



Rent Payment and Arrears Policy

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Introduction

This policy statement explains how we manage the collection of our rent and recovery of arrears. Our fundamental aim is to collect as much rent as possible against the rent that is due.

Aims of the Policy

1. To maximise the rental income due to the Company.
2. To have an effective, accessible rent payment system.
3. To engage with tenants in a proactive way, offering both assistance and signposting to external advice agencies, where appropriate.
4. To have a fair, empathetic but firm approach to collecting rent and recovering debt.
5. To demonstrate our compliance with legal and regulatory obligations.
6. To ensure we have all relevant legal remedies at our disposal, in helping us to collect rent and recover debt.

Policy Statement

We will ensure that:

- Tenants receive a current rent statement on demand.
- New tenants pay at least one week's rent at sign-up or, where they expect to claim Housing Benefit (HB) or the Housing-Costs Element (HCE) of Universal Credit (UC), a token payment of at least £10.00.
- All rent arrears cases are dealt with as promptly and efficiently as possible.
- Tenants are aware that we can offer help and advice with welfare benefits and budgeting.
- Tenants are signposted to debt advice/counselling and support if requested.
- The Housing Team (HT) meet regularly to discuss 'serious' arrears cases, to agree a structured approach to managing tenancies and any ensuing problems.
- Court action and eviction is sanctioned only as a last resort.

Rent Payment Methods

We will accept the following methods of rent payment:

- Cash/debit card payment through the nationwide, 'payment point' scheme.
- Debit card payment over the telephone or at the office.
- Standing order, through a bank or building society account.
- Internet via a customer's own online banking facility or link on our website.
- HB direct to EPIC.
- UC direct to EPIC ('managed payments').
- Cheque or postal order through the post.
- Cash/cheque at the office (in exceptional circumstances).

We will publicise the different payment methods on a regular basis, through e.g. leaflets, our website, the reception area and tenant newsletters.

We will regularly review our rent payment options and consider whether to add to or amend the options available to take into account improved technology.

Rent Arrears Prevention Strategy

We will take measures to help prevent tenants from falling into arrears, such as:

- Promoting financial capability through pre-tenancy activities, e.g. workshops, one-to-one income assessments and Coaching sessions.
- Ensuring all tenants and applicants who are identified as 'high risk' are referred for additional support and/or allocated appropriate tenancy management plans.
- Ensuring potential, incoming and existing tenants are aware of the steps that EPIC will take against tenants who are in arrears (including the use of publicity materials - such as posters and press articles).
- Providing clear and concise information on how to pay rent.
- Ensuring tenants are informed as soon as possible that their rent account is in arrears.
- Helping tenants to apply for HB, UC and Discretionary Housing Payments, where appropriate.
- Providing training to staff on issues such as welfare reform, benefit advice and budgeting.

Advice and Support for Tenants

We will offer advice on rent payment, clearing arrears, HB & other benefits and budgeting techniques.

For advanced financial/debt problems we will signpost customers to external organisations, such as the Citizens Advice Bureau, National Debtline and Step Change.

Where appropriate, tenants will be referred for support to external providers (such as the local authority's support or Adult Social Care services, or voluntary/charitable organisations, where appropriate). We will liaise with such agencies throughout the arrears recovery process, with the intention of maximising income, minimising debt and avoiding legal action except as a last resort.

Documentation

We will ensure all publicity, literature and communication to tenants concerning rent arrears is clear, concise and easy to understand. We will use plain language, which is free from jargon and clear in design and format.

In addition to prescribed letters and home visits, we will use, where appropriate, other methods of communication such as telephone calls, e-mails, SMS text messages, additional home visits and issuing non-standard letters. Other formats may include posters and publicity materials.

Housing Benefit

We will encourage HB claimants to request payment of HB to be made directly to us. Where there is a query with a claim and/or arrears due to potential HB, we will liaise with the local authority's HB department.

