
Report of Head of Finance, Resources and Housing.

Report to Housing Advisory Board

Date: 3 October 2017

Subject: Housing Leeds (HRA) Revenue Financial Position Period 4 - 2017/18

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

The purpose of this report is to update Housing Advisory Board on the revenue financial position for the Housing Leeds (HRA) service as at the end of July 2017 (Period 4).

Recommendations

Housing Advisory Board is requested to note the contents of this report.

1. Summary Position

1.1. At the end of Period4 the HRA is projecting a balanced position against the 2017/18 Budget.

2. Key Variances – Income

2.1. Income is projected to be £113k lower than budget. The main areas of projected variation are; a projected reduction in rental income of £336k which has arisen primarily as a result of lower stock numbers due to higher Right to Buy (RtB) sales, a £233k increase in fee income from increased RtB sales, increased catering income of £36k at the new Whafedale View extra care facility, £195k underachievement on capitalised salaries due to staff vacancies, £88k additional KPI income and £61k additional income from a range of other sources such as charges for the use of Housing Leeds property for polling station use.

3. Key Variances – Expenditure

- 3.1. Expenditure is projected to be £113k under budget.
- 3.2. As a result of savings on vacant posts, a saving of £355k is projected in relation to employee and training costs.
- 3.3. Premises are projected to underspend by £5k.
- 3.4. Supplies and Services are projected to underspend by £65k, primarily due to Community Links furniture expenditure being less than budgeted for.
- 3.5. There is a projected net overspend of £267k in relation to charges for internal services. This is primarily due to planned Additional Fire Safety work of £321k and £65k investment in Community Safety to provide additional support outside of normal working hours. This is offset by net savings of £119k across other internal charges.
- 3.6. Other expenditure minor variations total a £45k overspend.

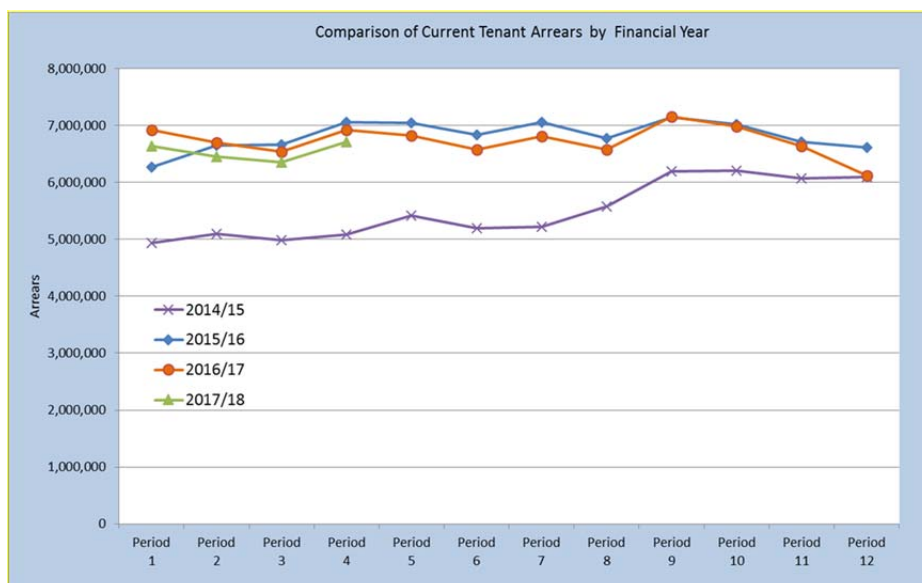
4. Right to Buy (RTB) Sales

- 4.1. To the end of July 2017 there were 184 completed sales. It is anticipated that total year sales of 530 units will generate sales receipts of £27.7m. The Government formula in respect of 2017/18 indicates that the Council would be able to retain total receipts of £21m. Of this £11.1m could be used by the Council for acquisition/build of properties representing 30% of the costs, or to passport to Registered Social Landlords (RSLs) as a grant to fund 30% of the cost of building new housing stock. Of the balance £7.4m could be used to repay debt with £2.4m being used to fund other capital expenditure.

5. Arrears and Collection Rates

- 5.1. As shown below arrears for current tenants as at the end of July 2017 (£6,710k) is lower than the level of arrears 12 months ago in July 2016 (£6,917k).

