

**RAMSEY TOWN COMMISSIONERS
HOUSING AND PROPERTY MANAGER'S INFORMATION REPORT
REQUEST FOR DEBATE – RENT ARREARS
OCTOBER, 2019**

Mr. Chairman and Members,

This report provides background information to the matter raised for public debate [REDACTED], Members may wish to bring it into public if it is decided to debate the matter at the October meeting.

The following list of queries received from [REDACTED].

Dear Mr Whiteway,

I request a debate at a future public board meeting on the subject matter of Housing and Property and refer to the Public meeting 18/9/19, agenda papers page 34, Housing Performance item 3A.

Opinions at the above public meeting indicated that the Housing and Property committee are doing a very good job. However I am concerned about, what appears to be, on-going rent arrears of over £40,000 for the first quarter of 2019/2020 with average figures for 2018/2019 of £48,696, this is a lot of money! I note that a 35% of tenants pay rent by cash. 50% of tenants pay by bankers order. 15% of tenants pay direct by DHSC. So, obviously, the arrears relate to the 35% payers of rent by cash.

I feel sure that members of the general public, maybe also some members of the board, would appreciate it if this matter could be debated at some future public meeting and as such be later included on the RTC web site.

- 1. How many tenants are there, overall?*
- 2. Of the 35% of cash payers, how many are in arrears to arrive at £40,000+?*
- 3. What system monitors those 35% cash paying tenants to deter falling into arrears?*
- 4. How many weeks of non-payment of rent before tenant is chased up for payment?*
- 5. What options do tenants have to pay off arrears?*
- 6. What are existing options for recovery of arrears if tenant(s) have not co-operated?*
- 7. Does the expense of legal advice deter any recovery action being taken?*
- 8. To encourage, maybe insist that, vulnerable tenants pay rent by bankers order?*
- 9. Maybe include direct debit as a clause when tenancy agreement is renewed after 5yrs?*
- 10. £40,000+ rent arrears sends out a message that something seems not to be working?*

Yours faithfully,

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The answer to the questions should Members wish to enter into a debate are listed below in the same sequence as they are asked.

1. *How many tenants are there, overall?*

Answer: Five hundred and thirty four (534)

2. *Of the 35% of cash payers, how many are in arrears to arrive at £40,000+?*

Answer: Tenants in arrears are not just those that pay by cash/over the counter, there are also tenants in arrears that pay by direct debit and those where rent is paid direct by Social Services as payments are made in arrears. There are a total of 162 tenants in arrears, 104 of these pay by cash/card, 46 are paid by Social Services and 12 tenants that pay by direct debit are in arrears.

3. *What system monitors those 35% cash paying tenants to deter falling into arrears?*

Answer: All rent accounts are monitored on a weekly basis regardless of the payment method and all arrears are reviewed accordingly.

4. *How many weeks of non-payment of rent before tenant is chased up for payment?*

Answer: Usually on the 2nd week if paid weekly but is dependent on the tenant and how they manage their tenancy. A tenant that is on a payment plan for rent arrears for example will be contacted and/or will receive correspondence if one payment is missed. If a tenant pays monthly they will be contacted if one payment is missed.

5. *What options do tenants have to pay off arrears?*

Answer: We can set up a signed payment plan to agree an amount that will cover the weekly rent and an additional amount to reduce the arrears and eventually pay off the arrears.

6. *What are existing options for recovery of arrears if tenant(s) have not co-operated?*

Answer: Ramsey Town Commissioners follow a rent retrieval process in line with the Department of Infrastructure's (DOI) policy and procedure guidelines. There are set stages as follows:

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- **Stage 1** - Letter advising of arrears and requesting amount is brought up to date. Debt advice is offered as is contact details for organisations that can provide assistance. Direct contact may be made where possible.
- **Stage 2** – After 7 days, contact will be made if possible. A home visit will be made if the tenant is known to be vulnerable. Social Services may be contacted where there are concerns of a welfare nature. If no contact has been achieved then a follow up reminder letter will be sent.
- **Stage 3** - After a further 7 days and where there is no response from the tenant, a final notice will be sent by recorded delivery advising that it is the intention of the Commission to issue a Notice to Quit. The letter will set out the implications of such action and will request full payment and the alternative offer to enter into an agreement for payment by instalments in addition to the weekly rent. A Notice to Quit will be sent after a further 7 days if no response/contact/attempts to make payments has been received.
- **Stage 4** – After a further seven days legal action for repossession will be sought. At this stage the Court would consider if the Authority had acted reasonably and would still have the option to adjourn proceedings or suspend the enforcement of a Possession Order for up to 12 months subject to an agreement being maintained by the tenant.

If an acceptable payment plan is agreed at any stage and subsequently maintained then the process can be halted. However should the tenant default within 6 months, the process can be reinstated from the point it was stopped (i.e. it is not necessary to go back to Stage 1).

7. *Does the expense of legal advice deter any recovery action being taken?*

Answer: Evicting a tenant is the last resort; it can also be costly and it represents failure, however taking legal action is part of the process the Commission must follow as mentioned above. In most cases the threat of legal action before or after a Court appearance usually motivates tenants into making contact and setting up a payment plan.

8. *To encourage, maybe insist that, vulnerable tenants pay rent by bankers order?*

Answer: The Commission do not have any authority on the method that tenants pay their rent; however will always make attempts to encourage tenants to pay by direct debit. Where a tenant receives social security benefits and is in rent arrears, rent plus a maximum of £15 towards their arrears can be paid direct to the Commission from their benefits. The tenant must be in agreement with the Social Security Office to set this payment method in place and the Commission cannot instruct it.

9. *Maybe include direct debit as a clause when tenancy agreement is renewed after 5yrs?*

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Answer As above that the Commission cannot enforce the method of payment of rent. Public sector tenancy agreements are identical Island wide and can only be amended/alterd by approval of the Department of Infrastructure.

10. £40,000+ rent arrears sends out a message that something seems not to be working?

Answer: The arrears are approximately 1.2% of the annual rental income. This figure includes regular payers that pay in arrears including direct debit payers. The arrears are continually being monitored and action is taken in line with the aforementioned rent retrieval policy and procedure. Where individual payment plans are in place, these arrears are being reduced. Ramsey Town Commissioners always attempt to keep regular contact with tenants that fall into arrears and hold regular interviews to advise and discuss options with tenant to prevent legal action and eviction.

Mark Close
Housing & Property Manager

9th October, 2019.