

ABERDEEN CITY COUNCIL

COMMITTEE	Housing and Environment
DATE	14 January 2014
DIRECTOR	Pete Leonard
TITLE OF REPORT	Rent Arrears – Background information and update on current actions
REPORT NUMBER:	H&E/14/005

1. PURPOSE OF REPORT

The purpose of this report is to provide Committee members with an update on the current level of rent arrears and actions being taken to overcome difficulties with rent management. The report also provides background to legislative changes that impact on the management of rent arrears, including welfare reform, as well as an indication of the impact of these changes on tenant's household budgets. The report also provides details on the work being undertaken by officers in order to minimise the level of overall debt and ensure that tenants continue to sustain their tenancy.

2. RECOMMENDATIONS

It is recommended that Committee

- Note the report.
- Note the changes in legislation that have taken place regarding legal action for recovery of properties.
- Note the changes and evolving picture around welfare reform.
- Agree to continue to support the principle of helping tenants to sustain their tenancies.
- Acknowledge the need however to ensure that tenants pay their due rent.
- Agree the action plan emerging to control rent arrears with a focus on earlier intervention and those tenants owing more than 13 weeks rent.
- Note that the Current SPI target for Rent Arrears is 10% of the net amount due
- Note the current and future actions being taken to address and minimise rent arrears.
- Continue to receive reports on rent management at each cycle as part of the performance report.
- Receive a further report on progress with this issue in 6 months.

3. FINANCIAL IMPLICATIONS

There are no financial implications arising from this report.

4. OTHER IMPLICATIONS

N/A

5. BACKGROUND / MAIN ISSUES

Members will be aware from previous reports that rent arrears have increased over the last three years with this trend continuing this financial year.

The rent arrears position reported is the latest position available for November 2013 as at the 22nd. This is very early in the month which means that the rent arrears in this report will be overstated. The figure at 27th September 2013 is included for comparison purposes.

During the past year, in addition to the changes brought about by welfare reform, changes have also taken place with regard to the requirements placed on the City Council when seeking to take legal action for non-payment of rent which has necessitated a change to our operating procedures as well as staff roles.

Changes in Legislation

In August 2012 legislation was amended to include the requirement for landlords to carry out seven pre notice requirements prior to issuing a Notice of Proceedings.

These requirements are:

- To provide easy to understand information about the tenancy agreement and the outstanding rent or other outstanding financial commitment of the tenancy;
- To have made reasonable efforts to provide the tenant with advice and assistance on whether the tenant may be able to get help by way of Housing Benefit or other financial help;
- To provide the tenant with information on where to get independent debt advice and assistance;
- To make reasonable efforts to agree a manageable repayment plan which includes consideration to future rent payments at the same time as outstanding payments in relation to the tenancy;
- To assist with Housing Benefit applications and consider the likely impact any award of benefit will have on the money due;
- To consider whether the tenant is taking any other steps to pay the money due; and;
- To consider whether the tenant is keeping to an agreed plan for paying the outstanding balance as well as continuing to pay the ongoing weekly rent.

Previously our procedures were automated with little or no contact from Housing Officers. Arrears letters were issued automatically by mail. Any contact with the tenant was usually at a much later stage in the arrears process. In seeking to obtain decree the onus is firmly with the City Council to demonstrate to the Sheriff that we have met the above requirements.

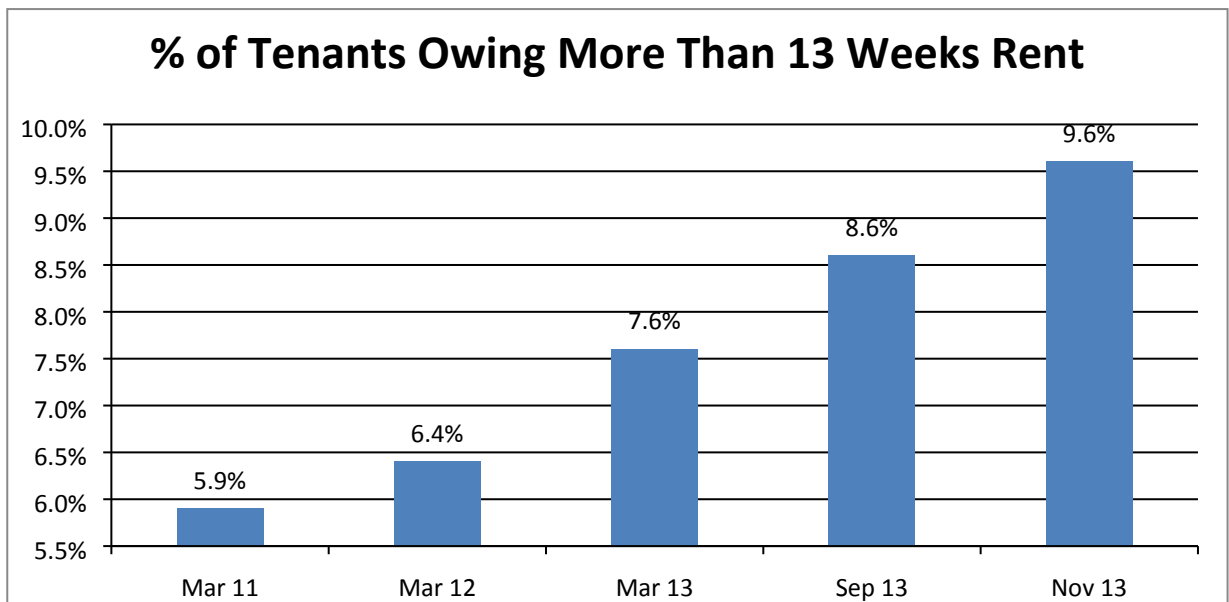
These requirements have resulted in us making necessary changes to how we engage with our tenants.

The Role of the Housing Officer

With the development of the generic Housing Officer role, Housing Officers have responsibility for most tenant contact matters including the early stages for rent management.

Since July 2012, Housing Officers have had responsibility for managing arrears up to the first formal legal stage - the issue of the Notice of Proceedings. This was introduced to facilitate a more contact led service in order to allow closer working with tenants. Housing Officers now endeavour to make contact with tenants at a much earlier stage of the rent arrears process in order to try and make appropriate and sustainable arrangements for repayment. To assist them with this and to support better targeting of resources weekly performance information is provided to Senior Housing Officers detailing the rent management position for their area. Whilst there are undoubted successes with this approach it is still dependent on tenant contact and tenants keeping to arrangements to manage and clear any debt.