Universal Credit

UC is replacing all means-tested benefits including HB. It was introduced to Stoke-on-Trent in February 2016, initially for single claimants seeking work. In most cases, the HCE of UC is paid directly to the 'lead' claimant in the household, with payments made on a calendar-monthly basis and as part of the claimant's overall benefit entitlement. The claimant will be responsible for paying the full rent as well as any contributions off arrears.

From April 2019, all tenants claiming UC in a 'Full service' area will have their HCE restricted to the levels under the Local Housing Allowance scheme. For example, single claimants aged under 35 will have their entitlement capped to the 'Shared Accommodation Rate' (i.e. £52.02 per week in North Staffordshire, as at March 2017).

We recognise that UC and other Welfare Reforms pose a risk to our rent collection performance and overall financial viability. Our processes will need to be regularly reviewed to take into account various changes in benefits. For some time, there will be two separate benefit systems for the payment of rent.

Rent Arrears Recovery Process

Our processes for dealing with rent arrears are detailed in the respective Procedures which accompany this Policy.

a) Current Tenants

(Non-Shorthold)

When a tenant has missed their second weekly rent payment or first monthly UC payment, we will send a text message or e-mail (or letter if appropriate) advising that they contact us immediately to discuss the rent account. Upon any contact, we will seek an arrangement to clear the arrears. If a suitable response is not received from the tenant or an arrangement is not maintained, we will send a further text/e-mail/letter asking they pay the balance due or contact us for advice.

If a suitable response is again not received we will visit the tenant to try to ascertain the reason for non-payment and any relevant household circumstances. At the same visit (and where the arrears exceed 4 weeks of the full rent or £300 whichever is lower) a Notice of Seeking Possession (NOSP) will be served, advising the tenant that in at least 14 days' time EPIC *may* commence legal proceedings through the County Court to obtain a Possession Order. A current rent statement should be enclosed with the NOSP.

Where the NOSP is served by a Housing Officer, it should be signed by the Housing Team Leader (or in their absence, a member of the Management Team).

Where it is unfeasible for the tenant to clear the arrears in one payment we will attempt to negotiate an agreement. This will specify how the arrears will be reduced in realistic and affordable instalments over a specific period. Where the tenant gives consent, we will confirm agreements by sending a text message or e-mail.

(Assured Shorthold)

When a tenant has missed their second weekly rent payment or first monthly UC payment, we will send a text message or e-mail (or letter if appropriate) advising they contact us urgently to discuss the rent account. Upon any contact, we will seek an arrangement to clear the arrears. If a suitable response is not received from the tenant or an arrangement is not maintained, we will send a further text/e-mail/letter asking they pay the balance due or contact the office for advice.

If a suitable response is again not received (and where the arrears exceed 4 weeks of the full rent or £300 whichever is lower), we will issue the tenant with a 'Section 21 Notice' (also known as a Notice Requiring Possession). In the accompanying letter we will allow the tenant 14 days in which to appeal against the service of the Notice.

Where the tenancy has not yet run for 4 months, a Notice of Seeking Possession will be served as per the Non-Shorthold section above, as a Section 21 Notice cannot be issued until 4 months of the tenancy have elapsed.

Serving legal notices and implications of the Equalities Act 2010

Before any legal notice (e.g. a NOSP or Section 21 Notice) is served, the member of staff issuing the document will carry out a reasonable check of the tenant(s)'s housing application and tenancy file for any reference of the tenant having a disability. Examples may include where the tenant has declared having a disability or is known to have e.g. a mental health caseworker. Where there is a clear record of the tenant having a disability that is directly impacting on their ability to pay the rent, the member of staff issuing the Notice must complete a 'Justification Exercise' form. The intention here is to demonstrate, if necessary to a Court, that we have taken into consideration any disability in our decision to take legal action.

Court Action (repossession)

(Assured Shorthold Tenants)

The Deregulation Act 2015 means that a Section 21 Notice expires six months after it has been served on the tenant. This effectively provides for a four month 'window' to initiate court action, as the Notice requires that the tenant be given two months' notice prior to the case being entered into court.

