



Hinckley & Bosworth Borough Council

FORWARD TIMETABLE OF CONSULTATION AND DECISION MAKING

SCRUTINY COMMISSION 13 December 2018

WARDS AFFECTED: ALL WARDS

UNIVERSAL CREDIT AND RENT RECOVERY

Report of Director (Community Services)

1. PURPOSE OF REPORT

- 1.1 To provide further update to members regarding Universal Credit and its impact on current tenant debt levels.

2. RECOMMENDATION

- 2.1 Members note the current position regarding Universal Credit.
- 2.2 Members note changes to the Tenancy Management team which are intended to enable a more proactive approach to debt recovery.

3. BACKGROUND TO THE REPORT

- 3.1 In March 2018 a report was brought to Scrutiny which considered the introduction of Universal Credit (UC) locally, a year after its introduction within Hinckley and Bosworth, and the subsequent impact UC has had on both individual claimants and the wider Housing Service at the council. More specifically, the report highlighted the increased level of debt for council tenants. It also raised the challenge faced by the Housing Options team in trying to support people to access privately rented accommodation due to a decline in landlords willing to take on tenants in receipt of UC. The report also evidenced the impact on the voluntary sector who reported an increased number of people seeking support and assistance due to financial hardship exacerbated by the introduction of UC and other welfare reforms.

4. The National Picture

In his recent Autumn Budget, the Chancellor made very clear that Universal Credit is “here to stay”. He further stated that he envisages that it will help ‘drive’ future ‘growth and employment’. The Chancellor committed extra resources into work

allowances and measures to support the transition of approximately 2.8 million working age claimants onto Universal Credit.

Some of the problems initially experienced by initial UC claimants were ameliorated in the 2017 Budget including a reduction in the UC waiting period from six to five weeks, easier access to advance payments, and rolled on rent support for two weeks for new UC claimants already receiving Housing Benefit. Further mitigations are introduced in the 2018 budget, which will cost £1 billion over 5 years. These include:

- An extension of two weeks rent support to those migrating from legacy benefits from July 2020
- Further reduction in the maximum rate at which debt deductions can be made from UC awards from 40% to 30% from October 2019
- An increase to the period over which advances will be recovered, from 12 to 16 months
- Extending the grace period for self-employed people, to two years
- Ensuring that people receiving Severe Disability Premium have transitional protection.

5. Council House Service- Rent Collection

Universal Credit went live with full service in Hinckley and Bosworth in March 2017. As of the beginning of November 2018 there were 404 council tenants in receipt of Universal Credit. Prior to the introduction of Universal Credit, current tenant debt levels stood at £749,297.47. Debt as at 11/11/2018 stands at £881,062.63, which is an increase of approximately 15%.

The table below provides further summary of the rent position following the introduction of Universal Credit.

UC claimants	November 2018
Current tenant cash arrears	£ 881,062.83
Number of current arrears cases	1,868
Average tenant debt	£471.66
Total number of UC claimants	404
Total number of UC claimants in arrears	259
Total debt of all UC claimants in arears	£289,464.66
Average tenant Debt of UC claimants	£716.50

Whilst not exclusively, UC is a significant contributory factor to the increase of current debt levels within the council house service. It is anticipated that current tenant debt levels will continue to increase due to a number of contributory factors which include changes to welfare reform, including UC roll out, increasing social hardship and

lenient decision making by the County Court in response to Housing repossession claims.

Increased social hardship remains a constant challenge for many of our tenants, and in particular for some of our new tenants who have never held a tenancy before. For many of those tenants already in rent arrears, the introduction of Universal Credit has only compounded their personal situation as they often have to wait for a number of weeks before a payment is received. Consequently, effective money management remains a significant difficulty for many of our tenants.

In response, it is recognised that changes within the ASB and Tenancy Management team are required, as are revisions to the arrears recovery process in order to better support individuals and to robustly manage rent collection and debt recovery.

6. Restructuring the Tenancy Management Team

The Tenancy Management team, within the Housing Service, has been reconfigured so that those officers responsible for rent collection no longer have any wider housing management responsibilities. In addition, the council has committed a further rent resource for 2 years. This means that there are now 3 rent collection and recovery officers dealing exclusively with rent recovery processes. It is hoped that these measures will ensure that rent collection is maximised and that, where necessary, support is better enabled as officers are able to prioritise this area of responsibility.

