



Report to Policy Committee

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Report of: *Ajman Ali*

Report to: *Housing Policy Committee*

Date of Decision: *9th June 2022*

Subject: **Rent Arrears Recovery Policy** - Review with the aim to minimise the level of rent arrears and maximise income to the Housing Revenue Account (HRA)

Has an Equality Impact Assessment (EIA) been undertaken?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
If YES, what EIA reference number has it been given? <i>1022</i>				
Has appropriate consultation taken place?	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Has a Climate Impact Assessment (CIA) been undertaken?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
Does the report contain confidential or exempt information?	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below: -				
<i>"The (report/appendix) is not for publication because it contains exempt information under Paragraph (insert relevant paragraph number) of Schedule 12A of the Local Government Act 1972 (as amended)."</i>				

Purpose of Report:

To seek authority to update the Rent Arrears Recovery Policy. The changes to the policy will ensure that the Council's Housing Revenue Account (HRA) monies continue to be collected in a timely manner, with a bigger emphasis on prevention and support, trying to stop people falling into arrears in the first place.

This income is used to provide comprehensive tenancy and estate management services for all Council tenancies, Council housing repairs, regulatory compliance and delivery of capital investment programmes to improve the quality of homes and assets held in the HRA account. It enables Sheffield City Council to meet its statutory and regulatory responsibilities to continue the provision of providing decent homes to council tenants and equality of opportunity for people to have affordable housing to live in.

Recommendations:

That the Housing Policy Committee:

- i. Consider the results of the consultation and have due regard to the feedback in reaching their decision
- ii. Approves the changes to the current Rent Arrears Recovery Policy

Background Papers:

Appendix 1 – Draft Rent Arrears Recovery Policy – May 2022

Appendix 2 – Summary Outcomes of consultation

Appendix 3 – Selected data from individual survey responses

Lead Officer to complete: -		
1	I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.	Finance: Helen Damon
		Legal: Louise Bate
		Equalities & Consultation: Louise Nunn
		Climate: N/A
<i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i>		
2	EMT member who approved submission:	<i>Ajman Ali – 29/04/22</i>
3	Committee Chair consulted:	<i>Cllr Douglas Johnson -</i>
4	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Committee by the EMT member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.	
	Lead Officer Name: <i>Donna Fleming</i>	Job Title: Operations & Development Manager, Income Management and Financial Inclusion Team
	Date: 25/05/22	

1. PROPOSAL

- 1.1 The Council's current policy was approved in October 2001 and no longer reflects legislative developments since that time. This policy has been updated with a greater emphasis on prevention and tenant support to prevent rent arrears wherever possible and support tenants to maintain their tenancies successfully.
- 1.2 The Housing and Neighbourhood Service Income Management & Financial Inclusion Team (IMFIT) will recover rent arrears in a firm but fair way – taking prompt action to both prevent and minimise arrears wherever possible.
- 1.3 The Council will ensure that wherever possible housing and welfare benefits, and Universal Credit, including but not limited to those paid in respect of housing costs, are maximised. This will involve attempted contact with all new tenants within 2 weeks of the start of their tenancy. This is to ensure the rent is being paid and that any housing and welfare benefit claim and relevant details have been provided.
- 1.4 Tenants will be given detailed and accurate information on their accounts, in plain language, and will be sent an annual Rent Statement.
- 1.5 They will also be encouraged to pay every week and avoid getting into rent arrears. The Council will promote tenants paying their rent by Direct Debit, as this is a condition of tenancy.
- 1.6 When recovering arrears, tenants will be told of the consequences of not paying and receive details of any action proposed by the Housing and Neighbourhood Service.
- 1.7 The Housing and Neighbourhoods Service will work with other colleagues to identify and consider other debts owed to the Council, to improve affordability for the tenant, as well as improve collection rates for all teams collecting this debt.
- 1.8 If tenants do not pay their rent or keep to an agreement to reduce arrears they owe, the Council will act through the Courts to take possession of a property and recover any debts outstanding. We will adhere to Civil Procedure Rules (CPR) when taking legal action to collect arrears.
- 1.9 Vulnerable tenants will be supported at each stage of the recovery process

2. HOW DOES THIS DECISION CONTRIBUTE?

- 2.1 This policy plays a part in helping the Housing and Neighbourhood Service meet its commitments in the Council's wider One Year Plan - Communities and Neighbourhoods. Every community in Sheffield should be a great place to live, with excellent local services, access to high quality green

spaces, and a great local centre; where everyone has a home they are proud of, that suits their needs, and that supports their health; where everyone feels safe and is able to live without fear of prejudice or discrimination; where people get along and everyone can play a full part in the life of their local area, and have an expectation of health, wellbeing and happiness.

- 2.2 Housing Revenue Account income is used for the delivery of tenant and estate management services, statutory and regulatory compliance, day to day repair services, improvements to existing homes and assets alongside new supply, provision of a good quality home to council tenants and equality of opportunity for people to be able to access an affordable home that is suitable for their needs.

3. HAS THERE BEEN ANY CONSULTATION?

- 3.1 Consultation was conducted between 26th January - 24th February 2022. It was launched through a variety of channels including social media, SCC website, Sheffield Property Shop website, posters in Area Offices and news and events bulletins directing customers to a brief survey on Citizen Space.

A wide range of partners were also contacted directly including Shelter, DWP, Citizens Advice, Vulnerable Persons Group and Court User Group advising that the consultation was open for feedback.

