

Update for Members regarding the prevention of housing debt during the
COVID-19 emergency

Introduction

Following the introduction of lockdown and furloughing of staff, Tenant Services' Income Management Officers have worked tirelessly to support our affected tenants, including proactively assisting benefit and Universal Credit claims (UC claimants have peaked at 994 up to June 2020), signposting financial and welfare support to a number of agencies in the district, and maintaining contact with those who are either in new rent arrears or those tenants with existing rent arrears. No cases involving rent arrears have progressed to further action since March 2020 despite the rise in arrears levels.

The Government took early steps to introduce legislation requiring landlords to give three months' notice of their intention to seek possession of a property, meaning it will be three months before Tenant Services can apply to court to proceed with any possession action. This legislation applies to all notices issued between 26 March 2020 and 30 September 2020 inclusive. The direction also stated that landlords were not to carry out any evictions related to issues caused by COVID-19 (which has now been extended to the end of August 2020), this, however, did not include issuing NoSPs. It was agreed that we would not issue these in order to reduce anxiety and avoid additional upset during this very difficult time for our affected tenants, choosing to enhance our support and signposting as mentioned. It should be noted that other social housing providers in the county such as Gloucester City Homes and Cheltenham Borough Homes have continued to issue notices to their tenants during the lockdown period.

Some tenants won't engage with us, and when this happens we try to find someone with whom they will engage e.g. Citizens Advice, P3, their family, social worker, etc., if this helps them to understand debt priority and often can link to multiple debt issues including Council Tax and other debts.

Current Position

	Amount	Year to Date (YTD)	Month on Month Increase
Current Rent Arrears	£352,973	+ 19.48% YTD	+ 8.66%
Tenants in Receipt of Universal Credit	994	+15.45% YTD	+ 1.59%

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Debt Management and Housing Support Agencies

We directly signpost or refer tenants to the following debt management and housing support agencies:

- Citizens Advice (CA) – free guidance on all money, debt and legal matters.
- GL Communities – free independent advice and support.
- Gloucester Law Centre – free, confidential and impartial legal advice in several areas of law including housing.
- P3 (People, Potential, Possibilities) – improving the quality of peoples lives by promoting independent living and encouraging to build on existing strengths. Help includes improving daily living skills, tenancy support, dealing with debt, applying for benefits, accessing specialist services, mental health problems, education, employment and addiction issues.
- Stroud CAP Debt Centre (Christians against Poverty) – free debt counselling by a Debt Coach. Tenants can set up repayment agreements with creditors. Self-help option available or money management courses available.
- Stroud Foodbank – voucher issued providing 3 days' worth of nutritionally balanced emergency food.
- Wotton Debt Advice Centre – free, confidential, independent and impartial debt advice for all stages of debt to all in the community of Wotton.

Tenant Services recognises that access to housing related support services helps vulnerable tenants tackle all kinds of issues from rent debt and benefits issues to activities that reduce social isolation; improving their skills and confidence as well as ensuring tenants are aware of their rights and responsibilities. Support can help people to sustain their tenancies, find the services they need and build a better life for themselves.

Depending on the needs of the tenant, support can take various forms and can provide services including:

- General counselling and support
- Help to deal with universal credit or housing benefit claims
- Parenting, cooking and household management skills training; and/or
- Help to manage money – debt management and/or budgeting advice

By focussing on early intervention, where a tenant has rent debt, the Income Management team can refer or signpost in a timely manner for debt management and/or budgeting advice, encouraging the tenant to pro-actively engage.

Due to lockdown, a number of agencies are not available for direct support instead offering telephone/video contact as appropriate. To date we have referred 21 cases to support agencies.

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What is a NoSP?

A NoSP is a legal notice served by the landlord advising the tenant that they have fallen into rent arrears (of at least a month's full rent). Following direction from government the serving of a NoSP was not suspended, however, the notice date was changed from 28 days to 3 months before any further action could be taken.

This legislation applies to all notices issued between 26 March 2020 and 30 September 2020 inclusive. Tenant Services agreed at the start of lockdown not to issue NoSPs in order to reduce anxiety and avoid additional upset during this very difficult time for our affected tenants, choosing to enhance our support and signposting to welfare and other support.

As the rent arrears are continuing to rise we have a responsibility to our tenants who are paying their rent that we work to recover arrears from those who don't, as well as our ability to reinvest the rental income into our repairs and maintenance service to ensure we deliver well maintained homes.

Next Steps

For those cases where a pre-26 March 2020 NoSP has been served, we would exercise caution where the arrears or at least any increase in arrears is or may be attributable to the current crisis, and in those cases continue to put in mechanisms to try and help these tenants as above.

For those cases post 26 March 2020, we would consider serving NoSPs where it is appropriate to do so and where either, there is no link between the tenant's inability to pay and the current crisis, or where we have provided additional support to the tenant.

Where Northgate (Housing Management System) generates Notices of Seeking Possession and pre-populates the 'notice period date' - this will be amended to ensure the correct 3-month notice is given.

Risks

Increased account debts mean that we will become increasingly reliant on repayment agreements to resolve arrears. This could require additional resources and will dramatically increase the timeframe in which accounts are dealt with. Repayment agreements are also at risk of being broken, remade, and built around low-value instalments and extended payment periods.

If we cannot substantiate evidence that tenant incomes have been compromised by the pandemic, some tenants may take advantage of reduced payment plans. In

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these cases, the tenant will effectively benefit from an increase in disposable income. And, when the payment plans are removed, not only will they have a considerable debt to clear, but their spending behaviours could have changed, making paying the reinstated full rent a challenge. *This will likely result in a second surge of new arrears cases.*

The government does not support an arrears amnesty; Tenant Services may unfortunately be left with no option but to write off large amounts of debt. Given the increased volume, severity and duration of cases that could potentially result from the scenarios outlined above, the cost of recovering debt accrued during the coronavirus outbreak will start to outweigh the value of the debt itself.

Also, a reminder of what the Ministry of Housing, Communities and Local Government said in the letter sent out to all social housing tenants on 18 May 2020:

Support for existing renters

During this period, you should continue to pay rent and abide by all other terms of your tenancy agreement to the best of your ability. If you have trouble paying your rent, you should speak to your landlord as soon as possible.

Summary

The reintroduction of Notices is a prudent approach with a return to some normality to ensure we are able to prompt tenants in arrears who have failed to engage with us (despite the numerous offers of help and support) a little more forcefully. We constantly reinforce that we are here to help where we can, and if we can't ourselves we will signpost to an appropriate person/organisation to ensure the right timely help is given. Despite the fact that we will always work with our tenants to make sure their tenancy is sustainable, in a very small number of cases there will be those who choose not to engage with us or pay their rent and these will be the individuals who will progress to a more serious point where their tenancy is at risk. If we don't recover due rent, this has an impact on our ability to maintain our homes. I must point out that the vast majority of tenants pay their rent correctly and we are only talking about very small numbers who do not.

The risk of furlough reduction and loss of jobs in the coming months will affect a number of our tenants, and as such we must ensure we continue to provide the excellent support we have done to this point.