



Places to live. Space to grow.

Income Collection Policy

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1 Introduction and purpose

- 1.1 This policy sets out our approach to preventing rent and service charge arrears and recovering debts from our residents and former residents. Our rent collection approach focuses on sustaining tenancies through arrears prevention, support, early intervention and proportionate enforcement. We aim to collect all income due promptly to minimise bad debts and protect the services we provide.
- 1.2 We will ensure that income is maximised through the effective and efficient management of accounts providing clear information to our customers, so they understand their responsibilities and what choices are available to them. We will ensure there is a firm but fair and equitable approach when dealing with arrears and income collection.
- 1.3 If necessary, we will take legal action when all other options to recover debt have failed. We will only evict residents as a last resort where all other remedies have been unsuccessful.
- 1.4 This policy covers payments due to West Kent from the following customers:
 - All current, rental, shared ownership and leasehold homes
 - Residents or customers renting a garage, garage plot or parking space
 - Private owners service charges
 - Any former account where money is owed to us
 - Sub accounts, major works, rechargeable repairs.

2 Policy statement

- 2.1 The key objective of this policy is to safeguard the organisation's continued financial viability through the maximisation of income while supporting residents to maintain the obligations of their tenancy agreements or leases and assist in maximising their incomes.
- 2.2 We expect residents to take responsibility for any payment due and to pay on time. Where this does not happen, we will proactively encourage them to clear any debts that occur as quickly as possible by providing advice and guidance including referrals to third parties if appropriate.
- 2.3 Our approach to income collection will be:
 - To place emphasis on effective prevention and firm but fair action to tackle rent and service charge debt, to minimise debts and support and sustain tenancies.
 - Make paying charges easy – we will provide a range of options for payment.
 - To keep rent (current and former) and service charge debt controlled by proactively monitoring accounts and contacting customers promptly if they miss payments.
 - To support and assist customers to manage their accounts effectively to minimise the chances of debt occurring and the need to take formal action for recovery.
 - To recover effectively any amount of outstanding debt from rechargeable repairs.

- To take legal action, including for repossession or forfeiture, where it is reasonable and proportionate to do so.
- To keep current and former tenants, shared owners and leaseholders informed about benefits and other financial help which may be available to them
- To work in partnership with Local Authorities, Department for Work and Pensions (DWP) and other agencies to implement available prevention measures.
- To comply with all statutory and regulatory requirements regarding debt recovery.

3 Prevention

- 3.1 We aim to prevent arrears by setting expectations, early intervention, clear communications and offering support.
- 3.2 Where appropriate we will tailor our service to meet our residents needs and/or help them to access support.
- 3.3 For leaseholders and shared owners most payments are due monthly in advance under the lease. The first payment will be received as part of the sales process.
- 3.4 We will:
 - make tenants aware of their responsibilities from the outset and maintain regular contact at the start and throughout the tenancy.
 - ensure that routine tenancy sign up procedures include information on how to pay rent and service charges, an assessment of support needs identifying anyone who may be vulnerable and require additional assistance, referrals for assistance with benefits or budgeting if required and an affordability assessment for Affordable Rent tenancies.
- 3.5 We will aim to contact a resident if they owe at least two weeks' rent. We may agree a repayment plan with a resident who is unable to repay their arrears in full. We will ensure this is affordable to them.
- 3.6 We will try to work with the resident to resolve any arrears which are the result of a problem in claiming Housing Benefit or Universal Credit, including verification of whether a claim has been made. We will assist residents to claim benefits through advising them on the completion of application forms, providing benefits advice and signposting and referring customers for specialist advice on benefits.
- 3.7 We may use analytical and predictive techniques on the data we have on our residents to implement a variety of focused collection strategies.

4 Collection

- 4.1 When we make agreements to repay debt, we will always make sure that the level of repayment is sustainable and affordable and does not put the resident's health and wellbeing at risk.
- 4.2 Once legal action is commenced (ie Notice of Seeking Possession served) we will contact residents with a joint tenancy individually to make it clear they are both responsible for paying the

rent, even where Universal Credit is paid to only one of the residents or one joint tenant has left the property.

