

**ANGUS COUNCIL**

**COMMUNITIES SERVICES COMMITTEE – 30 SEPTEMBER 2014**

**ARREARS UPDATE – HOUSING REVENUE ACCOUNTS**

**REPORT BY HEAD OF PLANNING AND PLACE**

**ABSTRACT**

This report updates members on current rent arrears levels and level of debt written off in the current financial year.

**1. RECOMMENDATIONS**

It is recommended that the Committee:

- (i) notes the current performance and progress in pursuing serious arrears
- (ii) approves the request to write off of debt as a result of sequestrations

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

This report contributes to the following local outcome(s) 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 the 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 14 (30 June 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 2,400 actions taken including over 770 visits to tenants or ex tenants. Since April 2014, 32 court actions have been taken. There have been 10 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 tenants have been evicted. Approximately 30% of decrees obtained have ended with an eviction. These decisions are not taken lightly and are made only after long term support and many attempts to gain repayment.

- 4.2 The Divisional performance on current rent arrears at week 14 is at 7.95% from 8.29% in March of this year as previously reported to Committee in March of this year. This decrease is welcomed as there remain additional arrears as a result of the housing benefit size criteria restriction for working age claimants. Members should note that the temporary accommodation will be removed from the tables below as Guthrie Hill was the only block of temporary accommodation remaining. All applicants will be assisted through dispersed temporary accommodation at this time.
- 4.3 Housing benefit of £238,345.98 was paid to tenants in week 14 and this has increased from £228,979.04, which was paid in week 52. 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, 21 tenancies have been abandoned and these tenancies had outstanding arrears of £15,695.31. 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 9 tenancies terminated with arrears of £2,045.83 where tenants were deceased.
- 4.5 It has been necessary to evict 5 tenants since the last report to Committee with arrears totalling £16,375.40. 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 40 (30 Dec 2013)	Arrears Value	£1,043,160.51	£816,889.05	£ 1,860,049.56	£221,811.29
	No. Of Cases	2830	2250	5080	390
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

## 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 has been completed to provide ongoing information on the welfare reform section of the Corporate Intranet. This now shows 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 14 (01 July 2013)	537	326	£107,889.50	£27,728.31
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

- 5.3 Advice continues to be provided to tenants and there are now 26 tenants who 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. Members should note that tenants can move in and out of the welfare system and figures for this can vary on a weekly basis dependent upon benefit changes.
- 5.4 There has been 1 tenant who has moved through the mutual exchange process and 4 tenants who have moved within council accommodation and 3 have moved to the private sector thus reducing the impact on themselves since the last committee report.
- 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 REQUESTED

There have been 19 accounts totalling £20,654.53 which will require to be written off as a result of sequestration and this will be progressed under the delegated authority of the Head of Corporate Improvement and Finance. 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.

## 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 respect of Section 6 above, if approval is given to write off arrears totalling £20,654.53 for quarter one of 2014/15, this amount will be set against the provision for bad debts which has been built up in the HRA accounts over a number of years. This provision is reviewed annually as part of the Council's final accounts position with the unaudited balance at 31 March 2014 standing at £1,000,000. These write-offs can, therefore, be contained within the provision and would reduce the balance of the provision to £979,345.47.

**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

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List of Appendices:

- 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
(30 Dec 2013) Week 40	>3000	0	£0.00	1	£3,198.45	3	10837.26	1	£3,262.16	0	£0.00
	2000 to 3000	20	£46,759.53	5	£12,044.30	5	£11,099.55	0	£0.00	0	£0.00
	1000 to 2000	113	£153,066.21	55	£74,840.42	33	£45,179.34	8	£10,745.22	0	£0.00
	500 to 1000	200	£146,689.35	143	£101,712.72	111	£79,390.56	7	£5,232.39	0	£0.00
	250 to 500	208	£76,057.24	157	£56,812.95	135	£48,417.01	13	£4,507.71	1	£388.09
	<250	656	£56,984.92	494	£48,271.39	425	£42,827.04	36	£4,836.70	0	£0.00
		<b>1197</b>	<b>£479,557.25</b>	<b>855</b>	<b>£296,880.23</b>	<b>712</b>	<b>£237,750.76</b>	<b>65</b>	<b>£28,584.18</b>	<b>1</b>	<b>£388.09</b>
(24 Mar 2014) Week 52	>3000	2	£6,770.14	1	£3,439.15	3	12149.1	1	£3,188.77	0	£0.00
	2000 to 3000	16	£36,402.79	2	£4,714.13	5	£11,874.70	3	£6,703.37	0	£0.00
	1000 to 2000	122	£165,870.75	57	£75,345.10	42	£56,187.32	3	£4,262.14	0	£0.00
	500 to 1000	182	£133,980.22	128	£91,001.06	101	£70,745.52	7	£4,865.02	0	£0.00
	250 to 500	163	£60,777.11	125	£44,347.40	109	£39,484.35	23	£8,369.58	0	£0.00
	<250	541	£48,243.81	380	£37,226.17	346	£35,766.00	40	£5,704.99	2	£64.33
		<b>1026</b>	<b>£452,044.82</b>	<b>693</b>	<b>£256,073.01</b>	<b>606</b>	<b>£226,206.99</b>	<b>77</b>	<b>£33,093.87</b>	<b>2</b>	<b>£64.33</b>
(30 June 2014) Week 14	>3000	2	£6,809.81	0	£0.00	1	£3100.68	1	£3,629.45		
	2000 to 3000	16	£36,113.92	4	£9,396.85	3	£7,049.63	2	£4,521.70		
	1000 to 2000	133	£178,938.53	52	£69,453.19	40	£53,233.56	3	£3,710.48		
	500 to 1000	155	£133,784.62	143	£102,322.27	94	£66,976.36	16	£11,707.56		
	250 to 500	171	£61,542.35	129	£45,439.63	108	£39,040.39	16	£6,131.19		
	<250	643	£50,912.81	431	£38,688.03	398	£37,847.33	37	£4,646.42		
		<b>1120</b>	<b>£468,102.04</b>	<b>759</b>	<b>£265,299.97</b>	<b>644</b>	<b>£207,247.95</b>	<b>75</b>	<b>£34,346.80</b>	<b>0</b>	<b>0</b>

