

# BWRDD GWEITHREDOL

## 1AF Mehefin 2021

### EFFAITH CREDYD CYNHWYSOL A COVID-19 AR ÔL-DDYLEDION RHENT

#### Y Pwrpas:

Pwrpas yr adroddiad hwn yw:

- rhoi'r wybodaeth ddiweddaraf am sut mae Credyd Cynhwysol a COVID-19 wedi effeithio ar ôl-ddyledion rhent tenantiaid y Cyngor;
- amlinellu cynlluniau sydd wedi cael eu rhoi ar waith i liniaru'r effaith a chefnogi tenantiaethau ar hyn o bryd ac yn y dyfodol; a
- cheisio cymeradwyaeth i gynnal achos llys lle mae pob cam arall i ymgysylltu a chefnogi tenantiaethau wedi methu.

#### Yr argymhellion / penderfyniadau allweddol sydd eu hangen:

1. Nodi lefel bresennol ôl-ddyledion rhent ac effaith Credyd Cynhwysol a COVID-19;
2. Nodi'r cymorth sy'n cael ei ddarparu i liniaru effeithiau Credyd Cynhwysol a COVID-19;
3. Cadarnhau y bydd ein cymorth ariannol yn cael ei ymestyn o £100,000 i £200,000 i helpu tenantiaid sy'n cael anawsterau, lle mae COVID-19 a chaledi ariannol arall am gyfnod byr wedi effeithio ar eu hincwm; a
4. Cadarnhau y byddwn yn ailgychwyn camau gorfodi ac yn dechrau cychwyn achos llys lle mae pob dull arall o ymgysylltu a chefnogi tenantiaid wedi methu.

#### Y rhesymau:

- Sicrhau bod yr aelodau'n cael y wybodaeth ddiweddaraf am faterion allweddol sy'n effeithio ar ôl-ddyledion rhent;
- Sicrhau bod tenantiaid yn cael cymorth mewn perthynas ag effaith COVID-19; a
- Sicrhau ein bod yn atal achosion o ddigartrefedd ac yn rheoli camau gorfodi yn rhagweithiol lle mae pob llwybr arall wedi'i archwilio.

Angen ymgynghori â'r pwyllgor craffu perthnasol: NAC OES

Angen i'r Bwrdd Gweithredol wneud penderfyniad OES – 1af Mehefin 2021  
Angen i'r Cyngor wneud penderfyniad NAC OES

YR AELOD O'R BWRDD GWEITHREDOL SY'N GYFRIFOL AM Y PORTFFOLIO:-

Y Cynghorydd Linda Evans (Deiliad y Portffolio Tai)

#### Y Gyfarwyddiaeth:

Cymunedau

**Enw Pennaeth y**

**Gwasanaeth:** Jonathan

Morgan

**Awdur yr Adroddiad:**

Jonathan Willis

Swydd:

Pennaeth Cartrefi a

Chymunedau Mwy Diogel

Rheolwr Cyngor a Chymorth

Tenantiaeth

Rhifau ffôn:

01267 228960/

01554 899232

Cyfeiriadau E-bost:

[JNWillis@sirgar.gov.uk](mailto:JNWillis@sirgar.gov.uk)

[jmorgan@sirgar.gov.uk](mailto:jmorgan@sirgar.gov.uk)

**EXECUTIVE SUMMARY**  
**EXECUTIVE BOARD**  
**1<sup>ST</sup> JUNE 2021**

**SUBJECT:**  
**THE IMPACT OF UNIVERSAL CREDIT AND COVID-19 ON RENT ARREARS**

**What is the purpose of this report?**

- To provide an update on how Universal Credit and COVID-19 has impacted on the level of rent arrears for Council tenants;
- To outline plans implemented to mitigate the impact and support tenancies currently and into the future; and
- To seek approval to undertake court proceedings where all other avenues to engage and support tenancies have failed.

**What is the context?**

We receive approximately £45 million rental income a year from Council housing. This is clearly important in terms of financing housing management, repairs, development of affordable homes and other Council services which support tenants.

The Council receives rent directly from tenants (cash, card payments, direct debit). We also receive other payments directly because of a tenant being in receipt of Housing Benefit or Universal Credit.

Universal Credit was introduced in 2018 and has gradually replaced Housing Benefit and a range of other benefits tenants would have claimed. It was the intention that the introduction of a single benefit payment was simpler and easier to understand. Furthermore, it was felt that those in receipt of benefits should be given the opportunity to manage their own finances.

Payments of Universal Credit are paid directly to the tenant unless the tenant is vulnerable or if there has been a history of rent arrears. The Department of Works and Pension (DWP) pay us the rent directly in the case of 326 households. This is probably one of the most significant changes as previously all Housing Benefit payments were paid directly to us.

