

ABERDEEN CITY COUNCIL

COMMITTEE	Operational Delivery
DATE	14 March 2019
REPORT TITLE	Council Housing Rent Management
REPORT NUMBER	CUS/19/213
DIRECTOR	Andy MacDonald
CHIEF OFFICER	Derek McGowan
REPORT AUTHOR	Neil Carnegie
TERMS OF REFERENCE	1

1. PURPOSE OF REPORT

The Full Council at its meeting on 17 December 2018 requested a report to the Operational Delivery Committee on 14 March 2019 detailing how many Council tenants are in arrears, stating the reasons and whether additional support is necessary in order to prevent those individuals from falling further into financial insecurity.

2. RECOMMENDATION

That the Committee: -

- 2.1 Notes the report and agrees that no additional support measures are required at this time.

3. BACKGROUND

- 3.1 In 2018/19 our rental income budget for Council housing tenancies is £82.7M. Effective rent collection is critical to ensuring high quality housing and related services, with rent income used to fund all housing services, repairs and maintenance and new build programmes.

- 3.2 The following table sets out how many Council tenants are in arrears in the current financial year to 28 December 2018.

	2015-16	2016-17	2017-18	Scottish Average 2017-18	YTD 2018-19*
Rent collected as percentage of total rent due in the reporting year	101.55%	100.20%	99.91%	99.20%	Not available
Gross rent arrears as a percentage of rent due for the reporting year	5.29%	4.63%	5.30%	6.4%	6.87%
Rent Arrears at year end	£2.6M	£2.7M	£3.05M	Not applicable	£3.75M
Number of tenants in arrears	6,649	6,911	7,475	Not applicable	8,153

* Full Universal Credit applicable from 31st October 2018

- 3.3 The total number of tenants in rent arrears at 28 December 2018 is 8,153. Approximately 50% of tenants in arrears have balances less than the equivalent of one-month rent. The following table provides a breakdown of the balance ranges and number of tenants within each of these.

Balance Range	Number of Tenants
£250 or less	4,175
£251 to £500	1,621
£501 to £1,000	1,256
Greater than £1,000	1,101

- 3.4 Our rent management performance over the previous three years compares very favourably with national performance levels. However, rent arrears in the city are increasing and this is consistent with national trends.
- 3.5 We consider that the main reasons for the increasing trend in rent arrears are the continuing challenging economic environment, welfare reform and the implementation of Universal Credit, and our increased focus on tenancy sustainment.
- 3.6 We have increased our focus on tenancy sustainment and substantially reduced our legal activity, resulting in a near 50% reduction in eviction decrees executed compared with 2016/17 - reflecting our ambition to support those in financial difficulty. While legal action and eviction may support strong rent collection rates, it also has various negative consequences – tenancy eviction, impact on wellbeing, legal action costs for tenants and the Council, potential homelessness presentations, void property costs and uncollectable former tenancy arrears debt included.

3.7 We are investing in additional staffing to help tenants experiencing rent arrears and are currently recruiting 8 Housing Officers, 3 Assistant Housing Officers and 3 money advice posts. Increasing staffing in these roles is intended to enable us to support tenants more intensively through early intervention activity to avoid high balances and legal activity, also helping ensure that their overall income is maximised. For example, in 2018 our Financial Inclusion Team assisted local residents to access £4.7million in various benefits due to them, with a significant level of those benefits helping to pay for housing costs. Housing staff also proactively work with a wide range of internal and external partners to help ensure that tenants receive support for relevant needs. These partners include:

- Children’s and Family services
- Aberdeen Health & Social Care Partnership
- Aberdeen Citizens Advice Bureau
- Shelter Scotland
- Civil Legal Assistance Office

3.8 Given the additional staffing resources whose priority is to support tenants with rent issues through early intervention work, we would not seek additional support for tenants at this time. However we will continue to monitor this situation carefully to determine if additional support is required in the future.

3.9 Members may also be assured that we consider a range of factors to determine if legal action should be taken in high balance rent arrears cases, the main factors are:

- Level of debt and payment history
- Level of active tenant engagement and action being taken to address the issues
- Family composition and needs
- Known vulnerabilities and perceived support needs
- Income maximisation and all debt and benefits advice options.

7 FINANCIAL IMPLICATIONS

7.1 No new implications arising from this report.

8 LEGAL IMPLICATIONS

8.1 No new implications arising from this report.

9. MANAGEMENT OF RISK

No new risks arising from this report.

10 OUTCOMES

Local Outcome Improvement Plan Themes	
	Impact of Report

Prosperous People	It is recognised that good quality Housing is a key driver of Public Health and can affect the wellbeing of tenants in all areas of life including educational attainment, employment, and physical and mental health.
Prosperous Place	<p>Effective rent management arrangements promotes a tenancy sustainment culture and encourages staff to base their recovery actions on the individual circumstances of each household in arrears. This allows for flexibility around whether a case is escalated for recovery. It aids support for tenants experiencing language; literacy or learning difficulties and promotes increased engagement with all tenants to work together to find practical solutions other than Court action.</p> <p>A core aspect of the interim structure of the Early Intervention and Community Empowerment structure and culture is community sustainability, and the management of rent arrears and formation of quality relationships between tenants and the Council as a landlord, leading to tenancy sustainment, is important in this context.</p>
Prosperous Economy	Effective tenancy sustainment will be supported by income maximisation and financial assistance.

Design Principles of Target Operating Model	
	Impact of Report
Customer Service Design	Our approach to rent management promotes early intervention and community empowerment models and aims to deliver improving customer service.
Organisational Design	We are striving to develop quality relationships between tenants and the Council - a landlord. This is a core aspect of the interim structure of the Early Intervention and Community Empowerment structure and culture.
Governance	This continues robust management of the HRA account.
Workforce	Workforce development in the Early Intervention and Community Empowerment cluster is planned to include the refreshed rent management approach.
Process Design	We continue to develop our systems and processes aiming to make it easy for tenants to manage their rent and access assistance when required.
Technology	Use of technology is promoted for the payment of rent and managing rents accounts.
Partnerships and Alliances	Effective partnerships are necessary and proactively nurtured to help ensure tenants are fully supported.

Assessment	Outcome
Equality & Human Rights Assessment	Not required.
Privacy Impact Assessment	Not required.
Duty of Due Regard / Fairer Scotland Duty	Not applicable.

12 BACKGROUND PAPERS

None.

13 REPORT AUTHOR CONTACT DETAILS

Name: Neil Carnegie
Title: Communities & Housing Area Manager
Email Address: NCarnegie@aberdeencity.gov.uk
Tel: 01224-522942.