

**RENT ARREARS
POLICY**

Update April 2013

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1. Introduction

- 1.1. The economic downturn has had far reaching effects, jobs have been threatened or lost and the availability of credit has been reduced. Although the economy is recovering slowly, it is likely to remain weak for some years to come. In times of economic hardship increasing pressure is placed on individual finances and many, unable to cope, have fallen into debt. When faced with the pressure of debt, or limited finance many may stop paying rent.
- 1.2. This policy explains Dartford Borough Council's (DBC) approach when tenants do accrue rent arrears. In summary, the Council will take a firm but fair approach, ensuring that tenants have available financial expertise (in the form of budgeting advice etc) to resolve any difficulties. The Council will not tolerate tenants who are unwilling to pay arrears nor receive help, and serious legal action will be taken against them.
- 1.3. The Council, in delivering this policy, will ensure that no individual is discriminated against on grounds of marital status, sex, disability, age, sexual orientation, racial ground, or other personal attributes, including religious beliefs or political opinions.
- 1.4. The Housing Management Rents team is responsible for monitoring and taking enforcement action against tenants in arrears. The diagram below outlines the responsibilities of various team members in relation to arrears:

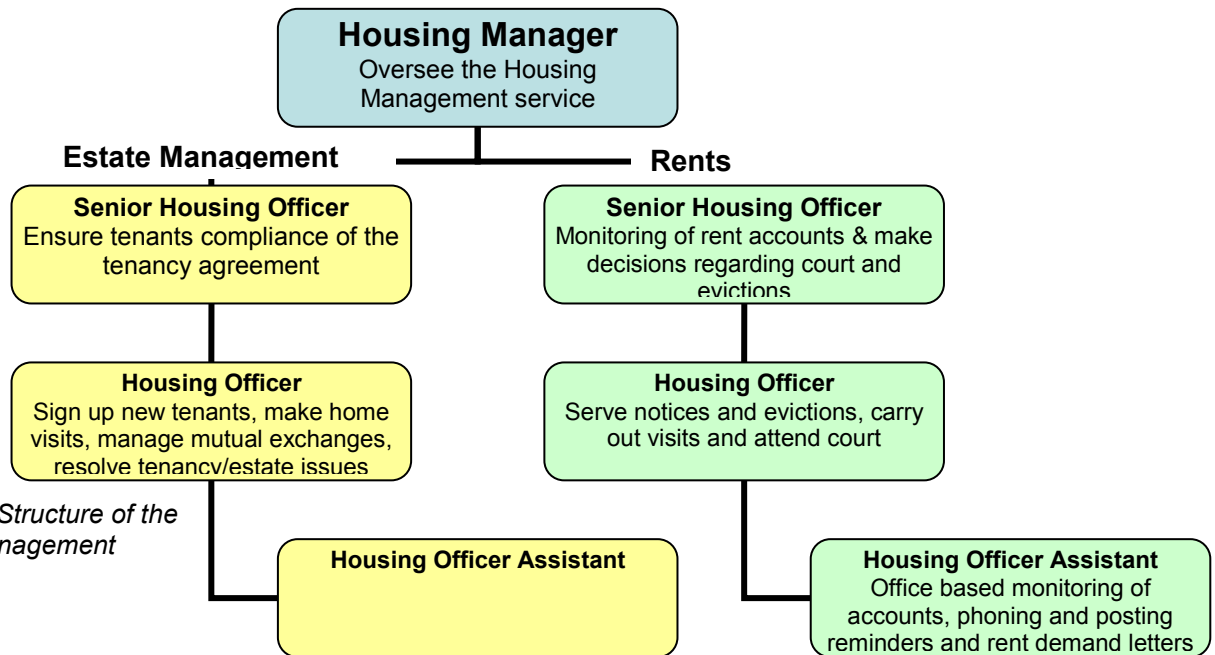


Diagram A: Structure of the Housing Management service

- 1.5. The Housing Management Team is subdivided into two parts: the estate management team is responsible for dealing with tenancy and estate issues, whereas the rents team concentrate solely on collecting rent and taking enforcement action against those in arrears.

2. Tenant's responsibilities

- 2.1. The term 'tenant' includes sole and any joint tenants. All Dartford Borough Council tenants sign a tenancy agreement and therefore have an obligation to pay their rent on time.

