

Policy

Title: **RENT ARREARS RECOVERY**

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Author: Maureen Forshaw

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A policy should be a short statement which describes in general terms or objectives what a service area's principles and key objectives are on a particular subject and should be no longer than a 2 pages in length. The policy is to give practical effect of the strategy it supports.

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Introduction

Social landlords are expected to deliver efficient services through a balance of cost, quality and sustainability. High collection rates and low levels of arrears are prime indicators of a landlord's efficiency, enabling the continuity and development of services and of the business as a whole.

In addition, housing associations are required by their regulator – the Tenants Services Authority (TSA) - to provide housing management services efficiently and effectively in order to meet their obligations and requirements as landlords, and to liaise with other agencies about the related needs of their customers both as individuals and communities.

The Trust recognises that collection of rent is of major importance so that it can maximise its income to ensure that the commitments contained in the business plan can be met; e.g. the repayments required for the Trust's major repairs and other investment programmes.

The TSA also requires housing associations to ensure that customers understand their obligations, and when required should also be given any necessary support to sustain their tenancies.

Aims / Objectives

The Trust's primary aim in relation to rent arrears recovery is to minimise any loss of income from missed or unpaid rent and other charges from its customers. It is in the best interests of the Trust and its customers that its income is maximised so that the objectives of the Business Plan can be met.

Scope

This policy will primarily relate to the work carried out by the Income Recovery Officers in the Housing Management section. However, because of the close links between arrears recovery and rent collection, parts of it may be relevant to officers working in rent collection in the Finance team.

Policy Statement

The Trust will adopt a firm but fair approach to rent arrears recovery. It will be proactive in preventing arrears occurring where possible, by taking early steps to avoid and minimise the build-up of arrears. Whilst being firm and clear in its arrears recovery, the Trust will also ensure that it acts in a sensitive manner appropriate to customers' individual circumstances.

The Trust will seek to create a culture where customers appreciate the importance of ensuring their rent is paid regularly.

The Trust recognises that some customers will need help and support in meeting their rental obligations. Assistance and guidance will be given to customers on the range of benefits available to them. Access to Housing Benefit is particularly important in rent recovery. The Trust will endeavour to maintain good links with Halton Borough Council in relation to Housing Benefit and will ensure that its officers are well trained in this area, and also in welfare benefits generally.

The Trust will seek to reach agreements with individual customers in arrears, which are both manageable for the customer and acceptable to the organisation. The Trust will take into consideration customers' financial circumstances when so doing.

If arrears persist on a customer's account, or if customers' refuse to make or adhere to agreements, the Trust may take legal action to repossess a property. Any such action will be used as a last resort.

Prior to any Court action being taken, the Income Recovery Officer will endeavour to have reached an affordable payment plan, offered welfare support, or a referral to outside agencies to enable the customer to sustain the tenancy. Any such action will be taken in line with the Pre-Court Protocol that came into effect in October 2006.

Responsibility

The Director of Customer Services will have ultimate responsibility for the effective implementation of this policy.

The day to day responsibility for ensuring compliance and effective training on the policy will lie with the Assistant Area Manager (Income Management)

Service Standards

The following Service Standards apply to this policy:

- Customers will be sent a letter if their rent account goes two weeks into arrears without prior agreement.
- Personal contact will be made via telephone/home visit prior to a Notice of Seeking Possession (NOSP) being served
- A NOSP will be served between four and six weeks arrears if no agreement is in place. [There may be exceptions outside the normal procedures but this will only be with prior approval from the Assistant Area Manager (Income Management)]
- The Legal Support Officer will apply for a Court Date/Eviction warrant within 5 working days of receiving the referral from the Assistant Area Manager (Income Management)

Performance Measures / Monitoring

There are two performance indicators that appear in the Trust's Company Score Indicator (CSI) Framework that relate to this procedure. These are:

- % Rent Role – current arrears
- % Rent collected

There are also operational PIs maintained by the Assistant Area Manager (Income Management) which monitor the performance of individual Income Recovery Officers. These are:

- Individual Arrears Targets
- Number of Arrears cases over £1000.00
- Number of Arrears cases under £1000.00
- Overall Arrears Target

Consultation arrangements

The Trust has undertaken consultation with customers using the Customer Forum to obtain their views on the approach to the Policy.

