

## Rental Income – Flintshire County Council

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# Contents

The Council had by March 2020 successfully stopped the increase in Council tenant rent arrears but has further opportunities for improving performance and engaging with tenants.

## Summary report

Summary 4

Proposals for improvement 4

## Detailed report

The Council had by March 2020 successfully stopped the increase in Council tenant rent arrears but has further opportunities for improving performance and engaging with tenants 5

The Council had by March 2020 successfully stopped the increase in Council tenant rent arrears, but a greater range of information would help it evaluate service performance better 5

The Council has further opportunities for improving performance but support for tenants is fragmented 8

The Council has taken steps to engage with its tenants but there is opportunity to do more, particularly to understand equality and diversity in the tenant population 10

# Summary report

## Summary

### **The Council had by March 2020 stopped the increase in Council tenant rent arrears but has further opportunities for improving performance and engaging with tenants**

- 1 We came to this conclusion because:
  - a. the Council had by March 2020 successfully stopped the increase in Council tenant rent arrears, but a greater range of information would help it evaluate service performance better;
  - b. the Council has further opportunities for improving performance but support for tenants is fragmented; and
  - c. the Council has taken steps to engage with its tenants but there is opportunity to do more, particularly to understand equality and diversity in the tenant population.

## Proposals for improvement

### Exhibit 1: proposals for improvement

Proposals for improvement	
P1	To better understand the overall income and rent arrears performance, the Council needs to collect and report additional performance indicators: <ul style="list-style-type: none"><li>• total rent collected during the year from former and current tenants; and</li><li>• the amount written off during the financial year.</li></ul>
P2	To inform the delivery of the service, through a better understanding of the needs and experiences of tenants, the Council should collect a more comprehensive range of data including information on equalities

# Detailed report

**The Council had by March 2020 successfully stopped the increase in Council tenant rent arrears but has further opportunities for improving performance and engaging with tenants**

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- 2 In 2011, the UK Government introduced a programme of welfare reform, with the phased introduction of Universal Credit across the UK from October 2013. Universal Credit aims to replace six means-tested benefits and tax credits for working-age people and families (known as 'legacy' benefits), which are:
  - Housing Benefit
  - Working Tax Credit
  - Child Tax Credit
  - Income-Based Jobseekers' Allowance
  - Income-Based Employment and Support Allowance
  - Income Support
- 3 In Flintshire, the rollout of Universal Credit by the Department of Work and Pensions (DWP) was introduced as a full-service rollout for new claims from April 2017 and was the first area in Wales to do so. The single Universal Credit payment includes a housing element for help with housing costs. Unlike the Housing Benefit system, it is paid monthly in arrears directly to the tenant and not to their rent account on a weekly basis. This phased introduction of Universal Credit is not complete<sup>1</sup>, and many existing tenants still receive legacy benefits including Housing Benefit as do any new tenants, such as those aged over 65 or those aged over 50 living in sheltered housing accommodation.
- 4 The design of the Universal Credit system places an expectation on tenants to manage their own finances and budget to pay rent on time to their landlord. Under the previous Housing Benefit administration all benefit is paid weekly in advance directly into the tenant's rent account. However, a substantial amount of Universal

<sup>1</sup> Universal Credit Full Service (UCFS) is a digital interactive service that allows tenants to make and maintain their claim for Universal Credit, check the progress of their claim and payments and message their work coach and the service centre if they have questions. The Universal Credit full service finished rolling out across Wales in December 2018. However, new Universal Credit claims are still possible in all areas of the UK such as for sheltered housing tenants. In addition, tenants who are still receiving Housing Benefit do not yet have to claim Universal Credit.

Credit is paid directly to the Council where tenants are two months or more behind on their rent, and the Council has applied to have the housing costs part of Universal Credit paid directly to them. Universal Credit therefore imposes a big budgeting and prioritising responsibility on tenants. According to a Council progress report presented to scrutiny in July 2020, 1,370 Council tenants were receiving Universal Credit of which 1,167 had rent arrears with an average debt of £939. In addition, a total of 2,342 Council tenants were still receiving Housing Benefit of which 869 were in arrears.

- 5 Since the phased introduction of Universal Credit in Flintshire, Council tenant rent arrears have risen. Similar trends in rent arrears have occurred throughout the UK<sup>2</sup>.

