



# Arrears Management Policy

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## Contents

	Page(s)
Introduction	3
Purpose	3
Principles	3
Definitions	4
Scope	7
Contribution to Plan A	7
Legislative and regulatory framework	8
Policy statements	9
Roles and responsibilities	14
Related policies and procedures	15
Monitoring and review arrangements	15

## 1.0 Introduction

- 1.1 We understand that financial hardship and debt can have significant detrimental impact on individual and household health, wellbeing and quality of life. We will provide effective, personalised advice and support to tenants and customers experiencing financial difficulties and will take prompt, appropriate, fair, and proportionate action when managing the recovery of rental arrears.
- 1.2 Effective arrears management is critical in enabling us to achieve our corporate strategic priorities and we will maximise our income by ensuring that tenants and customers understand and fulfil their payment obligations and are supported effectively to do so.

## 2.0 Purpose

- 2.1 The policy sets out our approach to sustaining tenancies through actions that prevent, minimise, and recover rent arrears and other statutory debts and reduce the financial hardship arrears and debt can cause.
- 2.2 This policy aims to ensure that all tenants and customers are provided and able to access to fair and equitable support when experiencing financial difficulty by:
  - Treating people as individuals and responding to their individual needs
  - Ensuring tenants and customers do not suffer detriment when accessing and receiving our services, or in any referral arrangements to other partners, when receiving support regarding their finances

## 3.0 Principles

- 3.1 The principles underpinning this policy are aligned to the values of trust, respect, innovate and working together.

Trust – We build trust with our customers by being responsive and supportive to their needs, helping to deliver the service they need.

Respect – We listen to customers, treat tenants as individuals and respond to their needs in a fair, respectful, and caring way.

Innovate – We will use our data to adapt our services and do things differently when our customers need it to remove or reduce any disadvantage.

Work together – We will work well and collaborate with teams and our partners to understand customer needs and vulnerabilities, delivering services in a joined-up way.

## 4.0 Definitions

4.1 The key terms used in this policy are defined below.

Rent	<p>Rent is the charge made to a tenant with exclusive possession of a dwelling for the use and occupation of that dwelling granted under the terms of a tenancy agreement.</p> <p>Rent may also include a service charge for services provided to a property, as long as these are detailed in the tenancy agreement.</p> <p>Rent is also a charge for the use of a garage.</p>
Rent arrears	<p>The condition where the tenant(s) has not paid the rent for their home, as set out within their Tenancy Agreement, in full, by the due date. The tenant(s) is behind in fulfilling their contractual rent payment obligations and owes money to their landlord.</p>

Universal Credit (UC)	A means-tested single benefit payment paid monthly in arrears directly to claimants which supports working age people with a low income or who are out of work. Universal Credit is made up of individual “elements” which are payable based upon an individual’s circumstances.
Universal Credit Housing Element (UCHE)	An element of a Universal Credit award which is specific provision towards a claimant’s housing costs.
Alternative Payment Arrangement (APA)	<p>APAs are for Universal Credit claimants who cannot manage their single monthly payment and there is a risk of financial harm to the claimant or their family. The following APAs are available to help claimants who need additional support and are presented in priority order of the Department for Work and Pensions:</p> <ul style="list-style-type: none"> <li>• paying rent directly to their landlord, known as a ‘managed payment’</li> <li>• more frequent payments</li> <li>• split payment of an award between partners in a couple</li> </ul> <p>Livin will only apply for a Managed Payment. Claimants are responsible for applications for more frequent or split payments.</p>

Alternative Payment Arrangement Reviews	An APA is a temporary intervention and is implemented at the discretion of the Department for Work and Pensions who set out their approach to reviewing APAs as: <i>Universal Credit staff will decide on the review period and each case will vary as claimants who are awarded an APA will have different characteristics, and therefore a one size fits all approach is not considered appropriate. Discretion is used to decide on the best review period to be set using information provided by the claimant, their representative or landlord, to help inform the APA review period. As a guide, we expect reviews will be set for 3, 6, 9, 12, 15, 18 and 24 month periods.</i>
Housing Benefit (HB)	A weekly benefit, paid by Local Authorities usually directly to the landlord for tenants of pensionable age who qualify for support with their housing costs and for eligible working age individuals yet to transition to Universal Credit.
Pre-action protocol	A set of legal standards landlords must adhere to in advance of applying to court to recover a property from a tenant.
Mandatory Grounds	Legal reasons to recover a property for which if proved a Judge has no discretion and must make a possession order for the property.
Former Tenant Arrears	Arrears associated with a tenancy which has terminated.

