

**Chester-le-Street District Council
Current Tenancy Rent Arrears Policy**

September 2006

Policy Statement

The effective and efficient collection of rent from tenants is a key activity for Chester-le-Street District Council Housing Services. The prevention and recovery of rent arrears are the main areas of focus for the Tenancy Services' Income Management Team.

Throughout this policy, the Council aims to:

- Give a clear and consistent message to tenants about their rental obligations and what help is available if difficulties arise;
- Concentrate on early and sustained preventative work and reduce barriers to access to support tenants meet those obligations;
- Engage promptly with tenants when arrears occur and take a staged approach of proportionate action;
- Consider legal action where management action has been unsuccessful;
- Work in a tenant centered way with internal and external partners in order to maximise tenant incomes and address wider debt and social issues;
- Include service users in the development and monitoring of Income Management services
- Continue the development of staff and processes to provide high quality value for money services

The Council recognises the importance of maximising rental income to fund vital services to tenants but also to reduce debt and promote social and economic inclusion among its residents.

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1 Scope and Purpose of the Policy

- 1.1 This policy describes the approach taken by Chester-le-Street District Council to the prevention and recovery of rent arrears of current tenancies. The term "rent arrears" applies to both rent and service charges. It does not include other housing related debts such as rechargeable repairs or former tenancy arrears.
- 1.2 The Current Tenancy Rent Arrears Policy applies to all tenancies of rented residential property owned by Chester-le-Street District Council.

2 Strategic and Policy Framework

- 2.1 The Current Tenancy Rent Arrears Policy is consistent with Corporate aims and priorities and will operate in conjunction with the Corporate Debt Management Policy, other Housing Service debt management policies and the Council's Equality and Diversity Policy. It will assist the Council achieve its strategic objectives and deliver value for money services.
- 2.2 Chester-le-Street District Council will promote equal opportunities and access to its services by publishing information and documentation in different languages and other formats such as large print, audio tape and Braille, as required.
- 2.3 The Council will ensure that no individual is discriminated against on grounds of sex or marital status, on racial grounds, or on grounds of disability, age, sexual orientation, language or social origin, or other personal attributes, including beliefs, or opinions, such as religious beliefs or political opinions.

3 Legal Framework

- 3.1 The Council will ensure that the Current Tenancy Rent Arrears Policy meets with legislative and good practice requirements in minimising and recovering rent arrears. This will include:-
 - **Tenancy Agreements**

It is the Council's duty to enforce the terms of its tenancy agreements to protect the financial interests of the Council. Specifically, the clause:

"Your rent and other associated charge are due every week. It must be paid on time. If you wish to pay your rent over longer periods eg monthly or fortnightly, then you must pay your rent in advance."
 - **Housing legislation and case law**

The Council will comply with all relevant legislation, regulation, statutory guidance and case law.

4 Objectives and Principles of the Policy

4.1 The overall aim of the Current Tenancy Rent Arrears Policy is to minimise the occurrence of rent arrears in a sensitive but effective manner.

4.2 The specific objectives of this Policy are:

- To offer early appropriate professional support and guidance to tenants to prevent rent arrears and to repay arrears when they occur;
- To monitor levels of rent arrears by individual account and by user profile and have early intervention mechanisms in place to identify and address rent arrears;
- To take recovery action proportionate with the level of rent arrears; and
- To prevent homelessness arising as a result of housing debt and assist in the Councils wider strategic objectives.

4.3 The above objectives will be achieved by implementing the following principles:

- Providing a rent service that is fair, equitable and transparent;
- Keep rent levels affordable and increase in line with government guidelines; give tenants adequate and timely information about the rent charges that apply to their tenancy and any changes to those charges;
- Maintaining personal contact with the tenant in order to understand their circumstances and offer appropriate advice and assistance to prevent arrears escalating and refer to appropriate agencies where there are support needs;
- Regular monitoring of accounts, early identification of arrears and frequent communication with tenants in "plain language", in a variety of appropriate formats and through translation services if required;
- Emphasis on one to one personal contact, with early and sustainable repayment arrangements;
- Take a staged approach to arrears recovery where action is proportionate and targeted with comprehensive records kept of all action taken and contact with tenants;
- Promote referral to holistic independent debt and welfare advice agencies where tenants have multiple debts;
- Maintain client confidentiality except through established information sharing protocols with other public funded services;
- Enter into joint working arrangements with Housing Benefit Department and other external agencies to maximise benefit entitlement and debt advice;
- Maintain clear and accurate rent accounting information and update tenants regularly on the position of their individual account.
- Provide detailed procedures and practice guidelines for staff which are applied uniformly across the service;
- Staff training is provided to ensure that staff are equipped to carry out the roles expected of them;
- Regularly review the rent collection options and arrears policy and procedures in consultation with tenants and stakeholder organisations and publicise information about the service; and
- Monitor the performance of the service, benchmark with similar authorities and seek to regularly improve services and performance in line with best practice.

