

Public Report  
Improving Places Select Commission

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**Committee Name and Date of Committee Meeting**

Improving Places Select Commission – 11 July 2023

**Report Title**

Cost of living and rent arrears in Council housing

**Is this a Key Decision and has it been included on the Forward Plan?**

No

**Strategic Director Approving Submission of the Report**

Ian Spicer, Strategic Director of Adult Care, Housing and Public Health

**Report Author(s)**

Paul Elliott, Business and Commercial Programme Manager  
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**Ward(s) Affected**

Borough-Wide

**Report Summary**

Provide a briefing on the impact the cost-of-living crisis is having on Housing Services and our response.

**Recommendations**

That Improving Places Select Commission:

1. Note the content of this briefing.
2. Provide feedback on issues contained within the briefing.

**List of Appendices Included**

Not applicable

**Background Papers**

Rent Setting and Service Charges 2023-24

**Consideration by any other Council Committee, Scrutiny or Advisory Panel**

Not applicable

**Council Approval Required**

No

**Exempt from the Press and Public**

No

## **Cost of living and rent arrears in Council housing**

Cost of living and rent arrears in Council housing

### **1. Background**

- 1.1 The UK is facing the highest inflation rate in over 40 years leading to significant price increases in the cost of day-to-day essentials such as food, heat and clothes. Inflation peaked at 11.1% in October 2022 and still remains high. This has subsequently resulted in what is being termed a 'cost of living crisis' where many households that have traditionally been able to manage on their incomes are no longer able to afford the costs of day-to-day life.
- 1.2 Rent is often the largest single outgoing residents face and the Council is a major landlord in its own right. In this context, the Council is keeping under review whether the current housing service offer meets the evolving needs and priorities so that resources can be targeted effectively. This briefing provides an overview of the current position and changes we are making to our approach.

### **2. Key Issues**

- 2.1 The Housing Service supports some of the most vulnerable residents in Rotherham who will be affected to varying degrees by the cost-of-living crisis. There are three key stages on the tenant's journey as described below.

#### **2.2 Housing allocation and pre-tenancy support**

- 2.2.1 The team undertakes affordability assessments of potential tenants but also offers low level support for customers with vulnerabilities. This is done by effective signposting to services and cross directorate working to ensure customers are offered support at the earliest opportunity.

#### **2.2.2 The team:**

- Provides residents with access to support to help to maximise income, receive welfare benefit advice and provide referrals to other appropriate partners.
- Identifies barriers for customers and works with them to break these down.
- Empowers customers to take control of their financial wellbeing and sustain a tenancy.

- 2.2.3 At the current time affordability assessments are only undertaken once a customer has been matched to a property, with the team undertaking circa 40 detailed Income & Expenditure checks and 40 'light touch' Income & Expenditure checks per week.

- 2.2.4 In light of cost of living pressures, the Council is in the process of amending this approach in order to concentrate resources where they are most needed. Since the beginning of June:

- Everyone now gets a light touch check at the point at which they present or join the waiting list (previously this didn't happen)
- We triage those matched to a property, with only some receiving an in-depth check (previously everyone received that check).

2.2.5 This will allow further time for the customer to get tenancy-ready earlier in the process, including through assistance in maximising income, benefit claims and referrals to support agencies. When a customer on the housing register is matched to a property the case would be checked, with some receiving an in-depth check prior to proceeding with the letting. The in-depth assessments will be targeted at customers who have had failed tenancies and customers who have never held a tenancy.

2.2.6 It is the intention to offer 75 Income and Expenditure check appointments per week. The length of time these checks take will vary based on customers' circumstances and the referral route.

2.2.7 In addition, it is proposed that in future a further 25 appointments will be offered to referrals from the homelessness team. Re-introducing in-depth Income and Expenditure checks for homeless households at the point they approach for assistance would assist the service in discussing accommodation options, such as the private rented sector, and help to manage customer expectations. This is growing in importance as we receive more presentations due to the cost of living pressures.

## 2.3 **Income Collection**

2.3.1 Income collection for housing rents has been top quartile in national benchmarking for several years following the service transformation which took place in 2017. The service has to balance the fact that we are often the housing provider of last resort against the need to maintain a healthy Housing Revenue Account to fund vital services to tenants and investment in housing growth.

2.3.2 Income collection is undertaken in accordance with the Ministry of Justice Pre-action Protocol. The Council has a twelve-stage process for the escalation of rent accounts in arrears (see Appendix A). Over the past five years, there has been a significant reduction in the number of tenancies failing due to rent arrears which is reflected in the relatively small number of evictions. Appendix B is a summary of evictions since 2018-19.

2.3.3 Arrears recovery commences when an account is three weeks net rent or more in debt (and minimum arrears balance of £30). The recovery processes continue on a weekly basis until a Notice Seeking Possession would be served at week five unless the arrears balance is less than £355 (proportionality of debt vs costs). This is on the assumption the tenant has failed to engage with the Council, e.g. to put in place an agreed payment plan. A payment plan would start at a minimum payment of £5 per week + rent due. It will generally take at least one year to secure an eviction for a secure tenant, by which time an average arrears balance of £3,384 will have

accrued. Where a tenant is at risk of losing their tenancy a referral to the Tenancy Support team is made who provide holistic support to tenants.