The presumption will be that an arrears case, where a Section 21 Notice has been issued, will be entered to court unless a final agreement has been made with the tenant to clear their arrears. Two months before the Section 21 Notice expires, a review of the tenant's rent account should be undertaken. The further presumption will be that a new Section 21 Notice will be issued at this stage, to preserve our ability to enter the case to court unless the tenant maintains an arrangement.

Where we have entered a case to Court via the 'Accelerated Possession Procedure' and the tenant subsequently offers and maintains an acceptable arrears payment plan, we may with the approval of the Director of Housing (DH) decide to either to:

- Proceed with Court action to end the tenancy.
- Withdraw the proceedings (only where the tenant has cleared the arrears and Court fee incurred).
- Withhold action to enforce the Possession Order.

(Non-Shorthold Tenants)

For Assured Tenants, where we consider it to be the only option, legal action to repossess the property should be taken under Ground 10 and/or Ground 11 of the 1988 Housing Act. These are known as 'discretionary' grounds, where a District Judge decides whether to grant possession.

Court proceedings must be approved by a member of the Management Team and comply with the *Pre-Action Protocol for Possession Claims by Social Landlords* (amended April 2015). There is no known legal stipulation as to the minimum level at which court proceedings can be started. However, past experience suggests courts are unlikely to grant possession where arrears are less than 5 weeks' of the full rent.

(Use of Ground 8)

In exceptional cases - where the arrears at NOSP stage exceed 8 weeks' rent and where there are intractable tenancy problems, we may take action under *Ground 8* of the 1988 Housing Act. Use of this 'mandatory' ground must be approved by the Chief Executive. Where we serve a NOSP under Ground 8, the accompanying covering letter must:

- State why we are seeking possession under that Ground.
- Require the tenant, within a specified time, to notify us in writing of any personal circumstances or other matters which they would like us to take into account.

Where a tenant submits any written response, we must give brief reasons in writing for continuing with repossession action.

(Possession Hearings)

At the possession hearing the Court may make one of the following rulings:

- A Possession Order and money judgement for the debt.
- A Possession Order (suspended on terms) and money judgement for the debt.
- A Money Judgement only (when possession is not appropriate).
- An Adjournment of proceedings - for either a specified period (e.g. to allow a HB claim to be processed) or indefinitely (on condition of payment of arrears and costs).
- A withdrawal of proceedings (only when the tenant has cleared the arrears and court fee incurred).

Following a Suspended Possession Order or Adjournment we will advise the tenant in writing of what action will be taken if they do not comply.

Eviction

Where eviction proceedings later become necessary, such action must be approved by a member of the Management Team. Where members of the household are known to be vulnerable or at risk due to age, disability or ill health, we will, where possible, notify the local authority's homeless persons unit of the forthcoming eviction.

Alternatives to Repossession

There will be cases where the level of arrears does not justify action to repossess the property. In such cases we will employ methods such as:

- Additional text messages, e-mails, phone calls, home visits
- Non-standard, personalised letters
- Seeking deductions out of a person's benefit
- Requesting an 'Alternative Payment Arrangement' where the tenant claims UC
- Extending an Assured Shorthold Tenancy (where appropriate)
- Considering whether to issue a Money Claim through the Small Claims Court

Implications of Insolvency

Where a tenant has applied for bankruptcy, a Debt Relief Order or has been declared insolvent, they may have listed arrears with EPIC amongst their debts. If so we are governed by the *Insolvency Act 1986*. For bankrupt tenants, Section 285(3) of this Act states that recovering arrears included or "provable in the bankruptcy" is prohibited. For tenants who have included arrears in a Debt Relief Order, Section 251G states that any relevant creditor "has no remedy in respect of the debt". In such cases we may be obliged to write-off any relevant debt.

In a decision by the Court of Appeal in July 2011 (*Sharples v Places for People Ltd. and Godfrey v A2 Dominion Homes Ltd.*) we can begin or continue legal action (e.g. through Ground 10 and/or Ground 11 of the 1988 Housing Act) to seek an outright or Suspended Possession Order. However we can only seek a money judgement for the court costs and not for the rent arrears also. Furthermore, a Suspended Possession Order can only be made on condition of payment of the current rent plus instalments off the Court costs only, not off the arrears which have accrued to-date.

b) Guarantor Tenancies

In the case of tenancies where a third party acts as a guarantor, we will seek to recover any unpaid rent from the guarantor if the tenant fails to pay. Where necessary we will take action by issuing a Money Claim through the Small Claims Court.

