

INCOME MAXIMISATION & RENT ARREARS RECOVERY POLICY 2017 - 2020

Document control

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1	May 13	Income Manager	Conversion of existing policy into current template and track future revisions from this point forward
2	May 14	Income Manager	Review of existing policy
3	June 15	Income Manager	Review of existing policy to incorporate Universal Credit
4	June 16	Income Manager	Review of existing policy
5	Dec 16	Transactions & Systems Improvement Manager	Leaseholders incorporated into the current policy as per internal audit recommendation
6	June 17	Income Manager	Review of existing policy
7	Oct 17	Income Manager	Minor additions to facilitate the removal of Rent Collection & Payments Policy
8	May 18	Compliance & Strategy Advisor	Vulnerable Customers Statement incorporated into the policy

Introduction

KHT is committed to a policy of continuous service improvement which will provide for regular reviews through a process of challenge, comparisons with the best, consultation and open competition.

Vulnerable Customers Statement

First Ark is committed to developing an equal and diverse culture where people are valued and respected from all sections of society. First Ark therefore opposes any form of discrimination in service delivery and employment practice. We aim to treat all customers fairly and we will look to tailor our policies, processes, products and services to meet the needs of all of our customers.

"Vulnerable Person" means: (a) a Child or Children; or. (b) an individual aged 18 years and above who is or may be unable to take care of themselves, or is unable to protect themselves against harm or exploitation by reason of age, illness, trauma or disability, or any other reason.

Where we identify (or a customer advises us of) a vulnerability we will look to make reasonable adjustments to our services accordingly to meet the needs of those individuals. This may include altering the way we communicate with a customer to adjusting the service that we offer to that person. Each case will be judged on its individual merits to avoid a one size fits all approach. We will monitor our services regularly to ensure we are meeting all of our customers' needs and to make any adjustments required to improve and enhance the service we deliver.

Policy Statement

KHT's main aim in relation to rent arrears recovery is to maximise the collection of rent income and other charges from its tenants. KHT recognises that it is in the overall best interests of KHT and its tenants that its income is maximised so that the objectives of the Business Plan are met.

KHT is committed to meeting its responsibilities to leaseholders under the terms of their lease, ensuring compliance at all times with current legislation, regulation and good practice in leasehold management.

The day-to-day management of service charge accounts is the responsibility of the Leasehold Manager.

The Group Director of Finance has overall responsibility for the control and recovery of Leaseholder arrears.

Policy Detail

KHT is committed to achieve or better the targets set in relation to rent collection and arrears recovery and will seek to achieve this through comprehensive procedures and monitoring.

KHT will be fair but firm in its approach to rent arrears recovery. It will be pro-active in the prevention of arrears by taking early steps with tenants to avoid and minimise the build-up of

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arrears. Whilst being firm and clear in its arrears recovery KHT will also ensure that it acts in a sensitive manner appropriate to the circumstances of each individual case.

KHT believes that its tenants should consider their obligations to pay rent of primary importance and will seek to create a climate or culture where this is achieved.

KHT recognises that many of its tenants will need help and support in meeting their rental obligations. Assistance and guidance will be given to all tenants on the range of benefits available to them. Such guidance and advice in relation to Housing Benefit, Universal Credit and Debt will be of particular importance. KHT will ensure that it maintains good links with Knowsley MBC in relation to Housing Benefit, the Department of Work & Pensions (DWP) in relation to Universal Credit and partners in relation to Debt Advice and will ensure that its officers are well trained in this regard. KHT offer a range of Income Maximisation services and support for tenants. Please refer to Financial Inclusion Policy for further information.

KHT will, wherever possible, seek to reach an agreement with each individual tenant with regard to setting a realistic arrangement to pay off any debt owed. KHT will take into consideration the tenant's financial circumstances when doing so.

KHT will in the case of persistent rent arrears take legal action to repossess a property as a last resort. KHT recognises that the main purpose of its policy and procedures is to maximise its income. Whilst offering support and assistance is important, KHT also recognises that legal action is necessary when tenants refuse help, fail to co-operate or give proper priority to the payment of their rent.