**Exhibit 2: Flintshire Rent Arrears 2016-17 to 2019-20**

**Exhibit 2** shows the Rent Arrears financial year-end (end of March) position for outstanding current and former tenants and the amount of Former Tenant Arrears the Council is writing off each financial year.

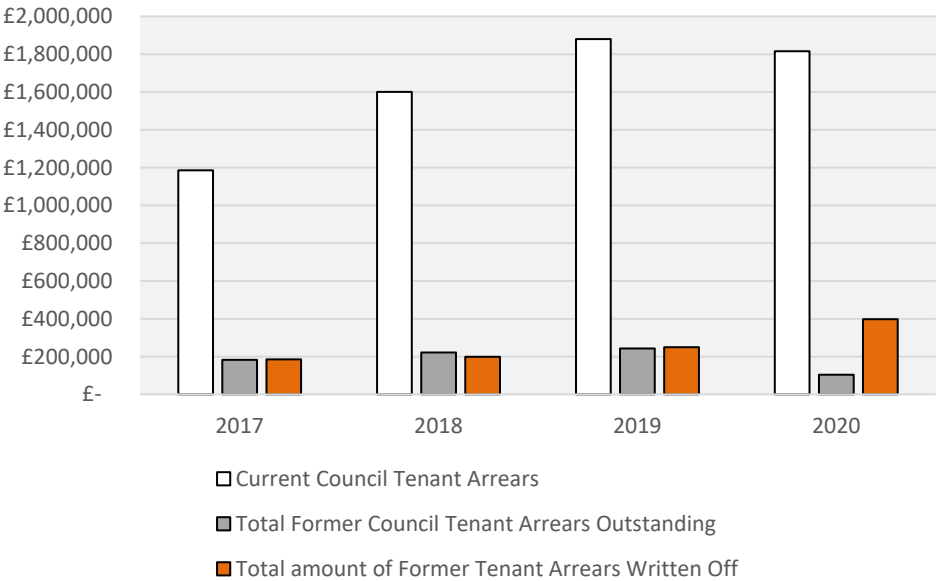


Exhibit source: Flintshire County Council Data

The Council’s current rent arrears data shows a deteriorating performance between 2016-17 and 2018-19, but an improvement in the year-end position for 2019-20. The current rent arrears at 31 March 2020 reduced to £1.815 million compared to the previous year position of £1.880 million, a reduction of £65,000.

<sup>2</sup> Audit Wales, **Managing the Impact of Welfare Reform Changes on Social Housing Tenants in Wales**, January 2015.

- 6 The Council had by March 2020 successfully stopped the increase in Council tenant current rent arrears. However, the COVID-19 pandemic has inevitably had a negative effect on rent collections, as some tenants have struggled to meet their payment obligations as a result of changes in their circumstances. According to a Council progress report presented to scrutiny in December 2020, the total Rent Arrears up to Monday 23 November 2020 were £2.49 million, compared to £2.31 million at the same point in 2019-20, a rise of £184,000.
- 7 The level of Council tenant rent arrears is reported at least every six months to scrutiny committees and the Cabinet. The reports provide an operational update and the latest rent arrears data on current tenant arrears. There are less frequent reports on the level of former tenant arrears and non-recoverable arrears which are written off. There is no reporting of the overall level of rent collected each year by the Council or benchmarking of performance against the other ten councils in Wales which operate Housing Revenue Accounts. The absence of such key management information may limit the ability of councillors and the public to consider if the Council is achieving overall value for money with its Rent Income Service.
- 8 We found that £398,288 of its Former Tenants Arrears was written off in 2019-20. It is more difficult to recover this debt, and the Council is writing off more each year. The Council should consider including the level of former tenant arrears, and its percentage in relation to the total level of arrears, as part of a suite of indicators. Since our fieldwork, the Council has told us that it is now working on developing additional performance information for 2021-22.
- 9 Reporting performance outcomes against a limited selection of indicators may not present a complete picture of the overall income and rent arrears performance. There is no apparent benchmarking process or comparative data being consistently used in the reporting of Council tenants' arrears. This results in limited contextual information to assist meaningful challenge of performance. The Council should consider enhancing its range of indicators and further develop its approach to benchmarking as a means of driving forward performance improvement.
- 10 The Council has introduced changes to working practices and targeted resources to try to maximise rent incomes and prevent overall arrears levels from escalating further. Before the introduction of Universal Credit, Council tenant rent arrears work was undertaken by officers in the Housing Department. This work is now undertaken by their New Customer Team which focuses on new Council tenants. This focus ensures that pre-tenancy assessments are carried out, and intensive support at the start and first few weeks of new tenancies to help minimise tenancy failures is available.
- 11 The Rent Income Team, part of the Revenues Department, is now responsible for collecting rent and managing rent arrears. The team mainly works with tenants via telephone, email or letters, and some face-to-face contact through interviews and home visits. This face-to-face contact has temporarily ceased during the COVID-19 pandemic.

