

Rent Collection & Arrears Pursuance Policy & Procedures



1 Aims of policy

To maximise rental income.

To provide a variety of payment methods so tenants can pay their rent and any other applicable service charges in a way most convenient to them.

To ensure that tenants of Chorley Community Housing are provided with appropriate help and advice to maximise their ability to pay the rent and any services charges due on their home.

To control and recover arrears in order to achieve Chorley Community Housing targets for maximising the collection of rents & service charges.

2 Scope of the policy

Applicable to all tenancies managed by Chorley Community Housing.

3 Monitoring, review and consultation

The policy will be reviewed annually to ensure it continues to meet legislative requirements and those of the national policy agenda and the Housing Corporation. A full review will take place every 3 years.

Tenants will be involved in the reviews and will be consulted on any changes to the policy.

Performance is monitored monthly through Housing Management Group and will be reported quarterly to the Board. Overall performance will be published as information to tenants and presented to the Tenants Forum annually.

HouseMark's Benchmarking Service will be used to benchmark performance with other organisations.

4 Responsible Officer

Director of Corporate Services

5 Contact details

Chorley Office

Tel: 01257 244800

E-mail: enquiries@chorleych.co.uk

Date: 5 June 2006

Executive Summary

This policy sets out how Chorley Community Housing seeks to maximise rental income by offering a variety of payment methods to tenants, which are widely publicised.

It also seeks to do so by minimising and preventing rent arrears by:

- Putting systems in place to try to prevent arrears
- Taking early action as soon as accounts fall into arrears
- Providing help and advice to tenants who fall into arrears including signposting them to other agencies such as the Citizens Advice Bureau.
- Using a variety of options for the recovery of arrears (each case will be assessed to decide the most appropriate course of action).

1 Introduction

Chorley Community Housing is very aware that it needs to maximise its income by collecting as much rent as possible. Possession proceedings are a last resort with the Association putting its efforts into making sure rent is paid. The Association is also aware that many of its tenants are on relatively low incomes and sometimes have multiple debt problems. The Association endeavours to balance its own financial needs with the needs of its tenants and will offer welfare benefits advice to every tenant and a reasonable repayment plan to every tenant who gets into arrears, before any legal action is taken against them.

2 Policy

Rent Collection and Arrears Pursuance Policy and Procedure

1 RENT COLLECTION

It is the intention of Chorley Community Housing to provide flexible payment options that make it easy for tenants to pay their rent and other charges.

Tenants have the option of paying their rent in any of the following ways:

- 1.1 **Payments Through the Bank** - paying by standing order or direct debit.
- 1.2 **Internet on-line payment service**- paying on line at Chorley Community Housing's website at www.chorleych.co.uk
- 1.3 **All-Pay Payment Card**- payments at selected pay-zone pay-point outlets and post offices using a special all-pay payment card.
- 1.4 **Automated Interactive Voice Response** - making payments 24 hours a day, seven days a week by accessing this service on ...(telephone number to be inserted).

The various payment methods will be discussed with tenants when they sign up for a property and will be publicised via the website, newsletters and other publications.

2. Rent Accounting

Rent accounting is carried out by the Rents Team and is a computerised function. Weekly rent arrears print outs are made available on Mondays and officers have access to individual tenant's accounts on a day to day basis.

Arrears of rent, support & service charges and any court costs are held on separate accounts for recording purposes. Outstanding balances can easily be identified. A consolidated account pulls together all account balances for collection and pursuance purposes.

3. Rent Statements

Tenants will receive at least two statements of their account per annum.

4. Rent Arrears: Prevention, Control and Recovery Procedure

Chorley Community Housing signs up all new tenants on Starter Tenancies. The starter period is twelve months after which time, if the tenancy has been conducted in a satisfactory manner, the tenancy automatically becomes assured. All tenancies are reviewed on a monthly basis. Rent officers will contact Starter Tenants when necessary to re-affirm the terms of their tenancy and give advice and assistance to help prevent tenancy failure.