4.3 As a minimum, when we are aware a customer is in receipt of Universal Credit, we will consider alternative payment arrangements (APA) for the rent and/or rent arrears, at the following stages:

- When a new tenancy begins, and we are aware of a vulnerability or set of circumstances whereby an APA would assist the customer in managing their rent account to prevent debt and promote tenancy sustainment.
- When an account reaches a debt of more than eight weeks in arrears.
- When a starter tenancy is at risk of being failed or extended due to rent arrears.
- Before any application for court.
- When we become aware of a change in circumstances and /or vulnerability where an alternative payment arrangement may assist a customer to manage their income and rent payments.

We will be mindful of Department for Work and Pensions Guidance, and consult with the resident, when applying for an APA but each application is considered on a case-by-case basis.

[Alternative Payment Arrangements \(APAs\) - GOV.UK](#)

5 Debt Recovery

- 5.1 We will take legal action when necessary, using a range of tools available including, but not limited to, money judgement orders, possession action and forfeiture. We will seek eviction and forfeiture as a last resort where we are unable to obtain engagement from the customer or agree a workable solution.
- 5.2 We will always follow the requirements of the Pre-Action Protocol for Possession Claims by Social Landlords which requires us to demonstrate we have been fair and proportionate with any resident we are taking to court.
- 5.3 In all cases we will continue to make attempts to negotiate an agreement with the resident to repay arrears, alongside any legal action, and should continue to do so right through to enforcement or eviction.
- 5.4 We will encourage residents facing legal action to contact relevant Agencies who can provide advice and / or counselling debt services, as well as access to legal advice
- 5.5 We will advise residents that it is in their best interests to attend court hearings and encourage them to attend.
- 5.6 We may consider applying for possession on mandatory grounds for tenants who have not paid the charges due, if they have an Assured Shorthold Tenancy (including starter, fixed term, mortgage rescue and temporary) or an Assured Tenancy with a persistent arrear history - we can

apply under Ground 8 of the Housing Act where eight weeks of arrears are outstanding. If the debt exceeds £5000, we may transfer enforcement to the High Court.

- 5.7 Where a resident's home is at risk of homelessness we will refer to the Local Authority homelessness service.
- 5.8 If a customer has a mortgage, we will contact the mortgage provider and request that they consider the debt. If the customer is a leaseholder, outright owner of the accommodation, or the mortgagee refuses to capitalise the debt, we will take legal action to recover the debt.
- 5.9 Under limited circumstances we may consider buy back of a property on the request of a shared owner or leaseholder, on approval of the Executive Team.
- 5.10 Non-payment of service charges will be pursued as a breach of lease if not paid. We aim to prevent leaseholders from accruing serious debts and in doing so will explore any legal remedies available. Where the debt relates to planned major works, and it cannot be cleared in full via a single payment, we may consider agreeing an affordable interest-free payment arrangement over a fixed period.

5.11 Breathing space or mental health crisis breathing space:

The aim of a breathing space or a mental health crisis breathing space is to help those with problem debts or mental health crisis find long term solutions to their financial issues by providing a period of legal protection from their creditors, alongside support in the form of debt advice. If we are informed that a debt owed is in breathing space, all action must stop related to that debt. Breathing space protections must stay in place until the breathing space ends. We will refrain from contacting the debtor to request repayment of the debt and halt enforcement action to recover the debt by ourselves or an appointed agent. A resident will still have a liability to pay current ongoing charges. Recovery action may resume when the Breathing Space ends.

5.12 Bankruptcy/debt relief orders:

When a resident includes rent arrears in bankruptcy we can still apply for possession of their home, for not keeping the tenancy condition to pay the rent. Customers should aim to clear any unpaid rent before starting bankruptcy. When under a Debt Relief Order, customers should continue paying the current rent, or risk repossession action and losing their home.

6 Financial inclusion

- 6.1 We will support our residents to develop the best possible skills and the ability to manage finances effectively and pay their rent and other bills.
- 6.2 Our Welfare Benefits Service can assist maximising tenants' income through welfare benefits and welfare rights support.
- 6.3 We have a specialist employment and training team who can assist in supporting residents back to work, and a Fuel Efficiency Officer who can assist people with the costs of energy.

