

HOUSING RELATED DEBT POLICY

2020-2023

1. Introduction

This policy is concerned with how we respond to our customers requesting a service from us, and who owe us, or other social landlords (local housing authorities or Private Registered Providers) a form of housing related debt.

This policy does not apply to debts that are not recoverable, although debts that are statute barred are still taken into consideration (see 2 (d)).

The purpose of the policy is to help the Council and other social landlords to collect more debt effectively and to provide clarity and consistency for both staff and customers.

It is not a policy about taking enforcement action in relation to debts owed to us and, therefore, policies and procedures around eviction and possession procedures, and the terms of reference for existing forums such as Tenancy Enforcement Panel (TEP) and Rent Arrears Panel (RAP), remain unchanged and unaltered by this document.

For those applying for council housing it is important to note that this policy does not apply to those seeking to enter the housing register but are not allowed to do so as a result of significant (by which we mean in excess of £2,500) housing related debts owed to any Landlord. This is provided for within the council's [Lettings Policy](#) under "Qualifying categories of applicants". The Housing Related Debt Policy outlined here applies to applicants who have qualified to join the register but owe a housing related debt to any social landlord. Debts to private landlords may also be considered where they exceed an amount equivalent to 2 months' rent, and where Cambridge City Council is able to obtain reliable evidence of the debt from the landlord.

2. Definitions

- a) A **customer** is defined as someone either holding a tenancy or licence of ours (including those in temporary accommodation), or a housing applicant on the register.
- b) **Housing related debts** include, but are not limited to:
 - current rent arrears,
 - former tenant arrears,
 - outstanding re-chargeable repairs,
 - current and former housing related service charge arrears,
 - arrears on use and occupation charges (mesne profits charges),
 - bed and breakfast charge arrears,
 - the Council's private rented Access Scheme arrears,
 - HB+ and HB Family+ rent top-ups,
 - loans from the Council's Homeless Prevention Fund,
 - Housing Benefit overpayments made to the tenant/landlord, and

- costs associated with court action relating to housing related debts.
- debts to properties managed by Townhall Lettings, the council's social lettings agency

They also include Council Tax debts owed to Cambridge City Council. (A question is asked on the housing application form asking if the customer owes Cambridge City Council any arrears of Council Tax.) Total housing related debts of less than £500 are not included within the scope of this policy (apart from temporary accommodation service charge debts – see 3 (h) below).

- c) Debts included in a **Debt Relief Order** do not count as a debt for the purposes of the Housing Related Debt Policy as they are normally frozen for a year and then written off.
- d) This policy is still applicable where there are statute barred debts, even if those debts will not be pursued.
- e) Housing **service** includes acceptance on to the housing register and entitlement to bid for accommodation, assignments and succession and requests for joint into sole or sole into joint tenancies. Requests to carry out a mutual exchange are covered by a separate [Mutual Exchange Policy](#).
- f) **Private Registered Provider (PRP)** is a social housing provider approved and regulated by Government through Homes England (formerly the Homes and Communities Agency). The vast majority of PRPs are also known as Registered Social Landlords or Housing Associations.

3. Overview and General Principles Relating to Debt

- a) The Council has a responsibility to help, encourage and enable customers make affordable arrangements to repay debt.
- b) The Council will offer guidance to staff on how to signpost customers to money advice services in the city. Training on basic debt counselling and money advice should be made available to frontline staff where required.
- c) Agreements on repayment of debts should be based on figures included within the City Council's [entitled to budget](#) income and expenditure sheet. In calculating payments the City Council will take into account other debts owed to the Council such as Council Tax and sundry debts along with other priority debts such as arrears on utility bills and rent arrears owed to third parties.
- d) The Council needs a flexible policy that balances its responsibility to collect debt with the needs of its customers, combined with a recognition that most debt is caused by genuine financial hardship rather than an unwillingness to meet financial responsibilities. All staff will consider

debtor's personal, family, and social circumstances, and will ensure benefit take-up has been maximised.

- e) The Council should refer customers with complex multi-debt problems to specialist money advice services for help. City Council tenants should be referred to one of the Council's Financial Inclusion Officers. Where customers have multiple debts, we must liaise with other sections of the City Council to present a "one Council" approach to debt advice and debt recovery.
- f) The Council has a duty to protect public funds, and therefore any debt owed to any Cambridge City Council department can be recovered or offset from an existing credit on any other City Council account held by a tenant or applicant, if necessary.
- g) We should accept as reasonable any repayment proposals made by specialist money advice practitioners on behalf of their clients when they are supported with income and expenditure sheets.
- h) Where customers have more than one housing related debt, the "six month and 50 % reduction rule" as highlighted in 4a below should apply, but reasonable repayments may be apportioned across all the debts or, alternatively, a larger repayment may be apportioned to some or one of the debts before the customer can receive a service.
- i) Applicants who are in Cambridge City Council temporary accommodation and are not allowed to bid for, or be offered, accommodation as a result of this policy, should automatically be referred to the Housing Related Debt Panel (HRDP), so that the Council can evaluate these cases (in view of the fact that retaining households in temporary accommodation is, in itself, costly for the Council). Where the debt consists solely of service charges from the current address, only debts of over £150, or equivalent to 5 weeks of charges (whichever is the higher figure) are included within the scope of this policy
- j) Where the customer has entered a [Breathing Space](#) as part of the Debt Respite Scheme, and any of the housing related debts owed by the customer form a part of that, payment plans will be suspended until the Breathing Space comes to an end. Any payment gaps that are solely due to the customer entering the Breathing Space will not be counted as 'missed payments' but will be classed as 'paused payments'. The customer will therefore continue payments in line with the policy, as highlighted in 4a below, once the Breathing Space has ended.

