

Thursday, 27 April 2023

Report of the Portfolio Holder for Homelessness Prevention and Social Housing

Income Management & Recovery Policy - Council Housing

Exempt Information

None

Purpose

To set out the Council's approach to its Council Housing income recovery policy in order to maximise income to its Housing Revenue Account, whilst also providing support to its tenants that need it.

Recommendations

It is recommended that Cabinet:

1. Acknowledge the current tenancy rent arrears performance position reported to year end (2022/2023); noting this is an improved position on last year; and subject to benchmarking is likely to remain upper quartile when compared with 'best in class'.
2. Approve the new Income Management Policy 2023 (Appendix 1) and the associated Community Impact Assessment (Appendix 2) with any final amendments delegated to the Portfolio Holder for Homelessness Prevention and Social Housing.
3. Endorse the Rent Accreditation Improvement Plan 2022-25 (Appendix 3) progress update report.
4. Acknowledge Corporate Scrutiny input into the data analysis improving the overall understanding informing the policy for approval.

Executive Summary

Maximising housing income collection is central to funding the Council's landlord services function, the delivery of its services, the investment in its housing stock, and supports the Council's Vision, **Tamworth – celebrating our heritage, creating a better future.**

Ensuring that housing rent arrears are kept to a minimum helps sustain tenancies, prevent homelessness, and maintain stable communities. The Council remains committed to using evictions as a last resort, after all attempts to engage and fully support tenants with paying their rent have failed.

The Neighbourhood Income team is responsible for collecting rent and services charges on current council homes and garages, and the Revenues team are responsible for collecting former debts.

Over the past 3 years, housing income collection is one of the key challenges that Neighbourhood Services has faced against the backdrop of the financial impact of the recent coronavirus pandemic, the current cost-of-living crisis where living costs are increasing significantly faster than household incomes, and the everyday pressures on tenant's incomes.

The table below shows performance trends, over the past 3 years, against recognised key performance indicators.

Whilst the figures are still subject to year-end audit and national benchmarking – performance for current rent arrears collection is better than last year. With a rent debit of around £19.5m and over £275k collected in the final two rent free weeks, the arrears total has reduced from c£518k year end 2021/22 to c£506k end of year 2022/23. This is a reduction of over £12k. Based on a forecasted bad debt of £800k this is significantly better than anticipated.

Indicator	End of Year Position 2019/20	End of Year Position 2020/21	End of Year Position 2021/22	End of Year Position 2022/23
BV66a Rent Collection and Arrears Recovery (Collection as a % of debit inclusive of arrears brought forward)	101.92%	101.57%	101.44%	101.50%
Arrears as a % of debit	2.87%	2.66%	2.77%	2.60%

- **The Councils collect around £19.5m in rent and £909k in service charges. So, the performance indicator shown in the table (BV66a) calculates all the rent debit collected plus any arrears which is why the figure is >100% - higher being the better.**
- Current tenant Arrears total at year end (27/3/23-2/4/23) were £506,958.37, a reduction of £11,809.27 from the same time last year. Total arrears (including former tenant arrears, recharges, court costs and garages etc.) are £1.92m at 31st March 2023, compared to £1.83m at 31 March 2021, an increase of £94k (compared to a £45k increase between 31 March 2021 and 31st March 2022). (Total arrears (including former tenant arrears, recharges, court costs and garages etc.) were £1.83m at 31st March 2022, compared to £1.78m at 31 March 2021, an increase of £45k (compared to a £64k reduction between 31 March 2020 and 31st March 2021).
- Figures below will form part of the benchmarking submission in due course and be reported in the Tenants' Annual report later in the year. Should any final payments exceed £25K, i.e., payments received after April be for rent due in March 2023 (such as alternative payment arrangements (APAs) or from direct debits) then this could mean the arrears **are less for four years in a row.**

2019/2020	2020/2021	2021/2022	2022/2023
583532.97	481375.48	518767.64	506958.37

The increased rising cost of living is a predominant factor as the reason for non-payment or under-payment of rent.

