

# Tenant and Leaseholder Services

## Income recovery, including evictions and enforcement policy

### 1.0 Purpose and scope

Thanet District Council's (TDC) Housing Revenue Account (HRA) financial health depends upon our tenants and leaseholders paying their rent and service charges on time. This is important as this pays for the services provided to our residents, including repairs and tenancy and leasehold management.

This policy is designed to increase financial stability in two ways:

- By developing a culture of responsibility through empowering tenants and leaseholders to manage their own accounts.
- By addressing the arrears of our tenants and leaseholders along with former tenants of HRA managed stock. Working with our tenants and leaseholders to clear debt in an affordable way.

This policy does not cover the GDPR implications of handling tenant personal data. This is covered in the TDC Data Protection Policy: <https://www.thanet.gov.uk/data-protection/>

### 2.0 Definitions

#### 2.1 Rent Arrears

Any payment that is owed to TDC that forms part of the whole rent, including all service charges, past the date it was due. This includes a shortfall where Universal Credit or Housing Benefit cover part of the full rent.

#### 2.2 Former Tenant Arrears

Any payment that is owed to TDC that forms part of the whole rent. Including all service charges, that exist on a tenancy that has now ended.

## 2.3 Rechargeable Works Order (RWO)

Any work we do, that is charged to the tenant. (Refer to the Rechargeable Works Order Policy for details.)

## 2.4 Leasehold Service Charge

Service charges are calculated annually (in arrears) at the end of the financial year, based on the actual costs incurred in the year to which they relate.

All leaseholders are required to pay a contribution to the cost of maintaining the fabric and any common parts of the building as described in the Landlord and Tenant Act 1985 paragraphs 16a, 16b, 16c, 16d, and 18 of Schedule 6 to the Housing Act 1985.

The charge includes:

- buildings insurance.
- ground rent.
- management fee.
- communal gas/electricity usage.
- contribution towards communal repairs.
- major/cyclical works.

Charges are calculated in accordance with the terms of the lease agreement and relevant leasehold legislation.

## 3.0 Rent arrears collection

Our Rent Officers will always seek to put in place an affordable and sustainable agreement to clear rent arrears as soon as possible.

The more information we have about a tenant's circumstances regarding their debt the better we can support and sustain the tenancy. Therefore, the tenant will be asked about their financial situation.

If the arrears debt increases, the case will be moved through the Rent Arrears Procedure until the debt is cleared or an agreement is reached. Each stage will be confirmed in writing to the tenant.

Ongoing training will be given to our Rent Officers to be able to give the best advice.

### 3.0.1 Universal Credit and Alternative Payment Arrangements

We will ask the Department of Work and Pensions (DWP) to pay the housing element of a tenant's Universal Credit claim directly to the rent account in the following circumstances:

- Where it is agreed with the tenant that they cannot manage their own finances.
- Where the tenant is able to manage finances but they have failed to make payments and every attempt has been made to support the tenant to enable this.
- When the debt continues to rise and legal action is about to take place.

### 3.1 Legal action

A Notice of Seeking Possession or Notice of Possession will be served on tenants under the following circumstances:

- The rent account is in debt for six weeks or more.
- There is a static debt equal to or more than one week's rent that exists for more than twelve weeks without a payment or agreement made.

Possession will be sought on Ground(s) 1 of Schedule 2 to the Housing Act 1985.

Court action will be started, once the notice period has ended and attempts to put a payment plan in place have failed. We will let the tenant know in writing.

#### 3.1.1 The eviction procedure will start:

Where payments fall out of line with what was ordered in court and the debt continues to rise. If catch up payments will not bring the account back in line with the order in under three months and all attempts to resolve the debt have been exhausted.

The tenant will be advised to seek independent legal advice and a warrant of eviction will be applied for.

The Housing Options team at TDC will be made aware at the eviction warning stage of the rent arrears procedure.

The case to evict a tenant for rent arrears will be reviewed by a senior manager before proceeding.

## 3.2 Rechargeable Works Orders

We will contact tenants with a current tenancy, where an outstanding rechargeable works order is owed.

## 3.3 Former Tenant Arrears

We will seek to minimise former debts by monitoring all tenancies that are about to end.

We will contact tenants that are due to end their tenancy but are in debt, to seek an affordable agreement.

We will use all methods available to us to contact former tenants with arrears, to recover debt owed

## 4.0 Leasehold Service charge

Where debts accrue, the debt recovery procedure first reminder will be sent out 30 days after the issuing of service charge invoices.

Second reminder to be sent after a further 14 days to request payment and informing the following:

- Warning of potential court action.
- Further legal costs will be added to the account, if payment is not received within 7 days.

If no agreement is in place after the second reminder:

If there is a mortgage company/lender involved they will be informed in writing that the interests in property are at risk, as insurance claims may be declined due to non-payment of premiums. They will be asked to consider capitalising the debt.

## 4.1 Legal Action

Legal action will be taken to recover the debt through a court order when:

- There is no contact from the leaseholder.
- No agreement can be made with the leaseholder.
- The lender refuses to capitalise the debt.

At the award of a court order the mortgage company/lender will be written to, requesting that they reconsider capitalising the debt.

If there is no lender in place, we will seek outright forfeiture of the lease.

## 5.0 Support

All tenants and leaseholders will have the opportunity to have a financial assessment, to determine support requirements.

To support tenants in debt, referrals will be made to the Financial Wellbeing Team in the following circumstances:

- The income and expenditure assessment shows the tenant cannot afford an agreement of more than £5 per week.
- When there are complex issues relating to any type of benefit that affect a tenant’s income.
- When Court Orders or Warrant Stay Terms are breached.

## 6.0 Document control

Date	Version	Action	Amendments
6 October 2021	1	New policy	
2 February 2022	2	Equality impact assessment	Inserted headings. Add full stops and simplify language for readability and access for screen readers.