



## **Policy:** Income Collection (Rent)

**Approved by:** Leadership Group

Approved: 12 July 2023

### **POLICY STATEMENT:**

Broadland Housing are committed to providing affordable and sustainable tenancies as well as home ownership. Prevention and recovery of rent or service charge arrears form a fundamental part of achieving this objective whilst ensuring our viability as an organisation.

Primarily our approach is to **prevent** arrears from accruing in the first instance. Should this not be successful we will intervene with a range of methods to **engage** the household to reduce and clear their arrears adopting a consistent, firm, and fair approach. As a final resort, where prevention and engagement have not satisfactorily reduced or cleared the arrears, **enforcement** of the tenancy or leasehold agreement will be taken which may include eviction or applying & enforcing a Money Judgement Order

***This policy has been developed to ensure BHG complies with current legislation, regulatory expectations, and good practice, and will be subject to ongoing review.***

### **SCOPE:**

This policy relates to income associated with a tenancy or licence agreement.

This policy is applicable to all current or former tenants and licensees of Broadland Housing where there is a liability for payment of money owed or paid for rent, license fees, service charges and recharges.

This policy is also applicable to current homeowners and leaseholder who pay a service charge

BHG Arrears Process Maps give a detailed account of how this Policy will be implemented.

### **KEY STAFF RESPONSIBILITIES:**

#### **Overall responsibility**

- The implementation of this policy is predominantly the responsibility of the Operations Directorate;

**Specific responsibility**

- The management of arrears cases will predominantly be dealt with by an Income Recovery Officer.
- The management of former tenant arrears cases will predominantly be dealt with by an Income Recovery Assistant

**RELEVANT KEY LEGISLATION AND RELATED DOCUMENTS: (not limited to):**

<b>Legislation</b>	<b>Documents</b>
Housing Acts 1985, 1988 & 1996	Pre-Action Protocol for Possession Claims by Social Landlords
Housing and Planning Act 2016	Pre-Action Protocol for Debt Claims
Data Protection Act 2018	Tenancy Agreement
Equality Act 2010	Recharge Policy
Welfare Reform Act 2012	Income & Expenditure Form
Localism Act 2011	Allocations Policy & Procedure
Homelessness Reduction Act 2017	Eviction Policy

**EIA – EQUALITY IMPACT ASSESSMENT:**

*This policy has had a full equality impact assessment.*

**DEFINITIONS:**

**Arrears:** Any amount of money owed for payment of rent and services which is outstanding after the 1<sup>st</sup> of each month or, after the 1<sup>st</sup> Monday of each week when under a License Agreement.

**Credits:** Where money has accrued on an account after paying rent or service charges as it falls due.

**Vulnerability:** A person who is or may be in need of community care services by reason of disability, age, or illness; and is or may be unable to take care or unable to protect themselves against significant harm or exploitation.

**DRO:** Debt Relief Order is an insolvency measure where debts are less than £20k. Usually creditors are unable to recover their money without the court's permission. Debtors are usually freed from their debts after a period of 12months.

**DWP** – Department of Work & Pensions

**Tenant** – An existing tenancy or licensee holder.

**Customer** – Any tenant, license holder or homeowner/leaseholder, applicable to all.

**UC** – Universal Credit

**HB** – Housing Benefit

## **IMPORTANT PRINCIPLES:**

### **Prevention**

All new tenants are required to complete an income and expenditure assessment to enable the applicant to make the best-informed decision about whether they can afford the tenancy;

Before being offered a tenancy all new tenants must pay an agreed amount upfront in advance of their tenancy to safeguard against shortfalls in housing related benefit.

For all new customers, our default payment method will be Direct Debit. We will offer alternative payment methods where we identify the need.

We will signpost tenants to independent financial advice where appropriate, which may include support to obtain a bank account.

For existing tenants not paying via direct debit, we will communicate with them to encourage this payment method.

We will seek to target our support to prevent rent arrears by identifying the likelihood of a tenant falling into arrears. Where we identify a person is vulnerable

or the situation is appropriate, we will endeavour to refer them to a suitable support provider.

### **Early Intervention:**

We will contact customers who, at the end of a month, owe greater than £10 of arrears, offering support where appropriate;

To prevent escalating arrears and subject to repayment of any rent arrears happening within a reasonable period of time, we will set a realistic and achievable payment plan for the tenant to make repayments;

We will maintain communication with customers in arrears as deemed appropriate by the Income Recovery Officer, but no less than once every 3 months where an agreement is in place.

### **Notices**

*This is applicable for tenants only.*

We will normally serve a notice under Ground 10: Rent arrears, in schedule 2 of the Housing Act 1988 or Paragraph 1, Part 1 schedule 2 Housing Act 1985 (for secure tenants).

We may serve notices under other grounds which are considered appropriate and relevant to the specific tenancy agreement, in accordance with our Eviction Policy.

We will usually serve a notice if a tenant has:

- Any amount of money owed for payment of rent and services which is outstanding after the 1<sup>st</sup> of each month; and
- Not responded to two methods of communication regarding the arrears: or
- A payment arrangement which will take in excess of 6 months to clear the arrears.

The earliest date which court proceedings can be brought will not be earlier than 2 weeks from the date of service;

We will ensure that any action or enforcement of tenancy conditions is reasonable and proportionate;

### **Possession Proceedings**

*This is applicable for tenants only.*

We will follow Pre-Action Protocol throughout possession proceedings.

We will take swift enforcement action where circumstances determine a firm approach is required, continual breaches of the tenancy will result in enforcement action being taken in the form of possession proceedings.

Where a tenant is in breach of their possession order granted by the County Court, we will take further enforcement action as appropriate.

