

ANGUS COUNCIL

COMMUNITIES COMMITTEE – 20 JANUARY 2015

ARREARS UPDATE – HOUSING REVENUE ACCOUNT

REPORT BY HEAD OF PLANNING AND PLACE

ABSTRACT

This report updates members on current rent arrears levels and proposed write off of debts owed in line with the Council's Standing Orders and Financial Regulations.

1. RECOMMENDATIONS

It is recommended that the Committee:

- (i) notes the current performance and progress in pursuing serious arrears; and
- (ii) notes the proposed write-off of debt as a result of sequestrations and note the expected increase this year.

2. ALIGNMENT TO THE ANGUS COMMUNITY PLAN/SINGLE OUTCOME AGREEMENT/COPORATE PLAN

This report contributes to the following local outcome contained within the Angus Community Plan and Single Outcome Agreement 2013-2016:

- Our communities are developed in a sustainable manner.

3. BACKGROUND

3.1 Members have been regularly informed of progress and action on tackling rent arrears and are aware of the challenges currently facing the Council in securing regular rent payments. This report provides an update on performance at Angus wide level and local Community Housing Team level.

3.2 If, as a result of continuing rent arrears, the Council has to take action and evict, tenants concerned may present themselves to the Council as homeless. Under the Housing (Scotland) Act 1987, the Council would be required to provide them with temporary accommodation whilst their homelessness application is assessed. The Council seek to conduct an assessment as early as possible and People Directorate are fully informed of progress, including steps taken to avert any eviction. Angus Council, however, remain committed to providing support with rent payment but if not utilised by tenants, the Council must ultimately enforce the tenancy conditions agreed through the Scottish Secure Tenancy Agreement; making it clear that rent payment is a priority and failure to keep up rent payments will result in utilisation of the full range of sanctions available to the Council

4. CURRENT POSITION

4.1 Table 3 provides details of our performance at week 27 (29 September 2014) for current rent arrears levels. The current rent arrears levels have increased since previously reported to Committee. Efforts are ongoing to pursue outstanding monies and since April 2014 there have been over 12,500 actions taken including over 4,000 visits to tenants or ex tenants. Since April 2014, 120 court actions have been taken. There have been 50 cases, where the Council have been awarded a decree by the Court since April 2014. The Division are continuing to take strong action against tenants for non-payment and some tenants have been evicted. Approximately 23.44% of decrees obtained have ended with an eviction.

- 4.2 The Divisional performance on current rent arrears at week 27 is at 8.14%, which is a slight increase from the 7.95% previously reported to Committee in September 2014. This increase is not unexpected as previous trends show an increase at this time of year and this has been the case for some years. There are additional arrears as a result of the housing benefit size criteria restriction for working age claimants, although this is stabilising due to use of discretionary housing payments.
- 4.3 Housing benefit of £231,030.06 was paid to tenants in week 27 and this has increased from £213,019.21, which was paid in week 14. These are very much snapshot figures. Housing benefit will continue to be reported to allow Committee to be aware of the implications of welfare reform and its potential effect on rent arrears. It should be noted that part of the increase in housing benefit will be due to discretionary housing payments being granted in lieu of housing benefit size criteria restriction for working age claimants.
- 4.4 In relation to former tenants' arrears, these have increased since the last report to Committee and this is reflected in the tables below and within the Appendices. Since former tenants arrears were last reported to Committee, 19 tenancies have been abandoned and these tenancies had outstanding arrears of £11,686.80. This can make collection difficult e.g. no addresses to enable pursuit of arrears. Again, as previously reported these cases can be nearing the final stages in the arrears recovery processes and tenants leaving prior to being evicted. There have also been 7 tenancies terminated with arrears of £2,705.96 where tenants were deceased.
- 4.5 It has been necessary to evict 6 tenants since the last report to Committee with arrears totalling £8,031.15. We are currently having cases recalled to court, where evictions have been set due to non payment. Shelter has been representing some clients in these situations and we have accepted instalment decrees. These instalment decrees will result in long repayment periods sometimes in excess of 2 years to see full payment of outstanding debt being made.
- 4.6 In conclusion, Table 1 summarises the movement in the arrears values and number of cases over the period for both current and former tenants.