For Transferring Tenants the Trust will not seek to use Grounds 1, 2, 3, 4, 5, 6, 8 and 11 of the Schedule 2 Housing Act 1988 (as amended) to obtain possession of your home. For re-let tenants, the Trust will consider the use of Ground 8 in certain circumstances, but the decision to use Ground 8 must be approved by Income Manager or a more senior manager. Ground 8 should only be used when 8 weeks rent is owed and all checks are made that the customer has not been identified as vulnerable, the house file will be checked to identify if there is any support involvement and further checks will be made by the Income Manager prior to approval.

KHT will not sanction the use of distraint in current tenant arrears recovery but will pursue other legal remedies where repossession is inappropriate.

All leaseholders are required to pay service charges and ground rent as determined within their lease in advance of the anticipated year's expenditure.

Leaseholders will be provided with a breakdown of how the annual service charge is calculated, and an independently audited statement of the 'actual cost' of providing each service in the financial year, within six months of the end of the accounting period.

Non- payment of service charges will result in a breach of the lease.

Leaseholders have the right to appeal to the Leasehold Valuation Tribunal if they believe that the services or the cost of these services are not relevant or reasonable.

Implementation

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The implementation of this policy will be achieved through the application of a detailed set of Standard Operating Procedures that have been produced to support it. Staff will understand that each of the stages is of equal importance if the Policy's application is to be effective. The important principles behind each stage are set out in the following paragraphs;

Prevention of Arrears

The prevention of arrears is of particular significance. If it is achieved successfully it reduces the requirement for other recovery and enforcement stages.

All tenants will be given the maximum opportunities to pay their rent through a comprehensive range of payment methods including our preferred method of payment Direct Debit.

Those tenants in receipt of Housing Benefit will be encouraged to have it paid directly onto their rent accounts by Knowsley MBC.

Those tenants in receipt of Universal Credit will be encouraged to pay their Housing Entitlement and any shortfall to KHT by Direct Debit.

KHT will work with other agencies such as Knowsley MBC Finance Department (Housing Benefit), the Department of Work & Pensions and other public and voluntary sector agencies, to ensure that the necessary support is given to individual tenants and that payments from those sources are channelled onto individual rent accounts in an effective and efficient manner.

As part of the new tenancy letting process we will:-

- explain the implications of not paying rent and the actions KHT will take
- ensure the tenant understands his/her responsibilities to pay the rent
- will explain how the rental charge is made up, e.g. service charges, heating charges etc
- advise on other likely costs of running the home, e.g. council tax, fuel bills
- advise what amount to pay, how, where and when
- explain that rent will be calculated on a 50 week rent year with two 'rent free' weeks which occur at Christmas/New Year and the first week of the financial year (April). There will be years where there are 53 Mondays in the financial year and in this case rent will be collected over 51 weeks.
- stress the importance of making regular payments
- give details of the officers who can offer support and advice at any time, both within KHT and partner organisations
- advise on arrears actions that will be taken
- assist the tenant to complete a housing benefit form if on eligible benefits
- advise the tenant to notify the DWP of the change in their circumstances if they claim UC in order to claim housing costs
- carry out an income check and advise on benefits
- stress the importance of keeping Housing Benefit or the DWP informed of changes in circumstances and responding to reviews
- explain how housing benefit and Universal Credit overpayments are recovered
- check for former tenant arrears and agree a repayment plan
- confirm current employment and/or income details
- note any special circumstances, e.g. requirements for interpreters, learning difficulties, home visits needed etc

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In KHT's procedures heavy emphasis is placed on the need to take early and effective action to ensure that the accumulation of serious debt does not occur. Tenants are encouraged to make contact with designated KHT Officers to discuss their individual circumstances and to take up the offers of support that are given.

KHT has an approved a Financial Inclusion Policy and all arrears recovery procedures will be taken with this Policy in mind.

