

# RENT COLLECTION AND ARREARS RECOVERY POLICY (HRA & STOCKPORT HOMES TENANTS)

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# RENT COLLECTION AND ARREARS RECOVERY POLICY

## 1 INTRODUCTION

1.1 Stockport Homes has a firm but fair approach to rent collection and arrears management, as it is essential that tenants pay their rent in full and on time to ensure a healthy Housing Revenue Account (HRA). Rent and service charge income received from tenants is used to manage, repair and maintain the housing stock.

1.2 Stockport Homes will adhere to the requirements of the relevant Housing Acts, Coronavirus Act 2020 or any other relevant legislation at the time. Repossession of a property due to rent arrears will only be sought as a last resort.

1.3 Stockport Homes will ensure that rent recovery procedures comply with 'pre-action protocols for possession claims based on rent arrears'. These protocols issued by the Ministry of Justice are good practice guidance for social landlords to follow in the collection of rent arrears. They recognise that it is in the interests of both landlords and tenants to ensure that rent is paid promptly and to ensure that difficulties are resolved wherever possible without court proceedings.

1.4 The collection of rent and recovery of arrears are indicators as to how efficient and effective Stockport Homes is as a managing organisation. Information on cash collected and levels of rent arrears will be published as part of the organisation's monthly Corporate Performance Scorecard. The recovery of rent arrears will always be given a high priority and Stockport Homes will seek to achieve the best possible performance at all times.

## 2 STRATEGIC LINKS

2.1 This policy links to:

- Stockport Homes Group Income Collection Strategy
- The Housing Act (1985) and (1996)
- The Coronavirus Act 2020
- Ministry of Justice's Pre Action Protocol for Possession Claims based on Rent Arrears.
- Stockport Homes' Former Tenants Arrears Policy
- Stockport Homes' Rent Collection and Arrears Recovery Procedure
- Stockport Homes Aim's - Deliver thriving, safe and sustainable neighbourhoods

- Information Governance Policy

### 3 KEY FEATURES OF THE POLICY

3.1 The key features of this policy are as follows:

3.2 A firm, fair and supportive approach will be taken towards tenants that fall into arrears.

3.3 The Customer Finance Team is responsible for the collection and recovery of rent and service charges. The team commits to being:

- **Visible** - Tenants will know who the team are and how to get in touch with them.
- **Informative** - They will provide tenants with the information needed to answer their questions and manage their rent payments
- **Responsive** – They will listen to and act on feedback from our tenants and have support mechanisms in place to help them improve their lives
- **Respectful** – They will treat all tenants with respect at all times, irrespective of their current situation

3.4 Rent Collection and Arrears Recovery Procedures will detail processes that commence upon the identification of rent arrears. The main principles of these procedures are:

- Prompt early action to minimise arrears from escalating
- Personal contact with tenants at all stages of the recovery process.
- Honest, high quality and consistent conversations to understand the real needs of tenants and reasons for any financial difficulties affecting their ability to pay
- Availability of high-quality money advice and tenancy support at key stages within the process

3.5 Personal contact to tenants in arrears will be attempted before action is taken to instigate or escalate recovery. Personal contact will be supported with written communication.

3.6 Regular quality checks will be carried out to ensure that conversations with tenants are of a consistently high quality.

3.7 Regular audits of accounts in arrears will be carried out by managers to ensure that an effective and consistent approach is taken to arrears prevention and escalation of recovery action.

3.8 Attempts will be made to interview tenants in person at key stages of the recovery process (as outlined in the Rent Collection and Arrears Recovery

Procedure); where appropriate this may include a home visit or an invite to meet with a Rent Recovery Officer, an appointment with Money Advice and/or an appointment with a Rents Manager.

3.9 Where tenants fail to clear their arrears, make a suitable repayment arrangement or do not engage with officers to seek advice, possession proceedings will be promptly sought through the County Court.

## 4 POLICY STATEMENT

4.1 All tenants of Stockport Council and Stockport Homes have a tenancy obligation to pay their rent and service charges and maintain an account free of arrears.

4.2 Stockport Homes accepts that a tenant's personal circumstances may change (for example through illness, family bereavement, unemployment or other personal circumstances such as the birth of a child) and that this can sometimes make it difficult to pay.

4.3 The policy for controlling rent arrears is to provide personal contact to all tenants who fall into arrears at the earliest opportunity, ensuring that high quality support and advice is readily available to help tenants maximise their income and help prevent arrears from increasing. Approaches to contact will vary to suit an individual tenant's preferred contact method.

4.4 Stockport Homes will pro-actively support tenants adversely affected by legislative changes to welfare benefits or financially affected by the Coronavirus pandemic.

4.5 At all stages of the recovery process, Stockport Homes will make available:

- Private face to face interviews in Stockport Homes' offices or in the tenant's own home where it is safe to do so
- Advice and assistance making housing cost benefit claims
- Access to our Money Advice team who can help maximise benefits, reduce utility bills and assist with budgeting skills
- Access to computers and support with digital skills
- Advice and assistance on reducing water charges
- Independent debt advice
- Access to our Housing Support teams
- An individual financial assessment to ensure that realistic and affordable repayment arrangements are made to pay off outstanding arrears

- Advice and assistance to submit applications for funds such as the Discretionary Housing Payment Fund, or any other available hardship funds

4.6 Stockport Homes will take legal action to repossess the property in cases of increasing arrears where tenants do not engage with officers to resolve the situation. At all stages of the legal process, tenants will be informed of the action being taken, the implications of the action and help and advice available from both in house officers and external partners.

