
RENT ARREARS POLICY

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1. REVISION/REVIEW SHEET

Issue	Brief Description of Reason for Change	Document Owner	Date Issued
1	Original Policy	Gareth Parri	July 2012
2	Amendments following review of Rent and Income section	Gareth Parri	September 2010
3	Review in preparation of Welfare Reform and incorporating Debt Relief Orders	Dylan Morgan	March 2013
4	Section on Rent Accounts in Credit added	Dylan Morgan	October 2013
5	Amendments following Welfare Reform Audit	Dylan Morgan	February 2016

2. PURPOSE

- 2.1. This policy details how Cartrefi Cymunedol Gwynedd (CCG) will ensure the effective and efficient management of debt resulting from unpaid rent, service charges, rechargeable repairs, court costs, and other tenant related costs. This is important to:
- Safeguard CCG's income thus ensuring the financial viability of the organisation, and
 - Reduce the likelihood of tenants losing their homes due to rent arrears.

3. SCOPE

- 3.1. This policy applies to all tenants, former tenants and prospective tenants of properties owned by CCG.
- 3.2. CCG's Tenancy Agreement sets out the tenant's responsibilities and obligations with regards to the payment of rent.

4. RESPONSIBILITIES

- 4.1. It will be the responsibility of the Director of Customers and Communities to ensure this policy is applied effectively and that staff are trained appropriately in the procedures associated with this policy.

5. POLICY DETAIL

- 5.1. It is unacceptable to allow tenants to build up large debts at the expense of Cartrefi Cymunedol Gwynedd.
- 5.2. CCG will tackle non-payment of rent and other charges in a sympathetic but firm manner. It will offer help and advice where appropriate to support tenants to keep their accounts clear. However, the force of law will be used wherever necessary.
- 5.3. Tenants who unintentionally find themselves in arrears due to their financial circumstances will firstly receive the appropriate assistance and support to avoid court action being taken.
- 5.4. Where legal action is unavoidable, current guidelines and good practice such as the Court Protocol will be adhered to in order to ensure a fair but firm approach to rent recovery.
- 5.5. CCG will take reasonable steps to support tenants to make the most of their income so that they are better able to afford to live in their home and pay their rent.

6. CURRENT TENANTS

- 6.1. CCG will:
- Give priority to identifying rent arrears early to prevent increasing debt
 - Offer welfare benefits advice in order to help tenants to maximise income

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- Undertake simple income and expenditure questionnaire with tenants in arrears to assess their situation and identify whether or not there are further support needs.
 - Where appropriate, signpost the tenant to independent agencies who offer specialist support and advice, for example Shelter Cymru and Citizens Advice Bureau
 - Make and record agreements with tenants to repay arrears by taking into consideration each tenant's household and financial circumstances in order to ensure that the repayment arrangement is manageable
 - Use tools provided by the DWP such as Alternative Payment Arrangements where available to prevent rent arrears increasing
 - Take into account vulnerability of residents and where possible offer additional support to help them sustain their tenancy
 - Work in partnership with the Council, the Department of Works and Pensions, and other local support services to help ensure effective administration and payment of Welfare Benefits
 - Work in partnership across CCG to resolve cases where arrears have accrued due to the tenant refusing to pay the rent because, for example, of disrepair issues.
 - Consider taking legal action where rent arrears, or other debts owed to CCG, are substantial and do not reduce
 - Ensure that tenants are aware of the consequences of legal action
 - Ensure that relevant bodies, including the Council's Social Services Department and Homelessness Section, are made aware of cases where legal action is being considered

7. NEW TENANTS

- 7.1. CCG will carry out simple income and expenditure questionnaire with prospective tenants to assess affordability and may undertake financial checks in order to identify if they require additional support.
- 7.2. All new tenants will be made aware of their obligations for rent payments when they sign up for their tenancy. New tenants will be required to pay the first week's rent before the keys to their new home can be released. However, where the new tenant can demonstrate severe financial hardship, this requirement may be waived at the discretion of the Rent and Incomes Manager or the Allocations Manager.
- 7.3. Staff will ensure that new tenants have completed the appropriate benefit application forms and will encourage payment of rent through Direct Debit.
- 7.4. Staff will pay particular attention to monitoring the accounts of tenants during the first six scheduled payments and, if rent payments are being missed, will attend the

welcome visit with Neighbourhood Services to reaffirm the importance of paying the rent.