An additional temporary resource is also being progressed which will support new tenants within their first year of tenancy. The resource will work intensively with those tenants identified as needing additional support and/or intervention to successfully sustain their tenancy and maintain their property.

6.1 Balancing support with enforcement- Revising the recovery process

For most tenants subject to a UC Claim there is inevitably a period in which arrears begin to accrue on their rent account whilst they are waiting for their claim to be processed. As such, in most cases, the rent recovery officers are committed to working with our tenants to avoid legal action being progressed whilst a UC claim is pending. The team also makes representation to the Department of Work and Pensions (DWP) for direct payments to HBBC for all tenants who have previously been subject to rent arrears, or have other vulnerabilities such as mental health concerns, or drug and alcohol addition. As of October 2018 there were 148 Alternative payment arrangements (APA) in place which were instigated by HBBC.

Our tiered approach to arrears management continues to ensure that a tenant is afforded several opportunities to work with us to prevent enforcement action being progressed but it is recognised that revisions to our process are necessary, if we are to decrease rent arrears overall. Tenants will now face legal sanctions being brought against them much sooner which should lead to a legal order being obtained at the earliest opportunity.

6.2 Legal Interventions

Currently, 168 of our tenancies are subject to a Suspended Possession Order (SPO) for breaching their tenancy agreement; by failing to pay their rent. Of this group of tenancies, the collective tenant debt stands at £343,134.89 which accounts for approximately 39% of the total amount of current tenant debt. Once an SPO is in place, the Tenancy Management team will continue to work with the tenant to try and

ensure that rental income is maximised, and that the tenant keeps to the terms of their court order. When a tenant fails to keep to an SPO the Tenancy Management team will instruct legal to apply to the courts to evict the tenant. The tenant has a right of appeal and in doing so a further court date is then set. In the vast majority of subsequent hearings for a breach of an SPO, further terms are then imposed by the judge. A person subject to an SPO can continually breach the order and still be permitted to remain residing in the property on terms. The consequence of this is, again, an increase to the current level of tenant debt. The average debt for those tenants subject to an SPO is £2,042.46.

Eviction remains a last resort for the Housing Service. Unfortunately, rising tenant debt levels, lack of tenant engagement and the need to ensure that the Housing Revenue Account remains at a level sufficient to ensure business continuity and development increasingly results in legal sanctions being pursued.

Since March 2017 18 tenants have been evicted for rent arrears, 11 of those tenants evicted were in receipt of a Universal Credit claim at the time of eviction.

As increased legal interventions are necessary to manage and respond to rising debt levels, inevitably, an additional pressure will be experienced by the legal team.

7. Additional support to those most in need

The role of the Tenancy Support officer within the ASB and Tenancy Management Team is to work with those individuals most in need of additional support in order to successfully manage their tenancy with us. The below table illustrates the total amount of support cases over the last financial year, and the percentage of those cases where a support need was identified as a consequence of or in relation to Universal Credit.

Year	Number of tenancy support cases	Percentage requiring support with Universal Credit claim
2017/2018	96	19%
2018/2019	65	32%

The links between financial hardship and mental health and wellbeing are well documented. For many of our tenants with an existing mental health concern, the introduction of Universal Credit has been a further difficulty for reasons which may include a requirement to comply with the assessment framework, the delay in payment and the financial management that is then subsequently necessary due to the frequency of payment. With this in mind we are committed to working towards:

- Early identification of residents who are most in need of support to sustain their tenancy by ensuring that individualised support is provided before a person commences their tenancy with us, and throughout the first year of their tenancy
- Access to holistic support is enabled to ensure residents and their families most in need of additional support achieve the best outcomes this may include financial support, substance misuse, domestic abuse, support for children, tailored tenancy support or support and intervention for those affected by or involved in anti-social behaviour
- Ensuring that frontline housing officers have received training on Mental Health in order to recognise concerns and make appropriate referrals

- Identifying localised and accessible Mental Health and Wellbeing projects and making them available to our tenants where necessary.

8. Department of Work and Pensions (DWP) update

Universal Credit Full Service has been live in Hinckley and Bosworth for 20 months. As of October 2018 there are approximately 2750 claimants across the Borough. While roll-out will be complete across the UK for new claims from the end of the calendar year, the migration to Universal Credit from other benefits is being slowed but as yet there is no further information on how that will look in Hinckley.

Around 1000 of these Universal Credit claimants are intensively searching for work. The remainder are either working, preparing for work, found not fit for work or are caring for very young children.

