

Agenda Item	6.
Report No	HP/04/20

HIGHLAND COUNCIL

Committee: Housing and Property Committee

Date: 29 January 2020

Report Title: Rent Arrears Management: Tenant Communication and Support

Report By: Executive Chief Officer Customer and Communities

1 Purpose/Executive Summary

- 1.1 This report provides information on how we communicate with and support Highland Council tenants in rent arrears. A policy review was undertaken during 2019 and this report details the outcomes and makes some recommendations for further improvements.

2 Recommendations

2.1 Members are asked to:-

1. **Approve** the rent arrears escalation process summarised at **Appendix 1** including the updated processes in regard to pre-notice requirements and Universal Credit cases;
2. **Approve** a revised reminder letter for tenants in arrears attached in **Appendix 4** and the removal of the second reminder letter on a trial basis;
3. **Approve** the move to proactive referral to support for all high value arrears cases;
4. **Note** the commitment to provide a more efficient and customer focussed arrears management process through delivery of IT solutions;
5. **Approve** the new Charging and Rent Arrears Management Policy for temporary homeless accommodation summarised in **Appendix 5**.

3 Implications

- 3.1 Resource – the recommendations contained in this report aim to improve performance in managing rent arrears, which will have a positive impact on the Council's Housing Revenue Account.

- 3.2 Legal – consultation with Highland Council tenants on our policy approach is required under the terms of the Housing (Scotland) Act 1987. The Tenant Communication Group approved the arrears management process at **Appendix 1**. The group also reviewed the revised reminder letter and have approved the wording attached at **Appendix 4**. Consultation is ongoing with homeless households on the Charging and Rent Arrears Management Policy.
- 3.3 Community (Equality, Poverty and Rural) – the policy has a positive impact on communities and tackling poverty as it focuses on support for tenants to manage their household finances and sustain their tenancies. The policy acknowledges that the Council needs to better understand in-work poverty and align Council policy and procedures to give these households the support they need.
- 3.4 Climate Change / Carbon Clever – the recommendations propose a reduction in printing and posting of reminder letters.
- 3.5 Risk – the management of rent arrears remains crucial to ensuring maximum income is available for the Housing Revenue Account (HRA).
- 3.6 Gaelic – No implications.

4 Policy Background

- 4.1 The [Rent Arrears Management Policy](#) was agreed by Members in 2007. The policy aims to be “firm but fair” and considers all tenants in arrears as vulnerable. It also promotes the principle of early intervention to ensure tenants are aware of their arrears and to enable Housing staff to provide the most appropriate support for each individual.
- 4.2 The policy was reviewed by the officer-led Rent Arrears Working Group in 2017 and 2018 following the changes to welfare benefits. The Group concluded that the current Rent Arrears Management Policy was fit for purpose. It was however agreed that the policy could be better communicated to tenants and prospective tenants. A summarised version was developed with and approved by the Tenant Communication Group and this is available at **Appendix 1**. This information is given to all new tenants and included with correspondence to tenants in rent arrears.
- 4.3 The Housing (Scotland) Act 2012 introduced new pre-notice requirements in relation to rent arrears management. However national guidance on the management of rent arrears has not yet been updated to take account of the impact of Universal Credit processes. These issues are being addressed through the Scottish Rent Forum which represents most local authorities in Scotland and which Highland attends. Highland currently take the same approach for Universal Credit cases as for all other arrears cases in that legal action does not take place until the status of a claim has been clarified. Section 5 of this report details some of the additional support that has been put in place to assist tenants with the transition to Universal Credit.
- 4.4 In June 2019 Members, tenant representatives and officers attended a Policy Development Group on the management of rent arrears and the following issues were discussed.

5 Support for tenants

- 5.1 Highland has a principle of individual advice and assistance when managing rent arrears and will continue to develop this approach with changes to reminder letters and other correspondence. A range of support is available to tenants in arrears and this is detailed at **Appendix 2**.
- 5.2 The Council's Welfare Support Team and its Intensive Support Officers have a crucial remit to engage with tenants to maximise their household income. To date in 2019/20, 63% of tenants referred to this service have engaged with the support offered and their arrears have reduced by 82%. Around 50% of tenants accessing this service have either a physical or mental disability or both and 77% have multiple debts that are being pursued by multiple creditors.
- 5.3 It was identified that further guidance for staff and tenants is required regarding referrals to support agencies. We have now an increased focus on proactive referrals to housing support particularly for all cases in arrears of over £2,000.