4. Debts Owed to Cambridge City Council and Private Registered Providers (PRPs)/local authorities

- a) The starting point is that we will expect customers to clear any debts that they owe a social landlord before we offer them a tenancy, transfer, mutual exchange etc. (see definitions of "Service" above) where it is clearly within their means to do this (for example where the debt is

relatively low and the customer has a reasonable disposable income or significant savings to draw on).

However, when a financial assessment shows that the debt cannot be cleared immediately then a realistic and affordable repayment arrangement should be agreed to clear the debt.

The customer shall become eligible to receive the service if the agreed **regular repayments have been in place for at *least six months*, and the total original debt reduced by 50%, from the point at which the Council becomes aware of the debt. If the customer has been making regular payments in response to a realistic agreement in the period immediately prior to attempting to access a housing service, these existing repayments may, at the Council's discretion, be considered.**

The relevant debts and repayment agreement should be clearly logged on the Orchard system for current or former council tenant arrears, and on the applicant's Home-Link application.

- b) If payment by the customer demonstrates a clear commitment and effort to stick to the arrangement and meet the terms of the policy as set out at 4(a), but a small number of payments have been missed due perhaps to financial difficulties or other genuine reasons, then the case should be referred to the Housing Related Debt Panel (HRDP) for a decision on whether the customer should be eligible to receive the service.
- c) Where applying the 6 monthly payments and 50% reduction rule (see 4 (a)) would lead to severe hardship or leave the customer at serious risk in some way (for example due to domestic abuse, other violence or harassment or ill health), or where there is an interest to the Council in providing the service (e.g. to prevent homelessness or to move a homeless household out of temporary accommodation), then the case should be referred to the HRDP, which will decide whether it is appropriate to dispense with the 6 monthly payments and 50 % reduction rule and offer the service to the customer more quickly.
- d) Cases where the customer's vulnerabilities (e.g. mental health problems, learning difficulties, substance misuse) make maintaining regular payments difficult or impossible should also be referred to the HRDP for consideration. In situations like these, an Alternative Payment Arrangement (APA) from Universal Credit or a deduction from Job Seekers Allowance or other benefits, should always be considered as an option before referral to the HRDP.
- e) A referral to the HRDP can only be instigated by a member of staff. A customer or supporting agency/individual can discuss the possibility of a referral with a member of staff who may then, depending on the merits of the case, decide to make a referral.
- f) A referral to the HRDP should include a customer [entitled to budget](#) income and expenditure sheet.

- g) Debt will not always prevent an applicant registering on the Housing Register. However, if, under the terms of the Lettings Policy, the debt is large enough to be classed as ‘unacceptable behaviour’, the applicant can be disqualified from accessing the Housing Register. Applicants who are not disqualified, but are nevertheless not compliant with this policy, will be placed in a housing needs band but their application will be suspended and they will not be actively considered for an offer of a tenancy, or be able to express interest in available properties, until the debt has been reduced or cleared in line with this policy. At the point of suspension, the Housing Advice Service will write to the applicant and offer a referral to a debt or money advice agency or one of the council’s Financial Inclusion Officers if the applicant is a City Council tenant.
- h) Repayment agreements for former tenant debts owed to the council can form contractual obligations of Secure Tenancies, Introductory Tenancies (IT) and Fixed Term Tenancies (FTT) and therefore non-payment of former tenant debts can lead to either service of a Notice to Terminate an Introductory Tenancy or a Notice of Seeking Possession against a Secure or Fixed Term Tenant. However, all customers with former tenant arrears who are housed under Introductory, Fixed Term or Secure Tenancies will need to undergo a financial reassessment before an agreed repayment schedule is reached and by which the repayment obligations in respect of the tenancy agreement will be established. The City Council will look holistically at former tenants with multiple debts particularly those with separate debts owed to the City Council.
- i) A letter should be sent to someone being offered an IT reiterating that it is expected that realistic repayment agreements are adhered to and that recovery of the debt, including county court possession action or action to obtain a Money Order, may result, in the event of non-payment.
- j) Any customer who does not qualify to join the housing register because of rent arrears can request a statutory review of the decision in line with the provisions set out in the Lettings Policy.
- k) Any customer whose housing application is suspended in line with this policy and the Lettings Policy, can request a review of this decision. Banding reviews are carried out by the Housing Advice Co-ordinator.
- l) Any customer who is being denied any other service as set out in 2e above can seek redress through the Council’s [Complaints Procedure](#).

5. Use of discretion and Housing Related Debt Panel (HRDP)

In order to develop a flexible policy on housing related debt that meets both the needs of the customer and the council it is necessary to build in a degree of discretion for officers on the HRDP to account of an individual’s circumstances. This allows each case to be considered on its own merits and prevents us from fettering our discretion or being too rigid in our approach. In summary, officers should apply the policy consistently but if they think there is a case that may merit some discretion, they should refer it to the HRDP.

Date Policy adopted by HMM: 6/11/2014

Date Policy adopted by HMT: 13/11/2014 and further adopted 01/10/2015

Date Policy effective from: 01/04/17

Date Policy reviewed and updated 14/05/21

Date Policy next due for review: 2023