
Rents Performance Briefing

Housing Scrutiny Commission

Date of meeting: 22nd February 2021

Lead director: Chris Burgin

Useful information

- Ward(s) affected: All
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1. Summary

- 1.1 This briefing provides information on the current rent arrears performance and the ongoing impact of the pandemic on rent collection and possession proceedings.

2. Recommended actions/decision

- 2.1 No decision is required. The purpose of the briefing is to present a report on rent performance to inform scrutiny.

3. Scrutiny / stakeholder engagement

- 3.1 The report is presented on a quarterly basis to Housing Scrutiny Commission.

4. Background and options with supporting evidence

No background information presented. Supporting evidence is contained with section 5.

5 Rent Performance

5.1 There was a sharp increase in the arrears performance since lockdown, the weekly arrears have continued to fluctuate due to the current pandemic and economical challenges. It's anticipated that the arrears performance will remain unstable and may continue to increase due to the external pressures.

Despite the challenges faced by the team they are working incredibly hard to maintain good rent collection and reduce rent arrears. Despite not being able to take possession actions the performance figures outlined in the table below demonstrates the teams' tremendous efforts.

Table 1. Performance at end of each Quarter - 2020/21

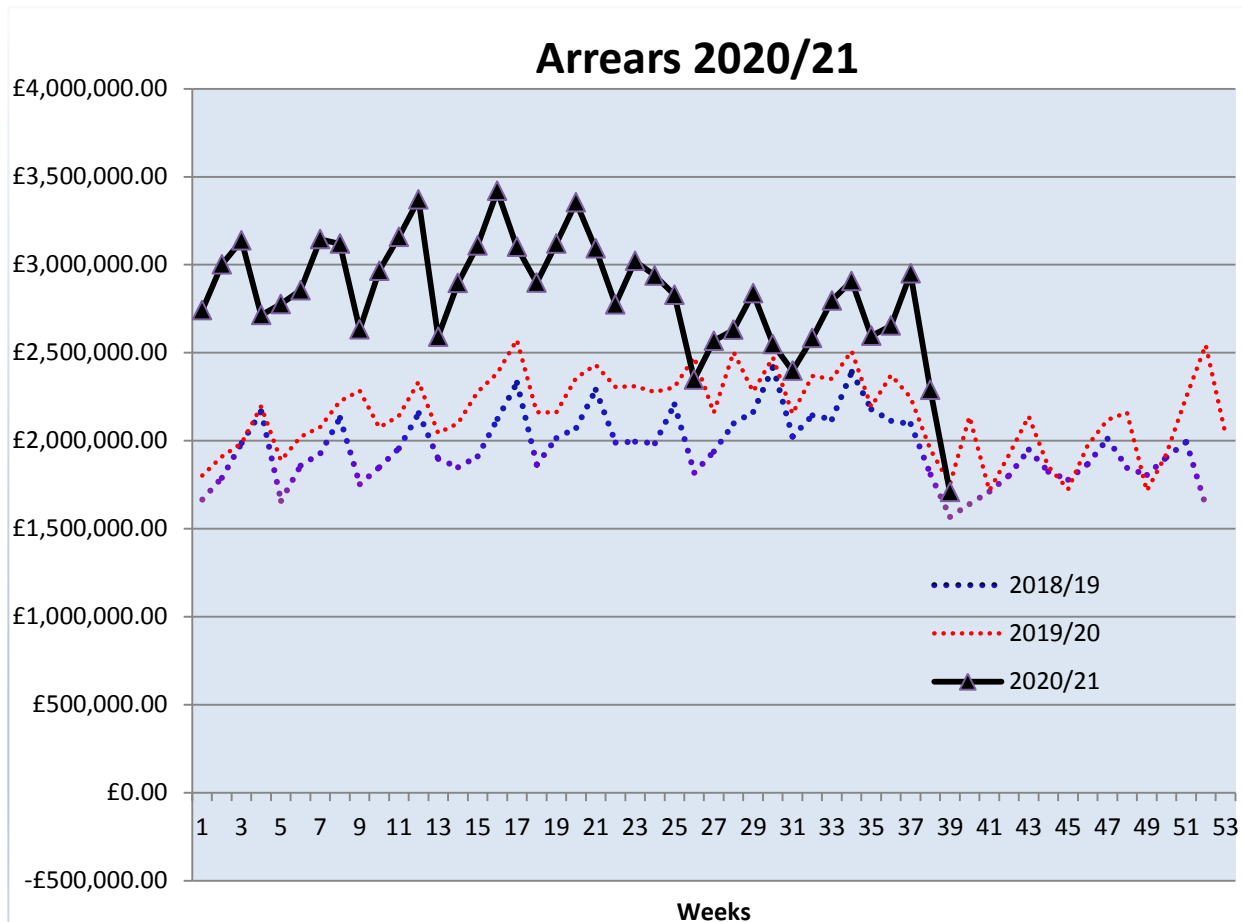
Month	Quarterly Arrears Value	Percentage difference compared to same point 2019/20	Percentage change compared to previous quarter	Number of tenants in rent arrears
Starting Point 05/04/2020	£2,036m	25% Increase	N/A	7,643
June – Q1	£2,612m	27% Increase	28% Increase	9,062
Sept – Q2	£2,347m	5% Decrease	10% Decrease	8,887
Dec – Q3	£1,707m	2% Decrease	27% Decrease	5,470

