



Shetland Islands Council

Rent Recovery

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Introduction

The collection of rent, along with former rent arrears, is not only a key objective of Housing & Finance Services; it is also linked to the SIC strategic document 'Our Plan, 2016 – 2020'. The following Council objectives are of particular relevance;

- * 6 – Excellent financial-management arrangements will make sure we are continuing to keep to a balanced and sustainable budget, and are living within our means;
- * 14 – The needs of the most vulnerable and hard-to-reach groups will be identified and met, and services will be targeted at those that need them most.
- * 18 – We will be collecting more of the money due to us for the services we provide.

The Housing Service operates and manages the Housing Revenue Account (HRA) which is where tenant's rents are paid into. Maximising the income of rent into the HRA is a top priority. The HRA is used deliver services to all tenants, such as the completion of routine repairs, refurbishing properties through planned maintenance & ensuring tenant's properties are kept in the best possible condition.

The Council will follow this policy for recovery of debt, which could ultimately lead to eviction with non-payment of rent.

Legislative framework

- Housing (Scotland) Act 2001
- Housing (Scotland) Act 2010
- Equality Act 2010
- Children (Scotland) Act 1995
- Children & Young People (Scotland) Act 2014
- Homelessness etc (Scotland) Act 2003

Links to other Policies

[Homelessness Policy](#)

[Temporary accommodation policy](#)

[Prevention of homelessness policy](#)

Objectives of Rent Recovery Policy

- To ensure the Council collects all Rent due
- To identify risk cases and effectively manage them
- To prevent arrears from arising
- To take early action and offer early advice, which may include sign-posting to support agencies
- To offer continued support and guidance for tenants in financial difficulty
- To raise legal action when necessary

New Tenants and prevention of arrears

All new tenants are seen by their area Housing Officer before they sign their Tenancy Agreement. In addition to this, they will meet with a member of the Finance team.

Tenants are told of the importance of paying rent and of the methods by which they can pay. Tenants will also be informed of the availability of Housing Benefit and the need to apply promptly and provide information to back up their claim as soon as possible.

Finance services will complete an assessment of eligibility for tenants wishing to apply for Housing Benefit, whilst at the same time provide advice and information on other welfare benefits, such as Universal Credit. The responsibility to provide up to date information, and notify correct personnel about any change in personal circumstances remains with the tenant. The procedures and actions contained within this policy will take account of pending benefit claims.

Methods of Payment

The Council offers several ways the tenant can make their rent payments. They are as follows: -

Cashiers Office, North Ness Business Park.

- Payments can be made in person by coming into the office. Or a cheque can be sent in the post. Payments can also be made over the phone using a Debit / Credit card.

Allpay payment card.

- This card can be used at Post Offices and several stores and service stations in Shetland. It can also be used at the Cashiers Office at North Ness Business Park.

Direct Debit

- Through the tenants Bank or Building Society account. Forms are available from North Ness Business Park, or an arrangement can be set up over the phone.

Bank Standing Order

- Through the tenants Bank or Building Society account, forms are available from North Ness Business Park.

Internet Payments

- Available to all tenants who have access to the Internet.

DWP Arrears Direct

- Available to tenants on certain benefits who have rent arrears only, this is not applicable for on-going rent.

Arrears Recovery

Where arrears do occur, it is essential the issue is dealt with quickly. Recovery action will commence as soon as two weeks arrears have accrued.

Direct contact with the tenant at an early stage is most desirable, as it allows the officer concerned to identify any problems that may be preventing the tenant from making regular payments.

Tenants with arrears shall be dealt with in a sympathetic and systematic matter.

Continuous and regular monitoring of each case will allow officers to take the necessary action at the earliest opportunity.

Arrears Interviews

Interviewing tenants is an important part of arrears recovery, and may take place in the office, at the tenant's property, or over the phone.

The chief aim of the interview should include the following: -

- To investigate the problem, establish a common interest in helping the tenant to clear the arrears and encourage the belief that repayment can be achieved.
- To consider the various sources of help available and if necessary refer tenants to an appropriate agency e.g. Citizens Advice Bureau, Social Work or the DWP.
- To negotiate a realistic repayment plan with the tenant and emphasize the importance of adhering to the agreement.
- Establish the make-up of the household and make a note of the tenant's preferred contact method.

Arrears Procedures

Tenants in arrears will receive regular communication with Housing and Finance staff. Tenants will be provided with opportunities to make affordable payment plans and given advice on support services available. They will also be advised of potential implications if the arrears continue to increase, culminating in potential eviction.

The following table is a brief summary of the process in managing rent arrears. Where payments are made, and a tenant is making an effort to address the arrears, the Council may take no further action. However, where there is no evidence of this, the process will continue to the next stage, culminating in a court appearance, and potential eviction.

<u>No. weeks in arrears</u>	<u>Indicative rent level (2 bed LK as example)</u>	<u>Action</u>
0	£ -	no action
2	£ 154.44	First reminder letter sent to tenant (RA01 - Appendix 1)
4	£ 308.88	Second reminder letter to tenant & follow up phone call (RA02 - Appendix 2)
6	£ 463.32	Demand letter & case conference invite (hand delivered) (RA03 - Appendix 3)
7	£ 540.54	Case conference – tenant/finance/housing/legal
8	£ 617.76	Notice Of Proceedings (NOP) instruction to legal
12 +	£ 926.64	NOP active - court action can commence within 6 month period

Case Conference

The purpose of the case conference is to discuss and agree an appropriate action plan to tackle the arrears effectively, and to identify any possible support needs.

