

RENT ARREARS AND WELFARE REFORM UPDATE

Report of the Head of Income Management & Advice

1. SUMMARY

1.1 This report gives details on:

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

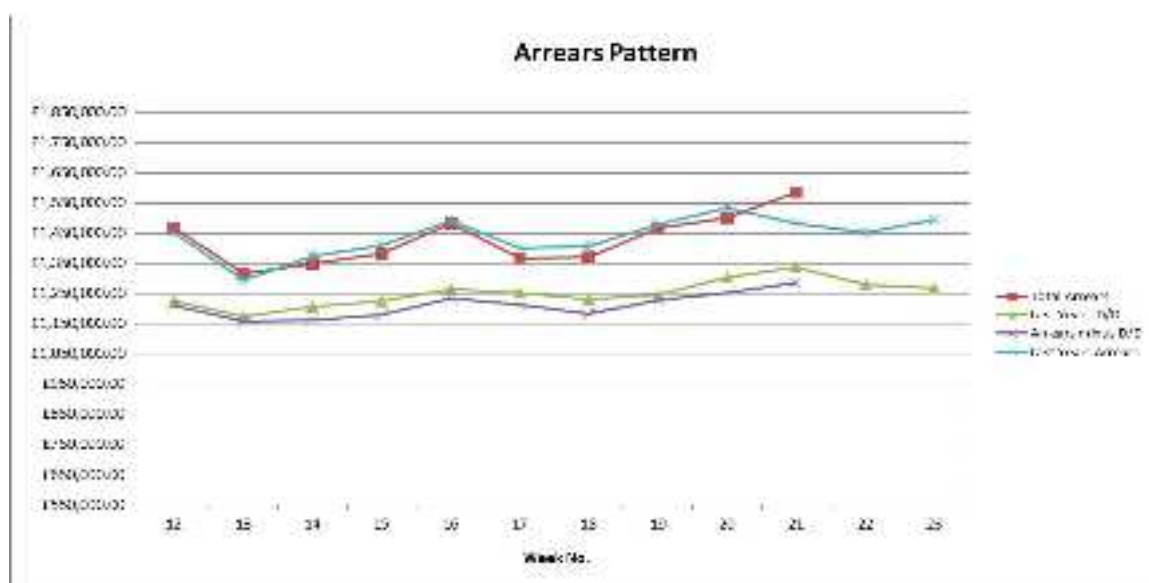
2. RECOMMENDATION

2.1 Derby Homes Operational Board notes the report.

3. MATTER FOR CONSIDERATION

3.1 Current tenant rent arrears for August (week 21 ending 28 August 2016) were £1,585,292 against the August target of £1,850,087. We are under the August target by £264,795 and the monthly target status is blue. When compared with the end of year target of £1,500,000 the current arrears are £85,292 above the end of year target figure. Taking into account external and economic factors current arrears continue to be managed and are under control.

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



- 3.3 As of the 1 August 2016 there are 1066 tenants affected by the under occupancy charge and we have helped 263 downsize to avoid the charge.
- 3.4 As at 1 September 2016 there are 43 tenants who are affected by the Overall Benefit Cap and 24 of these are currently in arrears. The Money Advice Team has been working with these tenants to help them to budget and apply for Discretionary Housing Payments where appropriate.
- 3.5 The Overall Benefit Cap will reduce to £20,000 from 7 November 2016 and the Income Advisors are currently working with the 145 tenants who will be affected when the lower rate is introduced.
- 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.

2016/17 as at 01/08/16

Reason for Award	No. of Awards	Total amount of award
RSRS (Under Occupancy)	235	£119,240.38
Combination of Reforms	1	£837.72
Disabled	114	£94,105.91
Income Taper	7	£6,514.26
Benefits Cap	4	£4,289.20
Non-dependent Deductions	2	£1,106.06
House move / rent deposit	0	£0.00
LHA Restriction	0	£0.00
No WR Impacts	0	£0.00
Total	363	£226,09.53

- 3.7 The new Single Discretionary Payment service is due to start on 26 September 2016 and further updates will be given in future reports.
- 3.8 The latest analysis of refusals for the award is showing that applications are starting to be declined as tenants are unable to show hardship.
- 3.9 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

- 3.10 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

- 3.10.1 Derby went live on 25 January 2016 to single new claims only. As at 1 September 2016 we have 97 Universal Credit cases. The caseload consists of 18 introductory tenancies, 16 tenancies affected by under occupancy, 15 which already have a court order at the time they claimed Universal Credit.
- 3.10.2 We have applied for 45 managed monthly payments of housing costs direct to Derby Homes, to date 38 have been authorised for payment.
- 3.10.3 We have applied for 28 direct deductions, 22 have been authorised and we are awaiting payment.
- 3.10.4 We have applied for 18 DHP's for those also affected by the under-occupancy charge.
- 3.10.5 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.
- 3.10.6 The Head of Income Management and Advice is leading on an organisational project to manage the impact of the reforms for both tenants and the business.
- 3.10.7 Officers have established a good working relationship with the DWP and staff at the Job Centre. We are monitoring the appointments made for our Income Recovery Officers and are arranging a meeting to discuss improvements to this service.

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