

# North Tyneside Council

## Housing Services

### Rent Policy 2023

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North Tyneside Council

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## **1. Introduction**

This Policy details how North Tyneside Council set new rents, review rents annually and the Authority approach to income management. It applies to all housing including all social and affordable rent, garage tenancies and long lease for flats sold under the right to buy provisions.

The Authority is responsible for calculating rents applicable to every Council home, using a formula based on the value of the home, average income for the area and Government guidelines. The higher the value of the property the higher the rent calculated, however, to protect tenants from large increases the Government caps the amount by which rent can increase in any one year.

Effective income management ensures that the Council can continue to deliver a good housing service, develop, and maintain homes and help sustain viable tenancy arrangements by ensuring that all tenants receive the appropriate support and advice to enable them to deal with their finances.

## **2. Purpose**

The purpose of the Rent Policy is to set out the overall approach to rent setting and income management, in doing so, helping maximise income and sustain tenancies. The Authorities housing income management service contributes to the financial strength of the Council so that it can provide financial resources to help deliver our strategic priorities.

## **3. Aims**

The Aims of this policy are set out below:

- To encourage prompt and regular payments of rent to minimize arrears.
- To offer early intervention advice and support to those in need.
- To provide clear advice to officers on managing arrears, and to promote consistency whilst enabling officers to respond flexibly to cases within policy guidelines.
- To take proportionate action on rent arrears at an early stage.
- Provide help and assistance to tenants and leaseholders through partnership working with key agencies to maximise their incomes and manage their finances effectively.

- Develop highly skilled staff that are customer focussed and have access to a range of effective support for vulnerable people.
- Promote a culture of engagement and minimise arrears levels by providing a choice of convenient, accessible, cost-effective payment methods.
- To be effective in our communication, ensuring it is clear and accurate.
- To maintain good relationships with tenants and to adopt a sensitive, sympathetic, and appropriate approach to recovering any arrears.
- Regularly seek to improve the service and performance in line with best practice, current legislation, and our duty of care.

#### **4. Legislation**

The rent for social housing in North Tyneside is set annually by Cabinet based on Government guidelines included in the 2020 Regulator of Social Housing Rent Standard, and on relevant sections of previous legislation, namely:

- Housing Act 1985
- Local Government and Housing Act 1989
- Housing and Regeneration Act 2008
- Localism Act 2011
- Secondary legislation under the above acts
- Welfare Reform and Work Act 2017
- The Debt Respite Scheme (Breathing Space Moratorium and Mental Health Crisis Moratorium) (England and Wales) Regulations 2020
- Mental Health Act 1983
- Human Rights Act 1998
- Mental Capacity Act 2005
- Equality Act 2010
- Care Act 2014 (Safeguarding)

#### **5. Equality and Diversity**

North Tyneside Council is committed to the principles of equality and diversity. Our Rent Policy seeks to:

- Achieve its aim that North Tyneside is a place where people feel safe, and no one experiences discrimination or disadvantage because of their characteristics, background, or personal circumstances.
- Ensure our service is responsive and meets the needs of all our customers.

This Policy has been subject to an equality and impact assessment.

## 6. Review

This Rent Policy will be reviewed every three years, or as a result of any changes in legislation and/or regulation or in line with business needs. The Housing Service Rent Procedures will be reviewed in line with reviewed Policy.