4.1 Responsibilities

| <i>Responsibilities of</i> | <i>Scope</i> |
|---|---|
| Director of Housing and Housing Services Manager | Overall responsibility for ensuring CCH achieves its financial targets and meets policy requirements. |
| Senior Rent Officer | Operational responsibility for the prevention, control and recovery of arrears, including enforcement action through the Courts. |
| Rents Team | <ul style="list-style-type: none">➤ Responsible for recovering current and former tenants arrears; administrative co-ordination, including monitoring and preparation of statistics and reports.➤ Responsibility for the welfare of individual tenants, including prevention, control and recovery of arrears.➤ To make referrals to Officers who can provide support to tenants. |

4.2. Authorisation

| | |
|---|---|
| Director of Housing and Housing Services Manager | All actions to implement the Associations arrears policy and achieve the required targets. |
| Senior Rent Officer Rent Arrears Officer | Operate the arrears policy and procedures including all liaison on benefit policy and practice; enforcement action to terminate tenancies through the Courts up to eviction' other action through Courts. |
| Rent Officer | Operate the arrears policy and procedures including all liaison with Benefits, enforcement action including service of Legal Notices – Seeking Possession. |

5 ARREARS PURSUANCE

“Arrears” are rent and other charges due to Chorley Community Housing from current and former tenants which have not been paid in accordance with the tenancy agreement.

5.1 *Prevention – Policy Aims*

Chorley Community Housing recognises the need to help tenants to maintain prompt and regular payments of rents and other charges and to improve their ability to do so through advice and help with claiming all eligible welfare benefit entitlements.

Once accrued, arrears are costly and time consuming to recover. Court costs are passed to the tenant, increasing their debt and possibly decreasing their ability or motivation to clear the outstanding amounts. High arrears levels place tenants at risk of losing their homes. Preventative action therefore makes a major contribution to maximising the amount of rent collected and to avoid causing homelessness.

To this end, the main measures adopted by Chorley Community Housing are:

- Provision of clear information to prospective tenants about the amount of rent and service charges payable on properties being offered for letting.
- Confirmation of the rent and service charges payable at the start of the tenancy, confirmed in the offer letter.
- Advice on applications for benefits
- *Pre Tenancy Information and New Tenant Visit*

Allocations Officers will, at sign up stage, provide information, advice and help about the availability of Housing Benefit including assistance completing forms and information about payment methods and options.

An Officer will visit every new tenant within 4 to 6 weeks of the tenancy start date, to give advice and assistance on all tenancy matters. They will re-affirm rental payments, payment options, tenant responsibilities and housing and welfare benefits including assistance with completing forms and liaison with the benefits section. This action prevents delays in benefit entitlement and reduces the risk of arrears accruing at start of the tenancy.

- At every rent increase and benefit renewal, Officers provide further advice and help with Housing Benefit applications.
- Officers monitor, check and chase the progress of the Housing Benefit Section in processing Housing Benefit applications and making payments.
- Rent Officers make the earliest possible contact with tenants after rent payments have been missed to establish if there is a problem and to offer further advice as well as agreeing voluntary arrangements for clearing the amount outstanding before it grows to less manageable levels.
- Tenants applying for transfers and mutual exchanges are advised that, except in exceptional cases, their application will not be considered unless they clear their arrears. Similarly, although a transfer request may be approved, the offer of alternative accommodation may be conditional on the arrears being substantially reduced or cleared. An agreement to clear former tenant arrears can be part of a tenancy agreement on a current tenancy.
- Officers can make referrals to the Citizen Advice Bureau for debt counselling or further advice and assistance regarding multiple debts.

5.2 **Arrears Monitoring**

Rent Officers monitor the rent accounts of tenants in their Management area on a weekly basis from the records provided.

The Senior Rent Officer chairs a regular monthly rent arrears monitoring meeting with the Rent Team. This includes running through the arrears figures with the team to identify any new cases and to monitor progress on current cases. Individual targets and performance charts are updated and monitored. Rent arrears and Collection Reports will regularly be submitted to the Board.

5.3 **Service Review Group**

The Senior Rents Officer is a member of the Service Review Group. Meetings are held fortnightly and comprise of Senior Officers from all Sections. The Service Review Group will discuss operational matters and cross cutting issues. They can discuss individual cases and can develop joint working practices to effectively deal with each case.

