



Derby Homes

Rent in Advance Policy

2016 - 2019

## **Content Page**

1. Background
2. Purpose of Policy
3. Definition
4. Exceptions
5. Eligibility
6. Ownership & Responsibility
7. Monitoring of Policy
8. Publicity
9. Equality Impact Assessment

## 1. Background

Derby Homes manages Derby City Council's housing stock as well as its own properties and aims to secure the best future for 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.

## 2. Purpose of Policy

To enforce the terms and conditions of the Tenancy Agreement, this states:

**'The rent and other charges are due every Monday in advance. If you pay at any other interval than weekly the rent must always be paid in advance, never in arrears to avoid recovery action being taken against you'**

Derby Homes needs to ensure it maintains financial viability at all times, including maximising income it generates from rents.

To do this Derby Homes will continue to promote a culture of rent payment and tenancy sustainability.

To collect rent in advance of a tenancy starting to reduce the level of rent arrears at tenancy commencement:

- Reduce overall rent arrears
- To enforce the terms and conditions of the Tenancy Agreement
- To provide timely budgeting and money advice to applicants – pre tenancy
- To educate tenants about the responsibility of paying their rent
- To help prepare tenants on benefits for Universal Credit. With the move to Universal credit, new and existing tenants will be responsible for payment of rent. Universal Credit will be paid monthly in arrears and rent is due weekly, this will create a challenge for some tenants to manage their monthly budget and meet their financial commitments
- To ensure adequate protections are in place for those unable to pay rent in advance.

## 3. Definition

At the point of offer of accommodation, prospective new tenants will be advised that rent is payable in advance.

The advert for the property and offer letter will advise the applicant that rent is due in advance.

Prior to the Escorted Viewing (EV) the Housing Officer will request a calculation from the Income Team as to how much the tenant will be required to pay at the sign up.

At the EV the Housing Officer will again advise the tenant how much they need to pay at the sign up.

At the sign up payment will be taken. A dummy account number is issued in order for payment to be made via Derby City Council's payment website. By exception, the dummy account number can be used to pay in cash at the Council House. A referral will be made to those tenants who do not have a bank account to the Money Advice Officers so they can provide advice/support to set this up.

Rent payment methods will also be discussed, and where appropriate direct debit will be promoted as Derby Homes preferred payment method.

For those tenants that wish to pay by direct debit or standing order, a weeks rent will be required at sign up with an agreement made to pay an extra amount each month on the direct debit to bring the account into advance.

Full rent payers will be required to pay a week's rent in advance.

For prospective tenants that state that they cannot afford a week's rent in advance then a nominal payment of £3.70 will be taken at sign up and a referral made by a Housing Officer to the Money Advice Officers. This may be varied in line with government regulation. Discussion will also take place with the prospective tenant regarding additional costs in moving home and where further referrals should be made to agencies that can assist.

Tenants who will be in receipt of full Housing Benefit will pay the nominal £3.70 at sign up, with an agreement to pay £3.70 each week to bring the account into advance over a period of time.

Tenants who are in receipt of Universal Credit will pay the nominal £3.70 at sign up, with an agreement to pay an extra £16.03 (£3.70 x 52 weeks divided by 12 as Universal Credit paid monthly) each month above their Housing costs to bring the account into advance over a period of time. This amount may be varied in line with government regulation.

#### **4. Exceptions**

Any exceptions where rent in advance cannot be paid at sign up must be authorised by the relevant Area Manager or Allocations Manager.

A pro-forma detailing the reasons for the exceptions will be completed by a Housing Officer and made available for audit and monitoring purposes.

Example of an exception:

If a single applicant is in receipt of JSA/ESA and has no savings, once an affordability assessment has been completed and it is shown that they cannot afford the rent in advance, a nominal payment of £3.70 will be accepted, with a view to building up at least one weeks' rent in credit within an agreed timescale.

## **5. Eligibility**

The Rent in Advance Policy applies to all new tenants and transferring tenants which are not already in credit with their rent account.

Applicants owed a rehousing duty under the homelessness legislation will be required to pay the nominal payment of £3.70 with a view to building up at least one week's rent in credit within an agreed timescale.

## **6. Ownership and Responsibility**

The Rent in Advance Policy will be reviewed every three years. However, as this is a living document, it will be reviewed and amended in the interim period as necessary.

The Head of Income Management & Advice is responsible for the Rent in Advance Policy, including the dissemination and promotion of the Policy, monitoring compliance and co-ordinating regular review and revision.

## **7. Monitoring of Policy**

As all payments taken at sign up are made into a holding account on the Academy system Rental Control will report back on how many rent in advance payments have been made from the full record on the spread sheet monthly against the list of properties signed for. This monitoring can be moved to quarterly when the policy is embedded.

## **8. Publicity**

All adverts for properties via the Choice Based Lettings system will state that rent in advance is required.

All offer letters will state that rent in advance is required.

Derby Homes website will also provide information on rent in advance.

Where properties are advertised through other methods, it will be clearly indicated that rent in advance is required.

## **9. Equality Impact Assessment**

An equality impact assessment will be completed to ensure eligible applicants are not discriminated against in any way.