5 Arrears Management

- 5.1 Collection of rent is the overall responsibility of the Head of Housing Services. The operation of this policy will be implemented primarily by a specialist Income Management team with assistance from other housing service teams.
- 5.2 Rent accounts and recovery information will be maintained on a computerised system.

6 Communication with Tenants

- 6.1 Effective communication is essential in the prevention and recovery of rent arrears with emphasis being placed on direct personal contact. Officers will be courteous, non-judgemental and positive in their contact with tenants. Before contact with a tenant, the officer should be fully aware of all relevant detail from the tenancy file and rent account. The officer should provide up-to-date information on the tenant's rent account, be flexible in making arrangements to repay arrears and record all contact with tenants or their representative on the tenancy records.
- 6.2 The Council will use a variety of communication methods including:
- One to one interview – at the Civic Centre, the tenant's home or other suitably agreed place. The tenant may be accompanied by a friend, relative or professional advocate in any interview or be represented (with the tenant's consent) in such matters. An interview with an officer of the same sex can be arranged on request.
 - By standard, system-generated letters and tailored letters (provided in alternate formats ie audio, Braille or large print as necessary)
 - By telephone including mobile phones
 - By email
 - Through Interpreter services for languages other than English and British Sign Language

7 Causes and Types of Rent Arrears

- 7.1 Chester-le-Street District Council recognise that non payment of rent may be caused by a number of reasons and that appropriate action needs to be taken to address and reduce the incidence of rent arrears within the context of wider debt issues.
- 7.2 This policy differentiates between those tenants who "can't pay" as against those who "won't pay" and recognises the need for sensitivity in dealing with triggers for non payment and the recovery of arrears that have arisen. These triggers are often highly personal and this policy recognises that financial illiteracy and ongoing financial hardship due to reliance on benefits or other low income also contribute to rent arrears.

8 Arrears Prevention

- 8.1 The Council places emphasis on the importance of preventing rent arrears: through making payment options as accessible as possible both geographically and socially; providing general help and advice on money matters; and establishing and maintaining personal contact with each tenant whose account is in arrears .

Methods of payment

- 8.2 The Council aims to provide a variety of places and ways which are convenient for tenants to make rent payments. These include cash, cheque, debit or credit card:
- At the Civic Centre, Chester-le-Street:
 - By post, at the cash desk or handitill
 - At the Post Office:
 - By Girobank or Payment card
 - By telephone to the Payment Line
 - On line, through the Council's website
 - By Direct Debit
 - By Standing Order
- 8.3 The council will publicise these payment methods on rent accounting literature and by published Service Standards.

New tenants

- 8.4 The Council recognises that moving home is potentially a cause of financial difficulties. The Income Management Team aims to build a constructive relationship with all new tenants and provide advice and assistance. An Income Management officer will attend the sign up interview.
- 8.5 Sign up procedures - A detailed checklist is provided for officers to use at the sign up which include:
- An assessment of the tenant's financial circumstances
 - Completing a Housing Benefit claim form, verifying documents and advising on the claim process if appropriate
 - Providing a provisional assessment of Housing Benefit entitlement
 - Giving the tenant an indication of likely housing costs eg utilities
 - Advise tenants about rent payment options and action as necessary
 - Details in the Tenant's Handbook on payment of rent and the Council's recovery action for rent arrears.
 - Information about organisations in the area such as the Citizens Advice Bureau who can provide help to tenants in financial difficulties.
 - Emphasis on the recovery of possession process for Introductory Tenancies, the need to maintain rent payments and work with officers when financial difficulties occur.
- 8.6 Tenancy rent account - The Estate Services Team should create the new tenancy rent account before the tenancy start date (or as soon after as is practicably possible) so that rent payments can be made from the first week of the tenancy.

