

Report to: Cabinet

Date: 16 October 2008

Subject: Changes to the Tenancy Agreement

Report of: Director of Environmental Services and Chief Executive of Wigan & Leigh Housing

Contact officer: Mike Grimes Telephone: 01942 767363

Purpose / summary: To inform Members that WALH are looking to make changes to the Council's Tenancy Agreement including changing the current policy of collecting rent one week in arrears. To invite comments on the proposals.

Alternative options considered and reason for selecting the one recommended: Continue with the existing Tenancy Agreement and collecting rent one week in arrears.

The recommended option for changing the policy of collecting rent one week in arrears is the most appropriate option which addresses the deficiencies of the current policy and reduces the impact on existing tenants.

Recommendation / decision: Cabinet are asked to note the possible changes to the various Tenancy Agreements, pending consultation, and provide any comments.

Key Decision: This report does not involve a key decision.

Risks / Implications:

Financial: There will be costs incurred but these will mainly be staff time, consultation events and mailing costs, and will be contained within existing resources.

The net present value (NPV) of the proposed rent collection change has been calculated

and, based on a number of assumptions, shows no anticipated adverse impact on the HRA.

The proposed change will reduce the number of tenancies which terminate with arrears and therefore the level of Former Tenant Arrears. There will be a subsequent saving in staff time spent recovering FTAs.

There will also be a saving in staff time spent trying to explain to tenants the existing policy.

Staffing: None
 Policy: None
 Equal Opportunities - Has a Diversity Impact Assessment been conducted? Yes
 Wards affected: All

Property Implications – Does the proposal involve a reduction, addition or change to the Council’s asset base or its occupation?

No

If yes, have the property implications been agreed with the Corporate Property Officer?

Does this proposal have significant implications for the Council and the local population?

Yes

Does this proposal involve a new policy or procedure or significant changes to an existing policy or procedure?

Yes

Has the Service Director - Borough Solicitor confirmed that the recommendations within this report are lawful and comply with the Council’s Constitution? **Yes**

Has the Service Director - Corporate Services confirmed that any expenditure referred to within this report is consistent with the Council’s budget? **Yes**

Are any of the recommendations within this report contrary to the Policy Framework of the Council? **No**

For Cabinet reports only :

Categorisation of the report:	x
Discussion leading to a decision	
Monitoring	
Sharing for corporate understanding	

	x
Discussion	x
Decision	
Information	

Tracking/Process:

	Consultation	Ward Members	Partners
	Consultation with tenants after 16 October 2008	Consultation with all Members after 16 October 2008	WALH Board 2 September 2008
Panel	Overview & Scrutiny	Cabinet	Council
		16 October 2008	

There are no Background Papers to this Report within the meaning of Section 100D of the Local Government Act 1972.

Proper Officer Martin Kimber

Date _____

1.0 Background

- 1.1 The current Tenancy Agreement came into operation on Monday 3 April 1995 and has not been updated or amended since.
- 1.2 The full review of the Tenancy Agreement had been started in 2004. In agreement with the Council this was shelved as the Law Commission reviewed the law on Tenancy Agreements and proposed the introduction of Model Agreements which cover the whole rented sector.
- 1.3 Regrettably the national Model Agreements have not emerged and it is now considered appropriate to make some revisions to the Council's existing Tenancy Agreement. The updated agreement should suffice until such time as the Law Commission proposals are brought into use.

2.0 Proposed changes

- 2.1 A number of amendments have already been suggested by Legal Services, Wigan & Leigh Housing and others in Wigan Council.
- 2.2 Some of the areas which are currently being considered for updating are:-
- Rent Payment Cycle.
 - Service of Notices on property, not on individual.
 - Condition of vehicles parked on hardstandings.
 - Domestic violence.
 - Aggressive behaviour to staff and partners.
 - Use of artexing and other materials in construction.
 - Rechargeable repairs, including lock changes.
 - Disclaimers to share information.
- 2.3 Appendix A contains some of the possible changes for information. These may be revised as a result of the consultation.