- 7.5. A Starter Tenancy will not be converted to an assured (non-shorthold) tenancy on the first anniversary of the Tenancy Start Date if CCG has started possession proceedings or has served notice under Section 21(4) or Section 8 of the Housing Act 1988.

8. LEGAL ACTION

- 8.1. A Notice of Seeking Possession (NOSP) may be served on any tenant who is in arrears and where the tenant is refusing to cooperate with staff in order to resolve their arrears situation. A NOSP may be re-issued on a tenant should the previous notice have expired and there is still a substantial debt owing
- 8.2. Before starting court proceedings and before an eviction is sought CCG will consult with the Council's Homeless Department in accordance with the Comprehensive Agreement we have with them. CCG will also contact the Social Services Department if we are aware that the tenant is vulnerable or if there are any children in the household.
- 8.3. CCG will only apply for possession of the dwelling where the tenant has failed to make or maintain arrangements to repay the outstanding debt and where the tenant refuses to work with CCG in solving their arrears situation.
- 8.4. CCG will seek to evict tenants as a last resort where there is a breach of the order set by the Court and where tenants are refusing offers of support and assistance from staff. All eviction proceedings will be authorised by a senior officer within the organisation.

9. FORMER TENANT ARREARS

- 9.1. CCG will attempt to establish early contact with the debtor in order for them to clear the outstanding balance.
- 9.2. Where the former tenant is unable to clear in full immediately, CCG will make an agreement for the balance to be paid in instalments.
- 9.3. Failure of the debtor to respond or maintain agreements may result in CCG applying for a County Court Judgment.
- 9.4. CCG has the discretion to write off debts and cease recovery procedures where it is not cost effective to pursue the debt. Former tenants' debts will not be written off without taking all reasonable steps to recover them.

10. GARAGE TENANCY ARREARS

- 10.1. Arrears of rent in respect of lock up garages will be pursued whenever a payment is missed.
- 10.2. Where a tenant fails to clear an account (or make a satisfactory arrangement to clear it) following service of a notice, the tenancy will be terminated.

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- 10.3. Following the termination of tenancy a recharge may be made for changing garage locks and any other costs involved in the re-letting of the garage.
 - 10.4. Current tenants of CCG will be given priority when applying for a garage tenancy on the condition that the rent account is clear and no possession proceeding commenced by CCG for breach of tenancy.
 - 10.5. All new garage tenants will be required to pay their rent by direct debit.

11. RENT COLLECTION

- 11.1. Cartrefi Cymunedol Gwynedd provides a wide range of convenient and flexible payment methods to maximise the opportunity for tenants to pay their rent and arrears.
- 11.2. The methods of payment offered will be subject to on-going review to ensure these continue to remain appropriate and provide value for money.
- 11.3. Tenants will be provided with accurate and timely information on their rent account through quarterly rent statements.

12. WELFARE BENEFIT

- 12.1. CCG and Gwynedd Council have agreed to a Housing Benefit Protocol which details the relationship between both organisations in respect of the administration and payment of Housing Benefit to CCG's tenants.
- 12.2. CCG will take an active role in any local partnership established to implement changes to Welfare Reform.
- 12.3. CCG will provide support and advice to tenants as their Welfare Benefits change, and will work with them in order to smooth the transition onto new benefits.
- 12.4. CCG will try to target the most vulnerable tenants and work with them to prevent rent arrears accruing. The tenant's situation will be assessed in order to discover whether they will be able to make rent payments themselves or if there is a need to apply to the DWP for 'Managed Payments'.
- 12.5. No evictions purely due to changes in Welfare Benefits will be sought without significant and demonstrable challenge by the Rent & Income Manager
- 12.6. Where tenants can apply to the Council for Discretionary Housing Payments (DHP) to help with the rent shortfall, CCG staff will assist the tenant in completing the DHP application form where necessary.
- 12.7. CCG will assist the tenant to seek an alternative suitable property that is more affordable by advising them on the options available such as a mutual exchange, application for a transfer etc.
- 12.8. If a tenant qualifies for an incentive payment under CCG's Under Occupancy policy, this may be used to clear any outstanding rental balances.

