

Income Collection Policy

INFORMATION

Policy Name	Income Collection Policy
Effective Date(s)	24th August 2020
Approved By	
Approval Date	
Policy Owner/Dept	Darren Shelley
Policy Author	Darren Shelley
Review Date	1st August 2020
Policy Framework Ref	
Version Number	V1.2

Version Control

Version	Date	Changes	Approver
1.0	April 2016	Review and updated	
1.1	April 2018	Review and updated	
1.2	Aug 2020	Review and updated	

Business Plan Theme			
Keep Everyone Safe	<input type="checkbox"/>	Be a Great Landlord	<input type="checkbox"/>
Deliver New Affordable Homes	<input type="checkbox"/>	Innovation and Transformation	<input type="checkbox"/>
Business Viability	<input checked="" type="checkbox"/>	People and Culture	

Relevant National Standards or Regulation	<ul style="list-style-type: none"> • Governance and Financial Viability Standard • Rent Standard • Tenancy Standard
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Relevant Legislation	<p>This policy operates within the context of regulatory legal frameworks as follows:</p> <ul style="list-style-type: none"> • Housing Act 1998 • Housing Act 2004 • Localism Act 2013 • Welfare Reform Act 2012 • Equality Act 2010 • Data Protection Act 2018
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1. Purpose of the Policy

To establish a policy which details the principles for rent and service charge collection for Your Housing Group.

To ensure that such a policy delivers effective management of income collection as this is crucial to YHG's financial viability. To safeguard its position the Group must endeavour to ensure that all rent payments are made in line with the resident's required obligations, as detailed in the Tenancy Agreement or Licence.

Your Housing Group promotes a positive payment culture which expects all customers to maintain a clear rent account irrespective of whether they have benefit entitlements as a payment method.

Whilst we adopt an approach of early intervention to reduce the likelihood of arrears accruing, Your Housing Group recognises that from time to time a customer's circumstances may change unexpectedly. In these instances, we will attempt to work with the customer and all appropriate support functions to reach a positive outcome.

Furthermore, YHG supports and adopts the pledges outlined by the National Housing Federation in support of its customers during the Coronavirus crisis, specifically by: -

- Keeping people secure at home
- Helping people to get the support they need
- Acting compassionately and quickly where people are struggling

This document will be stored in YHG's Income Procedures File for internal customers. This document will be available to be viewed via YHG's internet portal for external customers. This policy will also be available on YHG's intranet for staff.

2. Scope of the Policy

This policy will establish the groups approach for collection of **all** income owed to the organisation let on the following agreements:

- Assured
- Secure
- Assured Shorthold
- Licence
- Any Other

This policy is not applicable to the following:

- Supported Housing
- Care Homes
- Private Finance Initiatives
- Key Workers
- Former Tenant Arrears

All staff within the income team are expected to maintain the standards outlined within this policy.

3. Consultation

- Staff
(No requirement for further consultation as this is a low-level review with minor updates)

4. Policy Detail

Your Housing Group believes that prevention and early intervention in Income Collection is crucial to maintain and sustain tenancies and will only seek eviction as a last resort.

Eviction has high social and economic costs and as such Your Housing Group places great emphasis on alternative approaches with a focus on preventative and support mechanisms, rather than reactive strategies.

Essential to this we will:

Ensure transparency with our customers and provide them with rent statements at regular intervals as part of the arrears escalation process, detailing all outstanding balance including rent and service charges and any sub accounts to assist customers manage their accounts. These can be provided in alternative formats upon request.

Keep up to date with Welfare Reform legislation to enable Your Housing Group to support our customers through the impact of these changes and provide a specialist in-house money advice service to our customers, free of charge.

Treat all customers in a respectful and courteous way, ensuring confidentiality when dealing with any rent or arrears issues, and provide a formal complaint process for customers who are dissatisfied.

Payment Methods

Your Housing Group's preferred payment option for general needs customers is direct debit and all customers will be encouraged to pay by this method. Other payment methods such as standing order, debit/credit card or payment card will be considered if it is not possible for the customer to pay the charges due by direct debit. Rent must be paid in advance as per the tenancy agreement.

Your Housing Group does not encourage customers to use methods of payment that may lead to greater debt but, respect that this is the customers right of choice.