- 8.7 Follow up visit – Within 4 weeks of the tenancy start date, an Estate Services Officer will visit the new tenant and:
- Provide and explain the rent account statement
 - Update the progress of any claim for Housing Benefit
 - Check information provided at sign-up and encourage tenants to keep the Housing Service informed about any change in their circumstances that would affect their ability to pay
 - Make payment arrangements if payments have not already started or arrears have accrued following the assessment of Housing Benefit.

Existing tenants

- 8.8 The Income Management Team aim to prevent arrears by:
- Promoting the uptake of Housing Benefit and other welfare benefits
 - Encouraging and assisting the tenant to complete an application for Housing Benefit when indicated by a tenant's change in circumstances
 - Providing a provisional assessment of Housing Benefit entitlement and an indication of rent payments required
 - Undertake verification of original documents
 - Take action to contact tenants when notified that a Housing Benefit claim has been cancelled and full rent payments are not being made by the tenant
 - Accessing the Housing Benefit computer system and advising tenants how a change in entitlement affects their rent payments
 - Attending regular liaison meetings with Housing Benefit to discuss complex cases and request urgent assessment of cases at court stage as they occur
 - Assist tenants in requesting that a Housing Benefit claim is backdated or extended
 - Advising and assisting tenants in negotiating the recovery of a Housing Benefit overpayment
 - Notifying tenants of change to rent payable (eg annual increase)
 - Providing quarterly rent statements (annually for Direct Debit payers)

Referral to Advice and Support Agencies

- 8.9 Officers pro-actively encourage tenants with debt problems to contact the local branch of the Citizens Advice Bureau and include the local contact details in all arrears letters. Officers also liaise with any other advice or support agency which is actively engaged with the tenant and pro-actively refer tenants to appropriate support agencies with the tenant's agreement.

9 Arrears Recovery

- 9.1 Rent arrears recovery will be based on a staged escalation process, up to and including repossession of the property.
- 9.2 Action will be proportionate, consistent and transparent, and will consider the social circumstances of the tenant, their payment history, current financial circumstances and their ability to pay.
- 9.3 At all contact with regard to rent arrears, the council will provide information on the level of debt, the current weekly liability, any court order in force and the contact details of the officer dealing with the case.

- 9.4 Recovery actions in cases where the household is identified as vulnerable (see below) will focus on one to one contact and initially be by a visit to their home.
- 9.5 The process will be based on a preventative approach that seeks to maximise tenants' entitlement to benefits and secure regular payments. Emphasis will be placed on intensive management and personal contact by an Income Management Officer whilst arrears are at a relatively low level, in order to prevent the escalation of arrears.
- 9.6 Action taken will be proportionate to the level of rent arrears and the Council will consider legal action to recover rent arrears where management actions prove ineffective.

9.7 Summary of rent arrears escalation stages

The Council will take a staged approach to the recovery of rent arrears:

Stage	Recovery Action - by tenancy type		
	Secure	Introductory	Non Secure
1	1 st Letter (by home visit to vulnerable tenants)	1 st Letter (by visit for vulnerable tenants)	1 st Letter (by visit for vulnerable tenants)
2	2 nd Letter	2 nd Letter	2 nd Letter
3	1 st Home Visit (2 nd for vulnerable tenants)	1 st Visit (2 nd for vulnerable tenants)	1 st Visit (2 nd for vulnerable tenants)
4 Pre-notice warning	Letter warning that a legal notice will be served	Letter warning that a legal notice will be served	Letter warning that a legal notice will be served
5 Legal Notice + letter (delivery by hand)	Notice of Seeking Possession	Notice of Proceedings for Possession	Notice to Quit
6 Pre Court Visit	Home visit with letter warning of legal action	Home visit with letter advising legal action	Home visit with letter advising legal action
7 Court application	Letter advising tenant of court hearing, arrears and Housing Benefit position		
8 Order at Court: Postponed Possession Order; Outright Possession; or Case adjourned	Letter to tenant advising court outcome (by home visit if vulnerable and did not attend court)	Letter to tenant advising court outcome (by visit if vulnerable and not attended court)	Letter to tenant advising court outcome (by visit if vulnerable and not attended court)
9 Application for possession date	Breach of Postponed Possession Order Letter to tenant (by home visit if vulnerable)		
10 Warrant application	Letter to tolerated trespasser advising application for possession warrant	Letter to tolerated trespasser advising application for possession warrant	Letter to tolerated trespasser advising application for possession warrant
11 Eviction date received	Home Visit	Home Visit	Home Visit
12 Eviction	Attend execution of possession warrant	Attend execution of possession warrant	Attend execution of possession warrant

9.8 This table summarises the key actions taken to contact tenants at each stage of the rent arrears recovery procedures. More detailed procedures and process maps, used by the Income Management Team are included in the current rent arrears procedures.

