

Report for: HOMES POLICY DEVELOPMENT GROUP

Date of Meeting:	18 th November 2025
Subject:	MID DEVON HOUSING RENT ERROR UPDATE
Cabinet Member:	Councillor Jane Lock, Cabinet Member for Housing, Assets and Property Services. Councillor John Downes, Cabinet Member for Governance, Finance and Risk
Responsible Officer:	Andrew Jarrett, Deputy Chief Executive (S151) and Simon Newcombe, Head of Housing and Health
Exempt:	None
Wards Affected:	All wards
Enclosures:	None

Section 1 – Summary and Recommendation(s)

This report provides a further update on the corrective measures completed and next steps to rectify an identified historic rent setting error. It follows a series of regular updates to the Policy Development Group, most recent of which was at the previous meeting in September 2025.

Work to deliver refunds and complete actions under the rent error action plan (tracker) has continued at pace to the point where all cases for live tenancies have been completed. This excludes those with an element of Universal Credit (UC) where a national decision is still awaited from the Department for Work and Pensions (DWP) to resolve these. We are in process of writing to all current tenants with UC related cases to update them as to the delay and provide further assurance that we continue to press for a solution.

Work has now progressed in the review of a small number of historic evictions (possession cases) on former tenancies with a rent debt element. In-lieu of a resolution to the UC related cases work will now also commence on all former tenancy cases more widely.

Senior officers and the Cabinet Member for Housing had an annual engagement meeting with Regulator of Social Housing on 13 November. This included a further monitoring update on the delivery of our rent error action plan and continued progress to date. As far as is possible, a verbal update on this meeting will be provided at the PDG meeting.

Recommendation(s):

- 1. That Homes PDG notes the report.**

Section 2 – Report

1 Introduction

- 1.1 Members will have noted the Housing Rents report provided to Cabinet in December 2024 setting out the background to the historic tenant's rent error.
- 1.2 The Cabinet report set out that during the first year's audit with our new incumbent auditor, Bishop Fleming, it was identified that one integral part of a historic formula used to calculate tenant's rents had been incorrectly applied. This has resulted in all tenant's rents being incorrectly set for a number of years.
- 1.3 The Government introduced the current national 'formula' for the calculation of social housing rents in 2001. This required housing providers such as the Council to apply several factors to calculate housing rents in its area for different sized properties. Within this formula were valuations for our properties where the Council incorrectly averaged some of our data, resulting in the wrong base rent being set at the time and the historic over or under charge situation has emerged as a legacy of that miscalculated valuation. Since this initial error, the Council has correctly applied further annual increases or decreases in its rent as set by the Government each year, but our rent base required re-calculation so that all rents are correct in future. This baseline re-calculation was completed in January 2025 and independently verified. All rents have been therefore been correct since this date.
- 1.4 As soon as this isolated error was identified and evaluated we have; self-referred ourselves to the Regulator of Social Housing (RSH) have had discussions with; the RSH, the Department for Work & Pensions (DWP), Bishop Fleming (BF), the Devon Audit Partnership (DAP) the Valuation Office (VOA) and have secured an external legal opinion from a KC. In addition to these we have held regular meetings with external partners.
- 1.5 We have also set up a dedicated officer group in order to manage the recovery process and consider all aspects of how the corrections can be delivered in the most timely and effective manner, whilst considering any additional support our tenants may require during this process.

- 1.6 A further comprehensive update was provided to both the Homes PDG and Scrutiny Committee in March 2025 followed by Cabinet in April 2025 and the PDG in September 2025 along with regular updates directly to the respective Cabinet leads for Housing and Finance alongside responding to any local queries from Members on a ward/tenant specific basis. This makes up our comprehensive rolling programme of Member engagement and updates on this issue.
- 1.7 It is important that our tenants are also kept informed. Additional communications with tenants have been undertaken and further work is planned as set out in Section 3.

2 Corrective actions and progress update

- 2.1 The December Cabinet report and subsequent updates set out a series of actions and decisions, which have been updated below to reflect progress since.

