

## RENT ARREARS POLICY

### Responsible Officer

Director of Customer Services

### Aim of the Policy

Phoenix Community Housing recognises that rent and service charges are our main source of income to maintain and improve our properties, provide services to residents and respond to our regulatory requirements.

All our tenancy agreements require rents and services charges to be paid weekly in advance. This policy sets out Phoenix's approach to rent collection and rent arrears management. We will be firm but fair with a prevention and early intervention approach.

### Policy Scope

This policy applies to all residents with a Phoenix tenancy.

### The Policy

We aim to:

1. Prevent rent arrears by early intervention and ensuring that tenants are aware of their obligations to pay rent in advance.
2. Be respectful, inclusive and clear in our communications with residents, ensuring the rent arrears procedure is followed throughout.
3. Provide a tailored approach for 'at risk' residents and tenants whose homes are in extra care schemes, and work with other agencies to provide necessary support.
4. Ensure residents have access to support to maximise their income and receive welfare benefits advice and referrals to debt advice. Deliver budget management campaigns that target tenants in arrears.
5. Assess the impact of our services on different groups of residents.
6. Consider eviction as a last resort once all other reasonable steps have been taken.
7. Listen to our residents' views and use them to improve our services.

### Arrears prevention

All new tenants are required to pay one full period of rent and service charges at sign up of the tenancy (one week or one month, dependent on tenancy). Phoenix recognises that tenants may experience financial difficulties and at some point in their tenancy may not be able to pay their rent. Rent Collection Officers will meet with tenants as soon as any problems arise and offer sensitive support and advice, including referrals for debt counselling and benefit advice. Phoenix will signpost working age residents to job opportunities and employment support.

Tenants will be offered a range of payment methods and those in receipt of housing benefit will be encouraged to have it paid direct to Phoenix wherever this is possible. Tenants in receipt of Universal Credit will receive the housing element directly and will be responsible for paying their rent in advance to Phoenix.

Phoenix may apply for Universal Credit to be paid direct if a resident is in arrears by more than 8 weeks.

### **‘At Risk’ residents**

We will ensure that arrears are pursued in a timely manner, we recognise that certain circumstances require more sympathetic and sensitive treatment e.g. in the case of recent bereavement or major illness, or where the customer requires special assistance in handling their affairs. We will provide support and assistance to our ‘at risk’ residents where appropriate by:

- Referral to specialist floating support service
- Referral to independent debt and benefit advice agencies
- Ensuring sensitive collection and recovery practices are adhered to
- Regular contact with support workers and other statutory and voluntary agencies.

### **Arrears management and enforcement**

We aim to increase the ability of Phoenix residents to successfully manage their income and debt in a sustainable and consistent way. Rent arrears action will be based on a staged application process, up to and including repossession (also known as eviction).

The process will be based on a preventative approach that seeks to maximise tenants’ entitlement to benefits and secure regular payments. Emphasis will be on intensive management and personal contact whilst arrears are at a relatively low level in order to prevent escalation of arrears.

We will ensure that any tenant in arrears is aware of their debt at an early stage and given an opportunity to come to an arrangement to clear the arrears. The consequences of not reaching an agreement and maintaining it will be carefully explained.

We will ensure that enforcement powers will only be used when all other reasonable methods have failed and where legal processes and good practice recommendations have been properly followed.

Court action will always be undertaken in accordance with our procedures and in line with the pre-action protocols for possession claims based on rent arrears. We will always request an award for costs at Court, where granted, these will be added to the outstanding debt.

Eviction action will be taken only as a last resort and will only be sought after obtaining authorisation from the Head of Service in accordance with the rent arrears procedure.

In severe and persistent cases of arrears we reserve the right to use Ground 8 of schedule 2 of the Housing Act 1988 to repossess the property. Ground 8 is a ground that can be used to seek possession where a tenant has arrears of more than eight weeks' rent. It is mandatory which means that if the

landlord proves that the tenant has arrears, the court has no choice but to award him possession. Enforcement action under Ground 8 would only be taken with the authorisation of the Director of Customer Services.

We will consider the use of Notices Requiring Possession for Probationary Tenancies only where there are multiple breaches of that tenancy and with approval of a senior manager. We will use Notice to Quit procedures to end a 'Temporary stay' licence.

### **Bankruptcy and voluntary arrangements**

Where we receive official notification that a tenant has been declared bankrupt, any arrears pre-dating the bankruptcy order will be transferred to a sundry account and no attempt will be made to recover this debt, except through the Trustee appointed by the Official Receiver to manage the tenant's affairs.

### **Hierarchy of debt**

Where a resident has multiple debts outstanding with Phoenix, payments received for debts will be processed in the following order of priority:

1. Rent arrears
2. Former tenant arrears
3. Court costs
4. Rechargeable repairs
5. Garage rent arrears
6. Other recharges.

### ***Breathing Space***

The Debt Respite Scheme (Breathing Space Moratorium and Mental Health Crisis Moratorium) (England and Wales) Regulations 2020 came into force on 4<sup>th</sup> May 2021. The objective of the scheme is to give debtors 'breathing space' to get advice and find appropriate debt solutions.

'Breathing Space' is available to any individual with a problem debt and can be accessed through a debt advice provider authorised by the FCA to offer debt counselling or a Local Authority that is authorised to provide debt advice. A Notice is in force for up to 60 days with a midway review with the Debt Advisor. The Notice pauses enforcement action and creditors must cease contact, and freeze interest and charges if applicable.

Where a Breathing Space Notice has been received from an appropriate debt advisor we will place recovery action on hold until the expiry date of the notice. During this period, communication in respect of the debt will be initiated by the Debtor (tenant). We will not be able to contact the tenant to discuss legal action and cannot act on an eviction warrant until the notice has expired.

## Monitoring and review

This policy will be reviewed every three years or sooner whenever there are changes to legislation, good practice or other learning.

This policy will be monitored through Key Performance Indicators and reported to Board annually.

## Legislation

- The Housing Act 1985, 1988
- Equality Act 2010
- Welfare Reform and Work Act 2016
- Data Protection Act 2018
- The Coronavirus Act 2020
- The Debt Respite Scheme (Breathing Space Moratorium and Mental Health Crisis Moratorium) (England and Wales) Regulations 2020

## Reference to other documents and associated policies and procedures

Including:

- Data Protection Policy
- Equality and Diversity Charter
- Former Tenant Arrears Policy
- Garages Policy
- Phoenix Standards
- Probationary Tenancies Procedure
- Recharges to Residents Policy
- Rent Arrears Procedure
- Eviction Policy
- Rent Setting & Service Charges Policy
- Supporting Residents 'At Risk' Policy
- Temporary Stay Procedure
- Tenure Policy

## Definitions

Term/acronym	Description
Resident	Includes tenants and leaseholders.
Phoenix	Phoenix Community Housing.
Debtor	Person who is liable to repay a debt.
Creditor	Person or Organisation to whom a debt is owed.

Document Type:	Policy
Title:	Rent Arrears Policy
Author:	Head of Specialist Housing Services
Department Owned By:	Customer Services
Data Protection Impact Assessment:	No
Equalities Impact Assessment:	Draft
Approval Date:	29-07-2021
Approved By:	Board
Implementation Date:	30-07-2021
Status:	Final
Version No:	V5
Last updated:	04-08-2021
Issue Date:	04-08-2021
File Path:	