

**Report to Communities Cabinet Advisory Committee
Thursday 10 December 2015**

Rent Arrears Recovery

1. Introduction

- 1.1 Rent is the primary source of income for the Housing Revenue Account (HRA) therefore it is important that arrears are effectively managed. It is however important that the collection of rent and the recovery of arrears reflects the Councils values and key priorities. The current rent arrears recovery process is aimed at ensuring that the service received by tenants is tailored to the individual, whilst maximising rental income. This is achieved through supporting and advising tenants and helping them access other services.
- 1.2 Sustaining tenancies is a fundamental aim of the service which aligns with the Councils key priority of building sustainable communities. It is of significance that the non-payment of rent is a breach of tenancy conditions which can result in re-possession of the property. Being proactive with early intervention is the key to successful arrears recovery.

2. How are rent arrears recovered?

2.1 The Rents Team

- 2.1.1 A specialist Rents Team is responsible for the recovery of arrears. There are 13 rents patches across the city, each with a dedicated Rents Officer. In addition two officers deal solely with the arrears of introductory tenants who have held a tenancy for less than a year. Their role is to proactively support introductory tenants in the early stages of their tenancy to prevent arrears accruing. A Former Tenant Arrears Officer, as the title suggests, works to recover former tenant arrears and a Financial Inclusion Officer provides specialist support to tenants who have more complex issues around managing their finances and debt, and also liaises with the Department of Works and Pensions (DWP) in relation to Universal Credit claimants. All officers in the Rents Team receive specialist training from colleagues in other sections, such as Housing Benefit and Welfare Rights, and from external agencies such as Citizens Advice Bureau (CAB) and the DWP.

2.2 The Process

- 2.2.1 Officers use a tailor made IT package to assist with rent arrears recovery which operates through the weekly generation of recommendations. Prior to any action recommended being approved, a Rents Officer will review it to ensure it is appropriate given the tenant's known circumstances.
- 2.2.2 To briefly outline the recovery process; a series of letters are sent with the initial letter having a 'light touch' approach, which is aimed at encouraging the

tenant to contact their Rents Officer. As arrears increase, further letters are sent advising the tenant to contact their Rents Officer. They are advised on how the arrears recovery action will escalate if an agreement is not made and the arrears balance does not reduce. In addition to letters, tenants are visited, telephoned and contacted by e-mail; every effort to engage tenants with personal contact is made.

- 2.2.3 If arrears continue to increase tenants will be served with a Notice of Possession. If a response is not received and an agreement made to pay the rent and begin to reduce the arrears at a reasonable weekly rate, the next stage will be court action. When a tenant is entered in to court they will receive a hearing date and a County Court Judge will decide on whether a possession order is to be granted. Generally a Suspended Possession Order will be requested and granted, and it is only in the most extreme circumstances that the Council will ask for outright possession. If the court order is not adhered to a warrant for eviction will be applied for, the tenant will however have further opportunities to appeal to the court against the decision.
- 2.2.4 The process of moving through the arrears recovery stages is rarely as straightforward as described. As stated, officers have a high level of personal interaction with tenants, arrears recovery is always tailored to the individual's circumstances, and the Rents Officer will endeavour to try and avoid possession. The aim of the service is to ensure early intervention, and that tenants are well supported and receive appropriate advice around benefit and personal budgeting from the Rents Team or colleagues from partner agencies. The objective is for officers to work with tenants to create sustainable tenancies; if however arrears are unmanageable and agreements are not maintained then eviction is the last resort.

3. Partners

- 3.1 In order to assist tenants and offer appropriate advice and support the Rents Team liaises with a number of partner agencies both internally and externally these include:

Internally

- Housing's Tenancy Support Unit, providing direct support to tenants and giving access to third sector providers e.g. Age Concern, Red Cross
- Housing Options, to help prevent homelessness
- Housing Benefit, assistance with backdated claims, Discretionary Housing Payment (DHP) requests
- Social Services, in relation to safeguarding of children and vulnerable adults
- Welfare Rights Unit

Externally

- Citizens Advice Bureau
- DWP, in relation to Universal Credit claimants

- Prison Services, to help prevent arrears accruing and advice on ending tenancy
- Credit Union (LASA)

4. Performance Monitoring

4.1 Rent arrears performance is monitored on a weekly basis by the Rents Manager and the Senior Rents Officers. Each patch has a weekly target and the individual performance of Rents Officers is measured against this, in addition individual case management is monitored.

The annual measure of performance is the arrears figure at the 31st March each year and the table below shows the performance in relation to arrears since 2009/10. The general economic climate over the last 6 years has clearly impacted on performance, along with more recently the Welfare Reform changes, however arrears have reduced over the years from a high of £1,472,447 in 2004/5.

Financial Year	End of year	Target
2009/10	828,901	853,000
2010/11	789,747	780,000
2011/12	805,058	775,000
2012/13	850,187	789,747
2013/14	1,078,903	1,130,000
2014/15	1,049,205	1,180,000
2015/16 end Q2	**1,082,833	1,180,000

** At the same point in 2014/15 the arrears were £1,123,968. This indicates the improvement in performance this year despite the ongoing challenges.

- 4.2 In addition there are a number of performance indicators linked to the service area and the key corporate priorities.
- 4.3 These include the percentage of warrants for eviction due to rent arrears raised against Council tenants suspended due to support and financial assistance. In 2014/15 the target was achieved, with 68.66% of warrants issued being suspended. The high rate of suspensions is positive and illustrates that Rents Officers work with tenants at all stages to try and prevent eviction.
- 4.4 Also the number of tenants that are new members of the Swansea Credit Union (LASA) is measured. This measure evidences that the service is supporting tenants to join the credit union by paying the joining fee. LASA membership gives tenants access to a functioning bank account and to low cost loans.

5. Challenges

It is evident that the Housing Service faces significant challenge in the recovery of rent arrears.

5.1 Welfare Reform

5.1.1 The Government's Welfare Reform changes present the greatest challenge. The main changes that have and will affect Council tenants are:

- The removal of the Single Room Subsidy (bedroom tax), implemented in April 2013. Despite a number of measures being put in place to mitigate the impact, the Single Room Subsidy (SRS) was a major contributing factor to the increase in arrears in 2013/14. These measures included visiting in advance all those tenants identified as being affected by the SRS, and assisting tenants with applications for Discretionary Housing Payments (DHP's).
- The Benefit Cap; although there have been only a small number of households affected it has presented some challenges. In general those affected tend to be larger family units where they have experienced problems with money management.
- Universal Credit; implemented in July presents by far the biggest challenge for arrears recovery. Close monitoring of the arrears of those tenants is taking place and the support they are receiving is intensive.

5.2 Economic Climate

5.2.1 As lower paid households continue to find difficulty with budgeting this inevitably impacts on rent arrears as rent is sometimes seen as a lower priority in managing debts and is left until at a critical stage.