



RENT FIRST EVERY CONTACT COUNTS

**Affordable Rent Collection, Arrears and Debt Recovery
Policy**

SER-POL-16

Version 4.0

Date approved: 22 November 2016

Approved by: Parent Board

1. Aims and Objectives

1.1 The Trust will take a Rent First; Every Contact Counts approach to income collection with the following key aims:

- To collect all of the current rent due;
- To reduce rent arrears and keep these to a minimum;
- To tackle the causes of rent arrears and to reduce the number of rent arrears cases in Court;
- To actively seek to reduce former tenant arrears and any other debts owed to the Trust.

1.2 The payment of rent, (and where applicable, Service Charges) is a condition of the Tenancy Agreement and an obligation for all our tenants. Southway will confirm this and promote a culture of rent payment when letting and managing our affordable homes and in all communications with our tenants.

1.3 To support these aims, the Trust will:

- (a) Create and maintain a performance culture where the payment of rent is acknowledged as a top priority for all staff and all tenants.
- (b) Recover rent arrears in a firm but fair and consistent way with methods of collection being sensitive to individual tenant circumstances.
- (c) Provide a framework where early advice and support is provided to tenants, in particular those who may be more vulnerable and/or reliant on benefits, are affected by Welfare Reforms or are affected by in work poverty.
- (d) Provide a proactive Advice Service to tenants, including debt and money management advice, and work closely with other agencies having referral systems in place where these could assist our tenants.
- (e) Help to prevent homelessness by ensuring proper support, guidance and advice is given to tenants in arrears, so that rent is paid and arrears are cleared without threat of losing their home
- (f) Use eviction action only as a last resort and only when there is evidence of non-compliance on the part of the tenant, either to

engage with Southway, or to make any consistent effort to pay their rent and arrears.

- (g) Closely work alongside colleagues in other teams such as Asset Management and Repairs, to identify cases where there is a potential counter-claim for disrepair to prevent costs escalating and to promote a proactive approach to defending disrepair arising out of action for rent arrears.
- (h) Use incentives including forms of Recognition and Reward to thank tenants for paying their rent and incentivise others to do the same.

2. Prevention

- 2.1 The Trust will seek to prevent arrears from occurring in the first instance and will take prompt action to prevent arrears from occurring and accumulating.

New Tenancies

- 2.2 Southway will identify risks that new tenants may face when paying their rent, prior to signing up for a tenancy, using an affordability assessment. This will identify any advice or support that needs to be put in place to help the prospective tenant pay their rent although it could also result in a tenancy offer not being made (see Allocations Policy).
- 2.3 In certain circumstances the Trust will use discretion and support a new tenancy for example as part of a wider strategy to prevent homelessness.
- 2.4 All new tenants will pay an advance on their gross rent based on their regular payment method or a weekly advance if in receipt of Housing Benefit or Universal Credit. This will promote a rent payment culture and exceptions will only be made in cases of real hardship where a repayment agreement will be made in order to bring the account into credit over a reasonable period of time.
- 2.5 Where tenants are reliant on benefits to pay for either all or part of their rent, advice and support will be provided at the pre tenancy stage to ensure that benefit claims are made in a timely manner. Those tenants who will be in receipt of benefits through Universal Credit will be advised of the specific need to maintain rent payments.
- 2.6 A home visit will be carried out with all new tenants no later than 6 weeks after the start of the tenancy and rent payments will be a key matter for discussion.

- 2.7 A range of accessible payment methods will be provided with encouragement for tenants to make payments by Direct Debit and other online transactional means. Advice and help will be offered to anyone who does not have a bank account.

Existing Tenancies (including Transfers and Assignments)

- 2.8 All tenants will be expected to retain a week's credit on their rent account. This means that the rent free week is only available to tenants with a week or more credit on their rent account.
- 2.9 All tenant rent accounts will be closely monitored and proactive action will be taken at the point of a first missed payment.

Under Occupiers

- 2.10 Tenants that are under occupying will be expected to pay their shortfall in rent and will be offered extensive advice and support which must include:
- Rehousing options
 - Budgeting
 - Discretionary Housing Payment application (DHP)
 - Debt/welfare rights advice including Debt Relief Orders
 - Training and employment support
 - Opportunity to take in Lodgers
- 2.11 Engagement with Southway as detailed above will not preclude enforcement action being taken.