Ensuring that we help tenants to sustain their tenancy is a key objective and regulatory requirement that we seek to achieve. One difficulty however with this has been that, particularly with new tenants with no payment history, contact has often been difficult to achieve. Housing officers endeavour to make contact with new tenants within 4 weeks to ensure they have settled in their new accommodation and are keeping to any agreed actions with regard to rent payments, housing benefit applications etc As a result this has contributed to a significant increase in the number of tenants owing more than 13 weeks rent. The chart below highlights the growth in the percentage of tenants owing more than 13 weeks rent.



Source – In house records note November figure as at 22nd November

Arrears escalation policy.

There is no reluctance to pursue a tenant through the Courts for decree in the event of them not paying rent or keeping to an agreement to pay. A decision to do so will however result in costs being awarded against a tenant which will add to their debt and difficulties. In some cases enrolled in court the costs incurred have been higher

(circa £360) than their actual arrears balance. This was unhelpful given the need to support tenants and encourage them to reduce their debt.

A failure to follow what is considered good practice often results in an increase in homeless presentations where, due to vulnerability or the presence of children, temporary accommodation or re-housing needed to be considered to avoid homelessness or indeed children being taken into care. Homeless accommodation is an expensive and limited resource and this together with other resultant costs, such as those resulting from voids and repair costs, were considered prior to developing this approach.

When a tenant is evicted outstanding rent becomes a former tenant arrear which although pursued is more difficult to recover. By focussing on ensuring the tenancy is successful and continues there is an increased chance of recovery of any arrears.

Arrears Recovery Team

There is no doubt that a number of factors have had a significant impact on outstanding rent arrears within the City. Aberdeen is not alone in experiencing this with every Local authority and Housing Associations experiencing difficulties. Whilst we are committed to supporting our tenants in financial difficulties we also have a responsibility to ensure that whilst we will give tenants in need every support we must ensure that tenants who can pay their rent do so in order that firstly they continue to keep their tenancy but that also the Housing Revenue Account continues to have sufficient funds to deliver our investment program and manage our houses professionally and efficiently.

The Arrears Recovery Team takes responsibility for the case from the Housing Officer once formal legal steps have begun and a Notice of Proceedings has been served. Where necessary we will seek to recover repossession of the tenancy where no agreement has been made for payment or reasonable agreements to pay have not been adhered to.

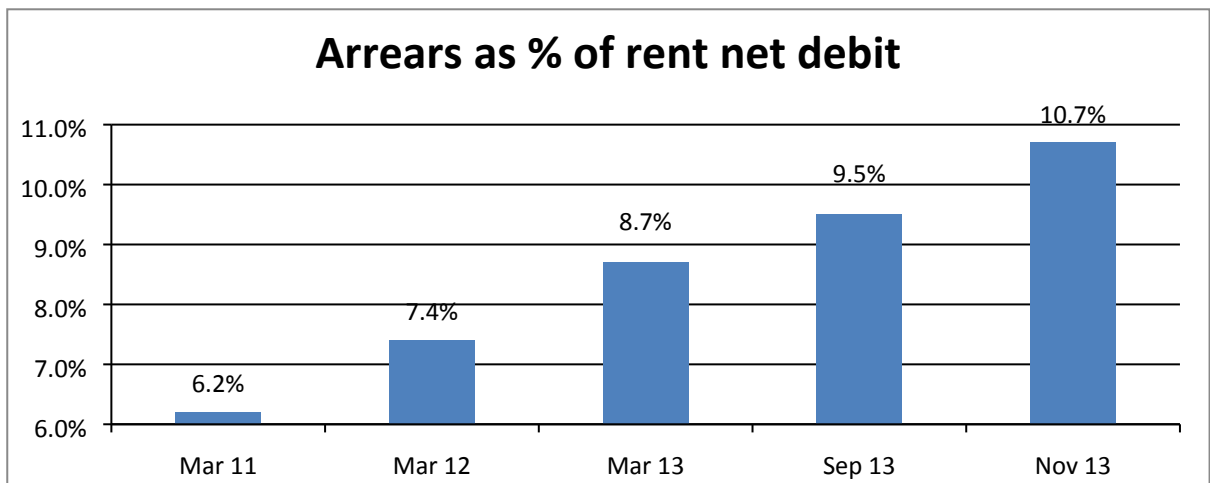
The change to our escalation policy has reduced the number of legal repossessions as we endeavour to help keep tenants in their homes whilst meeting the pre-notice requirements. Whilst this is helping us to achieve our regulatory requirement, there is no doubt that, in some cases, it would have been more appropriate to begin legal proceedings at an earlier stage.

Rent Arrears Current Position

Nevertheless in spite of the actions taken to date and the considerable efforts made by staff to reduce rent arrears and support tenants the position continues to deteriorate. The chart below shows the rise in the outstanding debt as a percentage of the net rent debit since March 2011. Net debit is the rent due to be collected after Housing Benefit and rent loss for empty properties have been removed from the gross debit; in effect the actual rent to be collected from tenants. Discussions with other local authorities indicate that they are also seeing similar rises in rent arrears.

Our current SPI target is 10% of the net amount due. At the end of September the percentage of the net outstanding rent stood at 9.5%. However in November this

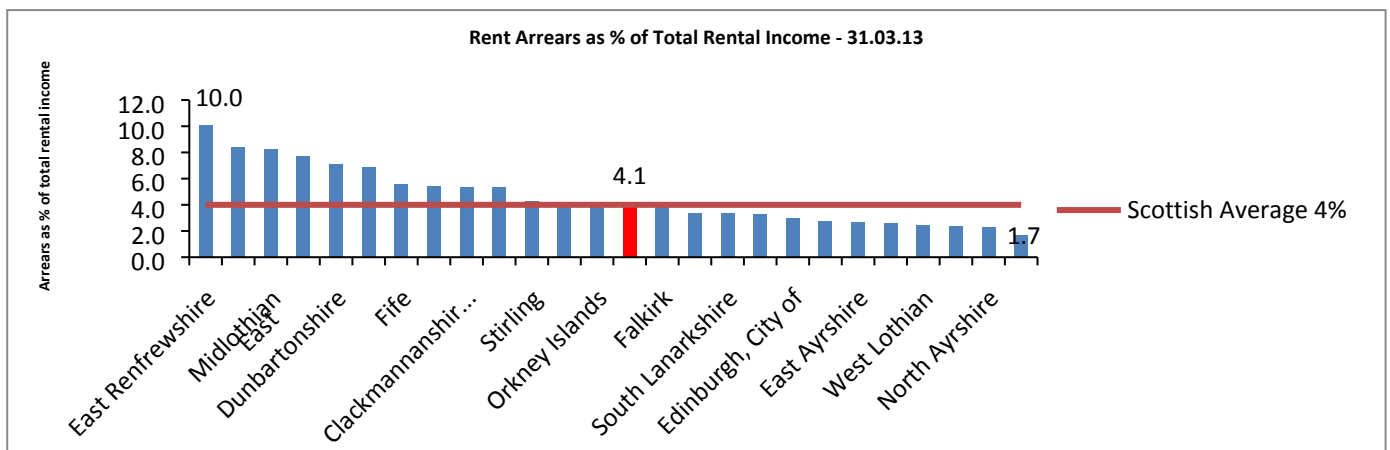
percentage rose to 10.7%. Again, this is reflected by the fact that the rental period closed on the 22 November 2013. We will be able to update committee verbally as to what the outstanding percentage of rent due is at the end of December to see whether the target has been met.



