



## **Income Collection Policy**

**North Devon Homes**

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## 1. Purpose

We aim to work with our customers to meet their obligation to pay charges on time and to minimise and prevent arrears in the interests of our customers and NDH.

We will work with customers to prevent arrears and we will intervene early when arrears occur. Our focus is on financial wellbeing and tenancy sustainment.

We will take a person-centered approach that recognises the customers' individual circumstances and tailor our service to give the best outcome for the customer. Whilst we will always communicate in writing at key stages of the income recovery process, we will not be bound by a linear or overly prescriptive procedure. We will be proactive in establishing direct personal contact at all stages of income collection and arrears management. As well as writing to customers, we will use a variety of methods to facilitate personal contact, including home visits, telephone contact, email or texts.

When dealing with tenancy breaches we will balance the needs of the individual customer with the needs of NDH and the wider community.

## 2. Principles

This policy sets out our principles for customer account management, income collection and arrears action.

Rent and service charge setting is covered in Rent Setting policy.

The following principles will apply to this policy:

- It will be open, reasonable and consistently applied
- It will meet the current regulatory standards and will be updated whenever industry standards, legislation or guidelines change
- It will promote consistency in the approach to customers in rent arrears and in debt whilst flexible enough to recognise customers' individual circumstances and the support required.
- It will be positively promoted with regards to informing the company's staff, customer and board members' views and behaviours.

- It will be realistic, achievable and provide value for money
- It will be reviewed every three years
- It will support all corporate customer care standards.

### **3. Review**

We will review this policy every three years to ensure that it continues to operate within best practice, achieve measurable results, and continuous service improvement.

Customers will be involved in the review process. Their views, experiences and ideas will be central to how the services covered by this policy are delivered. Staff training in support of this policy will be reviewed annually. Alternatively, the policy and any associated procedures will be reviewed following changes to relevant government policy, regulation or legislation or other changes in sector best practice.

### **4. Responsibilities**

The Head of Customer and Housing Services will be responsible for ensuring that policy reviews are undertaken, that appropriate consultation takes place and that revisions are reported to the Board for its approval.

### **5. Scope**

This policy covers collection of all residential periodic charges, court costs, maintenance recharges and former customer debts across a range of tenancies including; social/affordable rented, market rent, tenancies managed on behalf of a third party and all former customer debts.

It excludes leaseholder, shared-ownership, commercial, and garage, alarm and support debts.

## 6. Policy Statement

### 6.1 Application

North Devon Homes' Board will delegate responsibility to the Head of Customer & Housing Services for ensuring that this policy is communicated and implemented.

Written procedures will be developed and maintained by the Income Manager in line with this policy to provide further service delivery guidance. We will provide training for staff to ensure that they fully understand the wider issues surrounding this policy.

### 6.2 Payment Methods

North Devon Homes will offer a range of convenient ways to pay rent and other charges including:

- Post Office
- Paypoint
- Direct Debit
- Recurring Card Payment
- Mobile App
- Online
- Telephone

### 6.3 Account Management and Refunds

Accounts will be reviewed regularly to ensure that charges and payments are accurately recorded.

Early identification of missed payments will trigger arrears actions.

Account credits of more than 6 x weekly charge value or 2 x monthly charge value will be reviewed at least twice a year and customers contacted to discuss ongoing payments to prevent over-payments. In the first instance a payment 'holiday' will be suggested. Cheque refunds will be considered in exceptional circumstances.

We will move money from a customer's account that is in credit to reduce or clear any accounts that they have that are in arrears.

Where a customer has one debt to the organisation we will follow the appropriate procedure for that debt. Where there are multiple debts owed by the same customer we will seek repayment in the following order:

1. Current rent
2. Current tenancy court costs
3. Current tenancy recharges
4. Former residential tenancy debts
5. Alarm costs
6. Support costs
7. Garage rent

Officers will be mindful of the Anti-Money Laundering Policy when reviewing account activity and take appropriate action where there is suspicious activity on an account.

#### **6.4 Affordability and Pre-Tenancy**

All customers applying for housing with North Devon Homes will have a pre-tenancy affordability assessment prior to an offer of accommodation being made. This will include applications via Devon HomeChoice, mutual exchanges, direct matches, discretionary succession or assignment.

A pre-tenancy interview forms part of the customer's application for housing with NDH. This information may be verified or supplemented with landlords' references, credit reference, bank statements and benefit checks in order to establish whether the customer is likely to be able to sustain rent payments and basic household expenses.

Income staff will complete the assessment and make recommendations as to whether the tenancy is affordable and payments sustainable. In some circumstances we may refuse an application based on income, debt, payment history or an assessment of benefit entitlement. In these circumstances we will provide advice on necessary actions to successfully apply for housing with NDH in the future.