3.0 Rent Payment Cycle

- 3.1 On the issue of the rent payment, the existing Tenancy Agreement states that rent for properties is 'due one week in arrears'.
- 3.2 The issue of collecting rent one week in arrears came under negative scrutiny from the Audit Commission's Housing Inspectorate in their May 2005 inspection report of Wigan & Leigh Housing. Apart from being an Audit Commission recommendation there are other compelling reasons to change to 'real time':
- Tenants find the current system confusing and can leave a tenancy with arrears when they think they are clear. During 2007/08, 308 rent accounts which were clear or in credit the week before the end date actually terminated with arrears totalling £13,319.
 - As a consequence of this debt being created at the end of a tenancy, former tenant arrears are unnecessarily higher and additional work is then needed to recover this former tenant debt.

- The quarterly rent statements can be confusing to tenants.
 - It doesn't create a positive payment culture by only collecting the rent one week after it is due.
 - To our knowledge few, if any, landlords adopt a week in arrears policy.
- 3.3 There are a number of possible options one of which is to stay as we are and do nothing. Whilst this would save time and money in not carrying out any changes, the current deficiencies would remain which would have an on-going impact on current/former tenant arrears and communications with tenants. The Housing Inspectorate or the new Social Housing Regulator is likely to be highly critical of WALH for not carrying out the previous inspection recommendation.
- 3.4 There is no perfect solution for changing to 'real time' collection as one week's rent needs to be caught up. Various possible options have been considered and the most appropriate option has been selected because it limits the impact on existing tenants. The most appropriate option allows tenants to pay the extra week when they want rather than imposing it on them.
- 3.5 In understanding that things can be difficult financially for many tenants, a range of options would be provided to reduce the impact on the most deprived:
- Increasing the monthly amount if payment by Direct Debit or Standing Order
 - Pay by instalments, for example, so much per week or per month
 - Use of the non-collecting weeks to pay by instalments
 - Lump sum payment
 - Pay at the end of the tenancy as they would now
- 3.6 The most appropriate option involves raising two weeks debit in one week but putting one week in a separate account. If a tenant is eligible for Housing Benefit at the time of the change, Housing Benefit would also be paid for the rent held in the separate account. About 40% of tenants have no rent to pay so the rent held on their separate account would be fully paid by Housing Benefit. About 25% of tenants receive partial Housing Benefit and so would need to pay some of the rent held on the separate account, whilst the remaining 35% would be liable for all of the rent. From April 2009 all new tenants would have rent due from the start of their tenancy rather than after one week.
- 3.7 This option is dependant on Housing Benefit being paid for the eligible rent held on the separate account. Discussions have taken place with District Audit as they examine and certify the claim for the Department of Work and Pensions reimbursement of Housing Benefit. Confirmation has now been received from District Audit that the Council will be able to claim subsidy on the extra week of benefit generated by the re-alignment of the rent payment cycle.
- 3.8 No existing tenant will be financially worse off by this proposed change. The proposal is about bringing forward the rent due by one week and is not asking for additional rent during the life of the tenancy. Raising an extra week's debit in April 2009 would replace the rent which is currently due when a tenancy ends.

3.9 One of the alternative options considered was to offer tenants the range of options as detailed in 3.5 but with a default option of only having 3 non-collecting weeks in 2009/10 if a tenant did not indicate a preference. However, this option would require different accounting systems, arrears pursuance policies and tenancy agreements for tenants on the default option.

4.0 Consultation

4.1 Wigan & Leigh Housing is shortly to begin legal consultation with tenants on the possible changes to the Tenancy Agreement. A forum is planned for the end of October plus all tenants will be written to explaining the changes and asking for their views.

4.2 WALH's Board have discussed the changes and mechanisms for consulting with tenants. They agreed to recommend to the Council the proposal of changing the rent collection policy and the most appropriate option, subject to consultation with tenants. All Ward Members and partner agencies will also be consulted on the proposed changes.

4.3 Following the consultation, a further report will be submitted to the Cabinet setting out any proposals to change the Tenancy Agreement.

5.0 Conclusions

5.1 The existing Tenancy Agreement needs to be updated and now is the opportune time to make the proposed amendments. This review can be completed in advance of any more significant changes that may arise from the Law Commission Review and will strengthen the Tenancy Agreement in the interim period.