Source – In house records

The Scottish Government publishes annual information on rent arrears which allows us to compare our performance against other local authorities.

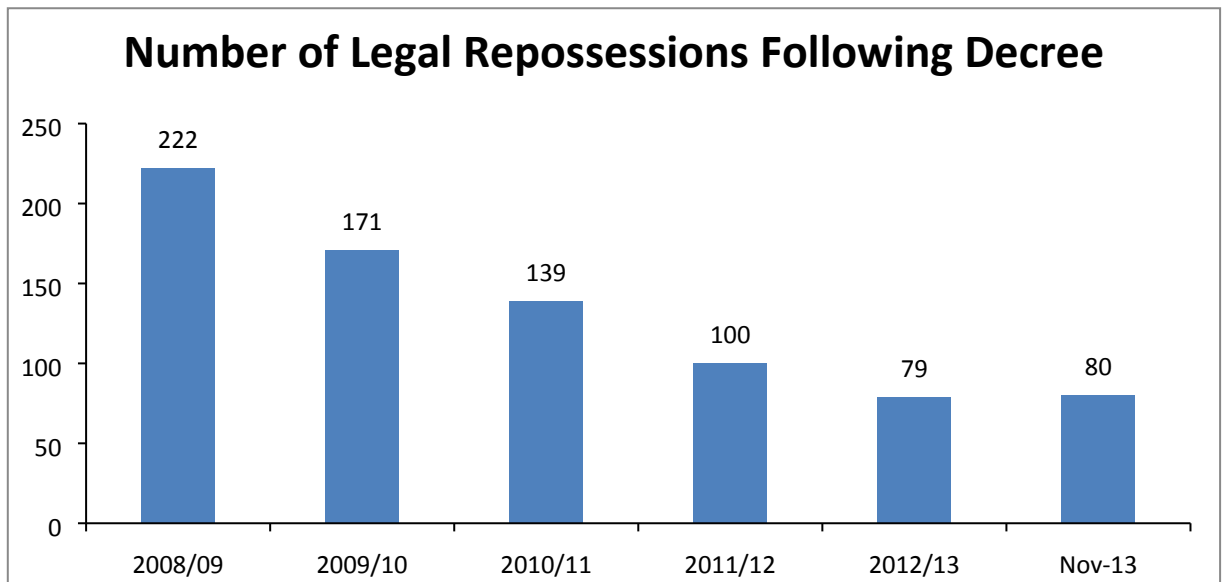
At 31st March 2013 Aberdeen’s rent arrears was 4.1 % of the gross annual debit. This level is only marginally above the Scottish average of 4.0%.



Source: Scottish Government

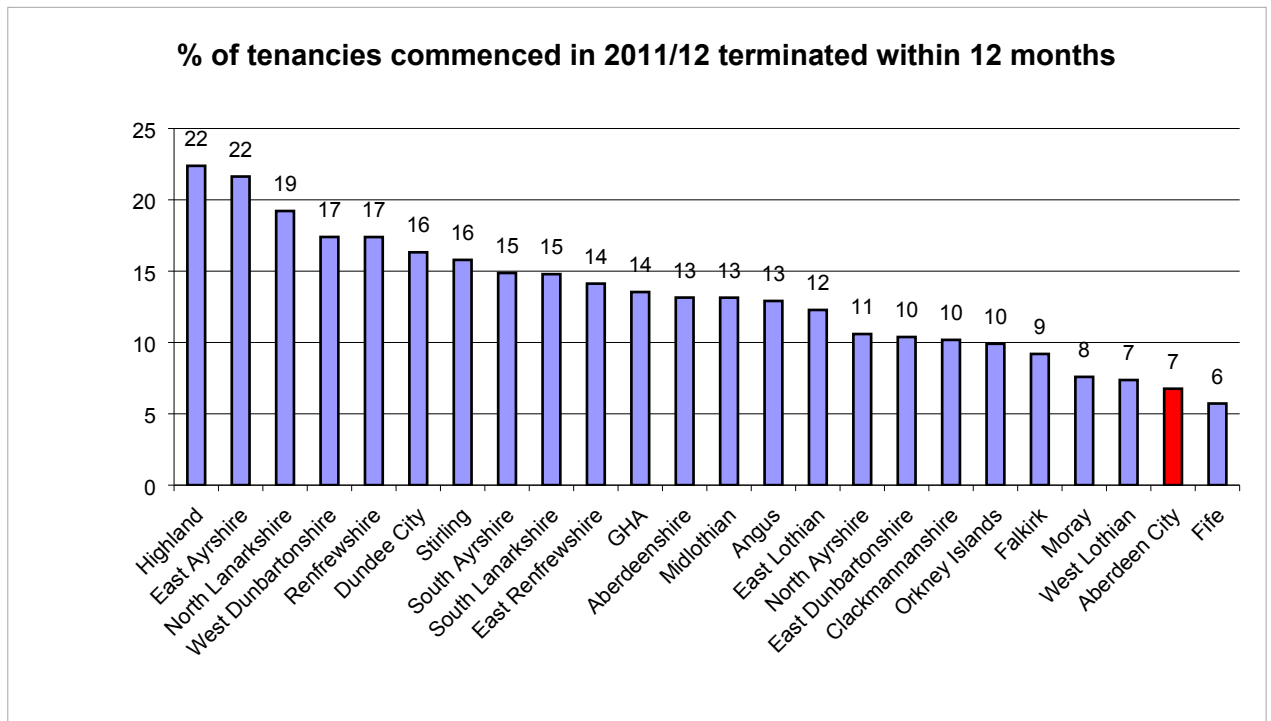
Tenancy Sustainment

Over the past 5 years as the focus has shifted to support tenants to sustain their tenancy the number of legal repossessions has reduced significantly. The following chart provides details. There has been an increase this year as we have pursued more tenants for non-payment.



