

Report to the Stronger Communities Select Committee



Date of Meeting: 21 July 2020

Portfolio: Housing and Community Services – Councillor H Whitbread

Subject: Impact of covid 19 on Income Recovery (rent)

**Responsible Officer: Deborah Fenton (01992 564221)
Service Manager**

Democratic Services: Jackie Leither (01992 564265)

Recommendations/Decisions Required:

- (1) That the contents of this Report on the impact of covid-19 and the delivery of services relating to Income Recovery, be noted and presented to Stronger Communities Select Committee.**

Executive Summary:

This report sets out the impact of covid-19 on the collection of rent, in particular it highlights the increase when compared with the same period in 2019. The report also gives some insight into the impact on the income of individuals as indicated by the increase in Universal Credit claims.

The report provides an overview of the measures being taken to support residents whilst also working to protect the rental income, therefore providing some certainty for the HRA account.

Reasons for Proposed Decision:

This report sets out the financial impact of covid-19 on the council and is presented to this Select Committee for information.

Other Options for Action:

This report is for noting purposes only. There are no other options for action.

The Report:

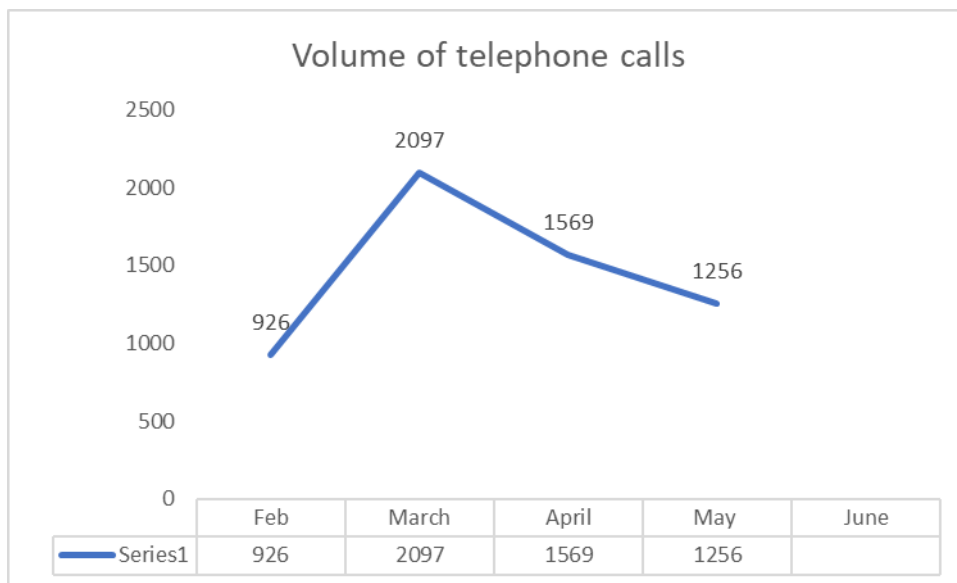
Incoming telephone calls

The emergence of covid-19 and the lockdown in March of this year led to an understandable level of concern and worry for our residents, which cumulated in a significant increase in telephone calls, up over 100% in March. The analysis of calls points to many residents being

concerned about their ability to pay their rent due to being furloughed or losing their jobs. A small number of people were confused regarding the governments message around mortgage and credit card holidays, this led to the team diverting resources to cover the vast increase in telephone calls.

The graph below highlights the increase in number of calls, it should be noted that although the number of telephone calls has dropped dramatically since the beginning of the covid-19 outbreak, the volume of calls is not yet at a pre-covid-19 level, this is impacting on the team’s ability to provide targeted services to those people who have levels of debt.

Increase in telephone calls over covid period to Income Recovery workgroup (126% increase in March alone)



Universal Credit

As stated previously the evidence highlights that covid-19 has had a significant impact on the income of our residents. A recent study and subsequent report by The Institute of Fiscal Study found that:

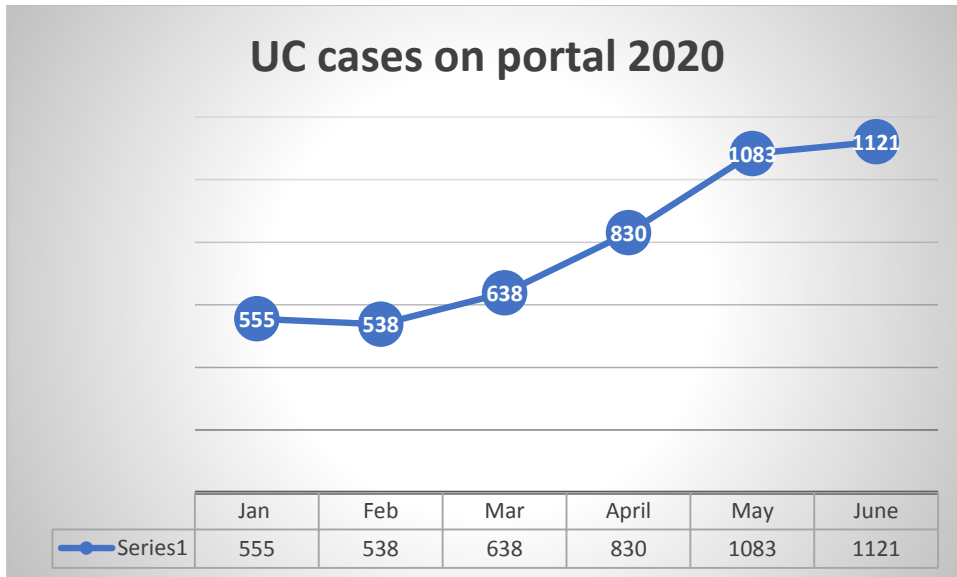
By May 2020, when compared with what we would have predicted just before the crisis hit based on trends up to that point:

