

Rent Collection and Arrears Recovery Policy

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Strategy/Policy Control Statement

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Introduction

The purpose of this policy is to explain how RMBC will collect rent and other charges from its tenants and the approach it adopts to recovering rent arrears.

RMBC takes rent arrears very seriously and we expect all tenants to pay the rent that is due each week. This is an important condition of the Tenancy Agreement. It is the responsibility of each tenant to ensure that their rent is paid in full.

However, we recognise that occasionally tenants may have genuine financial difficulties and are unable to pay the rent due. In these cases our service aim is to adopt a firm but fair approach to arrears recovery offering all tenants, where possible, clear, practical repayment plans appropriate to their means.

Policy Statement

RMBC aims to collect rent and other charges due promptly from tenants in order to sustain tenancies and protect the provision of services. The key aims are therefore to maximise income collection and minimise bad debts. In cases where rent arrears do accrue, these are kept to a minimum and effectively reduced through a fair, responsive and, where necessary, firm approach.

Strategic Objectives

The Key Strategic Objectives of the policy and procedure can be summarised as follows:

- *Collect rent promptly from tenants to sustain tenancies*
- *Maximise Income Collection*
- *Minimise Bad Debts*

Key Aims of Policy and Procedure

The prime objective of the Rent Collection and Arrears Recovery Policy is to sustain tenancies by taking early intervention to prevent arrears accruing in the first place and by pro-actively encouraging tenants to clear any debts that do occur. With this in mind, the aims are:

- To ensure that tenants are only allocated properties that they can afford.

- To ensure that all existing and new tenants are aware of their responsibility to pay the rent and, where appropriate, any other charges.
- To inform tenants promptly of any changes to rent charges.
- To inform all tenants of the different payment methods available to them.
- To maximise Housing Benefit take-up by raising awareness of entitlement and assisting with the completion of application forms where appropriate.
- To ensure that all those tenants entitled to Housing Benefit are aware that it is their responsibility to provide necessary documentation in relation to their claim, to follow-up claims with the Housing Benefit team and to advise them immediately should their financial circumstances change.
- To establish close and effective liaison with Housing Benefit, advising them of any known changes in circumstances, in exceptional circumstances requesting payments on account where claims have been delayed and ensuring the prompt payment of Housing Benefit.
- To provide or sign-post advice and assistance on welfare benefits to maximise tenant income.
- To promote financial inclusion by providing budgeting advice and signposting to other agencies or departments such as Citizen's Advice Bureau, Money Advice and Employment Solutions.
- To ensure that all communications are clear, customer friendly and encourage contact.
- To act promptly by providing personal contact and to offer advice to a tenant who falls into arrears, establishing the real reason for non-payment.
- To work closely with any advice agency or authorised person acting on behalf of the tenant.
- To undertake financial assessment of a tenants' circumstances, and ability to pay, with a view to making realistic arrangements to pay off arrears.
- To identify where tenants owe RMBC more than one debt and ensure that recovery action and / or repayment arrangements takes account of the total amount owed.

- To advise tenants of the next course of action and the ultimate consequences of non-payment throughout the recovery process.
- To take legal action against tenants who persistently fail to pay rent and other charges.
- To treat all tenants fairly and consistently and to act lawfully.
- To maximise the use of IT systems to monitor and record rent payments.
- To train colleagues to ensure they maximise the use of resources, such as IT and benefits advice.
- To provide colleagues with guidance on relevant legislation and recovery methods available to recover unpaid rent, service charges and recharges.
- To have a rent arrears recovery procedure that is clear, easy to follow and complies with all of the above, ensuring all arrears cases are actioned in a consistent and fair manner.
- The rent arrears recovery process will be regularly reviewed and updated to incorporate areas of best practice, in particular with reference to the characteristics of an excellent service provider

Legal Context

RMBC will at all times meet legislative and regulatory requirements, including but not limited to, the Homes and Communities Agency Regulatory Code and Guidance, the Ministry of Justice Pre-Action Protocol, the Housing Act 2004 and the Data Protection Act 1998.

Implementation

General

We will prevent arrears by providing services in ways that work best for the customer. We will be easy to contact and will give customers information and support that helps them understand and deal with rent issues. Support shall include signposting customers to other agencies that may be able to assist. We will charge and collect rent in a fair way, giving customers good advice on keeping rent up to date. We will encourage good starts by ensuring tenants understand how to manage their tenancy through paying rent and setting up utilities. We encourage tenancy end well by explaining the obligations for ending a tenancy.