Arrears resulting from the under-occupation charge ('bedroom tax')

Where a tenant falls into arrears because of a reduction in benefit due to underoccupation, KHT will, from the earliest point of escalation, and at every subsequent stage, pro-actively encourage the tenant to consider a transfer or mutual exchange to a property which they would not be considered to be under-occupying.

This approach will tie in closely with KHT's Transfer and Mutual Exchange policy which has been amended to incorporate the flexibility to be able to assist tenants who are in arrears because of under occupation, to move to smaller properties. Further details are found in the Income Maximisation and Rent Arrears Recovery Procedure.

Action for Non-Payment

KHT's detailed procedures for recovery of arrears give full details of the action to be taken at every stage and the timetable for actions.

At each stage of the process KHT will endeavour to make personal contact with tenants to ensure they are fully aware of the circumstances and to give them an opportunity to clear the debt. The consequences of not reaching an agreement and maintaining it will be carefully explained. KHT will address the specific needs of minority ethnic groups, people with disabilities, in its implementation of this policy. Support will be offered wherever appropriate.

Knowsley Housing Trust will:

- ensure that all staff are fully trained and able to deliver the income maximisation function in accordance with the policies of the Trust
- contact customers at an early stage about any arrears before debts become unmanageable
- be pro-active in attempts to minimise debt and provide opportunities for people to maximise their income and develop money management skills
- work with partner agencies to ensure quality advice is provided;
- provide training for staff in all aspects of diversity and customer care
- give our customers the opportunity to be involved in shaping the policies and procedures affecting arrears recovery
- work closely with Knowsley MBC
 - in respect of Housing Benefit overpayments providing information when requested
 - ensure that where an overpayment is being reclaimed by Housing Benefits that the tenant can afford to pay and support the tenant in requests to reduce the claw back amount
 - to detect and reduce fraudulent Benefit claims
 - to facilitate the speedy calculation of Housing Benefit claims
- work closely with the DWP
 - in respect of providing rent statements as requested by tenants

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- in applying for Alternative Payment Arrangements for tenants deemed vulnerable or in arrears.
- In applying for third party deductions for tenants with outstanding arrears who fail to maintain satisfactory repayments.
- closely monitor our performance against key performance indicators
- ensure that our staff pro-actively signpost customers to other agencies that can maximise their income, whether in arrears or not
- advise tenants of any change to the rent payable and methods of payment promptly and in accordance with statutory notice periods
- ensure that before commencing, or at any stage during the arrears recovery process, the debt identified is a valid one
- treat all joint tenants as jointly and severally liable for rent arrears
- inform tenants of their debt and advise them of the consequences of not clearing ensure that where necessary referrals for debt counselling are made
- place heavy emphasis on reaching a mutual, affordable and realistic agreement to resolve the debt
- encourage direct payments from employers or the DWP where this is practicable
- check if other agencies are involved with the tenant e.g. the Social Services Department of Knowsley MBC, these agencies will be requested to offer support if appropriate
- serve Notice of Seeking Possession in accordance with its procedures – unless there are extenuating circumstances (e.g. illness, hospitalisation, infirmity, recent death in household etc.)
- begin court action in accordance with its procedures when no arrangement has been made to clear the arrears
- request an appropriate Court Order, based on the circumstances of the case at the court hearing
- ensure that all requests for eviction are approved by the Income Manager
- notify Social Services and the Housing Options Team in advance of eviction taking place where children are in the property.

Former Tenancy Arrears and Other Sundry Debts

KHT recognises the importance of starting the recovery process as soon as possible and will contact the tenant before they leave the property. We will pursue all recoverable former tenants' arrears and sundry debts in line with the Write-off and Bad Debt Policy. Emphasis will be placed on early contact with the debtors and reaching agreement for the repayment of the debt.

KHT may involve the service of debt recovery agencies where that is considered to be appropriate.

Where a debt is uneconomic to pursue and where all reasonable attempts to recover the debt have failed the debt may be written off in accordance with KHT's Write-off and Bad Debts Policy.