6. Recovery

6.1 **Aims**

The aims of the recovery procedures are:

- To establish the earliest possible contact with the tenant:
 - i) to ascertain the reasons for the arrears;
 - ii) to provide appropriate help and advice.
- To reach an agreed course of action, appropriate to the person's circumstances to stabilise and reduce the arrears. This will either be by:
 - i) resolving any Housing Benefit problems which might be the cause of the arrears; or
 - ii) if the person is responsible for paying some or all of the rent themselves, an agreement to clear the debt either by one payment or, more usually, an agreed series of instalments.
- Where a voluntary approach fails and the arrears remain static or increase, we aim to start enforcement action through the Courts at a sufficiently early stage to keep the debt at a reasonably manageable level by the time a Court Order has been obtained.
- When appropriate to the person's circumstances, if a current or former tenant has arrears and is in receipt of Income Support/Job Seekers Allowance, arrangements to clear the debt can be made through the benefits agency via Arrears Direct.

6.2 **Housing Benefit Overpayments**

Housing Benefit Overpayment Recovery responsibility lies within Chorley Borough Council's Revenues and Benefits Section. Recovery of overpayment debts can be made through current tenant's ongoing benefit. The Rents Team liaise closely with the Benefits Section to ensure the recovery of overpayment debts does not impinge on the tenant's ability to pay their rent and reduce any outstanding rent arrears. Rent officers and the benefits recovery staff will agree a

suitable affordable payment arrangement with the tenant so that they can afford to clear outstanding debts whilst ensuring they maintain their rental payments.

Housing Benefit Overpayment debts are monitored separately from current tenant rent arrears.

6.3 **First Contact – Timing**

A Rents Officer will make first contact with tenants by letter after two weeks rent arrears have accrued. At four to six weeks they make direct personal contact, either at the person's home or an interview at the office.

6.4 **Records & Documentation**

From the outset, all contact, advice and action taken are recorded by the Rents Team and kept on the computerised arrears file. This includes key dates and events for the performance monitoring reports.

If the case develops into one that requires continuing supervision, a full case history needs to be documented, including:

- Details of the household, including any children, elderly people or other vulnerable persons.
- Employment status.
- Any social, domestic or personal problems which might have a bearing on the tenant's ability to make prompt and regular payments.
- File notes of key dates/events, kept on the computer system.
- Copies of all correspondence with the tenant and statutory and voluntary organisations involved, including copies of standard letters sent.
- Copies of any Notices served with the service note or postage slip.
- Case history summary – prepared when Notice is served and update throughout the case.
- Any copy correspondence with Solicitors.
- Register of Notices.
- Register of other Court actions – Evictions.

6.5 **Standard Letters**

Chorley Community Housing uses a set of standard arrears letters and pro-formas which are filed in a manual. These can also serve as the basis for individual letters, and can be amended to fit in with specific situations. However, letters which accompany the service of various legal notices and which advise the tenant of the consequences of action for possession must include, at minimum, the standard statute paragraphs prescribed. In addition, a leaflet signposting tenants to organisations providing free independent housing advice is inserted with the letters accompanying serving of legal documents.

The letters are regularly reviewed.

6.6 ***Reasons for Arrears***

At first contact the Rent Officer aims to establish the reasons for non-payment as the basis for the next steps to be taken. These will include:

- Further advice and help with Housing Benefit, including making a provisional assessment of eligibility; advice about other benefits to which the household might be entitled in order to improve a household's overall income.
- Advice about any other sources of help, in the event of personal, health or other domestic problems.

6.7 ***Housing Benefit Problems***

If the problem is that the tenant has not made or renewed their Housing Benefit application the Officers will continue to maintain contact for a reasonable period of time, making the tenant aware of the consequences of not securing Housing Benefit. In the event of a tenant still not having taken the necessary steps to secure their entitlement, the case will be treated in the same way as a tenant defaulting on a voluntary agreement. This means that a legal notice can be served when four week's rent is owed.

6.8 ***Partial Housing Benefit Eligibility/No Eligibility – Voluntary Agreement***

Where the tenant is responsible for some or all of the rent, the Rent Officer will negotiate a Voluntary Agreement to clear the arrears.