Tenancy agreement condition 2.1: 'Rent must be paid on time. The amount of rent and other charges you initially have to pay for this property are shown on page 1 of this Agreement. The rent is due on Monday of every week, but as long as it is paid in advance you may pay more than one weeks rent at a time. There are some free weeks when no rent is due, and these are usually in April and December. But if you are in arrears with your rent payments you must continue to pay in these weeks.'

Tenancy agreement condition 2.4: 'Joint tenants are jointly and severally responsible for all the rent and any arrears. We can recover all rent arrears owed from any individual joint tenant. If one joint tenant leaves, the remaining joint tenant or tenants are responsible for any rent that may still be owed.'

- 2.2. Rent charges may be altered from time to time and are reviewed each year in line with government policy. Any change will take place from 1 April each year and the Council will give a minimum of 4 weeks notice (Tenancy Agreement condition 2.5).
- 2.3. The Council also has the right to offer additional services which have to be paid for as part of rent or additional service charges; however tenants will be consulted before new services are introduced and are given an opportunity to end their tenancy before the new services and charges are introduced (Tenancy Agreement condition 2.6)

3. Prevention

- 3.1. Preventing accruing rent arrears is critically important as arrears are not only financially and socially damaging to an individual; as they risk losing their home, but with the average cost of an eviction costing £6,000, arrears are also a financial burden to the Council.
- 3.2. In order to prevent arrears, the Council recognises that it must tackle the underlying causal factors. Some of the most common reasons for rent arrears are listed below:
- Housing benefit (HB) issues
 - Loss of income due to changes in personal circumstances (e.g. illness, death of a partner or relationship breakdown, increase in number of dependants)
 - Low income (e.g. due to unemployment, low paid work or low take-up of benefit) and changes in income
 - Multiple debts and competing priorities
 - Difficulty in managing finances
- 3.3. Dartford Borough Council aims to prevent problems from occurring and thereby prevent rent arrears by:
1. Promoting a payment culture among tenants
 2. Promoting and continuing to improve the availability of appropriate payment options
 3. Maximising tenant's income

3.4. Dartford Borough Council (DBC) aims to promote a culture where payment is encouraged and where tenants are aware of free financial advice at all stages of their tenancy. The information below summarises how the Council does this:

Sign up Stage:

After an offer of housing has been accepted, the Housing Officer will meet with the tenant to sign the Tenancy Agreement and hand over the keys. During this time the Housing Officer will:

- Remind the tenant of their responsibility to pay rent on time and explain the consequences of non-payment.
- Give the tenant a Tenants Handbook, which includes a debt prevention leaflet and a debt advice booklet.
- If applicable, ensure that the tenant has claimed for housing benefit, and if this is the case has returned their claim with all the accompanying documentation. The Housing Officer will not hand over the keys until the claim forms have been completed.
- Make a referral to Supporting People floating support if support is needed to manage the tenancy.

Ongoing:

The Council is working continually to promote a payment culture among its tenants, it does this by:

- Carrying out periodic rent campaigns, through the use of cards and text messages.
- Contacting tenants after 6 weeks for a rent check up, if there are any arrears
- Periodically running a financial capability course for tenants

3.5. Dartford Borough Council aims to ensure that tenants are able to pay their rent as easily as possible, in a way that suits them and their lifestyle. The Council does this by providing a range of different payment options which take into account today's technology but also provide more traditional payment options. These options include:

- Payment by direct debit or standing order
- Over the phone by Switch, Visa Debit, MasterCard, Visa, Electron or Solo
- By post (by sending a cheque or postal order)
- Online, using the Dartford Borough Council website
- Electronic Payment Card, which can be used at Paypoint, Payzone, or the Post Office
- By Touch Tone (automated payment service open 24hrs/7 days a week)
- At the Council's Civic Centre cash machine

3.6. The Council advertises the range of payment options in the Tenants Welcome Pack and through the tenant's newsletter. To encourage payment by direct debit there is a free monthly draw for theatre tickets to those who pay by this method.

3.7. Ensuring that tenants are kept informed of their rent account is important and rent statements are sent by post, quarterly. Tenants can also view their rent account online

- 3.8. Dartford Borough Council aims to maximise tenant's income by informing them of benefits they are entitled to. With extra income, tenants are more likely to cope when financial difficulty does occur. Primarily tenants are advised on additional benefits at the sign-up meeting.
- 3.9. The Council works to ensure that claims for benefits are processed as quickly as possible. All Housing Officers carry cameras which can be used to photograph documents (passports, birth certificates etc), which are needed to support a claim. These images can then be emailed to the appropriate benefit department who will process the claim.

