

Deputy Hilary Jeune
Chair, Environment, Housing and Infrastructure Panel
Scrutiny Office
States Greffe
Morier House
St Helier
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BY EMAIL

3rd September 2024

Dear Deputy Jeune

Andium Homes – Rent Arrears Policy

Thank you for your letter of 13th August 2024.

As Ian Gallichan explained in his response of 15th August 2024, he has asked me to look into the matters you raise and provide you with a substantive response. As Ian mentioned in his letter, I sit on the Homelessness Strategy Board and another colleague, Nicola Hayward, who I understand you have met previously, plays a key role on the Multi-Agency Homelessness Cluster.

This is a lengthy letter but necessary to provide a full and comprehensive response to the very important questions you raised.

We welcome the opportunity to engage on these matters, and explain how we manage our income recovery and arrears functions in order to prevent people falling into debt unnecessarily, and to offer help and support where this does happen. We fully recognise that with ~60% of tenants relying upon Income Support (IS) to meet their general living expenses they will find it difficult to get themselves out of debt. Client Obsession is one of our core values, something which comes through in the range of services that we offer, particularly geared towards some of our most vulnerable islanders. These are services of which we are very proud, and whilst I hope the information below provides reassurance to you and your Panel, we would of course welcome the opportunity to meet with you to discuss this further if helpful.

In response to your specific questions:-

Andium Homes Policy on Rent Arrears

Andium Homes operates effectively as a not for profit organisation. The cost of all our services is met from our rental and sales income, and each year we make a fixed return to Government of £30m. Any reduction in our income, for instance from rent arrears, therefore has a direct impact on our finances and potentially reduces the services we can offer to tenants.

Rent arrears are only accrued by tenants once they have entered into a tenancy agreement with us. The tenancy agreement is unambiguous and clearly articulates that tenants are required to pay their rent.

The Housing Component of IS is available for up to the full amount of rent charged in social housing properties. Therefore any affordability issues, particularly at the commencement of a new tenancy should be addressed through IS. We will always obtain an IS payment estimate at commencement so that the client has the full financial support available to them.

Where IS will not be paying the full monthly rent, the tenant will be required to sign a direct debit mandate which will recover the proportion of rent which they are paying themselves.

We have a very proactive arrears management process, and a dedicated team of 4 colleagues whose role it is to sustain tenancies and avoid tenants falling into debt; our strategy is very much around prevention and early intervention. We hold monthly Rent Clinics in partnership with the IS team from CLS, where tenants can meet with us to discuss any concerns that they might have about their rent or any arrears. Additional support can be provided, and we can, and do regularly liaise with Citizens Advice Jersey (CAJ), Community Savings (CS) and IS to assist tenants with their finances. We do not charge any interest on rent arrears. With the support of specialist debt counsellors at CAJ, we regularly agree affordable and highly personalised repayment plans with tenants to reduce arrears over an acceptable period of time. These are not based on a percentage of income or any other fixed metric.

Access to our homes for Gateway applicants with outstanding rent arrears

We are only able to offer homes to those who have been accepted by the Affordable Housing Gateway (AHG), based at CLS. The AHG assesses applicants in line with the Minister for Housing's eligibility criteria [Eligibility Criteria for Renting Social Housing.pdf \(gov.je\)](#)

Section 13 of the Minister's criteria details reasons why an applicant might not be accepted onto the AHG. Serious rent arrears is one of the cited reasons.

Applicants with serious rent arrears are expected to have adhered to an agreed repayment plan for a minimum of 6 months before being accepted onto the AHG. Where this is in place, offering a tenancy is a relatively straightforward process, however, where the debt comes to light during our pre tenancy checks and is unmanaged, we will work with the applicant, the AHG and IS to find solutions to address the debt. The presence of rent arrears is therefore not necessarily a barrier to being made an offer of a home. However, the applicant does need to engage to recognise that the debt exists, and cooperate in finding a solution to address it. In most instances applicants do engage and solutions are found.

Any decision, rare as they are, not to offer an applicant a tenancy is always open to appeal, to the company, and ultimately to the Minister.