- 12 In August 2018, the Housing Intervention Team (HIT) was launched to co-ordinate lower-level arrears through early intervention with tenants. This is a co-ordination team of four officers from both the Housing and Rent Income Service. Their role is to understand the nature of the tenant's debt and inform them of the support available.
- 13 In July 2019, the Council introduced MobySoft 'Rent Sense' software to help improve the efficiency of rent arrears work. The software analyses Council tenants' payment patterns, along with a predictive analytical application that then predicts which tenants will and will not pay their rent. It then produces a list for officers of tenants, in priority order, that need contacting regarding their rent payments.
- 14 The Council has clear policies and procedures for its rent income service:
- the Corporate Debt Policy sets out the standard procedures for the collection of debt;
  - the Fair Debt Collection Policy sets out the framework for a consistent and customer sensitive approach to the recovery of debt; and
  - the Housing Strategy sets out the Council's vision: 'to work with key stakeholders to inform and deliver the right type of quality housing and most appropriate support to meet the needs of our population'.
- 15 We understand that a Fair Debt Working Group has been established to monitor the effectiveness of the Fair Debt Collection policy. However, due to little information being provided it is unclear to what extent this working group is achieving its purpose. Some officers we spoke to were unaware of the policy. We would encourage the Council to set a policy review date and ensure that all officers that are involved with Council tenants are made aware of it.
- 16 The Council also collects water rates from its tenants with rent payments rather than expecting tenants to pay these bills separately to Dŵr Cymru. Relatively few councils in Wales offer this service but the tenants we spoke to find the arrangement helpful. The Council believes the commission it receives from Dŵr Cymru covers its administrative costs.

## **The Council has further opportunities for improving performance but support for tenants is fragmented**

- 17 Management information systems are in place to help gather information to enable rent arrears performance to be monitored each week and intervention targeted. The introduction of 'Rent Sense' software enabled early identification and targeted intervention of those tenants at the highest risk of accruing further arrears. Income Officers reported that the software has significantly reduced manual processes, allowing them to focus their resources on supporting tenants more efficiently.
- 18 The Housing Intervention Team (HIT) is an example of joint working across the Council that has enabled early contact with Council tenants to ensure tenancies are sustained by preventing arrears building up.



- 19 The Housing Service and Rent Income Service offer ongoing advice and support to help Council tenants manage their rent arrears. Tenants are also signposted to advice agencies such as the Citizens Advice Bureau (CAB) and Shelter Cymru. This is important as arrears can arise at any stage of a tenancy, due to changes in financial, employment or personal circumstances.
- 20 However, we found that Council tenants could potentially have contact with several different Council officers about their rent, suggesting no clear single point of access for support and that in some respects current arrangements are fragmented:
- Housing Service:
    - New Customer team
    - Secure Tenancies Team
    - Supporting People
  - Housing Intervention Team (HIT)
  - Revenues:
    - Welfare Reform Team
    - Rent Income Officers
    - Rent Enforcement Officers
- 21 We understand that monthly case management meetings are set up to discuss issues arising regarding vulnerable tenants. The membership includes officers from the Housing Service, Housing Solutions Team and, more recently, Income Service. However, there are more examples where communication channels could be improved between teams. For example, if Housing Officers have concerns about a tenant's rent situation, they would refer them via the gateway process and not directly to the HIT team. The HIT team only receives referral from the Rent Income Service. This means that tenants might experience delays in getting support. The Council is aware that it needs to improve its current training to ensure that Housing Officers ensure they consistently access communications from Income Officers of notices served to tenants, as well as eviction dates.
- 22 From April 2019, the Department for Work and Pensions (DWP) withdrew funding to councils to provide Universal Support, which included personal budgeting and help with using a computer to make or maintain claims. As a replacement service, the DWP contracted Cheshire West CAB provide a 'Help to Claim Service' for the county. It aims to help people with their claim processes up to when they receive their first Universal Credit payment. Most officers and representatives of the local CAB and Shelter Cymru we spoke to were unaware of how effective the 'Help to Claim Service' is, and there appeared to be little contact with this service by the Council or local advice services.
- 23 Other officers that were aware of the arrangement said that Cheshire West CAB has not provided any information about the numbers of residents accessing the service. Due to the absence of this information, the Council cannot assure itself its residents are being provided with the support they require. Cabinet Report minutes from 18 February 2020 say, 'this was being escalated to ensure that information

