

# Income Maximisation & Rent Arrears Recovery Policy

## 2020 – 2023

### Document control

<b>Policy approval</b>	Executive Director – Customer Insight, November 2020
<b>Replacing</b>	Income Management and Debt Recovery Policy 2020 – 2023 & Bad Debt Write Off Policy 2020 – 2023
<b>New review date</b>	November 2023
<b>Responsible Executive Director</b>	Executive Director – Customer Insight
<b>Author</b>	Head of Income
<b>Equality analysis completed</b>	April 2020
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<b>Version</b>	1

<b>Version</b>	<b>Date of review</b>	<b>Details of review</b>
1	February 2021	Policy merge and transfer to 2020 policy template

## 1. Introduction

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

The policy aligns with our corporate objective of providing great homes whilst achieving positive impact and flourishing communities and it ensures regulatory and legislative requirements are met. It ensures income is maximised and customer debt is minimised and current and former debt pursuance is proportionate to the cost and likelihood of recovery.

## 2. Scope

The implementation and scope of the policy applies and is applicable to:

Livv Housing Group	X
Livv Homes	
Livv Maintenance	
First Ark Social Investment (Operating as Livv Investment)	
All entities	

## 3. Compliance

The policy is in place in order to support:

Regulatory Compliance	
Legislative Compliance, in particular: 1. Section 21 Housing Act 1988 (Assured Shorthold Tenancies) 2. Section 8 Housing Act 1988 (Assured and Assured Shorthold Tenancies)	X
Best Practice 1. Pre-action protocol for possession claims based on rent arrears	X

The Housing Act 1988 require us to:

- Issue a Section 8 or 21 Notice on assured shorthold tenancies for possession for rent arrears

The Pre-Court Protocol requires us to:

- Follow guidance on good practice given to social landlords in the collection of rent arrears before court proceedings can start.

## 4. Policy Statement

### **Our Customer Relationship**

- 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 arrears through a variety of channels and expect our customers to maintain regular contact until the arrears 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.
- Former tenant debt will be pursued promptly and any accounts without a repayment plan will be referred to a Debt Collection Agency for recovery.
- 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 rent arrears**

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

- 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 arrears through preventative action and early intervention and ensure reasonable actions are taken to minimise debt.
- Affordability checks will be 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 benefit 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.
- 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.
- When customers leave us, they will be contacted at the point of notice of tenancy termination and throughout the termination period to take full payment of outstanding debt. Where this is unaffordable, a repayment plan will be agreed over a reasonable period of time.

### **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.
- 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 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 understood by all parties to minimise the risk of losing their home. Where this involves sharing personal or special category data, this will be done with consent or where legitimate interests can be demonstrated 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 or where legitimate interests can be demonstrated 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.

#### **Bad debt write off**

- We will write off current and former tenant debt when a customer declares bankruptcy or debt relief and we are formally informed, in writing, by the insolvency service. If it is a joint tenancy and the joint tenant has not declared bankruptcy or debt relief, we will continue to pursue the debt through the solvent joint tenant.
- Current debt that is less than £1 and has not changed for more than 3 months will be written off.
- When a tenancy is terminated or there is an eviction, we will consolidate all debt on the main account of the most recent tenancy. This includes all debt on sub accounts and former tenant debt from previous tenancies. We will pursue all outstanding debt, except debt that is uneconomical to pursue (when the debt is less than £25)

- When a tenant has moved into nursing care we will consider whether the former tenant debt is reasonable and proportionate to pursue based on the presenting circumstances.
- When a tenant is imprisoned we will consider whether the former tenant debt is reasonable and proportionate to pursue based on the length of sentence and the likelihood of recovery.
- We will refer former debt to a debt collection agency after 4 weeks of the tenancy end date, if the customer does not set up a repayment plan.
- For tenants where no forwarding address can be found and all attempts to locate the debtor are not successful in a 12 month period after termination the debt will be considered unrecoverable and will be written off.
- Where a current tenant or former tenant has died and there is no estate the debt will be written off.
- We will seek approval for bad debt write offs in line with Financial Regulations and submit a quarterly update to the Executive team on the write off value under delegated authority.
- Where debt has been written off for former tenants and they have been subsequently traced, we will reverse the write off and pursue the debt. Where former tenants with debt have been let a Livv home, any former tenant arrears will be written into the new tenancy agreement.
- Credit balances on rent accounts will be refunded at the point of tenancy termination. Where customers cannot be traced for 12 months, the credit balance will be written off.
- Refunds of credits on accounts where the customer has died will be refunded to the Executor of the Will. If an Executor, Grant of Probate or Letter of Administration does not exist the deceased assets belong to the Crown and we will notify the Treasury Solicitor.

## **5. Policy Outcomes**

The policy sets out the customer relationship relating to their obligations to pay rent across the customer journey, from when they rent a home to when they leave us. It determines how we set customers up for success by preventing them falling into arrears, how we will respond when they do and when we will use enforcement action to recover debt owed to us. This provides clarity on our position and enables customer expectations to be managed and achieved. Overall, the policy enables us to maximise debt recovery and help reduce Livv Housing Group's current and former arrears by reducing the number of customers going into arrears and the level of individual debt.

## **6. Monitoring and Review**

In order to ensure that the policy is effective and delivering the intended impact, the following Key Performance Indicator's (KPI's) are in place to monitor the performance of the policy:

- Current Tenant Arrears
- Former Tenant Arrears

KPIs are monitored through our reporting software PowerBI. This provides a single source of data at all levels of reporting. The KPI performance is reported quarterly to OFR.

Furthermore, in line with the Group’s Policy Framework, this policy is scheduled to be reviewed every three years. Unless due to a change in Government legislation or regulatory requirements, then the review period will be brought forward in order to ensure compliance.

## 7. **Roles and Responsibilities**

The Policy Framework documents the approval routes for all Policies & Strategies, however under this policy the following teams/members of staff have the following responsibilities.

Customer Services Committee (CSC)	CSC has responsibility for final sign off on the policy.
Executive Director’s Team (EDT)	EDT has responsibility for first stage sign off on the policy
Executive Director’s Team (EDT)	EDT have overview of the policy outcomes as part of the OFR reporting mechanism
Head of Income	Head of Income is responsible for reviewing the Policy, amending it accordingly so it supports the associated strategic aims and reflects the service it relates to
Lettings Team Neighbourhoods Team Income Team	Lettings are responsible for delivering the pre-tenancy checks to set customers up for successful tenancies. Neighbourhoods are responsible for the tenancy checks in the first year of the tenancy for preventative and early intervention action. Neighbourhoods are responsible for minimising former arrears through effective tenancy termination. Income are responsible for recovering current and former tenant rent arrears. All teams above are responsible for the ‘pay rent first’ customer messaging.

## **8. Equality & Diversity**

In order to comply with the Equality Act 2010, an equality analysis (EA) was completed as part of the policy review. Upon completing the EA it was found that the implementation of the policy would support and encourage the aims of the public sector duty. The equality analysis was completed and approved April 2020.