Refusals based on affordability will be authorised by the Income Manager or the Head of Customer & Housing Services. In some circumstances, an offer of accommodation may be conditional on the customer engaging with budgeting, benefits or debt support, or other support as identified to assist the customer with sustaining their tenancy.

Rent payment history, either with NDH or another landlord, will be taken into account when deciding whether to make an offer of accommodation. Former

debts to NDH must be cleared before a new tenancy commences. Previously written off debts may be written back in for payment before a new tenancy commences.

Consideration will be given to applications where a repayment plan has been established and maintained.

Customers registering for a mutual exchange with the HomeSwapper service will be advised that any debts must be cleared before an exchange can be completed.

## **6.5 On time Payments**

As part of the tenancy sign up process we will make new customers aware of the responsibility to pay rent and service charges on time.

Where rent is charged weekly then it must be paid every Monday for the coming week, or can be paid every two weeks for the coming two weeks or every month for the coming month.

Where rent is charged monthly then it must be paid on the 1st day of every month for the month to come.

The first 4 weeks rent (or 1 months' rent for monthly tenancies) must be paid in advance at the beginning of any new tenancy after which rent must be paid on time as above.

We expect all customers to pay their rent on time regardless of whether they receive help towards their rent from benefits. We will encourage all customers who go into arrears between payments to make a repayment arrangement to gradually build towards paying rent on time.

## **6.6 Rent Statements**

We will issue rent statements at least annually or more frequently by request. Rent statements will be provided to all customers where rent arrears action has commenced.

## **6.7 Money Matters**

Through our Money Matters service we will ensure customers have access to expert benefits knowledge and money advice delivered either directly by our team or through our partnerships. We will prioritise rent arrears prevention, those customers whose tenancy may be at risk due to rent arrears and those experiencing the greatest hardship.

We will support our customers to pay their rent and sustain their tenancy and recognise that there are often underlying issues that lead to rent arrears. We will help customers to access support to address those underlying issues.

We will identify customers who may meet the criteria for discretionary housing payments and other grants and support them to make applications.

We will identify customers who may benefit from specialist debt advice and we will support them to work with not-for-profit organisations offering debt advice and solutions.

We will offer budgeting advice, identifying savings from outgoings, maximising income through benefits and support customers to claim benefits. We will help customers to make timely claims, navigate benefits regulations and challenge decisions where appropriate.

Where the customer needs help that is outside of the scope of the Money Matters service we will signpost to appropriate services. We recognise the tendency for a significant proportion of customers to disengage with services at the point of onward referral. We will therefore offer ongoing support for customers to engage with those third party organisations.

## **6.8 Welfare Benefits**

We will help customers to understand and apply for benefits. We will provide information about shortfalls so that customers know what they need to pay. We will provide information about claiming and maximising benefit entitlement at the beginning and end of the tenancy and when the customer makes us aware of a relevant change in their circumstances.

We will provide timely and accurate rent and service charge information to local authority housing benefit departments and to the Department of Work and Pension to allow housing costs to be paid.

We will raise awareness about benefits and financial wellbeing through social and print media.

Where a customer falls within the DWP's Tier 1 or 2 category, universal credit alternative payment arrangements and arrears deductions will be considered in order to safeguard the customer's home. Where arrears deductions may be considered unaffordable, a lower arrears repayment amount may be agreed by direct payment from the customer.

Where a customer is in receipt of housing benefit and there are arrears of rent greater than 8 weeks' rent, we will apply for the housing benefit to be paid direct to North Devon Homes.

## **6.9 Tenancy Sustainment**

Where we identify that a customer, or any other North Devon Homes service user, is at risk of becoming homeless, we will seek consent to make a referral to the local authority Housing Options team following the principles of the National Housing Federation Commitment to Refer and/or the Pre-Action Protocol for Possession Claims by Social Landlords. This includes where the customer is at risk of becoming homeless within the next 56 days or where we have served a notice under Section 21 of the Housing Act 1988.

Where express consent cannot be obtained we will consider whether consent is given and appropriate under the terms of the tenancy agreement. Where there is no consent we will write with details of how to self-refer to housing options services.

Referrals without consent may be made in accordance with our safeguarding procedures.

We will actively engage in Personalised Housing Plans put forward to support those at risk of homelessness and to sustain tenancies at risk where it is reasonable to do so.

## **6.10 Starter Tenancies**

We use 12 month starter (assured shorthold) tenancies for probationary purposes. This introductory phase allows us to work with new customers to ensure that their home meets their needs and they are able to sustain their tenancy in the longer term. Their use also supports us to offer tenancies to those who may have a history of tenancy breaches, poor rent payment record, and a history of anti-social behaviour or previous evictions.

There is no requirement to prove a legal reason to evict a customer during a starter tenancy and when possession action is taken in the court and all the conditions are met, the judge must make a possession order.

