

INCOME AND ARREARS POLICY AND PROCEDURE FOR RESIDENTS

1. INTRODUCTION

- 1.1 English Rural Housing Association should maximise payment of rent due, as it is in the interests of all residents as well as the Association to keep rent arrears to a minimum. The Association therefore operates a robust but sensitive approach towards the effective management of rent arrears. This will be achieved through the encouragement of a positive payment culture, effective rent account management and prompt identification and control of rent arrears. The following policy and procedure sets out how English Rural will work towards achieving this.

2. RENT PAYMENTS BY TENANTS

- 2.1 Both prior to and at the start of a tenancy the new tenant will be made aware of the importance of paying rent in accordance with the terms of the tenancy agreement and will be advised on how the Association deals with non-payment of rent as well as the importance of communicating and discussing any difficulties with their Housing Manager (HM).
- 2.2 Rent payments will be due weekly, fortnightly, four weekly or monthly in advance as necessary. Payments will be made by direct debit as far as possible, or by AllPay/debit card payment if this is not an option.
- 2.3 Initial payment will be agreed with new tenants prior to signup by the HM, with a regular payment to be agreed thereafter and a direct debit set up if possible. This will prevent the accrual of arrears while direct debit arrangements are put in place. Universal Credit or Housing Benefit advice will be offered to the tenant at this same time where applicable and it is suggested that a payment be made by the tenant if possible at that time.
- 2.4 Rent payments will be recorded and accounted weekly.

3 RENT REVIEWS TO TENANTED PROPERTIES

- 3.1 In accordance with the terms of the Tenancy Agreement rent will not be revised more than once a year. Any rent revision will be effective from the beginning of April each year following an annual rent review. Similarly properties which are being relet will have their rents reviewed to ensure that their rent is at the correct level.
- 3.2 Affordable rents will be re-set at 80% of current market rents in line with policy when a property is re-let. Properties let at formula rent will be reviewed based on government policy and direction. Rents for new properties will be determined based on the valuation carried out prior to construction.

- 3.3 Rent revisions will be notified to the tenant using the prescribed form or letter as necessary, giving not less than one calendar month's notice.
- 3.4 Tenants will be advised of their right to appeal any rent review under the Association's standard Complaints Policy and Procedure. Tenants with a fixed-term tenancy will have no right of appeal under this procedure.
- 3.5 The Chief Executive will ensure that board approval is sought and agreed for an annual rent review that is in line with English Rural's budget. Rent reviews will be within any guidelines recommended by Homes England.
- 3.6 The Finance Department will update tenants' rent records with the new weekly rent debit.

4. TENANTS' RENT ARREARS

- 4.1 Tenants will be sent annual rent statements to ensure they are kept fully informed of any arrears or credit on their account. More frequent statements can be sent to tenants as required. Tenants are also able to view up to date rent account statements via the Residents Portal.
- 4.2 HMs will be sent weekly arrears reports and detailed monthly reports will be produced by the Finance Department.
- 4.3 The HM will act promptly in contacting tenants if a payment is missed. This will usually be in the form of a phone call, email, text/WhatsApp message or letter where one rent payment has been missed. Lack of response to this initial correspondence, or any subsequent missed payments will result in a follow-up communication and/or a home visit depending on the circumstances.
- 4.4 Early contact with the tenant will be used to determine how and why the arrears have arisen, to offer advice where necessary on budgeting and Universal Credit/benefit claims and to make an arrears repayment agreement with the tenant. Arrears agreements will be made in writing by the tenant and HM and will be for affordable payments of arrears in addition to covering rental payments. The HM will ensure adherence to the Pre-Action Protocol throughout.
- 4.5 Should agreement not be reached or adhered to, a Notice of Seeking Possession (NoSP) will be served at the discretion of the HM on any tenant;
 - With arrears of over 4 weeks;
 - With arrears of over £500;
 - Who is persistently in "low-level" arrears and does not clear them or arrange to do so.

The NoSP must detail the relevant ground(s) for possession. It will last for twelve months and will be served by the HM by first class post or hand delivered, and a certificate of service completed.

- 4.6 14 days after service of the NoSP, the account will be reviewed again by the HM. If the arrears have not been cleared, an acceptable response received, or a payment agreement put in place, a final warning letter will be sent to the tenant advising that if there is still no response within 14 days then an application will be made to the County Court for Possession.
- 4.7 All tenants with arrears of over 10 weeks or £1000 or over will be referred to the County Court for Possession, unless there are specific mitigating circumstances.
- 4.8 Typically the Association will apply to Court for a Suspended Possession Order, provided a written proposal for repayment of the arrears has been received and accepted either before or at the hearing. Such an order gives the Association the right to pursue the repossession of the property if the terms of the court order are not maintained.
- 4.9 An Outright Possession Order or Warrant for Eviction will only be sought as a last resort where the tenant has failed to make any attempt at clearing the arrears or failed to respond to previous legal action, or where the terms of a Suspended Possession order are continually breached. Before commencing any eviction proceedings a further home visit interview will be arranged and approval sought from the Head of Housing Services who will subsequently submit a report to the Board. Additionally it will be necessary to apply to court for consent where a Warrant for Eviction is necessary.
- 4.10 If a Warrant to Evict is granted then the HM will contact the LHA (with consent from the tenant) to advise of the risk of homelessness in this instance. The LHA will then contact the individual and begin the process of determining whether they require support, and will involve other agencies as necessary.
- 4.11 Tenants will be recharged for any costs incurred to the Association as a result of legal proceedings.

