

Agenda Item 12.

TITLE	Housing Rent Arrears - Update
FOR CONSIDERATION BY	Audit Committee on 5 June 2019
WARD	None Specific
LEAD OFFICER	Deputy Chief Executive - Graham Ebers

OUTCOME / BENEFITS TO THE COMMUNITY

Providing assurance on the internal controls in place to effectively and efficiently manage housing rent arrears.

RECOMMENDATION

That the Audit Committee note the update.

SUMMARY OF REPORT

At the last meeting of the Audit Committee, the Chairman asked for further information on the progress with implementing the recommendations from two independent reports on rent arrears management, together with current financial information on the collection of housing rents.

The report shows good progress with 42 of the 62 recommendations actions. The remaining recommendations are being implemented in 2019/20 as scheduled.

The action plan was split into three phases, the first two of which have now been completed. Themes for the first two phases included establishing partnerships with the Department for Work and Pensions for Universal Credit.

The improvement actions for housing income management are captured under the following themes:

- Implement a new strategic framework
- Promote a strong service identity
- Strengthen the performance management framework
- Manage demand to ensure that resources are targeted efficiently
- Agree and implement strategic partnerships
- Implement operational improvements – arrears prevention and case management

Further follow-up work will be conducted by internal audit in 2019/20.

Background

In February 2016, the Housing Quality Network (HQN) produced a report titled 'Report on rent arrears management'. This report contained 62 recommendations for consideration.

In September 2017, a further report was completed by an independent consultant. This report focussed on high level priorities that were divided into three phases with phase one the first priority. All 62 HQN recommendations were reviewed as part of the September 2017 report and some included as part of the highest priority phase one actions. An example was establishing partnerships with the Department for Work and Pensions for Universal Credit.

Analysis of Issues

Table 1 below shows 42 of the 62 actions have been completed

Table 1 – status of HQN recommended actions

Priority Phase	Actions completed	Actions in progress/to complete
Phase One	8	0
Phase Two	34	0
Phase Three	0	20
TOTAL actions completed	42	
TOTAL actions in progress		20

The team are continuing to complete the phase three actions that are part of the team action plan for 2019/20.

Effectiveness of the actions

The 2018/19 year-end performance outcomes are shown below that demonstrate the effectiveness of implementing the phase one and two actions of which some were HQN recommendations.

At 31 March 2019, collection (that excludes arrears brought forward) for the circa 2,600 Housing Revenue Account (HRA) properties was over 100% being 100.17% with collection for all tenancy types (HRA, garages, temporary accommodation, Loddon Homes Limited and Berry Brook Homes) at 100.22%.

In addition to collecting over 100%, arrears for the HRA properties reduced by £71,689, and arrears as a percentage of annual debit (the lower the figure, the better the performance) reduced by 0.40% as shown in **Table 2** below.

Table 2 – arrears reduction and arrears % annual debit for the circa 2,600 HRA properties

Time period	Arrears	Arrears as % annual debit
1 April 2018 (year-end end of week 52 – 2017/18)	£628,232	4.15%
31 March 2019 (year-end end of week 52 – 2018/19)	£556,543	3.75%
Total reduction	£71,689	0.40%

FINANCIAL IMPLICATIONS OF THE RECOMMENDATION

The Council continues to face severe financial challenges over the coming years as a result of reductions to public sector funding and growing pressures in our statutory services. It is estimated that Wokingham Borough Council will be required to make budget reductions of approximately £20m over the next three years and all Executive decisions should be made in this context

	How much will it Cost/ (Save)	Is there sufficient funding – if not quantify the Shortfall	Revenue or Capital?
Current Financial Year (Year 1)	£Nil	Yes	Housing Revenue Account (HRA)
Next Financial Year (Year 2)	£Nil	Yes	HRA
Following Financial Year (Year 3)	£Nil	Yes	HRA

Other financial information relevant to the Recommendation/Decision

None

Cross-Council Implications

None

Reasons for considering the report in Part 2

Not applicable

List of Background Papers

Independent reports – 2016, 2017

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