

	<b>AGENDA ITEM NO.</b>
<b>Report Cover Sheet</b>	
<b>Name of Meeting:</b>	Executive
<b>Date of Meeting:</b>	25 March 2008
<b>Report Title:</b>	Recovery of HRA garage and property rent arrears
<b>Summary of report:</b>	To propose a revision to existing rent arrears recovery procedures, to provide for a Notice to Deliver up Possession to be served on any garage(s) rented by a tenant whose main rent account falls into arrears, regardless of whether the garage rent account is in arrears or not. To also propose a change in the garage letting policy to prevent a tenant who has lost a garage through arrears recovery action from being offered another garage until their property rent account has been maintained in credit for a period of 3 months.
<b>For Further Information Please Contact (report author):</b>	Bill Hunt, Head of Housing and Property Services 01926 456403 bill.hunt@warwickdc.gov.uk
<b>Business Unit:</b>	Housing and Property Services
<b>Would the recommended decision be contrary to the Policy Framework:</b>	No
<b>Would the recommended decision be contrary to the Budgetary framework:</b>	No
<b>Wards of the District directly affected by this decision:</b>	All
<b>Key Decision?</b>	Yes
<b>Included within the Forward Plan?</b>	Yes    Ref No 91
<b>Is the report private &amp; confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006?</b>	No
<b>Date and name of meeting when issue was last considered and relevant minute number:</b>	
<b>Background Papers:</b>	Rent arrears procedures
<b>Consultation Undertaken</b>	
Below is a table of the Council's regular consultees. However not all have to be consulted on every matter and if there was no obligation to consult with a specific consultee they will be marked as n/a.	

<b>Consultees</b>	<b>Yes/ No</b>	<b>Who</b>
Other Committees	No	
Ward Councillors	No	
Portfolio Holders	Yes	Councillor Doody
Other Councillors	No	
Warwick District Council recognised Trades Unions	No	
Other Warwick District Council Service Areas	No	
Project partners	No	
Parish/Town Council	No	
Highways Authority	No	
Residents	No	
Citizens Panel	No	
Other consultees	No	
<b>Officer Approval</b> With regard to officer approval all reports must be approved by the report authors relevant director, Finance Services and Legal Services.		
<b>Officer Approval</b>	<b>Date</b>	<b>Name</b>
Relevant Director(s)	4/3/08	Mary Hawkins
Chief Executive	29/2/08	
CMT	29/2/08	
Section 151 Officer	4/3/08	
Legal	26/2/08	Simon Best
Finance	26/2/08	Mike Snow
<b>Final Decision?</b>		Yes
<b>Suggested next steps (if not final decision please set out below)</b>		

## **1. RECOMMENDATION(S)**

- 1.1 To approve a change to current arrears recovery procedures to provide for the service of a Notice to Deliver up Possession on any garage(s) rented by a tenant whose main rent account falls into arrears, regardless of the balance on their garage sub-account
- 1.2 To approve a change to the garage lettings policy to exclude a tenant who has had a previous garage tenancy terminated due to rent arrears recovery action, from being offered another garage until their main rent account has been maintained in credit for a minimum 3 month period.

