

COVID-19 Arrears and recovery action

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All recovery suspended March 2020



- The council temporarily suspended all recovery and enforcement action in respect of unpaid rents and service charges in March - doing so as part of its immediate response to the crisis.
- The council did not offer “payment holidays” or take any actions that may have had the effect of discouraging those tenants or residents able to do so from making payments.
- The steps taken by the council in response to the COVID-19 crisis are similar to those of other local authorities, social landlords and many other creditors.

COVID-19 impacts



- Fewer rent payments received
- Increased rent arrears
- More tenants claiming benefits (Universal Credit) to help pay rent
- Universal Credit impacts on rent arrears amplified



North East Area Impacts



- 15% increase in rent owed
- 38% of all North East area tenants are in rent arrears
- 35% of North East area tenants are claiming Universal Credit
- Tenants claiming UC account for 70% of all rent arrears



Recovery action resumed August 2020



- As lockdown measures were relaxed and as the economy began to recover, the council resumed recovery activity for unpaid rent and service charges – while continuing to offer support to those who are in arrears.
- We expect to see income collection improve in the second half of the year but there is still huge uncertainty about the future course of the pandemic and the state of the economy.
- Our present assumption is that for 2020/21 rent and service charge income will both be very significantly down compared with recent years