

Housing Rents

Recovery of Rent Arrears - TDBC Code of Conduct and Procedure

Part 1: Preliminary Considerations

The Economic Realities of Rent Arrears Recovery

- The prompt payment of rent and the efficient recovery of outstanding rent debt are crucial to the financial viability of the Housing Revenue Account.
- The Council seeks to recover rent arrears from a customer group which includes some of the most economically disadvantaged members of society.
- The Council is in competition with other agencies and private companies which are seeking to recover debt from Taunton Deane tenants.
- An irresolute approach to rent arrears recovery would have the following effects:
 - i) Payment of rent would be lost to other competitor accounts and the customer, to his or her own disadvantage, may prioritise his or her debts in an inappropriate manner, e.g., pay a mail order catalogue at the expense of the rent account.
 - ii) If the Council's approach is not perceived as being robust, the economically disadvantaged customer may build this perception into his or her strategy for coping with the demands of day-to-day poverty.
 - iii) Those with sufficient means to pay the rent regularly but attracted to the prospect of what they see as an interest-free loan, will be encouraged to fall into arrears.

Comment: Most of our customers pay their rent regularly as it becomes due and would expect other tenants to do likewise. It is incumbent on the Council to implement effective strategies and procedures to contain rent arrears for the general benefit of all tenants.

Part 2: General Approach to Rent Arrears Recovery - Statement of Intent

- Officers within the Customer function of the Council will temper the firmness necessary in this area of work with fairness and compassion.
- The Officers will seek to achieve results by persuasion and agreement and only when these options have been exhausted will compulsion be applied via the appropriate legal remedies.
- The Officers will endeavour to assist tenants in arrears to maximise their incomes by the provision of welfare benefits advice and may refer appropriate cases to other agencies which offer debt counselling/advice and support.
- The Officers will carefully record all recovery action throughout the process of rent arrears recovery.

Part 3: Rent Arrears Recovery - Procedure

An Officer within the Customer function of the Council will assess each individual arrears case and make an appropriate choice of action from the following options:

1. Arrears Letter

The choice of a range of letter will depend on the size of the debt and what stage in the recovery procedure the case has reached. The letter will be influenced by a tenant's previous history of rent arrears (if any).

2. Personal Contact

Personal contact with the tenant is the best way to get to the root of the problem. The aim is to achieve an agreement to pay in full or by instalments. The telephone is quick and inexpensive, while the individual personal visit is very effective (albeit expensive) in highlighting the seriousness of a rent arrears debt. Personal contact is intended to establish rapport with the tenant. Personal contact is essential in those cases which may require referral for Court action and preferably will also occur before this stage is reached.

3. Service of Notice Seeking Possession (NSP)

The decision to serve NSP will be made by an Officer within the Customer function of the Council. The NSP will be served by hand at the tenants address, and will be accompanied by a covering letter inviting the tenant to discuss the matter.

4. Referral for Court Action

Where the successive rent arrears letters, visits and service of NSP have not achieved the desired effect, an application for a possession hearing will be made by the County Court.

5. County Court Hearing

Before each County Court hearing occurs, an Officer within the Customer function of the Council will have made at least one further effort to achieve agreement by visiting the tenant at his/her home. If agreement is reached, the District Judge can be asked to ratify it by making a Suspended Possession Order on similar or identical terms. If no agreement is reached, the Officer bringing the action will seek a Suspended Possession Order appropriate to the individual case which, in his/her judgement, will be acceptable to Court.

6. Warrant to Evict

Where the tenant defaults on the terms of a Suspended Possession Order, an Officer within the Customer function of the Council will, at his/her discretion, refer the case for eviction.

7. Enforcement of the Warrant

At least five working days before a scheduled eviction the Officer, must pass an Eviction Assessment Report to the Case Manager Lead.

8. Action by the Case Manager Lead

The Case Manager Lead will obtain approval of the relevant Executive Member for Housing, for the eviction to proceed.

9. Action specific to council tenants who are in receipt of Universal Credit.

All Council Tenant customers on Housing Benefit will receive their benefit through an internal transaction payable directly to their own rent account on a weekly basis.

