



Cyngor Castell-nedd Port Talbot
Neath Port Talbot Council

Rent and Service Charge Arrears Prevention and Recovery Policy

April 2024

This document is also available in Welsh

A Place to Call Home

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1. Scope

This Policy describes the approach required by Neath Port Talbot County Borough Council (“the Council”) to enforce the terms of the licence/tenancy agreements of people in occupation of temporary accommodation granted to them by the Council in discharge of its duties under the Housing (Wales) Act 2014.

Specifically, this concerns the prevention and recovery of rent and service charge arrears. The term “arrears” covers rent, water and other utilities and service charges incurred for occupation of the temporary accommodation.

2. Legal Framework

Part 2 of [The Housing \(Wales\) Act 2014](#) (HWA 2014), and regulations made and Codes of Practice issued under it, provides legislation on homelessness. It replaced [Part VII of the Housing Act 1996](#) and reforms existing homelessness law in Wales by placing new or wider duties on local housing authorities.

The HWA 2014 sets out how to improve the supply, quality and standards of housing in Wales. This includes a strengthened duty on Local Authorities to take reasonable steps to prevent and relieve homelessness.

Other key legislation includes:

- Equality Act 2010
- Renting Homes (Wales) Act 2016
- Welsh Government Financial Inclusion Strategy for Wales 2016
- Civil Procedural Rules – Pre-action Protocol for Possession Claims by Social Landlords in County Court

3. Introduction

The Council have a number of statutory duties under the HWA 2014 in regards to the prevention and alleviation of homelessness. The Council is committed to promoting and encouraging sustainable licences/tenancies for tenants. This document outlines the Council’s policy for the prevention and management of current and former tenant rent and service charge arrears.

4. Objective and Aims of the Policy

The objective of this policy is to ensure that income collection is effectively managed and continuously improved. Further, this policy provides direction in supporting tenants to pay their rent and the steps the Council will take to support tenants throughout each stage of their tenancy to pay their rent.

This Policy aims to ensure:

- Tenants are prevented from getting into arrears (increased early intervention)
- Sustained reduction in rent and service charge arrears owed by tenants
- Tenants have the information, support and advice they need to maximise their income and prevent or minimise debt
- Helping tenants sustain their tenancies and prevent homelessness
- Services are accessible, transparent and accountable
- Tenants are treated fairly and equally
- Contact maintained at all stages of the recovery process, particularly vulnerable tenants
- High quality, value for money service
- Sustainable income collection

5. Background

The Council has seen a significant increase in people requiring temporary accommodation (TA) in order to alleviate their homelessness situation. This is due to multiple national and system wide factors that impact on people's ability to access and retain affordable housing, alongside new legislative and strategic requirements from Welsh Government ("WG") that have increased the range of people owed a statutory homelessness duty.

In the interests of good financial management and accountability, the Council needs to demonstrate to our residents, clients, elected members and council tax payers that it collects all sums due as a result of the Council meeting a person's eligible housing needs, from whatever source, as effectively and efficiently as possible.

This policy describes the approach that the Council will take in managing and recovering sums due to the Council in respect of rent and service charges for temporary accommodation.

Effective financial management is fundamental to being able to fund the quality of services the Council provides. The best method of debt collection is the prevention of debt arising and this policy covers both prevention and recovery.

6. Council Responsibilities

- The Council may alter the rent and service charges from time to time and this is reviewed each year in line with Welsh Government policy.
- The Council will give tenants a minimum of four weeks' notice of any changes.
- The Council also has the discretion to offer additional services, which have to be paid for as part of rent or additional service charges, which have to be agreed by the Housing Manager. However, tenants will be consulted before new services are introduced and are given an opportunity to end their tenancy before new services and charges are introduced.
- The Council aims to ensure that tenants are able to pay their rent and service charges as easily as possible. Payment can be made by phone/debit card or standing order.
- If the Council is aware that a tenant has difficulty in reading or understanding information given regarding their rent account and arrears, reasonable steps will be taken to ensure that the tenant understands any information given. This may include carrying out additional home visits and signposting to appropriate advocacy and support services. The Council will also provide translation and interpreting services, and information in alternative formats.
- In delivering the policy, the Council adhered to the Pre-Action Protocol for Possession Claims by Social Landlords, which aims to:
 - Encourage more pre-action contact and exchange of information between landlords and tenants
 - If possible, enable landlords and tenants to avoid litigation and settle disputes out of court
 - If court proceedings are necessary, enable an effective use of court's time and resources

7. Tenant Responsibilities

- All tenants will sign a licence agreement initially followed by a standard occupation contract (if appropriate, based on time as resident in temporary accommodation), which is a legal document that contains the terms and

conditions of the licence/tenancy. The licence/tenancy agreement includes a condition on the tenant to pay rent and service charges on time.

