

# Arrears Policy

This policy describes the activities and responsibilities involved where tenant rent accounts of both current and former tenants are in arrears. The term 'rent arrears' applies to both rent and service charges due under the terms of a tenancy or license agreement.

The overall aim of the Rent Arrears Policy is to minimise the level of rent arrears in a sensitive but effective manner.

The specific objectives of the Rent Arrears Policy are:

- To offer early appropriate professional support and guidance to tenants to reduce rent arrears;
  - To monitor levels of rent arrears and have early intervention mechanisms in place which prevent rent arrears arising;
  - To take appropriate action in accordance with the level of rent arrears;
  - To prevent homelessness arising and assist in House2home Supported Housing CIC wider strategic objectives. The above objectives will be achieved by implementing the following principles:
  - House2home Supported Housing CIC rent service is fair, equitable and transparent;
  - House2home Supported Housing CIC promotes joint working where necessary with external agencies with appropriate agreements;
  - Detailed procedures and agreed practices are applied uniformly across the service;
  - Staff training is provided to ensure that staff are equipped to carry out the roles expected of them;
- and
- Communication with tenants and service users is in 'plain language' and will make clear who the appropriate officer is to contact in the case of queries.

## Legal Framework

House2home Supported Housing CIC will ensure that the Rent Arrears Policy meets with legislative and good practice requirements in minimising rent arrears.

This will include the following: -

### **Licence Agreement**

It is House2home Supported Housing CIC duty to enforce the terms of the Licence agreement to protect the interests of House2home Supported Housing CIC.

### **Assured Shorthold Tenancy**

It is House2home Supported Housing CIC duty to enforce the terms of the Assured Shorthold Tenancy agreement to protect the interests of EHSL. Specifically, Section 1 'Rent and other charges'.

1.1 Once this Agreement has commenced and until it is legally ended the Tenant must:

1.1.1 Pay the Rent in full and on the dates agreed.

## **Tenants' Responsibilities**

Tenants have an obligation under the Terms and Conditions of their License or tenancy agreement to pay rent due every 4-weeks, in arrears before the first day of each subsequent rental period.

Tenants have a responsibility to notify House2home Supported Housing CIC of any change that may affect their ability to pay their rent. Tenants can choose to pay their rent from one of the following methods:-

- Cheque
- Cash
- Standing Order
- As a Direct payment from Housing Benefit to, subject to the agreement from the tenant, EHSL and the Housing Benefit department
- Direct Debit

## **Prevention of Rent Arrears**

At the start of a tenancy, we will make every effort to ensure that the tenant is informed of all costs associated with their tenancy. Tenants will be encouraged to complete application forms for Housing Benefit when signing a license or tenancy agreement.

Tenants will be offered help and advice on money management and welfare benefits, including an assessment of their entitlement to Housing Benefit and income Support, where appropriate. Where tenants experience difficulty with the completion of a benefits application form, assistance will be provided by House2home Supported Housing CIC staff, or a referral to Housing Benefits or Welfare Benefits sections of the Council will be arranged.

House2home Supported Housing CIC will consult with tenants regarding any change to the rent payable and will give tenants 28 days written notice of any increase in rent.

### **Assessment, Support and Liaison with Other Agencies**

House2home Supported Housing CIC will offer a detailed assessment (financial assessment) to all tenants when it is identified that their rent account is in arrears in order to assist in the management of his/her tenancy and ensure that rent is paid. 2

During the assessment, the tenant in arrears will be asked to identify possible sources of support. These may include: -

- Family/household members;
- Social Work;
- Trading Standards Section;
- Housing Benefit;
- Welfare Benefits;
- Homelessness Services;
- Dept of Work and Pensions;

- Citizens Advice Bureau; and
- Any other appropriate voluntary agency

Rent Arrears Recovery Rent arrears recovery will be based on a staged escalation process, up to and including repossession for non-payment of rent.

The process will be based on a preventative approach that seeks to maximise tenants' entitled to benefits and secure regular payments. Emphasis will be placed on intensive management and personal contact whilst arrears are at a relatively low level, in order to prevent the escalation of arrears.

House2home Supported Housing CIC will consider Legal action to recover rent arrears where management actions prove ineffective.

### **Early Action**

House2home Supported Housing CIC will ensure that there is early intervention in rent arrears before a debt becomes unmanageable.

Finance staff will monitor rent accounts on a monthly basis.

Arrears control and recovery action will be activated as soon as a rent account falls into arrears.

Detailed procedures for rent control and arrears action ensure that each case is regularly monitored and the necessary checks made at each stage of the control and recovery action. Tenants who regularly go into arrears will be contacted and a financial assessment will be completed.

House2home Supported Housing CIC will maintain a comprehensive record of all action taken and contact with a tenant in arrears.

House2home Supported Housing CIC will provide tenants in arrears with clearly written arrears letters which detail the current balance on an account, what action they need to take with appropriate phone numbers to get assistance.

