

# Universal Credit Roll Out impact on rent collection and rent arrears

Executive Scrutiny Board  
19 November 2019

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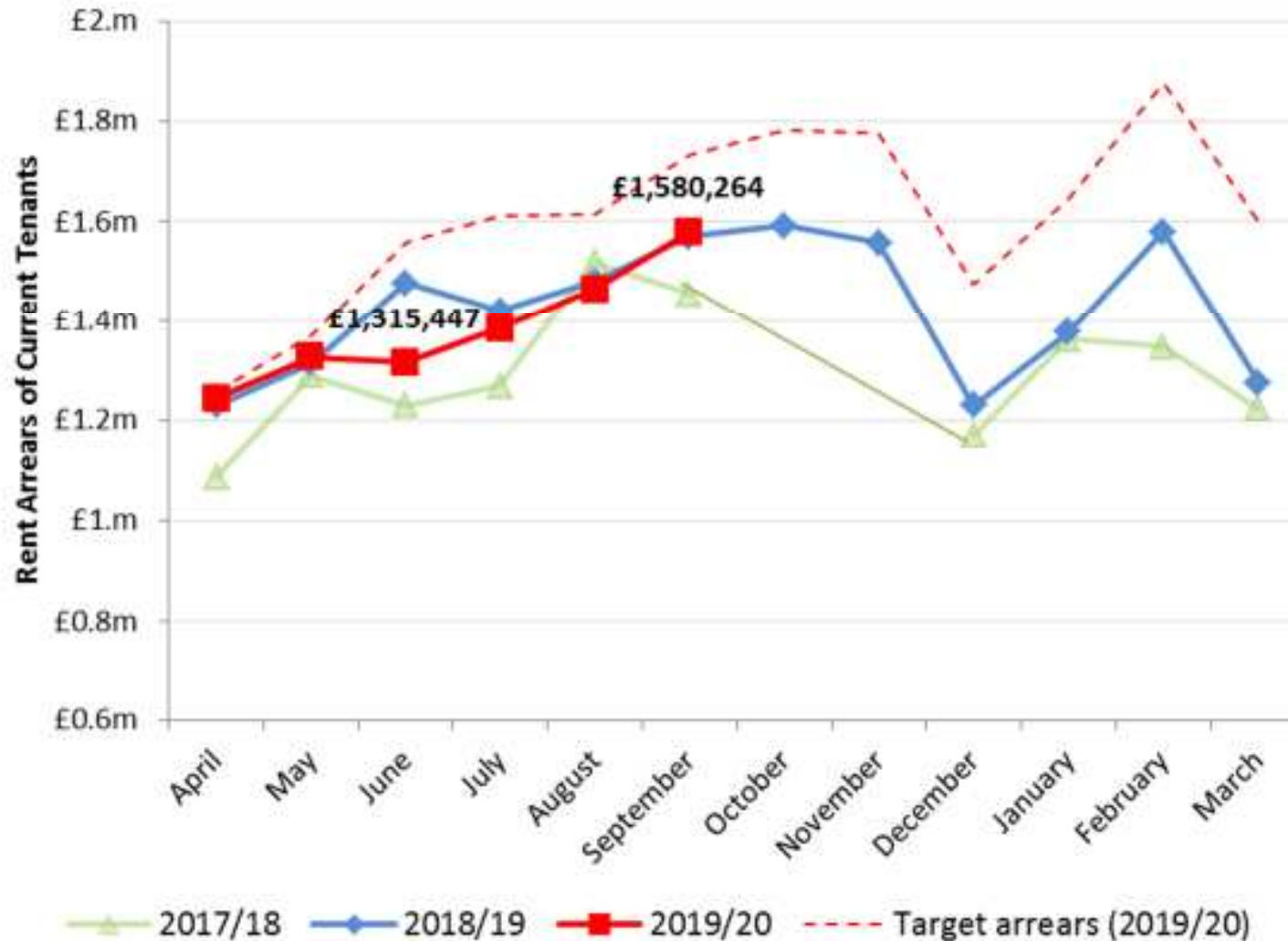
# Derby Homes rent arrears - historic

	2014/15	2015/16	2016/17	2017/18	2018/19
Current tenant arrears	1.90%	1.94%	1.88%	2.15%	2.29%
Benchmarking quartile	1 <sup>st</sup>	1 <sup>st</sup>	1 <sup>st</sup>	1 <sup>st</sup>	1 <sup>st</sup>

Derby Homes has a track record of managing arrears effectively, being consistently in the top quartile of the Housemark benchmarking group.