Source – In house records

The City Council can evidence that we have improved our tenancy sustainment performance which is a regulatory requirement. Only 7% of tenancies that commenced during 2011/12 terminated within 12 months. This performance is the 2nd best performance in Scotland with the other urban authorities having a far higher termination rate for new tenants. Details are given below of our relative performance compared to other local authorities. Nevertheless the dilemma and potential conflict between tenancy sustainment and rent management is obvious.

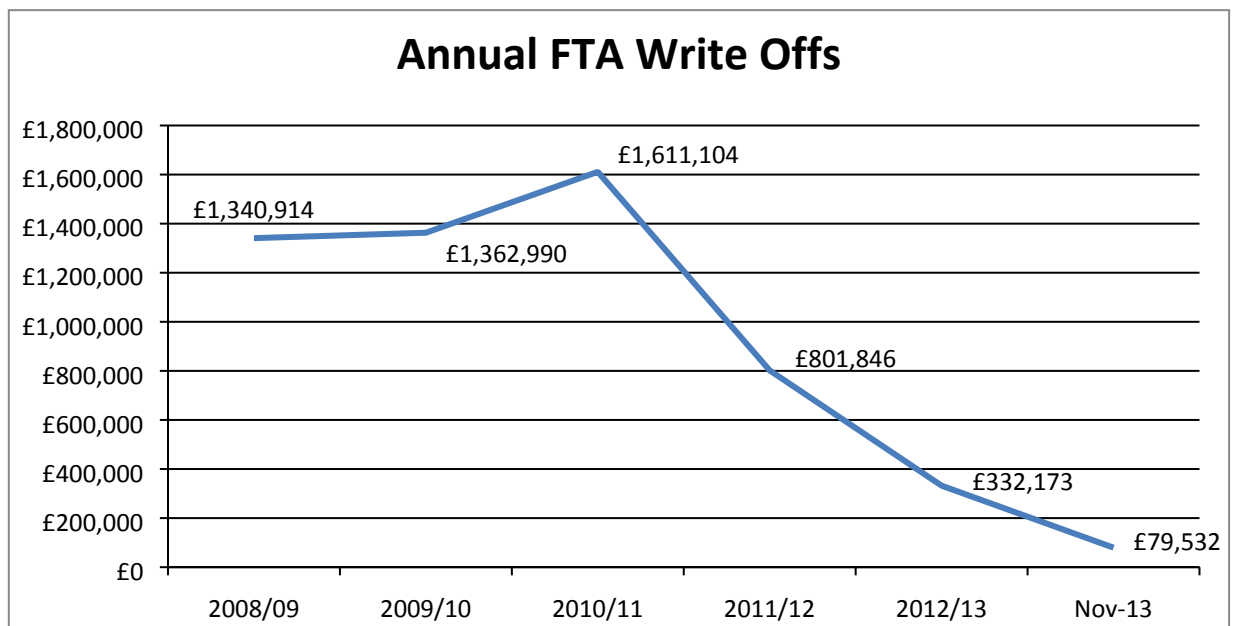


Source - Scottish Housing Best Value Network (SHBVN)

Former Tenants Arrears

When considering our performance regarding rent management in addition to current tenants we need to consider the impact of former tenant's arrears and the sums written off. Whilst an arrear written off remains due and could ultimately be collected it is less likely to be so once a tenant leaves their home.

The value of Former Tenancy Arrears written off has reduced considerably over the last few years, accounting largely for the increase in the outstanding balance. The level of debts collected has remained fairly static over the last three years.