5.2 Table 2. Percentage of Rent Collected Council Residential Tenancies only

Week No.	Percentage of Rent Collected Last 52 Weeks
June	97.14%
Sept	98.69%
Dec	100.36%

5.3

Graph showing weekly performance



5.4 Current Position

5.5 It's now almost 10 months since the start of the pandemic and its impact on rent collection. The ongoing Government guidance is that tenants should continue paying rent and abide by all terms of their tenancy agreement to the best of their ability and have encouraged, tenants and landlords work together in these unprecedented circumstances. The government continue with their financial support package to help people where needed allowing rent to be paid as normal.

5.6 We continue to see 49% of our tenants in receipt of full or partial Housing Benefit (HB) which supports rent and eligible service charges, this is paid directly into the tenants rent account. A further 26% of our tenants receive Housing Costs through Universal Credit.

5.7 Tenants continue to be supported with Income maximisation and support to claim Discretionary Housing Funds (DHP), referrals for food parcels and to specialist agencies if tenants are facing financial or debt worries i.e. referrals to CiTAL, Community Advice & Law Centre and STAR.

The council have been awarded a grant to support Covid related activity. Part of this funding will be used to top up the DHP fund by £0.9m for vulnerable tenants in the city. The team will continue their focus on supporting tenants facing hardship by assisting with DHP application forms.

5.8 Rent Management Advisors are supporting tenants that need to make claims for Universal Credit. They received **181 referrals** by the end of Quarter 3 and 80 of those cases required long-term support lasting for a period of 6 months. They are regularly conducting research and sharing information within the team so we can respond to tenants needs and provide the most appropriate advice. The team are working closely with the Department for Works & Pension (DWP) partnership managers on a regular basis, to raise any issues / concerns and obtain updates on welfare benefits enabling us to best support our tenants and maximise their incomes. They are supporting all tenants and most importantly, any coming through our doors that were previously in paid employment and not familiar with the welfare benefits, its processes or how to navigate this system.

The team recently proposed the delivery of a Tenancy Sustainment Pilot which includes all financial and welfare benefit support for Council tenants to be delivered in-house by the RMA's for an initial period of six months. Due to the ongoing uncertainty and restrictions the start of the pilot has been delayed until April 2021. In the meantime, the support for tenants continues to be available and provided by the STAR service.

5.9 We have needed to suspend face to face contact with tenants intermittently over the past year so, tenants have been encouraged to contact the Income Management Team by phone / text and email and virtual meetings. Despite the current lockdown announced January 2021, essential face to face contact and home visits will continue on very urgent cases where there are pending possession actions.

5.10 It's with regret that a very small number of tenants continue non-engagement with the team and other services that are trying to help. A very small number of tenants (17) have not paid any rent since the start of the pandemic (March 2020). They have a combined total debt of £20k. The value of debt starts at £200 with only 4 of the 17 cases owing more than £1,000. This demonstrates majority of our tenants are paying rent in a timely manner, keeping up with payment arrangements or making sporadic payments and engaging albeit intermittently.

5.11 The government started with a ban on all rental possession and eviction cases from March 2020 which got extended before finally being lifted on 20th Sept 2020. The legal Notice of Seeking Possession continues to be served with a 6-month expiry opposed to the previous 4-week rule (until March 2021) however, under exceptional criteria for example, unpaid rent for 6 months, a 4-week notice can be served.

5.12 Under new rules, rental possession cases don't get listed or heard until the Council serve a 'reactivation notice' to tenants and file a copy in court. The team started to serve the notices in November and from the **26 cases** that were stayed due to the pandemic, only **10 cases** required a reactivation notice as the other tenants had either cleared their rent arrears or substantially, reduced arrears and / or were paying according to their payment agreement. From the 10 cases a total of 2 tenants, have entered into a payment agreement since and the others, are being encouraged to do the same. This demonstrates that the threat of possession / court action can change behaviours and tenants payment patterns.

