

**Report of the Chief Executive**

<b>IMPACT OF UNIVERSAL CREDIT</b>
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1. Purpose of report

To update the Housing Committee on the impact of Universal Credit (UC) as at the end of January 2019.

2. Background

UC was introduced at Heanor Job Centre in June 2018 serving the north of the borough, and at Beeston Job Centre on 14 November 2018 in the south.

3. Detail

The rent team are monitoring the number of UC cases and the associated balances on rent accounts. More information is provided in appendix 1.

As previously discussed several measures have been put in place to mitigate the risks of UC including;

- Working closely with Citizens Advice, Broxtowe
- Employing a Financial Inclusion Officer
- Increasing resources in the rent team
- Purchasing MobySoft's RentSense to help prioritise cases.

The information in appendix one sets out the impact on the number of cases and arrears value since UC became available to the whole of the borough.

4. Financial implications

Potential increased arrears  
Increased bad debt provision  
Potentially lower collection rates.

<b><u>Recommendation</u></b>
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<b>The Housing Committee is asked to NOTE the report.</b>
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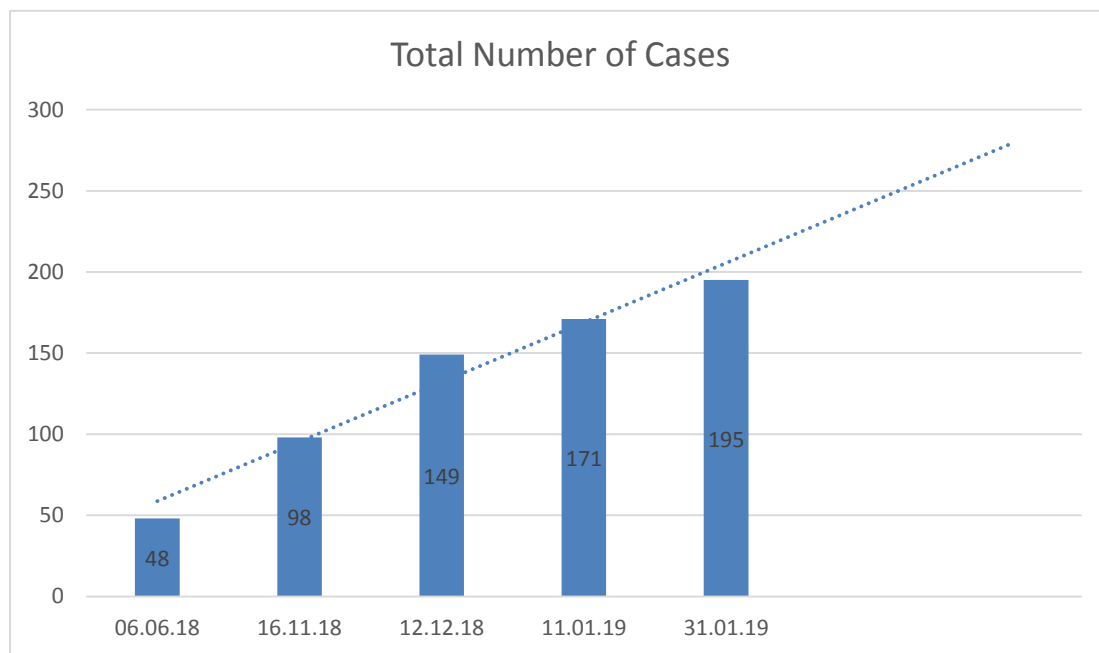
Background papers