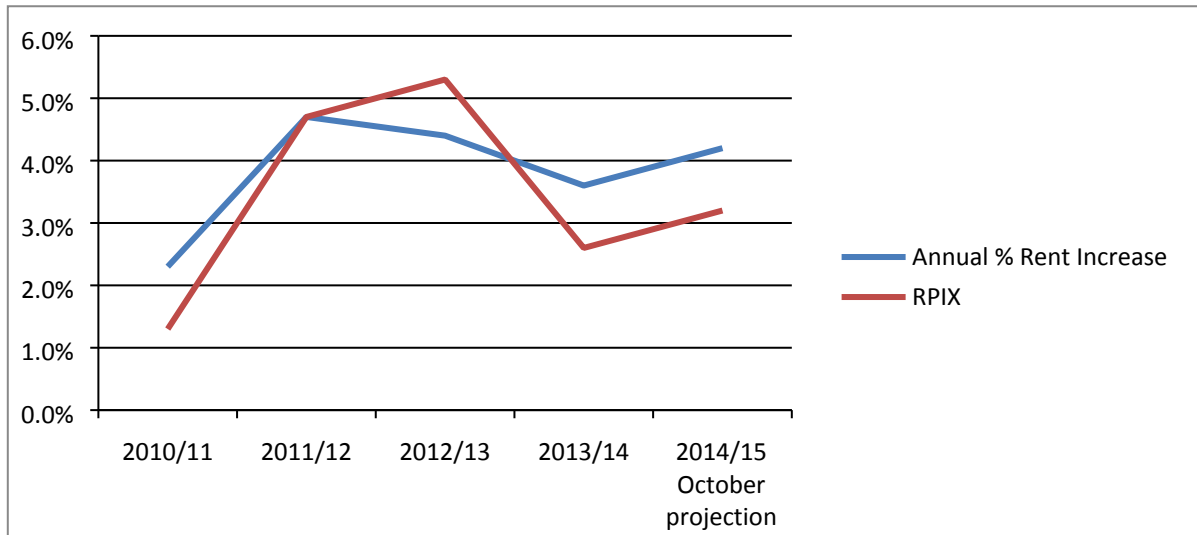


Source – In house records and Office National Statistics

Household Expenditure, Budgets and Rent Setting

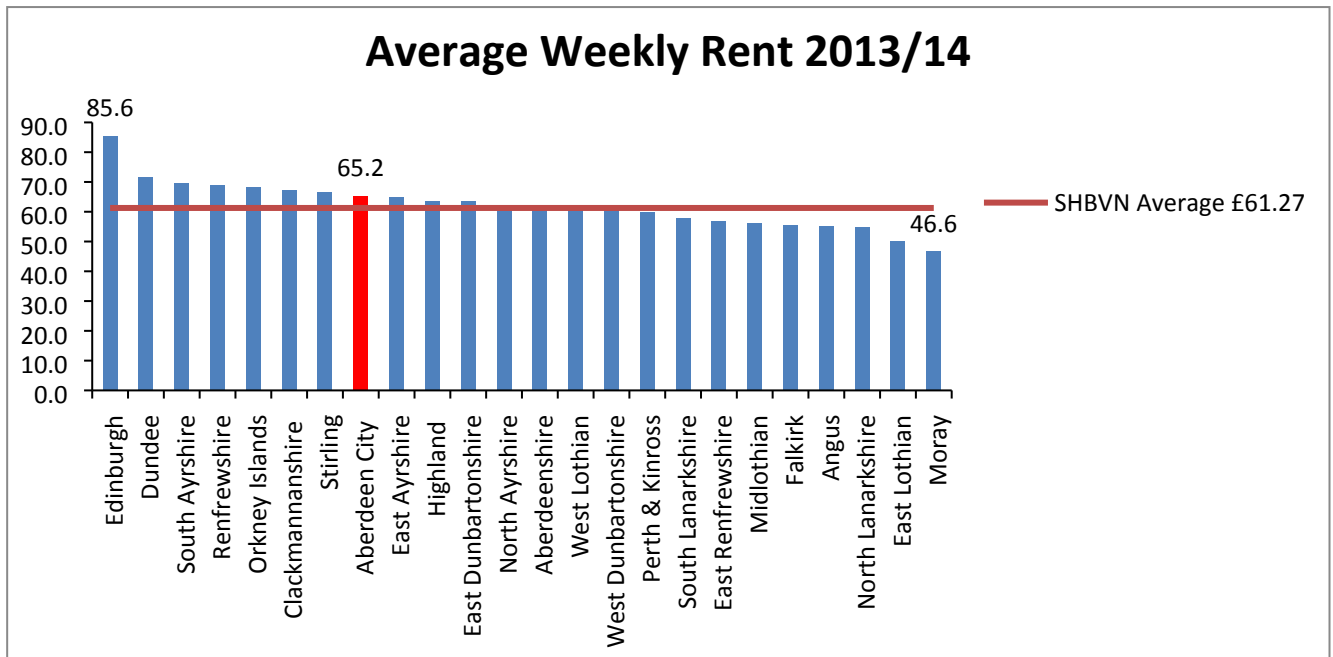
Rent payments are not the only bills of course that families are required to pay regularly. We are conscious that many household are finding it increasingly difficult to manage their household budgets. Each year the City Council is required to set a rent level to ensure that the HRA business plan is sustainable and that there are sufficient resources to maintain and invest in the housing stock.

The annual rent increase also has an impact on the level of outstanding arrears. The graph below shows the annual increases since 2010/11. Any increase in rent may affect a tenant's ability to pay, particularly during a period when incomes are not keeping up with the cost of living.



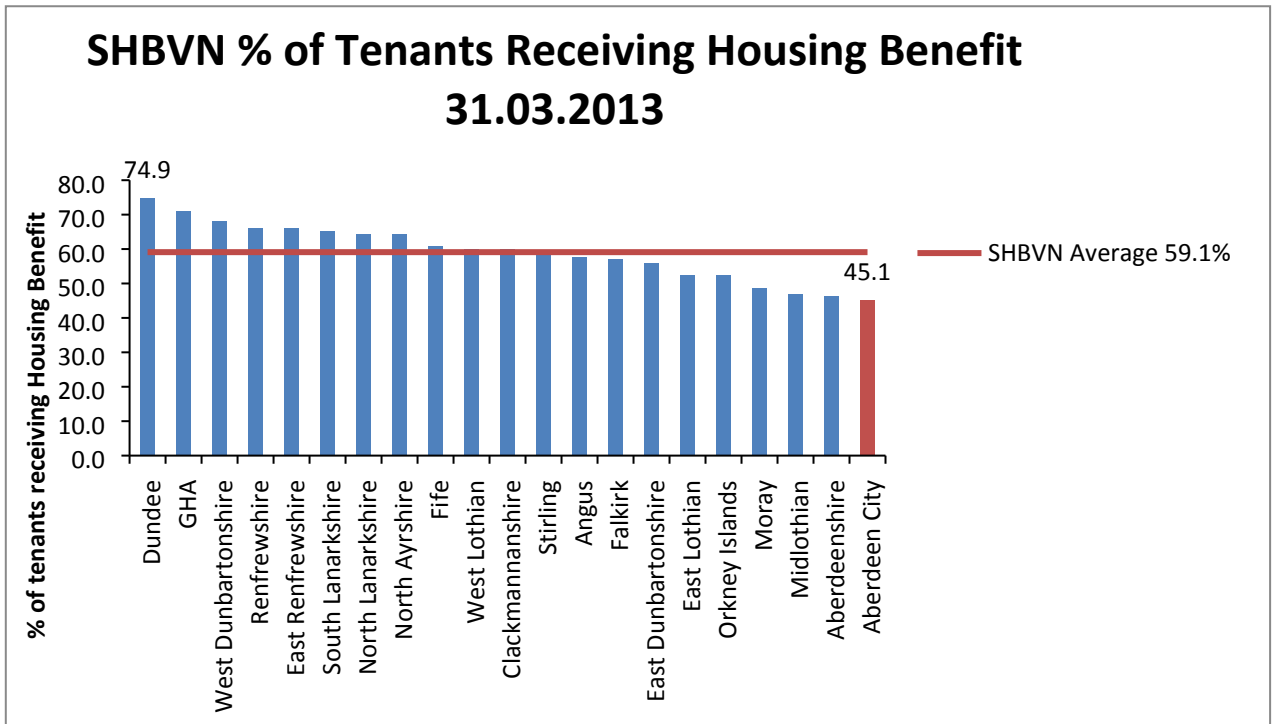
Source – In house records

The graph below outlines where we sit in relation to average weekly rent with our benchmarking authorities. Our rents, at £65.20, are slightly above the Scottish average of £61.27 rent per week, but are still below other cities.