Table 1 - Actions taken, completed or ongoing

Actions	Date/Decisions
<i>Immediate</i>	
1 - Self-referral to RSH	17/9/24
2 - Set up weekly key officer recovery group (1)	19/9/24
3 - Contact DWP + other bodies (2)	14/10/24
4 - Confirm beacon values with VOA (3)	1/11/24
5 - Secure KC legal advice (4)	14/10/24
6 – Plan Communication strategy (5)	Ongoing
<i>Current and Next Steps</i>	
7 - Model over/under charges at summary level (6)	Completed
8 - Model aggregate potential impact on HRA (7)	Completed
9 - Detailed modelling of individual tenants positions	Completed
10 - Issue initial letters to tenants – split between over/unders	Completed
11 - Consider staff resourcing requirements	Completed
12 - Any new tenancies charged at corrected rates	Completed
13 - Correct current overcharged tenancies	Completed
14 - Issue refunds where applicable (8)	Completed
15 - Consider extra support to vulnerable tenants	Completed
16 - Design/agree new control process of updated rents	Completed
17 - External review of modelling and new controls (9)	Completed
18 - Provide RSH with additional information as requested	Completed (ongoing progress updates continue to be provided)
19 - Stand up dedicated officer technical working group (1)	Completed
20 - Agree and commence recruitment of additional resources into 18 (1)	Completed

21 - Review potential overcharged tenants compensation in-line with adopted HRA Tenant Compensation Policy	Completed
22 – Detailed engagement with other LAs currently working on similar rent error issues (e.g. Cambridge)	Completed
23 – Refunds issued to current tenants where no benefit implications	Completed September 2025
24 – Complete Housing Benefits claims analysis and issue refunds to DWP for overpayment of benefit (Subsidy correction)	Completed October 2025
25 – Commence detailed review of former rent arrears evictions (possession cases) where rent overpayment	Commenced 14/08/25 – see update below
<i>Decisions</i>	
18 - Agree on quantum/period of correction (4)	Cabinet 10/12/24
19 - Leave undercharged tenancies unchanged (10)	Cabinet 10/12/24
20 - Approach to the review and mitigation of any former tenant evictions where accounts have been historically overcharged	Cabinet 01/04/25

Notes:

- 1 – group made up of officers from; housing, finance, legal, benefits, customer first, communications and regular updates provided to relevant Cabinet members. This initial group has now morphed into a dedicated, technical officer working group with a project tracker. Oversight is provided by LT and CMT (Andrew Jarrett, Dean Emery and Simon Newcombe). Additional resources have been agreed to support the ongoing work and this approach has been discussed with the RSH who in turn support this approach
- 2 – as referred to in para. 1.3 and other Councils and Housing Associations
- 3 – reaffirm all of our “beacon” housing values back to source data with the VOA
- 4 – to follow legal advice from KC to apply the statutory limitation of going back 6 years based on the aggregate financial quantum estimated.
- 5 – to include press releases, FAQs on the website and all other communications with our tenants and organisations that assist them (e.g. Churches House Action Trust (CHAT), CAB, Involve, Moneywise, etc).
- 6 – initial modelling at a gross exposure level (i.e. excluding Universal Credit, Housing Benefit, Council Tax Reduction, previous write offs, arrears, changes in tenancies, etc. Total value required for planning next steps
- 7 – assessment required to establish total financial quantum and how it could be financed and what impact it may have on future viability of the HRA.
- 8 – refunds are likely to be processed in tranches, focusing on current tenants. This will be fully communicated to our tenants.
- 9 – procuring external support from the Housing Quality Network (HQN) to review our correction strategy and any new processes/controls once finalised
- 10 – this position will only change upon a change in tenancy

Refunds to date

- 2.2 All current tenancy cases have been completed for non-benefit related tenancies and Housing Benefit (HB) tenancies. Accordingly, this excludes those current tenancies with an element of Universal Credit (UC) where a

national decision is still awaited from the DWP to resolve these. See paragraph 2.21 for more information.