Vulnerable tenants

9.9 The council will ensure that tenants are identified as being vulnerable as soon as possible, even before a tenancy is offered. Once a case has been identified as potentially vulnerable, the details are recorded on the tenancy file on the computer. This will influence the recovery action proposed within the arrears escalation procedures.

9.10 Where a vulnerable tenant falls into arrears with their rent account, the actions of the Income Management Team will focus on one to one contact and at the first stage of rent arrears, be visited at home.

9.11 Vulnerability is identified on the basis of:

- Under 18 years of age or young people (under 21) leaving care
- Elderly person (aged 70 or over)
- mental health conditions
- substance abuse
- living with HIV/Aids
- severe physical disability
- illiteracy
- first language is not English
- rehoused from supported accommodation

9.12 The Income Management Team will work with any agencies or individuals supporting these households with consent from the tenant. Wherever support needs are identified, tenants will be referred to appropriate agencies with their agreement.

9.13 On an individual tenancy basis, where information is required in alternative formats such as Braille, audio tape or a different language, the Income Management Team will arrange for these to be produced and if written communication would not be appropriate, alternative contact methods will be used.

Early Intervention

9.14 The Council will ensure that there is early intervention in rent arrears before a debt becomes unmanageable.

9.15 Detailed procedures for rent control and arrears action ensure that each case is regularly monitored and the necessary checks made at each stage of the control and recovery action.

9.16 The Council will provide tenants in arrears with clearly written arrears letters and one to one interviews which provide detailed information on the current balance on an account, what action they need to take and appropriate phone numbers to get assistance and a named officer for contact.

9.17 The Council will provide tenants in arrears with a financial assessment of their circumstances with a view to making realistic and sustainable arrangements to pay off the arrears.

Repayment Arrangements

- 9.18 In cases where the tenant cannot clear the arrears in a single payment, the Council will agree an affordable payment to reduce the arrears in realistic and sustained installments over a period agreed with the tenant. Any repayment agreement will be based upon a detailed assessment of the tenant's ability to pay and will follow the repayment priorities in the Corporate Debt Management Policy.
- 9.19 A written agreement will be made with the tenant, where possible, on the payments that they agree to make to clear their rent arrears. This agreement should include the level of current arrears, the size and frequency of arrears repayments, the repayment dates, the length of time it will take to clear the account and the methods available for making rent payments.
- 9.20 Once the tenant has made an agreement to repay arrears, the rent account of the tenant will continue to be monitored. If payments are missed and the arrangement broken, the tenant will be contacted, an attempt made to determine why the arrangement failed and support given to make and maintain a further arrangement. Further action will be taken in accordance with the stages of the escalation procedures if the arrears continue to increase.
- 9.21 Arrangements can be made with the council at any stage up to a Court Hearing for possession after which the terms of any order at court will take precedence.

Legal Action

- 9.22 Legal action to recover rent arrears will commence when arrears continue to rise despite all attempts by the Income Management Team to assist. This will involve raising legal proceedings against the tenancy.
- 9.23 Legal action is the last resort in the arrears recovery process. The decision to request legal action, to recover possession of the property and payment of rent arrears, will only be taken when all other appropriate means of recovery have been exhausted.
- 9.24 At a court hearing, the Council will be represented by Income Management Officers or the Team Leader who will prepare the case in compliance with the requirements of the Department for Constitutional Affairs Pre-action Protocol for Possession Claims based on Rent Arrears. The tenant will be encouraged to attend court personally.
- 9.25 The Council will request that the court award outright possession for Introductory and Non-secure tenancies. For Secure tenancies, the council would routinely request a possession order postponed on terms although in certain circumstances a request for an outright possession order may be considered.
- 9.26 An award for court expenses will be sought against the tenant and may be paid by the tenant in installments once the rent arrears are cleared. In cases where an order is not subsequently made by the court, costs will still be sought against the tenant unless it is proved that the arrears arose through no fault of the tenant (such as error in assessment of housing benefit).
- 9.27 The Council must serve each tenant of the property with a legal notice, appropriate to the type of tenancy, at least 28 days before an application for court proceedings can be sought. All Notices will be delivered by hand to the tenant's home address. Detailed guidance and procedures are followed by the Income Management Team in the preparation and service of appropriate legal notices.

