

RENT ARREARS AND INCOME COLLECTION POLICY

Report of the Director of Housing and Customer Service

1. SUMMARY

- 1.1 In March 2010, the Board agreed a schedule of key policies with a recommended timetable for their review. The Rent Arrears and Income Collection Policy was one of the policies to be reviewed at least every three years.
- 1.2 The policy has been reviewed and updated as shown attached.

2. RECOMMENDATION

To consider and approve the updated policy.

3. MATTER FOR CONSIDERATION

The review highlighted the need to include the following:

- The policy should acknowledge and comply with the Equalities Act 2010 (2.3). The Act consolidates previous equalities legislation and strengthens and extends protection from discrimination.
- Additional responsibility for the collection of Rechargeable Repairs (6.1, 6.2 and 6.3)
- The policy also acknowledges a greater emphasis on financial inclusion to increase collection and help control rent arrears levels (8.1, 8.2 and 8.3).

4. FINANCIAL AND BUSINESS PLAN IMPLICATIONS

- 4.1 The policy may need to be reviewed on implementation of the comprehensive spending review changes to housing benefit entitlement.
- 4.2 The policy now meets the requirement of Derby Homes Financial Inclusion Strategy.

5. LEGAL AND CONFIDENTIALITY IMPLICATIONS

Complying with the new Equalities Act 2010

6. EQUALITIES IMPACT ASSESSMENT

The current assessment on income recovery covers the updated policy

7. RISK IMPLICATIONS

The impact of comprehensive spending review is still to be felt and may have a major influence on income and arrears levels.

8. POLICY REVIEW IMPLICATIONS

This is a key policy of Derby Homes and is included in the Key Policy Review Schedule. In accordance with minute 10/51 this policy will be reviewed no later than 3 years from the date of this meeting.

The areas listed below have no implications directly arising from this report

- Environmental Implications
- Consultation
- Legal and Confidentiality
- Personnel

If Board members or others would like to discuss this report ahead of the meeting please contact the author, or the Chief Executive, phil.davies@derbyhomes.org - Tel 01332 711010

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Background Information:

Supporting Information: Board 25 March 2010 Item B5

Rent Arrears and Income Collection Policy

1. Introduction

Derby Homes manages Derby City Council's housing stock and aims to secure the best future for Council housing tenants and services in Derby. Collecting rent and keeping rent arrears to a minimum is a key area of business, as it is the main source of income to enable us to complete repairs, improve estates and continuously improve services for tenants and leaseholders. Some of general principles of the policy will also apply to the collection of former tenant arrears and garage arrears.

2. Aims and Objectives

- 2.1 Derby Homes ultimate goal is to collect 100% of any rent due.
- 2.2 The aims of the policy apply to all tenanted properties managed by Derby Homes. Derby Homes will ensure the promotion of equal opportunities by publishing information and documentation in different languages and other formats such as large print, tape and braille as required.
- 2.3 This policy recognises and values diversity and complies with the Equalities Act 2010.
- 2.4 Derby Homes would like all tenants to pay their rent when due and have absolutely no rent arrears. We know this is not always possible and aim to minimise any rent arrears by a sensitive, fair and firm approach providing assistance in maximising income and advice on repayments. The tenancy agreement covers the tenant's responsibility to pay rent.
- 2.5 Derby Homes approach to the recovery of rent arrears will be:
 - to take appropriate action against all tenants in rent arrears
 - to provide advice and opportunity when requested during the tenancy
 - proactive by focusing on prevention
 - sensitive and sympathetic
 - fair but firm when appropriate
 - to collect rent due and avoid unnecessary court action
 - to only use eviction as a last resort where repayment agreements are not being made or continually broken
 - to provide incentives for keeping rent account clear
 - working in partnership with other agencies
 - to provide a wide range of payment options

- support financial inclusion initiatives enabling tenants to pay the rent.

3. Current Tenant Arrears Recovery Process

- 3.1 There are times when tenants have problems paying their rent. This may be because of money problems. Tenants are advised to contact us straight away if they are having problems paying their rent. We will do our best to help.
- 3.2 **We will:**
- offer a private interview at a local housing office or in the tenants home
 - check if they can claim Housing Benefit and help fill in the claim forms
 - work with the tenant to help them sort out a weekly budget
 - work out reasonable repayments
 - put them in touch with a someone who will give them financial advice.
- 3.3 We will take action if tenants owe us money for rent. We will also give them the opportunity to make an agreement to repay the rent arrears. If they keep to the agreement then we will not take any further action.
- 3.4 At each stage we will contact the tenants and ask them to pay the money owed. If they cannot pay all the money, we will make a repayment agreement.

However:

- if they fail to keep the agreement, we will initiate legal action by serving a notice on the property
- if they still do not work with us to pay the money owed, we will request a Court Order
- if the Court Order is not kept we will go back to court to request an Eviction Warrant.

4. Former Tenant Arrears

- 4.1 Tenants who end a tenancy are known as former tenants. If they leave any rent outstanding on their account then this is known as former tenant arrears. The approach to collecting current arrears is also applied to former tenant arrears in providing advice and opportunity to pay whilst being fair but firm.
- 4.2 Former tenants are contacted and given an opportunity to clear their arrears in full or by instalments. If no contact is made or agreement reached to sort out the arrears, then debts can be passed to external collection agencies. Legal action remains the final sanction.

- 4.3 When remaining debts are of little value and are uneconomic to recover or where there is little prospect for payment, these will be considered for write off.

5. Garage Arrears

- 5.1 Garage account arrears will be pursued at levels which justify economical action. Opportunities will be provided to clear the garage arrears in full or by instalments. If garage arrears persist then action will take place to repossess the garage and still pursue the outstanding debt.

6. Rechargeable Repairs

- 6.1 Rechargeable repairs invoices are raised for repairs where the tenant are deemed responsible as outlined in the Rechargeable Repairs policy.
- 6.2 Tenants with rechargeable repair invoices will be given the opportunity to pay the invoice in full or by instalments. If no contact is made or agreement to sort invoice balance, then debts may be passed to external collection agencies. Legal action will be considered as final action if payments are not made to reduce the balance on a regular basis.
- 6.3 Debts of little value or where it is not economical to recover or there is little prospect of payment, will be considered for write off.

7. Legal Proceedings and Court Costs

- 7.1 Legal proceedings will be taken as a final resort. If tenants are taken to court they will be responsible for any court costs incurred as well as any outstanding rent arrears. Court costs will be recovered in the same way as current and former arrears.

This chart shows the process we will take if you owe us money for rent payments.



8. Financial Inclusion

8.1 Derby Homes is committed to promoting initiatives on financial inclusion to raise awareness so tenants can avoid being financially excluded. Financial inclusion covers a wide range of areas of which some come under Rent arrears and Income management.

8.2 Derby Homes is working with partners including Derby Money Advice, Derby United Credit Union, Co-operative Bank and Midland Community Finance and raising tenant awareness to access services on offer.

Services include:

- Support and advice on budgeting
- Providing Face to face Money Advice
- Access to basic bank accounts
- Savings account
- Affordable lending rates
- Instant loans
- Home contents insurance

8.3 New tenants who need and seek support in managing their new tenancy are supported by the Tenancy Support Team. The Tenancy Support Team provides personalised and officer dedicated service to help with the challenges of starting a new tenancy.