- 2.3 Consequently, 149 non-benefit tenancies and 317 HB tenancies have been processed. Refund correspondence and case details have been sent to all tenants and most non-benefit refunds have been claimed. HB refunds started later, towards the end of September 2025, and are still being processed at the point of writing this report.
- 2.4 As of 28 October 2025, refunds to a total value of £169k have been made to tenants directly. Only a further £17k remains unclaimed. As a result, around 90% of refunds processed to date have been claimed demonstrating our approach is highly effective. We are making further, ongoing efforts to engage with the outstanding tenants who haven't claimed refunds, as described further in section 3.1.
- 2.5 A further refund to the DWP will be made totalling £464k in respect of HB subsidy. This is the DWP element owed in respect of HB overpayments made because of the overcharged rent.
- 2.6 In combination, the non-benefit and HB related cases now processed equate to approximately 40% of current tenancies that were historically overcharged being fully resolved. The remaining circa 60% relates to cases with an element of UC involvement and is around 720 current tenants of the 1,186 overall that were historically overcharged.
- 2.7 The cohort of tenants with a UC element is subject to some uncertainty and further refinement due to DWP information restrictions as set out in paragraph 2.21. As noted in paragraph 3.1, we are also contacting all 720 tenants who we believe may have a UC element where we anticipate this will generate further contact and discussion with tenants to help us to refine our understanding of this group in the absence of primary DWP data. Where we can rule out any specific cases from having a UC element as result of this work then we will accelerate any refunds.
- 2.8 Of the £169k refunded directly to tenants, this includes approximately £7k of compensation payments accepted by tenants and made in accordance with the adopted MDH Tenant Compensation Policy as per previous Cabinet agreement. Under the policy, the maximum compensation payment per tenant is £250 and the minimum is £25 depending on the value of the refund.
- 2.9 Where there are refunds to process, refunds continue to take place twice weekly but can happen daily if required. These continue to be net of any housing rent or other housing arrears, which has helped to remove approaching £11k of debt previously held by tenants thereby improving their financial position. Where arrears are greater than the overpayment no refund would be

due, however the tenant is still updated and made aware the positive change to their account balance.

Review of historic evictions

- 2.10 As noted previously, we have commenced work on the detailed review of historic evictions (possession cases) which involved an element of rent arrears. Of the initial 70 cases, these have been reduced to around half once cases involving historic rent underpayment had been removed.
- 2.11 The housing team are currently reviewing this remaining caseload directly against the criteria and mitigating factors set out in the March report and subsequently approved by Cabinet. This is largely a manual exercise cross-referencing historic records and therefore relatively time-consuming.
- 2.12 All cases have been through an initial review and information gathering exercise. A further 12 cases have been reviewed in-depth and in full where we have identified that one or several of the mitigation factors are valid, therefore we can confirm that the historic over-charge of rent was not a material factor in the eviction. Detailed review records will be retained in case of any future, relevant challenge from within this limited group of former tenants.
- 2.13 Whilst it was hoped to have completed all in-depth reviews now, each review has taken more time than anticipated where team resources have also been diverted to a focus on completing current tenancies as set out above. It is now anticipated that the remaining 23 cases will be completed by December 2025.

RSH engagement

- 2.14 We continue to have proactive engagement with the RSH through regular meetings to provide continued assurance that we are meeting our action plan and delivering appropriate tenant redress. The first of these meetings post-judgement was in June 2025 whereby the Council provided detailed progress updates across a range of themes and actions as prescribed by the regulator:
- Committee reports
 - Statistics and Management Information
 - Letters to tenants
 - Communications and website FAQs
 - DWP engagement update
 - Action Plan and tracker
- 2.15 This evidence was well received and fully met the ongoing engagement requirements of the RSH. As noted in the previous update, the next meeting within them was scheduled in September 2025 however this was postponed at

the request of the RSH who rescheduled and combined it with our regular annual RSH/Landlord engagement meeting on 13 November 2025.

- 2.16 A verbal update on the above meeting will be provided at the meeting. In the meantime, we have continued to provide proactive e-mail updates to the RSH on progress to demonstrate the continued efficiency of the corrections process and adherence to our action plan.