Nil

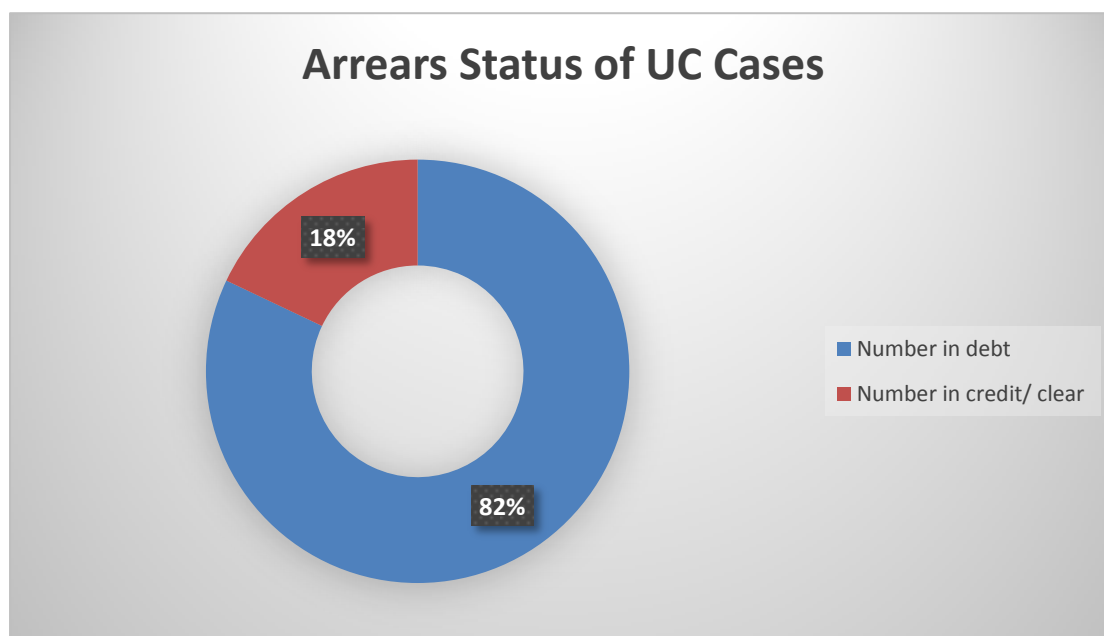
## APPENDIX

**Impact of UC****Number of Cases**

The number of UC cases is increasing quickly following Beeston Job Centre going live with UC in November and will continue to increase over the coming months.

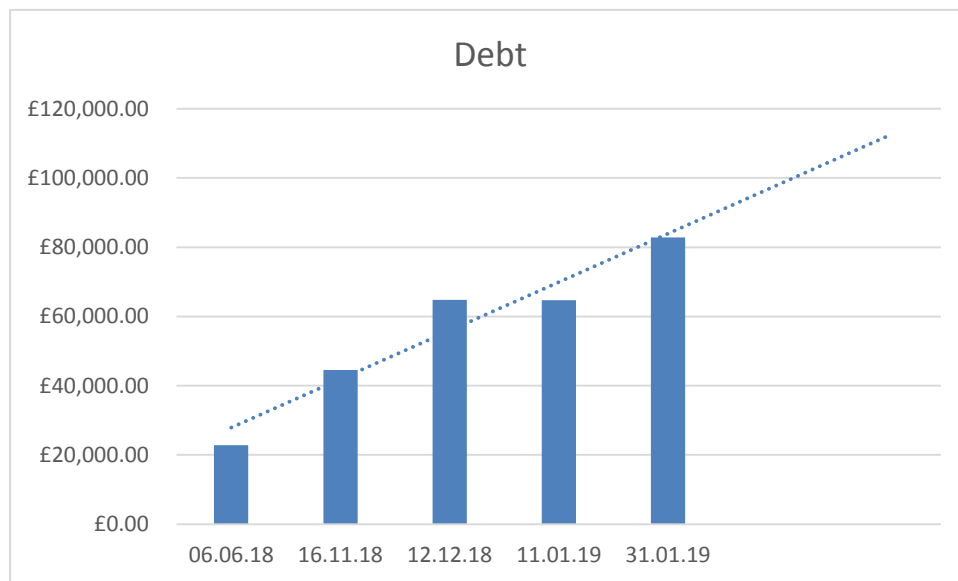
**Impact on Arrears**

Of the current cases the majority of them are in rent arrears:



