



Income Collection Policy

Reference	Income Collection Policy	Version	1
Staff affected	All staff	Issue date	April 2022
Approved by	Board	Review Date	April 2024
Lead Officer	Leah Montia		

1. Scope

1.1 This policy applies to:

- Assured tenants
- Secure tenants
- Assured Shorthold tenants
- Rent to Home buy tenants

1.2 This policy does not apply to leaseholders (including shared ownership) and supported housing tenancies that are managed on our behalf by an external managing agent.

1.3 This policy covers the following type of debt

- Current tenant rent arrears
- Former tenant rent arrears
- Rechargeable repair debt
- Sundry debts including; court costs,

2. Policy Statement

2.1 This policy is the principle policy that is used to collect debt owed to the association. We aim to have a high performing debt recovery service which seeks to promote a positive payment culture, preventing homelessness and contribute to achieving sustainable tenancies.

2.2 We will adopt a firm but fair approach, ensuring early intervention is made, support is provided where necessary and legal action is pursued as a last resort, only when all other options have been exhausted, or where tenants are refusing to engage or co-operate.

2.3 It is recognised that many tenants are financially or otherwise disadvantaged and a supportive and sympathetic approach will be adopted at an early stage. In particular, the specific needs of care leavers, people who have recently been street homeless, minority ethnic groups, people with disabilities or vulnerabilities and the elderly will be taken in to account.

3. Debt Prioritisation

3.1 We will prioritise debt as follows:

- Priority 1: Current Tenant rent arrears
- Priority 2: Former Tenant debt
- Priority 3: Rechargeable repair debt
- Priority 4: Sundry debt

Rent payments

- 3.2 Rent is a priority debt and must be paid without exception. It is one of the most important bills a tenant has to pay. It is the tenant's responsibility to pay the rent in full, in advance and on time even if the tenant claims housing related benefits for some or all of their rent. This is clearly set out in the tenancy agreement.
- 3.3 We will provide full information on how and when to pay rent when the tenancy agreement is signed. We also explain the consequences of not paying rent and what advice and financial inclusion services are offered locally.
- 3.4 If rent is not paid, it becomes arrears. This is a debt that tenants owe to us as their landlord. We take arrears very seriously, even when it is just a small amount. Arrears can put a tenant's home at risk. As a business, the impact of rent arrears is that we have less to spend on important services to tenants' homes.

Rechargeable repairs

- 3.5 We aim to provide a value for money repairs and maintenance service. In seeking to deliver value for money, we will only carry out work for which there is a contractual need or for which we are responsible.
- 3.6 Essential to this approach is the need to ensure that tenants are recharged for works which they are responsible for or works resulting from their negligent behaviour or deliberate abuse. Full details of what is considered to be a rechargeable repair, is set out in our Repairs Policy.
- 3.7 Outstanding recharges will be monitored and pursued. If the recharge remains unpaid, then we will take appropriate action, which may include legal action being taken.

Sundry debts

- 3.8 Where we take legal action we incur additional costs as a result of making applications through the courts. In every case we will add the costs incurred to the existing debt and look to recover the consolidated balance.

4. Staff Responsibilities

Director of Operations

- 4.1 Overall responsibility for this policy and its implementation rests with the Director of Operations.

Head of Housing Services

- 4.2 The Head of Housing Services will ensure that staff receive the appropriate training and support to effectively achieve the objectives of this policy.

- 4.4 The Head of Housing Services is required to authorise the use of the mandatory ground for possession; ground 8 in a Notice of Seeking Possession.

Neighbourhood Manager

4.5

The Neighbourhood Manager is responsible for ensuring the implementation of this policy on a day to day basis. This includes regular reviews of arrears performance to monitor performance against the objectives of this policy.

The Neighbourhood Manager is required to authorise the service of a Notice of Seeking Possession where the rent arrears are less than the equivalent of 4 weeks rent.

Income Officers

- 4.6 Arches specialist income recovery staff are responsible for the implementation of this policy on a day-to-day basis

4.7 Other Arches Operational Staff

It is recognised that all staff have a role to play in safeguarding the income of the business and all staff are expected to support the delivery of a high performing debt recovery service as part of their role.

