

Rent arrears policy

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Contents

1. Introduction	1
2. Purpose	2
3. Scope	2
4. Legislation and guidance	2
5. Performance	2
6. The policy	3
7. Former tenant arrears	6
8. Garage arrears	6
9. Shared ownership arrears	6
10. Temporary accommodation arrears	6
11. Rent refunds	7
12. Roles, responsibilities and authority	7
13. Monitoring, review and evaluation	7

1. Introduction

This policy outlines our housing services approach for preventing and managing rent arrears. Rent pays for the services provided to the tenants including tenancy management and repairs to homes. It's therefore essential for rent collection to be maximised through effective management of rent arrears.

Information on our rent arrears including the policy and key information are [available on the website](#). This will be reviewed on a regular basis to ensure that it is relevant, helpful and up to date.

Rent arrears collection will comply with the [Pre-Action Protocol for Possession Claims by Social Landlords](#).

2. Purpose

The purpose of the rent arrears policy is to:

- minimise rent arrears through fair and firm action
- enable us to collect 100% of recoverable rent income
- enable tenants to sustain tenancies and maximise their income by providing advice and support at every stage
- set out our commitment to tackling financial exclusion by working with local voluntary agencies that deliver independent financial advice

3. Scope

This policy applies to current and former tenants of [housing revenue account](#) (HRA) managed residential properties.

This policy does not relate to leaseholder service charge arrears that are dealt with in the [leaseholder service charges policy](#).

4. Legislation and guidance

External

- [Housing Act 1985](#)
- [Pre-Court Action Protocol – Civic Procedure Rules, Ministry of Justice](#)
- [CIH good practice guide to rent collection](#)
- [Data Protection Act 2018](#)
- [Protection from Eviction Act 1977](#)
- [Equalities Act 2010](#)
- [Human Rights Act 1998](#)
- [Welfare Reform Act 2012](#)

Internal

- [Luton Council tenancy agreement\(s\)](#)
- [Luton Council Housing Allocations Policy](#)

5. Performance

Targets for arrears collection are as follows:

- current arrears – secure tenancies 95%
- current arrears – temporary accommodation properties TBC

Targets for rent arrears collection will be set on an annual basis.

All housing officers involved in the collection of rent will have individual targets set each year and will be monitored against this.

6. The policy

6.1. Tenant responsibilities

Joint tenants are jointly and severally responsible for arrears that accrue even if the tenant claims benefits for some or all of their rent.

If we cannot recover arrears by agreement, appropriate legal action will be taken. Where possession proceedings are started, both tenants will be notified separately.

The tenant is responsible for obtaining any welfare benefits they are entitled to and making sure the benefit is paid to Housing Services on time and in full.

Tenants must maintain their current rent account in line with the conditions set out in their tenancy agreement. Housing officers will encourage tenants to keep a credit on their rent accounts of at least rent weeks rent to reduce the likelihood of them falling into rent arrears.

Rent is calculated over 52 weeks but is charged in a 50 week basis with two 'rent free' weeks; one at Christmas and one at the end of the financial year in March. Where tenants are in rent arrears then they should pay rent during these rent free periods.

6.2 Households with rent arrears applying to move property

Housing services suspend tenants from bidding for a transfer where the tenant is in arrears. This will be done in line with the council's Allocations policy.

We do not allow tenants to transfer within our stock if they owe debt unless exceptional circumstances apply. An exceptional circumstance may be the police or social services' informing us someone in the household is at risk if they are unable to transfer.

Senior officers review cases with 'exceptional circumstances' under the Housing Needs Review Panel procedure.

If senior officers approve a transfer for a tenant in arrears, the debt will be transferred to their new tenancy as a former tenant arrear (FTA). Tenants will be informed of this and must sign up to a payment plan for the FTA before the move can take place.

6.3 Prevention and sustainment

Prevention of rent arrears is an important part of the tenancy management function. There will be an emphasis on the prevention of arrears accruing at every stage of the arrears collection procedure.

Housing Services provide information and advice to customers prior to a tenancy beginning and identify tenants that need support to manage their finances.

Housing officers aim to carry out 'new tenancy visits' within six weeks of a tenancy starting to determine any issues tenants may have paying their rent.

Rent statements are sent to tenants every six months to assist them in managing their rent accounts.

Housing Services will provide tenants with tailored advice and support on:

- debt
- financial skills
- maximising income

Housing Services will undertake profiling of tenants in rent arrears in order to predict when tenants may fall into arrears and tailor services to meet the needs of the tenant. This includes using tools such as 'propensity to pay'.

Housing Services will, where possible, make requests to the Department of Work and Pensions (DWP) for direct payments towards arrears. They will not make requests if a court order is already in place.

The housing manager reviews cases where a notice is going to be served as a result of arrears due to the under-occupation size criteria charge and the tenant has engaged with Housing Services to reduce the debt.

6.4 Benefit advice and Universal Credit

Housing Services will provide advice and support on claiming benefits and money management via its Money and Benefits Support Officers. They can also assist tenants making Universal Credit applications.

