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## **Affordable and Social Rent - Income Collection Policy**

**SER-POL-16**

**Version 5.1**

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**Date approved: 22 September 2020**

**Approved by: Parent Board**

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## **1. Aims and Objectives**

- 1.1 The Trust will take a Rent First approach to social and affordable collection where every Contact Counts with the following key aims:
- To collect all of the rent due;
  - To reduce rent arrears and keep these to a minimum;
  - To tackle the causes of rent arrears and to reduce the number of rent arrears cases in Court and the number of evictions carried out;
  - To actively seek to reduce former tenant arrears and any other debts owed to the Trust.
- 1.2 The payment of rent, (and where applicable, other charges) is a condition of the Tenancy Agreement and an obligation for all our tenants. Southway will promote a culture of rent payment when letting and managing our homes and in all communications with our tenants.
- 1.3 To support these aims, the Trust will:
- Create and maintain a performance culture where the payment of rent is acknowledged as a top priority for all staff and all tenants.
  - Recover rent arrears in a firm but fair and consistent way with methods of collection being sensitive to individual tenant circumstances.
  - Provide a framework where early advice and support is provided to tenants, in particular those who may be more vulnerable and/or reliant on benefits, are affected by Welfare Reforms or are affected by in work poverty.
  - Provide a proactive Advice Service to tenants, including employment, benefits, debt, digital skills and money management advice, and work closely with other agencies having referral systems in place where these could assist our tenants.
  - Help to prevent homelessness by ensuring proper support, guidance and advice is given to tenants in arrears, so that rent is paid and arrears are cleared without threat of losing their home
  - Use eviction action only as a last resort and only when there is evidence of non-compliance on the part of the tenant, either to engage with Southway, or to make any consistent effort to pay their rent and arrears.

- Closely work alongside colleagues in other teams such as Asset Management and the Repairs service, to identify cases where there is a potential counter-claim for disrepair.
- Use incentives including forms of Recognition and Reward to thank tenants for paying their rent and incentivise others to do the same.
- In line with the National Housing Federation’s statement of support for residents affected by the coronavirus crisis, we are committed to:

(1) Keeping people secure at home

No one will be evicted from a housing association home as a result of financial hardship caused by coronavirus, where they are working (or engaging) with their housing association to get their payments back on track

(2) Helping people get the support they need

Housing Associations are helping residents to access benefits and other support to alleviate financial hardship, including supporting people to get work where possible

(3) Acting compassionately and quickly where people are struggling

Housing Associations will work with any resident who is struggling to find arrangements to pay rent that is manageable for them in the long term. Legal action will only be taken in serious circumstances – for example as a last resort where a resident will not agree a plan with their landlord to help them pay their rent, or where it is needed in cases of domestic abuse or of anti-social behaviour that is putting other residents or communities at risk.

## **2. Prevention**

- 2.1 The Trust will seek to prevent arrears from occurring in the first instance and will take prompt action to prevent arrears from occurring and accumulating.

### **New Tenancies**

- 2.2 Southway use a risk assessment when signing up new tenants to determine if an affordability assessment is required. This identifies any advice or support that needs to be put in place to help the prospective tenant pay their rent if they are deemed high risk. although it could also result in very exceptional circumstances, in a tenancy offer not being made (see Allocations Policy).

- 2.3 All new tenants will pay an advance on their gross rent based on their chosen payment frequency. Exceptions will only be made in cases of real hardship where a repayment agreement will be set up in its place.
- 2.4 Advice and support will be offered at the pre tenancy stage to ensure that benefit claims are made in a timely manner.
- 2.5 A home visit will be carried out with all new tenants no later than 6 weeks after the start of the tenancy and rent payments will be a key matter for discussion.
- 2.6 A number of accessible payment methods will be provided with tenants encouraged to make payments by Direct Debit and other online transactional methods. Advice and help will be offered to anyone who does not have a bank account.