Use of section 21 notices must be approved by the Income Manager or equivalent officer. They will consider whether use of section 21 is reasonable and proportionate including whether a Section 8 notice may be an appropriate alternative.

Where rent arrears accumulate during the starter phase of a tenancy any repayment plan will be agreed on terms that will clear the account before it is converted to an assured tenancy.

### **6.11 Debt Solutions**

Where customers are struggling with debts, we want to support activities that help get their finances back on track as well as maximising repayment of debts to creditors. We recommend working with free, expert advice services such as StepChange Debt Charity, Citizens Advice and National Debtline. There are a number of solutions that debt advisors may recommend. Where these include rent arrears or other debts to North Devon Homes, our position is as follows

### **6.12 Individual Voluntary Arrangement**

An IVA is an agreement between the debtor and their creditors to pay back debts over a period of time. It attracts significant fees and is usually used by people who have debts of more than £10,000. At the end of the IVA period outstanding balances are written off. After your income and essential expenditure are taken into account, you must have at least £100/month to service debts.

In general we do not support the inclusion of rent arrears in an IVA. Where a customer has income available to service debts a direct and affordable repayment arrangement can be made with us as a priority debt.

### **6.13 Debt Relief Orders and Bankruptcy**

Where a customer does not have sufficient income or assets to repay their debts they may seek a Debt Relief Order (DRO) or Bankruptcy Order (BO). Rent arrears and other debts to North Devon Homes will qualify for inclusion in a DRO or BO. We lose the right to recover those debts by any means at the date of the order. Balances must be transferred to an insolvency account and at the end of the 12 month period they must be written off.

However, the unpaid rent still constitutes a breach of the terms of the tenancy agreement and we may choose to proceed with possession action on those grounds or to enforce an existing possession order.

Insolvency practitioners will usually contact us to ask what our position will be if a bankruptcy or debt relief order is made. In general we will support the advice of the insolvency practitioner in order that our customers can take responsible steps to address their debt situation. The Income Manager or Head of Customer & Housing Services will review the account and tenancy history and record in the

tenancy file whether debts written off by way of a DRO or BO will trigger possession action.

#### **6.14 Repayment Plans**

Where a customer does not have the funds to clear arrears an agreement to pay by instalments over time can be made. This will be based on an income and expenditure assessment with rent arrears repayments taking priority over non-priority debts.

We will seek to balance repayment amounts that are sustainable over time with a reasonable repayment timescale (usually no more than 2 years but never more than 6 years).

Where a customer is reliant on universal credit to pay all of their housing costs we will tolerate arrears that build up over the course of the year that are attributable to the mismatch between when weekly rent is charged and when UC monthly payments are made. We expect these arrears to be cleared during the rent free weeks.

Where any repayment arrangement is in place we expect payments to continue during the rent free weeks.

#### **6.15 Arrears and Legal Action**

We have a duty to tackle tenancy breaches including rent arrears. We will work closely with customers who experience difficulty in paying their rent, treating all customers with dignity and respect. Our actions will be proportionate, balancing the needs of the individual customers with the needs of North Devon Homes and the wider community.

We will follow key stages of an arrears escalation process but our actions will not necessarily be linear or fixed but will be appropriate to the individual circumstances and case history. We will adopt a reasonable process that gives customers an opportunity to resolve matters by mutual agreement and with appropriate support.

We will comply with the Ministry of Justice Pre-Action Protocol for Possession Claims by Social Landlords. We will:

- make early contact when arrear arise and seek to resolve matters informally
- employ a range of contact methods

- make contact with joint tenants separately
- offer support with claiming benefits
- provide regular rent statements
- encourage customers to seek independent tenancy advice
- make reasonable and affordable repayment arrangements
- avoid litigation wherever possible.

Legal action will is likely to commence in the following circumstances:

- A repayment agreement cannot be made with the customer
- The terms of a repayment arrangement have not been maintained
- The customer has not engaged with the support on offer
- There is no realistic prospect of arrears being cleared by payment of benefits either direct to the customer or to the landlord
- A notice seeking possession can be served where it is proportionate to do so and where two or more weeks' rent is outstanding
- The issue of a notice is part of the continuum of rent arrears control and does not signify an end to less formal efforts
- A notice that is due to expire may be re-served where a repayment arrangement has been made in order to protect the organisations' position.
- The notice will give a minimum of 14 days before possession proceedings can begin.
- Section 8 notices may be served by Income Officers, the Income Manager or any officer with responsibility for tenancy management in the course of their duties.
- Grounds for possession are set out within individual tenancy agreements and may include:  
Mandatory Ground 8 – if proven, the court will order outright possession
- Discretionary Ground 10 and/or Ground 11 and/or Ground 12 – the court will consider whether it is reasonable to grant possession and has a range of options including adjournments and suspending possession orders on terms.