3. Support for Tenants

- 3.1 Tenants with rent arrears will be provided with a range of support and advice. This includes Debt, Welfare Rights and Money Management advice and budgeting. In addition, we will make all tenants aware of and assist with referrals, when relevant, to the independent places that they can receive alternative and further advice from.
- 3.2 This support will be focused on those tenants who may be experiencing financial hardship and could be;
- Excluded from mainstream financial products - such as a bank account
 - Vulnerable
 - Disadvantaged

- 3.3 When support and advice has been offered but not accepted by the tenant, or where existing repayment agreements are subsequently breached officers will apply a zero tolerance approach. A breach of any agreement that has been made must lead to enforcement action through the legal framework. However the offer of support and advice will continue to be offered whilst action is being taken.
- 3.4 When making re-payment agreements, a reasonable timescale by when the arrears should be repaid will be agreed. This period will be informed by the tenant's circumstances which will be formally recorded.

4. Legal Framework

- 4.1 Legal action will be pursued in cases where a tenant has failed to:
- Make contact and meaningfully engage with the Trust
 - Cooperate in paying their rent and reducing debt, or
 - Maintain a repayment agreement to clear the outstanding debt within an agreed period of time.
- 4.2 The Trust fully supports and adheres to the Pre Court Protocol issued by the Ministry of Justice in October 2006. This sets out very clearly the practices that the Courts expect Registered Providers to adhere to in the pursuance of rent and arrears prior to taking Court action.
- 4.3 A Notice of Seeking Possession (NOSP) will be served where arrears are £450 or more though discretion may be applied where the arrears are below this level and circumstances warrant a NOSP being served.
- 4.4 Providing an agreement is reached at this point no further action will be taken, and the notice will become invalid after 12 months from date of service. However, if the arrears remain above the threshold at this time (even if an arrangement is in place), the NOSP will be re-served to allow prompt action.
- 4.5 If recovery methods have failed, repossession proceedings will be taken through the County Court. A Court application will be made when arrears reach £1,000 although discretion may be applied where the arrears are below this level and circumstances warrant court action being requested.
- 4.6 In the case of an outright Possession Order or a breach of a Suspended Possession Order (SPO) the Chief Executive or a Strategic Director can authorise eviction action when appropriate.

- 4.7 If Southway is relying on a Suspended Possession Order (SPO) and the tenant is in default of the agreement and has failed to take steps to reduce the arrears and follow a previously agreed pre-payment plan for existing arrears, Southway will apply to the Court for permission to issue a warrant for possession.
- 4.8 Re-possession action will be taken as a last resort and only where there is clear evidence of non-compliance on the part of the tenant, either to engage with Southway, or to make any consistent effort to pay their rent and arrears.

Grounds for Possession

- 4.9 Dependent on the Tenancy Agreement that is in use, when rent is not paid certain Grounds for Possession included within Schedule 2 of the Housing Act 1988, can be used to take action:
- For Southway Assured Tenancies that commenced pre January 2017 and for transferring Southway tenants after this date, Ground 10.
 - For new Southway Assured Tenancies and new Southway Starter Tenancies from January 2017 Grounds 8, 10, and 11.
 - Where the tenancy is a Starter Tenancy Section 21 will be available rather than Ground 8.
- 4.10 Additionally Ground 12 can be used to support any action being taken for non-rent payment. This would be where there are additional tenancy breaches for example of anti-social behaviour, subletting or property damage.
- 4.11 The definition of each of these Grounds for Possession and guidance in relation to the use of Ground 8 are available at section 12 of this policy.

5. Hierarchy of Debt

- 5.1 When a tenant owes Southway more than one debt, this will be repaid in the following order of priority:
1. Current rent and arrears
 2. Court and bailiff fees
 3. Former tenant arrears
- 5.2 Rechargeable repairs will not be included in this hierarchy as Southway expects rechargeable repairs to be repaid in full at the point of request. In circumstances where repayment of all of the rechargeable debt is not

affordable, the tenant will be expected to make and maintain a payment agreement, regardless of any other payment commitments.

6. Former Tenancy Arrears (FTA's)

- 6.1 A former tenancy arrear is any debt left owing to Southway when a tenancy has been terminated. It can include rent arrears, rechargeable repairs, heating charge excess and court fees.
- 6.2 Southway will take a more business like approach to the collection of former tenants' arrears. A formal repayment agreement will only be agreed with the former tenant where it is not possible for the debt to be cleared in full.
- 6.3 All tenants when terminating their tenancy are encouraged to pay any outstanding arrears of rent and/ or any other debts owed to Southway and will be advised of the implications if these are not paid in full.
- 6.4 All tenants leaving Southway with an FTA debt will be placed on the Rehousing Review List and only removed once they have cleared the debt due.
- 6.5 Detailed procedures will ensure that each case will be regularly monitored and appropriate action taken.
- 6.6 Where the arrears are in respect of a deceased tenant, the action will be limited to contacting the next of kin or executor to claim against the estate.
- 6.7 Where a debt is uneconomic to pursue, or attempts to trace the former tenant have failed and there is no prospect of recovery, the debt will be written off in accordance with Southway's Financial Regulations and Standing Orders, and Southway's Write Off Policy.
- 6.8 Where a debt has not been repaid and attempts to recover arrears by letter, phone call/text or home visit have failed, the account will be passed to a debt collection agency.