Comparison of Current Tenant Arrears 2014/15- 2017/18



5.2. Collection Rates

Rent & Arrears Collection Rate (%):

	May	Jun	Jul
2016/17	96.77	97.15	96.73
2017/18	96.32	96.00	96.48

- 5.3. Rent collection performance for July 2017 stood at 96.48% which is 0.25% lower than the July 2016 figure of 96.48%. However performance has improved over the last 3 months increasing from 96.32% in May to 96.48% in July. The trend between May and July is in a much stronger position this year, if the current trend continues, rent collection will be in a better position at year end.
- 5.4. Rent arrears have reduced by £250,000 over the last 12 months from £6.36m in July 2016 to £6.11m in July 2017.
- 5.5. Rent Collection is a key priority for Housing Leeds and staff resources are focused on rent collection each week. Robust performance management is taking place with local managers monitoring individual housing officer performance and activities on a weekly basis. A number of offices are currently receiving support from the Income Service to analyse their performance and provide further guidance on improvement processes to follow.
- 5.6. Cases sent for possession have been reviewed and teams will ensure that arrears cases, where tenants are not making payments or engaging with the officer, will be processed in a timely manner.
- 5.7. The Chief Officer is monitoring performance on a weekly basis and held further arrears challenge meetings with managers in July 2017. These are being particularly useful with performance being scrutinised down to team and officer level with recovery plans being both formulated and reviewed as necessary.
- 5.8. Housing Leeds has worked with the Illegal Money Lending team who have provided up to date training for staff regarding Loan Sharks. Campaigns and action days have been undertaken in a number of areas to highlight this issue with residents. The campaign encourages tenants to report suspicious activity and to use ethical lending organisations such as the Leeds Credit Union.
- 5.9. Over recent months we have been talking to a number of other landlords to seek out and share good practice in rent collection and some of this is being incorporated into our procedures, communications and campaigns over the forthcoming months. This work will ensure Housing Leeds has a fit for purpose rent collection service to meet future challenges including the roll out of Universal Credit Full Service in June 2018.
- 5.10. Housing continue to embed a "Rent First" culture within the service. Through the planned review of the tenancy agreement we are planning to strengthen our requirement for tenants to pay rent in advance and by direct debit. We are also reviewing our arrears communications to residents using behaviour science, to increase the impact of these communications.

5.11. At the request of the Board we have also reviewed whether we should consider the introduction of rent free weeks and monthly tenancies. Having liaised with other local authorities we are proposing to not pursue either option at this stage. Tenants on most payment methods would not benefit from rent free weeks as their rental charge is paid in equal amounts over the year and those on Universal Credit would see additional arrears accrue over the year which wouldn't clear until the year end. Instead we will consider the outcome of "Supported Rent Flexibility" which is being trialled by the Centre for Responsible Credit which provides a more personalised rent payment plan which is linked to payment method and personal circumstances.

5.12. If we were to set up monthly tenancies this would present some issues for the service and tenants, as it would mean that tenancies could only be terminated at one point in each monthly period, e.g. if the tenancy started on the first of the month it could only be terminated on the first of the month, rather than weekly as at present. We therefore proposed to retain weekly tenancies, which still allow payment to be made on a monthly basis.

5.13. Under occupation

Number of tenants in under-occupation:

	May	Jun	Jul
2016/17	4986	4861	4835
2017/18	4515	4421	N/A

5.14. Arrears due to Under Occupation continue to decrease. The number of tenants affected by Under Occupation has been gradually reducing over recent months from 5054 in August 2016 to 4421 in June 2017. There continues to be approx. 300 tenants per month who are newly affected by Under Occupation as household compositions change. Housing Leeds are contacting those tenants and arranging a home visit if required and a range of support measures are offered including;

- Assistance with downsizing through the Leeds Homes Register or via a mutual exchange
- Budgeting Support and Debt Advice through partner agencies in house and through partner agencies
- Benefit advice and applying for Discretionary Housing Payment
- Fuel switch and utility grants
- Help finding employment and voluntary work

6. Recommendations

6.1 Housing Advisory Board is requested to note the contents of this report.