Vulnerable tenants

- 2.17 As set out in previous updates, we have provided additional support where vulnerable tenants have been identified. This includes those larger refunds that may cause an issue around addictions and spending choices, tenants with capacity or learning disabilities or where the primary language is not English and therefore additional support is required.
- 2.18 Support we have provided varies on individual basis but has included 1:1 conversations and face to face meetings with our neighbourhood housing officers, signposting third party specialist support and advice, ensuring translation of refund documentation is available and working with appointed individuals who act formally as representatives of the tenants.
- 2.19 Where we have processed a current tenancy case and identified the refund due, some customers have told us that the household is in financial stress for several unrelated reasons. In these circumstances, we've fast-tracked refund payments either same or next day to provide support as quickly as possible. We have also been approached by a small number of former tenants also in financial stress to check if they historically overpaid where we've expedited an early review of their case and made limited refunds quickly as a result. We are therefore ensuring these vulnerable customers are not unduly delayed a refund and are supported as effectively as possible.
- 2.20 Around 60 such vulnerable tenants and/or requests for follow-up support at one level or another have been identified to date where around £91k of refunds have been made or are waiting to be made as a result.

DWP update

- 2.21 As previously noted, under the DWP's own rules they remain unable to share information on current and historic tenancies where Universal Credit (UC) claims have been made. As such, the Council have no certainty who had been a potential claimant at any point in their tenancy - thus we cannot apportion what is a tenant refund and potentially DWP monies. There will need to be a legal change made by DWP to allow relevant information to be shared.
- 2.22 Furthermore, the DWP continue to be in position where they are not yet able to confirm how they will calculate any overpayment and agree a process for any UC repayments.
- 2.23 This is a national issue and the DWP have confirmed that matters around information sharing, and incorrect rents continue to be raised at "Treasury" level

due to the complexity of the problem and circa 20 Councils are flagging similar rent issues with them. Local DWP officers have been very supportive, and as set in the previous report, we have held a meeting with senior DWP officers at a national level to discuss the issue and press for an expedient national solution.

- 2.24 To date, there has unfortunately been no change in the position previously reported where no further information has been forthcoming and we continue to await details as to how this matter will be resolved. As set out above, this continues to impact a significant number of current tenants where we are unable to resolve their cases as a result. However, in common with housing benefit, most UC claimants had rent covered in full by this benefit whereby any refund will therefore be due to the DWP only. There will be a small proportion who have made a direct contribution to rent and therefore will be due an element of the refund.
- 2.25 We are therefore still unable to provide a reliable timeline for refunds against these cases until the DWP have advised further.
- 2.26 The Deputy Chief Executive/s151 officer directly communicated with DWP at a national level in September 2025 to express concern at the lack of progress nationally and delay in enabling us to resolve matters for this group of tenants. We have been informed that an update is expected in early November which may take the form of a communication to all impacted landlord and if they issue a working solution then corrections will commence.
- 2.27 If further communication(s) have been received from the DWP ahead of the PDG then a verbal update will be provided at the meeting.

3. Targeted activities for the next 3-months

- 3.1 Under our rolling action plan, the following activities are planned for the next three months.

Task	Short Description	General Comments
Live case refunds	Continue to chase residual tenants who have not claimed refunds offered for the sign off paperwork	Some tenants are slow in returning paperwork this slows the refund down. Methods of contact being used <ul style="list-style-type: none"> • Email • Phone • Letter / Reminders • Home Visits • Drop-in days
Drop-in sessions	Take the team to the tenants Crediton 05/11/2025	Tenants can attend these sessions to discuss any matters they need to with regards to housing matters. The rent correction team will be there to help with any questions they have with

	Cullompton 07/11/2025 Tiverton 10/11/2025	regards to overpayments. The team will be able to ask question around "UC" this may unlock more refunds. Tenants with refunds not claimed can also complete refund paperwork "there and then" to speed up the process for them.
DWP (UC cases)	Work on UC cases in accordance with DWP guidance	When the DWP issue advise on their required approach work will start.
Deceased bankruptcy trace	Clear these case types	These are relatively straight forward to clear and will be looked at on a case-by-case basis
Former tenants	Produce data files	Files will be produced back to 18/08/2018. When the data has been validated the team will work on each case and link cases that were also on the 1,186 case file that are known as "live or current tenancy cases"
Tenant communications	Make sure our tenants remain informed	<p>Update website and FAQs when required</p> <p>Issue letters as appropriate. Planned letters drafted include:</p> <ul style="list-style-type: none"> • Specific DWP update letter to all current tenants with an UC element - reassure cases are not forgotten and advise on current position. This will include an approved comment/ update from the DWP (send date late October/early November). • Letter to all processed cases where payment due is £0 for confirmation (send date also late October/early November following the UC letter)
Internal communications	Keep elected members update	Continue to update in member meetings such as Homes PDG Cabinet Full Council, also via Email Head of Service meetings