We will pick up on current arrears early on, providing extra help and advice to people where they need it. When customers fall behind with their rent, we will contact them and make a fair arrangement to repay in a reasonable time (We will advise a tenant by letter on the first Monday their rent account is 3 net weeks in arrears and provide extra help and support if required). We will be honest with customers in arrears on where they stand and what options they have. We will assist tenants to prevent court action.

Even if recovery action becomes necessary, we will continue to give good advice on payments that will prevent attendance at court and eviction. We will work with other services that can help and support customers with a variety of needs that affect ability to pay rent. We will work with services that represent tenants in court with current arrears. We shall work to ensure that as few tenants as possible face eviction due to current arrears.

Rent Statements

We will provide detailed rent statements every quarter where tenants have opted to receive them. If a tenant has a credit or debit balance of £250 or more a statement will also be issued. Statements or balances are also available on request. At the start of the tenancy and each April thereafter we will issue tenants with a Rent Card to allow them to track payment history.

Interviews

Interviews will be conducted both over the phone and face to face depending on the circumstances of that case.

All interviews will be conducted assertively yet maintaining a sensitive and non-threatening manner with due consideration to privacy and confidentiality.

The first rent interview will take place at a pre-arranged appointment. If we experience difficulties making contact with the tenant the interview will be undertaken without prior appointment being made, upon contact the tenant will be made aware that a rent interview is to take place. If it is not convenient for the tenant to discuss the rent account details an alternative appointment will be agreed and documented.

Failure by the tenant to agree to or keep a subsequent appointment will result in triggering the next stage of the rent arrears recovery procedures unless there is good cause not to do so.

Where an interview is to be conducted at the tenant's home, colleagues will always produce their identity cards and explain the purpose of the visit. All interviews will be documented and the key points confirmed in writing.

New Tenants

All properties will be let through a two stage lettings process, with tenants attending a meeting at one of RMBC's offices in addition to viewing the property. The office meeting will be conducted by a Housing Advice Officer who will discuss the tenant's responsibility to pay rent and the consequences of non-payment and conduct an income and expenditure assessment where appropriate and undertake housing benefit verification / claims assistance work as necessary.

The first week's rent will be taken in advance at sign-up irrespective of whether eligible for Housing Benefit or not. In exceptional circumstances the Housing Advice Officer may consider a payment of less than one full

The Housing Advice Officer will:

- Provide information about the different payment methods available, promoting the take-up of direct debits;
- Encourage tenants to authorise the direct payment of Housing Benefit where applicable.
- Advise tenants to contact the Housing Income team promptly should their financial circumstances change or they are having difficulty paying their rent.
- Offer an appointment with the Tenancy Support, Money Advice or Employment Solution Officers where appropriate.
- Signpost the tenant to agencies providing independent debt management advice and income maximisation services where appropriate, including Age UK for tenants over 60 and potentially eligible for Attendance Allowance.

Follow-up contact will be made for tenants deemed to be at a high risk of not paying sufficient rent upon moving into a RMBC property. This will:

- Confirm that they are paying the correct rent due
- Check Housing Benefit has been or is likely to be received where appropriate
- Support tenants in making an application for Discretionary Housing Payment
- Advise of the consequences of not paying i.e. eviction from their home
- Offer an appointment with the Tenancy Support, Money Advice or Employment Solution Officers where appropriate.

Payment

Rents are due weekly over a 48-week (or 49-week) collection year. An account will be considered to be in arrears if a payment has not been received within the week in which it is due.

Payments can be made by one of the following methods:

- Payment at any Post OfficeTM with cash, cheque or debit card;
- Payment by cash, credit or debit card at any store displaying the Pay Point logo;
- Payment by telephone via debit or credit card at any time - the service is available 24 hours a day, 7 days a week;
- Payment by telephone via debit or credit card between 8.45am and 8pm (weekdays) at RMBC Contact Centre;
- Payment over the internet via debit or credit card at any time – the service is available 24 hours a day, 7 days a week at www.rmbc.gov.uk;
- From a bank/building society by direct debit or standing order;
- By direct transfer from a bank/ building society account using internet banking
- By authorising direct payment of Housing Benefit to RMBC;
- By cheque, sent through the post to Income Services at Riverside House offices.

Every opportunity will be taken to promote direct debits as a preferred method of payment. Any tenant in arrears will be asked to make a payment during any contact with the Housing Income Officer.