**Existing Tenancies (including Transfers and Assignments)**

- 2.7 All tenants must be at least a week ahead on their rent account. This means that the rent free week is only available to tenants with a week or more credit on their rent account.
- 2.8 All tenant rent accounts will be closely monitored and proactive action will be taken at the point of a first missed payment.

**3. Support for Tenants**

- 3.1 Tenants with rent arrears, or at risk of falling into arrears will be provided with a range of support and advice. This includes Debt, Welfare benefits, digital skills and Money Management advice and budgeting. In addition, we will make all tenants aware of and assist with referrals, when relevant, to the independent places that they can receive alternative and further advice from.
- 3.2 When support and advice has been offered but not accepted by the tenant, or where existing repayment agreements are subsequently breached, officers will take appropriate action including legal enforcement, however this will always be as a last resort. The offer of support and advice will continue to be made whilst legal action is being taken.
- 3.3 When making re-payment agreements, a reasonable timescale by when the arrears should be repaid will be agreed, to ensure these are sustainable, and take into account the tenants circumstances.

## **4. Legal Action**

- 4.1 The Trust is required to adhere to the Pre Court Protocol issued by the Ministry of Justice in October 2006. This sets out very clearly the practices that the Courts expect Registered Providers to adhere to in the pursuit of rent and arrears prior to taking Court action.
- 4.2 In addition, we will adhere to any Government guidance issued in response to the corona virus pandemic that would affect how we take legal action, including the decision to service a notice, the level at which it will be served and the associated notice periods.
- 4.3 Legal action will always be pursued where a tenant has failed to:
- Make contact and meaningfully engage with the Trust
  - Cooperate in paying their rent and reducing their debt, or
  - Maintain a repayment agreement to clear the outstanding debt within an agreed period of time.
- 4.4 A Notice of Seeking Possession (NOSP) will be served where arrears are £450 or more. For Universal Credit cases action will not be taken in the first 6 weeks after a claim is made.
- 4.5 In certain circumstances, a NOSP may also be served when the arrears are lower than this amount, for example non-payment of under-occupancy charge over a period of time.
- 4.6 A NOSP may also be served at a higher amount for example a tenant makes a new claim for Universal Credit and is working with Southway officers to get the claim into payment as soon as possible.
- 4.7 Providing an agreement is reached when the NOSP is served no further action will be taken. The notice will remain in place for 12 months after it is served unless the arrears are fully paid off. However, if the arrears remain above the threshold at the 12-month stage (even if an arrangement is in place), the NOSP will be re-served to allow prompt action.
- 4.8 We will take court action if recovery methods have failed when arrears reach £1,000. Discretion may be applied where the arrears are below this level and circumstances warrant court action being requested; for example, non-payment of a non-dependant deduction over a period of time.

Re-possession action will be taken as a last resort and only where there is clear evidence of non-engagement or effort to make to pay rent and arrears.

- 4.9 In the case of an outright Possession Order or a breach of a Suspended Possession Order (SPO) the Chief Executive or a Strategic Director can authorise eviction action when appropriate.

### **Grounds for Possession**

- 4.10 Dependent on the Tenancy Agreement that is in use, when rent is not paid certain Grounds for Possession included within Schedule 2 of the Housing Act 1988, can be used to take action:
- For Southway Assured Tenancies that commenced pre January 2017, including any tenants who transfer from one Southway property to another after this time, Ground 10.
  - For all Southway Tenancies from January 2017 Grounds 8, 10, and 11.
  - Where the tenancy is a Starter Tenancy, Section 21 will be available for use.

## **5. Hierarchy of Debt**

- 5.1 When a tenant owes Southway more than one debt, this will be repaid in the following order of priority:
- Current rent and arrears including service charges
  - Court and bailiff fees
  - Former tenant debts
- 5.2 Rechargeable repairs are not included in this hierarchy as Southway expects these repairs to be repaid in full at the point of request. In circumstances where the repair is for health and safety reasons and the tenant cannot pay in full, the tenant will be expected to make and maintain a payment agreement, regardless of any other payment commitments.

