

**OPERATIONAL BOARD
15 DECEMBER 2016**

ITEM B2

RENT ARREARS AND WELFARE REFORM UPDATE

Report of the Head of Income Management & Advice Services

1. SUMMARY

1.1 This report gives details on:

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

2. RECOMMENDATION

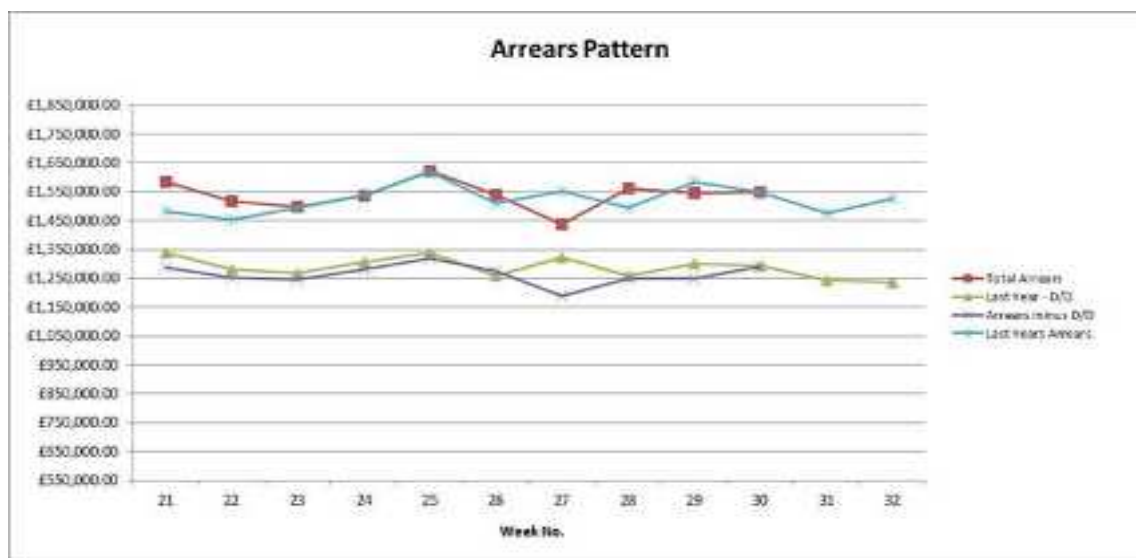
2.1 Derby Homes Operational Board notes the report and agrees to continue receiving further update reports.

3. MATTER FOR CONSIDERATION

3.1 Current tenant rent arrears for October (week 30 ending 30 October 2016) were £1,548,856 against the August target of £1,917,253.

We are under the October target by £368,397 and the monthly target status is blue. When compared with the end of year target of £1,500,000 the current arrears are £48,856 above the end of year target figure. Taking into account external and economic factors, current arrears continue to be managed and under control.

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



- 3.3 As at 1 October 2016 there are 1054 tenants affected by the under occupancy charge and we have helped 270 downsize to avoid the charge.
- 3.4 As at 1 October 2016 there are 42 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 (DHPs) where appropriate. The Overall Benefit Cap reduced to £20,000 for these tenants on 7 November 2016.
- 3.5 The remaining 145 will have their benefit capped on 26 December 2016. The Income Advisors are currently working with these tenants to look for any exemptions offering money advice and will be applying for DHPs in the new year.
- 3.6 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.

	Number of awards	Amount allocated
Benefit cap	4	£4,289.20
Combination of reforms	2	£2,770.85
Disabled	135	£110,605.67
Income taper	10	£10,090.78
Non-dependent deductions	3	£1,867.82
Under occupancy	302	£155,408.13
Universal credit with housing costs	9	£2,343.41
Totals	465	£287,375.86

- 3.7 The new Single Discretionary Payment service started on 26 September 2016. The latest analysis of refusals for the award is showing that applications are

starting to be declined as tenants are unable to show hardship. 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.

3.8 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

3.9 Derby went live on 25 January 2016 to single new claims only. As at 31 October 2016 we have 115 Universal Credit cases. The caseload consists of 21 introductory tenancies, 19 tenancies affected by under occupancy, 20 which already have a court order at the time they claimed Universal Credit.

- We have applied for 57 managed monthly payments of Housing costs direct to Derby Homes, to date 51 have been authorised for payment.
- We have applied for 44 direct deductions, 27 have been authorised and we are awaiting payment.
- We have applied for 18 DHPs for those also affected by the under-occupancy charge.

3.10 A new structure has been introduced in the Income Team to help mitigate the impacts of Universal Credit and other reforms our tenants may be affected by.

3.11 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.

3.12 Officers have established a good working relationship with the DWP and staff at the Job Centre. The Universal Credit Income Recovery Officer will now be hot-desking at the Becket Street Job Centre each Wednesday.

4. FINANCIAL AND BUSINESS PLAN IMPLICATIONS

4.1 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

5.1 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