During the cost-of-living crisis, the Department of Levelling up Communities and Housing (DLuCH) issued a range of guidance and support to people facing financial hardship, including; some examples as listed below;

- Energy Price Guarantee & Energy Bill Support Scheme
- Cost of Living Payment
- Disability Cost of Living payment
- Pension Cost of Living payment
- Winter fuel payments
- Cold weather payments
- Warm home discount
- Free Money Helper service, confidential and impartial help tailored to individual needs
- Household Support Fund
- Discretionary Housing Benefit
- Cost of living support payment
- Rent cap of 7% across social housing

With continued high living costs for the foreseeable future, increasing demand for money advice from tenants, national cost-of-living support payments only being provided to benefit claimants and pensioners from April 2023, and increases to service charges alongside the 7% rent increase all pose significant challenges for tenants paying their rent and therefore rent collection during 2022/23 and going forward for 2023/24.

The new `Income Management Policy 2023` set out in **Appendix 1** together with the `Rent Accreditation Improvement Action Plan 2022–2025 Update Report` set out in **Appendix 3**, fully supports the delivery of the Council's corporate plan, the governments agenda to prevent financial exclusion, compliance with housing legislation. Aimed at fully supporting tenants to maximise their income and manage their rent payments during such difficult and challenging financial times.

Overview Rent Collection & Rent Arrears Performance

Following feedback from Corporate Scrutiny a review has taken place on arrears bands and trends available data. From the table below, the total number of households with rent account arrears has increased over the year from 1627 as at 27.03.2022 to 2109 as at 01.02.2023, an increase of 482 cases as predicted due to the economic climate. The Councils approach for early intervention and support strategies are therefore being focused on preventing debt escalating as arrears levels are highest under £500 and between 1-2 months in arrears.

Summary Arrears breakdown as at 1st February 2023

Level	Number of Cases	Cases (%)	Arrears Value (£)	% Arrears Value
Clear rent account	678	15.94%	0.00	N/A
Credit balance	1467	34.49%	-£220,393.69	N/A
Arrears up to £500	1652	38.83%	£273,542.43	35.21%
Arrears between £500-£1000	271	6.37%	£187,533.49	24.14%
Arrears between £1000-£1500	107	2.52%	£130,631.30	16.81%

Arrears between £1500-£2000	34	0.8%	£57,860.56	7.45%
Arrears over £2000	45	1.06%	£127,399.00	16.4%
TOTAL - arrears cases only	2109	49.58%	£776,966.78	
TOTAL - all cases	4254		£556,573.09	

Months in Arrears	Number of Cases	Cases (%)	Arrears Value (£)	% Arrears Value
Less than a month	1515	71.83%	£215,160.17	27.69%
Between 1 and 2 months	345	16.36%	£194,747.68	25.07%
Between 2 and 3 months	114	5.41%	£110,558.07	14.23%
Between 3 and 4 months	59	2.8%	£78,333.69	10.08%
Between 4 and 5 months	29	1.38%	£49,317.30	6.35%
Between 5 and 6 months	15	0.71%	£30,507.80	3.93%
6 months and over	32	1.52%	£98,342.07	12.66%
TOTAL	2109		£776,966.78	

UC (Universal Credit) expansion continues to be a factor affecting rent collection and arrears performance. Every case where a claimant is waiting 5 weeks for payment, costs the Council on average £446.25 (£89.25 average rent x 5 weeks). This is an improved position as previous waiting times was around 10 weeks. The Council remains a trusted partner with the Department of Working Pensions (DWP) to verify income and rent payment details which inevitably contributed to the improvement in waiting times.

Summary information provided below explains the increase in numbers of those in receipt of Universal Credit as per 2021-2022 and 2022-2023

Indicator	Qtr 4 2021/22	Qtr 1 2022/23	Qtr 2 2022/23	Qtr 3 2022/23	Qtr 4 2022/23
Number of Council Tenants on Universal Credit	1617	1655	1671	1701	1707
Number of Council Tenants on Universal Credit in Rent Arrears	749	1063	1170	1165	1112
Percentage of Council Tenants on Universal Credit in Rent Arrears	46.32%	64.23%	70.02%	68.49%	65.14%
Number of Council Tenants on Universal Credit not in Rent Arrears	868	592	501	536	595
Percentage of Council Tenants on Universal Credit not in Rent Arrears	53.68%	35.77%	29.98	31.51%	34.86%

Since April 2022 around 25 Universal Claims (UC) per quarter have been made by tenants, compared to 65 claims over the same period during 2021/22.