When we issue a rent statement to a tenant, we will also send a copy to the respective guarantor. Where a NOSP for rent arrears is served on a tenant, we will also issue a copy of the document to the guarantor.

c) Former Tenants

We recognise that effective management of current tenant arrears, along with appropriate support and tenancy sustainment, are vital in preventing former tenant arrears.

When a tenant gives notice to terminate the tenancy, staff should endeavour to obtain a forwarding address. Staff should attempt to visit the outgoing tenant to discuss the situation with their rent account. If the account is in arrears, staff should stress the importance of paying off the debt before the tenant leaves the property.

If a tenant is in arrears after leaving the property and a new address has not been provided, we will undertake checks to determine the whereabouts of the former tenant, beginning with searching the house file for possible forwarding addresses, including the location of relatives/friends/previous addresses.

Further details of actions to be taken where there is a forwarding address present, forwarding address not present, where the tenant has passed away and where the tenant has gone into residential care will be contained in the respective procedure. This will also include instructions of when the Company should refer debts to an external debt collection agency.

Writing-off Former Tenant Arrears

If, after six months since the end of a tenancy, no attempt has been made to pay off the debt then the arrears should be written-off, although details of the former tenant should remain on file, and the debt should be pursued in the future should the opportunity arise.

All write-off requests must be approved by the Management Team. For debts less than £1,000, we will present a report detailing actions taken after the tenancy end-date. For debts greater than £1,000 a report will be presented including details of actions taken before and after the tenancy end-date, along with a summary of the former tenant's circumstances.

A note will be placed on the computerised rent accounts of former tenants, indicating where arrears have been written-off. This is to ensure that members of staff accessing the account in the future are made aware of the true balance and so correct information can be given to the customer or third parties (e.g. prospective landlords, where consent has been given).

The former tenant arrears procedures will contain further instructions on when arrears cases will be referred for write-off.

Equality and Diversity Statement

In addition to written correspondence, we will use a variety of methods to communicate with customers in the course of collecting rent and recovering debt.

We are opposed to discrimination on any grounds, including race, religion, gender, marital status, sexual orientation, disability, age, or any unjustifiable criteria. We will also seek to apply these values to work undertaken with our partners or on our behalf by our contractors (for example, external debt collection agencies that we may use).

As stated above, where there is a clear record of the tenant having a disability, which is impacting on their ability to pay the rent, we will complete a 'Justification Exercise' form before serving any legal notice.

Monitoring and Reporting

Performance targets will be set annually with relevant staff being involved in the process. Actual performance against targets will be monitored and reported on a monthly and quarterly basis.

The Director of Housing (DH) will monitor any justified complaints concerning any part of the process (via customer satisfaction surveys or other sources) and will recommend improvements where appropriate.

Responsibilities

The HT is responsible for:

- Ensuring tenants are informed promptly that their rent account is in arrears.
- Ensuring all arrears cases are actioned in line with procedure.
- Providing advice to customers on welfare benefits and budgeting.

The Finance Team is responsible for processing and posting payments of rent, HB and UC.

The HT and DH will meet on a regular basis to discuss cases approaching eviction and agree a plan to manage the respective tenancy.

The DH is responsible for ensuring that the HT acts in accordance with our Policies and Procedures.

The Chief Executive has overall responsibility for ensuring that the HT act within the boundaries of our Policies and Procedures and that the DH is adequately monitoring the team's performance.

The Management Team has the authority to write-off former tenant arrears that are deemed to be irrecoverable bad debts.

Review Mechanism

In readiness for the gradual and ongoing roll-out of UC, this Policy will next be reviewed in one year. EPIC should review but should not change this policy without the approval of the Board.