Customer Payment Methods

- Direct Debit
- Debit or Credit Card
 - Via the Home Hub online portal
 - By telephone (24-hour automated payment line or through an operative during office hours),
 - Online at www.allpay.net
 - Via the allpay app (available on smart phones)
 - In person at local offices
- Internet Banking / Bank Transfer
- Standing Order
- Cheque
- Allpay card (cash paid at a Pay Point or post office)

Your Housing Group will regularly review new technologies and payment service providers to ensure the payment needs of our customers are met.

Hierarchy of debt

Your Housing Group will pursue debts owed by current or former customers and leaseholders as part of its income management approach. Where there is only one debt outstanding, then the group will follow the relevant collection procedure pursuant to that debt.

On the occasion where there are multiple debts owed to the Group by a customer or leaseholder, then the Group will pursue the debt in line with the approach to income maximisation and recovery, having consideration for the following priority order:

- Rent owed (Current Customers) or in the case of leaseholders, service charges owed
- Court costs owed
- Housing Benefit overpayments reclaimed from the landlord
- Recharges
- Service charges incurred by customers
- Gardening charges
- Garage charges
- Supporting People overpayments reclaimed from the landlord

The group will ensure that customers, leaseholders and staff are aware of the corporate debt priority order and approach adopted by the group in recovering these debts.

Arrears Prevention and Early Intervention

Your Housing Group will use preventative measures and practices which aim to avoid the accrual of rent arrears. We will monitor accounts regularly and contact those customers whose accounts have fallen into arrears and take appropriate supportive action.

During the arrears collection process Your Housing Group will give due regard to the customer's circumstances to enable us to address each case appropriately. We will use various methods to contact our customers including email, telephone calls, letters, visits and text message.

In addition, the business provides a free of charge money advice service specialising in income maximisation strategies, benefit, debt and money advice.

Your Housing Group will endeavour to collect all monies due to the organisation and prioritises cases to be reviewed on a risk basis.

Our rent first approach is to ensure customers are aware that any rent owing to the organisation is a priority debt and the impact of not paying may result in them losing their home.

Vulnerable Residents

Your Housing Group recognises that vulnerable customers may have multiple and complex needs that require intervention outside of mainstream income collection processes, and the severity and duration of a customer's vulnerability will vary on a case by case basis.

All customer facing colleagues within the income team will pay due regard to the presentation of risk factors during customer engagement. Risk factors should be explored with sensitivity for us to determine if the customer is considered vulnerable.

Example risk factors include but are not limited to: -

- Domestic violence / abuse
- Drug or alcohol dependency
- Care leavers, rehabilitation of offenders
- Illness, physical and mental
- Low levels of literacy, numeracy or language skills
- Age

Upon establishing a vulnerability Your Housing Group will consider steps appropriate to the needs of the customers. In some cases, standard processes will be most appropriate for the

customer however in certain cases of vulnerability, we may take steps outside of mainstream collection procedures. This could include agreeing an extended period to repay the arrears which falls outside of normal time frames or, applying extended breathing space delays to rent collection.

Your Housing Group also recognises that financial crisis and/or multiple debts may lead to a customer becoming vulnerable. Our internal Money Advice team provide free financial advice regarding benefits, debt and money management. In addition, we will signpost customers to external debt advice agencies, affordable credit providers, low cost fuel suppliers and provide information on how to open back accounts and budget effectively.

Universal Credit

Your Housing Group recognises that Universal Credit may pose a risk to its customers who were formally in receipt of legacy-style benefits and is a significant change in that customers will receive a single monthly household payment. We will work with customers and the DWP to minimise the risk of customers losing their home by following the DWP's protocol by applying for direct payments where customers fall into significant arrears. (APA – Alternative Payment Arrangement)

Universal Credit - Direct Payments – Alternative Payment Arrangements (APA's)

To protect our income stream and to support our customers in remaining in their homes, Your Housing Group will apply for an Alternative Payment Arrangement to the Department for Work and Pensions, requesting the housing cost element of the customers Universal Credit claim to be paid direct to the landlord. (Switch Back).