6 Rent arrears reminder letters

- 6.1 At the Policy Development Group, it was agreed to review the wording and effectiveness of the automated reminder letters. Feedback from staff also suggested that the second reminder letter is of limited value in getting tenants in arrears to pay or to contact staff. It is suggested that this letter is removed from the arrears process on a trial basis. This would mean that any tenant in arrears would then get a face to face visit if they did not respond to the first reminder letter. It would also save an estimated £3,000 in printing and postage costs annually.
- 6.2 Further consultation with tenants and system development is required to identify other methods of contacting tenants in arrears, for example text messaging tenants in arrears.
- 6.3 The revised reminder letter is at **Appendix 4**.

7 Non-engagement

- 7.1 Non-engagement by tenants is one of the major barriers to reducing rent arrears. This is detailed at **Appendix 3**.
- 7.2 Discussion with tenant groups and forums is planned later this calendar year to better understand how the Council can tailor our arrears management processes to better meet the needs of tenants.

8 Use of new technology

- 8.1 The Policy Development Group indicated support for improvements in IT. This included the use of handheld technology for housing officers to assist tenants with payment of rent and income maximisation.
- 8.2 The Rent Arrears Working Group will also work with colleagues in Digital Services and Finance to improve the on-line payment facility through the Council's website. This will ensure tenants can pay rent effectively and conveniently.

9 Rent charging and arrears management in temporary accommodation

- 9.1 The Council has a statutory duty to provide temporary accommodation to homeless households. To ensure Highland has enough accommodation some properties are leased from the private sector. The Council currently set rents in leased units on a full cost recovery basis. This results in a non-standard framework of rents based on what is paid to the provider and this can be unaffordable to those homeless households not on benefits. In addition, homeless households have little or no control over the temporary accommodation they are placed in. This means they may end up paying a higher or lower rent than another household based purely on availability of accommodation at a given time.
- 9.2 An updated rent charging approach is detailed at **Appendix 5**. This uses the Local Housing Allowance rate as a guide to the maximum amount a homeless household not in receipt of benefits will pay for their temporary accommodation.

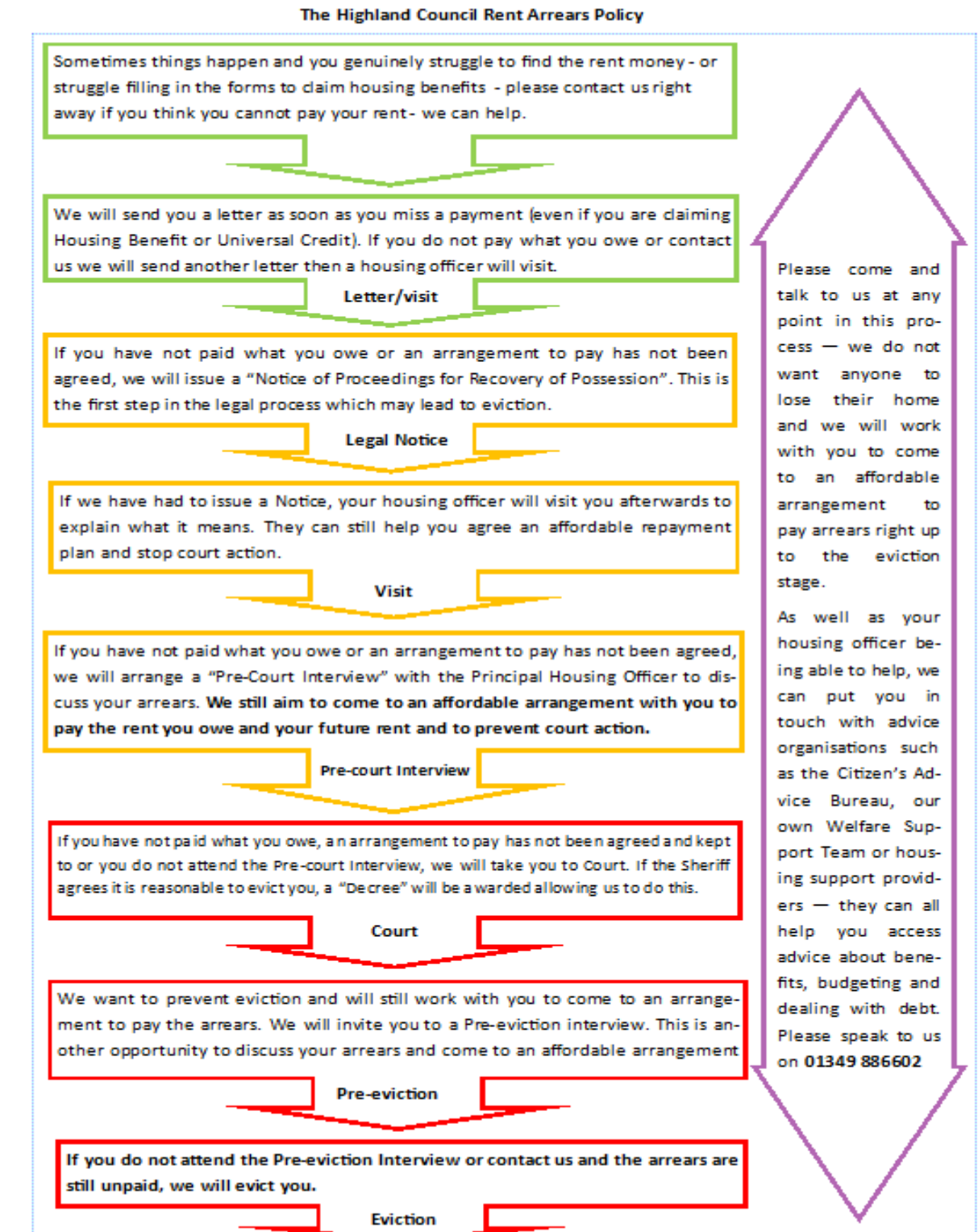
Designation: Executive Chief Officer Customer and Communities