The latest updates from Department of Working Pension (DWP) are that final rollout of Universal Credit (UC) will not be completed now until 2028/29. The remaining roll out will now take place in two phases with non-employment support allowance (ESA) claimants

migrating first before the end of 2024. The second phase will be ESA claimants who will migrate to UC between 2025 and end of 2028/29.

The number of evictions for rent arrears have increased back to pre-pandemic levels. Since April 2022, 9 evictions have taken place. All eviction cases owed significant levels of rent arrears and failed to engage with repeated offers of support over a prolonged period. Eviction continues to be a last resort and the package of intervention and approach to rent arrears recover captured in the proposed Income Management Policy is designed to avoid this.

The provision of commissioned `Tamworth Advice Centre` support for tenants continues to be a key factor in good rent arrears management. The main purpose of the team is to support tenants to maximise their income, to maintain rent payments and sustain their tenancy. During 2022/23, the team have supported numerous numbers of tenants through the Tamworth Advice Centre.

Following the Government's rent cap announcement in November 2022, and as a result of the Council's medium term financial strategy agreed February 2023; the Council's rent increases are capped at a maximum increase of 7% during 2023/24, for all social and affordable rents.

Service charges are not covered by the cap and are set each year to cover the actual cost of providing the service to tenants.

Approximately 40% of the Council's tenants are in receipt Universal Credit to support with payment of housing costs. Due to the unprecedented increases in energy costs nationally, properties where electric and gas service charges are applicable may see a significant increase from April 2023, which are not covered by Housing Benefit (HB) or Universal Credit (UC).

Supporting Tenants with the Cost-of-Living

Tenants are increasingly giving rising living costs as the reason for non-payment or under-payment of rent.

While rent arrears levels have been increasing, demand for money advice support from tenants has been higher over the past year.

To support tenants struggling to pay their rent, a wide range of additional early intervention support measures were put in place throughout 2022/23 and will continue throughout 2023/24;

- *benefit take up and money advice has been promoted, to help maximise tenant income and claim any unclaimed benefits*
- *supporting with accessing government support schemes*
- *the team have issued increased numbers of emergency foodbank vouchers to tenants*
- *the team have granted £12,008 of financial hardship funding from a pot of £20,000 to 26 tenants most in need of support.*
- *the Council granted the Government Household Support fund of £150 to a large proportion of Council tenants*
- *the team undertook Energy Awareness training on 10th November 2022. This training was delivered as part of the Tamworth Advice Centre contract to assist customers with the cost-of-living crisis. The energy advice training was beneficial for all income officers so they could confidently pass on their knowledge and advice to the councils' tenants*

- *cost of living support options & money support advice promoted on the Council's website & Tenants Open House Magazine*
- *early notification of rent increase due from April 2023 communicated on rent statements during mid-late 2022*
- *discretionary housing payments are also targeted by the Councils benefit team*

Income Management Policy 2023

The Housing Income Management Policy 2023 (**Appendix 1**) sets out the Council's fair and consistent approach to maximising the housing income it receives, including the following;

- Housing Rent including Service Charges
- Rent Arrears
- Garage Rent and Arrears
- Recharges
- Former tenants

Promoting and supporting financial inclusion through the provision of early intervention including information, advice, and support on money, help with maximising benefits/grants/government funds, and debt management continues to be an integral part of this new policy. It helps to ensure rent payment are met, financial stress is minimised for tenants, and the appropriate action is taken against those tenants who have the ability to pay rent and charges but choose not to, with eviction being the last resort.

In-line with the Council's Corporate objectives, the specific aims of the policy are to:

- Sustain tenancies, preventing homelessness
- Improve the health and quality of life of all tenants
- Protect and support those who are vulnerable
- Contribute to ensuring the viability of the council

The policy principles around housing income collection and the Income Management Policy have been endorsed by the Council's Tenant Consultative Group (TCG) and Tony Newman Housing Quality Network (HQN) associate.

The Council retains its ambition to join up income management practices and there is a separate work-stream reviewing the Councils corporate debt policy. It is necessary however to ensure the council housing Income Management Policy is fit for purpose given the regulatory and consumer landscape.

