

## Former Tenant Arrears Policy

### INFORMATION

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| <b>Policy Name</b>       | <b>Former Tenant Arrears Policy</b>              |
| <b>Effective Date(s)</b> | <b>January 2021</b>                              |
| <b>Approved By</b>       | <b>Customer Services Committee</b>               |
| <b>Approval Date</b>     | <b>January 2021</b>                              |
| <b>Policy Owner/Dept</b> | <b>Darren Shelley, Head of Customer Services</b> |
| <b>Policy Author</b>     | <b>Darren Shelley, Head of Customer Services</b> |
| <b>Review Date</b>       | <b>January 2023</b>                              |
| <b>Version Number</b>    | <b>1.1</b>                                       |

### Version Control

| Version | Date   | Changes           | Approver |
|---------|--------|-------------------|----------|
| 1.0     | Apr 16 |                   |          |
| 1.1     | Dec 20 | Review and update |          |
|         |        |                   |          |

| Business Plan Theme          |                                     |                               |                          |
|------------------------------|-------------------------------------|-------------------------------|--------------------------|
| Keep Everyone Safe           | <input type="checkbox"/>            | Be a Great Landlord           | <input type="checkbox"/> |
| Deliver New Affordable Homes | <input type="checkbox"/>            | Innovation and Transformation | <input type="checkbox"/> |
| Business Viability           | <input checked="" type="checkbox"/> | People and Culture            |                          |

|  |   |
|--|---|
| <b>Relevant National Standards or Regulation</b> | <p>Please State if the Policy aligns to any of the Regulators Standards:</p> <ul style="list-style-type: none"> <li>• Governance and Financial Viability Standard</li> <li>• Rent Standard</li> <li>• Tenancy Standard</li> </ul> |
|--|---|

|                             |   |
|-----------------------------|---|
| <b>Relevant Legislation</b> | <p>Please list any legislation applicable to the Policy; (e.g. Welfare Reform and Work Act; Equality Act 2010 etc.)</p> <ul style="list-style-type: none"> <li>• Housing Act 1998</li> <li>• Housing Act 2004</li> <li>• Localism Act 2013</li> <li>• Welfare Reform Act 2012</li> <li>• Equality Act 2010</li> <li>• Data Protection Act 2018</li> </ul> |
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## **1. Purpose of the Policy**

This document outline YHG's policy for managing former tenant rent arrears. Rental income helps to fund, preserve and improve the range and quality of services provided to tenants and other customers. Maximisation of this income is therefore of fundamental importance to YHG to enable continues improvement and development of these services.

The aim of the Former Tenant Arrears policy is to:

- Maximise the recovery of arrears outstanding when the tenant terminates a tenancy
- Ensure the recovery process is cost effective e.g. recover arrears where the costs involved in recovery are less than the amount to be recovered
- Ensure that bad or unrecoverable rent debts are written off according to mandate

## **2. Scope of the Policy**

This policy will establish the groups approach for collection of **all** former tenant arrears owed to the organisation let on the following agreements:

- Assured
- Secure
- Assured Shorthold
- Licence
- Supported Housing
- Care Homes
- Private Finance Initiatives
- Key Workers
- Former Tenant Arrears

All staff within the income team are expected to maintain the standards outlined within this policy.

## **3. Definitions**

A former tenant arrear is defined for the purpose of this policy as a debt of unpaid rent or charges, remaining on a rent account, including garage accounts, court costs and/or sub account(s), when a tenancy has been terminated.

A former tenant credit is defined as an amount of surplus remaining on a rent account, or any sub account(s), when a tenancy has terminated.

## **4. Consultation**

*Staff (No requirement for further consultation as this is a low-level review with minor updates)*

## **5. Background and Context**

Your Housing Group owns or manages circa 30,000 properties across a wide geographic area of the North of England.

The former tenant team manage accounts where notice of termination has been received and the tenancy has come to an end. There are some areas of the business in which the former tenant team do not administer former account and at the time of writing this policy this included PFI contract areas Grove Village and the Avantage extra care villages along with Young Peoples Services and directly managed properties within the Supported region.