## **2. REASON(S) FOR THE RECOMMENDATION(S)**

- 2.1 Garages are let to both tenants and non-tenants. When a garage is let a new account is created to which the weekly garage rent is charged and rent payments credited. If the garage is let to a non-tenant the account created is a stand alone 'garage only' account. If the letting is to an existing council tenant the account created is set up as a garage 'sub-account', separate to their main rent account for the home they rent from us.
- 2.2 For tenants this separation between the different accounts is strictly maintained to avoid the possibility of 'contamination' between accounts. Were there to be any doubt as to whether an arrears balance quoted on a Notice of Intention of Seeking Possession or subsequent court application contained any amount that didn't relate to rent charges on the property, e.g. garage rent charges, the application would be held to be invalid by the courts. Not only would recovery action have to commence again at the Notice stage but costs would be awarded against the council for the failed application.
- 2.3 When a garage account falls into arrears our computerised arrears 'workflow' processes highlight the default to the responsible officer who then commences recovery procedures. Action is taken regardless of whether the garage is being rented to a tenant or non-tenant. A similar, but separate, 'workflow' process highlights property rent accounts that have fallen into arrears, allowing recovery proceedings to commence against the tenancy of the property.
- 2.4 Due to the separation of the accounts, any arrears recovery action taken on either a tenant's main rent account or their garage sub-account is independent of the other. This means a tenant could be in arrears on their main account, with recovery action having been commenced, but continuing to maintain payments on their garage account so that no action is commenced in relation to the garage. This can also apply vice versa. In the scenario quoted we could be faced with making a repayment agreement for arrears on the main account with a tenant who is quite happily paying already paying £4.34 per week on top of their property rent for a garage.
- 2.5 It is therefore proposed to serve a Notice to Deliver up Possession on any garage(s) at the same time that the initial letter, marking the start of arrears recovery action against the property tenancy, is sent to a tenant. This will provide an additional incentive to the tenant to either clear their arrears in full or, in appropriate circumstances, e.g. significant change in income, demonstrate that they

are able to maintain a suitable repayment agreement, if they wish to continue to rent a garage.

- 2.6 If approved, the revised procedure would be implemented for any existing or any new tenant where their main property rent account falls into arrears. It would not automatically be applied retrospectively to an existing tenant, with a garage, against whom arrears recovery action has already commenced in relation to their property. However, if service of a Notice of Intention of Seeking Possession (or Notice of Possession Proceedings for an introductory tenant) is required for existing tenants then it is proposed that a garage notice is served at the same point. Equally, if an existing tenant defaults on a repayment agreement they would be warned that a garage notice would be served if they fail to make good the default.
- 2.7. A revision to the garage letting policy is also proposed. This would exclude tenants from being offered a garage until their rent account has been maintained in credit for a minimum period of 3 months, if they have previously had a garage sub-account terminated due to rent arrears recovery action, either on that account itself or as a result of the actions proposed above,.
- 2.8 Both proposals are aimed at providing an incentive to tenants to repay arrears promptly and make good any defaults on repayment agreements, as failure to do so would result in the loss of the benefit of renting a garage. As now, tenants would continue to be warned that failure to maintain their rent account in credit would result in further arrears recovery action including court application. Court action would increase their indebtedness through the award of court costs against them and could, as a last resort, result in the loss of their home. Anecdotal evidence suggests that some tenants are likely to be more motivated by the potential loss of their garage in the immediate short term rather than the potential loss of their home in the long term.
- 2.9 If approved the revised procedure will be prominently publicised through Home News and existing standard letters will be amended to reflect the new policy.

### **3. ALTERNATIVE OPTION(S) CONSIDERED**

- 3.1 The alternative option is to leave the current arrears recovery procedures unchanged.
- 3.2 However, at the time of writing current tenant main account arrears stood at £659,492 and garage arrears at £2,746. It is therefore felt that any option that could assist in the minimisation of such arrears and provide an incentive for tenants to maintain clear accounts and make prompt repayment if they fall into arrears would be beneficial.

### **4. BUDGETARY FRAMEWORK**

- 4.1 There are no direct budgetary implications of the proposals. The additional work would be absorbed by the existing staffing resource. We have healthy garage waiting lists so any change to the garage letting policy is unlikely to lead to an increase in garage void loss.

- 4.2 Should the proposals be implemented and contribute to a reduction in levels of current tenant rent arrears this will have a positive benefit on the overall HRA budget.

5. **POLICY FRAMEWORK**

- 5.1 The proposals support the 2007-11 corporate strategy objective of improving housing services efficiency to meet the housing need of the district.
- 5.2 The reduction of rent arrears is one of the top 21 key performance indicators, with a target of reducing current tenants arrears (expressed as a % of the gross annual rent debit) to 2.6% by 31 March 2009.