An Alternative Payment Arrangement can be requested if the customer falls into any of the below situations: -

- Claimant is currently two or more months in arrears
- Claimant has been evicted for rent arrears and or failed a tenancy within the last 12 months
- Claimant is subject or threatened with eviction and or repossession
- Claimant is not in arrears but may have been within the last 12 months and was subject/threatened with eviction and/or possession
- Claimant is in significant arrears at the time of claim

Discretion will be used by the DWP as to whether this request is approved.

Alternative Payment Arrangements (APA's) can also be put in place to prevent arrears building/ or increasing if a customer has been identified as vulnerable i.e. where the claimant's arrears have **not** reached the arrears trigger point of 2 months.

There are **'tier one factors'** which mean that the claimant has a highly likely/probable need for an Alternative Payment Arrangement, and **'tier two factors'** which will mean that the claimant has a less likely/possible need for an Alternative Payment Arrangement.

Tier one factors

- Drug /alcohol and /or other addiction problems e.g. gambling
- Learning difficulties including problems with literacy and / or numeracy
- Severe / multiple debt problems
- In temporary and / or supported accommodation
- Homeless
- Domestic violence / abuse
- Mental health condition
- Currently in rent arrears / threat of eviction / repossession
- Claimant is young – either a 16/17-year-old and / or a care leaver
- Families with multiple and complex needs

Tier two factors

- Third party deductions in place (e.g. for fines, utility arrears etc.)
- Claimant is a refugee/asylum seeker
- History of rent arrears
- Previously homeless and / or in supported accommodation
- Other disabilities (e.g. physical disability, sensory impairment etc.)
- Claimant has just left prison
- Claimant has just left hospital
- Recently bereaved
- Language skills (e.g. English not spoken as 'first language')
- Ex service personnel
- NEETs - aged 18 – 24 and not in Education, Employment or Training

Arrears Direct – Third Party Deduction

Your Housing Group will in-line with government guideline apply for third party deductions to the DWP for customers who are in receipt of any of the following benefits once they are in four weeks or more of arrears.

- Universal Credit
- Income Support
- Income-based Jobseekers Allowance (JSA)

- Pension Credits or
- Income-based Employment and Support Allowance (ESA)

Housing Benefit Customers

To protect our income stream and to support our customers in remaining in their homes, Your Housing Group will follow the Government/HB guideline when applying for Housing Benefit which is currently paid direct to a customer and who fall into arrears of eight weeks or more will be switched to the landlord. This will be done to protect the customers from putting their home at risk.

Ending Tenancies

Your Housing Group will make every effort to ensure that prior to tenancy termination, the rent account and any other associated balances are cleared. Failing this, every effort will be made to establish a payment plan in line with the terms and conditions of the tenancy agreement until the account is cleared. We will actively pursue any debts to the organisation left outstanding at the cessation of the tenancy and reserve the right to pass such debts to a collection agency for pursuance. For further information please see the Former Customer Arrears (FTA) policy.

Refunds

Your Housing Group will action all over payments within a reasonable timescale in line with the following:

Overpayments

Your Housing Group acknowledge they have a legal obligation to repay any overpayments, which Housing Benefit/DWP has deemed to be legally recoverable. We also have an obligation to inform the Local Authority in writing of any change in circumstances of the resident, which may affect their entitlement to benefit.

We will encourage the customer to challenge such overpayments with the Local Authority (LA) / Department of Works and Pensions (DWP) if they considered that the overpayment is not recoverable. We will always appeal against the repayment of Housing Benefit direct from us which, has occurred because of fraud and will always appeal against the repayment on behalf of the customer that has occurred because of an official error.

Credit refunds

Should a customers account (including and sub accounts) be in credit, Your Housing Group will arrange a refund within 28 days from the date of application, however before a refund will be approved, a member of the Income Team will contact the local Housing Benefit department/Department of Works and Pensions to ascertain if there are any overpayments outstanding.

Should there be no outstanding overpayments; a refund will be approved only in the following circumstance: -

- Weekly payers – any credit over and above 1 week
- Fortnightly payers – any credit over and above 2 weeks
- Four weekly payers – any credit over and above four weeks
- Calendar month payers – any credit over and above one calendar month

Death of a Customer

Please see the Former Customer Arrears Policy for further detail.