Table 1 – Arrears Summary Report

Arrears Summary		Current	Former	Totals	Movement
		Tenants	Tenants		Increase / (Decrease)
Week 52 (24 Mar 2014)	Arrears Value	£967,483.02	£688,113.97	£ 1,655,596.99	-£204,452.57
	No. Of Cases	2404	1833	4237	-843
Week 14 (30 June 2014)	Arrears Value	£974,996.76	£765,253.58	£ 1,740,250.34	£84,653.35
	No. Of Cases	2598	1969	4567	330
Week 27 (27 September 2014)	Arrears Value	£963,263.42	£852,046.83	£ 1,815,310.25	£75,059.91
	No. Of Cases	2583	2110	4693	126

5. Housing Benefit Size Criteria Restriction for Working Age Claimants

- 5.1 Members should note that information gathered for this section can fluctuate on an ongoing basis depending upon changes of circumstances of tenants. Members should further note that coding on systems will need to change to allow complete accuracy along with a verification exercise following the code changes. Work is ongoing to produce overall information which will be added to the welfare reform section of the Corporate Intranet. This

will show discretionary housing payments, welfare fund payments, cases affected and ongoing arrears balances.

- 5.2 Table 2 which follows summarises the tenants affected by the Housing Benefit Size Criteria Restriction for Working Age Claimants.

Table 2 – No of Cases, Cases in Arrears and Balance

Arrears Summary	Number of Tenants Affected	Tenants in Arrears	Amount outstanding	Movement Increase /(Decrease)
Week 27 (30 Sept 2013)	510	323	£130,014.16	£22,124.66
Week 40 (30 Dec 2013)	485	279	£120,234.79	(£9,779.37)
Week 52 (24 Mar 2014)	475	167	£97,218.52	(£23,016.27)
Week 14 (30 June 2014)	488	196	£109,821.26	£12,602.74
Week 27 (29 September 2014)*	529	253	£97,325.02	(£1,2496.24)

*information exchange between Housing and Revenues and Benefit Divisions are allowing more accurate information to be reported in Week 27 in 2014.

- 5.3 The decrease in arrears within this group from September 2013 to September 2014 stands at £32,689.14. It is expected that the figure at week 27 will be relatively consistent from now on.
- 5.4 Advice continues to be provided to tenants and a further 17 tenants have applications in requesting a smaller property. Tenants continue to be advised of options available to them including the opportunity to apply for discretionary housing payment. Both Revenues and Benefits and Housing Division staff are making continuing attempts to contact and advise of the opportunity for payment of the charge through use of this. There are tenants who have not engaged in the process and as a result of this we have not been able to pay discretionary housing payment, which would have assisted these tenants in meeting the charge.
- 5.5 Many councils continue to see rises in arrears as a result of this restriction. Members should also note that a high amount of arrears was already owed by cases affected by the housing benefit size criteria restriction, so to have held the increase to this level is an achievement.

6. WRITE OFFS

There have been 11 accounts totalling £17,087.90 which require to be written off as a result of sequestration. Sequestrations continue and it is likely that this will continue as tenants try to deal with debt and are unable to given their current circumstances. It should be noted that sequestrations are increasing and with the total already at £37,742.43 for this financial year, it is expected that total sequestrations for the year may be in the region of £55,000, which would be some £12,000 up from last year if the current trend continues. Approval to write these debts off will be pursued with the Head of Corporate Improvement & Finance in line with the Council's Standing Orders and Financial Regulations.

7. FINANCIAL IMPLICATIONS

There are no financial implications for the Council arising directly from the recommendations in this report. Members should note, however, that if evictions are carried out and tenants present themselves thereafter as homeless, costs would be incurred in respect of temporary accommodation. Such costs would be met from the appropriate budget within either the Housing Revenue Account or the General Fund Other Housing budget depending on the outcome of their homelessness application.

In the current financial year 19 accounts totalling £20,654.53 have previously been identified for write off as a result of sequestration. Taking into consideration the accounts identified at section 6 above means that 30 accounts totalling £37,742.43 have now been identified for write off in the current in year and these will be pursued with the Head of Corporate Improvement & Finance in line with the Council's Standing Orders and Financial Regulations.

If ultimately approved, the total write off value will be set against the provision for bad debts which has been built up in the HRA accounts over a number of years. The provision is reviewed annually as part of the Council's final accounts process with the audited balance at 31 March 2014 being £1,000,000. The value currently identified for write off can therefore be contained within the provision and would reduce the balance of the provision to £962,257.57.

NOTE: The background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) which were relied on to any material extent in preparing the above report are:

- Report No 107/14 – Arrears Update – Housing Revenue Accounts
- Report No.108/14 – Housing Revenue Account – Write Off of Rent for Mainstream and Temporary Accommodation in 2013/14

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- Table 3 – Current tenant arrears by Community Housing Team
- Graph 1 – Current Tenant Rent Arrears excluding Temporary and Dispersed Accommodation
- Table 4 – Angus Council former tenant arrears.