# Derby Homes current rent arrears 2019-20



Arrears have risen, but not as much as we budgeted for  
Q2 position equates to 2.8% of annual rent roll

# Quarter 2 arrears position

Derby Homes manage around 12,886 properties.

As at end of Quarter 2 (End of September 2019)

- 34.5% of tenants (4455) have some rent arrears
- 7.8% (1013) owe more than £500
- 2.6% (337) owe more than £1000
- 0.4% (50) owe more than £2000
- 56 eviction warrants were issued
- Successfully avoided eviction for 43 warrants
- 13 evictions due to rent arrears had to be carried out



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# Working to avoid Evictions

Last year we carried out 52 evictions

To try and reduce the number of evictions we have

- looked at how other organisations go through the eviction process to make sure best practices are being adopted
- Started to work more even more closely with the Homeless Prevention Team to try and avoid the eviction going ahead
- Apply for Alternative Payment Arrangements 's (APA's) and Direct Payments for Universal Credit claimants to protect them from being evicted
- Trying to contact tenants and give every opportunity to for tenants to pay even up to the eviction date

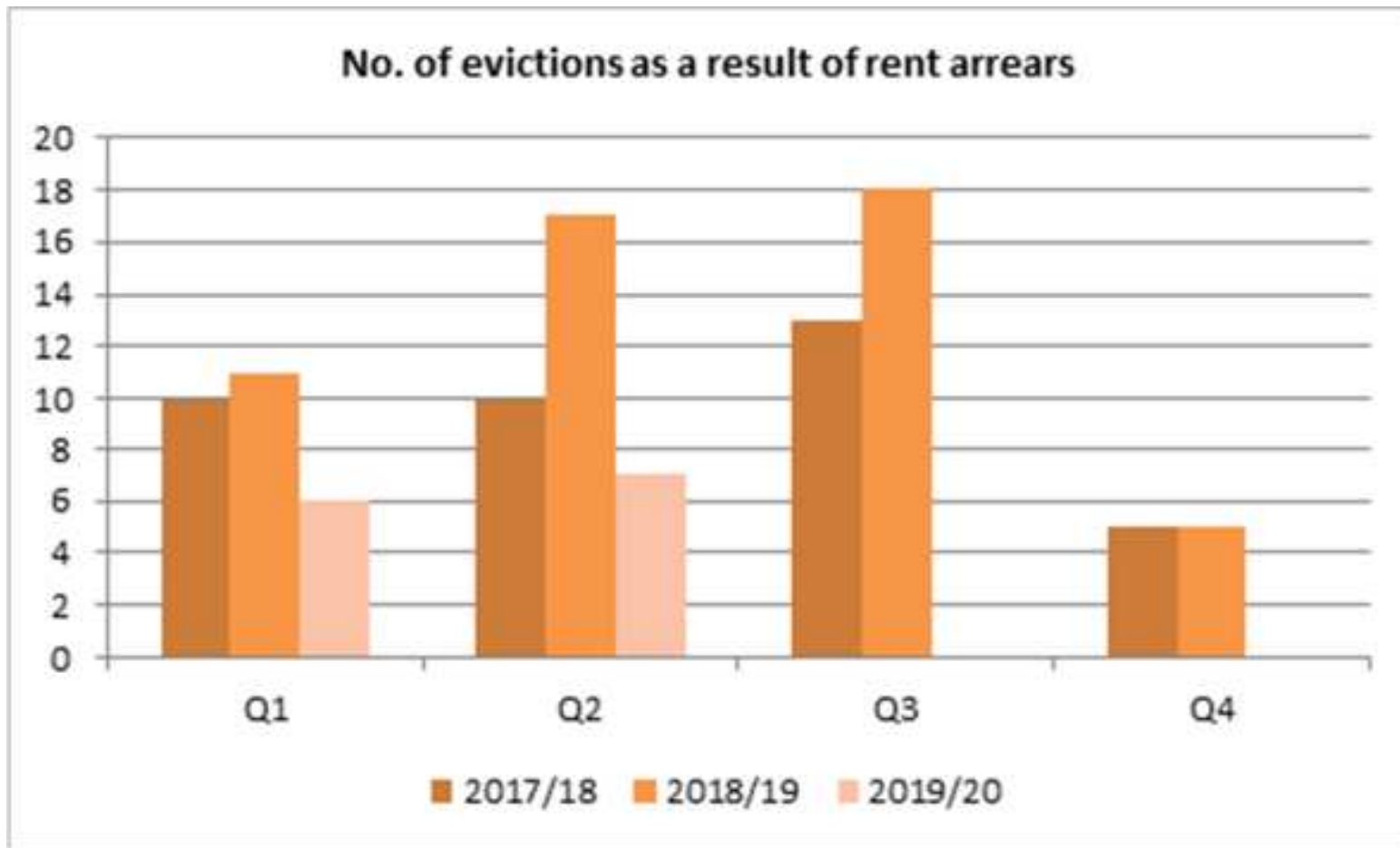
This approach has resulted in fewer evictions so far this year



