

Appendix 2 Amendments to the Rent Arrears Recovery Process

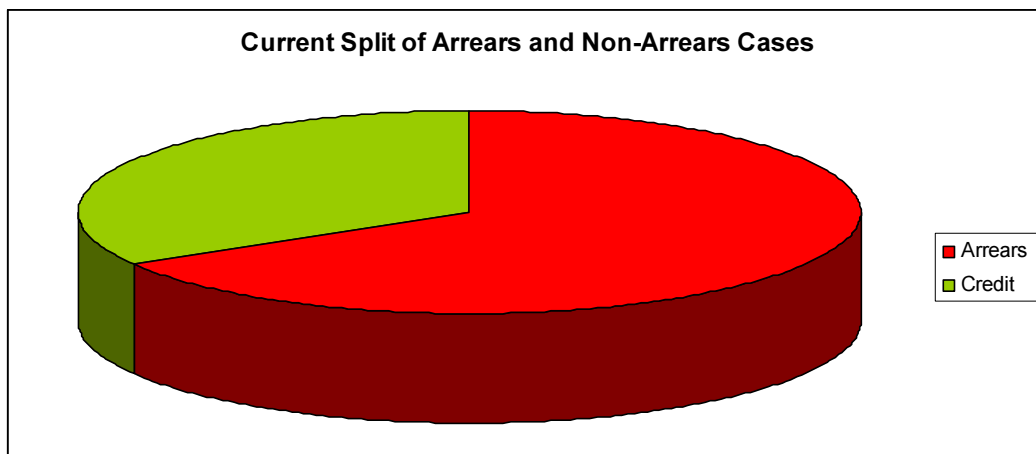
Rent Accounts Analysis – Current Position

The introduction of changes to Housing Benefit will result in households losing income which will in turn affect the ability of tenants to pay their rent.

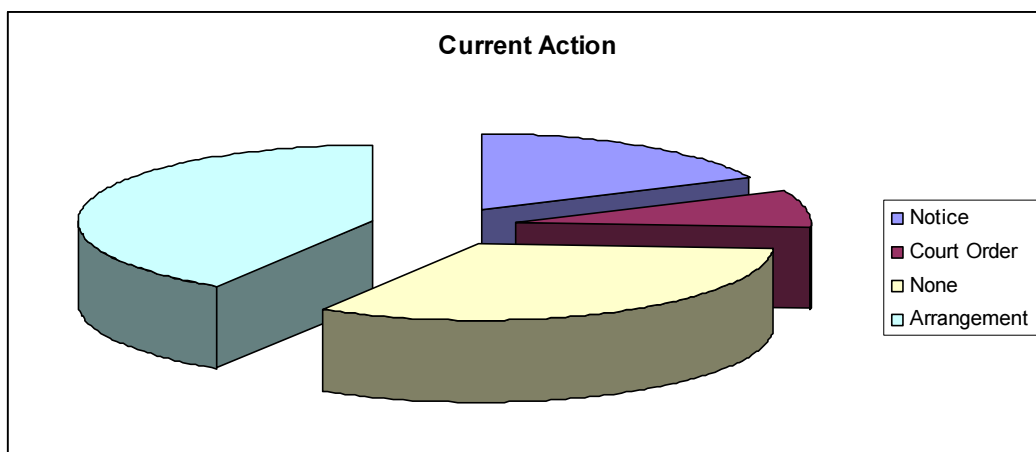
Following an exercise in late 2012 in which over a thousand households were visited, some analysis has been carried out to inform how the rent arrears recovery process might need to be amended to take account of the changes and to support tenants who want to pay their rent but cannot.

The analysis which has been carried out has been taken as a snapshot of a sample of tenants, considering that rent accounts may increase and decrease weekly depending upon payment cycles.