## 5.0 Scope

- 5.1 This policy is relevant to all tenants, former tenants, prospective tenants and residents. This policy applies to all general needs housing tenancies, shared ownership and leasehold units with rental and/or service charge obligations.
- 5.2 The policy covers the prevention of arrears and recovery of the following charges.
- Current tenant rent arrears, including service charges
  - Former tenant arrears
  - Water rates
  - Court costs
  - Garage Licensee arrears
  - Shared Ownership arrears

The following forms of income are out of the scope of this policy.

- Commercial premises
- Allotments
- Garage sites ground rent
- Leasehold
- Rechargeable repairs

## 6.0 Contribution to Plan A

- 6.1 This policy contributes directly to the delivery of our business strategy Plan A 2022-25 Objective 3 to “*place listening, provide empathy and reassurance at the heart of what we do*” and Objective 17: “*the provision of tailored interventions to sustain tenancies, improve health and wellbeing, and maintain independence*” and Objective 18: “*Provide financial inclusion support that improves affordability and sustains tenancies.*”

## 7.0 Legislative and regulatory framework

7.1 The Regulator of Social Housing's Tenancy Standard sets out the required outcomes Registered Providers must achieve and includes a specific requirement in relation to tenancy sustainment.

### 1.2 Tenancy sustainment and evictions

#### Required Outcomes

1.2.1 Registered providers must support tenants to maintain their tenancy or licence. Where a registered provider ends a tenancy or licence, they must offer affected tenants advice and assistance

#### Specific Expectations

2.2.1 Registered providers must provide services that support tenants to maintain their tenancy or licence and prevent unnecessary evictions.

7.2 Key legislative and regulatory requirements include, but are not limited to, those set out below:

- Data Protection Act 2018
- Debt Respite Scheme Regulations 2020
- Equality Act 2010
- Localism Act 2011
- Human Rights Act 1998
- Pre-Action Protocol for Possession Claims by Social Landlords 2020
- Civil Procedure Rules
- Housing Act 1988 (as amended by the Housing Act 1996)
- Protection from Eviction Act 1997
- Welfare Reform Act 2012



## 8.0 Policy statements

8.1 We will undertake comprehensive new tenant onboarding processes which ensure new tenants understand their rental obligations and are provided with accessible information setting out our money support offers at the point they are offered a tenancy. We will provide assistance to new tenants to establish utility suppliers and encourage tenants to utilise price comparison services to obtain the most affordable deals tailored to their needs.

8.2 All new tenants will be contacted during the first week of their tenancy by the Financial Inclusion Team who will offer any support required to ensure tenancies are set up to succeed and to prevent arrears.

We will provide clear, accessible information in a range of formats, to ensure tenants understand the importance of paying rent and other charges and the payment options available to them. As a digital first organisation, we will ensure that tenants are supported to access our services digitally wherever possible but will ensure that non-digital methods are used where tenants cannot access our services digitally.

8.3 We recognise that experiencing financial difficulties can cause a range of detrimental impacts to individuals and families including the inability to access essential goods and services as well as stress, anxiety and fear. We will encourage tenants experiencing such circumstances to contact us. We will listen, seek to build trust and respond in a non-judgemental way with sensitivity, empathy, and respect. In turn, we expect tenants to engage and work with us to manage their arrears, making every effort to support us in reducing their arrears to prevent escalating debt resulting in further action being pursued.

8.4 We will utilise a prescribed, staged, fair and consistent recovery escalation process which prioritises early intervention, seeks to engage tenants at every stage to prevent arrears from escalating, recover rental arrears, and sustain tenancies.

8.5 We will communicate effectively, understanding tenants' individual communication needs and, where appropriate, make reasonable adjustments to support tenants and their households.