Under Universal Credit Council Tenants will receive their housing element (previous housing benefit) direct to themselves payable in a single monthly payment cycle. If a customer on Universal Credit is in rent arrears the Council can apply for an Alternative Payment Arrangement (APA). This APA acts as a safeguard to prevent a build-up of future arrears and to assist in recovery of previous rent arrears. Normally the 'trigger' for paying an APA is where the tenant falls into the equivalent of 2 months in arrears but this can also be determined by other safeguards and eligibility criteria.

Once the Council has recovered any rent arrears the Department for Work and Pensions will aim to revert the housing element of Universal Credit back to the tenant.

Part 4 - Former Tenant Arrears

We will:

- Ensure that there are clear and comprehensive procedures for employees to ensure the effective collection and recovery of former tenant arrears.
- Ensure a record of all former tenants arrears are held on our finance system.
- Advise customers at an early stage of the future consequences of the non-payment of former tenant arrears.
- Advise customers of our 4 week notification period to terminate the tenancy (even in cases of death).
- Obtain full payment and where not possible we will attempt to establish early contact with the customer and agree a realistic repayment plan.
- Use our discretion and issue an Income & Expenditure Form to ascertain the customer's ability to pay.
- Confirm any repayment agreements in writing.
- Strictly monitor payment arrangements and cancel quickly if instalments are not met and issue a cancellation letter.
- Use Collection Agents if no contact/arrangement or payment has been made and the amount is in excess of £50.00. The Council or its agent will not seek to recover tenant's property as a method of recovering the debt. (e.g. distraint of goods)
- Consider, on return from Collection Agents sanctions such as County Court Judgement and accompanying follow up action such as Attachment of Earnings.
- Act sensitively liaising with next of kin/executors in cases where former tenants have deceased or have gone into permanent residential care. To establish if there are any funds in the estate until a conclusion satisfactory to all parties has been reached.
- Where ever possible, if the estate is insolvent, confirmation must be received via letter/email from the next of kin or executors and a No funds letter completed so a write off can be processed.
- Look to keep write offs to an absolute minimum, only where recovery has been exhausted or is no longer possible. These write offs will be reported in detail to the Section 151 Officer (or a designated officer) on a quarterly basis.

Part 5 - Void Recharges

We will:

- Provide information to our customers on how and why void recharges can arise, and through publicity and promotional materials, seek to prevent the occurrence of recharges.
- Ensure that there are clear and comprehensive procedures for employees to ensure the efficient and effective processing and recovery of recharges.
- Notify customers in writing of the value of the void recharge debt at the earliest opportunity based on a completed works order and accompanied by photographic evidence.
- Upload essential photographic evidence to the void photo file in a timely manner to substantiate any invoice raised.
- In the case of deceased former tenants, ensure that we liaise with next of kin/executors to establish if there are any funds in the estate prior to raising invoices. Where ever possible, if the estate is insolvent, confirmation must be received via letter/email from the next of kin or executors so a write off can be processed.
- Review forms, letters and leaflets following feedback from our customers, to ensure that they are relevant and accurate.
- Ensure the provision of high quality photographic evidence to support void recharges and minimise 'bad debts' that cannot be effectively pursued.
- Closely monitor the performance of Somerset West and Taunton Council in relation to the recovery of void recharges.

** Recharges for current tenants & Leaseholder debt please refer to Sundry Debt Section (Appendix E).*

Recovery Procedures (Part 4 & 5)

- All invoices will be raised on the corporate finance system.
- Notes will be entered on the Council's Housing system to explain any migrated balance.
- Debts under £10.00 will not be invoiced.
- Debts over £10.00 will be invoiced and given 28 days to pay in full from the issue date.
- If the invoice remains unpaid (after the 28 days) a minimum of 7 days later, a Reminder will be sent.
- If the invoice remains unpaid (following the reminder) a minimum of 7 days will elapse before a Final Notice is sent.
- Visits and telephone calls may be made at any time to establish contact with the debtor.
- Payment arrangement amounts are at the sole discretion of the staff dealing with the recovery of debt, however, as a rule £5.00 per week is the minimum amount accepted.
- For cases at Final Notice stage a minimum of 14 days will elapse before the issue of a County Court Notice.
- On an individual basis debts will then be considered for write off, referral to a Collection Agent or the County Court and any subsequent follow up actions.