Date: 19 December 2019

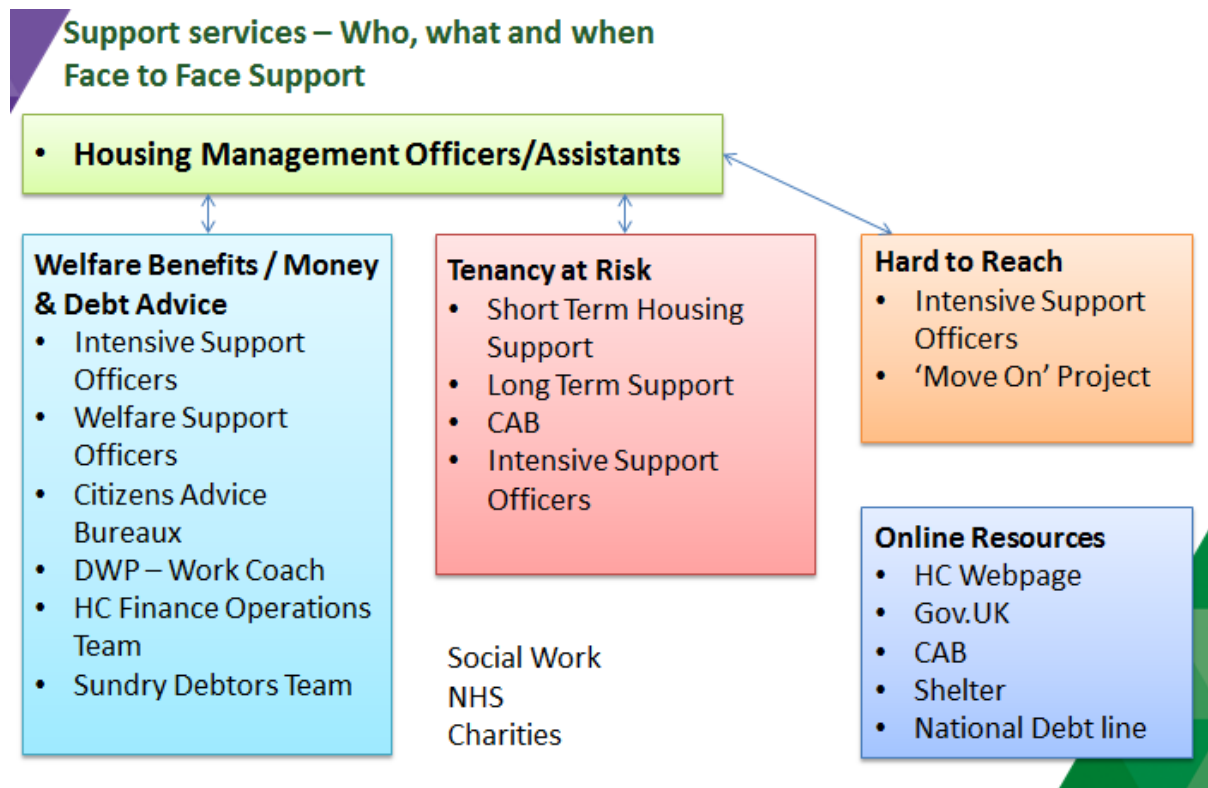
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Background Papers: Housing (Scotland) Act 2012