If a one off payment is a realistic possibility the Rent Officer will accept this after discussing it carefully with the tenant, checking that the sum involved can be paid without causing the tenant financial hardship

More usually, the Voluntary Agreement will consist of payment by agreed instalments. The amount and frequency of the instalment payments are first discussed on a realistic basis with the tenant. Rent plus £5.00 per week off the arrears is a minimum recovery sum, which can be reduced in extreme cases and where the rent officer feels is necessary. The Rent Officer checks that the agreed amount is within the tenant's means. The Voluntary Agreement is confirmed in writing and the Rent Officer monitors progress until the arrears are reduced and eventually cleared.

If the Agreement is broken, and the arrears remain static or increase, enforcement action is taken in accordance with the procedures below.

7 **Enforcement**

7.1 **Failed Contact**

If the Rent Officer is unable to establish direct personal contact, a letter is sent to the tenant advising of the arrears and asking for contact to be made with the office. The case is kept under daily supervision until contact is established. If there is no response and the arrears do not reduce, further letters are sent to the tenant, continuing to ask for a response and for a reduction in the arrears.

At the same time, the Rent Officer will make further attempts to see the tenant at their home.

If, despite these actions, there is no response by the time that four week's rent is owed, a Notice of Seeking Possession or Notice of Intention to Seek Possession is served. A covering letter advises the tenant to contact the office as a matter of urgency.

7.2 **Failed Voluntary Agreement – Tenants**

The Rent Officer monitors Voluntary Agreements every week.

Every time a payment is missed, the Rent Officer contacts the tenant to advise of the fact and to ask for regular payments to be made. All contact is recorded on the computer system and in writing to the tenant.

If the tenant does not respond accordingly, the Rent Arrears Officer authorises the service of necessary legal documentation.

7.3 **Legal Notices – Seeking Possession**

The Rent Officer prepares the relevant Legal Notice.

- Stating the legal grounds on which the County Court will be asked to make an order for possession.
- Using the prescribed form.
- Attaching guidance notes.
- Giving an expiry date which is a Monday, falling at least 28 days after the Notice has been served (can be more than 28 days).
- Attaching a letter which explains that Chorley Borough Council has had no option but to start action through the Court and advising the tenant of the response needed to avoid the matter proceeding to Court and possibly to eviction, including making contact with the Rents Team and reducing/clearing the arrears.
- Provide telephone numbers and names and times of team availability.

- Ensures the Computer Records are fully up to date with action any notes relevant to the tenant before Notice is served.

The Notice is then:

- Signed by the Rent Officer.
- Details confirmed on computer system, with date served.
- Served, either by 1) by hand delivery to the tenant or his/her address, or 2) by recorded delivery, in which case the postage slip is placed on the house file.

7.4. **Action Pending the County Court Hearing**

During the period of the Notice or while a Court hearing date is awaited the Rent Officer and Rent Arrears Officer will continue to try to establish or continue to maintain contact with the tenant and to persuade them to resume the required payments.

The Rent Arrears Officer will notify Social Services and Homeless Section of intention to take court action in writing.

If the payments resume and are maintained, the Rent Arrears Officer will not proceed to take the case to Court. However, if agreed payments are missed again, the Rent Officer will advise the tenant that the matter will proceed to Court.

7.5 **County Court Hearing – Action for Possession**

The Rent Arrears Officer will continue to establish/maintain contact with the tenant right up to the date of the Court Hearing. Officers will advise tenants in this situation that Chorley Borough Council may regard him/her as intentionally homeless (in accordance with the Homelessness Act 1996 as amended in 2002). As such, if the case results in eviction, the Council would have no statutory responsibility to re-house them.

If agreement on the arrears is reached with the tenant, details of this are brought to the attention of the Court.

The case is presented at Court by the Senior Rent Officer/Rent Arrears Officer. Prior to the hearing the Senior Rent Office/Rent Arrears Officer will prepare and check all the required documentation is available, including:

- A copy of the Notice and either the service note or postage slip.
- Copy of the application for possession and particulars of claim.

- Details of the tenant's income, household and circumstances.
- Current arrears figures.
- Rent statement.
- Case history.
- What the Association is seeking, including costs.