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# Evictions



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# How do we avoid evicting people?

Eviction is a last resort, which we try to avoid as far as possible. The average tenant is likely to have had the following actions taken before an eviction is carried out – some may have had much more, and multiagency involvement.

Letters	12
Visits	6
Telephone calls	8
Emails or texts	5
Money advice offered	4
Notice served by hand	1
Office appointments	3
Court hearing for possession order	1
Eviction warrant	3
Stay hearings at court (which tenant requests to suspend eviction process)	2
Agreements made to pay	10
Total number of contacts (average case)	<b>55</b>



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# Universal Credit Stats Sep 19

- **1649 Universal credit cases**
- 506 Universal credit cases no arrears
- 1143 In arrears
- 564 Number of APA's (>8 wks/vulnerable)
- £396 Average arrears
- **25 New cases each week**



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# Derby Homes Welfare Reform Team

- Team created in 2012 and has managed a number of reforms already
- April 2013 – Under-occupancy
- August 2013 – Overall Benefit Cap (£26,000)
- November 2016 – Overall Benefit Cap (£20,000)
- January 2016 – Universal Credit (singles only)
- July 2018 – Universal Credit (full service)

Now has dedicated team of 5 officers to help tenants claiming Universal Credit.



# Universal Credit – what we do to help

- Help with utility bills by applying for Local Assistance
- Help apply for Council Tax Support & Hardship payments
- Helped tenants apply for Single Discretionary Allowance if affected by under-occupancy charge.
- Refer tenants in severe hardship to food banks during the waiting period.

## **Building networks and solving problems**

- Attend best practice meetings and conferences.
- Continued partnership working with Job Centre Plus, Derby City Council and DWP
- Trusted Partner of DWP, and have real time access to the Landlord Portal.
- Work closely with colleagues in Welfare Rights and Money Advice to help tenants in hardship.



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# Universal Credit – what we do to help

- Contact all tenants who apply for Universal Credit
- Explain housing costs and date and amount they need to pay.
- Advise tenants to apply for Advanced Payments, to pay the rent whilst waiting for the first payment.
- Make affordable agreements to put the account into advance.
- Apply for Alternative Payment Arrangements (as the landlord)
- Apply for rent direct



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# Accessing the private rented sector

Derby Homes PRS Access Team is tasked with sourcing private rented properties to help discharge the Council's homelessness duties.

Pool of landlords willing to accept tenants on Housing Benefit was always limited. Anecdotal evidence is that with Universal Credit it is smaller still – UC is seen as higher risk than HB.

- Longer lead time until tenant receives funds and can pay rent
- Housing costs element can be paid direct to landlord, but either landlord or tenant needs to apply for Alternative Payment Arrangement. We cannot apply on their behalf.
- Chance of future changes to UC entitlement, sanctions etc.
- Result is that it is harder to place customers threatened with homelessness into the private rented sector.



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