A case conference will be called where a tenant has not responded to the second reminder letter. The case conference is an opportunity for the tenant to explain why rent payments have been missed, and to agree an action plan for future payments. This will also serve as an opportunity to offer on-going support, and to make necessary referrals to other agencies, as appropriate.

The case conference will be used to explain to the tenant the implications of future non-payments, including legal action to potentially recover both the debt and the property, i.e. eviction.

There are two potential outcomes, following a case conference;

- Arrears are paid off or reduced to an acceptable level, with an ongoing payment plan – the rent account will be monitored to ensure payments continue
- Arrears remain static, or continue to increase – this will result in the start of formal legal action.

In this situation, the next step is to issue a **Notice Of Proceedings (NOP) for Recovery of debt and Recovery of the property**, which Legal will produce.

The NOP becomes active 4-6 weeks after delivery. The NOP means the Council can raise court action to end a tenancy within a 6 month period.

Service partners will then monitor the situation and make a decision on whether court action is appropriate, taking into account the agreed action plan and the personal circumstances of the tenant and their household.

Sheriff Court Process

The SIC is committed to using all the options available to it for the management of rent arrears. The SIC will raise proceedings in the Sheriff Court when the informal processes described in this policy have not reduced the level of a tenant's rent arrears to an acceptable level. The court action will be for payment of the arrears and eviction to end the tenancy, unless there are compelling reasons why eviction would not be appropriate in any particular case.

The SIC will continue to consider any reasonable offer to pay arrears made by a tenant throughout the court process. The granting of a court order against a tenant can have serious implications for the tenant's future credit rating. The SIC will seek to settle cases before a formal court order is made when it is reasonable to do so.

Tenants will have been given ample warning that the SIC is about to raise court action against them. Even so if payment in full is received before a court action is formally served on a tenant, the case will be dismissed without the SIC seeking to recover their legal expenses from the tenant. In all other cases the Council will seek to recover their legal expenses from the tenant.

Process after a Court Order is granted in favour of the Council

The SIC will take all reasonable steps to enforce court orders obtained under this Rent Recovery Policy.

The SIC will continue to work with their tenants and former tenants after the court process. The SIC will write to tenants advising them of the outcome of the court process when they were not in court. If a decree of eviction has been granted, the SIC will advise them of their right to apply for assistance under the Homelessness Policy.

The SIC will instruct Sheriff Officers to carry out evictions when a court order has been granted for that purpose unless the Head of Housing considers there are compelling reasons why eviction would not be appropriate in any particular case.

Even at this late stage the Council will consider not carrying out the eviction if the arrears and court expenses are paid in full and satisfactory arrangements are put in place for future rent payments.

If a tenant returns their keys and moves out of the property before the Sheriff Officers carry out a formal eviction, then the SIC will cancel the Sheriff Officers. This reduces the costs which the tenant is obliged to pay.

The SIC will instruct Sheriff Officers to recover any debt due under a court order by all available means including arresting wages.

Fast track procedures

Where a tenant falls into arrears and has been subject to arrears-related court action within the last 12 months, the Council may elect to immediately issue a Notice of Proceedings.

Upon the Notice being active, the case will be referred to legal services for court action, unless a satisfactory arrangement to address the arrears has been made.

If a tenant maintains a clear rent account for 12 months, they will revert to the standard arrears process.

Homeless Assessment

The Council will have a duty to complete a homeless assessment with an evicted tenant, should they request it. There may be an interim duty to provide temporary accommodation in the short-term, but further guidance on the Council's duty can be found in the [Homeless Policy](#).

Former Tenant Arrears (FTA's)

Former Tenant Arrears are just as important as current rent arrears and should be treated accordingly.

Again it is important to identify cases at the earliest opportunity, preferably before the tenant has left the property. It is therefore essential that when a tenant gives up their tenancy certain measures are taken. The rent payments should be up to date, and appropriate information, such as forwarding addresses, taken.

Special Circumstances

Circumstances may exist which warrant deviation from this policy.

It should always be remembered that each arrears case is different and an ever changing situation. Finance, Legal and Housing will sometimes have to deviate from the policy at times to make progress, but this will always be approved by a Senior Officer.

Monitoring

To ensure the objectives of this policy are being met, and to monitor general performance, the following information will be collated, and published, on an annual basis.

- The landlord's wholly owned stock
- Stock by house types, apartment sizes and average weekly rents
- The number of self-contained properties void at the year end and of those, the number that have been void for
 - more than six months
- Percentage of the court actions initiated which resulted in eviction and the reasons for eviction
- Number of notices of proceedings issued and court action initiated
- Rent collected as percentage of total rent due in the reporting year

- Gross rent arrears (all tenants) as at 31 March each year as a percentage of rent due for the reporting year
- Percentage of rent due lost through properties being empty during the last year
- Rent increase
- The number of households for which landlords are paid housing costs directly and the total value of payments received in the reporting year
- Amount and percentage of former tenant rent arrears written off at the year-end

In addition to this, the Income and Recovery Section will continue to monitor the overall level of rent arrears, and further analyse trends of permanent tenancies, temporary tenancies and former rent arrears.

Continuous Improvement

There will be frequent meetings between the Income & Recovery Section and the Housing Management Team, to review performance information, discuss operational changes and review complex case studies.