5. LEASEHOLDER RENT PAYMENTS AND ARREARS

- 5.1 Leaseholders are required to make payments monthly in advance to cover charges for the property. These payments will be made by direct debit, usually at the beginning of each calendar month. Quarterly statements will be sent to ensure Leaseholders are kept informed of any arrears or credit on the account. More frequent statements can be sent to leaseholders as required.
- 5.2 Accounts will be monitored on a regular basis. If a monthly payment is missed the Leaseholder will be contacted, usually in writing, to request an immediate payment to clear the arrears and bring the account back up to date.
- 5.3 If the Leaseholder does not respond or make satisfactory payment English Rural will make contact with the Leaseholder's mortgage provider where possible and ask that they make arrangement to settle the outstanding arrears. Leaseholders will be notified of the Association's intentions to contact their mortgage provider and will be given a final opportunity to clear the debt.

- 5.4 If a leaseholder is considered to be a consistent non-payer then legal action may be taken against them to remove them from the property in accordance with the provisions detailed in the lease. Before commencing any legal proceedings approval must be sought in the first instance from the Head of Housing Services, and a report will be submitted to the Board .
- 5.5 In accordance with the provisions in the lease, rent will be reviewed annually in April of each year and will be increased in line with RPI. Any amendments to rent will be notified by letter giving not less than one calendar month's notice.
- 5.6 Leaseholders will be advised regarding amendments to their charges and payments in accordance with the provisions detailed in their lease and in accordance with English Rural's statutory obligations as landlord and freeholder.

6. LEASEHOLDER ADMINISTRATION CHARGES

- 6.1 A sales administration charge will be levied by the Association on the re sale of all shared ownership homes. At present the Association will charge 0.75% plus VAT to cover administrative costs incurred in line with the standard Shared Ownership Lease used by the Association. The charge is payable on the successful completion of the sale to a purchaser introduced by the Association. Should the Association not successfully process the sale, the fee will be no longer be payable. This charge will be reviewed from time to time by the Association.
- 6.2 Further administration charges will apply to leaseholders when noting amendments to the property lease or approving or noting mortgage arrangements. This fee is set at currently set at £40 plus VAT. This charge will be reviewed from time to time by the Association.

7. SERVICE CHARGE SETTING AND COLLECTION

- 7.1 Service charges will be levied where a scheme has unadopted infrastructure requiring attention, such as communal landscaping, private roads etc. Costs for maintaining this infrastructure will be chargeable to residents who benefit from them. Service charges will reflect what is being provided to residents.
- 7.2 Service chargeable items will be identified on completion of the development and necessary service contracts put in place to manage and maintain. Any review of unadopted infrastructure covered by the service charge will include consultation with residents affected and will adhere to legal and regulatory requirements. In addition to actual expenditure, sinking fund provision for future capital expenditure is made based on the projected life of the relevant component and the likely capital cost of replacement.
- 7.3 The Association will operate a 'variable' service charge which changes each year depending on services provided to residents and costs incurred. The annual cost

of providing the service, plus an administration fee, is divided between all the residents on the scheme and we aim to balance the account over the course of the following 12 months. Any surplus or deficit on a scheme account will be carried over into the following year and be credited or debited accordingly. Provision for levying the charge will be laid down in the residents' lease or tenancy.

- 7.4 The annual review of service charge costs will be carried out by a working group made up of Finance and Housing Management personnel from the Association. We will also endeavour to secure a resident representative on this working group, in line with our commitment to involve and consult with residents.
- 7.5 Where individual contracts or services are recharged at the cost of £250 or more per dwelling, S.20 Notices will be served to all leaseholders affected and appropriate actions taken by the Association to ensure statutory obligations and consultation are adhered to.
- 7.6 Where we propose to let a contract for the provision of services for a period of more than 12 months, and the apportioned cost to any individual resident is more than £100 a year, we will consult leaseholders affected to ensure statutory obligations and consultations are adhered to.
- 7.7 Once new service charges are confirmed, residents will be notified by giving not less than one calendar month's notice. New charges will take effect from 1st April of each year. Notification to residents will include:
 - Annual account summary for the development detailing actual payments and costs incurred over the preceding financial year, and predicted costs for the forthcoming financial year (all residents)
 - Clear explanatory notes on the annual account summary. These notes should include who to contact at English Rural with questions and complaints, as well as how to obtain a full copy of the Association's complaints policy and procedure (all residents)
 - Form and contract of summary of rights and obligations as detailed in the Commonhold and Leasehold Reform Act (leaseholders only)
 - Clear explanatory notes on how to appeal against any changes to the service charge deemed to be unreasonable. In addition, information should be provided on appealing via Leasehold Valuation Tribunal (LVT) and the advisory organisation LEASE (leaseholders only)
- 7.8 The Association encourages engagement with residents and will formally investigate any complaints relating to service performance. In the first instance these complaints will be investigated by the Head of Housing Services, Head of Property Services, and appropriate HM as necessary. Where deemed appropriate, service providers will be made aware of the complaint and the Association will seek further views from other residents on the development. Complaints will form part of the ongoing review of service providers.
- 7.9 Satisfaction with the services received by providers will be assessed through the periodic residents' satisfaction survey. In addition, random checks will be carried out by housing management staff throughout the course of their duties. Where

shortcomings are identified, service providers will be given an opportunity to improve; failing this an alternative provider will be sought.

- 7.10 Service charges will be payable with the rent as detailed earlier in the policy. Any arrears accrued will be pursued accordingly.
- 7.11 A separate service charge account will be maintained for each scheme where such expenditure and provision is incurred.