

## RENT ARREARS AND WELFARE REFORM UPDATE

Report of the Head of Income Management & Advice Services

### 1. SUMMARY

- 1.1 This report gives details on:
- April position on rent arrears.
  - Detail of Discretionary Housing Payments.
  - Welfare Reforms and how we are mitigating the impacts.

### 2. RECOMMENDATION

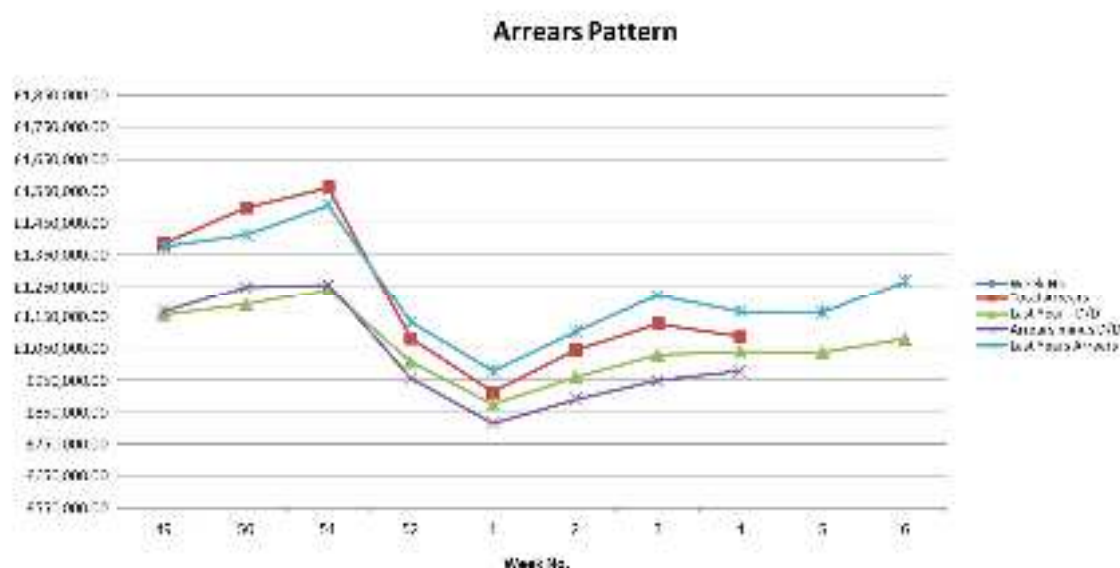
- 2.1 The Operational Board notes the report.

### 3. REASON(S) FOR RECOMMENDATION

- 3.1 To ensure the Operational Board is provided with up to date information on rent arrears and work on welfare reforms.

### 4. MATTER FOR CONSIDERATION

- 4.1 Current tenant rent arrears for April (week 4 ending 30th April 2017) were £1,088,430 against the April target of £1,883,614. Currently rent arrears levels are under the April target by £795,184 and the monthly target status is blue. The seasonal trend will see current arrears levels rising along with the effect of welfare reforms increase and affect household incomes.
- 4.2 The graph below shows our performance on a weekly basis against last year's arrears levels.



- 4.3 As at 1st April 2017 there are 1029 tenants affected by the under occupancy charge and we have helped 303 downsize to avoid the charge.
- 4.4 As at 1st April 2017 there are 120 tenants who are affected by the Overall Benefit Cap and 84 of these are currently in arrears. Since the lower rate was applied in Derby there is a dedicated Income Advisor working directly with the tenants to help them to budget and applying for Discretionary Housing Payments where appropriate.
- 4.5 Below is a table showing where the DHP awards are being granted and amounts obtained up to 31/03/17.

Type	Number of awards	Amount allocated
Benefit Cap	32	£27,859.81
Combination of Reforms	7	£6,841.69
Disabled	146	£117,630.12
Foster Carer	1	£198.77
Income Taper	24	£17,026.66
Non dependant deductions	3	£187.82
Under occupation	602	£229,427.06
UC with Housing costs	23	£5,245.64
LHA		
No Welfare Reform		
Other		
Total	838	£404,417.57

- 4.6 The Allowable expense have now been reviewed and the updated software for applications to be assessed is currently in test. It is anticipated that applications for this financial year will start to be processed early June.
- 4.7 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

- 4.8 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
- 4.9 Derby went live on 25th January 2016 to single new claims only. As at 28/04/17 we have 163 Universal Credit cases. The caseload consists of 23 introductory tenancies, 41 tenancies affected by under occupancy, 23 which already have a court order at the time they claimed Universal Credit.

- 4.10 We have applied for 90 managed monthly payments of Housing costs direct to Derby Homes, to date 75 have been authorised for payment.
- 4.11 We have applied for 71 direct deductions, 51 have been authorised and we are awaiting payment.
- 4.12 We have applied for 40 DHP's for those also affected by the under-occupancy charge.
- 4.13 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.
- 4.14 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.
- 4.15 Officers have established a good working relationship with the DWP and staff at the Job Centre. The Universal Credit Income Recovery Officer now hot- desks at the Becket Street Job Centre each Wednesday.
- 4.16 The current information that we have is that Derby will go onto the digital roll out in April 2018. When Derby goes live only families with with 2 or less children will be able to claim UC as the DWP software is not yet in place to limit benefit to 2 children. Those with larger families will stay on legacy benefits until the software is in place.

## **5. OTHER OPTIONS CONSIDERED**

- 5.1 No applicable.

## **IMPLICATIONS**

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

- 6.1 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.

### **7. RISK IMPLICATIONS**

- 7.1 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