



Places to live. Space to grow.

Income Collection Policy

DRAFT

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1 Introduction and Purpose

- 1.1 The Income Collection Policy provides detail as to how we will collect income from our customers. We aim to collect all income due promptly to minimise bad debts and protect the services we provide.
- 1.2 The 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 enforcement.
- 1.3 We will ensure that income from money owed 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.
- 1.4 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.
- 1.5 This policy covers payments due to us from the following:
 - All current, rental, shared ownership and leasehold residents
 - Residents or customers renting a garage, garage plot or parking space
 - Private owners yearly 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 This policy will be for all departments who deal with prevention and collection of income and support debt recovery.
- 2.3 We expect customers 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.

2.4 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 – encouraging direct debits, providing online and payment methods, automated payments by phone, via the Post Office and Payzone.
- 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 ownership 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 from arising by setting expectations, early intervention and clear communications.

3.2 We will

- make tenants aware of their responsibilities from the outset and maintain regular contact at the start and throughout the tenancy
- ensure that tenancy sign up procedures include the following:
 - an affordability assessment and the offer to assess tenants' income and calculate benefit entitlement for nominees to affordable rent homes.
 - information about the amount of rent and any service charges payable
 - emphasis on the responsibility of residents, for ensuring that rent payments are made punctually and regularly and the implications of failing to do this
 - identifying residents who may be vulnerable and require additional assistance
 - information on the importance of informing us of any change in circumstances or changes which may affect their benefit entitlement

- capture of date to include contact details for e.g. mobile phone numbers, next of kin information, etc
 - advise on the range of methods available for rent payment and identifying the most appropriate method for the individual tenant
 - the offer to assist with financial inclusion or direct residents to an external organisation which provide this service if additional support required
 - advise on how to get assistance with the costs of moving and/or setting up home, including when appropriate dual payments of benefits where additional support required.
- 3.3 We will contact a customer if they owe at least one week of rent. We may agree a repayment plan with a customer who is unable to repay their arrears in full. We will ensure this is affordable to them by reviewing their income and expenditure.
- 3.4 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.
- 3.5 We assist residents to claim benefits through helping with the completion of application forms, providing benefits advice and signposting and referring customers for specialist advice on benefits and help to secure their entitlement.
- 3.6 Where appropriate we will tailor our service to meet our residents needs and/or help them to access support.
- 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 tenant'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.
- As a minimum, when we are aware a customer is in receipt of Universal Credit, we will consider alternative payment arrangements for the rent and/or rent arrears, at the following stages where applicable in managing income collection.
 - When a new tenancy begins, and we are aware of a vulnerability or set of circumstances whereby an alternative payment arrangement 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, to prevent rising debt and promote tenancy sustainment.
- 4.3 We will be mindful of Department for Work and Pensions Guidance when applying for an APA but each application is considered on a case by case basis. We will consult with the resident on any application made.

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

- 4.4 For leaseholders and shared owner most payments are due monthly in advance under the lease.

5 Debt Recovery

- 5.1 We will ensure that all reasonable steps have been exhausted before considering legal steps. If the resident still fails to co-operate in reducing arrears we may be left with no option but to commence legal action to recover the debt.
- 5.2 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
- 5.3 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 tenant we are taking to court.
- 5.4 In all cases we will continue to make attempts to negotiate an agreement with the tenant to repay arrears, alongside any legal action, and should continue to do so right through to enforcement or eviction.
- 5.5 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
- 5.6 We will advise tenants that it is in their best interests to attend court hearings and encourage them to attend.
- 5.7 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.

- 5.8 Where a resident's home is at risk of homelessness we will refer to the Local Authority homelessness service.
- 5.9 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 act in the County Court to recover the debt.
- 5.10 Non-payment of service charges will be pursued as a breach of their lease if not paid. We aim to prevent leaseholders from accruing serious debts and in doing so will explore any legal remedies available.
- 5.11 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 (not exceeding 48 months).

5.12 Breathing Space or Mental Health Crisis Moratoriums

The aim of a breathing space or mental health crisis moratorium is to help those with problem debt 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.

5.13 Bankruptcy/Debt Relief Orders

When a resident includes rent arrears in bankruptcy we can 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 and any arrears, 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 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

7 Credits

- 7.1 We will not hold excessive levels of credit on rent accounts. We will investigate anything over 5 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 1 week
- Fortnightly payers – any credit over and above 2 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

8 Former Tenants 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.

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 2 weeks' notice) where a customer owes over 4 weeks garage rent and fails to maintain an appropriate repayment arrangement.
- If a resident owes more than 4 weeks rent arrears on their home, we may refuse to let a garage.
- Where a customer rents a garage as well as a home, we may seek to repossess the garage where a customer owes over 4 weeks rent arrears and fails to maintain an appropriate repayment arrangement on their home.

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 occupiers 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. Apart from in KEFHA schemes, we may cap the costs of the recharge after an affordability assessment is complete.
- 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 Communities have 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 carry out the day-to-day functions of this policy. In supported, KEFHA and Extra Care Schemes scheme staff and supported housing officer will also have responsibilities.
- 12.4 Allocations, scheme and supported staff will be responsible for ensuring appropriate advice and assistance on paying rent and charges in provided at sign up for new tenants.

13 Regulation

The following standards applying

• *Value for Money Standard states that register 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.

14 **Reporting**

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

15 **Consultation**

15.1 This policy has been reviewed by the Resident Scrutiny Panel and approved by the Communities and Housing Committee.

16 **Communication**

16.1 This policy will be on the internet and website.

Summary of key material/changes

- Garages - have added additional information to be clear on what tools we will use
- Recharge section has been amended to reflect affordability considerations
- Use and Occupation sections added
- A section and increased emphasis on prevention has been added
- A section on how we deal with rent credits has been included
- The relevant regulation has been updated

Related policies and supporting documents

- 1 Allocations**
- 2 Recharge Policy**
- 3 Vulnerability Policy**

[Vulnerability Policy - Bettie](#)

- 4 Rent Policy**

[Rent Policy - Bettie](#)

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POLICY SIGN-OFF

Document Name:	Income Collection Policy
Equality Impact Assessment:	No impact
Equality Impact Assessment on Bettie:	Yes
Equality Impact Assessment on S Drive:	No
Resident Impact Assessment:	Yes
Policy Author:	Audrey Williamosn
Approved by:	[Enter Name]
Effective from:	
Next Review Date:	[
Risk:	Regulatory / Finance / Legal
Document Location:	Bettie and Website

- A current version of this procedure is available to all employees on (West Kent Intranet).

APPROVAL SIGNATURE:

JOB TITLE:

DATE:

Change History Record

Version	Date	Details of Change(s)	Approved By
V1.0	[Enter date]	Initial issue	[Enter Job Title]
V2.0	[Enter date]	[Enter details of change]	[Enter Job Title]