Universal Credit has had an impact on rent arrears because:

- Universal Credit payments are made approximately five weeks in arrears; and
- Tenants sometimes do not prioritise the payment of rent.

**What has been the impact of COVID 19?**

The COVID -19 crisis has also had an effect. Some of our tenants have lost their jobs, have been furloughed and many have seen their income reduced.

During the first 2 weeks of the first lock-down in March 2020, 120 tenants moved onto Universal Credit. Over the year this has slowed but the number claiming Universal Credit has risen from 1,450 to 1,904. This is in line with expectations and part of the transition process.

### **What about enforcement action?**

Enforcement action is a last resort and clearly inappropriate when tenants find themselves in genuine difficulties. The introduction of The Coronavirus Act 2020, and subsequent amendments, meant that all court action was initially suspended. This offered all tenants protection against eviction. We ceased all enforcement action in March 2020, including serving Notices, and immediately began contacting all our tenants to offer as much advice and support as possible.

Notice periods during this time have been extended from 28 days to three months. Amendments were also made for the private rented sector and Housing Associations, increasing the notice period to six months. In line with Welsh Government advice, we also agreed to extend our notice periods to six months to further support our tenants.

There is, however, evidence which indicates there are a small number of cases where tenancies have not been impacted by the COVID-19 crisis, where tenants have repeatedly refused to engage with the support on offer. We are now recommending initiating enforcement action where it is appropriate to do so.

### **What has been the impact on Rent Arrears?**

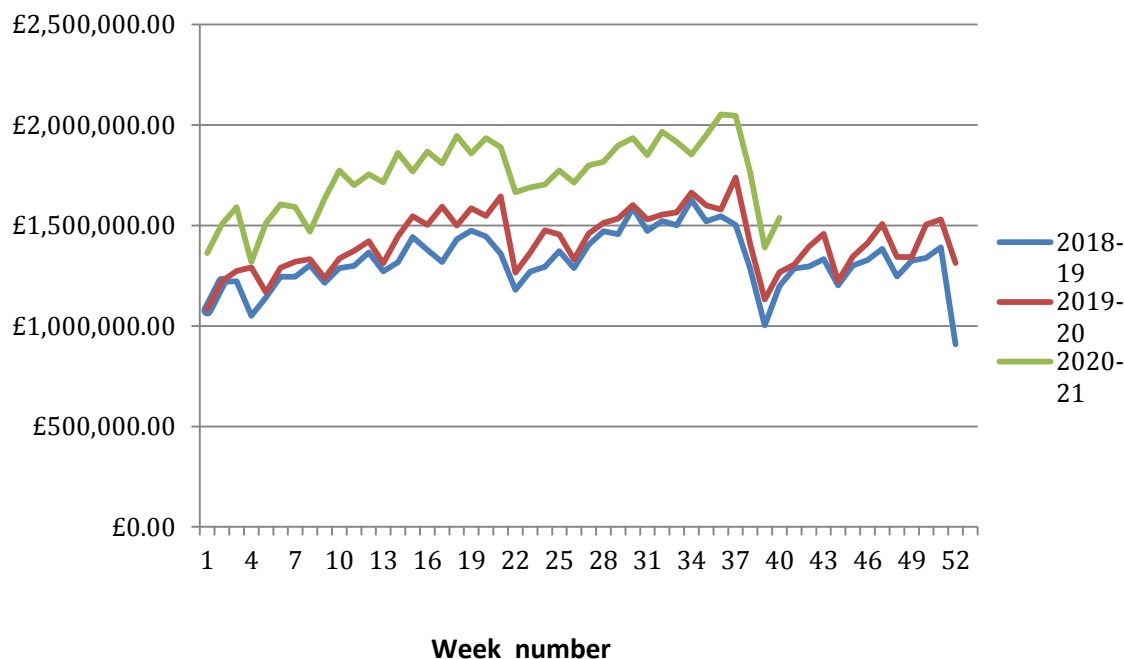
The graph below compares the level of arrears over a three-year period. The fluctuations over a 52-week period show similar patterns.

Universal Credit payments are made 5 weeks in arrears which will influence the overall level of arrears. The number of tenants in receipt of Universal Credit has increased (454) over the year and this equates approximately £220,000.

The arrears level at the end of 2020 was **£1.537m** compared to **£1.267m** in January 2019. Excluding the additional 220k this year for Universal Credit claimants this year the rise in arrears involves approximately a further **£50,000** over the year compared to the previous year.

Other factors involve:

- Tenants general reduction in income because of COVID-19; and
- Reduced enforcement action relating to possession.



The Welsh average level of arrears is about 4% of the total income expected by a local authority. Over the period Carmarthenshire have been consistently below that figure.

