

## RENT ARREARS POLICY

### 1. Purpose

Black Country Housing Group's (BCHG) financial viability depends on rent collection. To safeguard our rental income we need to make sure that residents keep in line with their obligation to pay rent as required within the Tenancy Agreement and/or Lease. This policy outlines the actions we will take to prevent rent arrears, our intervention for non payment and how we will maximise rental income.

The vision for our Income Collection is:

**“Maximise rental income efficiently & effectively by instilling responsibility in our communities**

### 2. Aims of this policy

The aims of this policy are threefold:

1. To minimise debt through the prevention of non-payment
2. To collect 100% of rent. Eviction remains a last resort
3. To help support residents to take responsibility for their own financial affairs

### 3. Our strategic objectives set a direction on how we operate our income collection:

- Delivering Excellence – we will make it as easy as possible for residents to pay their rent and we will offer more self help services, whilst balancing this with supporting the needs of those who are vulnerable and less able
- Challenging the Status Quo – through Q we will look at innovative ways to work with residents to take responsibility for their own affairs and ensure that we are collecting rent in the most efficient way possible.
- Growing the Social Business - we will look to support more people with training and employment advice to help encourage residents towards work where possible

### 4. Living our Core Values

Living our core values is important in delivering our purpose, aims and objectives. We aim to work with our values of Integrity, Positivity, respect and quality within this policy

### 5. Scope

This policy applies to our general needs and sheltered scheme properties. We will undertake pre – tenancy work with prospective residents which will include defining staff roles and responsibilities. Shared Ownership, Garages and Leaseholder properties are covered separately in more detailed procedures.

### 6. Responsibilities

The Head of Housing is responsible for the overall implementation of this policy and to make sure staff are appropriately trained.

The Income Manager is responsible for the day to day operation.

The Director of Operations is responsible for authorising any eviction requests.

The front line staff shall seek advice from their manager where any action deviates from this policy, these will be reviewed as exceptions by the Director of Operations.

## **7. Policy statement**

BCHG will not limit the possession grounds or types of notice it uses when we seek to recover unpaid rent from residents. We will use the most appropriate notice or ground for possession, including using Ground 8 of Schedule 2 of the Housing Act 1988.

BCHG might consider extending a starter tenancy where there are rent arrears.

BCHG will not issue paper based rent statements unless one is requested. Rent statements can be viewed through the web portal.

All rent accounts are managed securely on BCHG's Capita Housing Management software package.

We have 3 particular phases in our rent process:

- Prevention
- Early Identification and Intervention
- Enforcement

### **Prevention of arrears**

We will adopt a range of methods that will minimise residents getting into rent arrears. These include:

- Before granting a tenancy we will assess the applicants ability to pay the rent
- Our restrictive Housing Policy makes it clear that we will not offer a tenancy to those who cannot meet tenancy obligations
- We will expect prospective tenants to have a bank account and an email address, where possible, and sign up to pay by direct debit.
- We will ask prospective residents to submit proof of income and use a benefits calculator, if required, to assess any benefit entitlement
- We will ask residents to sign a disclosure form in keeping with the Data Protection requirements so that we can contact agencies, such as DWP and Housing Benefit, if or when needs arise.
- Payment of rent must be made in accordance with the tenancy agreement. Therefore weekly rent must be paid in advance and, for monthly payers, one month's rent must be paid in advance.
- We will require one week's payment upfront or an agreed appropriate contribution, which helps residents entering into a contract understand the importance of their obligations.
- We will offer a wide range of payment methods, which include:
  - Direct Debit
  - Online payments
  - Post Office payments
  - Standing Order
  - Call pay
- We will be clear to residents that they need to pay their rent and that responsibility to do so rests upon them
- Where support is required we will consider whether we can provide this from in-house services or appropriately signpost the resident to other services.
- We will assign a Housing Officer to look after the rent account
- The resident will be signed up to [myHomebchg.co.uk](http://myHomebchg.co.uk) to view rent statements online

### **Early identification/intervention**

We will identify and contact residents if their rent account is in arrears.

- We will align our actions with the rent pre-action protocols in force at any given time
- We will appropriately signpost residents to support services
- We will escalate our actions
- We will use personalised home visits, telephone calls, text, letter or email to communicate with the resident

Our two key objectives when we identify and intervene are:

1. To get the resident to pay
2. To make a reasonable payment arrangement

When these two objectives cannot be achieved we will move our action to enforcement.

### **Enforcement**

We will take appropriate and proportionate action to recover outstanding rent as early as possible.

We will take the following into consideration in deciding what is appropriate and proportionate:

1. The payment history and the reason behind the level of rent outstanding
2. The amount the resident will have to pay
3. The length of time it would take to clear the outstanding balance
4. Any vulnerabilities and the impact of this

Court applications will be made at the discretion of the Income Manager/Head of Housing.