Interestingly, a total of **32 cases** that were previously adjourned in court in 2019 with a strike out date of 12 months. These cases were also reviewed for reactivation as the strike out period was nearing an end. It was found only **3 cases** needed to be served with a reactivation notice because again, all other tenants had either cleared their rent arrears or substantially reduced arrears and / or were paying according to their payment agreement.

Following the review of stayed and previously adjourned cases the team will now focus on any new cases that need to be listed for possession hearings due to non-payment of rent. The cases will be very carefully considered and all avenues to avoid this action will be explored in the first instance. The cases will be reviewed by a team leader and manager before any potential submission of court summons.

5.13 There have been no evictions taking place as Leicester's localised lockdown continued to suspend that action, following government orders for bailiffs not to enter properties in Tier 2 & 3 areas. Eviction resumes are being considered and warrant requests being submitted where it's absolutely necessary with a view that ongoing efforts to sustain tenancies continue to be provided until such time an eviction takes place. Due to the current national lockdown the government has changed the law in England to ensure bailiffs do not enforce evictions for 6 weeks until 22nd February, with no evictions expected to 8th March at the earliest. This will be kept under review. Tenants are encouraged and given plenty of opportunities, to reach reasonable payment solutions to avoid possession orders /evictions which are considered as an absolute last resort.

Within the latest briefing on Covid protection for renters the Government have suggested *the package of support* is reducing the number of evictions as applications to the courts for possession by private and social landlords were down 86% between July and September 2020, compared to the same quarter in 2019. Furthermore, no repossessions were recorded between April and end September 2020 compared to 14,847 in the same period last year.

Although this may be fact there seems to be no information gathered in support of the issues faced by landlords for example, how many cases landlords are ready to proceed through eviction or possession route but are reluctant due to the ongoing restrictions and to prevent risk to public health.

5.14 There are significant challenges the team are facing when dealing with County Court as they have a significant backlog of cases that need processing and are not operating at their full capacity. We are finding difficulty reaching courts by phone and lack of responses being received when emailing them using their own designated priority email address. Matters get escalated to the Managers but again responses are being received after several chaser emails. The assumption is that this will continue until such time the courts return back to some type of normality and catch up with pending actions on possession cases.

5.15 On 4th May 2021 the Debt Respite Scheme (Breathing Space) legislation will be enforced. In summary, this gives debtors the right to legal protections from creditor action. There are 2 types of breathing space: a standard breathing space and a mental health crisis breathing space. A standard breathing space gives legal protections from creditor action for up to 60 days. The protections include pausing most enforcement action and contact from creditors and freezing most interest and charges on debts.

A mental health crisis breathing space is only available to those receiving mental health crisis treatment by an Approved Mental Health Professional (AMHP). The mental health crisis breathing space has some stronger protections than the standard breathing space.

A breathing space can only be started by debt advice providers who are authorised by the Financial Conduct Authority (FCA) to offer debt counselling. The types of debt can include credit cards, store cards, personal loans, pay day loans, overdrafts, arrears on utility bills and joint debts, like arrears on a joint mortgage or rent arrears on joint tenancies can be included in a breathing space, even if only one client goes into the scheme. The joint debt

would become a breathing space debt, and the same protections apply to both parties.

A breathing space is not a payment holiday. While creditors cannot enforce a breathing space debt the debtor is still legally required to pay their debts and liabilities. During the breathing space, the client should still continue to pay any debts and liabilities they owe, and creditors can continue to accept these payments

During a breathing space, a creditor or their agent cannot contact the debtor about enforcing a breathing space debt. This includes them demanding payment or starting any legal proceedings against the debtor. This will mean the team will need to put markers on Northgate Revenue accounts to ensure these cases are identified and prevent communication being issued to chase debts.

The types of actions that must be suspended due to the breathing space include:

1. Enforcing a court order
2. Pursuing a warrant for eviction
3. Starting any action or legal proceedings
4. Serving a notice to take possession for rent arrears or takes possession of their property for rent arrears if a notice has already been served. Creditors can still serve a notice or take possession on grounds not related to rent arrears during a breathing space
5. Apply to DWP for a new third-party deduction to be taken from an individual's benefit payments

After breathing space has ended the creditor can take any action to enforce debt, including contacting the debtor can resume.

5.16 Overall, the team continue to push ahead with tremendous commitment and efforts to help support tenants alongside balancing the Divisions expectations to achieve a high rent collection rate and minimise any loss of revenue to the Council.