The DWP continue to prioritise paying people on time and correctly and while unable to share statistics on this, the vast majority of customers are paid in full by the end of their first assessment period.

Waiting days have been removed since the last update, and so customers receive payments 5 weeks after they make their claim. Advances in Universal Credit payment are offered openly at the first appointment. The DWP do not wait for the customer to state that they are in financial difficulty before discussing advances. Advances can now be repaid over 12 months and the customer can request up to 100% of their potential award even before it has been assessed.

Customers can now request advances on their own account, they can upload their own child care costs and generally the DWP is moving to a service where customers can do more on-line without needing to come into the office.

There is now an effective handover tool to the Service Centre where vulnerable customers or those in desperate need of Universal Credit can have their requests escalated through staff and managers here.

Duty To Refer is working better in Hinckley now, and staff have been very impressed and reassured by the speed at which customers are contacted following a referral from Hinckley and Bosworth Borough Council. The DWP continues to work very closely with colleagues at Hinckley and Bosworth Borough Council and there are plans in place to pursue further joint work to target those Universal Credit claimants with rent arrears and address the issue of debt for customers who cannot or have not been able to pay their rent. This will involve data sharing so must be handled carefully but a joint approach should be the way forward to prevent homelessness.

9. Other impacts of Universal Credit

9.1 Foodbank numbers

This year has seen an increase in donations of 25%, which is much appreciated, but there has also been a 33% in the demand for foodbank use in the Hinckley area. Based on statistics from the first quarter, Hinckley Area Foodbanks are expecting to feed almost 5,000 people by the end of the current financial year.

The Trussel Trust has reported nationally a 13% increase in demand of people using Trussell Trust foodbanks. (We have no data to say how many are using independent foodbanks).

Locally Hinckley Area Foodbank has identified a significant increase in the amount of food parcels they are issuing to people facing hardship, which they attribute in part to the introduction and revision of welfare reforms.

Average referrals for 2017/18 were 166.67 per month.

Year	Number of vouchers	Vouchers due to benefit delays
15/16	1238	270
16/17	1389	337
17/18	2000	657
18/19 (to Oct 2018)	1297	Not yet available

Customer Services at the council continue to see an increase in the number of foodbank vouchers being issued, often having to provide more than the agreed number of vouchers within a 3 month period. For the same period as this time last year, vouchers issues have increased by 41%, with the growing numbers seeming to coincide with the number of residents having to claim or already receiving UC.

10. EXEMPTIONS IN ACCORDANCE WITH THE ACCESS TO INFORMATION PROCEDURE RULES

10.1 None

11. FINANCIAL IMPLICATIONS (CS)

11.1 In accordance with accounting regulations, a provision has to be made for the potential default of current debts. Due the increases in future potential defaults the bad debt provision has increased from £623,728 in 2016/17 to £827,587 in 2017/18.

11.2 This additional cost has funded from the HRA. For 2018/19 a further £160,000 has been budgeted within the HRA to fund a further increase in the provision.

12. LEGAL IMPLICATIONS (FA)

12.1 None arising directly from this report.

13. CORPORATE PLAN IMPLICATIONS

13.1 Implications for people and prosperity.

14. CONSULTATION

14.1 Consultation has taken place with partner agencies including JCP and CA.

15. RISK IMPLICATIONS

15.1

Management of significant (Net Red) Risks		
Risk Description	Mitigating actions	Owner
Continued impact of UC on rent collection	Action detailed in 5 and 6	Maddy Shellard
Impact on homelessness levels.	Homeless Reduction Act will ensure people are worked with at an early stage to try and prevent homelessness	Jo Wykes

16. KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS

- 16.1 Impacts of UC is falling on those residents who have a need to claim benefit and who in a large number of cases have other issues which need to be addressed and supported. The impact is increasing levels of poverty and hardship, certainly within the short term and it is important to identify and support these customers in these circumstances to ensure the impact longer term for people is minimised. The strong partnership working that exists in the borough assists with this.

17. CORPORATE IMPLICATIONS

- 17.1 By submitting this report, the report author has taken the following into account:

- Community Safety implications
- Environmental implications
- ICT implications
- Asset Management implications
- Procurement implications
- Human Resources implications
- Planning implications
- Data Protection implications
- Voluntary Sector

Background papers: None

Contact Officer: Maddy Shellard
Executive Member: Councillor Mike Hall