5. Our approach to debt recovery

How we can help

- 5.1 We understand that times can be difficult. This makes it more important than ever that tenants prioritise payment of rent. Once rent arrears start to build, they can become difficult to repay and this can have a negative impact on tenants ability to manage their finances and overall wellbeing
- 5.2 We are willing to help tenants who are in arrears. It is essential that tenants speak to us as soon as they are in difficulties. We will refer or signpost tenants to money and budget advice in complex cases.
- 5.4 We will always try to engage with tenants as part of our early intervention approach in order to come to an arrangement with tenants to repay arrears before they mount.

Early contact

- 5.5 We will contact tenants at the earliest opportunity when their rent account falls into arrears. We expect that tenants will work with us to sort out the debt. We expect that tenants will put things right at this early stage to avoid arrears increasing. Where the arrears are due to a change in circumstances, such as losing a job, we would expect tenants to notify us and take proactive measures

to ensure payments can be made which may include applying for Universal Credit, setting up a payment plan, etc.

Low level or static debt

- 5.6 We take even small arrears seriously and will take firm action even on low level debt. This is to protect our income and to protect the tenant falling into further arrears and difficulties.
- 5.7 This will also apply to small debts which may have been sitting on the rent account for a long time (static debt), even when they are not increasing. We may serve notice and take legal action to recover the money we are owed.

Benefits, including Universal Credit

- 5.11 We know that benefit payment problems can lead to arrears. It is important that tenants talk to us straight away if this is the case.
- 5.12 We may not start court proceedings where arrears have accrued because of an outstanding benefit claim. This is only where a tenant can evidence that they have a genuine chance of getting benefits and has provided all the information required.
- 5.13 We expect tenants to pay any shortfall of rent due which is not covered by benefits.
- 5.14 All tenants including those in receipt of benefits are expected to be in advance with their rent payments.

Vulnerable tenants

- 5.15 There is no standard definition of what is meant by the term 'vulnerable'. Sometimes tenants can be 'vulnerable' over the long term. Sometimes tenants are 'vulnerable' for a short time. This may be because of a traumatic life event or family crisis.
- 5.16 We will work in partnership with tenants, local authorities, voluntary organisations and other support providers to offer extra support and guidance. We can signpost to agencies that offer support that is tailored to tenant circumstances.
- 5.17 While we accept that vulnerable tenants may need additional support, we still expect rent to be paid on time and arrears repaid quickly.

Joint tenants

- 5.18 Both tenants are 'jointly and severally' responsible for paying the full rent and for any rent arrears. This means that if one joint tenant does not pay, the other is fully liable.

- 5.19 This will still be the case where universal credit is only paid to one tenant, or where one joint tenant has left the property.

6. Taking Legal Action: Serving a Notice

- 6.1 There are a variety of legal tools we can use to help us get the money we are owed. Where the debt is rent arrears due from a current tenant we will normally serve notice for arrears where the debt is 28 calendar days/4 weeks or more in rent arrears.
- 6.2 We may serve notice where rent arrears are less than the equivalent of 4 weeks rent and reserve the right to do this in exceptional circumstances with the approval of the Neighbourhood Manager.
- 6.3 We will normally serve a notice where the tenant has not responded to our efforts to make contact, or has broken their agreement to repay the rent arrears.
- 6.4 We may delay serving a notice where benefit eligibility has been established, a claim has been made and a decision on an application is pending, and the willingness of the tenant to pay is not in question. This also applies where the vulnerability of the tenant means that there are significant support issues.

Notice of Seeking Possession (NOSP): secure tenancies

- 6.5 We will seek possession under Ground 1 where 'Rent lawfully due from the tenant has not been paid or an obligation of the tenancy has been broken or not performed'.

Notice of Seeking Possession (NOSP): assured tenancies

- 6.6 There are three grounds for possession for rent arrears. Their use will depend on the specific circumstances of the case.
- We will usually seek possession under the discretionary **Ground 10**, where, 'Some rent lawfully due from the tenant is unpaid on the date on which proceedings for possession are begun' and where the tenant '...was in arrears at the date of service of the notice under that section relating to those proceedings'.
 - We will also use **Ground 11** in conjunction with **Ground 10**, where, 'whether or not any rent is in arrears on the date on which proceedings for possession are begun, the tenant has persistently delayed paying rent which has become lawfully due.'
 - We may also use the mandatory **Ground 8** if the tenant owes at least 8 weeks' rent when we gave notice seeking possession and if this is owed at the date of the court hearing. The use of Ground 8 is very serious as it is a mandatory ground for possession. We will ensure that use of Ground 8 is proportionate. This includes taking any relevant circumstances of the tenant into account and the Head of Housing Services or Operations Director must give approval.