## 7. Policy Scope

<b>Income Collection with Care</b>	<p>How we collect our rent is key to helping our tenants sustain their tenancies and provide the services to tenants that are expected:</p> <p>Avoiding potential direct and indirect discrimination by being aware of mental health impacts on:</p> <ul style="list-style-type: none"><li>• Ability to work.</li><li>• Ability to make responsible decisions during manic episodes.</li><li>• Ability to engage with communication methods and processes used.</li></ul> <p>In order to promote financial inclusion, we will:</p> <ul style="list-style-type: none"><li>• Provide advice on benefits, and act as a gateway to more specialised support and advice such as debt counselling, financial advice, and sources of finance such as credit unions.</li><li>• Publicise the availability of welfare benefits through posters, advice leaflets etc.</li><li>• Provide tenants with an application form to apply for housing and council tax benefit.</li><li>• Keep tenants informed of any significant changes in Universal Credit, Housing Benefit, and other benefits.</li><li>• Carry out benefit checks for all tenants in arrears to help tenants maximise their income.</li></ul>
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	<ul style="list-style-type: none"><li>• Provide a welfare support service for tenants or refer tenants to external agencies.</li><li>• Run periodic benefit campaigns with other agencies such as the Housing Benefit Service, Citizens Advice Bureau and the Department for Work and Pensions.</li></ul>
<b>Rent Charges</b>	<p>The weekly rent collected by North Tyneside is used to pay for a range of services provided, to manage and maintain the Council stock and to help sustain viable tenancy arrangements. The tenant's responsibilities in relation to paying rent are set out in their tenancy agreement and are outlined in the tenancy handbook.</p> <ul style="list-style-type: none"><li>• The basic rent for each dwelling is calculated in line with the Government's national rent formula and guidelines.</li><li>• Rents are reviewed on an annual basis. Tenants are given four weeks written notice in advance of any implementation date of the annual rent increase and information is provided regarding changes to housing benefit.</li><li>• Tenants in receipt of Universal Credit are advised to contact the Department for Work and Pensions (DWP) to inform them of changes to their rent level.</li><li>• Rent account statements are sent to tenants at quarterly intervals. Individual "one off" statements will be produced at the request of the tenant.</li><li>• Tenants pay rent equally over 52 weeks.</li><li>• There are 3 main elements of a weekly rent charge that could be included in a typical bill:</li></ul>

	<ul style="list-style-type: none"> <li>○ Net Social Rent – the basic social rent charge based on Government guidelines.</li> <li>○ Service Charges – usually levied for shared services in a building / estate such as communal lighting or heating, cleaning, concierge services etc.</li> <li>○ Water Rates – all tenants are required to pay water rates and the authority collects water rates on behalf of the local water company Northumbrian Water.</li> </ul> <ul style="list-style-type: none"> <li>● There are a small number of Council homes that have been built using Government grants as part of the Affordable Homes Grant programme. In these instances, it is usually a requirement of accepting the grant that the Authority charges Affordable Rents on those properties. Affordable Rent usually means a rental charge at 80% of the current rates being charged for comparable properties in the private rented sector, known as market rents. In most cases this will be at a rate between Social Rent and Market Rent.</li> </ul>
<p><b>Leasehold Service Charges</b></p>	<ul style="list-style-type: none"> <li>● Leaseholders pay an annual service charge, which represents the cost of services provided to them. These charges are subject to an annual audit.</li> <li>● Leaseholders receive an invoice and statement giving a transparent and effectively communicated breakdown of the cost on an annual basis.</li> </ul>
<p><b>Garage Charges</b></p>	<ul style="list-style-type: none"> <li>● VAT is charged on all garages where the licence holder is not a council tenant, VAT will also be charged if more than one garage is let.</li> <li>● When a council tenant buys their home from the local authority but continues to rent their</li> </ul>

	<p>garage, the authority ceases to be the landlord in respect of the home and VAT becomes chargeable on the garage rental.</p> <ul style="list-style-type: none"><li>• If, however, a council tenant buys a flat under a leasehold agreement (as opposed to freehold) and pays ground rent, the Council is still the landlord and therefore VAT is not due on the garage rental.</li><li>• Garage rents are reviewed on an annual basis.</li><li>• The recovery of garage arrears is based on a staged escalation process, up to and including the termination of the licence of the garage.</li></ul>
<p><b>Accessible Service Payments</b></p>	<ul style="list-style-type: none"><li>• To maximise income collection we support tenants, former tenants, and leaseholders to pay their rent, service charges and other housing debts by providing easy access to cost effective methods of payment.</li><li>• We support tenants to find the best payment method for their circumstances.</li><li>• The following payment options are available:<ul style="list-style-type: none"><li>○ Direct Debit</li><li>○ Pay Point and Post Office outlets.</li><li>○ Online</li><li>○ In person using credit or debit card at Customer Service Centres (using payment machines)</li><li>○ By Telephone</li><li>○ Direct payment from wages for employees</li><li>○ Direct payments from the Department of Work and Pensions in certain circumstances.</li></ul></li><li>• We will actively encourage Direct Debit as this is the most cost-effective method of payment and it promotes regular payment.</li></ul>



