



**HOUSING REVENUE ACCOUNT**

**Income Recovery Policy 2017**

## **Introduction**

This policy outlines West Lancashire Borough Council's approach to collecting rent, service charges, court costs, recharges and payments due from its tenants and former tenants. It defines the approach we adopt to recovering rent arrears and other tenant debts.

It is a key priority for the Council to collect income as it provides the funds to maintain homes and provide services; and supports the Council's business plan. The Council take debts of rent or any monies owed seriously, and will balance the need to maximise rental income with a range of strategies to recover rent, service charges and any other payments due from its tenants and former tenants.

The Council will adopt a proactive, prevention and early intervention approach. However, in cases of persistent non-payment of rent, the Council will take a firm enforcement approach, which may include taking legal action, resulting in repossession of a tenant's home. Eviction will only be carried out as a last resort when all other appropriate recovery actions have been exhausted.

The Council recognise that tenant's financial circumstances differ and at times, they may have money difficulties which can affect the ability to pay rent and service charges on time. The Council has a range of ways to make it as easy as possible for customers to make payments, access information about their accounts, and make contact.

The Council will offer support to tenants in debt using trained staff to provide a Financial Inclusion and Money Advice Service. We will also maintain links with other agencies and partners who can help tenants to increase their income and manage money.

This policy links to the Corporate debt recovery policy, the Tenant Financial Inclusion Strategy (2016)) and the key objectives of tenancy sustainability.

The Council will adopt a professional and confidential approach, providing excellent customer service in all its interactions. We will listen to our customers so they can help us to improve the services we deliver and we will offer value for money in how we achieve this.

## **Policy Statement**

West Lancashire Borough Council aims to collect income promptly from tenants and former tenants, to sustain tenancies and neighbourhoods, and to protect the provision of tenant services.

## **Key Policy Aims**

- To optimise the collection of income due and keep debt to a minimum.
- To promote a rent payment culture by taking payments in advance and publicising the importance of paying rent and monies due. To sustain tenancies through early intervention, prevention and support services
- To understand the financial circumstances of each tenant, and former tenant, their ability to pay, and to agree how debts can be cleared in a realistic, affordable and timely manner
- To inform tenants of any changes to rent and other charges and in accordance with any legislative and government guidelines
- To provide a range of accessible payment methods and keep tenants informed of the ways they can pay, encouraging use of a bank account and/or credit union account
- To maximise income and benefit entitlement by raising awareness and providing advice and support linked to welfare benefits, Universal Credit, and back into work programmes
- To promote financial wellbeing, provide high quality money advice, and sign-post tenants to other agencies who can help maximise income
- To work closely with the DWP and Housing Benefit service to ensure the Council maximises Welfare Benefit claims and direct payments
- To ensure, through its Tenant Financial Inclusion Strategy, that the Council targets those who are most financially vulnerable
- To ensure that all communication is clear and encourages contact
- To communicate and keep tenants informed during the recovery process of what action will be taken, and the consequences of failing to pay rent, service charges and debt
- To have a recovery process that is clear and easy to follow and ensure all debt cases are managed in a consistent and fair way, taking account of the relevant legislation, good practice and court protocols.
- To take appropriate and timely legal action against tenants who fail to pay their rent, service charges or debt, or keep to payment arrangements.

This Policy and the associated recovery process will be reviewed and updated annually to incorporate areas of best practice, with the aim of providing innovative ways to recover money due and maximise the income for the Council's Housing Revenue Account.

This Policy takes account of the Court pre-action protocol guidance and the need to make every attempt to contact the tenant, and promote a preventative approach.

## **Rent Statements and Keeping in Touch**

The Council will provide access to a rent balance and rent statement on demand and will encourage tenants to access information using digital methods. The Council will promote payments, rent statements, and account balances online, and through the tenant mobile phone app.

All tenants who are in rent arrears will receive a rent statement and personal contact before any legal action is taken.  
Officers will make contact using /text/email/letter/phone.