The number of jobs was 4% lower, median after-tax household earnings were 9% lower and median household income (including benefits) was 8% lower: a monthly income loss equivalent to roughly £160. This is largely the result of abrupt falls in April – but with little or no signs of recovery in May.

Numbers of mortgage, rental and council tax payments were, respectively, 14%, 11% and 9% lower. This represents a further deterioration since April, suggesting that some households were increasingly struggling to make ends meet as the crisis persisted.

The graph below highlights the increase in the numbers of applicants claiming Universal Credit, it should be noted that there is a delay of at least 5 weeks before an applicant receives their first UC payment, this is increase rent arrears in the short term.

Increase in UC applications and associated work: 108% increase in UC cases over covid-19 period

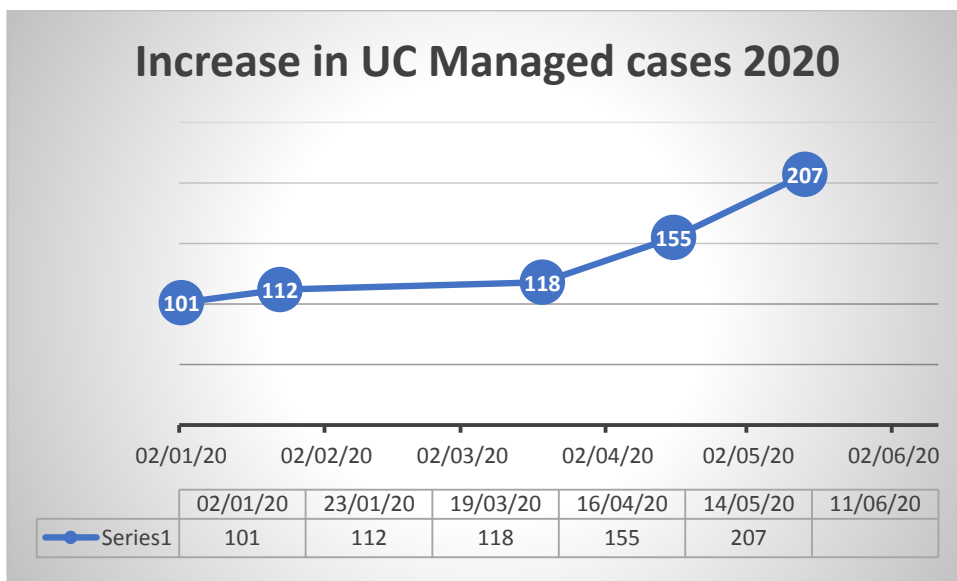


Managed Universal Credit Cases.

Further to the increase in overall cases there has been an increase in the number of managed cases. Officers can request to manage payments on behalf of residents who are struggling with managing their Universal Credit payments, these are usually people with vulnerabilities. Additional support is being offered to all residents who are experiencing difficulties, this is in addition to our current responsibilities under the pre action protocol.

The graph below highlights the increase in the number of managed cases from January to June

Increase in APAs over covid-19 period (Managed payments direct to Council)



Overall Impact on rent arrears

Compared with income last year the increase in arrears is as follows:

March	13%
April	19%
May	19%

This suggests a levelling out of arrears which is positive given that lockdown restrictions are only just beginning to be lifted. The team are continuing to take a supportive approach towards customers in arrears, evictions and possession hearings have been suspended, however we are serving notices on residents who we assess as 'won't pay' rather than 'can't pay'. Further action on these cases will take place as soon as the suspension is lifted.

Resource Implications:

The team are currently fully staffed, there are no immediate plans to increase the establishment to aid the recovery of rent arrears, however this will be kept under review.

Legal and Governance Implications:

There are no current anticipated Legal and Governance implications of merit at the time of writing this report.

Safer, Cleaner and Greener Implications:

NA

Consultation Undertaken:

All policies and are consulted upon before being implemented.

Background Papers:

N/A

Risk Management:

The Risks associated with the loss of rental income will be monitored as they have a direct impact on the HRA account and our ability, in the future to fund necessary planned works.