7. Equality and Diversity

- 7.1 An Equality Impact Assessment has been completed to ensure that all appropriate actions are put in place to support those tenants who have protected characteristics.
- 7.2 An EIA Action Plan has been developed and will be monitored.

8. Performance Monitoring and Reporting

- 8.1 The Trust will set an annual target for overall rent collection. Specific targets will then be set to measure collection rates for those affected by Welfare Reforms including Universal Credit, different arrear bandings and for former tenant arrears.
- 8.2 As part of this work we will develop a profile of our tenants through monitoring all cases by age, gender, disability and ethnicity at court and eviction stages. This will assist us to establish where there are higher rates of possession and eviction action amongst certain groups and enable us to direct appropriate resources towards this.
- 8.3 Performance will be monitored on a weekly basis and shared with staff to maintain a Rent First focus.
- 8.4 Rent performance will be a standard item on all team meeting agendas to reinforce the input that all staff have on this crucial area of business.
- 8.5 The Executive Group will review performance on a monthly basis and information relating to rent, arrears and sundry debt collection will be included in reports to Board and Committee as part of regular performance reviews.
- 8.6 Performance will be benchmarked against that of other housing providers, and staff will take part in rent forums and share good practice and ways of working.
- 8.7 Tenants will be able to access their rent statements via the Southway Website with paper copies available by request.
- 8.8 The Trust will regularly publish its income data to tenants and promote its Rent First Every Contact Counts principles using case studies.

9. Procedures

- 9.1 The detailed process that staff must follow in the management of rent, arrears and sundry debts is set out in the Income Collection Procedure that includes for the collection of current and former debts.
- 9.2 The procedure includes stages of intervention through rent escalation and these will be applied to all tenants.
- 9.3 The People and Places Head of Neighbourhoods is responsible for ensuring that procedures are followed and will carry out regular sample checks of

compliance. Additional training and staff briefings will be provided as required.

10. Related Policy Documents

- Income Collection Procedure
- Rechargeable Repairs Policy and Procedure
- Money Management Plan
- Everyone Matters Customer Care Policy
- Single Equalities Scheme
- Best Fit Under Occupation Policy
- Discretionary Hardship Fund for Under Occupiers Procedure
- Rent Debt Write Off Policy
- Market Rent Policy
- Digital Inclusion Strategy

11. Policy Review

- 11.1 The Strategic Director People and Places will be responsible for the policy and ensuring that it is reviewed at least every three years.

POLICY REVIEW HISTORY	
<i>To be completed during each review</i>	
<p>Previous versions (version number – approved by – approval date – title if different)</p> <p>v1 – Shadow Board – 14/08/2007 – Rent Collection and Arrears Recovery Policy v2 – Board – 21/07/2009 v3 – Board – 30/07/2013 – Rent Collection, Arrears and Debt Recovery Policy</p>	
Date of last EIA:	November 2016
Review lead by:	Jane Gant, Strategic Director – People and Places
Main points or amendments made and reasons	
<ul style="list-style-type: none"> ▪ A new section on Aims and Objectives that includes for the principles that Southway wishes to achieve. ▪ The inclusion of information that was previously within a separate Rent First, Every Contact Counts framework document. ▪ A strengthening of the position the Trust will take when dealing with rent arrears and other debts. ▪ A commitment to working with Asset Management to reduce the risk of Disrepair being used to counter claim Court action for arrears. ▪ The removal of extensive reference to new Welfare Reforms and Advice Services (the previous policy was written just prior to Bedroom Tax and other changes being implemented and therefore had an increased focus on this). ▪ Changes to the Legal Framework that now includes reference (and explanation) of the Grounds for Possession that are available to the Trust, how these can be used, and to which Tenancy Agreement(s) these relate. ▪ The removal of detailed procedural information that is now included in a new and clearer guide for staff. 	
Next review due:	Q3 2019/20
Approval level:	Parent Board