Housing officers will:

- advise tenants about income and expenditure
- advise tenants about money and benefits
- assess support needs

They offer assistance at any stage during the tenancy where an entitlement may exist.

Where necessary Housing Services will apply for the 'housing costs' element of a Universal Credit claim to be paid directly to us if a tenant meets the criteria for alternative payment arrangements.

Housing staff also ask tenants to sign an Authority to Disclose form, which gives their consent for staff to liaise with other organisations about their benefit claims.

6.5 Sub-accounts

All debts accrued by a tenant that are not current rent are accounted for in sub-accounts as follows.

- court costs
- rechargeable repairs
- temporary accommodation arrears
- former tenants arrears

Current rent arrears are prioritised over sub-account debts.

Officers will only focus on recovering sub-account debt if the tenant's main rent account is one week in credit. Housing Services will write to tenants to inform them this will happen.

6.6 Enforcement

The housing management team aim to monitor every tenant with arrears on a weekly basis and take action in accordance with our [rent arrears procedure](#) to prevent arrears increasing.

Housing officers work outside normal office hours when required in order to make contact with tenants that are unavailable during office hours.

Rent arrears recovery is based on a staged escalation process that depends on both the amount and length of time the tenant is in arrears.

Tenants can stop the arrears recovery process by paying their arrears in full or agreeing a repayment plan with the council.

Housing Services will not seize an individual's goods or possessions as a means of collecting debt.

Housing Services will agree to an affordable repayment plan where a court order has not set the amount to be repaid. The repayment plan is a written agreement that provides information on the

- amount and frequency of arrear repayments
- repayment dates
- method of making payments

Housing Services takes action to recover arrears if the tenant fails to make a repayment or pay their rent.

Housing Services consider extending the terms of any introductory tenancy by a maximum of six months if the rent account is in arrears.

Housing Services take legal action after all requirements of the pre-action protocol have been met. Eviction is only pursued if all other methods of resolution have been tried and not worked.

6.7 Eviction

Housing Services will document all the activities, actions and conversations relating to an eviction.

At least one month before court proceedings begin, we'll serve either

- notice seeking possession
- notice of proceedings for possession (for an introductory tenancy)

The possession notice explains why we are seeking to repossess a home and gives details of the earliest date that court proceedings will start to take place

The notice advises tenants to contact agencies able to offer support and/or representation in court, including the Citizen's Advice Bureau and solicitors.

The housing manager or their nominee approves all cases considered for eviction.

Housing Services request an order from the courts for all costs to be recharged to the tenant as per their tenancy agreement.

Housing Services pursue the debt of a tenant evicted due to rent arrears by applying our former tenant arrears policy and related procedure.

Housing Services only share information with other landlords regarding a former tenants' rent account if the former tenant has agreed for us to disclose this information.

7. Former tenant arrears

We will pursue former tenant arrears and any amount, no matter how small, will be considered for recovery against these criteria.

Collection of former tenant arrears may be carried out by a third party outside the Housing Service.

Where debt is found to be uncollectable for any reason eg age or type of debt, it will be considered for write off. All write offs must be agreed by the finance service director.

8. Garage arrears

Where rent accounts are in arrears and the tenant has failed to clear them despite having been notified, Housing Services will serve a 'notice to quit' on the garage.

If the account is not cleared at the expiry of the notice to quit the locks may be changed on the garage. The tenant will be given notice to remove any belongings remaining in the garage, after which they will be disposed of and the garage will be re-let.

Housing Services will endeavour to recover from the former tenant the cost of changing the garage lock and removing items from the garage.

9. Shared ownership arrears

Rent and other charges for shared ownership are usually payable monthly in advance depending on the provisions contained in the lease. A procedure guide is in place providing guidance when dealing with arrears cases

Housing Services will endeavour to reach a payment agreement to clear the arrears with the shared owner or their mortgage lender

Notice must be served on the shared owner's mortgage lender prior to any possession or forfeiture proceedings being taken.

Agreement must be obtained from the tenancy services manager to approve possession or forfeiture proceedings and be satisfied that such steps are appropriate.

10. Temporary accommodation arrears

Housing officers manage the arrears recovery processes for these properties in accordance with procedures.

11. Rent refunds

Housing Services will not refund credit on a rent account where this will result in arrears accruing before the next payment is expected.

Universal Credit is paid monthly in arrears; Housing Services aims to retain at least four weeks credit on the rent account to cover the period from when the tenant or DWP has paid until the next expected monthly rent payment.

Where a tenant chooses to pay rent on a monthly basis, for example because they receive a monthly salary, Housing Services aim to retain at least four weeks credit on the rent account to ensure the account does not show arrears between monthly payments.

12. Roles, responsibilities and authority

The **service director of housing** retains responsibility for the implementation of this policy.

The **head of housing operations** has responsibility for ensuring this policy complies with regulatory and legislative requirements and any linked council standing orders, policies and procedures.

All staff involved in income collection activities are responsible for implementing this policy.

13. Monitoring, review and evaluation

The housing management team will monitor, review and evaluate performance on rent arrears recovery on a regular basis through weekly rent reports and monthly officer performance reports.

This policy will be reviewed every two years or in line with legislative or regulatory changes.