4. Early intervention

- 4.1. In some instances it will not be possible to prevent arrears. However early intervention helps to identify problems quickly so that people can be referred to organisations that are able to help. Often, rent arrears are a symptom of underlying problems such as debt, illness or redundancy and if these problems can be addressed, then there is a good chance that rent arrears can be dealt with.
- 4.2. Accounts are also monitored on a weekly basis and a rent demand letter is sent to all of those who have missed their first weeks rent payment. This letter also details agencies that are able to offer financial support.
- 4.3. Where it is appropriate, if a current tenant is in receipt of Job Seekers Allowance or Income Support, arrangements will be made to clear the debt through the Benefits Agency via Arrears Direct payments, and assistance will be given to complete the necessary application forms.

5. Vulnerable tenants

- 5.1. Housing Services defines a vulnerable person as:

Anyone over 18 yrs or aged 16/17 with a guarantor; who needs community care services or an enhanced housing service¹

Without support, vulnerable people can be at increased risk of accruing arrears. The Council aims to ensure that people receive all the support they need at the earliest stage.

- 5.2. The Council keeps a record of all tenants who state they are vulnerable, and this is taken into account in communications. The type and style of communication used is decided on a case by case basis and home visits can be made where necessary (Supported Housing Officers will carry out home visits to residents at supported housing schemes).
- 5.3. When a vulnerable person is in arrears the Council will follow its escalation procedure (see diagram B), but extra visits may be organised. The Housing Officer will also seek to refer the person to the Supporting People floating support service.

¹ See Dartford Borough Council's Vulnerable Adults' Housing Policy for more details

6. Rent arrears recovery

- 6.1. Rent arrears recovery will be based on a staged escalation process (see diagram B), which can be halted at any moment by a tenant choosing to pay rent and agreeing a repayment plan with the Council.
- 6.2. The procedure used to recover rent varies depending on the type of tenancy; either Part 7, Secure and Flexible or Introductory (see diagram below), the procedure for demoted tenancies is outlined in the Demoted Tenancy Policy, which can be requested from a Housing Officer or found at: <http://www.dartford.gov.uk/housing/documents/demotedtenancy.pdf>

