



Rent Arrears Prevention and Recovery Policy 2021-2024

Basildon Borough Council

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External Consultation:	Tenant & Leaseholder Panel Tenancy Services Core Group Citizens Advice South Essex, Essex Police, Social Housing Landlords Public consultation via the Council's Website January/February 2021
Internal Consultation:	Key officers involved in the development of the policy throughout the process
Background Information:	Housing Act 1985 BBC Tenancy Agreement and Tenants Handbook, Ministry of Justice Pre-Action Protocol for Possession Claims
Policy Approval - Officer Level	Lesley O'Shea – Director of Housing & Property
Policy Approval – Member Level	Housing & Communities Committee
Policy Review Date:	February 2023
Service Impact Assessment Review Date	February 2023

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1. Introduction

Basildon Borough Council is committed to promoting and encouraging sustainable tenancies for tenants. This document outlines Basildon Borough Council's policy for the prevention and management of current and former tenant rent arrears.

This policy specifically covers:

- Rent arrears prevention
- Current tenant arrears
- Former tenant arrears
- Garage rent arrears
- Accounts in credit

This policy will be delivered via a Rent Arrears Prevention and Recovery Strategy which will provide details of the actions that will be taken to ensure the aims of this policy are met. To monitor the effectiveness of this policy, an action plan will be developed and regularly monitored by senior officers in line with performance management objectives.

2. Executive Summary

The aim of this policy is to ensure that income collection to the Housing Revenue Account is effectively managed and continuously improved. Further to this, the aim of this policy is to provide direction in supporting tenants to pay their rent and the steps that Basildon Borough Council will take to support tenants throughout each stage of their tenancy to pay their rent.

3. Policy Statement

This policy aims to maximise solutions for tenants, prevent rent arrears and sustain tenancies whilst maximising income to the Housing Revenue Account through the swift collection of rent and rent arrears. To this end, this policy will therefore ensure that the Council is proactive in:

- Encouraging tenants to pay rent to prevent rent arrears
- Supporting tenants through any rent recovery processes
- Taking swift action to enforce the payment of arrears

4. National Context

Since the global Covid-19 pandemic started in early 2020, there has been a significant impact on social housing providers and their tenants including rent arrears. It is estimated that rent arrears in the social housing sector have exceeded £1 billion during the Covid-19 pandemic with 30% increase in outstanding rent arrear which equates to £300 million since March 2020, with forecasts suggesting that arrears levels may not return to pre-pandemic levels until March 2022.

In December 2020, new legislation was introduced by central government which brought changes to the Consumer Credit Act. One aspect of this is that the format and language that financial institutions can use in debt letters must be amended. For example, font will be expected to be bold and underlined rather than in capital letters and organisations will be expected to remove legal terms so that the notices are better understood. This legislation was introduced in December 2020 but organisations have six months to implement the changes. Although this Act specifically covers debt such as credit/store cards, payday loans and hire purchases among others, Basildon Borough Council will seek to implement similar changes in the pursuit of rent arrears collection as a signifier of best practice to ensure that the rent recovery process is considerate.

The Debt Respite Scheme (Breathing Space Moratorium and Mental Health Crisis Moratorium) Regulations 2020 comes into effect on 4 May 2021. This establishes the first part of a debt respite scheme for people in problem debt. And give eligible people who receive professional debt advice access to a 60-day period in which interest, fees and charges are frozen and enforcement is paused. This moratorium period is often referred to as 'Breathing Space'; For people receiving mental health crisis treatment, this legislation establishes an alternate route by which the protections of a moratorium may be accessed and ensures that the protections are in place for the duration of their crisis treatment.

5. Local Context

Rental income is the main source of income to the Housing Revenue Account (HRA) and it is essential that tenants pay their rent in full and on time to ensure a sustainable HRA. The Council own and manage 10,697 homes and 5,417 garages in the Borough. The income from these assets is used to manage, repair and maintain the Council's housing and garage stock. A poor collection rate has a direct impact on service delivery and so Basildon Borough Council is committed to ensuring swift and efficient rent recovery across the Borough. This involves working to ensure that tenants are able to pay rent and access rent services with ease, but also pursuing legal action in instances of persistent rent arrears.

The agreed priorities were:

- Early intervention to prevent arrears arising.
- Helping tenants sustain their tenancies and prevent homelessness.
- Ensuring treatment of all tenants is accountable, fair, efficient, effective and consistent throughout the process.
- Professional, fully trained staff in place to deliver the desired outcomes.
- Contact maintained with tenants at all stages of the recovery process, particularly vulnerable tenants.
- Availability of high quality accessible advice and support for all tenants that require it.