This document will be stored in YHG's Income Collection File for internal customers.

## **6. Policy Detail**

The approach YHG adopts towards recovering former tenant debt send out a strong message to current tenants about the importance of paying rent.

Early pursuit of former tenant debt provides the best chance of successful collection and should be central to procedures supporting this policy. All staff advising customers on the termination of their tenancy agreement will advise customers of any debt or credit outstanding.

### **6.1 Recovery of former tenant arrears**

The cost of pursuing former tenant arrears will be balanced against the likelihood of recovery and the level of debt involved. Where it is considered that recovery action is unlikely, or not cost effective, it will be written-off according to current standing order mandates. YHG will use a range of contact methods including telephone, email, SMS, webchat, written correspondence, doorstep and home visits to engage with customers.

YHG will be proactive in its approach to provide translations of all its communications, documents, policies and procedures in various languages and other formats by utilising the data it holds about its customers and will seek to keep this data updated.

We will work with third parties who assisting former tenant with their affairs, including local authorities, debt management companies etc or any other appropriately appointed third party.

Where a former tenant is vulnerable then consideration is given to the most appropriate means of communication and collection, which will include the consideration of writing off the arrears on a case by case basis.

YHG may use the services of external suppliers to maximise engagement and payment of former tenant arrears including:

- Propensity to pay modelling
- Trace and location services
- Tele append services
- Debt collection services
- Litigation services (Money Claims)

### **6.2 Credit account and refunds**

YHG will strive to make a prompt refund to a former resident where a credit is on account at termination.

In all cases checks will be made with local housing benefit department or other agencies that pay rent charges to ascertain if any overpayments are outstanding and to be recovered from YHG.

No refund of a credit account will be issued to a resident where there are other debts owing to YHG regardless of the age of those debts. In cases where the former resident moves to another property within YHG (internal transfer) YHG will:

- Use any credit accrued on the former account to cover any outstanding rent on the new home
- Use any overpayments of rent on the new home to pay off any arrears on any former accounts including rent account, court cost and rechargeable repair accounts regardless of the age of the debt.

In cases where the resident has left to live in a property not owned by YHG:

- Any credit on account will be used by YHG to offset any other debts owed to YHG e.g. a court cost account or rechargeable repair account regardless of the age of the debt.

In cases where the former tenant has deceased YHG will only consider a refund once a death certificate and evidence to support the applicant's identity has been provided and taking into consideration the following:

In cases where the credit is greater than £5,000 YHG will:

- Refund the credit to the executor of the will or solicitor dealing with the estate only once probate or letters of administration is granted and evidence is supplied to support this.

In cases where the credit is less than £5,000 YHG will:

- Refund the named executor of the will without the need to probate or letters of administration.
- Where there is no will the next of kin, or in cases where there is no next of kin - the applicant, must complete a signed form of indemnity.
- In cases where there is more than 1 remaining relative or next of kin, all parties must sign to say they are in agreement to refund the money to a named individual.

Where the former resident, the estate or next of kin of a deceased resident cannot be located YHG will write off the credit amount with the authorisation of the relevant YHG representative detailed in section 6.3 of this policy.

### **6.3 Write off's**

Debts which are considered to be uncollectable or where all avenues of recovery have been exhausted will be recommended for write off.

Recommendations for write off will require authorisation by a relevant YHG Head of Service, Director or Executive. The monetary values and levels of authorisation are outlined within the current YHG's Financial Standing Orders policy.

Write offs will be recommended when:

- There is no forwarding address and we have been unable to trace the former tenant to a new address
- The debt is less than £20.00 and is considered to be uneconomical to pursue
- The customer is considered to be vulnerable and/or action to recover the debt would be inappropriate and impact on the customers' mental or physical health or wellbeing. These will be considered on a case by case basis by the Service manager
- The debt is statute barred or of such an age that action for recovery would be considered uneconomical.
- The debt is included in a bankruptcy order, debt relief order or IVA
- The resident has taken up an incentive offered by YHG
- The debt is disputed and YHG cannot provide satisfactory evidence that the debt is due

Further considerations need to be made in cases where the former resident has passed away;

- There is reason to believe or evidence that there are no funds in the estate of the deceased tenant
- There is no response from the executor/next of kin and the debt is less than £500.
- There is no executor/next of kin and the debt is less than £2000. YHG will consider applying for letters of administration for debts of £2000 or more.