- Joint tenants are each fully responsible for the payment of rent, service charges and any arrears.
- If a tenant is eligible for Housing Benefit or Universal Credit, it is the tenant's responsibility to apply for these benefits. Tenants in receipt of Housing Benefit also have a responsibility to notify the Council of any change of circumstances; and, tenants in receipt of Universal Credit must notify any change in circumstances to the Department for Work and Pensions (DWP). It is especially important for tenants to contact the Council, through their allocated Support Accommodation Officer, at the earliest opportunity if they are experiencing difficulties.

8. Application of the Policy

In all circumstances, the Council will ensure that the most effective measures are put in place to prevent the accrual of rent and service charge arrears. This ensures the sustainment of tenancies and reduced costs further down the line. This will always be the Council's first approach to rent collection and is the key emphasis of this policy.

Prevention and early intervention

Measures to prevent arrears will be taken at the earliest opportunity. Preventing arrears is important as rental and service charge income is vital to the delivery of the Housing Service. Arrears are not only a financial burden on the Council, but are financially and socially damaging to the individual, as they risk incurring court costs, being unable to obtain credit if they receive a county court judgment, and ultimately they risk eviction and the loss of their home.

Pre-sign up stage

Before the sign up stage, an Officer of the Housing Options Service will meet the prospective tenant and advise on the rent and service charge payment methods and, if applicable, to apply for Universal Credit or Housing Benefit. The pre-sign up appointment also determines if the prospective tenant has any support needs with any other agencies.

Applicants will be advised on their interim placement by either a Housing Options Officer or Support and Accommodation Officer depending where they are in the process. They will also be advised of the need to complete a required

Housing Benefit application form; the possibility of any cost implications if they are not eligible for full Housing Benefit or non-completion of a Housing Benefit application; as well as any associated service charges depending on their placement.

Support needs will not be assessed until the individual is allocated a Support and Accommodation Officer and support plan completed.

Sign up stage

After an offer has been accepted, a Housing Options Service Officer will meet with the prospective tenant to sign the licence/tenancy agreement/occupation contract and hand over the keys. During this time the Housing Officer will:

- Remind the tenant of their responsibility to pay rent and service charges on time and explain the circumstances of non-payment
- Ensure the tenant provides details for payment of their rent and service charges over the phone
- If applicable, ensure that the tenant has applied for Housing Benefit or Universal Credit (housing cost element)

Ongoing

- The Council commits to working with tenants to establish their individual circumstances and to provide support where necessary. We commit to working with other internal, external and relevant partners and organisations to provide support, understand their circumstances and identify opportunities to maximise tenants' incomes, as appropriate. At the tenancy offer and sign-up stage, all new tenants will be clearly made aware of their obligations to pay rent and other charges and the importance of making regular payments, and payment methods will be discussed.
- A wide range of communication tools are utilised as appropriate for each tenant's needs. Tenancies will be monitored in order to identify any early issues with rent payments in order to prevent arrears accruing.
- The Council will actively promote standing orders as the preferred method of payment and card payments made by phone will also be an option for payment.
- The Council will ensure that consideration is given to the Equalities Act 2010, by undertaking individual Equality Impact Assessments, where

appropriate, to ensure that tenants' vulnerabilities are identified in order to ensure effective support mechanisms are introduced.

- The Council will run regular publicity and communication campaigns with the purpose of informing tenants of the support and assistance available to minimise arrears.