Since the implementation of the current policy in November 2017 and the focus on early intervention and prevention, there has been a sustained decreased in the overall rent arrears

position. This is evidenced by the reduction in evictions which ultimately reduces the impact on homelessness in the borough, however this position has been negatively impacted by the Covid-19 pandemic in 2020.

6. COVID-19

Covid-19 has presented as a challenge to social landlords and tenants alike. Tenants have been pushed into precarious financial situations due to a reduction in income and job losses and this has impacted their ability to pay rent, which may continue for some time. The Council have worked pro-actively to support tenants where possible to continue to pay their rent and to prevent arrears accruing by strengthening early intervention support. One of the ways in which this is done is by ensuring that tenants are in receipt of the benefits they are entitled to. This work is carried out by the Welfare Benefits Officer and this is being enhanced with the recruitment of another officer to this team.

In March 2020, central government announced a ban on all evictions for renters across the United Kingdom due to the ongoing Coronavirus pandemic. This ban was lifted on the 20 September 2020 for a short time but was reintroduced towards the end of 2020 covering the Christmas period and has been extended to 21 February 2021.

The government have stated that tenants cannot be evicted from your home before 22 February 2021, unless they:

- are being evicted for antisocial behaviour
- are being evicted because you're in at least 6 months of rent arrears
- were accused of domestic abuse by someone who has moved out
- committed fraud or lied to get your tenancy
- are trespassing or squatting in the home

In relation to rent arrears the legislation currently requires landlords to give tenants six months' notice of their intention to seek possession. However if there are at least six months rent arrears, four weeks' notice of intention to seek possession can be given. Where there are issues of serious anti-social behaviour the notice period will be a minimum of four weeks. This is a temporary change in legislation that was introduced as a result of Covid-19. Any future changes, albeit temporary or permanent, before the end of this policy will be followed.

In addition to this, Basildon Borough Council have suspended evictions for any tenants affected by Covid-19 until March 2021. However, action will continue to proceed against tenants or their visitors exhibiting anti-social behaviour. These cases place untenable strain on other tenants, local communities and landlords, and they cannot continue without resolution. This will be reviewed on a regularly basis in line with any legislative changes.

7. Policy

In all circumstances, the Council will ensure that the most effective measures are put in place to prevent the accrual of rent arrears. This ensures the continuation of the HRA, the sustainment of tenancies and reduces costs further down the line. This will always be the Council's first approach to rent collection and is the key emphasis of this policy.

Prevention / Early Intervention:

- Measures to prevent arrears will be taken at the earliest opportunity.
- We commit to working with tenants to establish their individual circumstances and to provide support where necessary. We commit to working with other internal, external and relevant partners and organisations to provide support, understand their circumstances and identify opportunities to maximise tenant's incomes, as appropriate. At the tenancy offer and sign up stage, all new tenants will be clearly made aware of their obligations to pay rent and the importance of making regular payments and methods of payment will be discussed.
- A wide range of communication tools are utilised as appropriate for each tenants needs. Tenancies will be monitored in order to identify any early issues with rent payments in order to prevent arrears accruing.
- A wide range of payment methods will be available. The Council will actively promote direct debit as the preferred method of payment.
- The Council will ensure that consideration is given to the Equalities Act 2010, by undertaking individual Equality Impact assessments, where appropriate to ensure that tenants' vulnerabilities are identified in order to ensure effective support mechanisms are introduced.
- The Council will run regular publicity and communication campaigns with the purpose of informing tenants of the support and assistance available to minimise arrears.

Current Tenant Arrears:

- Arrears recovery will focus on personal contact at the earliest opportunity, ensuring high quality support and advice is readily available as well as informing tenants of the debt and consequences of non-payment in writing.
- All communication with tenants will make it clear that rent is a priority debt and written correspondence will highlight the seriousness of particular arrears situations.
- All members of staff responsible for the collection of rent and arrears recovery will receive the appropriate training
- The Council will balance resources in order that there is both a pro-active and a reactive approach to rent recovery.
- The Council will use the most cost-effective method to recover the debt depending on the amount owed. Initial stages of the recovery process will be automated. There is a dedicated resource in order to drive the prevention and early intervention, in order to prevent arrears from increasing, as well as there is a dedicated resources to more complex cases.
- The Council will ensure that tenants have access to appropriate financial/debt advice.