It seems appropriate that I mention here the issue of writing off debts, which is in effect what would need to happen if a new tenancy was being offered to a debtor without some agreement over how an existing debt was to be repaid.

Most businesses of any size maintain a provision for dealing with, and in certain circumstances, writing off, bad debt. Generally this means debt where it is clear that recovery is impossible or at least very highly unlikely.

Andium is no exception and reserves write offs for clear instances where recovery seems impossible, for instance, a tenant has died, gone into care or appears to no longer be within the jurisdiction of the Petty Debts Court. Our approach aligns strongly with the requirements of the Public Finances Law and Public Finance Manual, the latter of which includes a helpful section on losses and write offs and sets some key principles for 'States Bodies' to follow, which are;

1. Losses and write offs should be reduced to the lowest level possible or entirely mitigated.
2. States Bodies should have clear methods of investigating, mitigating, and reducing losses and write offs.
3. All losses and write offs should be carefully appraised and approved before being processed.
4. States Bodies should only consider accepting losses and write offs after careful appraisal of the facts (including whether all reasonable action has been taken to effect recovery), and should be satisfied that there is no feasible alternative.

There is an exception, and it applies to both current and former tenants. There will be occasions that, for a myriad of reasons, tenants fall behind in rent payments and accrue arrears. There are charitable organisations which sometimes assist where there is demonstrable hardship, the Greville Bathe and AA Rayner Funds are examples. These funds will sometimes agree to assist tenants, and former tenants, with settling rent arrears, on application from the tenant. Andium cannot make applications for grants from the funds on the tenants behalf, but we will support and signpost. CAJ is often the agency which makes the application.

On occasion the Trustees of the funds make representation to Andium for a 50:50 approach to writing off the debt. In line with those principles above, the circumstances that led to the arrears will be important in helping us decide whether or not to agree a write off and where appropriate we do so.

Timescales involved for collection

As I have said, we regularly agree arrears repayment plans with tenants. These are individual and personalized to ensure that they are reasonable and affordable. This year alone we have agreed nearly 300 payment plans based on individual tenant circumstances, and reviewed for any change in circumstances.

We will never consider seeking to end an existing tenancy where a tenant in arrears has a payment plan and is adhering to it, indeed for the whole of 2023 there were only 3 instances where circumstances led the Court to issue eviction orders for rent arrears.

Please could you provide the Panel with information regarding policies for when occupants are admitted into Hospital and are unable to make their rental payments

It is not our experience that going into Hospital in itself means that tenants cannot pay their rent.

However, it is our understanding that there may be IS policies or guidelines which mean that the rent component of IS is only payable for up to 28 days whilst a tenant is in Hospital, following which payment may be reduced or even stopped. We understand that there are similar policies for those who end up being held in custody, either following sentencing or even awaiting trial. Those matters are entirely in the remit of CLS and are not matters we can influence. What we would say is that the fact that ~60% of tenants are in receipt of IS means that the cessation or reduction of the benefit payment will almost

certainly result in arrears of rent accruing, at a time when they are vulnerable and unable to take steps to find alternative means of payment.

Andium has no say over the payment of IS in these circumstances. Whether as a result of hospitalisation or some other reason, should IS cease to be paid, we will always support the tenant in managing their rent account.

It goes without saying that we would welcome any reconsideration about whether IS payments should stop whilst a tenant is in Hospital and indeed when appropriate, in custody.

Does Andium collect data in order to understand why tenants may go into arrears and, what mitigation processes (if any) are in place?

The reasons that arrears accrue are myriad and having accurate and reliable data is far from straightforward to collect, and will rely almost entirely on information from the tenants themselves.

What we do know, however, based on our half year results, is that 86% of our rent accounts are well managed and are not considered to be in arrears. Of those in arrears, 80% are below one month of our average rent.

The largest cohort of tenants in arrears are those who receive an IS contribution towards their rent but the tenant needs to pay the balance. IS payment adjustments, particularly in relation to overpayments of benefit, account for a proportion of our arrears. Only CLS will be able to say how many adjustments are made and the sums of money involved. We fully appreciate that the overpayment of benefits is a matter of concern for Government and there will be a desire for these to be recovered from the recipient. However, it concerns us that there is a risk of a claimant's benefits being reduced to a level that could fundamentally impair their ability to pay their rent.

