigating the impacts.

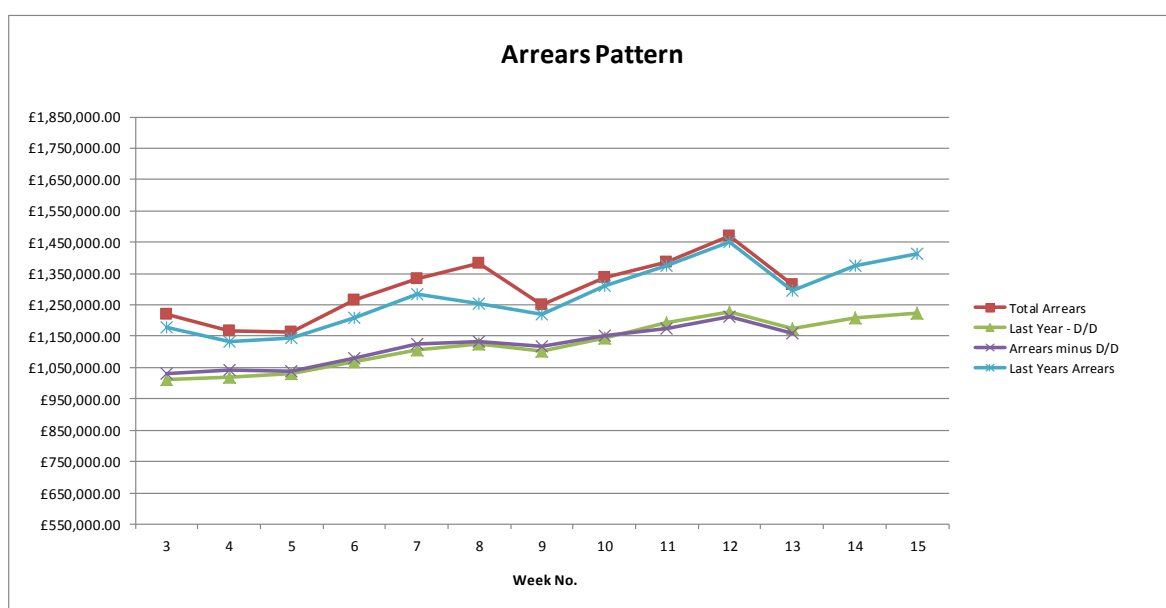
### **2. RECOMMENDATION**

2.1 Derby Homes Operational Board notes the report and agrees to continue receiving further update reports.

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

3.1 Current tenant rent arrears for June (week 13 week ending 3<sup>rd</sup> July 2016) were £1,316,144 against a target of £1,500,000. We are under the annual target by £183,856 and the monthly target status is blue. Considering the external and economic factors this is excellent performance.

3.2 The graph below shows our performance on a weekly basis against last year's arrears levels.



- 3.3 As at 1<sup>st</sup> June 2016 there are 1052 tenants affected by the under occupancy charge and we have helped 263 downsize to avoid the charge.
- 3.4 As at 1<sup>st</sup> June 2016 there are 34 tenants who are affected by the Overall Benefit Cap and 24 of these are currently in arrears. The Money Advice Team have been working with these tenants to help them to budget and applying for Discretionary Housing Payments where appropriate.
- 3.5 Below is a table showing where the DHP awards are being granted and amounts obtained. The year- end figure of awards and totals is shown below. The Quarter One information was not available at the time of writing this report.

<b>Reason for award</b>	<b>Number of awards</b>	<b>Total amount of award</b>
RSRS (under occupancy)	647	£ 257,257.40
Combination of reforms	32	£ 31,251.50
Disabled	164	£ 126,279.26
Income taper	16	£ 13,120.33
Benefits cap	6	£ 5,445.28
Non-dependent deductions	6	£ 2,166.70
House move / rent deposit	0	£ 0.00
LHA restrictions	0	£ 0.00
No WR impacts	1	£ 173.47
<b>Totals</b>	<b>872</b>	<b>£ 435,693.94</b>

- 3.6 The new Discretionary Housing Payment policy consultation has now closed. The recommendations will now be presented to the Council's Chief Officers Group and further updates will be given in future reports.
- 3.7 The latest analysis of refusals for the award is showing that applications are starting to be declined as tenants are unable to show hardship.
- 3.8 The Income Advisors work with tenants who have their applications declined to apply for a review of the decision and pro-actively discuss future options with tenants who have been unsuccessful with their claim.

### **Universal Credit**

- 3.9 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

- 3.10 Derby went live on 25 January 2016 to single new claims only. As at 1 July 2016 we have 76 Universal Credit cases. The caseload consists of 14 introductory tenancies, 17 tenancies affected by under occupancy, 16 which already have a court order at the time they claimed Universal Credit.
- 3.11 We have
- applied for 33 managed monthly payments of Housing costs direct to Derby Homes, to date 19 have been authorised for payment.
  - applied for 19 direct deductions, 11 have been authorised and we are awaiting payment.
  - applied for 11 DHP's for those also affected by the under-occupancy charge.
- 3.12 A new structure has been introduced in the Income Team to help mitigate the impacts of Universal Credit and other reforms our tenant's may be affected by.
- 3.13 The Head of Income Management and Advice is leading on an organisation project to manage the impact of the reforms for both tenants and the business.
- 3.14 Officers have established a good working relationship with the DWP and staff at the Job Centre. The Universal Credit Income Recovery Officer will be hot- desking at the Normanton Road Job Centre each Wednesday starting from 8<sup>th</sup> June 2016.

#### **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  
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