<p><b>Universal Credit – Housing Element &amp; Housing Benefit</b></p>	<ul style="list-style-type: none"> <li>• Effective liaison with the Housing Benefit Service and the Department of Work and Pensions is in place, this helps towards the prevention and reduction of arrears.</li>   <li>• Liaison with such services is conducted on a case-by-case basis covering arrangements, where appropriate for: <ul style="list-style-type: none"> <li>○ Sharing information</li> <li>○ Submitting claims</li> <li>○ Dealing with enquiries</li> <li>○ Updates on the progress of claims</li> <li>○ Prioritising serious arrears cases</li> <li>○ Submitting information to the necessary service</li> <li>○ Recovering overpayments.</li> </ul> </li>   <li>• Where rent arrears accrue and there is an outstanding benefit entitlement, we will provide appropriate advice and assistance to tenants to help resolve such situations, ensure their tenancy is sustained where possible (including utilising the Alternative Payment Arrangements process), aim to minimise the financial detriment to the tenant and work with tenants and the DWP to maximise income.</li>   <li>• The Housing Benefit Regulations sets out the minimum evidence required to consider entitlement for Housing Benefit which the Benefit Service follows and staff in Housing are familiar with these requirements.</li>   <li>• We have developed a partnership and referral agreement with the Citizens Advice Bureau CAB who can assist with debt counselling and money advice, help to negotiate payment agreements with creditors and provide income maximisation checks to ensure all benefit</li> </ul>

	<p>entitlement is taken up. It can also assist with appeals against housing benefit decisions, DWP decisions relating to Universal Credit and other welfare benefits and help tenants with financial literacy difficulties.</p>
<p><b>Pre – Tenancy Checks and Tenancy Sign Up</b></p>	<ul style="list-style-type: none"> <li>• All applicants undergo an affordability assessment including identifying any outstanding Housing Debt. Realistic predictions of running costs and expenses help applicants to identify the sustainability of a tenancy for themselves and get support in place pre tenancy.</li> <li>• All offers of accommodation are conditional upon the applicant continuing to meet the necessary criteria and qualification, up to the point of the signing of a Tenancy or Occupancy Agreement.</li> <li>• Tenancy Sustainment is key prior to the commencement of a tenancy with effective systems in place for clearing debts through support, signposting and identifying barriers.</li> <li>• Clear expectations are set, and advice is provided for managing rent, to support tenants in understanding the importance of paying their rent, and the services available to support them with this, how to pay their rent and to make the required payment at the required time.</li> </ul>
<p><b>Rent Arrears Management Procedures</b></p>	<ul style="list-style-type: none"> <li>• We have a flexible and person-centred approach to the recovery of rent areas and a suite of procedures which can be used for individual circumstances.</li> <li>• Officers will work with the individual to find an affordable method of repayment.</li> </ul>

## Legal Action

- All tenants with rent arrears are offered the opportunity to be referred to the Citizens Advice Bureau for debt advice and supported through a range of tenancy support services and referrals that are available prior to taking legal proceedings.
- We follow the Rent Arrears Pre-action Court Protocol with its increasing emphasis on negotiation not litigation, which is supported by our procedure documentation and a part of our national and legal requirement.
- Legal action to recover rent arrears will commence when efforts to obtain regular payments fail and arrears continue to rise. Legal action is the last resort other than in exceptional circumstances in the arrear's recovery process.
- The decision to request legal action to recover possession of the property will only be taken when all other appropriate means of arrears recovery have been exhausted.
- Eviction will only be considered in exceptional circumstances where all alternatives have been tried and any potential vulnerable household members identified and protected.
- The legal costs for taking a tenant to court for rent arrears are recovered through a sundry account paid at the same time as the rent and arrears or paid separately once the arrears have been cleared.