5.2 The proposed change to the rent payment cycle means tenants will no longer be paying their rent one week in arrears. This was one of the recommendations from the 2005 Housing Inspection plus there are other sound reasons.

5.3 When considering the various options to change the rent payment cycle, the most appropriate option was chosen because it limits the impact on existing tenants. However, tenants will be consulted on the proposed changes before any proposals are finalised.

5.4 No existing tenant will be financially worse off by the proposed changes.

6.0 Recommendations

6.1 Cabinet are asked to note the possible changes to the various Tenancy Agreements, pending consultation, and provide any comments.

Diversity Impact Assessment form

Section: Wigan & Leigh Housing

Policy/Service Area: Housing Management

Person Completing Form: Mike Grimes

Date: 25/9/08

Do any of the below groups suffer specific disadvantage (please indicate)

	Yes	No		Yes	No
Race		No	Disability		No
Ethnicity		No	Gender		No
Age		No	Religion		No
Class		No	Sexual Orientation		No

Is there evidence of disadvantage or associated problems?

The proposed changes will affect all tenants equally whatever their background and abilities. There is nothing in the changes which impact upon specific groups. However, the change to the rent payment cycle will affect all existing tenants at the time of the proposed change with the potential impact dependant on their eligibility for Housing Benefit.

How was the information collected and/or who have you consulted with?

Full consultation will be carried out with all tenants following the Cabinet meeting.

Action Plan – *What specific actions are planned to tackle any disadvantage identified?*

A range of payment options will be provided to suit each tenant's circumstances. Whilst encouraging tenants to pay the additional week's rent, nobody will be forced to pay immediately or chased for the money until their tenancy ends.

Is the policy in line with current equality legislation and relevant codes of practice?

Yes

Timescale	From April 2009
Responsibility	Wigan & Leigh Housing
Comments	

Are the actions specified included in any other documents/plans?

Departmental Service Plan	WALH's Business & Delivery Plan 2007 - 2010
Section/Team Plan	
Other (Specify)	

Date for further review: November 2008 following tenant consultation.

Appendix A: Possible changes to the Tenancy Agreement

Secure Tenancy Agreement

A: Rent and General Terms

	In this Agreement references to the Act refer to the Housing Act 1985 and any amendment or extensions to the Act. The Agreement is subject to the provisions of the Act and in the case of any conflict the provisions of the Act shall apply.
Revised	In this Agreement references to the Act refers <i>to the relevant statutory</i> authority, any amendments or extensions to the Acts. The Agreement is subject to the provisions of the Acts and in the case of any conflict the provisions of the Acts shall apply.
1.1	The amount of rent and other charges payable by the tenant is the amount shown on the tenant's current rent card.
Revised	<i>The tenant will be notified of the rent and other charges payable, in writing each year.</i>
1.3	The weekly rent for the property is due one week in arrears. Each rent week ends at midnight on a Sunday and rent is payable from Monday onwards. (Payments made on a Friday will be credited to the next collection week).
Revised	The weekly rent for the property is due <i>each week from the Tenancy Commencement Date</i> . Each rent week ends at midnight on a Sunday and rent is payable from Monday onwards.
1.4	There are four non-collection weeks during the year and these are shown on your Rent Card.
Revised	There are four non-collection weeks during the year and <i>you will be notified of these in writing on an annual basis.</i>

B: The Council's Rights and Responsibilities

2.2	To issue annually a rent card showing the amount of rent and other charges to be paid by the tenant.
Revised	<i>To issue a payment card to the tenant at the start of the tenancy. a. To issue a quarterly rent statement to the tenant, detailing all charges due and payments made.</i>
2.5	To keep in reasonable repair the structure and exterior of the property and undertake repairs in accordance with the Council's repairs policy outlined in the published "Repairs Booklet" issued to all Council tenants.