More details of the various steps involved in the pursuance of the former tenants' arrears and sundry debts are contained in the procedures that accompany this Policy.

Rent Arrears – (Garages)

Where a rent account on a garage is in arrears pursuance will begin. Initially the action will involve a letter which draws the attention of the tenant to the sum outstanding and seeking early payment of the debt.

Should the debt rise to the equivalent of three weeks net rent, KHT will serve notice on the tenant to terminate the tenancy and surrender possession of the garage.

Upon expiry of the notice and once the debt rises, the tenancy will be ended and possession of the garage recovered. Any costs involved in this action will be recovered from the tenant.

Rent Arrears – Leaseholders

The Finance department will carry out regular reviews to support the Leaseholder Manager in order to maximise the recovery of service charge income.

Leaseholder service charges are due for payment in full within 30 days from the date of invoice.

A repayment plan can be arranged with the Leaseholder Manager, preferably to be made by Standing Order and details of the repayment plan is to be recorded on the Leaseholder's account within Open Accounts.

Actions for non-payment - Leaseholders

Where payments have not been received, the Finance Department will issue reminder letters. Prior to letters being produced, the Leaseholders account must be checked to investigate if an alternative payment plan has been made. If such arrangements have been made, the letter should not be sent unless the most recent agreement has been breached.

Investigation of dispute

If an individual charge is disputed by a leaseholder, a temporary hold will be placed on the debt recovery process whilst investigations take place. The leaseholder's should resume payment as the service charge/building insurance/ground rent will still be due – it will only be the actual amount which will be in dispute (i.e. dispute a specific element/charge for a repair).

Stage 1

If invoices are not paid in full within 30 days from the date of the invoice or no arrangement for a payment plan has been made, the Finance Department will issue a reminder letter. The letter requests the Leaseholder to either pay the overdue amount in full or contact the Leasehold Manager to arrange a repayment plan e.g. payments by weekly/monthly instalments.

Stage 2

If the invoice is still unpaid after 14 days from the date of the first reminder letter, or an agreed payment plan has been breached a second reminder letter will be issued requesting payment to be made in full within 7 days of the date of the reminder letter.

Stage 3

If no payment has been received or no contact made and if there is a mortgage over the property the Leasehold Manager can contact the lender who may clear the leaseholder's arrears in order to protect their investment. The lender will then recharge the leaseholder direct.

Stage 4

If the invoice(s) still remains unpaid a referral to one of the Groups legal providers from the Generate Framework agreement is made to seek recovery. All associated documentation i.e. letters, file notes and emails held on file must support the referral.

Repossession by Mortgage Company - Leaseholder

If KHT has been informed by a Mortgage provider that they have repossessed a Leaseholder's property, the Mortgage company will take on responsibility for the management of the account until the property is resold.

Write Offs - Leaseholders

Where a debt is uneconomic to pursue and where all reasonable attempts to recover the debt have failed they may be written off in accordance with the Groups Bad Debts Write off Policy.

Equality and Diversity

Considering equality in the way all our customers need to access our services is fundamental to all Income Maximisation services. As a Housing Association we are aware of the diverse nature of our customers and potential customers and we aim to give each of our customers the opportunity to access our services in a way that is appropriate to their needs (see vulnerability). We try to gather any other information about vulnerability that may require us to adapt our service provision.

KHT Income team is striving to actively involve customers from all sections of the population regardless of gender, disability, race, age, sexuality or religion/belief and makes every effort to remove any barriers to communication and access to the service that may exist. One of the ways we do this is by engaging with tenants at sign-up to identify vulnerabilities and ensure that the correct support is in place to enable the person to sustain their tenancy. For minors KHT helps to find a 'Litigation Friend' to assist with any tenancy issues they may have and to represent them in court if necessary.

KHT subscribes to Language Line, Housing Diversity Network, Type Talk and Beaconsfield Languages. All our literature is available in a wide range of formats which are available on request and we have invested in specialist training to skill our staff to adapt their style to meet the need of each and every customer to make them feel valued, respected and to make their experience with KHT an excellent one.