4.7 In cases where arrears are a direct result of unpaid under-occupancy charges, Stockport Council has a non-eviction policy, meaning that tenants will be protected from eviction providing they have:

- Registered to downsize to a smaller property
- Not refused two suitable offers of alternative accommodation
- Applied for a Discretionary Housing Payment
- Managed their tenancy to a satisfactory standard

4.8 Eviction warrant applications for arrears caused just by non-payment of water charges will be approved by the Chair and Vice Chair of the Board.

## **5 EQUALITY IMPACT ASSESSMENT**

5.1 Stockport Homes will deal sensitively with tenants who are in rent arrears because of matters related to their support needs, such as ill health, learning difficulties, or other personal circumstances.

5.2 Stockport Homes will ensure that tenants who are vulnerable are not sent inappropriate letters for technical or small arrears balances.

5.3 Stockport Homes will ensure that rent payment options are accessible and convenient for people with support needs.

5.4 Stockport Homes will contact Social Services, the Care Leaving Team and other relevant agencies for dealing with the arrears of tenants who have support needs which make them less able to manage their own financial affairs.

5.5 Stockport Homes will liaise with the Council's Housing Benefit section or the Department for Work and Pensions (DWP), for Universal Credit claims, to help ensure that tenants with support needs receive housing cost benefits promptly.

5.6 In line with Stockport Homes' accessible information policy if requested, we will use an interpreter if the tenant has English as a second language and will translate arrears letters if the tenant cannot be contacted by phone. We will

also utilise British Sign Language interpreters and send documents in large print when required.

## **6 IMPLEMENTATION, OWNERSHIP, MONITORING AND REVIEW**

6.1 Stockport Homes uses intelligent predictive arrears monitoring software that recommends officers to contact tenants where rent payments are not made as expected. In cases where the arrears situation remains unresolved, officers will escalate recovery action in line with the current rent arrears escalation policy.

6.2 Before their sign-up interview new tenants will be:

- Assessed to identify if there may be any potential issues with affordability
- In cases where a risk is identified new tenants will be provided with an affordability assessment by the Money Advice Team to ensure that they can afford their on-going rent and service charges

6.3 At their sign-up interview new tenants will be:

- Offered money & welfare benefit advice where appropriate
- Assisted to complete applications for housing cost benefits
- Advised about the available payment methods and options to check balances and make payments online
- Informed about how known future changes to benefits may affect them

6.4 Stockport Homes will actively promote direct debit (the most cost effective) as the preferred method of payment.

6.5 Tenants will be provided with welfare benefits advice including estimated calculations of benefit entitlement.

6.6 Tenants will be provided with online access to view their rent account balance and history of charges and payments.

6.7 Tenants will be advised of any change to rent payable promptly.

6.8 Contact by varying methods will be made to all tenants who are in arrears and do not have a repayment arrangement in place. Where contact attempts fail, written correspondence will be sent in the tenant preferred method.

6.9 All legal action will be carried out in accordance with the latest legislation.

6.10 In line with the Coronavirus Act 2020, Notice's Seeking Possession or Notice's to Terminate will provide relevant notice periods based on levels of arrears outstanding.

6.11 Should the limitations of the Coronavirus Act 2020 be removed or amended, a Notice Seeking Possession or Notice to Terminate will normally provide 28 days notice of intended legal action, and will be served when the outstanding arrears equate to four or more weeks of the rent payable, unless there are extenuating circumstances.

6.12 An appropriate court order will be requested at the court hearing taking into account various factors which may include the amount of the arrears outstanding, efforts the tenant has made to pay and any extenuating circumstances.

6.13 The Head of Customer Finance and Customer Finance Manager will approve all court applications and eviction warrant requests.

6.14 Stockport Homes will treat all joint tenants as jointly and severally liable for rent arrears on the account.

6.15 The Rent Collection and Arrears Recovery Policy will be produced and made freely available on the Stockport Homes website or in hard copy upon request

6.16 All employees of the Stockport Homes have a responsibility to ensure that all aspects of the information governance are always upheld. In practice, this will mean that any personal data processed as part of rent collection and arrears recovery is done so in line with legislation, SHG's Information Governance Policy and any other related guidance.

### **Ownership**

6.17 The responsibility for the effective implementation of this policy lies with the Executive Director of Resources and the Head of Customer Finance.

### **Monitoring**

6.18 Detailed performance information will be produced on a monthly basis and included in the Corporate Performance scorecard as follows:

- Rent collected as a % of the total amount due
- Rent arrears as a % of the annual debit
- Income gains as a result of money advice

6.19 Performance information will be produced weekly and made available on shared locations as follows:

- Rent arrears performance

- Officer patch profile information
- Officer output and audit outcome monitoring
- Monthly Money Advice Team income gains

**Review**

6.20 Stockport Homes will review this policy at least every two years.