8.6 We will collect relevant data from our tenants and customers to make sure we are providing services, including targeting our interventions appropriately with our partners and working with

teams from across our organisation, to ensure we are delivering effective service outcomes. These arrangements are compliant with the Data Protection Act 2018/UK GDPR and operate only within our remit as a social housing provider of general needs housing.

## Universal Credit

- 8.7 We recognise that the structure of Universal Credit may lead to financial difficulty for some tenants. Where required, we will make applications for tenants' housing costs to be paid directly via a Managed Payment, a form of Alternative Payment Arrangement (APA) managed by the Department for Work and Pensions. We will actively target this supporting mechanism to tenants in rent arrears and to those at risk of falling into arrears due to vulnerability.
- 8.8 Where rent arrears exist, we will ask the Department for Work and Pensions for arrears payments to be collected via Third Party Deductions.

## Arrears Recovery

- 8.9 Where tenants or customers fall into rent arrears, we will always seek repayment in full in the first instance. Where this is not possible, we will undertake a thorough assessment of individual circumstances to understand barriers to payment and subsequently negotiate fair, sustainable and realistic repayment arrangements to repay arrears in full as quickly as practicable, and that promote sustainable payments thereafter.
- 8.10 We will always seek to engage with those in arrears with the aim of providing tailored support to sustain their tenancy. We will only implement legal court recovery processes where it is unavoidable, proportionate, reasonable and justified. All court or eviction applications will be authorised by a senior service manager.
- 8.11 All legal proceedings will be progressed in line with the Pre-Action Protocol for Possession Claims by Social Landlords.
- 8.12 We will continue to offer support and advice throughout any legal proceedings to encourage engagement and payment. We will ensure tenants and customers continue to have every opportunity to reduce their arrears and sustain their tenancy. We will seek recovery of our homes through evictions only as a last resort.

## Payment Methods

8.13 We will promote monthly Direct Debit as our preferred payment option and will actively promote Direct Debit as the easiest and most convenient way to pay. In addition to Direct Debit, we will offer a variety of accessible payment methods which suit customer needs (e.g. via the Livin app, automated telephony, online, by standing order etc) and we will communicate these effectively to tenants and customers.

## Financial Inclusion

8.14 We recognise tenants and customers as individuals and understand that to deliver an effective financial inclusion service, we must respond to the needs of individuals through personalisation, tailoring our service to their needs and experiences.

8.15 We will offer all tenants and customers personalised and tailored advice and support either directly through our inhouse Financial Inclusion and Employability Teams or via signposting and referrals to specialist provision related to;

- Welfare benefit and income maximisation
- advocacy and welfare rights support
- affordable white goods, furniture, household essentials and items to meet the needs of children (we will ensure household items are available quickly for those in particular need)
- crisis support (foodbanks, energy voucher schemes etc)
- budgeting skills
- debt advice and tailored solutions
- preventing/raising awareness illegal money lending
- energy bills and fuel poverty
- information on price comparison services to obtain the most affordable contracts (mobile phone, broadband, gas and electricity etc) to meet individual needs
- sustainable living

- water bills and greener living
  - employability advice and support through Livin Futures
  - access to affordable financial products (bank accounts / credit / insurance etc)
  - grant opportunities
  - health and wellbeing and their relationship to money matters
  - costs related to travel
- 8.16 We will use transactional and amplified customer voice to ensure our money support offers remain relevant, timely, effective and grounded in the experience and needs of our customers.
- 8.17 We will work collaboratively with a range of trusted statutory and community-based supporting agencies to target specialist support to those experiencing financial difficulties with the aim of sustaining tenancies.
- 8.18 We will not undertake any activity which is regulated by the Financial Conduct Authority (e.g. debt advice) and recognise such services as being specialist and outside the remit of our Financial Inclusion services. We utilise effective referral pathways with trusted partners to enable the provision of such support for tenants and customers.
- 8.19 We will utilise our Community Regeneration Fund to commission or provide funding to support services and interventions relating to financial inclusion within our places where it is appropriate to do so.
- 8.20 We will work in partnership with Northumbrian Water to target their water rate reduction scheme to eligible tenants to reduce their water bills.