Home visits, appointments and interviews will be carried out in a professional manner, maintaining confidentiality at all times. All interviews/visits will be noted and repayment arrangements confirmed by text/email/letter.

## **New Tenants**

Prospective tenants will have a financial wellbeing assessment and be advised of the cost of renting and running a home. They will be informed of the property rent and service charges when making a bid for accommodation, when an offer is made and also at the property viewing.

On accepting the keys for a home and taking the tenancy, new tenants will be advised of their responsibility to pay rent and service charges, the ways in which to pay and the consequences of not paying.

New tenants must pay their rent in advance of their tenancy start date. The amount will depend on the agreed payment frequency. (See separate guidance under pay in advance).

## **When to Pay**

### **Collection dates**

Rent will be collected over 48 weeks. There will be 4 non-collection weeks, 2 at the end of March/early April and 2 over the Christmas/New Year period. This will be subject to review on an annual basis and may change depending on business needs.

Those in rent arrears must continue to pay on the non-collection weeks. Those paying by direct debit will have payments calculated to take account of the non-collection weeks.

Rent is due in advance. A rent account will be considered to be in arrears if a payment has not been received within the period it is due.

## **Ways to Pay**

### **We will offer a range of ways to pay:**

Direct Debit (the most convenient way to pay)

Tenant Mobile App- 24/7

Online- 24/7

Automated telephone line -24/7

At the Post office or at Paypoint or Payzone (at retail outlets)

Standing Order

Over the phone

By cheque through via Royal Mail.

## **Recovery – Our Approach - Rent/Service Charge Arrears**

The Council will intervene as soon as payments are missed on any account.

In all debt cases the Council will follow current and applicable legislation and guidance, in particular, the Court Pre-Action Protocol for Possession Claims by

Social Landlords (the 'Protocol'). The Council will take a preventative approach to keep debts to a minimum.

Accounts will be monitored weekly and those in arrears will be contacted as soon as is practicable. The Council will ensure early contact and that this contact is maintained throughout the period of arrears.

Suitable affordable repayment arrangements will be agreed taking account of individual financial circumstances. Action will be taken to ensure that Housing Benefit/Universal Credit is claimed and paid where there is an entitlement.

If there are arrears on a rent account, the Council will request direct payment of housing costs from the DWP for those in receipt of Universal Credit and Alternative Payment Arrangements to reduce the outstanding arrears. For those on Housing Benefit we will request direct payments and deductions from the DWP to reduce outstanding arrears.

Where a tenant is vulnerable or is at risk of losing their home, the Council will ensure that direct payments of rent onto the account are sought through direct payments or DWP managed payments.

If there are debt and money issues, debt and welfare advice and assistance will be offered or a referral made to a Money Advisor.

### **Legal Proceedings – Rent/Service Charge Arrears**

Before starting any legal action, the Council will

- Contact the tenant as soon as they owe arrears to discuss:
  - The cause of the arrears;
  - The tenant's financial circumstances;
  - The tenant's entitlement to welfare benefits; and
  - Proposals for repayment of the arrears, and agreement of an affordable amount for the tenant to pay towards reducing the arrears.
- Serve a statutory notice, and continue to make attempts to contact the tenant to discuss:
  - The amount of the arrears;
  - The cause of the arrears;
  - Repayment of the arrears; and
  - The Housing Benefit or Universal Credit position.
- The Council will provide a copy of the Pre court Protocol to the tenant before issuing any court proceedings.

If the tenant maintains their agreement to pay the current rent and a reasonable amount to reduce the arrears, the Council will postpone issuing court proceedings.

If the tenant stops making payments as agreed, the Council will advise the tenant of the intention to bring legal proceedings, give clear time limits to comply, and make a referral for Money Advice if they are not already involved.

At Court, the Council will seek a possession order, suitable to the level of arrears outstanding and the tenant's payment history and personal circumstances.

The Council will request a money judgment for the debt and an order for any Court costs in all cases, unless there are exceptional reasons not to do so. A money judgement order may be used to enforce collection of arrears when a tenancy is terminated and the Council collect the former tenant debt.