13. DEBT RELIEF ORDER (DRO)

- 13.1. A DRO is a form of bankruptcy and should be an action of last resort. Where possible, CCG will support tenants in order that they avoid situations where they have to consider applying for a DRO.
- 13.2. CCG will consider each DRO case individually within the context of the circumstances of the tenancy.
- 13.3. CCG recognises that, in some cases, a DRO is a good solution for both CCG and the Tenant as it avoids the management and social costs associated with evictions and debt.
- 13.4. CCG cannot recover the rent arrears once they are in a DRO. However, in some cases, CCG will proceed to apply for possession of a property due to rent arrears even though a DRO is in place.

14. RENT ACCOUNTS IN CREDIT

- 14.1. Current and former tenants who have credit on their rent accounts can request a refund once all costs related to the tenancy have been determined and paid off.

15. WRITE OFFS

- 15.1. In some circumstances writing off unrecoverable debts is the most cost effective way of managing arrears. CCG will write off rental balances according to CCG's CSp03 – Scheme of Delegation.
- 15.2. Re-instatement of written off debts will be possible if the whereabouts of the debtor is obtained at a later date or there is a change in their circumstances.

16. MONITORING

- 16.1. CCG has a system in place that monitors and evaluates rent collection performance. Realistic arrears targets are set for the Rent and Income team and reviewed regularly. Rent arrears performance will be reported to the Customer & Communities and the Resource Committees as appropriate.

17. RISK FACTOR

- 17.1. Failing to manage debts owed to CCG will result in a loss of income available for providing a high quality housing service. Poor performance could have a negative impact on the confidence of the financial institutions in CCG. This could have a detrimental effect up on interest rates payable on future loans.
- 17.2. Failing to manage debts also has a detrimental effect on the tenant which could lead to their losing their home.

18. EQUALITY AND DIVERSITY

- 18.1. In applying this policy CC will be committed to treating all tenants fairly and with regard to its Equality and Diversity Policy.

18.2. CCG will ensure that its Rent and Income service is fully accessible and recognises the positive impact of a sustainable tenancy on protected groups.

19. DEFINITIONS AND ACRONYMS

19.1. Arrears - where rent account payments are not up to date or a payment has been missed

19.2. CCG - Cartrefi Cymunedol Gwynedd

19.3. CCJ - County Court Judgment. A judgment made by a County Court Judge which requires a debt to be paid. CCJ.s can affect credit rating.

19.4. DRO – Debt Relief Order – an order you can apply for if you can't afford to pay off your debts. It's granted by the Insolvency Service and is a cheaper option than bankruptcy.

19.5. DWP – Department of Works and Transport

19.6. NOSP - Notice of Seeking Possession. A legal notice, in accordance with section 8 of the Housing Act 1988, informing the tenant that CCG intends to ask the Court for possession of the property.

20. REFERENCES

20.1. Housing Act 1988

20.2. Welfare Reform Act 2012

20.3. Housing (Wales) Act 2014

20.4. E&Dpol01 - Equality and Diversity Policy

20.5. CCG Tenancy Agreement (ALLf25 to ALLf29)

20.6. R&Mpol05 - Rechargeable Repairs Policy

20.7. ALLpol02 - Under Occupancy Policy

20.8. Comprehensive Agreement between Gwynedd Council Housing Dept. & CCG

20.9. Housing Benefit Protocol

21. RECORDS

22. REVIEW

22.1. This procedure will be reviewed every 3 years, or in response to changes in legislation, regulatory guidance, good practice or changes in other relevant CCG. Policy.