Eviction remains a last resort and a decision to evict will be authorised by the Director of Operations.

### **Warrant**

If we obtain an order for possession then when we apply for an eviction, and a request is made for it to be suspended, we will consider the following steps when deciding whether we agree or not agree to it being suspended:

1. The level of arrears
2. The time it would take to clear the arrears. We will use a 4.5 year rule in line with the review stage of the Fixed Term Tenancy.
3. What steps the resident is taking so as not to default on the repayment of their arrears.

Ultimately it will be down to a District Judge to make the final decision as to whether any eviction should be suspended.

### **Vulnerability**

The main aim of this policy is to get residents to keep to the obligation of their tenancy to pay rent. At times exceptional circumstances might arise, which will be considered on a case by case basis and where we need to deviate away from this.

Where we are aware of particular vulnerabilities that may impact upon a resident's ability to manage their finances in relation to their tenancy we will signpost them to the help and assistance available.

Where an individual is deemed to lack 'capacity' to understand the terms of their tenancy. We will seek the help of the appropriate body (usually the Local Authority Appointeeship Unit) or other body or individual who can comply with the terms of the tenancy on behalf of the resident. For more detail on this refer to the [Mental Capacity Policy](#)

### **Timescales**

We have set out below our minimum timescales to take action but we may extend these if required. Any decision to extend, override a stage, or apply a stop code before enforcement action, will be decided by the Income Manager. However, where cases have escalated to the Court Application stage, an extension or override or stop code will be decided by both the Head of Housing and Income Manager. This is to make sure that we have a consistent and reasonable approach.

### **Table of minimum standards:**

We will give a resident every opportunity to make an arrangement to clear their arrears. These are as follows:

- A1 - To alert the resident that 1 week rent has not been paid and is owed in line with the tenancy agreement. There is a time allowance of 7 days before taking further action
- A2 - To alert the resident that the previous outstanding balance at A1 stage has not been paid or the agreement made has been breached
- NSP - Served to alert the resident of the outstanding balance and warn that this is the first step in seeking possession of the property
- A5 - If the resident fails to comply with an agreement that has been made at the NSP stage, we will warn the resident of the intention to apply for possession proceedings and provide the resident with clear time limits within which to comply
- Court - We will apply to the Court for a hearing where no agreement has been reached or agreements have failed and the arrears are increasing
- Court Order - We will monitor the rent account to ensure compliance with any court order made and inform the resident where it has been breached. We will warn the resident that a warrant for eviction will be applied for where the order has not been satisfied
- Warrant - Where all avenues have been exhausted to recover rent, and a court order has failed and the arrears continue to increase, we will apply for a warrant

### **Monitoring**

We will monitor the following key performance indicators on a monthly basis:

- Total arrears year to date as % of the rent debit. Total arrears include current, and former, tenancy arrears. This helps us to understand the total level of arrears and debt, and how efficient and effective the Income Team is performing
- Current resident arrears year to date – including actual housing benefit, as percentage of the total rent debit
- General needs arrears year to date as a % of the total rent debit
- % of rent written off as a proportion of the rent roll
- Total rent collection as a % of the rent debit year to date
- Arrears movement one month compared to another and understand the shift, trends and patterns

\*As Housing Benefit is paid in arrears, the timing can unduly affect the level of rent arrears. We will take account of the actual amount due on a monthly basis.

The Head of Housing will monitor to check compliance with Regulatory Standards, namely rent is set correctly and any changes to an amount charged are in keeping with regulatory guidelines.

Income Manager will carry out regular monitoring checks and test that:

- Rent arrear stages align to amount outstanding
- Stop codes are duly authorised
- PCOL, court hearings are listed in diaries
- Legal budget expenditure
- Test notes and practice against this policy and pre – action protocols.

Two annual reports to the Exec Team will monitor and report on the impact of welfare reforms and key trends.

### Review

This policy will be reviewed in 3 years.

### Appendix 1 Housing Key Performance Indicators

Arrears - total arrears	R	5.50%
Arrears - S/O current	R	5.50%
Arrears - GN current	R	5.50%
Arrears - total former tenant	R	£105,000
Bad Debts Written Off	A	2.00%
Rent Collected % - total excl. void loss	R	100%
Rent Collected % - S/O	R	100%
Rent Collected % - General Needs excl. void loss	R	100%

Date Reviewed	March 2015	Next Review Date	March 2018
Reviewed By	Ramesh Malhan	Approval By	Director
Equality Impact Assessment	Complete / N/A	Responsible Officer	Head of Operations
Distribution	Extranet/Teams/Schemes	Version No.	01