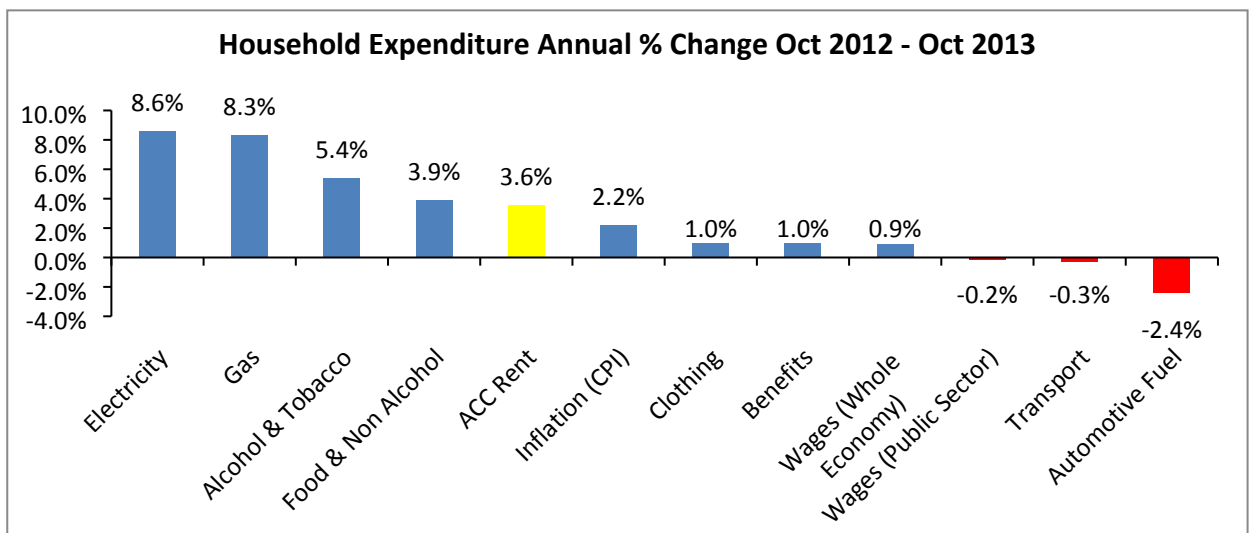
Source - SHBVN

The impact of any rent increase is greater for those tenants who are not in receipt of full or partial housing benefit. Within the City only 45% of our tenants are in receipt of either full or partial housing benefit, the lowest in the country. This is a product of the relative strength of the local economy where fewer people are unemployed but may be on part-time or low incomes. The chart below gives an indication of the housing benefit levels across the country. A significant number of our tenants who are in receipt of benefit are only entitled to partial housing benefit. This means that we have to collect a far higher % of our rent than other Councils.



Source – SHBVN

When considering the issues around payment of rent we have also looked at the impact of inflationary price increases across a range of expenditure headings. The chart below gives an indication of the pressures placed on household budgets in the last year. In reality an examination of inflationary pressures on households in the past few years has shown a similar position. A number of these inflationary elements have applied now over a number of years, most noticeably rises in the cost of household electricity and gas.



Source – Office National Statistics

Welfare Reform

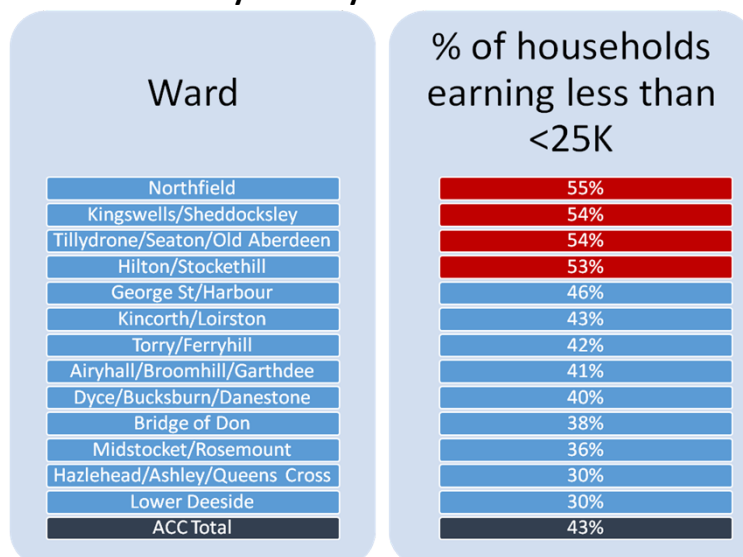
Members are well aware of the changes which have taken place as a result of welfare reform. Whilst the changes themselves are known the impact of these changes on households will only become clear as all of the changes take effect including any cumulative impact on households. There is however a picture emerging. In particular given the positive economic position of Aberdeen and the North east it is possible that changes to some benefits may be having a disproportionate effect on our citizens, particularly those working on low or modest incomes. Again however the full impact of all of the changes, some of which will have a collective impact on some families will not be known for some time.

Changes to Working Tax Credits

To date much of the focus on Welfare Reform has been on the unemployed. However, changes to other benefits, such as working tax credits, has also impacted negatively on families in low paid, including part time employment. The full impact of changes to working tax credits is difficult to quantify or understand and officers are currently attempting to establish further information from the Department of Works and Pensions. What is becoming clear is that a reduction in income for some on relatively low incomes is becoming evident. What we do however know regarding a change to the rules around WTC at present is that for example, since April 2012 couples with children working 16 hours a week who qualified for working tax credits will no longer do so unless they increase their hours to at least a minimum of 24 hours between them to qualify for working tax credits. This change could potentially remove £3,870 per annum from a low income household.

Work previously carried out within the Housing and Environment Directorate for another purpose is helping us to understand more about the income levels within our communities. Below is a chart which highlights which wards within the city have been identified as having an earned income of less than £25k per annum.

CACI 2012 Paycheck by Ward



Source – CACI 2012

You can see from the chart that the majority of our tenants live within the neighbourhoods where the earned income is less than £25k per annum. Members will wish to note that almost certainly Torry would be included were it not for its inclusion alongside Ferryhill. There is growing concern across the UK regarding an emerging issue of 'the working poor' and how best to support them.

Changes involving Incapacity Benefit

The DWP is continuing to review previous Incapacity Benefit claims and will continue to do so until 2014. When the review is completed (and any appeal heard), claimants move from Incapacity Benefit to either Employment Support Allowance (ESA), or Jobseekers Allowance (JSA). JSA has a significantly lower value than either the former incapacity benefit or ESA.

If claimants are assessed as “fit for work”, but fail to meet the conditions attached to JSA, then they will not qualify for any benefit.

Disability Living Allowance

Since April 2013 DLA was replaced with Personal Independent Payments. This too means that cases are being reviewed and claimants may lose their entitlement to PIP payments and receive JSA payments instead.

Reduction in Spare Room Subsidy

The reduction in payment of Housing Benefit due to under occupation is currently affecting around 1,664 of our tenants. At the end of March there were 1888 tenants affected by a reduction in benefit and, at that time, 1,156 of those tenants had no arrears. In November, 1,664 tenants were affected by the reduction, the number of these tenants with no arrears was 580.

There have been improvements made to our recording and reporting of those tenants affected by the reduction; this is being monitored on an ongoing basis.

We are currently conducting an exercise to ensure that as many of our tenants as possible affected by the reduction are being contacted by Housing staff and supported in their application for Discretionary Housing Payments.