Escalation Procedure Rent Arrears

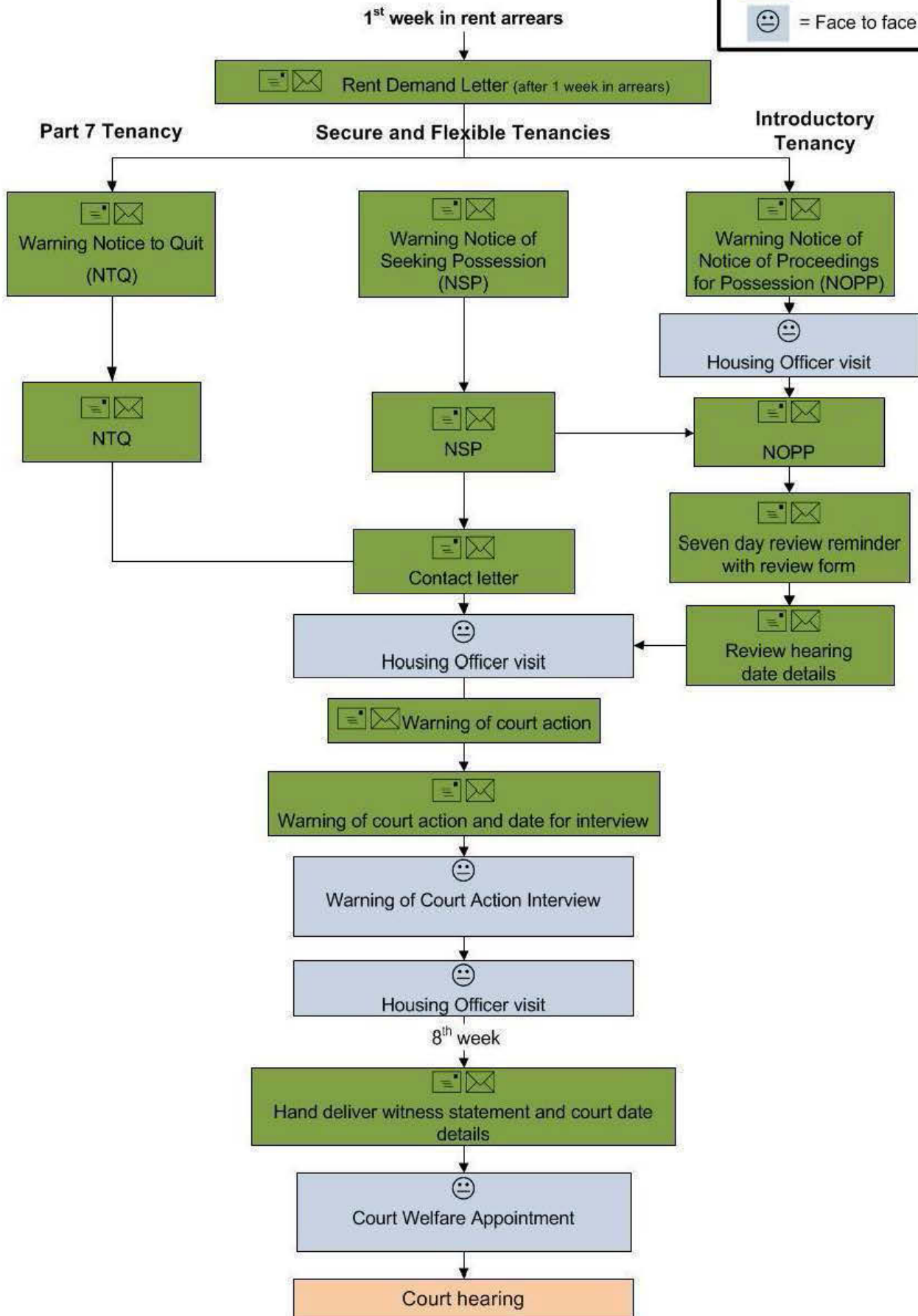


Diagram B: showing the escalation procedure for rent arrears

- 6.3. When tenants cannot clear arrears in a single payment and where a court order has not set the amount to be repaid, the Council will agree to an affordable repayment plan. This will be a written agreement which will provide information on the size and frequency of arrears repayments, the repayment dates and the method of making payments.
- 6.4. The agreement will take into account the tenant's ability to pay, which will be based on the disposable income in proportion to the level of the tenant's debt. The amount of council tax owing will also be taken into account as the Council's Corporate Debt Policy defines both rent and council tax debt as equal priority debt.
- 6.5. The intention is to clear the debt(s) as soon as possible and the minimum position as far as the Council is concerned, will be that an individual's indebtedness to the Council does not worsen.
- 6.6. If the tenant fails to make a repayment or pay their rent, the recovery of rent arrears will be escalated (see diagram B).
- 6.7. A repayment arrangement may take place after the tenant has been taken to court, this will be based upon the tenant's income and expenditure (where such information has been supplied in response to the landlord's enquiries).
- 6.8. The council will NOT seize an individual's goods or possessions as a means of collecting debt.
- 6.9. The Council will take legal action to evict a tenant, but only as the last resort and where other means of recovery of rent arrears have been exhausted.

Tenancy agreement condition: 2.2: 'If you do not pay the rent on time we may go to court to get legal permission to end the tenancy and repossess the property, or take other legal steps to recover the arrears.'

- 6.10. At least a month before court proceedings the Council will serve either a; 'Notice Seeking Possession' (for a secure or flexible tenancy), a 'Notice of Proceedings for Possession' (for an introductory tenancy) or a 'Notice to Quit' (for a part 7 tenancy). Each notice will explain why the Council is seeking to repossess a home and will give a date after which court proceedings will take place. The notice also advises tenants to contact agencies that are able to offer support and/or representation in court, including the Citizen's Advice Bureau, Solicitors and the Housing Aid Centre.
- 6.11. All introductory tenants have an opportunity to have an independent review following their notice prior to court action being taken. A review application and leaflet explaining the review process is included within the notice.
- 6.12. Tenants have at least three opportunities to meet face to face with Housing Officers before attending court. The Warning of Court Action Interview is carried out by a Housing Officer and an Officer from the Housing Options and Advice Team. Officers will provide information on the consequences of eviction and encourage tenants to enter into a financial arrangement with the Council for repayment of the debt.
- 6.13. At the Court Welfare Appointment, before court proceedings, a Housing Officer will assess the tenant's income and expenditure and discuss arrangements to pay back the arrears. If an arrangement is not made, either because the tenant chooses not to attend the meeting or because they cannot make suitable repayments then the Council will apply for an **Outright Court Order**, which allows the Council to apply for a bailiff to evict the household after a court order has been made.