Arrears Recovery Action and Legal Procedures

Customers are deemed to be in arrears when they have missed one weekly, fortnightly, 4-weekly or monthly rent payment. Customers will be encouraged to settle their arrears in full, where this is not possible, we will negotiate a repayment plan to gradually reduce the arrears owed to avoid the need for legal action. When calculating the agreement, we will consider the customer's circumstances of the household including their income, expenditure and other outstanding debts.

We will offer the customer the opportunity to ensure that they are claiming all relevant welfare benefits to which they are entitled and provide them with money advice and/or signposting to free and independent money advice services.

All legal action should be taken in the correct format, in accordance with pre-action protocol, and within the Groups target timescales. The target dates for service of legal documents are:

- Notice of Seeking Possession (NOSP) escalation process may commence when accounts are 4 weeks full rent arrears or had an arrears balance for more than 8 consecutive weeks
- Court application will be made when the level of debt is typically £1000 or more
- All Court applications will be based upon one of the following grounds:

Ground 10

Is a discretionary ground for possession where rent which is lawfully due from the customer has not been paid by the time the possession proceedings are started and was owed at the time the Notice Seeking Possession was served.

Ground 11

Is a discretionary ground for possession where the customer has repeatedly failed to pay rent on time. There need not be rent arrears at the time possession proceedings are started.

Ground 8

Is a mandatory ground for possession of an assured tenancy contained within the Housing Act 1988. An outright order must be granted where Your Housing group can prove that two months' or eight weeks' arrears exist at the service of the notice and at the court hearing. The court has no discretion as to whether to grant the order. YHG will consider using this and details of its application are detailed within the Ground 8 Policy.

Bankruptcy Orders & Individual Voluntary Arrangements

If a customer informs us that they are made bankrupt or is in an IVA, they are still liable for future rent and should pay it in the normal way as an 'essential payment'. Although the trustee can apply to the court for an Income Payment Order, in agreeing any figure to be paid over, the trustee must make an allowance for essential living costs, which includes rent. If the customer is continuing in paid employment it is considered that rent payments should be made in accordance with the tenancy. Similarly, in an IVA the customer is permitted to pay reasonable rent and living costs before they must pay the supervisor a contribution out of surplus income.

Bankruptcy and IVA status is no reason for the debtor to withhold payment of 'future' rent.

Unpaid service charge is treated in the same way as rent. It ranks as a debt in the bankruptcy.

A customer cannot avoid enforcement of a possession order (eviction) on the basis of their bankruptcy.

A bankruptcy debt will remain archived on the insolvency account for 12 months, after which time it will be written off.

Debt Relief Orders

Debt Relief Orders were introduced from 6th April 2009. This is an alternative to bankruptcy, also granted by the Insolvency Service and usually only lasts 12 months.

Arrears subject to a Bankruptcy or Debt Relief Order will be archived to an insolvency sub account for 12 months and then written off as per the process outlined above. Any court costs incurred prior to a Debt Relief Order being granted should also be written off as part of the 12 months rule.

In cases where there is no possession order and we do not wish to pursue possession of the property, we would transfer the arrears accrued up to the date of the Debt Relief Order to an insolvency subaccount newly created for a period of 12 months then written off as per agreed process.

If we have been awarded a possession order by the Court and then receive notification that a customer has been awarded a Debt Relief Order we would transfer all arrears accrued up

to the date of the Debt Relief Order also to an Insolvency subaccount, however the customer must also be advised that their home may still be at risk.

Should a customer's account after a Bankruptcy or Debt Relief Order being granted go into credit we cannot offset this against the insolvency debt or even suggest to the customer that they pay it off any debt owed to us as this would make us a 'preferential creditor.' The customer should be advised to notify the administrator of the Bankruptcy who should then allocate the money accordingly.

5. Responsibilities under this Policy

The Income Manager is responsible for ensuring all relevant staff have access to and understand the content of this policy and, have appropriate training to undertake their roles.

The income manager will undertake a review of this policy in accordance with the businesses review schedule.

6. Risk Management

In failing to adequately adopt the standards outlined within this policy we risk customer detriment through homelessness and moreover, reductions in our income streams, therefore causing further reduction in funds to enhance and expand the Groups home portfolio.