Chorley Community Housing's policy is to seek an adjournment order where an agreement is reached for the repayment of any arrears.

The exception will be cases where both the Housing Services Manager and Senior Rent Officer consider that the level of the arrears and the history of the case are such that the arrears are unlikely to reduce as a result of an adjournment order. In these cases a possession order is sought.

7.6 ***Action Following the Court Hearing***

The Rent Arrears Officer immediately writes to the tenant confirming the Order made by the Court and advising them of the payments needed to avoid Chorley Community Housing returning to Court for an Eviction Warrant. The Rent Arrears Officer liaises with any agencies involved in supporting the tenant, advising of the Court Order (i.e. Social Services, Homeless Section etc).

In the period immediately following the Court hearing the Rent Arrears Officer monitors payments, immediately contacting the tenant if a single payment is late or missed. The tenant's compliance with the order is also supervised by the Senior Rent Officer. Records are maintained throughout this period.

7.7 ***Terms of Court Order not Complied With***

Should the tenant fail to comply with the terms of the Court Order, they are given a final warning by the Senior Rent Officer/Rent Arrears Officer both verbally and in writing that Court Eviction Proceedings will follow.

If there is still no improvement in the situation the Rent Arrears Officer then applies to the Court for reinstatement of the Possession Hearing. At the same time, Officers will continue to try to secure a reasonable arrangement with the tenant to ensure compliance with the order. If such an agreement is reached, the Court application will be suspended or adjourned.

7.8 ***Eviction***

If all attempts to seek a satisfactory resolution with the tenant have failed, the Senior Rent Officer or Rent Arrears Officer will apply for Warrant of Eviction. The Senior Rent Officer and Rent Arrears Officer are responsible for supervising this and for making all necessary arrangements e.g. for a Police presence (if necessary), for appropriate liaison with the Homeless Section and any other appropriate agencies e.g. Social Services and, if required, for the property to be secured after the eviction.

7.9 ***Recovery options***

The Association will make use of every available option or method of recovering outstanding debts for current tenant arrears and former tenant arrears. Possession action is only taken as a last resort.

In cases of minor static arrears the option of possession proceedings may not be appropriate. The Rent Officers will review each case individually to ascertain the most appropriate enforcement action to use.

Chorley Community Housing will look to make use of such remedies as attachment of earnings and recovery through the small Claims Court.

7.10 ***Targeted Rent Arrears Action***

As well as focusing on individual arrears, the Senior Rents Officer will work with the Rents Team on more strategic, planned approaches, such as targeting tenants in specific bands of arrears, or targeting particular areas which have higher than average arrears. In all such cases, the tenant's individual circumstances will be considered, to ensure that any resulting action is warranted.

The Senior Rents Officer in discussion with the Housing Services Manager will establish arrears targets. These will reflect a number of factors, such as the historic levels of arrears, nature of area and so on. Progress and performance will be monitored and will be the subject of routine monthly reporting.

Similarly, the Senior Rents Officer monitors the turnaround in Housing Benefit applications. Late payments and delays in processing applications are responsible for a considerable proportion of rent arrears and therefore, ensuring prompt processing and payment is a major priority.

7.11 ***Payment Incentive Schemes***

Chorley Community Housing undertakes annual payment incentive schemes e.g. Prize draws for tenants who have a clear account balance etc. The purpose of offering incentives is to

prompt tenants with outstanding arrears to clear them. Once the arrears have been cleared we encourage tenants to keep the account clear in the future.

8. **Former Tenants Arrears**

8.1 Responsibility for former tenants arrears lies with the Senior Rent Officer and the Rents Team.

8.2 Chorley Community Housing's policy is to pursue all former arrears except where to do so is not cost effective and the person's individual circumstances have been considered. The Senior Rent Officer and his team review progress on a regular basis and decide the most appropriate courses of action to be taken in each case against a range of criteria as follows:

| Former Tenants Rent Arrears – Action List | | | | |
|--|--------------------------|------------------------------------|----------------|----------------|
| Category – No Forwarding Address Known | | | | |
| Amount | Stage 1 | Stage 2 | Stage 3 | Stage 4 |
| up to £50 | Basic utility checks etc | Write off | | |
| £51+ | Basic utility checks etc | Refer to tracing/collection agency | Write off | |