The rent arrears escalation process (summary)



Support Services for tenant in arrears



Levels of communication and support for tenants in arrears

Our policy approach:

2018/19

Number of reminder 1 & 2 letters issued	30,944
Number of notices of intention to seek possession issued	1,996
Number of cases taken to court	345
Number of decrees granted	118
Number of evictions carried out	33
New post-decree tenancy granted at same dwelling (technical eviction)	11

Success of visits

Number of pre-notice visits made	2,926
Number of visits where contact made	1,669 (57%)
Number of home visits made	4,286
Number of visits where housing officer made contact with tenant	1,455 (34%)
Number of pre court interviews arranged	463
Number attended by the tenant	221 (48%)
Number of pre-eviction interviews arranged	65
Number attended by the tenant	36 (55%)

Referred for short-term Housing Support	621 (338 active)
Referred to the Welfare Support Team	168
Referred to the Intensive Support Officers	302
Move On Project caseload	106

Reminder Letter

Name
Address 1
Address 2
Address 3

Date
Payment Ref No

Dear

Rent Account: £X.XX Arrears as at <Last Balance Date>

I am writing to let you know that your rent account appears to be in arrears of the value shown above.

I would be grateful if you could contact me as soon as possible so I can help you to sort this out. My name is <name> and you can contact me on **01349 886602**.

Why have you sent me this letter - I pay my rent regularly – how can I be in arrears?

I have sent you this letter because I need to let you know about the arrears before they get too high and I want to try to agree a way to clear them. It may be that there has been a delay in payments being sent from your bank or from the Post Office or Paypoint where you made a payment. If you have recently set up a Direct Debit to pay your rent, this may not yet be active as they can take at least 14 days to start paying into your rent account.

I claim Housing Benefit / Universal Credit Housing Element to help me pay my rent – how can I be in arrears?

Housing Benefit or Universal Credit might not always cover your full rent or your claim may have been delayed or even stopped. If you receive Housing Benefit contact our Finance Service on **0800 393811** to check on your claim. If you claim Universal Credit telephone the Universal Credit helpline on **0345 600 0723** for advice. If you need some help to do this, contact me and I can help.

I am struggling to pay my rent – what can I do?

If you are not working or you are on a low income you may be able to claim Housing Benefit or Universal Credit Housing Element to help you pay your rent. You can also find more information about benefits, in particular Housing Benefit and Universal Credit by visiting the websites below or visiting your nearest Service Point.

www.highland.gov.uk/housingbenefits
www.gov.uk/universal-credit/overview
www.gov.uk/browse/benefits

If you do not have access to the internet or a service point, please let me know and I can help you. If you would like, we could also arrange for a benefit check to see if we can help you increase your income. We can also help you with the actions you can take so you will not be affected by the “bedroom tax”. The Highland Council’s Welfare Support Team can also advise you about claiming any other benefits you may be due. You can contact them on **0800 090 1004** or by email on welfare.support@highland.gov.uk. The Citizens Advice Bureau or your local independent advice service may also be able to help. Our Service Centre staff can tell you how to contact these services. They can be contacted **01349 886602**.

I want to sort the arrears out now – what can I do?

If you cannot pay the amount owed in one go, we can work out how much you can repay each week in addition to your on-going rent. As long as you keep to any agreement made, we will not take any further action against you. If I do not hear from you in the next 7 days, or you do not pay the amount owed, I will contact you again.