## Accounts in Credit

- 8.21 We will ensure tenants with credit balances understand the current situation regarding their rent account and understand how they can claim their money back. We approach this in the following way:
- Tenants signed up to the Livin App with a credit balance more than £1,000 will be sent a quarterly notification to encourage them to seek a refund.

Other tenants with a credit balance more than £1,000 will be sent a quarterly rent statement to encourage them to seek a refund.

- 8.22 We will ensure other debts owed to Livin including rechargeable repairs, court costs and other sundry debts, are cleared utilising any rental credit prior to issuing rent credits with the agreement of the tenant.

## Former Tenant Arrears

- 8.23 We will attempt to recover rental arrears from tenants and customers who have terminated their tenancy. We will utilise all reasonable means including the use of external tracing agencies where no forwarding address is available and debt management agencies where this is appropriate.
- 8.24 We will write off former debt where all possible action has been taken to collect the debt and in line with our Corporate Write Off Policy.

## Complaints

- 8.25 Customers are able provide feedback about the services they have received in respect of this policy. If a customer is dissatisfied with the service they have received from us, they can make a complaint to us in line with our Complaints, Compliments and Feedback Policy. We recognise the impact that financial stress can have on individuals, and we will always treat complaints sensitively and confidentially, with empathy and respect.
- 8.26 Specifically, we define a customer complaint as:
- “Any expression of dissatisfaction, however made, about the standard of service, actions or lack of action by the organisation, its own employees, or those acting on its behalf, affecting an individual resident or groups of residents.”

## 9.0 Roles and responsibilities

Housing and Communities Committee	The Housing and Communities Committee (H&CC) has overall governance responsibility for this policy. H&CC will formally approve this policy, assure itself that the policy is effectively delivered and review it at least every three years, or earlier if there is a relevant change in legislation or regulation.
Director of Housing and Communities	The Head of Housing and Community Regeneration is responsible for joining up the strategic and operational actions to monitor compliance and ensure effective delivery of the policy.
Head of Housing and Communities	The Head of Housing and Community Regeneration is responsible for joining up the strategic and operational actions to monitor compliance and ensure effective delivery of the policy.
Strategic Head of Finance	The Strategic Head of Finance is responsible for rent setting and the annual rent notification process.
Financial Inclusion Manager	Responsible for the day-to-day delivery, management, and monitoring of the policy across the departmental procedural framework. Responsible for the performance management framework associated with the various aspects of the policy to demonstrate the positive impact on place and sustainability.

## 10.0 Related policies

10.1 This policy should be read in conjunction with the following documents:

- Supporting Sustainable Tenancies Strategy
- Supporting Sustainable Places Strategy
- Customer Vulnerability Policy
- Neighbourhood and Communities Policy
- Rechargeable Repairs Policy
- Service Charge Policy
- Complaints, Compliments and Feedback Policy
- Accounts Receivable Policy
- Leasehold Policy

## 11.0 Monitoring and review arrangements

11.1 This policy will be communicated to employees and training will be provided to ensure understanding of the policy requirements. Employees will be supported in delivery of the policy within an appropriate procedural framework that provides management oversight and assurance that actions undertaken are delivered within this procedural framework.

### Assurance

11.2 Assurance on compliance with this policy will be gained via a range of methods, as set out in the following table:



Types of assurance	Key source	Frequency
Management assurance	Performance Metrics: <ul style="list-style-type: none"> <li>• Percentage of tenants with improved financial confidence following financial inclusion support</li> <li>• Rent arrears as a percentage of the rent roll</li> <li>• Former tenant arrears as a percentage of the rent due</li> <li>• Total rent arrears as a percentage of the rent due</li> <li>• Turnover of tenancies as a percentage of overall stock</li> </ul> Tenant satisfaction with the financial inclusion service	Monthly
Corporate oversight	Performance Report to Board  Housing Services Progress Report to Housing and Communities Committee	Quarterly  Quarterly
Independent assurance	Internal Audit of the Arrears Management Service	Periodic

- 11.3 This policy will be reviewed every three years, unless there is significant development that would require a more urgent review e.g new legislation or regulation.