

Title of Report	CHANGE OF APPROACH FOR CURRENT RENT ARREARS ENFORCEMENT	
Presented by	Councillor Roger Bayliss Housing, Property and Customer Services Portfolio Holder	
Background Papers	None	Public Report: Yes
		Key Decision: Yes
Financial Implications	There will be a need to invest in an additional Tenancy Sustainment Officer which would be £40,957.06 pa (including on-costs) which will be partially offset by £30,000 savings due to reduced empty homes costs. The additional funding is included in the budget process and subject to Council approval.	
	Signed off by the Section 151 Officer: Yes	
Legal Implications	There are no legal implications.	
	Signed off by the Deputy Monitoring Officer: Yes	
Staffing and Corporate Implications	There will be the need to appoint an additional Tenancy Sustainment Officer. This proposal supports Corporate Delivery Plan priorities	
	Signed off by the Head of Paid Service: Yes	
Purpose of Report	To seek Cabinet approval to implement changes to the approach to managing rent arrears.	
Reason for Decision	To enable the Housing Service to implement changes to maximise support and rental income.	
Recommendations	THAT CABINET APPROVES THE PROPOSED CHANGES TO THE APPROACH TO MANAGING RENT ARREARS, NOTING THE COMMENTS FROM COMMUNITY SCRUTINY AND THAT THE FUNDING IS SUBJECT TO COUNCIL APPROVAL.	

1. BACKGROUND

- 1.1 Collecting rent from tenants is a key function of the Housing Management Service and over the past 15 years there have been periodic considerations of whether to move away from a generic Housing Officer function and create a specialist rent arrears team. However, performance has been strong in this area, which is discussed further in section 3 below, and there are merits to both the tenant to have a single point of contact for tenancy matters and for the officer to have an overview of issues arising on their 'patch'.

- 1.2 There are seven generic Housing Officers, each managing a patch of approximately 600 properties. This was supplemented by a Support Officer when funding became available due to the introduction of Universal Credit and has evolved into two Tenancy Sustainment Officers who continue to assist tenants with a range of benefit claims, including Universal Credit and they assist new tenants who have been assessed as being at risk of not being able to sustain a tenancy due to them being a care leaver or a history of financial difficulties. More recently, the officers have become involved in complex cases such as hoarding or where we become aware that a tenant doesn't have any furniture. In 2018 an assessment of the Tenancy Sustainment Service was undertaken which demonstrated they were able to access £102,368.50¹ funding (including Housing Benefit, Discretionary Housing Payment, Council Tax Support) for tenants which was valued to have saved the authority more money than the cost of their salaries.

¹ Based on Q3 Report in 2018

2. PERFORMANCE

- 2.1 As part of our membership to Housemark, who benchmark our performance with other housing providers, it is shown that rent arrears performance is strong and has for several years been at Upper Medium/Upper Quartile.
- 2.2 The exception to our strong performance for rent arrears is the level of evictions which was high at 20 during 2019/20. A review was undertaken which showed majority of tenants who were evicted did not engage with the service. Evictions are also considered a necessity to achieving strong arrears performance for tenants to be aware that we will proceed to eviction if rent is not paid.

3. WHY CHANGE?

- 3.1 Covid 19 has changed both temporarily and permanently the financial position for a number of our tenants with many facing the benefit system for the first time or increased household expenditure due to increased amount of time at home and with children not being at school.
- 3.2 To protect renters, the government quite rightly decided to make some changes, specifically:
- To change the notice period from 28 days to 3 months – the Notice period is the formal notification that court proceedings will not be begun until after the expiry of the period (now 3 months) – this restriction was changed on 28 August 2020 to increase to a 6 month period until the end of March 2021.
 - To prevent any evictions for rent arrears – expired on 28 October 2020
 - The requirement to serve a reactivation Notice before any court proceedings can resume.

In reality this means there will be a substantial backlog of cases and pre Covid 19, it could take up to 3 months for a hearing to be listed, when applying social distancing in the court process, it is estimated to increase to 6-9 months before a hearing is listed. The courts also require a breakdown of the arrears separating out any arrears which have accrued due to Covid 19 along with an explanation of what the council has done to support their tenant.

- 3.3 Our level of rent arrears as at 27 September 2020 has also increased by 57% since the beginning of the financial year. In monetary terms this is an increase of £216,053.20 (from £378,392.86 to £594,446.06). For performance and benchmarking reasons, the performance is shown as 'rent arrears as a % of gross debit' – this has increased from 2.17% to 3.33% for the same period. Our target was 2%.
- 3.4 Housemark have looked at the impact of Covid 19 on performance and advised that we are still in a good position when compared with other housing providers – a copy of this report is attached as Appendix A.
- 3.5 Taking the above into account we have an opportunity to fully review our approach and although there is a risk that our performance may worsen, this may be for the short term until the approach is embedded and the benefits achieved.

