



VHA Policy Document

VECTIS RENT ARREARS POLICY

Reviewed: May 2023

Next Review Due: May 2026

Vectis Rent Arrears Policy

- **May 2023**

- - 1. Definitions**

- - **VHA-Vectis Housing Association**

Registered Provider- This is a term used for housing associations but can refer to both profit and non-profit making social housing providers.

Regulator for Social Housing – this body supervises the social housing industry and its business activities.

Stakeholder – A person with an interest of concern in something, especially a business.

2. Introduction

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Vectis Housing Association (VHA) is a registered provider providing supported and general needs housing for rent.

As a registered housing provider, VHA is required to be accountable in all areas of activity to the Regulator of Social Housing, our Board of Management and tenants by establishing and maintaining adequate financial controls.

The collection of rent and associated charges is essential to ensure that we have the resources available to improve and maintain our housing stock, fund new homes and provide a first-class service to our tenants. Rent is our main source of income.

The payment of rent is a primary responsibility of every tenant and is a central obligation of the tenancy agreement. We therefore expect all tenants to pay their rent on time and rent debt will always be pursued. As rent payment is a major issue for tenants and we have a responsibility to prevent them from accumulating rent arrears that may trap them in a cycle of poverty and/or lead to their eviction. It is important to focus on early action and intervention; however a fair, supportive and understanding view will be taken of arrears problems in cases of proven financial hardship. We will ensure prompt early intervention is maintained with residents who fail to pay their charges to maximize their capability of maintaining payments.

We will provide information and advice at all stages of arrears control. Each case will be dealt with on an individual basis, appropriate to the individual circumstances of the resident. We will document all actions and conversations we have with tenants concerning their charges.

We recognize that it is important to have a clear policy in place to clarify our firm but

fair approach to collecting debts for the benefit of residents, staff and stakeholders.

3. Purpose

We will take effective action to collect all recoverable charges from existing residents and prevent the accumulation of arrears. This policy has been developed to take account of good practice and covers the following areas:

- Our approach to rent and other debt recovery
- Information at sign up
- Prevention, early action and advice
- Vulnerabilities and support
- Legal Processes
- Welfare Reform
- Eviction

4. Legal and Regulatory Requirements

We will pursue the recovery of rent and other charges in compliance with statutory and regulatory requirements and standards, including the rent arrears pre-action protocol contained in the Civil Procedure Rules.

Where there is more than one person named in the Tenancy Agreement, we will treat all tenants as being equally responsible for the payment of the rent and other charges, including any arrears.

5. Our Approach to Arrears Collection

We consider that the financial obligation a resident enters into when signing a tenancy agreement should be treated as their most important financial commitment. Therefore, we expect tenants to prioritize rent and associated charges above other non-priority debts. We will communicate to residents the need for them to co-operate with us in resolving any difficulties they have with their account. The following principles are embedded within our approach:

- We will offer a range of payment and contact methods to all tenants;
- We will make regular contact with residents and provide information regarding the position of their account. This includes issuing rent statements every quarter;
- We will provide support to help the resident manage their finances, including benefits advice and signposting them to local debt support agencies;
- We will identify arrears at an early stage and making regular contact with the resident to provide support and advice, with the aim of preventing the arrears from increasing;
- We may arrange for the Department of Work and Pensions to pay a tenant's rent to us directly from their welfare benefits;

- We will maintain frequent contact with residents in arrears to provide continuing support and advice; sending monthly statements for those over £1000 in arrears
- We will work closely with relevant departments to help ensure that residents receive the maximum level of benefit and that it is assessed and paid as soon as possible.
- Where a resident who has arrears is due compensation or any other type of payment from the Association, the money will automatically be paid into the account of the resident to help reduce the arrears, where permissible by law.

To ensure effective monitoring and collection of arrears, internal targets will be agreed and reviewed by the VHA Board. The Board will annually agree its target for current tenant rent arrears as a percentage of the net rent due in the financial year. Rent arrears performance will be reported to residents each year in the VHA annual report and performance on arrears recovery will be reported at Residents' Panel meetings to ensure that our tenants have an opportunity to review our performance against similar organizations and can hold us to account if necessary.

6. Information Prior to and at Sign Up

All perspective tenants will be required to complete a benefit forecast on entitledto.co.uk to ascertain their affordability for the property.

We will ensure that all new residents are clearly advised of their obligations and responsibilities in relation to paying charges on time. We will also explain how rent payments can be made and what action will be taken if payments are missed.

We will make the resident aware of various welfare entitlements, particularly Housing Benefit and Universal Credit rent element payments and explain how to apply. Welfare/Housing Officers can also offer help in completing benefit claims online. We will also explain other types of help and support available if a resident is experiencing difficulty with their rent or other debts.

The Housing Officer will request that the first weeks rent is paid in full prior to giving the keys to the tenant and ensure that a future method of payment is agreed.

We will visit all new residents six weeks after sign up to check that the resident fully understands their financial obligations to maintain their tenancy. The visit will also give us an opportunity to spot any warnings of potential problems.

New residents will be encouraged to use direct debit as a method of payment where appropriate and Housing Officers will issue the relevant form at sign up.

7. Prevention, Early Action and Debt Advice

7.1 Prevention

This policy is supplemented by detailed working procedures which will be used by staff in implementing the policy. We aim to prevent new arrears cases by:

- Undertaking affordability checks at the allocations stage
- Providing information to residents at sign up about paying their charges
- Providing accurate information to residents on the position of their accounts by issuing quarterly statements or monthly for those tenants with arrears over £1000
- Providing a wide range of payment methods
- Encouraging and assisting residents in the setting up of direct debits or direct payments from benefits
- Identifying residents who are under occupying their home and provide appropriate advice.
- Working with other local specialist or voluntary agencies to ensure residents are provided with independent debt, housing and welfare benefits advice
- Providing benefits and debt advice and appropriate signposting for assistance on our website, Facebook page and in newsletters
- Offering a home visit from our Welfare/ Housing Officers.