There are a number of non priority claims awaiting assessment, or clarification of details, and our colleagues in Corporate Governance are working hard to get the assessments carried out and awards made if the tenant qualifies. Those who qualify are awarded DHP from April 2013 to April 2014. A stream lined process is being developed in order to ensure that claims for next year are received in advance of their due date in order to ensure continuous payment for 2014.

It is important to note that DHP is a finite resource and is used to assist homeless tenants, private rented housing tenants (including registered social landlords) and council tenants. This money is committed on a first come first serve basis (dependent on need).

In addition Committee also agreed to give priority for transfers to smaller accommodation to those tenants most severely affected. There has been an increase in the number of tenants seeking to downsize but a successful transfer is dependent on the availability of a smaller home suitable for a families needs. In the first 3 years of the scheme from April 2010 to March 2013, 27 tenants were able to downsize. So far this financial year 28 tenants have moved with a further 25 waiting on a suitable offer being made.

Housing Benefit Clawbacks

The reduction in Housing Benefit due to overpayments has a significant impact on the rent arrears. Since April until the beginning of November this year, the amount of Housing Benefit received by tenants has been reduced by £200k due to clawbacks. A similar amount was recovered from ongoing benefit entitlements for the same period last year. Where the tenant fails to immediately meet this shortfall rent arrears accrue on the account.

Heat with Rent

Currently there are 3,304 tenants who benefit from the Heat with Rent Scheme. Of those 3,304 tenants, 1,795 tenants are in arrears with a total arrears value of £352k. Although there are separate charges for rent and heating these are combined in the rent account. The £352k arrears is therefore not solely for rent arrears but includes an element of heating arrears. As the heating arrears cannot be separately identified this means that the rent arrears are over stated. In order to support families in fuel poverty the Council will continue with its expansion of the scheme and the issue of unpaid debt may become a more significant element to be managed.

Debt Counselling Service

Our money advice team has noticed an increase in requests for assistance with Debt. Attached to this report are three case studies which highlight the type of problems that the debt counselling team are dealing with and the work that the team is doing in order to assist our clients resolve their money problems including their rent arrears. These are included as Appendix 1.

6. ACTIONS

Detailed below are actions which are currently being taken or in preparation to tackle rent arrears.

Immediate Actions

Rent Statements

6,500 rent statements were issued to tenants with arrears greater than £10 at the end of November. This was targeted to coincide with monthly pay dates. The statements requested that tenants contact their local Housing Team to clear the debt or make a suitable arrangement.

This type of proactive approach attempts to maximise contact with our tenants in arrears, offers assistance in helping sustain their tenancies while at the same time providing an opportunity to verify household compositions and contact details for future arrears work.

The plan moving forward is for a further city wide statement, due late February 2014, to target further improvement prior to year end.

This is complementary to the on going work of Housing Officers in addressing arrears.

Work To Tackle Small Balances

There is specific work underway to target particular groups of tenants. For example those with small balances, this will include more pro-active work in dealing with arrears where heating charges are included, changes to direct debits etc.

Tenants owing more than 13 weeks rent

More worrying however is the number of tenants, often new tenants, who owe more than 13 weeks rent. Particular focus will be given to this area This is important not only to reduce the level of arrears outstanding in total but just as fundamentally to ensure that we follow our objective of early intervention to ensure tenants debt does not become unmanageable and they lose their tenancy.

Housing Benefit

Meetings are on-going with our colleagues in Revenues & Benefits to see how we can together best reduce delays in Housing Benefit new claims and changes in circumstances being processed. We are looking to identify and fast-track the most urgent claims with the most serious arrears. We are also investigating how we can take some of the existing pressures we place on the team for detailed information away in order to free up their staff time to do more processing.

Housing Benefit Overpayments

As described earlier Housing Benefit Overpayment claw-backs appear on rent accounts as a charge, levied by Revenues & Benefits, at a rate of approximately £28,000 per month. A clawback procedure is to be introduced imminently to immediately identify a new claw-back charge hitting a rent account and to prompt the relevant Housing Team to intervene. This contact will ensure the tenant understands their increased rent charge and assist them in making a revised repayment plan or make an application to Revenues & Benefits to get the charge reduced. Staff will also consider if an application for Rent Arrears Direct payments from DWP may help cover the charge. In a similar vein housing staff will require early notice from the DWP where sanctions are applied to benefits resulting in a reduction in payments to claimants.

Discretionary Housing Payments

An exercise is already underway across the City with Housing Teams taking all steps available to them to ensure as many tenants as possible who are eligible for Discretionary Housing Payments have a valid claim in to ensure their best chance of receiving on-going Housing Benefit shortfall 'top-ups' plus a backdated award from April 2013 where appropriate.

Short Term Actions

Repayment Arrangements

Work is currently being progressed around a revised approach to establishing better guidance for staff regarding minimum repayments which are sustainable and take account of household income levels. There is no value in seeking to enforce a repayment plan which is either unsustainable or directs tenants to expensive loan facilities such as pay-day loans. Where vulnerable or exceptional cases are identified lower repayment instalments will be considered, but will require an Income and Assessment form to be completed and the need for this evidenced.

Introduction of Quality Checks

Quality checks will be introduced to ensure compliance across all arrears accounts. This will involve Senior Housing Officers carrying out weekly checks on housing officers decisions regarding the escalation of legal action to ensure that decisions regarding legal action are appropriate and following agreed protocols.

Review of Rent Arrears Direct Cases

Rent Arrears Direct (RAD) are payments we can receive direct from a tenant's DWP benefits which can be used to 'top up' repayment plans already in place between the tenant and Housing.

Reports are being requested, matching tenants in rent arrears against those showing on Academy (Housing Benefit System) to be in receipt of qualifying benefits i.e. JSA(IB); IS; ESA (IR); GC. These reports will be regularly requested and actioned to ensure the maximum value of RAD available is being received. RAD can also cover service charges such as our Heating Charge. Again matching reports can be focussed to ease the burden of Heat with Rent.

Review of the Escalation to Include Abandonment Proceedings

A new process is being developed to allow abandonment action to be integrated into the Current Secure escalation procedures. This will improve our performance around the early identification of tenants who may have abandoned as well as end the arrears that accrue as a result. A new letter and system code are to be introduced and training rolled out to staff across the City.

Longer Term Actions

Training

Training forms a large and continuous part of the newly created Development Officer's (Rent Management) role in the coming months.

Following meetings with Housing Managers and senior staff across the city a training programme is being developed which will, offer group and 1-2-1 training across an array of arrears topics and technical knowledge to enable better performance.

The long term plan is to have bespoke arrears courses available on-line as part of ACC's OIL website for both new staff and refreshers.

