

# East Lothian Council

FOI Ref: 2018/521624

**1. What were the total rent arrears from council maintained/owned housing for the financial years: (Please supply as both a monetary figure, and a percentage of council homes rental income).**

- a) 2015-16**
- b) 2016-17**
- c) 2017-18**

This information is available on the Scottish Housing Regulator website. This means that, for the purposes of this legislation, this part of your request is exempt under Section 25(1) of the Freedom of Information (Scotland) Act 2002 as the information is otherwise accessible. We have, however, provided a link to the relevant page for your convenience. The information is under "charter data – all social landlords" and the information for 2017/18 will be available from the end of August.

<https://www.scottishhousingregulator.gov.uk/find-and-compare-landlords/statistical-information>

**2. What is the current average level of arrears, in monetary value, of tenants receiving:**

- a) Universal Credit**
- b) Legacy benefits (the old Housing Benefit);**

At end March 2018:

- Tenants claiming Universal Credit had an average rent arrear of £979.59
- Tenants claiming Housing Benefit had an average rent arrear of £368.98

**3. In your housing accounts, what was the monetary value of bad debt provision (rent that cannot be collected) for the financial years:**

- a) 2015 – 16**

£512,464.40

- b) 2016 – 17**

£141,868

- c) 2017 - 18**

£498,348

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**4. As part of your future financial planning:**

- a) What are the predicted rent arrears levels, (in both monetary terms, and as a percentage of rental income), for 2022 – 2023, (when Universal Credit is expected to have been rolled out across the country)?**
- b) Of this amount, how much in monetary terms is “bad debt” – i.e. rent that cannot be collected?**

East Lothian Council carried out an impact assessment of Universal Credit in January 2015, prior to moving on to the Universal Credit Live Service. The detrimental financial impact on mainstream council house rent arrears was projected over a four year period, at the end of which, we expected full rollout to have taken place. This was not the case due to delays in the rollout of this benefit by The Department for Work & Pensions.

At present, projections do not extend as far as 2022/23. East Lothian Council is now in its fourth year of managing Universal Credit. It is estimated that, by the time all claimants have migrated to Universal Credit, 2,700 Council house tenants will be claiming this benefit. At end March 2018, 1,452 tenants had already made this transition and were claiming Universal Credit.

Early projections around the impact on council house rent arrears were up to end 2018/19 and were based on a 90%, 75% and 50% collection rate. By end 2016/17, a significant impact on rent arrears was reported, with an overall increase of 29.35% in rent arrears. A high number of tenants moved onto Universal Credit in 2016/17, however, this slowed down considerably in 2017/18 and East Lothian Council reported an overall reduction in rent arrears of 3.26%.

Work is ongoing to support council house tenants claiming Universal Credit and we are now starting to plan for the managed migration which will see the remainder of tenants claiming Housing Benefit move onto Universal Credit. At this time, the Department for Work & Pensions has given no timescale for East Lothian's managed migration. No projections are available at this time to estimate the impact on rent arrears, however it is expected to be severe.

We have no dedicated bad debt provision for Universal Credit and are working with tenants who have rent arrears to ensure this debt is repaid, albeit in many cases, over a longer period of time.

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**5. How many evictions from council properties (with rent arrears being the primary reason) have there been for the financial years:**

- a) 2015-16**
- b) 2016-17**
- c) 2017-18**

Please refer to Q1 above.

**6. Have you undertaken any assessment of the impact of Universal Credit on your current or future finances and services? (E.g. the ability to build new homes, or offer tenant welfare support) If so, then please disclose it.**

The impact of Universal Credit on council house rent arrears is a major concern for East Lothian Council and there is a great deal of scrutiny and performance analysis around this area. Additional investment has been made by East Lothian Council to bolster rent collection and welfare support services and to mitigate any risk to future finances and services. However, as mentioned above, the managed migration is expected to impact heavily, but as yet timescales are unknown. A number of Universal Credit and rent arrears council committee reports have been published on the council website.