4. Conclusion

- 4.1 Once this historic error was identified, swift measures were taken to correct the situation as required, relevant bodies were notified, a senior officer group was set up and a structured communications strategy was agreed. Additional dedicated operational resources have also been put in place to deliver against a clear action plan. All this work has ensured the Council has dealt with this situation in a highly proactive way to remedy the error and keep our tenants fully and regularly informed of any impact on them.
- 4.2 We are effectively processing cases and making refunds available to tenants with all cases involving current tenants having been completed, with the exception of those involving UC. We continue to await national guidance on how to resolve these UC cases.
- 4.3 Work has commenced on resolving former tenant cases and will continue to move forward utilising the dedicated resources and process we have put in place.

Financial Implications

The activity of MDH is funded through the Housing Revenue Account (HRA). The HRA is ring fenced and subject to specific financial controls.

Significant financial modelling has been undertaken in order to reach some of the key decisions being put forward in the Cabinet report in December 2024 and April 2025. We have also reflected on current balances and reserves held by the HRA and other legislative requirements that have to be delivered when evaluating how to correct this historic rent setting error. This modelling continues to be refined and further work is largely now dependant on further guidance and advice from the DWP as set out within the report.

While analysis we have completed confirms that the majority of those affected have been historically undercharged, the position previously agreed is unchanged and there is no intention or ability to recover lost funds.

Therefore, it continues to be the case that the totality of the impact is experienced as a cost to the HRA rather than a rebalancing.

Legal Implications

External KC advice has been secured which has been used to underpin the recommendations made in the December Cabinet report and continues to be applicable.

Risk Assessment

As set out above, the precise quantum of this exposure can only be estimated at this current time. Allowing the HRA balance to drop below its minimum agreed balance for

a period of time clearly reduces its ability to withstand any unknown economic/legislative/climatic shocks. Securing and following external legal advice should reduce some of the HRA's risk exposure.

Impact on Climate Change

Depending on the final quantum of this aggregate refund some decarbonisation works may have to be reprioritised. This requirement has not been identified to date but cannot be ruled out. If this was to be the case further reports and decisions would be required.

Equalities Impact Assessment

There are no specific Equality and Diversity implications. However, due to the vulnerability of some of our tenants we will provide additional support to ensure effective engagement with residents and their families.

Relationship to Corporate Plan

Depending on how this issue is rectified it may jeopardise the Council's plans to ensure it delivers new affordable and social homes annually, and/or improving and maintaining the existing stock to the highest standards.

Section 3 – Statutory Officer sign-off/mandatory checks

Statutory Officer: Andrew Jarrett

Agreed by or on behalf of the Section 151 Officer

Date: 6.11.25

Statutory Officer: Maria de Leburne

Agreed on behalf of the Monitoring Officer

Date: 6.11.25

Chief Officer: Stephen Walford

Agreed by or on behalf of the Chief Executive/Corporate Director

Date: 6.11.25

Performance and risk: Stephen Carr

Agreed by the Corporate Performance & Improvement Manager

Date: 31/10/2025

Cabinet member notified: Yes

Section 4 - Contact Details and Background Papers

Contact: Andrew Jarrett, Deputy Chief Executive (S151) / Simon Newcombe, Head of Housing and Health

Email: ajarrett@middevon.gov.uk / snewcombe@middevon.gov.uk

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Background papers:

MDH Tenant Compensation Policy

[Tenant Compensation Policy - MIDDEVON.GOV.UK](https://www.middevon.gov.uk/tenant-compensation-policy)