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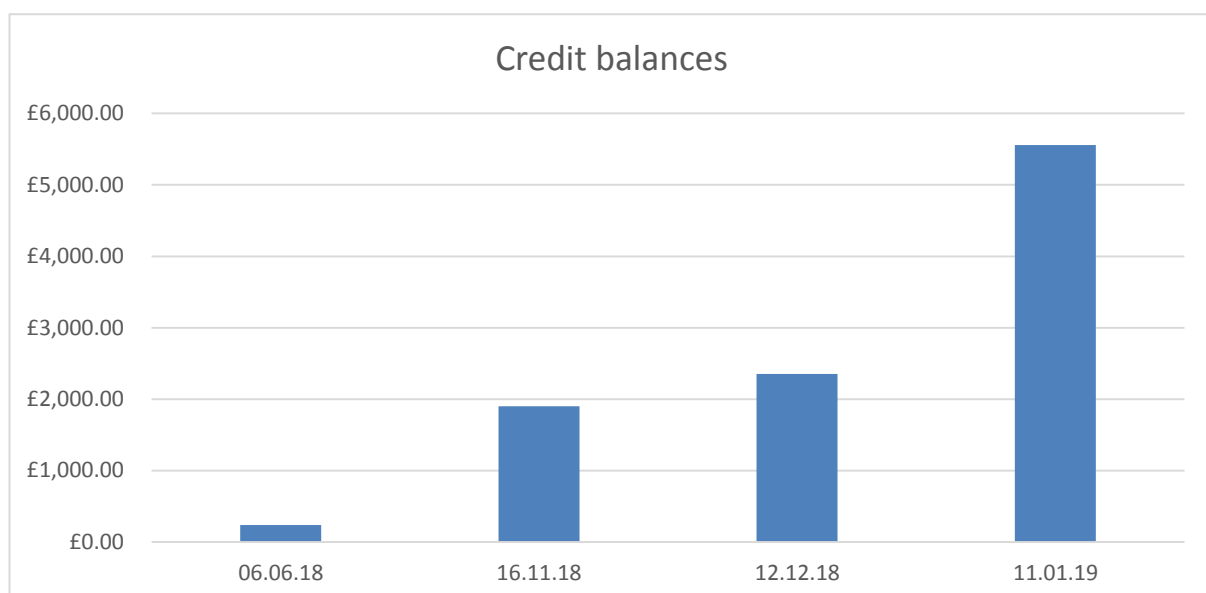
balances on the accounts in arrears range from £0.72 to £2,463.



The total debt outstanding across the cases in arrears is £82,786.42. However, it should be noted that some of this debt may have been outstanding prior to the claim being made for UC and therefore not all of it can be attributed to UC.

The average debt per case is now £517.42 which is an increase on the average debt per case at the end of December which was £496.15. This is greater than the average debt across all cases which is £446.55.

Seven tenants claiming UC have clear rent accounts and 28 have credit balances. When measured at the middle of the month the number of cases in credit or clear is increasing month on month, suggesting that some tenants are managing their claims effectively after the initial waiting period.



**Alternative Payment Arrangements (APA)**

Under UC landlords can apply for the housing element of UC to be paid directly to the landlord if the tenant is in arrears equating to two month's rent or if they have persistently underpaid their rent and owe over one month in arrears. We can also apply for payments towards rent arrears which are taken from the claimant's personal element of their UC payment.

To date we have 65 tenants with alternative payment arrangements.

Many of these payment arrangements have been approved but Broxtowe is yet to receive any payments. In other cases, payments are in place but we have not received previous month's payments. These payments are also sporadic and often there are delays between the money being deducted from the claimant's UC and it reaching our bank account and the respective rent account. For example, in January 2019 we received a payment in excess of £9,000 the majority of which was in respect of November 2018.

When an APA has been confirmed but we are not receiving payments, there is very little we can do in terms of enforcement action and as a result the arrears continue to increase. We are currently working with Citizens Advice to support customers in this situation and we are providing regular feedback about these issues to the DWP via the partnership manager. Recent intervention from Citizens Advice regarding one of these cases has resulted in an additional £770 being issued to a rent account. We are also working closely with the benefits team to apply for Discretionary Housing Payments for those tenants with arrears as a result of delays with their UC claim or APA.

**Citizens Advice Update**

Broxtowe has been working closely with Citizens Advice to provide support and advice to customers claiming UC. This has included providing them with additional funding which they have used to run new sessions specifically for residents of the borough claiming UC. The sessions in Eastwood have been running longer than the ones in Beeston which started in November. In addition to this they are also now providing outreach sessions at both Job Centres serving the borough.

During the sessions, and at normal appointments, Citizens Advice will assist with making a claim all the way from setting up an email to verifying their identity and then with challenging any decisions regarding the assessment or payments.

As at the end of the year they have:

- Completed 46 new UC applications at Eastwood and 12 new applications at Beeston during the dedicated UC sessions
- Seen 81 other clients with UC related issues during normal opening hours across their offices
- Completed 6 new applications at the Job Centre outreach sessions

Whilst the uptake was slow at the beginning there has been an increase in demand and the sessions are often fully booked.