7. Data Protection, Record Storage and Retention

Customer data relating to rent accounts is held in accordance with relevant Data Protection policies.

8. Equality and Diversity

This policy demonstrates adherence to the Equality Act 2010 to ensure equality of treatment for all customers without discrimination or prejudice.

This policy has also been developed in line with YHG's Equality, Diversity and Inclusion Policy and has been Equality Impact Assessed.

YHG will be proactive in its approach to provide translations of all its documents, policies and procedures in various languages and other formats by utilising the data it holds about its customers and, will seek to keep this data updated at reasonable intervals.

9. Communication

This policy will be publicised on the Groups intranet for access to all employees and in addition, copies made available to customers in accordance with Group procedures.

10. Learning and Development

Colleagues operating to this policy will be provided with training upon joining the business and additional refresher training as required, to remain updated with changes to any internal and external business practices, including benefit reforms.

It is the responsibility of the Income Manager to ensure prompt deliverance of such training.

11. Performance Management of this Policy

Localised KPI's are in place within the income department and are reviewed periodically to ensure they continue to meet the service needs required to deliver the content of this policy.

Rent Collection forms part of the KPIs contained within the Balanced Scorecard.

12. Review of this Policy

This policy will be reviewed in August 2021 by the Income Manager. This is only 1 year after review, rather than 2, to allow for any amendments as this policy/process to mitigate against the risks and impacts caused by the global pandemic. In addition, where appropriate and due to the pandemic, this Policy may be supported by supplementary documents and guidance notes whereby temporary changes to policy and practice are required.

Related Documents

Document Type	Name
Connected Policies and Procedures	Former Customer Arrears Policy Equality, Diversity and Inclusion Policy Data Protection Policy
Forms and Letters	Arrears Letter 1 & 2 Notice Seeking Possession (NSPA/NSPS) Post NSP Letter Court Warning Letter Court Application Letter Court Date Received Letter Statement of Intent Letter SPO Breached Letters 1 & 2 Eviction Suspension Breach Letter
Leaflets/Publicity Material	N/A

Training Materials Available	N/A
Intranet/ Website Page	TBC

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Checklist

(To be completed by the Research and Policy Manager)

Policy Name: Income Collection Policy				
Version No: 1.2		Effective Date: September 2020		
Status: /Partial Review/ (please delete as appropriate)				
Previous Policy Name (where appropriate) N/A				
Brief Summary of Changes from Previous Version:				
Internal Consultation Group: Staff, Risk and Compliance Group		Customer Consultation: <input type="checkbox"/>		
		Date of Customer Consultation: N/A		
		Customer Consultation Brief Details:N/A		
Link to Consultation Document(s): N/A				
Date Initial Equality Impact Assessment Undertaken: 25/08/20		Equality Impact Assessor L Driscoll		
Reason for Decision:Minor revision to policy, Equality impacts considered.				
Date Full Equality Impact Assessment Undertaken: N/A				
Brief Outline of any Changes Recommended from EIA:				
Data Protection/ GDPR Implications: <input type="checkbox"/>				
Brief Outline of Data Protection/GDPR Implications: N/A				
Legal Implications: <input type="checkbox"/>		Legal Panel Consulted: <input type="checkbox"/>		Date:
Risk Implications: <input type="checkbox"/>		Risk Logged on Datix: <input type="checkbox"/>		Date:
Resource Implications	People: <input type="checkbox"/>	Finance: <input type="checkbox"/>	Asset: <input type="checkbox"/>	Other: <input type="checkbox"/>
Brief Summary of how Resource Implications have been addressed: N/A				
Mandatory Read? <input type="checkbox"/>		If yes, please state which staff this is mandatory for:		
Communications Plan? Yes				
Training Plan Completed? Yes				
How will communication on this Policy take place: (please delete as appropriate)				
Intranet/ YHG Website/ / / Face to Face Training				
Policy Owner: (Department) Income Team			Policy Author: Darren Shelley	

Policy Checked by: L Driscoll	Date: 25/08/20
Policy Signed Off By: (service manager or sponsor): D Shelley	Date:
Policy Approved By: Risk and Compliance Group.	Date:

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