Action for non-payment

The procedure for rent arrears recovery gives full details of the action that RMBC will take and outline's relevant timescales, for each stage. The procedure is founded on the need for personal contact with the tenant throughout the process and is designed to help the tenant to repay the rent arrears and wherever possible avoid possession proceedings. For tenants who are persistently in arrears or for those that are unwilling to pay their rent due, RMBC promptly escalate the arrears recovery process to an advance stage of the procedure to minimise the potential bad debt. Whilst RMBC would not wish to take action that results in the eviction of tenants, it will do so, as a last resort, if other attempts to recover arrears are unsuccessful.

In all arrears cases we will follow the guidance on good practice as reflected in the Pre-action protocol for possession claims based on rent arrears.

Vulnerability

RMBC has many tenants who are elderly, tenants who are vulnerable through mental or physical disabilities and tenants who have young dependent children.

In such instances Housing Income will as appropriate:

Contact the Homelessness Prevention team prior to any court proceedings.

Inform the designated officer within Children & Young Peoples Service at the earliest opportunity where eviction appears inevitable.

Refer tenants to Age UK for assistance in applying for Attendance Allowance

In implementing this policy RMBC will ensure that any tenants who have mobility problems due to disability or stress, or who need information in other formats and languages, or who may need interpreters or signers, or who have difficulty with reading are provided with assistance as deemed reasonable by the officer managing the case.

RMBC will ensure that equality and diversity considerations are integral to the rent arrears recovery process.

RMBC: Housing Benefit

Housing Income will work closely with RMBC's Housing Benefit Section to ensure prompt payment of benefit. The Housing Income team will arrange for quarterly liaison meetings with the Housing Benefits team in respect of the day to day administration of Housing Benefit payments.

Department of Work and Pensions (DWP)

The Housing Income team will liaise with the DWP about direct payment of rent arrears from income support where appropriate.

Joint Tenancies

All joint tenants are jointly and severally liable for rent arrears that may accrue.

RMBC will:

- Address all letters to all the tenants named in the tenancy agreement
- Make arrangements and hold interviews with any tenant who appears to be acting on behalf of all parties in the tenancy agreement
- Provide a copy of all legal documents to all parties named in the tenancy agreement

Sole Tenancies

In households with single tenancy agreements and where the householders are married, cohabiting for tax or benefit purposes, or have joint custody over children under 16 we will always encourage the tenant to keep other interested parties within the household informed of any legal action in connection with rent arrears; interested parties do not include lodgers and those who sublet.

Garage Tenancies

In order to protect the principal tenancy and therefore to avoid possible eviction, a garage tenancy will be terminated in situations where the tenant is in arrears on the main tenancy and the agreed repayment plan has not been adhered to. The tenant will be free to apply for another garage once arrears have been cleared and the account remains clear for a period of 6 months.

Former Tenant Arrears

RMBC will ensure that tenants are made aware of their obligations even after termination of their tenancy. Where a tenant is in arrears and they terminate the tenancy no extension to the tenancy will be given. Upon notice of termination, the tenant will be made aware of any rental balance due and a forwarding address will be requested. Where the outgoing tenant is not in a position to clear any balance prior to termination, an affordable and realistic repayment agreement will be reached. This agreement will be confirmed in writing and the tenant will be made fully aware of the methods of payment after termination.

RMBC will pursue all recoverable former tenant arrears. Where no forwarding address is given, every effort will be made to trace the former tenants' whereabouts using Experian. A collection agency will also be used if appropriate.

Failure to agree to or maintain an acceptable repayment arrangement will result in further recovery action. The appropriateness of such action will be considered on a case by case basis and may include

- Money judgement
- Attachment of earnings
- Third Party Debt Order
- Warrant of Execution
- Order to Obtain Information
- Bankruptcy
- Selling on Debts

RMBC will only normally house an applicant where there is an outstanding debt owing if a payment arrangement has been agreed and maintained by the applicant as per section 2.4 of the Allocations Policy.

Where it makes no financial sense to pursue a debt it will be written off in accordance with RMBC standing orders.

MONITORING AND RESPONSIBILITIES

It is the responsibility of the Director of Housing and Neighbourhoods to ensure that implementation of the Rent Collection and Arrears Recovery policy is monitored.

The Business and Commercial Programme Manager is responsible for delivering the policy and will be accountable for its implementation and colleague training.

All colleagues dealing with rent collection and arrears recovery issues has the responsibility to read, understand and implement this policy.

ASSOCIATED DOCUMENTS

Rent Collection & Arrears Recovery Procedures
Allocations Policy & Procedures
Customer Complaints Policy & Procedure
Customer Care Standards
HCA Regulatory Framework
Ministry of Justice Pre-Action Protocol