It is important to understand the roles of both Andium Homes and Customer & Local Services (CLS) in their management of Income Support. Andium manages the homes which includes providing maintenance, and charges a rent set in line with the States Policy for Social Housing Rents. If a tenant is not in a position to pay the rent charged themselves, they apply to CLS for assistance from IS. CLS reviews each tenant's affordability and may provide financial support.

Changes in a tenant's circumstances will not result in any change in the rent charged but may influence the level of benefit they receive.

Most landlords, including Andium and the other social housing providers, charge rent monthly on the first of the month. Benefit payments are paid direct to Andium by CLS, usually on a weekly basis, although in respect of pensioners payments are made 4 weekly.

The benefit payments are therefore out of step with the monthly rent charging cycle and in our view, this makes budgeting more difficult for tenants who rely on IS to pay some or all of their rent. In our discussions with CLS, the undoubted benefits, for tenants, of aligning the payment of IS with the charging of rent, is discussed regularly. As it stands rent statements are more complex to understand than they could be if charges and rent payments were aligned.

How does Andium work with the most vulnerable people in society and interact with the homelessness sector and are there any policies in place that ensure work is undertaken with third sector organisations and Government regarding homelessness?

Yes, although I would not describe them as policies as such.

We have a dedicated Specialised Services team of 5 colleagues who deal with our multi-agency safeguarding work, supporting our most vulnerable tenants and providing a clear pathway to access our homes for those needing support to live independently. We are the only landlord to provide this service.

This Multi-Agency working brings us into close working relationships with homelessness charities and we actively transition their clients into our homes. Working together we have a long and productive history of offering homes which are both suitable and affordable to homeless clients, very often with the support of IS and other agencies.

The work this team does is vital for our community. Together with their colleagues in our Income Recovery and Tenancy Management teams they provide a homelessness prevention service which sustains tenancies and improves the quality of the lives of many of our most vulnerable islanders. 295 Andium tenants were directly supported by the Specialised Services team in 2023.

As Ian mentioned in his initial response to you, we are a member of the Jersey Homelessness Strategic Board, I am pleased to be Andium's representative. Andium contributed to the development of the Homelessness Strategy, and we also participate in the work of the Homelessness Cluster.

We have long standing and close working relationships with many homelessness charities, indeed we are landlord to a number of them, providing buildings to Shelter Trust, Causeway, Women's Refuge, Jersey Council on Alcoholism and Sanctuary Trust.

The Partnership Pathway, which we run, provides a dedicated route out of homeless shelters into independent living, where appropriate support is being provided by sponsoring agencies.

For some islanders, the journey to having a home of their own and a successful long-term tenancy can be complex, requiring a multiagency response to address individual needs. As highlighted previously, this service, along with our dedicated Income Recovery and Tenancy Management teams aim to support tenants to have a successful long-term tenancy and actively prevent the occurrence of homelessness.

You will no doubt have noted from the contents of this letter that a large proportion of tenants rely on assistance from IS to meet their daily living expenses, including their rent payments. As you have identified, and we comment on above, changes in IS policy and payments to tenants can have a very real impact in reducing a tenant's ability to pay their rent, reducing Andium's income, and if left unchecked, putting tenancies at risk. At various points in this response, I indicate our understanding of IS policy as implemented by CLS. Those comments are intended to be constructive and perhaps provide an opportunity for the Panel to clarify those matters with CLS, in particular; hospital stays, periods in custody and IS payment profiles. In the spirit of openness and transparency, we have made our colleagues at CLS aware of our thoughts on this, in the knowledge that we all share our fundamental belief that those who may be vulnerable or in need, should receive the support they require.

I hope this provides you with the information requested, but to reiterate, we would be happy to meet with you and your Panel to discuss this further if helpful.

Yours sincerely



Carl Mavity

Chief Client Transformation Officer
Andium Homes Ltd