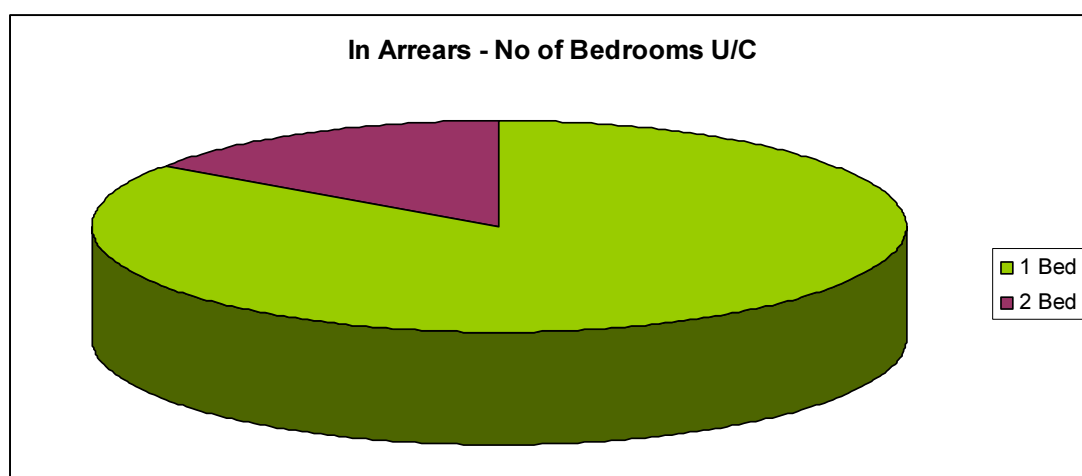
As at the week ending 17th March 2013, the percentage of households who will be affected by the under-occupancy related changes to Housing Benefit who are already in rent arrears is 66%.



Of those accounts already in arrears, 8% are currently subject to Court Orders. 18% are already under notice. 41% have made re-payment agreements whilst the remainder do not have a formal plan in place.



Of the tenants who are in arrears, the majority will have the lower level of deduction applied as most are under-occupying by one bedroom – 85% with 15% under-occupying by two or more bedrooms.



The level of arrears is wide ranging. Nearly 13% of those already in arrears owe over £1000, whereas 40% of all those in arrears owe less than £100.

Therefore nearly 60% of all accounts sampled were either in credit or had less than £100 of arrears.

It is therefore expected that a number of households who have either no arrears or low arrears (under £100) will fall into arrears due to the additional housing costs. Consideration needs to be given to how this process will be managed to mitigate the risk to the Housing Revenue Account whilst supporting tenants to be financially independent.

Changes to the recovery process

The recovery process for those tenants unaffected by the changes to Housing Benefit will remain the same.

For those tenants who are affected by the changed, the following process is recommended:

Households in Rent Arrears prior to April 2013

Court Orders:

Where tenants are currently in arrears prior to the introduction of the changes and are already subject to a Court Order, it is recommended that there is no change in the recovery process.

Notice of Seeking Possession/Final Warning:

Where tenants have been served with a Notice of Seeking Possession pre-April 2013, it is recommended that action will be continued from the pre-enforcement staged [shown in the diagram below].

Medium Arrears [£101-500]:

Where a tenant has already accrued arrears up to £500 it is recommended that the level of court action remains the same, but additional pre-enforcement work is carried out with the tenant prior to any possession claim being issued.

Low Arrears:

Where a tenant has less than £100 arrears, providing payments have regularly been made, it is recommended that they are dealt with under the 'No Arrears Process' illustrated below.

No Arrears:

Where a tenant has not had rent arrears prior to April 2013, and they have been affected by the changes to Housing Benefit, the process will follow the following stages:

| | | |
|---------------------------------------|---|--|
| Up to 4 weeks gross rent owed | Early Intervention Stage | INFORM – letters, calls, visits, income & expenditure forms ADVISE – Sources of help for debt problems, emergency assistance, credit unions, employment, water assist etc PLAN – Re-housing, mutual exchange, employment, lodger, budgeting, re-payment agreement, Third Party Deductions |
| Up to 12 weeks gross rent owed | Intensive Intervention Stage (Pre-Enforcement) | Specialist support, e.g, debt advice, welfare rights Compulsory Money Management Workshop Final Warnings with Homeless Team Members |
| Up to 26 weeks gross rent owed | Enforcement Stage | Consider Discretionary Housing Payment prior to issue of possession proceedings along with sustainability plan. |

It is not yet known how the courts will deal with possession cases where the arrears have been brought about solely by the changes to Housing Benefit and the authority's approach to rent arrears recovery will need to be fluid enough to adapt to any case law in this area.