## **7. Responsibilities under this Policy**

The Board will have approval responsibility for Former Tenant Policy.

The Board will receive regular updates on the implementation of the Former Tenant Policy and performance so that they can have assurance that it is operating effectively in practice. The Audit & Risk Committee will also monitor this assurance.

The Executive Team will receive reports in line with the Performance Management Matrix (set out in the procedures) and undertake all steps necessary to support the Director of Customer Transactions.

## **8. Risk Management**

YHG Business Plan reflects that Income Collection is a key landlord responsibility. With regard to this YHG will seek to mitigate business risk by increasing income streams through maximizing income through a former recovery process which is efficient, effective and economical to administer.

## **9. Data Protection, Record Storage and Retention**

It is essential that all information pertaining to the tenancy and payment history of the resident is accurately recorded and maintained primarily within the Orchard housing system, this is to ensure that the management of former account can be delivered in line with this policy. The methods and procedures of record keeping that will be followed are contained within the Former Tenant Procedures.

## **10. Equality and Diversity**

This policy complies with current Equality and Diversity legislation to ensure equality of treatment for all customers without discrimination or prejudice. The policy will pay particular regard to ensure it is sensitive to such diversities surrounding access to properties and delivery of such services.

YHG will ensure the maximum information in relation to the customer and the property is available and is used by both its employees and its contractors to enable the service to be delivered sensitively to YHG customers. All protected attributes (as defined within the Equality Act 2010) will be considered.

On request, YHG will provide translations of all its documents, policies and procedures in various languages and other formats such as computer disc, tape, large print, Braille etc, and these can be obtained by contacting YHG.

YHG recognises that confidentiality is important to customers and will treat all information relevant to each customer in the strictest confidence, as will all contractors, under the Data Protection Act 2018.

### **11. Communication**

This policy will be publicised on the Groups intranet for access to all employees and in addition, copies made available to customers in accordance with Group procedures.

### **12. Learning and Development**

Colleagues operating to this policy will be provided with training upon joining the business and additional refresher training as required, to remain updated with changes to any internal and external business practices, including benefit reforms.

It is the responsibility of the Service Manager to ensure prompt deliverance of such training.

### **13. Performance Management of this Policy**

The Business Intelligence team will produce reports in relation to the agreed Key Performance Indicators (KPI's). These will be produced and reported as detailed within YHG Performance Management Matrix included in the procedural manual. These are also detailed in the procedure manual for this policy. As a minimum the following KPI's will be monitored:

- Current level of former tenant arrears at Group level- 1% of annual debit
- Write off provision which is not to be exceeded – 0.9% of annual debit

YHG will seek to involve customers/stakeholders in the review of performance either as part of normal monitoring meetings or via separate constituted forums.

### **14. Review of this Policy**

YHG will review the Former Tenant Policy every two years or sooner if required by statutory, regulatory or best practice requirements or the need to update following reviews of other Group wide policies.

The Service Manager will be responsible for this review and ensuring this policy and the procedures supporting its implementation remain up to date.

### Related Documents

| <b>Document Type</b>                     | <b>Name</b>  |
|--|--|
| <b>Connected Policies and Procedures</b> | <b>Income Policy<br/>Equality, Diversity and Inclusion Policy<br/>Data Protection Policy</b>                               |
| <b>Forms and Letters</b>                 | <b>Arrears Letter 1 (Former)<br/>Arrears Letter 2 (Former)<br/>Arrears Letter 3 (Former)<br/>Broken Arrangement Letter</b> |
| <b>Leaflets/Publicity Material</b>       | <b>N/A</b>   |
| <b>Training Materials Available</b>      | <b>N/A</b>   |
| <b>Intranet/ Website Page</b>            | <b>N/A</b>   |