- 9.28 Delegated authority for the production and service of Legal Notices has been given to the Income Management Officers. Approval for court action should be given by the Tenancy Services Manager or Income Management Team Leader and an application for a warrant for possession should be approved by the Head of Housing Services or Tenancy Services Manager.
- 9.29 The tenant will be kept fully informed of the process involved at all stages of legal action. As appropriate, the Council will:
- refer the tenant to suitable independent agencies to provide advice or assist in representation at introductory tenancy review and court hearings.
 - advise the tenant to apply to the court to vary the terms of a court order when necessary.
 - assist a vulnerable tenant to apply to the court for a variation to a suspended or postponed possession order if appropriate.
- 9.30 Should the tenant fail to maintain payments in line with the terms of a postponed possession court order, the Council will provide reasonable opportunity for the tenant to bring payments into line with the order or seeking a variation of the Possession Order before applying for a date for possession from the court.
- 9.31 Separate and complementary procedures are available to guide staff where legal proceedings have been approved.
- 9.32 Evictions will only be considered as a last resort where all other alternatives have failed. Once a warrant for eviction has been applied for, it will be executed unless the tenant successfully applies for the possession order to be varied in court, the warrant of execution suspended or the account is cleared.
- 9.33 In a case where arrears and costs have been paid but a tenancy no longer exists, consideration will then be given to securing the best ongoing tenancy solution available to the occupants.
- 9.34 The Income Management Team Leader will attend the Court User Group to ensure that policies and procedures are in line with best practice to ensure the provision of up-to-date information to tenants and effective use of court time.

Non Legal Action

- 9.35 Where appropriate, the Income Management Team may apply for Direct Deductions from a tenant's income benefits to cover the current rent liability and an amount agreed with the Department for Works and Pensions for the repayment of rent arrears. This can include arrears from the current tenancy or arrears from a former council tenancy held immediately before the current tenancy.
- 9.36 The Council will regularly review the possibility of adopting other recovery actions other than applying for possession of the property through the courts. These may include attachment of earnings orders, distress warrants and the use of external agencies to collect rent arrears.

10 Performance Monitoring

- 10.1 The Council will monitor performance on rent arrears using both statutory and local performance indicators on a quarterly basis as follows:
- 10.2 Best Value Performance Indicators
- Rent collected as a proportion of rents owned on HRA dwellings (BV 66a)
 - Number of tenants with more than seven weeks of (gross) rent arrears as a percentage of the total number of council tenants (BV 66b)
 - Percentage of tenants in arrears who have had notices seeking possession served (BV 66c)
 - Percentage of tenants evicted as a result of rent arrears (BV 66d)
- 10.3 Local Performance Indicators
- Former Tenancy arrears as a percentage of the total rental debit (HSLPIM1)
 - Rent written off as a percentage of the total rental debit (HSLPIM2)
 - Rent arrears as a percentage of the authority's total rental debit (HSLPIM3)
 - Former Tenant arrears collected as a percentage of all former tenant arrears (HSLPIM4)
 - Average number of days to assess Housing Benefit claim for council tenants (HSLPIM5)
- 10.4 Service Standards
- Percentage of Post Office payments credited to a rent account within 4 working day
 - Percentage of new payment or rent cards ordered within 5 working days
 - Quarterly rent statements provided to tenants (except those paying by Direct Debit where statement is annually)
- 10.5 Performance targets for the Best Value Performance Indicators, with Local Performance Indicator and Service Standard will be reviewed annually and reported quarterly to the Safe and Healthy Overview and Scrutiny Panel.

11 Complaints and Review Process

- 11.1 The Council operates a Complaints and Compliments Procedure that is available to any tenant who is not satisfied with the way in which their case has been dealt with. Details of the procedure can be obtained from the Civic Centre, Chester-le-Street.
- 11.2 Separate review procedures apply to legal action taken against Introductory Tenancies. Where these apply, tenants will be informed about the steps they need to take, and the timescales and processes involved. Tenants in such a position will be given full detail by the Income Management Officer handling the case.

12 Policy review

- 12.1 The Housing Service will formally review the Current Tenancy Rent Arrears Policy six months after implementation by the Income Management Team then every two years.