Table 3 – Current tenant arrears by Community Housing Team

Week Number	Bandings for Rent Arrears	No of cases	Balance Amount Arbroath, Carnoustie and Monifieth CHT Area	No of cases	Balance Amount Forfar and Kirriemuir CHT Area	No of cases	Balance Amount Montrose and Brechin CHT Area	No of cases	Balance Amount Dispersed Accommodation	No of cases	Balance Amount Current Temporary tenants accommodation	Total Number of Cases	Total Arrears
(24 Mar 2014) Week 52	>3000	2	£6,770.14	1	£3,439.15	3	12149.1	1	£3,188.77	0	£0.00	7	£29,061.76
	2000 to 3000	16	£36,402.79	2	£4,714.13	5	£11,874.70	3	£6,703.37	0	£0.00	26	£57,253.76
	1000 to 2000	122	£165,870.75	57	£75,345.10	42	£56,187.32	3	£4,262.14	0	£0.00	224	£301,665.31
	500 to 1000	182	£133,980.22	128	£91,001.06	101	£70,745.52	7	£4,865.02	0	£0.00	418	£300,591.82
	250 to 500	163	£60,777.11	125	£44,347.40	109	£39,484.35	23	£8,369.58	0	£0.00	420	£150,313.85
	<250	541	£48,243.81	380	£37,226.17	346	£35,766.00	40	£5,704.99	2	£64.33	1309	£127,005.30
		1026	£452,044.82	693	£256,073.01	606	£226,206.99	77	£33,093.87	2	£64.33	2404	£967,483.02
(30 June 2014) Week 14	>3000	2	£6,809.81	0	£0.00	1	£3,100.68	1	£3,629.45	0	£0.00	4	£14,432.19
	2000 to 3000	16	£36,113.92	4	£9,396.85	3	£7,049.63	2	£4,521.70	0	£0.00	25	£57,082.10
	1000 to 2000	133	£178,938.53	52	£69,453.19	40	£53,233.56	3	£3,710.48	0	£0.00	228	£305,335.76
	500 to 1000	155	£133,784.62	143	£102,322.27	94	£66,976.36	16	£11,707.56	0	£0.00	408	£314,790.81
	250 to 500	171	£61,542.35	129	£45,439.63	108	£39,040.39	16	£6,131.19	0	£0.00	424	£150,668.79
	<250	643	£50,912.81	431	£38,688.03	398	£37,847.33	37	£4,646.42	0	£0.00	1509	£132,094.59
		1120	£468,102.04	759	£265,299.97	644	£207,247.95	75	£34,346.80	0	0	2598	£974,996.76
(29 September 2014) Week 27	>3000	3	£10,403.25	1	£3,124.01	0	£0.00	0	£0.00	0	£0.00	4	£13,527.26
	2000 to 3000	17	£41,235.85	3	£7,602.56	4	£9,114.02	0	£0.00	0	£0.00	24	£57,952.43
	1000 to 2000	136	£182,468.15	59	£77,949.17	27	£36,691.56	3	£4,687.30	0	£0.00	225	£301,796.18
	500 to 1000	165	£119,910.33	124	£88,472.82	99	£71,383.33	16	£10,773.42	0	£0.00	404	£290,539.90
	250 to 500	161	£58,829.50	145	£52,750.33	125	£44,598.23	23	£8,195.86	0	£0.00	454	£164,373.92
	<250	622	£51,469.16	417	£38,353.03	397	£41,314.50	36	£3,937.04	0	£0.00	1472	£135,073.73
		1104	£464,316.24	749	£268,251.92	652	£203,101.64	78	£27,593.62	0	0	2583	£963,263.42

Graph 1 – Current Tenant Rent Arrears excluding Temporary and Dispersed Accommodation

