

RENT ARREARS AND WELFARE REFORM UPDATE

Report of the Acting Chief Executive

1. SUMMARY

1.1 This report gives details on:

- The year-end position on rent arrears
- Current performance
- The initial impact of welfare reform – specifically the under occupation charge.

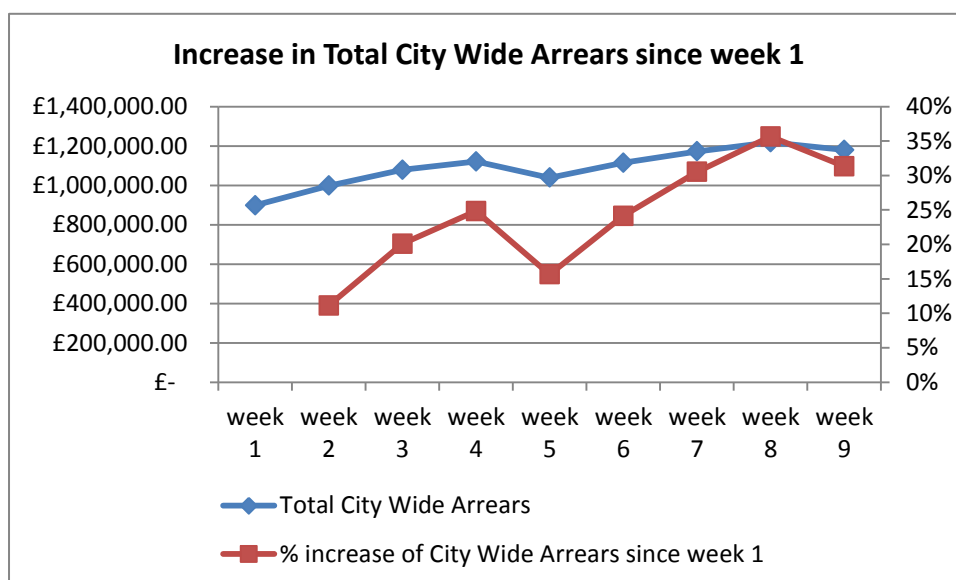
2. RECOMMENDATION

Derby Homes City Board notes the report and agrees to receive 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 9 are £1,179,408. At the same point last year they were £1,168,601 which is an increase of only £10,807. This is very encouraging 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 also estimated that we might see a collection rate of around 65%, and that this would potentially inflate arrears by around £350,000 by year end
- 3.4 I am pleased to be able to report that at this stage collection rates for the under occupation charge appear to be better than we anticipated. By Week 9 we will have had an additional £182,400 of under occupation charge to collect. However this has been contained as explained in 3.2 above.
- 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 number of people who have paid all of the charge, some of it or none of it. Of the tenancies affected by the under occupation charge 637 are paying in full as at mid-May, this represents 38% of tenants affected, a further 709 are making part payment which represents 42%. 30% of tenants have yet to acknowledge a liability – many of which may be waiting for Discretionary Housing Payment (DHP) assessment.
- 3.6 DHP's are now being assessed on a priority basis, with monthly progress reporting information being made. The team has prioritised contact with this group of tenants to support them with the changes and encourage payment.

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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