- 2.3.4 The table below shows the collection rates of the Income team and current tenant arrears balances, which has reduced over the last 5 years, with current average arrears being less than half of that in 2018.

Year	Income collection rate %	Current tenant arrears as at 31 March each year £
2018-19	99.67	3,889,397
2019-20	101.75	2,993,293
2020-21	101.83	1,909,860
2021-22	99.36	1,725,309
2022-23	100.13	1,698,528

- 2.3.5 Nevertheless, given the increase in rents and service charges, alongside the significant increase in the cost of living, it is thought likely that income collection rates will deteriorate, and current tenant arrears balances will increase during 2023-24. That said, similar deterioration in performance had been expected in 2022-23, which to date has not materialised.

- 2.3.6 It is anticipated the following targets will be achievable for 2023-24:

- Income collection rate – 99.05%
- Forecast arrears balance at 31.03.24 - £2,646,277

- 2.3.7 Given the success of collection and the extensive support that is provided to tenants through the rent recovery process, it is not intended to adjust the current process.

## 2.4 Credit Balances

- 2.4.1 There are currently 5,450 accounts with a credit balance of £80 or more. Total credits on rent accounts stand at c. £1.631m. A degree of this is expected as it is in line with the tenancy agreement which states rent is payable one week in advance. At the current time there is a rolling programme of refunding credit balances over £340. Other credit balances have been left to protect the rent account from any sudden deterioration of tenant's ability to pay their rent.

## 2.5 Tenancy Support

- 2.5.1 The Tenancy Support team offers holistic support to Council tenants, addressing barriers to tenancy sustainment such as debt, mental health, and substance misuse issues. Their interventions help to stabilise tenancies and prevent evictions by establishing a rent first culture, arranging utilities, dealing with arrears, and assisting with income maximisation through support with benefit applications. The team provides this holistic support to vulnerable tenants for as long as required and specific to their needs.

2.5.2 Referrals into the Team have increased by 10% over the previous year with an expectation of approximately 1,418 referrals by end of the 2022-23 financial year. Alongside the increase in referrals there has been a marked increase in time spent on each referral resulting in a longer waiting time from referral to first appointment. As the cost of living pressures continue we expect referral numbers and the complexity of cases to continue to rise.

2.5.3 Tenancy Support officers currently receive 5 new referrals per week and the waiting time from receipt of referral to first appointment is currently around four weeks with an average of 30-40 customers waiting for a referral at any time. We are currently in the process of expanding the team by three members of staff to meet the increased demand. The recruitment process is complete and staff will commence by the beginning of August 2023.

## 2.6 **Tenancy health checks**

2.6.1 There is a rolling programme of tenancy health checks undertaken by Housing officers. One aspect of this visit is to understand the financial well-being of the tenant and offer referrals to the financial inclusion team for further support. To date in 2022-23 there have been 78 referrals to the team.

## 3. **Options considered and recommended proposal**

3.1 Options are detailed in the main body of the report.

## 4. **Consultation on proposal**

4.1 No consultation as taken place as the report is for information purposes only.

## 5. **Timetable and Accountability for Implementing this Decision**

5.1 The report is for information purposes only.

## 6. **Financial and Procurement Advice and Implications**

6.1 There are no financial implications arising from this report.

## 7. **Legal Advice and Implications**

7.1 There are no legal implications arising from this report.

## 8. **Human Resources Advice and Implications**

8.1 There are no direct human resources implications arising from this report.

## 9. **Implications for Children and Young People and Vulnerable Adults**

9.1 The Housing Service funds two Early Years Support workers who meet bi-weekly with the team to review any cases where families are in rent arrears and there is a high risk of the tenancy failing. Provision of this wrap around

support helps to stabilise the tenancy and secure the family in their home near to their support network of family, friends, school and support agencies.

## 10. Equalities and Human Rights Advice and Implications

10.1 There are no implications arising from this report.

## 11. Implications for CO<sub>2</sub> Emissions and Climate Change

11.1 There are no implications arising from this report.

## 12. Implications for Partners

12.1 Given the cost of living crisis and the increase in referrals to tenancy support there has also been an increase in onward referrals to partners providing specialist services. These referrals are to agencies supporting mental health, debt advice and support with alcohol, gambling and drug addiction.

## 13. Risks and Mitigation

13.1 The key risks associated with the cost of living crisis have been the ability to sustain tenants in their homes. Given the work of the Housing Income and Financial inclusion team this has been mitigated with the year in year reduction in arrears continuing.

13.2 Given the increase in rent, service charges and District heating it is anticipated that this trend may reverse during 2023-24 but actions to mitigate this as detailed in the report are ongoing.

### Accountable Officer(s)

Ian Spicer, Strategic Director of Adult Care, Housing and Public Health

James Clark, Assistant Director of Housing

Approvals obtained on behalf of:

	Name	Date
Chief Executive		Click here to enter a date.
Strategic Director of Finance & Customer Services (S.151 Officer)	Named officer	Click here to enter a date.
Assistant Director of Legal Services (Monitoring Officer)	Named officer	Click here to enter a date.
Assistant Director of Human Resources (if appropriate)		Click here to enter a date.
Head of Human Resources (if appropriate)		Click here to enter a date.
The Strategic Director with responsibility for this report	Please select the relevant Strategic Director	Click here to enter a date.

Consultation undertaken with the relevant Cabinet Member	Cllr Amy Brookes	28/06/23
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