House2home Supported Housing CIC will provide tenants in arrears with a financial assessment of their circumstances with a view to making realistic and sustainable arrangements to pay off the arrears.

House2home Supported Housing CIC will:-

- Give priority to establishing personal contact with tenants and members of their family over 16 years of age throughout the debt recovery process;
- Enable an appropriate assessment of their needs and circumstances to inform the delivery of support if required; 3
- Enable money management advice and assistance;
- Provide effective controls on the recovery of debts, with legal action being taken only when all other means of recovery of rent arrears have been exhausted; and
- Encourage tenants to advise House2home Supported Housing CIC of a change in their circumstances that may affect their ability to pay rent.

Serious/Persistent Arrears Action

Serious arrears action will commence when arrears continue to rise, or direct contact with the tenant has failed. This may include initial stages of raising legal proceedings against the tenancy.

House2home Supported Housing CIC will write and inform the tenant that if the payment of rent and arrears are not made on a regular basis that a Notice to Quit will be served and that legal action may be taken.

Emphasis will continue on personal contact and ensuring that family members where appropriate are involved.

### **Repayment Arrangements**

In cases where the tenant cannot clear the arrears in a single payment, House2home Supported Housing CIC will agree an affordable payment to reduce the arrears in realistic and sustained instalments over a specific period of time. Any repayment agreement will be based upon a detailed assessment of the tenants' ability to pay.

A written agreement will be made with the tenant, where possible, on how to manage and reduce their rent arrears. This agreement should include the level of current arrears, the tenant's ability to pay, the size and frequency of arrears repayments, the repayment dates and the method of making future payments.

Once the tenant has made an agreement to repay arrears, the rent account of the tenant will continue to be monitored. If payments continue to be missed, further action will be taken.

### **Legal Action**

Legal action is the last stage in the rent arrears process. The decision to request that an action for recovery of possession of the property and payment of arrears of rent be raised will only be taken when all other means of recovery of rent arrears have been exhausted. The court may make either (or both) an order for recovery of possession or an order for repayment. An award of court expenses will be sought.

Tenants will be kept informed and fully involved of the legal process involved in all stages of legal action. In all cases, House2home Supported Housing CIC will seek recovery expenses. Expenses may be awarded where the arrears have been repaid. Where appropriate, House2home Supported Housing CIC will refer the tenant to suitable agencies to provide advice or assist in representation at court hearings.

Where the court orders the repayment of arrears, it may order an open decree for repayment, which House2home Supported Housing CIC can enforce for full payment of the debt, or it may make an instalment decree requiring the tenant to clear the arrears at an agreed rate.

In the event that a tenant has made an application for a Debt Repayment Programme under the Debt Arrangement Scheme House2home Supported Housing CIC will continue to raise proceedings. However, EHSL will not commence 'diligence' to enforce the payment of rent arrears.

Separate and complementary procedures will be developed to guide staff where evictions are approved. Evictions will only be considered as a last resort where all other alternatives have failed.

### **Former Tenant Arrears**

Former tenants are tenants who have terminated a tenancy and have outstanding rent arrears related to the property vacated.

All tenants, when terminating their tenancy, are encouraged to pay any outstanding arrears of rent and will be advised of the implications involved if rent arrears are not paid in full. Arrears control and recovery action will be activated when the status of the tenancy changes to former tenant.

Former tenants in arrears will be encouraged to agree a repayment plan that is affordable and sustainable.

Detailed procedures for arrears recovery ensure that each case will be regularly monitored and appropriate action taken.

Where attempts to recover arrears by letter have failed, or the former tenant's whereabouts are unknown, the debt will be referred to the Debt Collection Agency used by House2home Supported Housing CIC.

Legal action to recover the arrears will be taken in cases where, an assessment of the former tenant's financial circumstances, indicate that such action would be appropriate.

Where a debt is uneconomic to pursue or there is no prospect of recovery, the debt will be written off.

### **Complaints and Review Process**

The Council operates a Complaints Procedure that is available to any applicant who is not satisfied with the way in which their case has been dealt with. Details of the Complaints Procedure can be obtained from any Council Office or Access Point.

Separate from the Complaints Procedure, a Review Process exists for tenants who dispute the amount of rent arrears or any repayment programme. In the first instance, tenants can ask for an explanation from their Housing Officer. If the tenant is not satisfied with the explanation, they can ask for an appointment with House2home Supported Housing CIC Director who will review the case.

### **Performance Monitoring**

House2home Supported Housing CIC will monitor performance on rent arrears using both statutory and local performance indicators as follows: Statutory Performance Indicators

- Current tenant arrears as a percentage of the net rent due in the financial year.
- The Percentage of current tenants owing more than 13 weeks rent excluding those owing less than £250 Local Indicators
- The total amount of current tenant arrears
- Current tenant arrears by band showing number of accounts and total arrears due for each band
- Total former tenant arrears due
- Number of tenants evicted due to rent arrears