7.2 Early Action

We will make early contact by using standard letters. We will also use text, email and telephone contact followed up with a personalized letter. We will always contact a resident when they fall into arrears. This is essential to prevent arrears from escalating. We will aim to establish why a resident is in arrears, give appropriate advice relating to their circumstances and also clearly explain the consequences of non-payment. We will look to make affordable arrangements through a repayment plan to reduce and ultimately clear their arrears. If a debt continues to increase, we will keep in regular contact with the resident to provide advice and support to help them manage their debt. Legal action will be taken as a last resort where voluntary agreements have failed.

8. Legal Process

We will progress the recovery of arrears in accordance with our procedures, legal and regulatory requirements and civil procedure rules. This is with an emphasis on making frequent contact with residents and offering appropriate help and support through each stage of the rent arrears recovery process.

We will begin legal proceedings when there is a persistent and/or serious level of arrears and the resident has not maintained or adhered to an agreement with us to

reduce the debt.

Legal action will only be commenced when all other avenues have been explored.

The Association will balance the needs of the resident with the needs of the Association to ensure that where Court action proves necessary, it will be commenced promptly. This is to ensure that the resident can afford to repay the arrears within a reasonable timescale.

9. Eviction and Forfeiture

In the worst cases, and as a very last resort, the Association may seek to end the tenancy.

When ending a tenancy, the Association will apply to the Court to evict residents who fail to pay off their arrears in the following situations;

- Where we have an Outright Possession Order against a resident;
- Where the resident breaks the terms of a Suspended Possession Order and where we have exhausted our internal procedures and the resident has not engaged with the support and advice given;

In exceptional circumstances we will request an Outright Possession Order in the first instance, this would be done where there has been no contact with the resident for some time or if we suspect they have vacated the property.

We will not apply for a Bailiff's warrant without checking if the tenant's circumstances have changed in any way, or if there is a vulnerability that we did not have knowledge of. Requests for Bailiff Warrants must be approved by the VHA Chief Executive and a delegated Board member.

The Association will ensure that it liaises with Social Services and any other relevant agencies such as the Housing Services department of Isle of Wight Council in order to ensure that appropriate support is provided to the resident.

When an eviction date has been set, we may cancel the eviction if the debt is cleared in full. However, in exceptional cases with a history of persistent non-payment, we may proceed with an eviction even when the debt is cleared, for example, where serious anti-social behaviour or harassment or a criminal act has been committed.

A resident may apply to the Court to suspend an eviction. We may agree to a suspension where significant lump sum payments are made and the promised repayment rate of the arrears is satisfactory. However, the resident's individual circumstances will be taken into consideration. We will always suspend the eviction when ordered to do so by the Court.

Following an eviction all former tenants' arrears will be pursued and a separate procedure covers this. VHA will make every effort to recover the debt. In some circumstances however, the writing off of an unrecoverable debt is the most effective way of managing former arrears.

10. Moving with Rent Debt

VHA will not allow residents with arrears to move within our own housing stock, except in cases where:

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- **A resident is under occupying a property and is unable to afford to pay the shortfall in their rent. VHA may permit them to downsize into a more affordable property.**
- **In such cases a clause will be added into the tenant's new tenancy agreement, accepting that repayment of the existing debt is a clause of the new tenancy agreement.**
- **Perspective tenants in rent arrears will not be considered if they are under a suspended possession order or NOSP. They will need to have proven that they are adhering to a repayment plan for a minimum of 3 months. This will be confirmed by their landlord reference.**

11. Vulnerabilities and Support

If we identify vulnerabilities which make it difficult for the resident to maintain payments, we will aim to provide support and advice. The resident may be vulnerable due to, but not exclusively, age, disability, language barriers, literacy, or mental health problems. The support and advice may include the following:

- Help with tenancy support
- Partnership working with agencies that are providing support to the resident, or other persons who can give them appropriate help and support.
- Assistance with completing and progressing housing and other welfare benefits claims and dealing with debts.
- Assisting the tenant to apply to have rent paid direct to VHA.

12. Equal Opportunities

This Policy has been developed to ensure that VHA provides equality of service delivery. In operating this Policy, we will not discriminate on the grounds of; age, gender, race, disability, religion, sexuality or any other protected characteristic or

personal circumstances.

This Policy does not discriminate either directly or indirectly and does not disadvantage any individual or group.

We will ensure that access to the support available from the Association is available to all and we will consider any specific communication requirement or support needed.

We will look to identify inequalities of access to our services and seek to redress them. Our commitment to Equality, Diversity and inclusion is detailed in our Equality, Diversity and Inclusion policy.

13. Confidentiality and Data Protection

We will always have regard to the confidential nature of the data we are dealing with. This must be handled and processed in compliance with the principles contained within the General Data Protection Regulation (GDPR) and any other relevant legislation.

14. Complaints

Tenants who have a complaint about the way they have been dealt with in respect of rent arrears recovery may refer to our Complaints Policy.

15. Policy Review

This policy will be reviewed on a three-yearly cycle and will be next due to a full review in 2023.

VHA recognizes the importance of working in partnership with our residents to develop and continuously improve our services. To demonstrate this commitment this policy will be reviewed in the consultation with VHA Board members and the Residents' Panel.

May 2023