### **Managing Cases**

Where arrears accrue due to a shortfall in Housing Benefit or Universal Credit resulting from spare room subsidy, we will treat these cases no differently to any other but will consider if we can support a move on grounds of affordability.

We will not provide financial advice but aim to complete an income and expenditure assessment with a customer where appropriate. When it is deemed expenditure on non-essential items is high, we will only advise on areas we think spend could be reduced in order to make payments owed to us more affordable.

We will review payment arrangements not less than 6 monthly or earlier if required and agreed with the tenant.

We will take appropriate tenancy enforcement action in line with our eviction policy for tenants in arrears

We will communicate clearly by the most appropriate method to customers what is required of them and the consequences of not adhering to this requirement;

Where it's believed the customer has the means to pay the rent or substantially more towards their arrears, we will ask for 2 months of bank statements and consider enforcement action if they fail to do so.

Where a customer is identified as being vulnerable, we will tailor our approach to ensure a fair and accessible service is offered.

Where a tenant has a DRO we shall not automatically write off any rent arrears included in the DRO, and the tenant may decide to pay them back to us. The law regards all rent arrears as a breach of contract and that means a ground for possession arises, but we shall consider each case involving a DRO on its own merits and then decide what form of tenancy enforcement action is appropriate.

We will provide tenants with open access to their rent statement.

### **Homes for Cathy**

As a member of Homes for Cathy, we work in line with all commitments but specifically, Commitment 4 – To not make any tenant seeking to prevent their homelessness, homeless (as defined by the Crisis Plan definition).

### **Partnership Working**

Where we identify it is appropriate, we will liaise with DWP and Local Authority partners to assist a tenant's claim for UC/ HB;

Where we identify it is appropriate, we will work with internal and external support providers to provide the tenant with the best opportunity to:

- sustain their tenancy.

- maximise their income;
- clear their arrears;
- gain independent financial advice.

Where a tenant is deemed to be at risk of homelessness due to rent arrears, we will duly notify the relevant Local Authority to assist with their duty under the Homelessness Reduction Act 2017.

### **Shared Ownership Arrears**

*This is applicable to Shared Owners only.*

We will treat shared owners no differently to other tenants and aim to achieve affordable repayment arrangements.

When it is deemed appropriate to issue a Notice, and the tenant has a mortgage, we will serve notice on the tenant and duly notify the mortgage lender. In most circumstances, the lender is likely to pay us the outstanding balance and liaise directly with the tenant on how this would be recovered.

Where a tenant is looking to sell their home as they're no longer able to afford the rent, we will liaise with the tenant and their solicitor to agree on payment of outstanding arrears; this may be through paying the balance upon sale of the property in line with our Shared Ownership Resale Application Process

### **Homeownership & Leaseholder Service Charge Debt**

Where a homeowner has failed to pay their ground rent/service charges, we will actively seek to recover the balance via telephone/email/text/letter and aim to achieve affordable repayment arrangements.

Where the debt remains unpaid, despite attempts to recover the money owed, we may seek to obtain a Money Judgment Order, in accordance with the Pre-Action Protocol and our Leaseholder and Homeowner Arrears process map.

Where a Money Judgement Order has been granted, we will seek to enforce the order where it is reasonable and proportionate to do so in line with our Enforcing a Money Judgment Order Process.

### **Write offs**

We will consider writing off low level current tenant/licensee arrears which are less than £100, over 3 years old and have come about as a result of non-payment of housing benefit from the start of the tenancy, a rent increase or dual liability resulting from a transfer.

Where a tenant has been declared bankrupt, we will write off the arrears at the date of the bankruptcy order, unless the tenancy is in joint names and only one tenant is declared bankrupt.

## **Former Tenants**

We will consider writing off former tenant arrears which are over 3 months of no payment or contact. Where a balance has been written off for accounting purposes, the amount will always remain a debt owed to Broadland Housing.

We will apply for a money judgement order where it is reasonable and proportionate to do so.

Where Broadland Housing has a Money Judgement Order with a former tenant and payment is not made, we will seek to enforce the order where it is reasonable and proportionate to do so.

Where a forwarding address has not been provided, we will actively seek this and recharge any costs incurred through this process to the former tenant or licensee.

## **Death**

In the event of a former tenant death, payment of arrears is only required if an estate exists from which payment can be made.

## **Credits**

Where a tenant is in credit, they are eligible to request a refund.

We aim not to hold more than £1,000.00 credit per customer account but will make exception if appropriate. Where a customer has a credit greater than £1,000.00, we will attempt communication with the tenant to discuss a refund.

## **Fraud & Money Laundering**

Where the Association believes there is a suspicion of illegal activity on a tenant's rent account, we will refer to our Fraud Policy & Procedure.

## **Recharges**

Where a customer has a credit on their rent account, but an amount is outstanding on their recharge account, we will transfer the credit to reduce or clear the debt.

Where the credit is greater than the debt on the recharge or sales account, we will transfer the amount owed and leave the remainder of credit on the rent account.

## **Former Tenant Credits**

Where a tenancy has ended and a credit remains on the rent account, the Association will:

- Make reasonable attempt to notify the former tenant or, executor of estate should the former tenant be deceased.
- Where the former tenant has passed away, we require the necessary documentation to proceed with any refund.
- Write back the credit if 6 years has lapsed since the tenancy end date and no refund has been requested.
- Where a credit has been written back, the amount will still be owed to the former tenant should they get in contact.

## **Payments**

We do not accept cash payments and only the following methods are accepted:

- Direct Debit
- Standing Order
- Bank Transfer
- Debit/Credit Card
- Payment Cards
- Cheque (where no other payment method is deemed appropriate)

## **Monitoring**

We will report monthly on our current customer arrears performance to our Leadership Team

We will report Quarterly on our current customer arrears performance to the Group's Board.