- In cases, where arrears continue to increase and tenants do not engage with officers to resolve the situation, the Council will commence legal action to re-possess the property. At all stages of the legal process, tenants will be informed of the action being taken, the implications of the action and offered continued help and advice from Council Officers and external partners.
- The Council will comply with the requirements of the Housing Act 1985 and the Ministry of Justice Pre-Action Protocol for Possession Claims relating to rent arrears in social housing. This protocol aims to encourage more pre-action contact and exchange of information with the intention that litigation is avoided where possible. Repossession of a property as a result of rent arrears will always be a last resort.
- The Council will always request that court costs are awarded against the tenant and that a money judgment is included in the Order for Possession.
- If a Suspended Possession Order is granted and subsequently breached by the tenant, no more than one opportunity will be given for the tenant to remedy the breach. Should the breach not be rectified quickly or if the order is breached on more than one occasion, an application will be made to the County Court for a Warrant of Eviction.
- In cases where the arrears are a direct result of unpaid under-occupancy charges, the Council will adopt a non-eviction policy providing tenants have:
 - a) Registered to downsize to a smaller property
 - b) Not refused two suitable offers of alternative accommodation
 - c) Applied for a Discretionary Housing Payment
 - d) Managed their tenancy to a satisfactory standard

This is subject to there not being any other breach which warrants possession action being taken.

Former Tenant Arrears:

- The former tenant debt recovery process starts when a tenant's period of occupation has ended.
- The Council will pursue the recovery of former tenant arrears in accordance with the Former Tenants procedures.
- In cases where payments are not forthcoming and Officers are unable to trace the whereabouts of a former tenant, consideration shall be given to writing off the debt in accordance with financial regulations. When a debt has been written off, it will no longer be shown as outstanding in the Council's accounts, however, the debt remains due to the Council in law and if the tenant is subsequently traced, the debt will be re- instated.
- Garage Rent Arrears

- The Council will aim to ensure that tenants are encouraged to keep rent accounts on garages clear or in credit and make payments 4 weeks in advance.
- Council tenants on the garage waiting list who have rent arrears will not be offered a garage until arrears are cleared.
- The Council will seek repossession on garages where the tenant falls into arrears.
- Accounts in Credit:
 - All rent accounts over £500.00 in credit will be checked on a monthly basis.
 - Where there are no other debts owed to the Council, a refund form will be issued to the tenant and refunds will be actioned on receipt of the completed refund form.
 - In the event of other debts owed to the Council, the credit on the account will be used to offset these debts before a refund can be considered.

8. Discretionary Housing Payments (DHP)

A DHP may be awarded when a local authority considers that a claimant requires further financial assistance towards housing costs and is in receipt of either Housing Benefit or Universal Credit. This may include tenants affected by the spare room subsidy or benefit cap.

Officers will provide support and advice to tenants in making applications for this funding where appropriate. Any applications will be considered by the Revenues and Benefits department in accordance with the Council's Discretionary Housing Payment Policy.

The Council recognises the adverse impact of the current national economic position and how this affects tenants due to a reduction in income and job losses. To support tenants who find themselves in financially difficult positions, we aim to enhance the welfare benefits team to ensure tenants are in receipt of all benefits they are entitled to, such as DHP.

The criteria for this Policy is currently being reviewed. It will ensure that we support the most vulnerable tenants in the borough.

9. Corporate Promises

Corporate Promise	Levels of impact			
	High	Medium	Low	None
A place for everyone to call home	X			

A place where everyone prospers		X		
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Corporate Promise	Levels of impact			
A place to be proud of			X	

10. Outcomes and Priorities

Outcomes

- Tenants are prevented from getting into arrears (increased early intervention)
- Sustained reduction in rent arrears owed by tenants
- Tenants have the information, support and advice they need to maximise their income and prevent or minimise debt
- Services are accessible transparent and accountable
- Tenants are treated fairly and equally
- High quality, value for money service
- Sustainable Housing Revenue Account

Priorities

- Early intervention to prevent arrears arising
- Helping tenants sustain their tenancies and prevent homelessness
- Effective management and control of rent arrears
- Treatment of all tenants is accountable, fair, efficient, effective; and consistent throughout the process
- Professional, fully trained staff in place to deliver the desired outcomes
- Contact maintained with tenants at all stages of the recovery process, particularly vulnerable tenants

A number of key performance indicators are in place to ensure the desired outcomes and priorities are met. These are monitored and regularly reviewed through a performance framework including individual case management, senior manager review and tenants via the Tenant Scrutiny Panel and Tenant and Leaseholder Panel.