- 6.14. If an arrangement is agreed then the Council will apply for a **Suspended Court Order**, where the tenant is allowed to remain in the property on the condition of the court order (normally that they pay rent + repayments). If the tenant breaks the conditions then the Council can apply to the courts for the bailiff to evict the household.
- 6.15. In the majority of cases the Council will also request a **Money Judgment Order**, which specifies that the tenant has to pay the rent arrears regardless of whether they are evicted.
- 6.16. Whatever the result of proceedings all tenants agree in their tenancy agreement to cover the cost of court costs:

Tenancy agreement condition 2.3: 'If we go to court – either to enforce the terms of this Agreement or to defend proceedings brought against the Council by you, reasonable legal costs and expenses incurred (including VAT) may be charged to you, unless the court orders otherwise.'

- 6.17. The Council aims to keep tenants informed at each stage of the eviction process.
- 6.18. When the court has agreed an eviction, the court will notify the tenant by letter of the eviction date. The Council will also send a letter to the tenant outlining the eviction date and time, the amount of money they still owe and information about emergency accommodation and storage facilities. Tenants are then required to make their own arrangements to access these services. The letter also states that the tenant has the right to apply to the County Court for a Stay Hearing, which allows a temporary suspension of a court judgment.
- 6.19. On the day of eviction the bailiff will execute the warrant for eviction, ensuring that the occupants leave the property. Following this the Council will notify the Housing Options and Advice team and where there are children under the age of 18 in the household, or where there is reason to believe that a member of the household is vulnerable, Social Services will be notified.

Tenancy agreement condition 6.4: 'You should ensure that you take all your belongings with you when you leave the property. You will be responsible for meeting all reasonable removal and/or storage charges when items are left in the property. We will remove and store them for a maximum of one month and will notify you that we have done so by writing your last know address. If the items are not collected within one month, we may dispose of the items and you will be liable for the reasonable costs of disposal'

7. Former tenant arrears

- 7.1. Once a tenant has been evicted from the property, any rent owed is still repayable to the Council. If they become a tenant of another local authority the debt owed will be taken out of the weekly rent on that property. The Council will take all reasonable and practical measures to recover debt. Debt will only be written off when a person's circumstance make it inappropriate, or where it is uneconomic to do so.

Tenancy agreement condition 2.8 'If you move to become the tenant of another Council-owned dwelling, we will use the payments subsequently made by you to pay off any debts you owe us, which relate to rent or occupation charges at the previous property or properties (former tenant arrears) in preference to rent due under the new tenancy.'

Tenancy agreement condition 2.9: 'If we owe you money, such as a compensation or home loss payment, this will be used towards the rent of the new tenancy or the reduction of any other debts (apart from housing benefit or council tax benefit) related to your home, such as recharges.'

8. Complaints

- 7.1. If tenants feels that they have been unfairly treated they can make a complaint through the Council's formal complaints procedure. A complaints form can be downloaded from <http://www.dartford.gov.uk/complaints/Formalcomplaints.htm> or requested from a Housing Officer.

9. Monitoring

- 9.1. Rent arrears are monitored on a weekly basis and data is analysed in terms of the value of arrears, geographical area and tenure in order to inform the way that the Council tackles rent arrears. The Council uses a number of indicators to measure rent arrears and to compare its service alongside other local authorities, as indicated below:
- The amount of rent arrears as a percentage of the yearly rent debit
CLG/HouseMark returns
 - **BV66a** - Rent collected by the local authority as a proportion of rents owed on Housing Revenue Account (HRA) dwellings.
 - **BV66b** - The number of local authority tenants with more than seven weeks of (gross) rent arrears as a percentage of the total number of council tenants.
 - **BV66c** - Percentage of local authority tenants in arrears who have had Notices Seeking Possession served.
 - **BV66d** - Percentage of local authority tenants evicted as a result of rent arrears.