Revised	To keep in reasonable repair the structure and exterior of the property and undertake repairs in accordance with the Council's repairs policy outlined in the published " <i>Tenants Handbook</i> " issued to all Council tenants.
2.9	To issue the tenant with a "Repairs Booklet" at the commencement of the tenancy.
Revised	To issue the tenant with a " <i>Tenants Handbook</i> " at the commencement of the tenancy.
2.11	To consult with secure tenants in accordance with the published schemes of consultation which may from time to time be amended.
	<i>Advice from Legal on the preferred wording of this clause is pending.</i>

C: The Tenant's Responsibilities

3.8	Not to cause or allow members of the tenant's household or visitors to commit any form of discrimination, harassment or intimidation against neighbours or other residents or visitors on any of the following grounds.									
	<table border="0"> <tr> <td>Age</td> <td>Colour</td> <td>Disability or illness</td> </tr> <tr> <td>Marital status</td> <td>Occupation</td> <td>Race</td> </tr> <tr> <td>Religion</td> <td>Gender</td> <td>Sexuality</td> </tr> </table>	Age	Colour	Disability or illness	Marital status	Occupation	Race	Religion	Gender	Sexuality
Age	Colour	Disability or illness								
Marital status	Occupation	Race								
Religion	Gender	Sexuality								
Revised	Not to cause or allow members of the tenant's household or visitors to commit any form of discrimination, harassment or intimidation against <i>any members of the household</i> , neighbours or other residents or visitors <i>on the grounds of individual difference, such as:</i>									
	<table border="0"> <tr> <td>Age</td> <td><i>Ethnicity</i></td> <td>Disability or illness</td> </tr> <tr> <td>Marital status</td> <td>Occupation</td> <td>Sexuality</td> </tr> <tr> <td><i>Physical or Mental Domestic Violence</i></td> <td>Gender</td> <td>Religion <i>or belief</i></td> </tr> </table>	Age	<i>Ethnicity</i>	Disability or illness	Marital status	Occupation	Sexuality	<i>Physical or Mental Domestic Violence</i>	Gender	Religion <i>or belief</i>
Age	<i>Ethnicity</i>	Disability or illness								
Marital status	Occupation	Sexuality								
<i>Physical or Mental Domestic Violence</i>	Gender	Religion <i>or belief</i>								
3.10	Not to play or allow to be played any radio, television, record, tape or compact disc recording, musical apparatus or instrument so loudly that it causes a nuisance or annoyance to neighbours.									
Revised	Not to play or allow to be played <i>by any method including</i> , radio, television, record, tape or compact disc recording, <i>ipod</i> , musical apparatus or instrument so loudly that it causes a nuisance or annoyance to neighbours.									
3.11	a. To make sure that pets are kept under control, do not foul the property or common areas and do not cause a nuisance to neighbours.									
	b. Not to keep dogs and cats in any dwelling in a building over two storeys high without the Council's written permission.									

Revised	<i>c. Not to have too many pets for the size of the property or keep them in poor or dirty conditions and not to cause nuisance to neighbours.</i>
Revised	<i>d. Not to keep any animals/pets in your property for which your property would be considered unsuitable.</i>
3.13	b. To obtain written permission before carrying out any artexing or other unusual decorative work.
Revised	b. To obtain written permission before carrying out any artexing or other unusual decorative work <i>including the fixing of polystyrene tiles.</i>
3.16	To undertake any necessary minor repairs to the property as specified in the tenant's "Repairs Booklet".
Revised	To undertake any necessary minor repairs to the property as specified in the tenant's " <i>Tenants Handbook</i> ".
3.18	To report to the Area or Neighbourhood Housing Office without delay any repairs which are likely to cause injury to persons or damage to the property.
Revised	To report to the <i>Contact Centre</i> or Area Housing Office without delay any repairs which are likely to cause injury to persons or damage to the property.
	d. Not to park a vehicle so as to obstruct emergency access, pathways, refuse chutes, etc.
Revised	e. Not to park a vehicle so as to obstruct emergency access, <i>parking areas</i> , pathways, refuse chutes, etc.
Revised	<i>f. Not to park any un-roadworthy or un-taxed vehicles including caravans, cars, boats, motorbikes on driveways or hardstanding.</i>
New	<i>We will deliver all letters or notices to you regarding legal action about your tenancy to the address on the front of this agreement.</i>