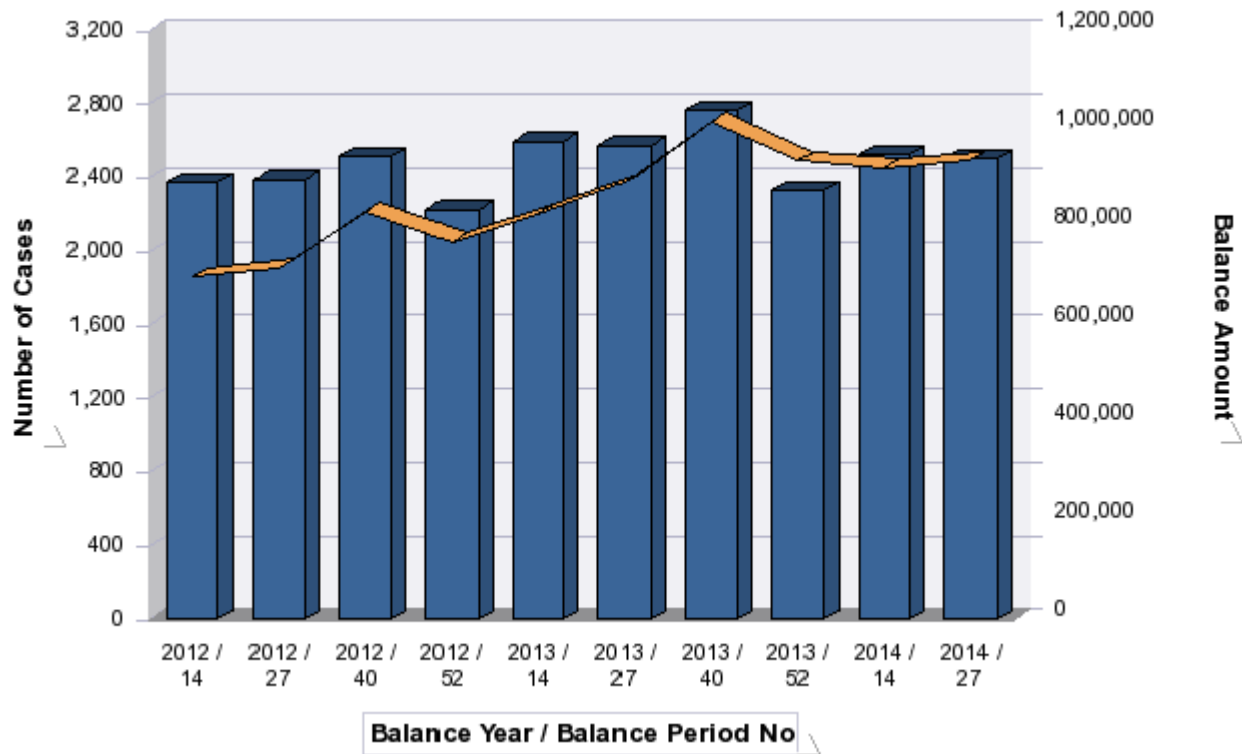


Table 4 – Angus Council former tenant arrears.

Week No.	Bandings	Number of cases	Balance Amount Former tenants	Number of cases	Balance Amount Former Dispersed tenants accommodation	Number of cases	Balance Amount Former Temporary tenants accommodation	Number of cases	Total of former tenant arrears
(24 Mar 2014) Week 52	>3000	2	£6,908.98	4	£18,255.39	0	£0.00	6	£25,164.37
	2000 to 3000	24	£57,278.50	2	£4,863.28	3	£6,597.88	29	£68,739.66
	1000 to 2000	106	£146,193.54	23	£30,937.48	25	£34,669.69	154	£211,800.71
	500 to 1000	118	£84,604.77	56	£39,612.96	57	£39,088.48	231	£163,306.21
	250 to 500	126	£45,444.39	77	£28,112.24	127	£45,143.72	330	£118,700.35
	<250	349	£35,977.81	225	£17,958.92	509	£46,465.94	1083	£100,402.67
	Sum:	725	£376,407.99	387	£139,740.27	721	£171,965.71	1833	£688,113.97
(30 June 2014) Week 14	>3000	5	£18,636.85	4	£18,572.73	0	£0.00	9	£37,209.58
	2000 to 3000	28	£66,642.62	3	£7,705.45	3	£6,597.88	34	£80,945.95
	1000 to 2000	119	£164,950.77	28	£38,902.71	25	£34,669.69	172	£238,523.17
	500 to 1000	123	£88,660.69	65	£45,724.33	57	£39,058.48	245	£173,443.50
	250 to 500	146	£53,203.63	81	£29,126.36	126	£44,698.81	353	£127,028.80
	<250	399	£40,715.95	250	£21,068.48	507	£46,318.15	1156	£108,102.58
	Sum:	820	£432,810.51	431	£161,100.06	718	£171,343.01	1969	£765,253.58
(29 September 2014) Week 27	>3000	5	£18,370.57	5	£23,137.22	1	£4,564.49	11	£46,072.28
	2000 to 3000	31	£73,667.58	6	£14,885.89	3	£6,597.88	40	£95,151.35
	1000 to 2000	139	£192,731.39	29	£39,827.87	26	£35,963.01	194	£268,522.27
	500 to 1000	131	£95,231.29	79	£55,508.80	60	£41,209.58	270	£191,949.67
	250 to 500	161	£58,275.87	92	£33,381.42	126	£44,698.81	379	£136,356.10
	<250	436	£43,899.26	276	£24,020.86	504	£46,075.04	1216	£113,995.16
	Sum:	903	£482,175.96	487	£190,762.06	720	£179,108.81	2110	£852,046.83