Vulnerability

Payment Options – are wide ranging, flexible and responsive to the needs of vulnerable customers.

Support – any customer identified as being vulnerable and needing support to manage their tenancy will be offered a referral to Tenants Extra Support Scheme (TESS) or the KHT WelfareReform Team, Welfare Benefit Advisor, debt advisor or any other agency considered appropriate.

Establishing a payment culture – customers will be assisted to establish a payment method and this may include completing all benefit forms with them, helping them to set-up direct debits and showing them how to use the 'swipecard'.

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Settling in visits – vulnerable tenants are visited by the Neighbourhood Management team within 7 days of signing for the property. This provides an opportunity to check they understand about rent payments and are receiving all the support they need to maintain their tenancy.

Debt collection – a range of methods will be used to tailor communication e.g., email, phone call, text message, home visit etc. as opposed to a standard letter. Particular sensitivity will be applied to the tone and wording of communication and clear language used along with follow-up call or visit to ensure the person has fully understood the situation

Notice Seeking Possession (NSP) - Before issuing an NSP the officer will try to contact the tenant to establish whether additional support is needed and also to try to resolve the problem at this stage. If the NSP is issued then an information sheet will be included with the letter so the tenant can refer themselves to one of the advice agencies or the KHT welfare and debt advisers or they can contact the team for advice or for a referral to be made on their behalf.

Court action – If a tenant is felt to be vulnerable at this point a referral will be made to any appropriate agency although the court action will continue unless KHT are advised that they have made contact and are actively helping the customer.

Support Agency Involvement – Where customers are actively involved with support agencies we will work with them to achieve the best possible outcome for the customer. We will work in partnership with other agencies to ensure that every effort has been made to assist the customer with debt advice and income maximisation.

Eviction – we will notify social services to ensure that any known vulnerabilities are considered on an individual basis. We will also support any tenant who contacts us before the eviction and advise them what steps they can take to maintain their tenancy. We would also encourage any support agencies to attend court with the tenant. We carry out regular analysis of the profile of those tenants who we have evicted, to identify any trends or vulnerable groups where we could provide additional support to prevent eviction.

Housing Benefit – The Income team work closely with the KMBC welfare benefit advisers to ensure that housing benefit is claimed whenever possible and that claims are assessed quickly to minimise the potential for debt to accrue and for any distress to customers.

Universal Credit – The Income Team will work closely with tenants in receipt of Universal Credit to ensure they have all the information they need to claim the Housing Entitlement element, that they have the facilities to pay KHT directly and to liaise with the DWP as required.

Our Income Maximisation service is continually developed using this ethos which is fundamental to the success of the service.

Responsibility

The Director of Housing & Neighbourhoods is responsible for the effective implementation of this policy.

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The Director of Housing and Neighbourhoods is also responsible for ensuring that all staff involved in the recovery of rent arrears are adequately trained in KHT's procedures and related work.

Consultation

KHT will consult on this policy whenever it is reviewed or significantly changed, in accordance with its Customer Involvement & Consultation Policy.

KHT will also consult periodically with relevant stakeholders, in order to continually develop good practice.

Monitoring and Review

KHT will formally review its Income Maximisation & Rent Arrears Recovery Policy in line with the agreed timetable or sooner if good practice or statutory requirements change in order to develop good practice and to ensure that the Policy achieves its objectives of minimising arrears levels.

KHT will monitor this policy through use of IT systems, staff meetings, competency reviews, complaints, compliments and customer feedback, Finance Liaison and Housing Benefit Liaison Meetings and the KHT Balanced Scorecard.

Regular reports will be submitted to the relevant Committees and Boards of KHT on performance against this policy.

Associated Documents

Equality & Diversity Policy

Customer Engagement & Intelligence Policy

Tenancy Agreement

Tenants Handbook

KMBC Housing Benefit (Service Level Agreement)

Rent Arrears and Debt Recovery procedures.

Write-off and Bad Debt Policy

"Support for You" Local Offer