| Former Tenants Rent Arrears – Action List | | | | |
|--|----------------------------|---|---|---|
| Category – Forwarding Address Known | | | | |
| Amount | Stage 1 | Stage 2 | Stage 3 | Stage 4 |
| up to £50 | Letter | Refer to Collection Agency | Write off | |
| £51 - £200 | Letter with rent statement | Warning letter | Refer to Collection Agency/Court Action | Write off |
| £201+ | Letter with rent statement | Court warning letter and rent statement | Take Court Action | Outcome <ul style="list-style-type: none"> • Write off • Enforced Order • Refer to Collection Agency |

| Former Tenants Rent Arrears – Action List | | | | |
|---|------------------------|---|---------------------|-----------|
| Category – Deceased Former Tenants | | | | |
| Amount | Stage 1 | Stage 2 | Stage 3 | Stage 4 |
| | Deceased Former Tenant | Letter to person who is dealing with estate | No estate confirmed | Write off |

The Senior Rents Officer and Rent Arrears Officer are authorised to take action against former tenants to recover arrears through a money judgement in the Courts.

8.3 **Write Offs**

Every quarter, all outstanding cases are reviewed. They will be written off where any of the following situations apply:

- The debt is uneconomical to pursue.
- Small static arrears below £100.00 and which are more than twelve months old and no forwarding address has been obtained.
- The former tenant cannot be traced.
- The former tenant is deceased.
- Action through the Courts would not be successful.
- Where the former tenant's unlikely to ever have the funds to clear the debt e.g. tenant gone into nursing home etc.
- The persons individual circumstances would be such that pursuing the arrears would not be appropriate.

8.4 **Authorisation for Write-offs**

The Director of Housing Services authorises former tenant write-offs of less than £100 and where the tenant is deceased. Former Tenant debts over £100 are referred to the Board for approval to write off.

A report is submitted to the Board informing members of the number and total of debts written off, also detailing the amount written off as a percentage of authority's annual rent roll.

9. **Standards, Targets and Performance Indicators and Reporting**

9.1 ***Standards and Targets***

| Standard/Targets | Performance Indicators |
|---|---|
| Current tenant rent arrears. Targets set annually by: (a) Housing management areas, and (b) All stock | Rent arrears as % of the total rent roll. |
| Former tenants' arrears to be recovered – as amount and % of total outstanding. | (a) % recovered. (b) Write offs as amount & % of total outstanding. (c) Former tenants' arrears as % of annual rent roll. |

| Standard/Targets | Performance Indicators |
|---|--------------------------------------|
| Amount of rent collected as % of rent receivable. | Rent collected |
| Amount, Number and % of accounts arrears by bands. Up to - £100 £101 - £350 £351 - £500 £501 - £1000 £1000 + | % of tenants owing over 7 weeks rent |

10. **Complaints, Comments and Compliments**

Although Chorley Community Housing aims to provide the best possible Rent Collection and Arrears Pursuance Service, we may occasionally make a mistake, not follow our agreed procedures, or a current or former tenant may feel that we have not treated them fairly. To ensure that we know about and respond to customer dissatisfaction, Chorley Community Housing operates a Complaints Procedure.

3 Monitoring, review and consultation

The policy will be reviewed annually to ensure it continues to meet legislative requirements and those of the national policy agenda and the Housing Corporation. A full review will take place every 3 years.

Tenants will be involved in the reviews and will be consulted on any changes to the policy.

Performance is monitored monthly through Housing Management Group and will be reported quarterly to the Board. Overall performance will be published as information to tenants and presented to the Tenants Forum annually.

HouseMark's Benchmarking Service will be used to benchmark performance with other organisations.

Performance is monitored monthly through Housing Management Group and will be reported quarterly to the Board. Overall performance will be published and presented to the Tenants Forum annually.

4 Jargon Buster

| | |
|----------------------------|--|
| Housing Corporation | Government agency responsible for regulating Registered Social Landlords |
| HouseMark | Benchmarking club which allows Councils and Housing Associations to compare performance and identify best practice |