Any court costs will be recovered as part of the rent recovery process.

If proceeding with court action, the Council reserves the right to exclude the property from any capital and planned investment programmes.

### **Repossession of a Property – Rent/Service Charge Arrears**

This will be a last resort, however if a warrant for possession has been made, it will not be withdrawn unless:

1. The arrears are cleared in full; or
2. The Court order is brought up to date and the warrant costs paid.

A decision to proceed or withdraw an eviction application will be made by the Income Management Officer with approval from the Senior Income Recovery Officer or Income Management and Financial Inclusion Manager.

For all tenants, and in particular those who are vulnerable, the Council will liaise with the Homelessness Team when the warrant for possession is lodged.

If there are any safeguarding concerns, the Council will inform Lancashire County Council Social Services department when an eviction is taking place.

### **Confidential Money Advice**

Throughout the recovery process, free confidential money advice will be made available. All contact will promote use of this free service and that tenants should also seek independent legal and debt advice from Welfare Rights, the Citizens Advice Bureau, a Law Centre or Solicitors.

The Council will promote financial inclusion through their Money Advisors, including advice and assistance on budgeting, managing debt, claiming benefits and discretionary housing payments. Money Advisors will work with those tenants who are vulnerable and excluded financially to seek affordable loans and banking services, provide advice on fuel poverty, back into work programs, and any initiatives which will maximise income.

A range of links and partnerships will also be maintained with other agencies where tenants can be sign-posted for help.

## **Joint Tenancies**

All joint tenants are jointly and severally liable for rent arrears that may accrue. The Council will contact separately all tenants named in the tenancy agreement when advising of arrears and legal proceedings.

With authority from the tenant, the Council will make contact with any named advocate who is acting on behalf of all parties in the tenancy agreement.

## **Sole Tenancy**

In households with a sole tenant on the tenancy agreement, the Council will encourage the tenant to keep all other household members informed of any legal action in connection with rent arrears; interested parties do not include lodgers.

## **Garage Tenancy**

The Council will encourage tenants of garages to pay their rent monthly in advance by Direct Debit.

The Council will monitor garage rent payments and commence quick recovery action using the relevant legislation at an early stage of non-payment. Persistent non-payment will not be accepted and the Council will seek to recover possession of garages at the earliest opportunity.

## **Former Tenant Arrears – ‘FTAs’**

FTAs occur when a tenancy with arrears is terminated by the tenant, where a property is abandoned, when a tenant moves out without providing formal notice, or where a tenancy is ended by the Council and there are arrears on the account at the time of termination.

To minimise arrears, the Council will ensure that tenants are made aware of their obligations upon ending a tenancy. On notice of termination, the tenant will be made aware of any rent and service charge monies owed and a forwarding address will be taken.

Where the outgoing tenant cannot clear any debt owed prior to leaving, an affordable repayment plan will be agreed. This agreement will be confirmed and the tenant made aware of the methods of payment available.

The Council will pursue all former tenant debts. Where no forwarding address is given, every effort will be made to trace former tenants. The Council will use the Income Management Team, specialist tracing systems, and outside tracing/collection agencies, if appropriate. The Council will use a variety of methods to make contact with the former tenant.

Failure to agree to, or to maintain, an acceptable repayment arrangement may result in further legal action to pursue the debt. The suitability of such action will be determined on a case by case basis.

The Council will not accept applications for the Councils Housing Register where there is a debt owing to the Council, unless a payment plan has been made and kept to in accordance with the Councils Allocations policy. (see Allocations Policy)

### **FTA Write Offs**

On occasions an FTA debt may not be deemed recoverable if there have been numerous failed attempts to trace the former tenant. Some examples may be:

- The tenant has died and we cannot claim on the estate
- The tenant moved permanently to residential care and a request is made on compassionate grounds.

In some instances an existing tenant may have a former tenant debt or recharge debt and we will continue to pursue the debt.

If a former tenant makes an application for the Councils Housing Register and has a previous FTA we will actively seek to recover any previous debts or refuse to accept the application.