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

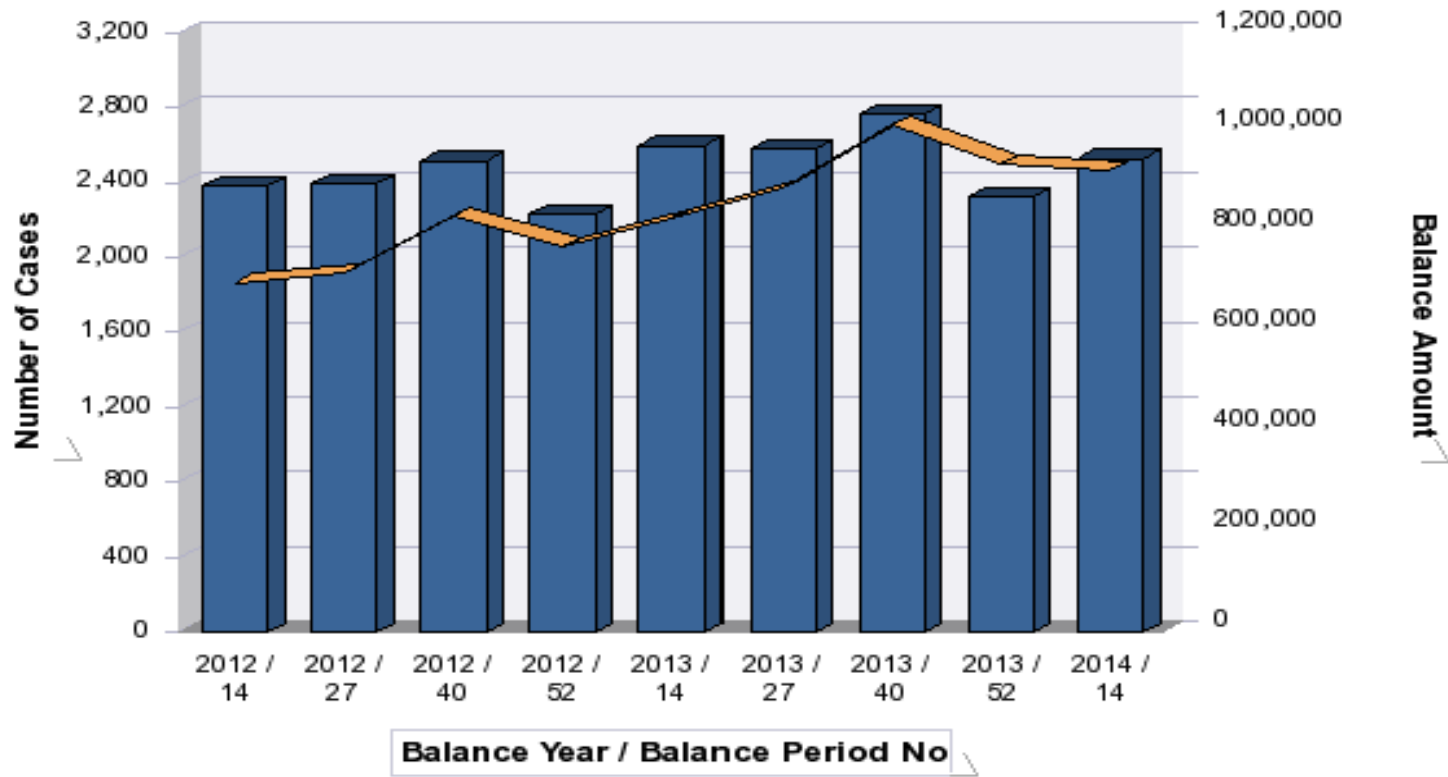


Table 4 – Angus Council Former Tenant Arrears.

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
<b>(30 Dec 2013) Week 40</b>	>3000	3	£14,180.86	4	£20,134.93	0	£0.00	7	£34,315.79
	2000 to 3000	24	£57,172.50	1	£2,807.35	3	£6,597.88	28	£66,577.73
	1000 to 2000	133	182,792.79	25	£31,881.24	25	£34,669.69	183	£249,343.72
	500 to 1000	166	116,970.66	62	43,301.92	58	£39,662.03	286	£199,934.61
	250 to 500	207	£73,823.21	74	£26,440.19	128	£45,307.62	409	£145,571.02
	<250	582	£56,516.31	247	£18,917.86	508	£45,712.01	1337	£121,146.18
	<b>Sum:</b>	<b>1115</b>	<b>£501,456.33</b>	<b>413</b>	<b>£143,483.49</b>	<b>722</b>	<b>£171,949.23</b>	<b>2250</b>	<b>£816,889.05</b>
<b>(24 Mar 2014) Week 52</b>	>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
	<b>Sum:</b>	<b>725</b>	<b>£376,407.99</b>	<b>387</b>	<b>£139,740.27</b>	<b>721</b>	<b>£171,965.71</b>	<b>1833</b>	<b>£688,113.97</b>
<b>(30 June 2014) Week 14</b>	>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
	<b>Sum:</b>	<b>820</b>	<b>£432,810.51</b>	<b>431</b>	<b>£161,100.06</b>	<b>718</b>	<b>£171,343.01</b>	<b>1969</b>	<b>£765,253.58</b>