Progress Report - Rent Accreditation Action Plan 2022-25

As reported to Cabinet in March 2022; in December 2021 the Council was awarded a further 3 years (MIST) Maximising Income and Sustaining Tenancies Accreditation from Housing Quality Network; based on its continued delivery of high-quality services across its full range of services, evidenced through partner and stakeholder feedback to the inspectors.

The Rent Accreditation Action Plan 2022-25 (Appendix 3) was developed by the Council's Neighbourhood Income Team together with the Tenants Consultative group, which incorporates all HQN's recommendations and is subject to annual checks, the next planned for the Summer of 2023 with HQN.

As summary progress report on the Accreditation Action Plan 2022-25 is set out below;

Year 1 progress – 2022/23

- The Income Management Policy was reviewed and updated Oct 2021 and again Feb 2023.
- Service improvements/achievements are recorded annually for all Housing Management service areas and published in the tenant's quarterly newsletter Open House and in the Annual Report to tenants
- The Rent Collection, Arrears Prevention & Recovery Procedural Manual 2015 is currently being reviewed and updated
- An external self-assessment was commissioned to report against the Regulator's updated Consumer Standards and the broader requirements of the Social Housing Charter between February-September 2022
- A new Business Objects report is provided monthly to include total no of cases with a clear rent account, credit balance, arrears cases up to £500, between £500 and £2000 and number of arrears cases over £20000. The same arrears information is also provided by a breakdown of months. This report is provided monthly to Scrutiny or on request and is also shared with the Income Team and Neighbourhood Management.
- To develop/promote an annual tenant engagement recruitment campaign in partnership with TCG an 'A call for all tenants' leaflet was produced and posted to all tenants along with their rent statement

Year 2 Plan - 2023/24

- Work is currently underway to survey and report against 22 tenant satisfaction measures, covering five themes. These will commence to be collected during 2023/24 by way of annual tenant survey and data submissions
- Bi annual rent arrears survey
- Review and implementation of the Rent Collection, Arrears Prevention & Recovery Procedure Manual
- Accreditation MIST (maximising income, sustaining tenancies) – 18 month HQN assessment.
- Review and update of Paying Rent Leaflet.
- Define of SMART service standards as part of the local offer review across neighbourhoods.
- Scoping of IT and digital improvements for Income Officers whilst carrying out home visits.
- Bi-Annual rent arrears impact assessment.

Progress and monitoring of the action plan continues to be reported to;

- Members via Pentana project highlight report
- Senior management and officers via monthly performance meetings
- Tenants via tenant consultative groups
- Discussed with the Portfolio Holder and when relevant via the Homelessness Prevention and Social Housing sub committee

Equality Implications

Set out at Appendix 2 is the Community Impact Assessment.

Key headlines include:

- No specific group is disadvantaged as the policy recommended is inclusive.
- Fully supports all tenants who are experiencing financial hardship including those needing an enhanced level of support.
- Policy designed to support all tenants with enhanced support needs, and provide the appropriate help, advice and assistance.
- A sensitive approach to rent arrears recovery will be taken for tenants who are deemed needing an enhanced level of support.
- Profiling and monitoring will take place of customer accessing the service.

Financial Implications

There are no direct financial implications arising from this report other than the detail captured with regard to maximisation of the Councils income.

Next Steps & Delivery Timetable

Income Management Policy	Accreditation Action Plan 2022-25
Cabinet approval – April 2023	Cabinet update – April 2023
Staff training on policy – April 2023	Continue to delivery and implement improvement action plan during 2023-2025
Implementation – April 2023	Monitor – continue to monitor and update via Tenants Consultative Group & performance monitoring framework
Monitor – continue to monitor arrears / collection weekly and report performance to management and tenants monthly	During 2023-25 subject to reaccreditation annual progress checks by HQN
Review policy – March 2024	Apply for reaccreditation after April 2025

Report Author

Mrs Lee Birch, Head of Housing Management
 Mrs Leanne Lea, Housing Manager
 Mrs Tina Mustafa, Assistant Director Neighbourhoods

Appendix

- 1) Income Management Policy 2023
- 2) Income management Policy – Community Impact Assessment
- 3) Rent Accreditation Action Plan 2022-25 – Progress Update Report