Current Tenant Arrears

- Arrears recovery will focus on personal contact at the earliest opportunity, ensuring high quality support and advice is readily available as well as informing tenants of the debt and consequences of non-payment in writing.
- All communication with tenants will make it clear that rent and service charges are a priority debt and written correspondence will highlight the seriousness of particular arrears situations. Regular letters will be issued highlighting the importance, as well as ongoing discussions with the allocated support worker.
- All members of staff responsible for the collection of rent and arrears recovery will receive the appropriate training.
- The Council will balance resources in order that there is both a proactive and a reactive approach to rent and service charge recovery.
- The Council will use the most cost-effective method to recover the debt depending on the amount owed.
- The Council will ensure that tenants have access to appropriate financial/debt advice.
- In cases where arrears continue to increase and tenants do not engage with officers to resolve the situation, the Council will commence legal action to repossess the property. At all stages of the legal process, tenants will be informed of the action being taken, the implications of the action and offered continued help and advice from Council Officers and external partners.
- Failure by the tenant to engage with officers may also result in the Council discharging its statutory homeless duty to the household, resulting in an end to all assistance to that individual/household.
- The Council will comply with the requirements of the Housing (Wales) Act 2014 for claims relating to rent arrears in social housing. The aim is to encourage more pre-action contact and exchange of information with the

intention that litigation is avoided where possible. Repossession of a property as a result of rent arrears will always be a last resort.

- The Council will always request that court costs are awarded against the tenant and that a money judgment is included in the Order for Possession.
- If a Suspended Possession Order is granted and subsequently breached by the tenant, no more than one opportunity will be given for the tenant to remedy the breach. Should the breach not be rectified quickly or of the order is breached on more than once occasion, an application will be made to the County Court for a Warrant of Eviction.

Former Tenant Arrears

- The former tenant debt recovery process starts when a tenant's period of occupation has ended
- The Council will pursue the recovery of former tenant arrears in accordance with the **Former Tenants procedures**.
- In cases where payments are not forthcoming and Officers are unable to trace the whereabouts of a former tenant, consideration shall be given to writing off the debt in accordance with financial regulations. When a debt has been written off, it will no longer be shown as outstanding in the Council's accounts. However, the debt remains due to the Council in law and if the tenant is subsequently traced, the debt will be reinstated.

Discretionary Housing Payments (DHP)

A DHP may be awarded when a local authority considers that the claimant requires further financial assistance towards housing costs and is in receipt of either Housing Benefit or Universal Credit. This may include tenants affected by the spare room subsidy or benefit cap. Officers will provide support and advice to tenants in making applications for this funding where appropriate. Any applications will be considered by the Revenues and Benefits department in accordance with the Council's Discretionary Housing Payment Policy. The Council recognises the adverse impact of the current economic position and how this affects tenants due to a reduction in income and job losses. To support the most vulnerable tenants who find themselves in financially difficult positions, we aim to ensure tenants are in receipt of all benefits they are entitled to, such as DHP.

9. Complaints / Appeals Procedure

Complaints in relation to the implementation of this policy will be managed in line with the normal complaints procedure.

Complaints should be addressed to:

Social Services Complaints Officer
Social Services, Health & Housing
Neath Port Talbot Council
Civic Centre Neath
SA11 3QZ

Tel: 01639 763445, or via email: complaints@npt.gov.uk

Details of the complaints procedure can also be accessed online via the Council's website www.npt.gov.uk, which is available in accessible formats and different languages.

If a person believes that there are exceptional circumstances which mean that they are unable to pay the full amount requested, this can be assessed on a case by case basis by the Housing Options manager and a lower amount may be agreed in line with the outcome of an affordability assessment.

10. Review of the Policy

The policy reflects the Council's current position and will be reviewed annually.

Glossary of terms

- DHP – a Discretionary Housing Payment is subject to eligibility criteria and can be awarded to help with housing costs. You can only get DHP if you are eligible to claim either Housing Benefit or the housing element of Universal Credit.
- LHA / Local Housing Allowance – This is used to work out how much Housing Benefit that can be paid as rent.
- Licence / Occupancy agreement – An agreement signed by the tenant, it will clearly set out responsibilities for the tenant and the Council.
- Licence fee – A fee charged for the use and occupation of the property. The licence fee is equivalent to the household's reduction in housing benefit due to excess income up to a capped amount. The capped amount will be in line with the current Local Housing Allowance (LHA) rates.
- Provider charge – The cost the Council pays to private sector providers of temporary accommodation.
- Subsidy gap – the limit the Government will pay through Housing benefit towards the cost of Temporary Accommodation, any difference or gap is covered by the Council.
- TA – Temporary Accommodation, Accommodation used to house clients who are homeless and owed a statutory duty under the Housing (Wales) Act 2014.
- Tenants – Licence holders within temporary accommodation, assured shorthold tenancies are never used for temporary accommodation.