### How are we supporting tenants?

Since the introduction of Universal Credit, we have built capacity to mitigate the changes and provide more focused support to tenants. We have:

- realigned our housing service to provide a dedicated Advice and Tenancy Support Team;
- refocused the work of 12 housing officers who now specialise in providing the necessary support to tenants. These officers work closely with our housing advisors to ensure we maintain tenancies and prevent homelessness; and
- Set up a pre-tenancy service to help and provide advice to new tenants to ensure the tenancy starts on a firm footing.

As a result of the COVID crisis we have expanded the support we provide. This has helped mitigate the impact and at the end of the financial year rent arrears were recently confirmed at £1.193 m compared to £1.124 m in 2019/20. Clearly there is an ongoing process to continue to recover and reduce arrears during 2021/22.

We can confirm the following measures have been in place:

- Setting up a back-office team to support people who are having real problems accessing benefits and other government schemes. Officers with appropriate experience are involved in this who link with Shelter to provide specialist support:
- Opening our Housing Advice Line 9 am -12 midday on Saturdays, on average we are able to deal with 40 housing advice enquires:

- Continuing to contact our most vulnerable tenants on a proactive basis. We have called 2,000 of our tenants who are over 70 to check on what help and support they may need;
- Our Tenancy Support team are continuing to provide budgeting support and helping access to benefits. We use our links with DWP to fast-track claims and remove blockages. (We established a Trusted Partners Status with DWP last year which has enabled us to access information more easily).
- Using our existing homeless prevention fund (currently the budget is £100,000 per year for council tenants) to encourage and support tenants to pay their rent and prevent homelessness. Over the year we spent £150,000 and supported nearly 300 tenants. We are now looking to increase the amount available through our prevention fund to £200,000; and
- Financially supporting (£25,000) our community support response on emergency food provision directly to our tenants. Our Housing Officers make referrals and issue vouchers by linking with the foodbanks.

### **Recommendations**

- 1. To note the current level of rent arrears and the impact of Universal Credit and COVID-19;**
- 2. To note the support being provided to mitigate the effects of Universal Credit and COVID-19;**
- 3. To confirm the extension of our financial support to help tenants in difficulties, where their income has been affected by COVID-19 and other short financial hardship, from £100,000 to £200,000; and**
- 4. To confirm we re-institute enforcement action and start initiating court proceedings where all other means to engage and support tenants have failed.**

<b>DETAILED REPORT ATTACHED?</b>	<b>NO</b>
----------------------------------	-----------

# IMPLICATIONS

I confirm that other than those implications which have been agreed with the appropriate Directors / Heads of Service and are referred to in detail below, there are no other implications associated with this report:

Signed: Jonathan Morgan

Head of Homes and Safer Communities

Policy, Crime & Disorder and Equalities	Legal	Finance	ICT	Risk Management Issues	Staffing Implications	Physical Assets
<b>YES</b>	<b>YES</b>	<b>YES</b>	<b>NONE</b>	<b>YES</b>	<b>YES</b>	<b>NONE</b>

## 1. Policy, Crime & Disorder and Equalities

The Council's Corporate Strategy clearly aims to support those in poverty and prevent it, wherever possible. The package of advice and additional financial support is intended to support this aim and to ensure tenancy sustainability.

## 2. Legal

Initially there was an embargo on landlords evicting tenants. This changed in August 2020, but landlords are required to put tenants on six months' notice that they intend to take eviction proceedings.

## 3. Finance

It is proposed that the current Prevention Fund budget of £100,000 from the Council's Housing Revenue Account (HRA) is extended to £200,000 for the remainder of this year and 2021.

Steve Williams 18/01/21.

## 5. Risk Management Issues

Failure to undertake enforcement action where tenants do not engage will result in a continued rise in arrears overall.

## 6. Staffing Implications

The continued COVID-19 crisis has resulted in an increased demand on tenancy support services. We have recently seconded three additional officers into the Advice and Tenancy Support Team to meet this demand.

# CONSULTATIONS

I confirm that the appropriate consultations have taken in place and the outcomes are as detailed below

Signed: Jonathan Morgan

Head of Homes and safer Communities

**1. Scrutiny Committee - N/A**

**2. Local Member(s)**

Not applicable at this stage.

**3. Community / Town Council - N/A**

**4. Relevant Partners -**

Shelter Cymru are a key partner who support tenants with money and debt advice. They are engaged in the event of any individual re-possession proceedings.

**5. Staff Side Representatives and other Organisations**

N/A

**EXECUTIVE BOARD PORTFOLIO  
HOLDER(S) AWARE/CONSULTED:**

**YES**

Councillor Linda Evans has been consulted and is favour of the recommendations

**Section 100D Local Government Act, 1972 – Access to Information**

**List of Background Papers used in the preparation of this report:**

**THERE ARE NONE**