- We will seek to come to a repayment arrangement with the customer during the notice period. The serving of a notice does not automatically signify that we will proceed with possession action in the county court
- The Income Manager must decide if it is appropriate to commence possession proceedings in the county court. In addition, the Head of Customer & Housing Services must approve seeking possession on Ground 8 before those proceedings are commenced.
- Attempts to contact customers will continue right up to the hearing date in an effort to agree repayment terms.
- Repayment terms will be agreed on the basis of a reasonable repayment timetable, usually no more than 2 years but never more than 6 years, and taking into account affordability and sustainability for the customer.
- In most cases we will seek a possession order suspended on reasonable repayment terms
- We will seek a money judgement including the costs incurred in taking possession action.
- Proceedings will not be withdrawn unless the customer has paid all of the arrears and the court issue fee.

Where the court makes an outright possession order or where the terms of a suspended possession order have been breached, the order will be enforced by way of a warrant of possession and eviction.

The Head of Customer & Housing Services will give approval to apply for a warrant of possession where it is proportionate and reasonable to do so.

## **6.16 Former Customer Accounts**

We aim to minimise losses from former customers who leave owing rent or other charges. We will take action while the customer is still in residence by providing a closing balance to be paid, we will obtain a forwarding address, inform HB and DWP of the tenancy end date to minimise the opportunity for overpayments and we will advise customers how the benefits regulations are applied when moving house so that customer can make informed decisions about moving in/out dates.

Where a tenancy comes to an end with a debt we will take action to recover that debt in a single payment or by affordable instalments.

Where there is no forwarding address customers with debts >£200 will be traced no earlier than 3 months after the tenancy end date. Where no forwarding address can be identified accounts with arrears will be recommended for write off.

Where there is no forwarding address and the account has been left with a credit of >£100 we will conduct a trace 3 months after the tenancy end date. Any refund will be made less the trace costs. Where no forwarding address can be identified, accounts with credits will be recommended for write off. Where the customer has passed away, we will seek to recover any debts from the estate.

A settlement of 50% of the total debt made in a single payment may be offered with the agreement of the Income Manager.

Where in-house collection has been unsuccessful we may use a collection agency to recover payment on a percentage fee basis – 100% of the repayments made by the customer will be credited to their NDH account. For low level debts of two weeks rent or less where initial contact is unsuccessful or for all debts where the cost of collection is deemed too high, write off will be considered to ensure collection costs are controlled.

Where a former customer later applies to us for housing, any previous write offs will be written back in with any new offer of accommodation being conditional on payment of the historic debt.

### **6.17 Safeguarding**

In managing and monitoring customer accounts we will look out for any indications of financial abuse and raise safeguarding concerns in line with our Safeguarding Adults Policy.

### **6.18 Monitoring**

The Income Team will monitor rent accounts weekly using Cx suggested escalation policy actions and priorities agreed with the Income Manager. The Income Manager will monitor accounts with high balances monthly and report monthly on team performance against key performance indicators.

## 7. Consultation

### 7.1 Identify potential impact on each of the diversity groups:

Strand	No Impact	Negative Impact	Positive Impact	Comments / Mitigation
Race		X		Black, minority and ethnic customers are more likely to experience financial difficulty. The policy priorities support for those experiencing greatest hardship and addresses arrears and financial difficulties for all.
Disability		X		Those with disabilities may require adjustments in the way that we engage and communicate. We will make reasonable adjustments to the way that we communicate. Before commencing any legal proceedings we will carry out a proportionality assessment.
Gender		X		Women are more likely to be lone parents who in turn are more likely to be in debt. Women are more likely to have lower income. Women and lone parents have access to our arrears and money matters services and we prioritise those experiencing the greatest hardship.
Gender Reassignment	X			
Sexual Orientation	X			
Religion or belief	X			
Age		X		Younger people are more likely to have rent arrears, in particular lone parents and single person households of working age. Younger people have access to our arrears and money matters services and we prioritise those experiencing the greatest hardship.

7.2 Does the Policy promote equality of opportunity?

The policy identifies how each diversity group may be affected by income, debt, benefits and arrears issues and adjusts our approach to mitigate those issues.

## 8. Equality Impact Assessment

8.1 Does the Policy promote equality of opportunity?

N/A

8.2 If “adverse impact” identified in the table above, please state how this policy addresses this.

N/A

8.3 If suggestions for improvement have been suggested, what should the positive outcome be for North Devon Homes’ customers and stakeholders?

8.4 A full EIA is not required for this policy.

<b>Next review date</b>	
Every three years Next review date May 2025	
<b>Author</b>	<b>Related Documents</b>
Income Team Manager	