4. PROPOSED APPROACH

- 4.1 The proposed approach is intended change the relationship with tenants in the way we manage our rent arrears to encourage tenants to 'Talk to Us' to seek advice and support rather than avoiding contact which often occurs as we are seen only as an enforcer. This will be achieved by increasing the level of support provided for tenants by introducing two additional stages in the arrears process:
- i) When a tenants account first goes into arrears, the Tenancy Sustainment Officer will make friendly contact to see if the officer can help opposed to a reminder letter. They will assist with advising on benefit entitlement and help with claims along with support with financial management.
 - ii) When a case is being considered for court action. The Tenancy Sustainment Officer will again make friendly contact, and this is to act as an opportunity to regain control of their financial situation and reduce the arrears to avoid legal action and the associated costs.
- 4.2 It is anticipated that when the Court service is restored, the District Judges will want a breakdown of the debt to understand what proportion of arrears has accrued during the Covid 19 period. There are currently 19 cases pending court hearings with a total arrear of £52,346.15 of which £19,874.60 has accrued during the Covid 19 period.
- 4.3 It is further proposed to introduce a HRA Hardship Rent Payment as a way of crediting the rent account if tenants find themselves in difficult financial circumstances directly related to Covid 19 – the proposed eligibility criteria is attached as Appendix B.
- 4.4 The income procedure will be updated to reflect the proposed changes if there is support to change the approach. There will also need to be a rebranding of the service to enable this to work which will need a detailed communications plan.

5. FINANCIAL IMPLICATIONS

- 5.1 The proposal to take a person-centred approach which in turn is hoped it will reduce the number of evictions and associated bad debt along with the negative spend for enforcement action and the associated costs for preparing a property ready for letting. Based on average cost of £6,465.86, this would equate to £129,317.20 for 20 evictions.
- 5.2 The legal and professional budget for the service is £55,000 for 2020/21.

- 5.3 There will be a need to invest in an additional Tenancy Sustainment Officer which would be £40,957.06 pa (including on-costs).
- 5.4 Assuming the new approach achieves a 50% reduction in arrears and increasing the benefits accessed for those tenants who engage with the supported as outlined in 2.2 above by 50%, the gross saving would be £218,211.35 (£64,658.60 eviction costs + £153,552.75 benefits accessed).
- 5.5 The total salary costs for three Tenancy Sustainment Officers would be £122,871.18 (including on costs). Funding is already in place for the existing two officers.
- 5.6 The net financial benefit would be £95,340.17. However, there would be the added community and personal benefit, specifically in relation to the impact on child poverty and fuel poverty as households financial position improves which are priorities identified in our Health and Wellbeing Strategy.
- 5.7 In benchmarking terms, the cost of the Housing Management service is very low when compared with other housing providers.
- 5.8 It is also worth acknowledging that there would be a reduction in the households presenting as homeless which the authority would have duty to assist, even in the short term and the associated costs have not been included in the calculations. Neither has the staff time for court attendance.
- 5.9 It is proposed that the additional post be for a fixed term of two years. The additional funding is included in the budget process and subject to Council approval.
- 5.10 In summary, although there would be the need to invest in an additional Tenancy Sustainment Officer, the individual and financial benefits far outweigh the investment.

6. CONSIDERATION BY SCRUTINY

- 6.1 The proposal was considered by Community Scrutiny Committee on 28 October 2020 and the minutes are attached as Appendix C.

Policies and other considerations, as appropriate	
Council Priorities:	- Local people live in high quality, affordable homes
Policy Considerations:	Income Policy
Safeguarding:	None identified
Equalities/Diversity:	The proposal is to provide additional support to tenants in financial hardship irrespective to other protected characteristics.
Customer Impact:	The aim of the proposal is to increase the support available to tenants in financial hardship.
Economic and Social Impact:	Increasing the support available will have positive impacts both economically and socially. The proposal aims to reduce the amount of enforcement action and ultimately evictions with the result of tenants sustaining their tenancies.
Environment and Climate Change:	No direct impacts
Consultation/Community Engagement:	Tenants of the Tenant & Leaseholder Consultation Forum have been consulted and support the proposal.
Risks:	No risks identified
Officer Contact	Amanda Harper Housing Management Team Manager amanda.harper@nwleicestershire.gov.uk