- 3.2 Consultees were asked the following 5 Questions-

1. Do you agree with our approach that we should be emphasising the support that is available to tenants who may be struggling to pay their rent?
2. Do you think our approach to communicating with our tenants is clear?
3. Do you think contacting tenants in the first 2 weeks of their tenancy is the appropriate time?
4. Paying rent by direct debit is now a condition of tenancy. Do you think SCC promote this as well as we could?
5. Do you feel our approach to rent recovery and legal action is fair?

- 3.3 A total of 1,001 surveys were completed and of those, 389 left a comment (although some of these have not been included in the analysis – see paragraph 3.8).

On all five questions, over 70% scored between 3-5 to the proposed approach with one being 'definitely disagree' and five being 'definitely agree'

- Support – 90.41%
- Communication - 70.03%

- Contacting new tenants within 2 weeks – 84.12%
- Promoting Direct Debits – 71.23%
- Legal action is fair – 71.43%

3.4 The 389 comments received were analysed, looking for key messages and themes within each response. There was a range of positive and negative feedback opinions, many of the comments did not relate directly to the survey linked to the consultation, or indeed to rents at all.

3.5 To ensure a relevant understanding of comments and how they related to each of the 5 questions, the results from the Consultation Data were linked and grouped by categories. These categories are linked directly to the questions asked as part of the survey (seen at 3.3). Analysis was completed and the following table shows an overview of the results:

<u>Category</u>	<u>Number of Comments</u>	<u>Positive</u>	<u>Negative</u>
Support	50	38	12
Communication	43	30	13
Contacting new tenants	25	20	5
Direct debit	89	52	37
Legal action	72	49	23

Where the comment depicts a neutral opinion, linked to constructive feedback, we have perceived this as a positive in the table above.

3.6 The results are clear that a high number of comments related to Direct Debit and legal recovery actions, which are linked directly to question 4 and 5 as shown in section 3.5 above.

3.7 Overall analysis of the comments received suggests a positive response in general, with 70.45% of comments regarding the rents service and policy review being of a positive or constructive nature, and only 29.55% being of a negative nature. Key words in all 389 comments were analysed, to gain an additional perspective in addition to the grouped categories (although some of these have not been included in the analysis – see paragraph 3.8).

3.8 Again, this produced a positive response overall, for there were 25 comments that included the word ‘Fair’ while only 6 contained ‘Unfair’. There were also 31 results for the indicator that included ‘Excellent / great’ etc and again this was a higher number than that of the opposite category ‘Bad / poor etc’ etc which only offered 15.

Some of the key messages across the range of feedback received are included in Appendix 3 to provide context. 135 comments were removed that were either offensive, personally motivated with no context to the consultation or just not relevant as they did not relate to the proposed Rent Arrears Recovery Policy.

Overview of comments received:



- 3.9 Based on the survey responses, including analysis on comments, no changes to the initial proposals are recommended following the consultation. The Housing and Neighbourhood Service Income Management and Financial Inclusion Team (IMFIT) service are however reviewing all comments and will use as they continue to review arrangements and continually improve the service.

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1 Equality Implications

It is not anticipated that the changes to the policy will have any negative impact on tenants. IMFIT collaborates closely with tenants to ensure that their needs are met on a case-by-case basis, ensuring tenants are treated fairly and consistently. The positive joint and collaborative working helps tenants sustain their tenancies but also supports them with various other issues they might be facing which can have a lasting and positive impact on the tenant's income and welfare.

- 4.2 The Council has a duty under section 149 of the Equality Act 2010 (the public sector equality duty) in the exercise of its functions to have regard to the need to:

- a) eliminate discrimination, harassment, victimisation, and any other conduct that is prohibited by or under this Act.
- b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.
- c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

This duty has been considered in updating the Rent Recovery Arrears Policy, and in conducting consultation. Regard has been had to the responses to the consultation in finalising the proposal.

4.3 Financial and Commercial Implications

Failure to collect monies and reduce rent arrears could have serious implications for the Council's HRA and its ability to fund its Housing responsibilities and, the Council's ability to maintain and improve its housing stock, local neighbourhoods and invest in capital works programmes for existing homes and new supply.

4.4 Legal Implications

The policy will ensure the Pre-Action Protocol for Possession claims by Social Landlords is followed.

4.5 The policy will recognise changes because of Welfare Reform, it will offer equal opportunity and mitigate against any adverse actions being taken against the tenant and eliminate unlawful discrimination.

4.6 The Council will ensure The Rent Arrears Recovery Policy meets with legislative requirements and government guidance to maximise income and minimise rent arrears
This will include the following:

- Landlord & Tenant Act 1985
- Housing Act 1985
- Housing Act 1996
- Data Protection Act 2018 and the General Data Protection Regulation 2018
- Housing and Regeneration Act 2008
- Equality Act 2010
- The Regulatory Framework for Social Housing in England (March 2015)
- Welfare Reform and Work Act 2016
- Housing and Planning Act 2016

4.7 Climate Implications

None

4.8 Other Implications

The amended policy will emphasise and promote effective partnership working to help tenants sustain their tenancies. The policy recognises that there are some tenants who will need a more intensive support package to prevent them falling into arrears.

5. ALTERNATIVE OPTIONS CONSIDERED

5.1 Not updating the policy could result in a reduction of service and support to tenants to maximise their income and sustain their tenancies. This could ultimately result in increased arrears and reduced income to the Housing Revenue Account.

6. REASONS FOR RECOMMENDATIONS

6.1 The changes to the Rent Arrears Recovery Policy will ensure that the Council's Housing Revenue Account monies continue to be collected in a timely manner. They will enable Sheffield City Council to continue the provision of providing a good quality home to council tenants, and equality of opportunity for people to access a suitable affordable home to meet their needs.