Income Management and Rent Arrears Policy

December 2017

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<th>Author</th>
<th>Date</th>
<th>Review date</th>
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<td>December 2017</td>
<td>December 2019</td>
<td>New group wide policy developed.</td>
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1. Introduction

The County Durham Housing Group Income Management and Rent Arrears policy provides an overarching framework to income management by the group. Paying the rent on time is a key condition of our tenancy agreement; therefore the group is committed to the provision of an efficient, effective and socially responsible system for the prevention and collection of arrears. This creates a fair and equitable approach for all tenants and supports the financial viability of the group with rents being its main source of income.

The importance of income and the financial viability of the group is reflected in the Corporate and Business Plans and detailed in the corporate Income Strategy and the groups Rent First approach. This policy sets out our approach to how we manage:

- Rent arrears
- Former tenant arrears
- Court costs
- Other debts under the tenancy agreement
- Rechargeable works
- Garage rents
- Leaseholder debts
- Commercial debts

To ensure the requirements of the Income Strategy are met.

2. Aims

The overall aim of the policy is to minimise the level of customer arrears and increase the group’s income in a firm but fair manner to ensure that:

- We embed a Rent first approach across the organisation
- Direct Debit is the default payment method
- Rent and other arrears are kept to a minimum and rental income is maximised
- Customers are offered support to prevent arrears occurring and increasing
- Our emphasis is on a firm but fair approach to recovery
- Contact is made with the debtor at every opportunity
- We agree realistic and regular repayments of arrears
- Legal action is taken as a last resort
- Legal guidelines and good practice are adhered to
- Former tenant arrears are dealt with promptly and, where appropriate, written off
- We achieve value for money

We will treat all customers in arrears fairly and with respect, and ensure that the requirements of our older, vulnerable customers and those customers with disabilities (including family members living in their household) are considered when recovery action is taken. We endeavor to work with our customers and partners to innovate and provide solutions that ensure the service we provide assists our customers to pay their rent.
3. **Scope**

The Income Management and Rent Arrears policy applies to all tenants, leaseholders and garage tenancies and describes the activities and responsibilities involved for income and arrears management.

The term ‘arrears’ applies to rent, former tenant rent outstanding, commercial debts, garage debts, service charges, other debts under the tenancy agreement, rechargeable works, court costs and leasehold charges.

4. **Current tenants, court costs, other debts under the tenancy agreement**

Support will be offered to our customers to prevent their tenancy from going into arrears and early action will be taken when an account falls into arrears. Action will be on a staged escalation basis, up to and including repossession for non-payment of rent or other debts under the tenancy agreement in appropriate cases.

Customers will be encouraged and given the opportunity to contact us to discuss the reasons for their arrears and agree action to resolve the situation. When a sanction has been imposed or Housing Benefit/Universal Credit has been suspended the customer must immediately contact the Income Recovery Team and notify them of the change in circumstances.

Contact will be through all means available including telephone, letter, text, e-mail and, where appropriate, home visits.

It is essential that all contact with customers is recorded. This enables the officers dealing with the account and attending court to be able to demonstrate that all appropriate steps have been taken to contact the customer to resolve the issue and prevent arrears from reoccurring.

5. **New customers**

To prevent rent arrears from occurring, an affordability check should be undertaken for all prospective customers in accordance with the Durham Key Options Policy. Appropriate advice and information will be provided before sign up to the new tenancy to ensure that customers are aware of the cost of running their home including the amount of rent payable each week.

Although various payment methods are available Direct Debit will be encouraged as the preferred method of payment.

It will be emphasised to the new customer when signing their tenancy agreement that they will pay in advance on the Monday of every week and make the payment for the following weeks rent at the time they receive the keys.

They will also be advised that if they do not pay this may lead to court action, which could ultimately result in them losing their home.
We will also advise our customers that any outstanding arrears from a previous tenancy must be paid or a suitable agreement reached to clear the outstanding monies.

Customers will be encouraged and given the opportunity to contact us to discuss the reasons for their arrears and agree action to resolve the situation. When a sanction has been imposed or Housing Benefit/Universal Credit has been suspended the customer must immediately contact the Income Recovery Team and notify them of the change in circumstances.

6. Former tenants
Where a tenant vacates a property with a balance outstanding a letter informing the tenant of the balance outstanding will be sent with a request that either payment is made in full or they contact the recovery section to make a suitable arrangement.

If no contact is made then the account will be referred to the Debt Management Company to undertake further recovery action, in line with the former tenant recovery policy.

Where a tenant leaves a property with a balance outstanding but does not provide a forwarding address then the account will be referred to the Debt Management Company to trace the tenant and undertake recovery action in line with the former tenant recovery procedure.

7. Rechargeable repairs, commercial debts and leaseholder debts
Where a customer fails to pay the amount owed on their due date, contact will be made as soon as possible following the due date to inform the customer of the balance and to ask that they make the account up to date. Alternatively, we will encourage them to discuss the arrears and make a suitable arrangement to pay. This contact will be electronic where relevant details are held.

Where there is no response to the electronic contact or no electronic contact possible a letter will be sent seven days following the account falling into arrear.

If no payment or suitable arrangement is made, then the account will be referred to the Debt Management Company.

8. Garage arrears
Where a customer falls into arrears with their garage rent the recovery action will follow as outlined in the procedure outlined in the Garage Letting and Management Procedure.

9. Performance monitoring and review
The prompt payment of rent and other income and the minimization of arrears are vital to the wellbeing of the group.
Therefore, a suite of income management performance indicators has been developed which enable us to monitor the service effectively. These indicators will be reported to EMT Performance Clinic on a monthly basis and appropriate action taken when necessary to address any poorly performing areas. We will also regularly monitor our performance in line with our peers so we can learn from best practice and share new ideas.

10. Review
This policy will be reviewed every two years or due to:

- Changes in relevant legislation
- Any issues raised about the policy by an independent organisation (such as an internal audit review) which then in the opinion of the group would require a review of this policy.

Please note that the review date stated is for guidance only. This policy will remain valid until the policy is next reviewed.

11. Training and awareness
- Awareness of this policy will be raised with all the group staff at team meetings and on the intranet.
- Tenants will be made aware of this policy using the group website, social media and newsletters.
- Rent First will be actively promoted along with periodic performance data in group publications.
- Staff involved directly in the delivery of this policy will receive regular training appropriate to their role.
- Any changes to this policy and procedures, before the review date, will be promoted to all stakeholders as above.

12. Links to other policies and procedures
The document should also be read in conjunction with:

- Income Recovery Procedures
- Recharge Policy
- Durham Key Options Policy
- Right to Review for possession procedure
- Garage letting and management procedure
- Former Tenant Arrears procedure
- Write off procedure
13. Complaints

If a customer is unhappy about a decision in relation to this policy, they should first follow County Durham Housing Group’s complaints process. If they are still not satisfied they may then take the complaint to the Housing Ombudsman.