6.7 For other debts which are not rent related, we may use **Ground 12**, where 'any obligation' of the tenancy (other than one related to the payment of rent) has been broken or not performed'.

7. Taking Legal Action: Court Action

7.1 We will usually apply to court for a possession order where:

- the tenant has refused to get in contact with us
- the tenant has not come to an agreement with us
- the tenant has come to an agreement with us but has not kept to it
- the arrears are not reducing.

7.2 We will follow the steps laid out by the Civil Justice Commission's Pre-Action Protocol for Possession Claims by Social Landlords when court action is being taken.

Court orders

7.6 We will consider the tenant's circumstances, including:

- ability to repay the debt
- their benefit situation
- their payment history.

7.7 We will usually seek either a Suspended Possession Order (SPO) or an Outright Possession Order (OPO) from the court. A money judgement will always be sought with any possession order, in addition to an order for costs incurred.

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Insolvency Arrangements – Bankruptcy, Individual Voluntary Arrangements(IVA), Debt Respite Scheme (Breathing Space) and Debt Relief Orders (DRO)

7.12 Where a tenant has an insolvency arrangement they remain liable to pay current rent as usual.

7.13 We do not have to write off rent arrears where bankruptcy has occurred. We may deal with repayment of rent arrears in line with this policy, and follow standard procedures for recovery action where arrangements are not kept.

7.14 The main feature of a DRO is a ban (called a moratorium) which prevents creditors pursuing debts for a period of 12 months. Tenants with a DRO are still liable to pay rent, and rent arrears incurred after the DRO has been made are not covered by the moratorium. We will deal with repayment of these arrears in line with this policy.

7.15 Where we are notified by the Insolvency Service that any debt owing to Arches is in a breathing space we must stop all debt related action, including court proceedings and evictions, until the breathing space ends. If the notification

includes an end date, it is a standard breathing space – this will be 60 days after the breathing space is applied. If there is no end date, it is a mental health crisis breathing space which lasts as long as the person's mental health crisis treatment plus 30 days.

- 7.16 Where we have been notified of a breathing space, the income officer should ensure this is clearly noted on our housing management system. We are required to notify the Court for any proceedings to be put on hold, and notify the Court when the breathing space has ended the debt and whether we intend to continue with enforcement. The decision to restart enforcement will be made in line with this policy.

High Court Enforcement

- 7.17 Where we have obtained a county court order and the debt is under 6 years old and exceeds £600, we may look to refer the matter on to a High Court Enforcement Service (HCES).
- 7.18 We will only look to use a HCES in order to recover debt from former tenants of the association who have failed to engage with us to agree a realistic repayment plan. This debt may include former tenant rent arrears and sundry debt including unpaid rechargeable repairs.
- 7.19 Under no circumstances will we look to use a HCES to recover debt from a current tenant nor will refer possession cases to a HCES.

Eviction

- 7.20 No eviction can take place without the approval of Head of Housing or Operations Director in their absence. We will only carry out an eviction where a county court bailiff is present and we will work with the bailiff to ensure that it is done as sensitively as possible.
- 7.21 We will send written notification of eviction to the local authority's homelessness team.

8. Review

- 8.1 This Policy shall be reviewed and updated every two years or if there are any significant changes to current legislation, regulations or codes of practice or guidance.

9. Governance and Assurance

- 9.1 Monitoring of the implementation of this policy will be the responsibility of Board of Management.
- 9.2 We will set annual performance targets to measure the success of our debt recover service. Progress against these targets will be reported to the Board annually at the end of the first quarter.

These will include:

- Total value of outstanding rent arrears
- % of rent collected as a % of rent charged
- Total value of rent arrears written off as a bad debt
- Total value of former tenant debt recovered
- Total value of rechargeable repairs collected.
- Number of evictions

10. Equality and Diversity

- 10.1 All involved will recognise their ethical and legal duty to advance equality of opportunity and prevent discrimination on the grounds of; age, sex, sexual orientation, disability, race, religion or belief, gender reassignment, pregnancy and maternity, marriage and civil partnership.

11. Publicising this Policy

- 11.1 This policy will be publicised on the Arches Website.