



Tenant Scrutiny Panel

**Rent Arrears and Evictions Rates
March 2015**

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1. Acknowledgements

- 1.1 We would like to thank those members of staff of North West Leicestershire District Council (NWLDC) for assisting us in pulling together the key documents and information required to formulate our strategy, as well as providing work shadowing opportunities and speed briefings. We would also like to thank the wider participants, particularly tenants, for supporting us at this important stage of the development of the Tenant Scrutiny Panel.
- 1.2 In addition we wish to thank those Officers of the Council who played a key role in supporting the Tenant Scrutiny.

2. Executive Summary

- 2.1 The Tenant Scrutiny Panel was recruited in December 2012. There are currently six people on the Panel, and we would welcome more members if any tenants are interested in joining the Panel.
- 2.2 The Group came into existence as a result of Government legislation requiring Local Authorities to appoint a group of tenants to scrutinise policies and procedures with a view to improving delivery of services to tenants.
- 2.4 Training and Development of Tenant Scrutiny Panel members is ongoing as every individual has differing skills and knowledge and future projects will doubtless identify other training needs.

3. REPORT

a. CHOICE OF TOPIC

- 3.1 The decision of the TSP to adopt arrears and evictions was made in our 2014 annual meeting. The Group gave much consideration to this subject and did a great deal of fact finding, taking into account the recent Under Occupation Charge and future plans for the introduction Universal Credit.. Initially, the TSP established NWLDC level of rent arrears and eviction rates in recent years gathering an understanding of current rent arrears, eviction policies and procedures, and of where the current level of arrears and evictions was heading.
- 3.3 The TSP was able to gain a unique insight into the rent arrears and eviction processes through comprehensive liaison with staff, officers and senior managers who provided a great deal of detailed background information. Specifically, assurance, facilitation and guidance throughout was provided by all members of the Resident Involvement Team and Cllr Roger Bayliss.
- 3.4 The Group's activities included
 - ❖ pre-reading all documents provided in respect of the rent arrears and eviction procedures NWLDC follow.
 - ❖ attending presentations outlining Government legislation relating to rent arrears and evictions delivered by Rob Webb of PEP.
 - ❖ Fortnightly meetings
 - ❖ Extensive training and attendance at relevant seminars

- ❖ Receiving a presentation and documentation of NWLDC's performance and position on Housemark against other similar housing organisations.
- ❖ Receiving data showing NWLDC current and previous years rent arrears figures.
- ❖ Considering NWLDC internal targets against their current achievements.
- ❖ Receiving information on rent payment methods.
- ❖ Presentations and information on NWDLC current methods for supporting tenants, particularly those who are vulnerable.
- ❖ Training on welfare reforms.
- ❖ Attending a question and answer session with Andrew Wallace, Team Leader
- ❖ Shadowing of Housing Officers

3.5 The panel was also provided with the following information:

- ❖ Performance Reports
- ❖ Team Structure Charts
- ❖ Income Recovery Procedure
- ❖ Standard arrears letters
- ❖ Benchmarking reports
- ❖ Job description

3.6 Having made their decision the TSP then obtained information from NWLDC in respect of their Policies and Procedures when dealing with tenants in arrears. The TSP received a presentation from Andrew Wallace on the processes and the current and previous years' level of arrears and evictions.

3.7 The TSP discussed the results of the data provided and was initially impressed with the robust and clear procedures followed by NWLDC when recovering rent arrears. The TSP decided from this discovery to limit its scrutiny on this particular area and focus on enhancing a preventative approach to rent arrears, making paying and collecting rent arrears easier and dealing more effectively with tenants in rent arrears.

3.8 The TSP looked at the roles of different staff and organisations involved with tenants to prevent and manage rent arrears. Namely the role of housing officers when preventing and recovering rent arrears and the role of the tenant support officer, which NWLDC had newly appointed during the start of this scrutiny inspection, and how other agencies and organisations support NWLDC tenants. The organisations primarily considered were the Citizen's Advice Bureau, First Contact, Age Concern and Christians Against Poverty.

b. Aims of the Exercise:

3.9 The aims and objectives of the Panel for this particular project included:

- ❖ Review of current tenant services provided and exploration of possible options to improve services in both the short and long term, with the aim of mitigating the effect of the current Under Occupation charge and future introduction of Universal Credit.
- ❖ Suggesting how tenants might be better assisted to avoid falling into arrears and to recover from doing so.

- ❖ To make recommendation to assist NWLDC to stabilise rent arrears during the introduction of Universal Credit, with the long term view of reducing them.
- ❖ To contribute to the NWLDC current robust and effective rent arrears policies and procedures, paying particular attention to how NWLDC communicates with tenants.

c. Findings:

3.10 The panel was impressed with the new structure of the housing management team and the essential role housing officers perform to help tenants who slip into rent arrears.

Reviewing benchmarking and performance reports the panel noted the following:

- ❖ The total rent arrears at the end of March 2014 was £277,521, at the end of March 2015 the figure was 341,215.
- ❖ In 12/13 there were 14 evictions resulting from rent arrears
- ❖ In 13/14 there were 22 evictions resulting from rent arrears
- ❖ In 14/15 there were 13 evictions resulting from rent arrears
- ❖ From April 2015 to May 2015 there have been 4 evictions resulting from rent arrears
- ❖ In 12/13 the number of residents who received notices of possession for rent arrears was 453*
- ❖ In 13/14 the number of residents who received notices of possession for rent arrears was 463*
- ❖ In 14/15 the number of residents who received notices of possession for rent arrears was 387*
- ❖ From April 2015 to May 2015 the number of residents who received notices of possession for rent arrears was 58*
- ❖ From Housemark benchmarking data in relation to rent arrears it is apparent that NWLDC is not over performing or underperforming and is generally ranked somewhere between the middle upper and middle lower quartile.
- ❖ Benchmarking data in relation to eviction rates is similar to that of rent arrears with NWLDC ranking between the middle upper and middle lower quartile. Although it should be noted that NWLDC internal targets were not achieved in 2012/13
- ❖ This data would suggest that while NWLDC is not necessarily underperforming but there is certainly room for improvement.
- ❖ In the opinion of the panel, the impact of welfare reform changes introduced from April 2013 affected the ability of some tenants to pay their rent and consequently increased arrears levels.
- ❖ The panel was impressed by NWLDC's introduction of a Support Worker to help vulnerable tenants and the move of the Citizens' Advice Bureau into council offices.
- ❖ The panel noted NWLDC has positive partnership links with local support organisations such as CAB (working from the Council offices). CAP, NACRO etc.
- ❖ The panel is aware the rent accounting team is increasing the number of days in the month when direct debits can be made with the aim of having at least one day each week and are looking at the feasibility of increasing this to support tenants with the roll out of universal credit.
- ❖ The panel also noted the introduction of a direct debit prize draw where tenants can win up to £240 reduction on annual rent if they pay by direct debit, this is recognised as a positive incentive to encourage tenants to pay by this method.

- ❖ The TSP did not noticeably recognise any active promotion of support available for tenants struggling to pay the rent or the services available to them. However the panel was made aware of what support is available to tenants when problems are identified or they ask for assistance.

* Please note this data will include instances where notices have been served multiple times over the course of the period to the same tenant.

d. Recommendations:

The Tenant Scrutiny Panel has identified some areas where small changes to procedures could bring significant benefits for both tenants and the NWLDC.

Recommendation 1: the housing management service devises a plan of action on how it might identify tenants at high risk of falling into, or further into, rent arrears using the following methods:

- Develop a Financial Inclusion strategy prior to the introduction to Universal Credit, to promote access to appropriate, affordable and responsible credit and financial services, face to face debt and income advice, and financial education.
- If necessary and appropriate, employ an officer on a fixed term contract to undertake this work for NWLDC in liaison with suitable relevant organisations.
- NWLDC send out a leaflet bi-annually with rent statements advising what Housing Officers or partner organisations can do to help those experiencing financial difficulties. The panel has noted the a leaflet was sent out with January 2015 rent statements.

Recommendation 2: NWLDC review how it monitors performance against other social landlords on Housemark and the Housing Quality Network and our own benchmarking targets.

Recommendation 3: NWLDC develop a cost effective communications strategy combining film, social media, literature and press to engage with tenants on the subject of rent payment, eviction and general financial and debt information. Also that NWLDC actively participate in national financial inclusion campaigns, such as Debt Awareness Week.

Recommendation 4: That NWLDC actively promotes voluntary token payments of between £1-£10 weekly, regardless of the method of payment for rent, to allow the accumulation of a rent buffer. **Recommendation 5 :** NCWLDC to promote accessible low cost financial services (e.g. Clockwise Credit Union) as other local councils have done. This would mean liaising with Clockwise to identify possible access points within the area. (e.g. local library). The purpose of this would be to enable tenants to seek affordable credit, open basic bank accounts in preparation for Universal Credit implementation, promote savings and other community services.

Recommendation 6: That NWLDC regularly reviews its links with other local support organisations.

Recommendation 7: Where possible the Council will make appropriate technologies available to tenants to facilitate online DWP claims. ; we understand the Residents Involvement Team are already involved in facilitating this.

Recommendation 8: It is recommended that NWLDC regularly updates and reviews its communication methods with tenants to include:

- Use of its website and of social networks
- Council publications, such as InTouch
- Council vehicles
- Monitors used to display relevant information located in the Reception area.

Recommendation 9: That NWLDC looks at direct contact methods, such as texts to mobile, to remind tenants of rent arrears, reducing focus on letters and concentrating more on using texts/emails.

Recommendation 10: That NWLDC create and host regular budgeting workshops for tenants identified as needing assistance and referred by Housing Officers. Furthermore, a budget plan/affordability check should be performed at sign up to encourage early identification of tenants at risk of poor money management or on low incomes.

Recommendation 11: It is recommended that NWLDC performs a detailed analysis of those in arrears to identify any trends in local areas and/or particular tenant groups (e.g. single parent families) facing financial difficulty.

Recommendation 12: That NWLDC send out a leaflet out with the initial Notice of Seeking Possession with a list of local support agencies and their contact details.

Recommendation 13: NWLDC ban the access to all pay day lender websites on computers made available in public places to prevent tenants getting into debt or increasing debt which may prevent payment of rent. It is further recommended that the management of NWLDC write to Leicestershire County Council advising our proposed recommendation and seeking their agreement to assist and participate in this recommendation county-wide.

Conclusion

It is clear the council has a good track record of dealing with rent arrears in a prompt and robust fashion. However, the combination of the impact of welfare cuts, Under Occupation charge, reduced funding available to NWLDC, economic pressures on incomes and the impending introduction of Universal Credit means there are increased risks to the council's rent collection rates and consequently the rental income that funds the council's housing service.

Despite these circumstance, the TSP recognise it is still all tenants' obligation to meet their responsibilities in paying their rent but it has been identified that due to benefit changes, unemployment and sickness this may be a struggle for many.

The TSP hopes its recommendations will aid the council in its efforts to enhance its preventative approach to rent arrears, help it maintain its rent collection rates and assist it to deal more effectively with those tenants who do find themselves in arrears.

Janet Higgins, Chair, On behalf of the Tenant Scrutiny Panel