Policy on rent charging and arrears management in temporary homeless accommodation

The Principles and Objectives of the Rent Arrears Policy

Principles

This policy is influenced by the following principles which will underpin the Council's approach to the charging of rent and the management of rent arrears in temporary homeless accommodation:

Consistency - the Council will apply the policy in a fair and consistent manner so that homeless households in arrears are treated in a similar manner to achieve similar outcomes across Highland;

Openness - the Council will inform all households being placed in temporary accommodation about this policy and it will be available on our web-site;

Legality - the Council will ensure that the policy reflects the legal framework and best practice;

Responsiveness - the Council seeks to have a policy which is capable of responding to a wide range of complex individual needs and circumstances;

Equal Opportunities:

The Council will act in a manner to encourage equal opportunities and will aim to ensure that information on the policy is accessible to all, and to implement the policy in a manner consistent with equal opportunities. To ensure this is done, an Equality Impact Assessment will be carried out on this policy.

The Policy

We will set rents in temporary homeless accommodation as follows:

Rent for temporary furnished units

- Council owned units - the rent charge will be the Council rent for the size/type of property plus the Homeless Service Charge;
- Units rented from partner housing associations – the rent charge will be based on the full cost recovery of the charge levied by the housing association plus the Homeless Service Charge;
- Units rented from private landlords – the rent charge will be based on the full cost recovery of the charge levied by the landlord plus the Homeless Service Charge;

Rent for Framework Contract Units

- Units used from the Framework which are rented from private landlords – the rent charge will be based on the full cost recovery of the contracted charge levied by the landlord;

Ad Hoc Bed & Breakfast

Units used on an emergency basis from private providers out-with the Framework Contract – any stay in such accommodation will be kept to a minimum and homeless households will be moved to more suitable accommodation as quickly as possible. In such cases it will be up to the Area Manager to decide what level of reasonable charge will be made for the accommodation, taking into account the length of the stay, the financial/benefit status of the applicant and the affordability of the charge. The Local Housing Allowance rates can be used as a guide.

We will base our policy of rent collection on the following principles:

	Full HB	Partial HB	No HB entitlement
Temporary furnished Accommodation (temporary lease)	HB will cover both rent and Homeless Service Charge – no issues	If rent net of HB is greater than the equivalent Local Housing Allowance, service user pays up to the LHA rate plus the Homeless Service Charge – difference to be remitted	If rent is greater than the equivalent Local Housing Allowance, service user pays up to the LHA rate plus the Homeless Service Charge -difference to be remitted

	Full HB	Partial HB	No HB entitlement
Framework Unit (occupation agreement)	HB will cover all but the non-rebatable £10 heating and lighting charge – homeless person to pay the £10 weekly	If rent net of HB is greater than the equivalent Local Housing Allowance, service user pays up to the LHA rate (shared room rate if under 35) plus the Homeless Service Charge - difference to be remitted	If rent is greater than the equivalent Local Housing Allowance, service user pays up to the LHA rate (shared room rate if under 35) plus the £10 Heating and Lighting charge - difference to be remitted

We will also ensure:

That all homeless households are given information about their rent at the start of their stay in temporary homeless accommodation including the amount they have to pay, the importance of making regular payments or claiming Housing Benefit if appropriate, and what methods they can use to pay their rent;

That all homeless households are personally contacted as early as possible after falling into arrears to enable an affordable solution to be agreed as quickly as possible;

That we use all appropriate methods of communication open to us when contacting homeless households in arrears. Face to face visits will be the preferred, default communication method but letters, telephone calls, e-mail and text messages may be used if appropriate.

That all homeless households remain aware of their responsibility to pay rent on time and the potential consequences of non-payment;

That all homeless households receive information, advice and support on maximising their income by claiming appropriate benefits, improving personal budgeting skills and dealing with debt;

That we use all legal options open to us in the recovery of arrears where the homeless household is wilfully and knowingly refusing pay their rent up to and including eviction or the ending of accommodation;

Arrears on closed rent accounts (Former Tenant Arrears)

The collection of former tenant arrears will also be based on the same principles as former tenant arrears collection in secure tenancies – see at: https://www.highland.gov.uk/directory_record/350646/former_tenant_arrears_and_court_charges/category/236/housing - however, if collection of former tenant arrears impacts on a homeless households ability to maintain their current temporary tenancy, the decision to pursue the debt will be made by the Area Housing Manager.