### **Bankruptcy/Debt Relief Orders (DRO)**

#### **Bankruptcy**

If a bankruptcy order is made by the Official Receiver they take control of the debtor's assets and these are shared out amongst the creditors. If a tenant is declared bankrupt then the Council will be a creditor and will have to register a formal claim for any debt owed. This may be paid if sufficient funds are available after the primary debt is paid off. If we are unable to recover the debt then the debt will be written off from the account.

The Council can still continue to seek possession of property therefore tenants will be advised to take legal advice before considering bankruptcy.

#### **DRO**

A DRO is an alternative to bankruptcy. It lasts for 12 months and during this time the rent arrears listed within the DRO will not be pursued. If financial circumstances change the order may be withdrawn. If this happens the debt can then be recovered. At the end of the DRO period the rent arrears covered by the DRO can be written off.

If arrears accrue again after the DRO has been issued the Council will continue to pursue the debt.

The Council can still seek possession of the property for rent arrears, so the tenant will be advised to take legal advice before considering a DRO.

### **Rechargeable Debts**

A separate policy and process is available for rechargeable debt. (See separate documents)



## **Vulnerability**

The Council understands that it has tenants who are elderly or vulnerable through mental or physical disability. Also, tenants who have young dependent children or who may be carers.

The Council will always take action that is appropriate to the individual needs of the tenant and, where necessary, refer to other agencies to provide support services if vulnerable tenants are unable to pay their debts.

## **Working with Others**

The Council will ensure that it develops and maintains excellent working relationships with agencies who can support the work it does and for the benefit of its tenants.

This will include having links and good relationships with:

- Providers of affordable credit e.g. Credit Unions
- Local Banks
- Energy Efficiency and Fuel Poverty Advice Services including United Utilities
- Furnished Tenancies/Furniture Recycling Schemes
- Advice and support services associated with combating and preventing illegal lending
- Department of Work & Pensions (DWP)
- BTLs Revenues and Benefits Service
- Welfare Rights and CABs

## **Equality & Diversity**

This policy will comply with the Council's Equality and Diversity Statement, recognising that people who use Council services come from diverse backgrounds and have different experiences and needs.

In implementing this policy, the Council will ensure that any tenants who have mobility problems due to disability, who need information in other formats and languages, who may need interpreters or signers, or have difficulty with reading are provided with the assistance that they require.

We will ensure digital access and training services are available across the Borough for tenants who require assisted support to enable them to interact with our services in the easiest and most flexible way for them, including support for those making Universal Credit claims on line.

## **Performance Monitoring**

The Council will compare its income collection activity and performance against a range of other similar landlords and set challenging performance targets to meet the needs of the business.

Performance information will be used to support officers. Regular audits of individual rent accounts will be carried out to check progress against the Council's policy and associated recovery procedures.

### **Further Information**

Details of this Policy are available on the Council's website.

The recovery procedures operated by officers are available on request.

In order to ensure the Council is delivering customer focused services, officers and tenants may be asked to become involved in reviewing the service, complete feedback surveys and make suggestions for improvements and change.

### **Legal & Regulatory Framework**

The Council will, at all times, meet current and relevant legislative and regulatory requirements, following any good practice guidance.

### **Monitoring and Responsibilities**

It is the responsibility of the Income Management and Financial Inclusion Manager, to monitor the implementation of this policy and the associated procedures.

The Director of Housing and Inclusion is responsible for ensuring delivery of this policy.

All staff dealing with income collection, arrears, debt recovery and money advice must be familiar with this policy.

### **Associated Documents**

- Income Recovery Procedures
- Allocations Policy & Procedures
- Pre-Action Court Protocol
- Equality & Diversity Policy

### **Policy Review**

This policy will be reviewed and updated annually to take account of any significant changes in legislation, guidance or good practice.

Tenants will be consulted and involved in any significant changes.

<b>Approved by:</b>	
<b>Effective date:</b>	
<b>Review date:</b>	
<b>Policy developed by:</b>	

<b>Associated Procedure:</b>	
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JM 18/04/17