We are examining the potential of utilising external specialist training teams in to develop arrears based telephone and doorstep techniques to get the most out of any contacts we have with tenants.

Payment Processing

Both the current automated payment line and on line facilities for rent are viewed as far from ideal and tenant email feedback suggests they have little or no confidence in these methods of payment. A project is currently underway to get plastic barcode rent cards into circulation in time for rent increase letters in February. This will provide a much more robust system for tenants who wish to pay in cash or locally at paypoint shops or at the Post Office.

Working with other Services and Agencies

We will ensure we are working with the growing number of tenants in arrears who go through the process of personal bankruptcy to get all their Household debts written-off to ensure they do not return into serious rent arrears. These cases need to be carefully monitored and managed in order to ensure that arrears do not accrue in the future. We are currently developing a joint approach with our colleagues in Debt Counselling/Money Advice to intervene early on post-sequestration to try and change future behaviour. Currently the Chief Executive is considering a business case to increase the number of money/debt advice staff within our in-house team. This will be a critical element of our approach to both support citizens but also to improve training and knowledge of our front line staff.

Review of Reporting Mechanisms

We are currently reviewing all our arrears reports to identify what is most used and what brings the best arrears results. This will also identify any new reports that could be introduced to produce positive results.

We are currently reviewing all of our arrears procedures with particular emphasis on the Current Pre-Court escalation to identify gaps where a different path including earlier intervention is needed to bring about a more positive result. Initially this will be focussing on the high number of small balances outstanding.

We have identified several escalation 'sticking points' and these issues are being addressed urgently. One particular area of concern is where a tenant has multiple debts including other debts to the City Council such as Council tax. We will be holding discussions with colleagues in the City to develop a 'Corporate Debt' approach to ensure that no single debt recovery action hinders the repayment of other Council debt.

Benchmarking with Other Authorities

We will continue to participate in the benchmarking arena of the Scottish Local Authority Rent Forum – sharing ideas; comparing performance; success stories etc.

Future Planning

The introduction of Universal Credit and how Aberdeen City Council will deal with the associated issues will require a significant amount of planning.

There will be significant issues around the collection of rents and the costs associated with this given our tenants preference to pay in cash despite make alternatives available to them.

More work will need to be done with Credit Unions to help facilitate specific groups of our tenants in budgeting and paying their bills as due. Credit Unions are beginning to assist tenants with setting up of 'Jam Jar' accounts, which are basic accounts where money is put into different pots to allow for separate bills to be paid as well as giving a spending account. The separation of money for rent in these accounts will assist us with the collection of rent.

More emphasis will be required on budgeting advice and Money Advice, presumably far beyond what we are currently placed to provide as a Service.

7. IMPACT

Corporate

This report relates to Aberdeen – The Smarter City

- We will challenge inequalities wherever they exist and bring our communities closer together
- We will use early intervention to help people sustain their tenancies
- The report meets the National Outcome Measure 15
- Our public services are high quality, continually improving, efficient and responsive to local people's needs

Public

This report is likely to have significant interest within the public arena due to the increasing levels of debt and the likely reasons for this. The public are also likely to be interested in the case studies presented as well the actions being taken by the Council to deal with the outstanding rent arrears

8. MANAGEMENT OF RISK

N/A

9. BACKGROUND PAPERS

N/A

10. REPORT AUTHOR DETAILS

Wendy Carle, Housing Manager

Tel 01224 489526

Email: wcarle@aberdeencity.gov.uk

Appendix 1. Case Studies Provided by Debt Counselling Team

Case Study 1

Single male aged 51 approached the Debt Advice Service after getting into financial difficulties with debts of £15k including rent arrears of £1.5k and was facing eviction.

Client succeeded to a 2 bed tenancy after his parents died. He struggled to cope with all the household bills and gradually fell into rent and council tax arrears.

A reduction of hours in his employment from 30 hours per week to 20 ended his entitlement to Working Tax Credit.

As a result of his failure to pay Council Tax the Council requested an arrestment of his wages. In order to cover his bills the client began to take out pay day loans which only exasperated his situation.

We helped him with his application for Housing and Council Tax benefit and successfully applied for Discretionary Housing Payment which was backdated and reduced his rent arrears to £500.

We also successfully negotiated the write off of the majority of the balances of his pay day loans due to irresponsible lending.

The client still had substantial debts and we assisted him in applying for bankruptcy.

This recalled his wage arrestment and wrote off all debts and allowed him to get back in control of his finances.

The client has now set up a credit union jam jar account to ensure all his on going bills are paid. We are working with the client to ensure that there is a change of behaviour in order to help him manage his financial affairs and avoid getting into difficulty in the future.

Case Study 2.

Single male aged 54 who was referred to the Debt Advice Service by their Housing Officer with £1.4k of rent arrears, £2k of Council Tax arrears, a wage arrestment in place for Council Tax arrears and other debts of £6.6k.

The client had lost his job and although he had been successful in seeking alternative employment his wages had reduced significantly (around £700 per month). This caused him to fall into both rent and council tax arrears. The client took out pay day loans to help pay his bills.

The debt counselling service assisted him to return his hire purchase car without paying any penalties and helped him to apply for a Scottish Government Debt Arrangement Scheme. This scheme allows him to repay his debts in full at an amount he can afford each month. The service freezes interest payments and charges and recalls the wage arrestment. He also benefits from legal protection from creditors taking any further legal action whilst he makes payments.

Case Study 3

Single male aged 42 was referred to the Debt Advisory Service by his Housing Officer with £1k of rent arrears and £4k of council tax arrears.

The client suffers from mental health issues and suicidal ideations and was identified by the Housing Officer who was looking to serve a notice of abandonment on his property.

Client had failed to attend his medical for ESA in March 2013 and had his benefits stopped and had been living off food parcels and staying with family as could not afford to heat his property or feed himself.

Although he did reapply for ESA the DWP cannot award any money until he had attended another medical and this was arranged for 9 October 2013. He attended this medical and was found fit for work on the 28 October. This meant he would need to ask for a mandatory reconsideration before he could appeal the decision and would have to claim JSA to receive any benefit entitlement.

The debt counselling service assisted him to apply for a back date of HB which helped reduce his rent arrears from £1k down to £550. We then referred him to Welfare Rights to help him complete his mandatory reconsideration form and to assist him with his application for JSA. The Welfare Rights team also requested a Disability Adviser to ensure that his mental health issues were taken into consideration when drawing up his work agreement.

The Debt Counselling Service assisted him to set up an arrangement for his rent arrears and his Community Psychiatric Nurse helped complete a Council Tax exemption form. The exemption is being backdated and should clear almost all of his Council Tax arrears.