## **6. Former Tenancy Debts (FTD's)**

- 6.1 A former tenancy debt is any debt left owing to Southway when a tenancy has been terminated. It can include rent arrears, service charges, rechargeable repairs, heating charges and court fees.
- 6.2 A formal repayment agreement will only be agreed with the former tenant where it is not possible for the debt to be cleared in full.

- 6.3 All tenants when terminating their tenancy are required to pay any outstanding arrears of rent and/ or any other debts owed to Southway and will be advised of the implications if these are not paid in full.
- 6.4 All tenants leaving Southway with an FTD will be placed on the Rehousing Review List and only removed once they have cleared the debt due.
- 6.5 Detailed procedures will ensure that Southway proactively recover Former Tenant's Debt's.
- 6.6 Where the arrears are in respect of a deceased tenant, the action will be limited to contacting the next of kin or executor to claim against the estate.
- 6.7 Where a debt is uneconomic to pursue, or attempts to trace the former tenant have failed and there is no prospect of recovery, the debt will be written off in accordance with Southway's Financial Regulations and Standing Orders, and Southway's Write Off Policy.
- 6.8 Where a debt has not been repaid and all attempts to recover arrears have failed, the account will be passed to a debt collection agency.

## **7. Equality and Diversity**

- 7.1 An Equality Impact Assessment has been completed to ensure that all appropriate actions are put in place to support those tenants who have protected characteristics. An Action Plan is in place and will be monitored.

## **8. Performance Monitoring and Reporting**

- 8.1 The Trust sets an annual target for overall rent collection. Specific targets are separately set to measure collection rates for those affected by Welfare Reforms including Universal Credit, and for former tenant debts.
- 8.2 The Executive Group receives regular updates on performance and information relating to rent, arrears and sundry debt collection is included in reports to Board and Committee's as part of regular performance reviews.
- 8.3 Performance is benchmarked against that of other housing providers, and staff take part in rent forums and share good practice and ways of working.
- 8.4 The Trust regularly publishes its income data to tenants and promote its Rent First Every Contact Counts principles using case studies.

## **9. Procedures**

- 9.1 The detailed process that staff must follow in the management of rent, arrears and sundry debts is set out in the Income Collection Procedure that includes for the collection of current and former tenant debts.
- 9.2 The procedure includes stages of intervention through rent escalation and these will be applied to all tenants.
- 9.3 The People and Places Head of Communities is responsible for ensuring that procedures are followed and will carry out regular sample checks of compliance. Additional training and staff briefings will be provided as required.

## **10. Related Documents**

- Income Collection Procedures
- Rechargeable Repairs Policy and Procedure
- Community Investment Strategy
- Everyone Matters Customer Care Policy
- Single Equalities Scheme
- Rent Debt Write Off Policy
- Digital Inclusion Strategy

## **11. Policy Review**

The Strategic Director People and Places will be responsible for the policy and ensuring that it is reviewed at least every three years.



<b>POLICY REVIEW HISTORY</b>	
<i>To be completed during each review</i>	
<b>Previous versions</b> (version number – approved by – approval date – title if different)	
v1 – Shadow Board – 14/08/2007 – Rent Collection and Arrears Recovery Policy	
v2 – Board – 21/07/2009	
v3 – Board – 30/07/2013 – Rent Collection, Arrears and Debt Recovery Policy	
v4 – Board – 22/11/2016 – Affordable Rent Collection, Arrears and Debt Recovery Policy	
V5 – Board – 18/01/2020 – Social and Affordable Rent Collection Policy	
<b>Date of last EIA:</b>	December 2019
<b>Review lead by:</b>	Jane Gant, Strategic Director – People and Places
<b>Main points or amendments made and reasons</b>	
<p>Clarified the level at which a NOSP will be served for Universal Credit cases.            Use of less formal language and jargon.            Inclusion of support that is now offered around employment and digital skills.            Removed the separate section on Under Occupation as this is now part of normal business and not a key risk area.</p>	
<b>Next review due:</b>	<b>Q4 2022/23</b>
<b>Approval level:</b>	<b>Parent Board</b>