

# Income Management and Debt Recovery Policy 2020 – 2023

## Document control

<b>Policy approval</b>	Executive Director – Customer Insight, November 2020
<b>Replacing</b>	Income Maximisation & Rent Arrears Recovery Policy 2017 – 2020
<b>Next review date</b>	November 2023
<b>Author</b>	Head of Income
<b>Responsible Executive Director</b>	Executive Director – Customer Insight
<b>Equality Analysis completed</b>	May 2020
<b>Circulation</b>	Intranet & Livv Housing Group website
<b>Current Version</b>	10

Version	Date	Author(s)	Notes on Revisions
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
9	Mar 19	Income Manager	Review of existing policy to reflect changes to UC and ensure compatibility with relevant Income Policies and Procedure
10	Nov 19	Head of Income	Review of existing policy to reflect changes in recovery action and ensure compatibility with standard operating procedures

## **Purpose**

The purpose of this policy is to set out the organisations approach to income management and debt recovery. This includes setting customer expectations, debt prevention and reduction activity and, where necessary, the use of enforcement action.

The policy aligns with our strategic objective of creating sustainable and thriving communities and ensures regulatory and legislative requirements are met. It ensures income is maximised and customer debt is minimised.

## **Policy**

- Customers will receive a detailed introduction to their new tenancy at the point of sign up. This will highlight what they can expect of us and our expectations of them in respect of paying their rent and service charges on time and in advance. This will include clear messaging that their home is at risk should they fail to pay rent and service charges due.
- Customers are expected to meet the obligations set out in the tenancy agreement to pay the rent and service charges that apply to their home.
- Our ‘rent first’ policy will see customers supported to budget and prioritise paying the rent due on their home. This will be set out at the start of their tenancy and reinforced throughout.
- Customers are expected to maintain an accurate view of their circumstances both with Livv Housing Group and the relevant agencies and authorities including the DWP and the local authority. Changes in circumstances must be notified as soon as they happen. Any adjustments to Housing Benefits payments resulting in a credit or debit on customers account will be refunded or recovered.
- We will take rent in advance, in addition to the rent due, at sign up and expect customers to maintain this rent in advance position throughout their tenancy. The amount of rent in advance will be detailed in the Tenancy Agreement.
- Any former tenant debt will be expected to be repaid in full at tenancy sign up. Where this is unaffordable the debt will be written into the new tenancy agreement for repayment over an agreed period of time.
- Debt recovery processes and approaches will be proportionate, reasonably take in to account customers personal circumstances and manage risk to Livv Housing Group’s income.
- Debt will be actively pursued as soon as payments are missed. We will contact customers in debt through a variety of channels and expect our customers to maintain regular contact until the debt position is resolved and the account is back in an advance position.
- We will follow the Rent Arrears Pre-Action Protocol and only seek eviction as a last resort, where all other reasonable alternatives have not succeeded
- Accounts in credit will be managed in line with Livv Housing Group’s financial regulations guidance in relation to money laundering and other issues of probity.
- Accounts in credit with more than one period of rent will be refunded to reduce the risk of benefit fraud. We will request the information on the source of funds when a customer pays off high value debt in a single payment.

## **Preventing and minimising debt**

- A range of payment options will be offered and automated payments promoted as the preferred payment method.

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- Rent statements will be issued to all customers half yearly or as required on request. Customers will have access to their rent statement via our online portal following registration and this will be promoted at sign up.
- We will help customers avoid rent debt through preventative action and early intervention and ensure reasonable actions are taken to minimise debt.
- Affordability checks are undertaken on all new tenancies to ensure customers have the resources to maintain their tenancy and their home.
- We will ensure customers understand their benefits and responsibilities for paying their rent and will help with applications for Housing Benefit and Universal Credit when required
- Customers will be contacted regularly in the first year of the tenancy to support them to maintain their tenancy and proactively identify any issues that could impact on their ability to pay rent. We will provide financial, budgeting and benefits support to customers and make customers aware of support available through other agencies to enable them to maximise their household income and minimise the risk of falling into rent arrears. We expect the customer to be proactive in engaging in support services in order to ensure that they can maintain their rent payments.
- We will work with local authorities and DWP to resolve issues relating to direct payment of housing related benefits
- Joint tenants are separately liable for the total rent arrears. In the event of default on payments we will write to joint tenants individually setting out the full balance due.
- We will proactively encourage customers who fall into debt due a reduction in benefit because of under-occupation to consider a transfer or mutual exchange to a suitable property.
- Customers will be contacted at the point of notice of tenancy termination and throughout the termination period to take full payment of outstanding debt.
- Former tenant debt promptly will be managed promptly and in line with the Bad Debt and Former Tenant Arrears policy

### **Debt recovery**

- Customers will be proactively contacted when their account is £1 or more in debt. Our methods of communication include letters, phone, SMS messages, email and home visits. We will determine the most appropriate channel based on the stage and severity of the debt and how successful contact via channels has been.
- We will seek full payment of debt as soon as any arrears arise and, where appropriate, conduct income and expenditure assessments to agree a repayment plan to pay off debt within a reasonable timescale, reflecting the customers financial circumstances and ability to pay
- The allocation of repayments will start with the main rent account followed by other accounts with a debt including Housing Benefit and Universal Credit overpayments, former tenant arrears, court costs and other debt charges.
- Rent arrears, where the rent has been paid by benefits direct to the customer, will be pursued through an application for direct payments.
- We will commence the first stages of legal action when a customer is four weeks in arrears or over £150 in debt.
- Mandatory Grounds for Possession (ground 8) may be pursued, dependant on the customers engagement and willingness to pay arrears and on repayment plans being maintained in line with the agreement.
- Where a customer is engaged in services from other agencies and/or accessing additional support, we will work with these agencies to ensure their circumstances are fully

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understood by all parties to minimise the risk of losing their home. Where this involves sharing personal or special data, this will be done with consent to ensure compliance with Data Protection law.

- Customers will be referred to appropriate housing and homeless agencies when there is a risk of losing their home within 56 days. This will be done with consent in line with the duty to refer obligations and to ensure compliance with Data Protection Law.
- Where we need to pursue legal action to recover arrears or to bring the tenancy to termination or eviction, we will always seek full payment of court costs.
- Shared owner and leasehold debt will be pursued in accordance with the lease.
- We will serve notice to terminate garage tenancies and surrender possession of the garage when the debt is 3 weeks rent or more. Any court costs will be pursued.

### **Monitoring and Review**

This policy will be monitored to ensure it remains effective and reflects good practise and legal and regulatory changes. This will be achieved through performance data, feedback from staff and partners and customer feedback mechanisms.

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

### **Key legal and regulatory references**

Pre action protocol for possession claims by social landlords, Ministry of Justice

Housing Act 1980

Housing Act 1988

Rent Act 1977

Homelessness Reduction Act 2017

### **Associated Documents**

Bad Debt and Write Off Policy

Financial regulations

Bribery and Corruption policy

Counter Fraud policy

Lettings policy

Tenancy Management policy

Support for you local offer