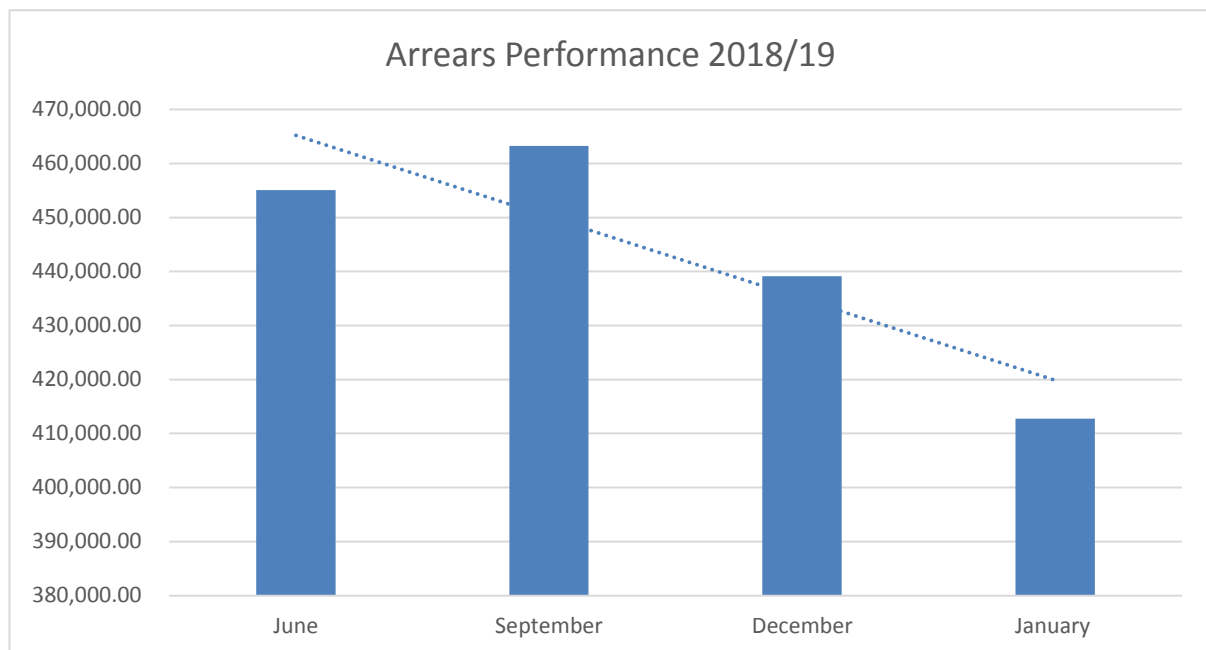
### General Arrears Performance

Whilst the arrears amongst the group of tenants claiming UC is continuing to rise there has been a reduction in the overall debt owed by tenants.

At the end of quarter 3 arrears performance has improved in comparison to the end of quarter 2:

- the rent arrears have reduced by £24K and are at the lowest since year end
- this is a reduction from 2.95% to 2.8% (as a percentage of the total annual rent roll)
- the proportion of rent collected has increased from 93.34% to 94.94%; again the highest since year end

As at the end of January the arrears had decreased again as shown below:



It is worth noting however, that whilst there has been an improvement in the last quarter arrears are still higher than in comparison to last financial year.

### Summary of changes which are impacting on performance:

- Increased resources within the team following the recruitment of two additional temporary Income Collection Officers

- Reorganisation of the workload into patches giving individual officers more ownership and accountability in terms of case management
- Regular audits of cases carried out by the team leaders identifying cases that require action and ensuring compliance with procedures
- All cases recommended for a Notice of Seeking Possession, possession proceedings or warrants are now reviewed by the Interim Rent Manager and cases are passed back if additional work is required which could resolve the issue without taking enforcement action
- Increase in customer contact as result of additional resources, audits and more management intervention
- Some evictions have been carried out resolving long standing arrears cases
- Intervention from the Financial Inclusion Officer and the Income Collection Officers has resulted in tenants receiving payments towards their rent accounts from charitable funds and Discretionary Housing Payments
- Introduced new pre warrant interviews for customers at threat of eviction to provide them with clarity about their situation, advice (from the Financial Inclusion Officer) and support. The homelessness team also attend these interviews
- Payments from the DWP in respect of Universal Credit alternative payment arrangements are now being received
- A full review of the Income Collection Procedure is in progress and due to be implemented as part of the restructure