7 Credits

- 7.1 We will not hold excessive levels of credit on rent accounts. We will investigate anything over five weeks and if required refund but will leave credit on the account:
- 7.2 If there is any housing benefit or universal credit in payment, checks will be made to ensure that there is no debt owed to the local authority or Department for Work & Pensions. Should there be no outstanding overpayments; a refund will be approved only in the following circumstances, except where benefits for rent payment are paid in arrears:
- Weekly payers – any credit over and above one week
 - Fortnightly payers – any credit over and above two weeks
 - Four weekly payers – any credit over and above four weeks
 - Calendar month payers – any credit over and above one calendar month
 - KEHFA , Extra Care and Temporary Accommodation Residents- any credit over four weeks.
- 7.3 If large credits are a result of changes in the source or pattern of payments we may make enquires as part of our responsibilities to prevent, detect and report fraudulent activity, including money laundering.

8 Former tenant arrears

- 8.1 It is always our aim to ensure that rent accounts are clear of debt at the point a tenancy/license ends. However, where there are former tenant arrears, it is our policy to pursue recovery of these as far as practically possible and for as long as it's in our financial interests.
- 8.2 We will use a range of methods to trace former tenants and seek to recover arrears. This may include the use of court action, credit referencing databases and may include referral to external collection agencies. Any costs incurred will be recovered from the debtor.
- 8.3 We will consider writing off former tenant's debt if we have pursued all reasonable means to recover and it would not be cost-effective to take further action.

9 Garages

- 9.1 Customers who rent a garage from us have a licence agreement and are expected to pay their rent by direct debit. If customers fail to pay, we will act to repossess the garage. We will:
- Repossess a garage (giving two weeks' notice) where a customer owes over four weeks' garage rent and fails to maintain an appropriate repayment arrangement.
 - Where a customer rents a garage as well as a home, we may seek to repossess the garage where a customer owes over four weeks' rent arrears and fails to maintain an appropriate repayment arrangement on their home.
- 9.2 If a resident owes more than four weeks' rent arrears on their home, we will refuse to let a garage.

10 Rechargeable repairs

- 10.1 We aim to prevent recharges by advising customers to carry out rechargeable works themselves, where possible.
- 10.2 We will attempt to act promptly in contacting residents who owe monies for our rechargeable repairs, following the recharge being added to their account.
- 10.3 Where recharges cannot be cleared in full via a single payment, we may agree affordable repayment arrangements, where we deem it reasonable to do so. We may cap the costs of the recharge after an affordability assessment is complete, apart from in KEFHA schemes.
- 10.4 If customers fail to pay the sum outstanding for a rechargeable repair, we will apply to County Court to recover the debt via money judgement orders and attachment of earnings.

11 Unauthorised occupancy

- 11.1 For properties that are occupied by someone who is not a legitimate tenant but has tolerated trespasser status, the use and occupation charge will be equivalent to the rent and service charge.
- 11.2 Use and Occupation Accounts will be monitored regularly by the Income Recovery Team to stop debts accumulating. We will seek to end Use and Occupation agreements, and rehousing arrangements if debts are accumulating without an arrangement to clear.
- 11.3 Where we are ending a Use and Occupation agreement, we will provide advice and assistance on housing options.

12 Responsibilities

- 12.1 The Director of Housing and Neighbourhoods has overall accountability for this policy.
- 12.2 The Head of Housing had responsibility for delivery of this policy.
- 12.3 The Income Team in the main will have carry out day-to-day functions of this policy.
- 12.4 In supported, KEFHA (Kent Excellent Homes for All) and Extra Care Schemes (ie where we have resident over 55 and/or in need of additional support) scheme staff and supported housing officers will also have responsibilities which may include arrears management and signups for new tenants.

13 Regulation

- 13.1 The following standards applying:
 - Value for Money Standard states that registered providers must ensure that optimal benefit is derived from resources and assets and optimise economy, efficiency and effectiveness in the delivery of their strategic objectives.
 - Tenancy Standard states that 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.

- Relevant Legislation includes:
 - Housing Act 1985
 - Housing Act 1988
 - Equality Act 2010
 - Localism Act 2011
 - Welfare Reform Act 2012
 - Data Protection Act 2018
 - Civil Procedure Rules
 - Pre-action Protocol for Possession Claims by Social Landlords 2020
 - Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017

14 Reporting

- 14.1 Arrears are a main performance indicator and as such is reported to the Executive Team monthly, to Communities and Housing Committee quarterly and the Board.

15 Consultation

- 15.1 This policy has been reviewed by involved residents.

16 Communication

- 16.1 This policy will be published on the intranet and website and made available to all staff and residents as required.