Links to other corporate policies or partner documents

[Allocations Policy](#)

[Tenancy Policy](#)

[Financial Regulations](#)

[Corporate Debt Policy \(in development\)](#)

[Local Council Tax Scheme](#)

[Information Management Policy](#)

[Safeguarding Policy](#)

[Homelessness and Rough Sleeping Prevention Strategy](#)

[Housing Strategy 2018-2023](#)

[ASB Policy](#)

[Financial Inclusion and Resilience Policy](#)

[Discretionary Housing Policy](#)

Legal compliance requirements

[Housing Act 1985](#)

[Housing Act 1996](#)

[Protection from Eviction Act 1977](#)

[Local Government Act 2000](#)

[Equality Act 2010](#)

[Human Rights Act 1998](#)

[Mental Capacity Act 2005](#)

[Localism Act 2011](#)

[Welfare Reform Act 2012](#)

[Welfare Reform and Work Act 2016](#)

[Data Protection Act 2018 \(General Data Protection Regulations\)](#)

[The Coronavirus Act 2020](#)

Ministry of Justice Pre-Action Protocol for Possession Claims by Social Landlords (2015)

The Debt Respite Scheme (Breathing Space Moratorium and Mental Health Crisis Moratorium) Regulations 2020

Appendix 1

Overview of Rent Arrears Recovery Process

Length of Arrears Period	Action	Trigger	Possible outcomes
2 weeks arrears	1 st reminder letter	2 weeks arrears + current rent	Balance cleared
3 weeks arrears	2 nd letter and 1 st contact call	2 weeks arrears + current rent 1 st reminder completed over £50 debt	Balance cleared Vulnerabilities identified Arrears repayment plan agreed Cancel insurance
5 weeks arrears	Serve NOSP	5 weeks arrears + current rent 2 nd contact complete excludes 100% non-rent debt Over \$50 debt	Balance cleared Cancel insurance Refer to CAB, Family Mosaic Liaise with other departments for action Serve NOSP
6 weeks arrears	NOSP waiting period Contact stage	7 weeks arrears + current rent over £500 debt	Balance cleared Arrears repayment plan agreed Assess vulnerabilities Review HB/UC & pend as appropriate Review agency referrals

Length of Arrears Period	Action	Trigger	Possible outcomes
			Home visit/interview 7-day letter – notice of legal action Send pre-court protocol
7 weeks arrears	NOSP waiting period Contact	7 weeks arrears + current rent over £500 debt	Balance cleared Arrears repayment plan agreed Assess vulnerabilities Review HB/UC & pend as appropriate Review agency referrals Home visit/interview 7-day letter – notice of legal action Send pre-court protocol
10 weeks arrears	Make court application	10 weeks arrears + current rent Over £500 debt	Balance cleared Review HB & agency referrals Senior Rent Officer review Instruct legal to obtain court date Issue letter to tenant advising of action taken

Process	Possible Outcome
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Process	Possible Outcome
Court Hearing	Dismissed by the Court Withdrawn Adjourned with terms Suspended Possession Order Absolute Possession Order
ABSOLUTE POSSESSION ORDER DATE OR BREACH OF SUSPENDED POSSESSION ORDER	Balance cleared Interview with Senior Officer Release of Warrant requested
RELEASE OF WARRANT	Balance cleared Warrant Obtained Eviction date notified
EVICITION PROCESS	Balance cleared Stay of execution granted Eviction takes place

Appendix 2

Garage Rent Arrears Recovery Process

Length of Arrears Period	Action	Trigger	Possible Outcomes
2 weeks arrears	1 st reminder letter	2 weeks arrears + current rent	Balance cleared
4 weeks arrears	2 nd reminder letter	2 weeks arrears + current rent 1 st reminder completed	Balance cleared

Length of Arrears Period	Action	Trigger	Possible Outcomes
6 weeks arrears	Service Notice to Quit (NTQ)	5 weeks arrears + current rent 2 nd reminder complete	Balance cleared Agreement to clear in 7 working days
7 weeks arrears	NTQ waiting period	6 weeks arrears + current rent 1 week after NTQ served	Balance cleared Garage repossessed and locks changed
	Garage cleared of any remaining possessions	Garage re-possession	Owner collects items within 7 days Items disposed of or sold to repay debt