was available'. Since April 2020, the provision has shifted to a national call centre which operates a telephone service.

- 24 The 'Help to Claim Service' does not provide personal budgeting support, instead the local Welfare Reform Team provides this. It helps tenants who are affected by Universal Credit and other Welfare Reform changes. Demand for budgeting support has increased since the introduction of Universal Credit. We were also told that Accommodation Support Officers also provided this at the Council's Connect Offices prior to the COVID-19 pandemic. This indicates possible duplication and may cause confusion to those requiring support.
- 25 The New Customer Team focuses on new Council tenants, ensuring that pre-tenancy assessments are carried out and support identified to help minimise tenancy failures. As well as Council tenants migrating from Housing Benefit to Universal Credit when their circumstances change, the impact of the COVID-19 pandemic is an additional challenge. The Council is seeing more of its tenants having to sign up for Universal Credit for the first time, increasing the demands on various Council teams. Waiting times for the first payment of Universal Credit can take as long as five weeks, meaning some Council tenants may find themselves in arrears from the start of their tenancies. Ensuring early support to help Council tenants manage their finances may help to mitigate the impact on rent arrears.
- 26 The Coronavirus Act 2020 ('the 2020 Act') includes a range of powers to both respond to and manage the transmission of the virus. The Act ensures landlords give increased notice<sup>3</sup> to tenants facing eviction from rented properties before they can issue proceedings for possession. The effect will be to delay evictions meaning that fewer people face eviction into homelessness. Enforcement activity will be affected because of the Act, and the Council may face additional pressures once proceedings resume.
- 27 The Council recognises it will need to develop a new strategy to address the challenges the COVID-19 pandemic has presented. The Council is developing a corporate Recovery Strategy for the pandemic emergency response. We understand that reviews will take place to assess the ongoing impact of the COVID-19 pandemic on rent arrears.

### **The Council has taken steps to engage with its tenants but there is opportunity to do more, particularly to understand equality and diversity in the tenant population**

- 28 The Council has taken steps to engage with its tenants about rent arrears. As well as the HIT team, Housing Officers and Rent Income Officers are in contact with tenants. However, there is little evidence of regular formal engagement with

<sup>3</sup> The regulations now extend eviction notice periods granted under the Housing Act 1988 to six months in most cases, as opposed to the usual three months' notice for notices served in respect of secure tenancies and introductory tenancies. Since the second full lockdown in December 2020, evictions have again been halted.

tenants about the services they receive. It is unclear how the Council is measuring its effectiveness in this area.

- 29 We were told that a survey of Council tenants would be commissioned by the Housing Service, as the most recent survey we saw was undertaken in 2013-14. We were also informed that tenant surveys are undertaken, and the results are reported to the Housing Service Management team. The Rent Income Service does not have any arrangement in place to capture tenants' feedback. There is opportunity to strengthen integrated engagement arrangements to better understand the needs, experiences and aspirations of tenants to inform the delivery of the services in uncertain times.
- 30 Engaging with tenants might indicate where greater support is needed. We found there to be a lack of arrangements in place to gather and share information on vulnerable tenants especially in terms of communication. Information about tenants who have visual or hearing difficulties or English as a second language or a low level of literacy was not available. We found that such information can be captured in tenancy sign-up documents, by the relationships formed with Housing Officers and that their Housing Software system has the capability to record it.
- 31 The Council has identified risks as a result of welfare reforms. Universal Credit places an expectation on tenants to manage their own finances, but many tenants, especially those tenants considered to be vulnerable, cannot cope with the budgeting obligations of paying rent on time. In many cases, tenants with complex needs fall into arrears. More comprehensive equalities monitoring and tenant engagement could help the Council to improve how it supports its tenants.



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