Benchmark Analysis

The Trust is a member of the following organisations:

- Housemark
- Rent Income Excellence Network (R.I.E.N)

It uses both organisations to benchmark its services against similar organisations.

Regulatory and/or Legal Compliance

The Tenants Services Authority (TSA)'s regulatory standards came into force in April 2010.

One of the 6 standards relates to Tenancy and a required outcome of the standard concerns tenure. There is a specific expectation within this part of the standard which states that: *'Registered providers shall publish clear and accessible policies which outline their approach to tenancy management. They shall develop and provide services that will support tenants to maintain their tenancy and prevent unnecessary evictions. The approach should set out how registered providers will make sure that the home continues to be occupied by the tenant they let the home to.'*

The effective implementation of this policy would contribute to achieving this requirement.

There are also a number of different pieces of legislation which can impact on how this policy is implemented; the key ones being:

- Rent Act 1977
- Protection from Eviction Act 1977

- Landlord and Tenant Act 1987
- Housing Act 1988 (as amended by the Housing Act 1996)
- Disability Discrimination Act 1995 (as amended by the DDA 2005)

KLOEs affected

The Audit Commission's Housing Inspectorate has produced a landlord services KLOE covering housing income management, which links to this Policy.

One section of this KLOE deals with 'current and former tenant arrears recovery' and poses the question: "*Does the organisation minimise the loss of income by taking prompt and appropriate action to recover both current and former service user arrears and other debts?*"

An organisation delivering an excellent service in this area is said to:

- *develop mutually supportive working relations with all parties in the arrears recovery process so that all parties work effectively together, including other corporate service providers and the Pre Action Protocol prevent debt increasing by taking early action as soon as accounts fall into arrears and ensures that customer-friendly letters and home visits to vulnerable residents are available and carried out when appropriate;*
- *provides a mix of incentives and sanctions to encourage service users to stay out of debt or reduce their arrears, e.g. discounts for advance payments;*
- *adapts its approach to arrears management based on an analysis of reasons for non-payment;*
- *uses alternative remedies to recover tenant and leaseholder debt, such as attachment of earnings, garnishee orders and the small claims court where appropriate and where it benefits tenants with costs;*
- *seeks possession on rent arrears only as a last resort, once all other reasonable steps have been taken and after tenants have received comprehensive debt advice;*
- *ensures appropriate referrals to homelessness and other housing advice services when it takes possession action.*

By effectively implementing this Policy the Trust will look to satisfy these elements of the KLOE.

Equality and Diversity Considerations

An Equality Impact Assessment (EIA) was carried out in respect of the policy in July 2009.

The EIA concluded that:

- The Policy is not directly or indirectly discriminatory
- The Policy increases equality of opportunity by permitting or requiring positive action or action to redress disadvantages
- An action plan has been developed which can be adopted that will further enhance the equality of opportunity in the context of this Policy.

Links to Strategies, Procedures and Associated Documents

Finance Strategy
Financial Inclusion Strategy
Rent Collection and Payments Policy
Rent Settings & Service Charges Policy
Write Off and Bad Debt Policy

Business Impact

An effective and efficient rent arrears recovery process is seen as being an essential business requirement for the Trust. The Trust will always look to minimise the loss of income from rent arrears, and other forms of debt, so that its funding stream is optimised to meet the requirements of its Business Plan.

Self Assessment Compliance Statement (SACS) Considerations

It is not envisaged that any changes or amendments are required to the SACS document as a result of the revision of this Policy.