



Income Collection and Debt Recovery Policy

North Devon Homes Ltd

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1. Policy

This policy sets out North Devon Homes' principles for collecting income and ensuring arrears levels are kept to a minimum in the interest of the Company and its customers. For the purpose of this policy, collection of all periodic charges, court costs, maintenance recharges and former tenant debt is included.

2. Purpose

NDH will take a firm and consistent approach to the collection of rent (and other charges) and the recovery of arrears. We recognise that many customers have limited incomes so we will intervene early to minimize debts and enable repayment levels to remain manageable.

We will assist customers to ensure they maximize any benefits to which they are entitled and offer access to debt and budgeting advice where appropriate.

We will ensure the delivery of this service is in line with the current regulatory framework.

3. Scope

This policy sets out the how North Devon Homes will collect all rent and other charges along with recovering any outstanding debts for all tenancy types, including customers on social rents and affordable rents.

The Company will maintain and operate in line with the requirements of the Data Protection Act at all times.

4. Principles

The following principles will apply to this policy:

- It will be open, reasonable and consistently applied
- It will meet the current regulatory standards and will be updated whenever industry standards, legislation or guidelines change
- It will promote consistency in the approach to customers in rent arrears and in debt whilst recognising customers' individual circumstances and the support required.
- It will be positively promoted with regards to informing the Company's staff, customer and Board members' views and behaviours.

- It will be realistic, achievable and provide value for money
- It will be reviewed every three years
- It will support all corporate customer care standards.

5. Review

We will review this policy and the procedures once every three years to ensure that it continues to operate within best practice, achieve measurable results, and achieve continuous service improvement. Staff training will be reviewed annually as part of the Personal Development Framework.

Alternatively, the policy and all associated procedures will be reviewed following any relevant change to government policy, regulation or legislation or other changes in sector best practice.

The Head of Housing Services will be responsible for ensuring that policy reviews are undertaken, that appropriate consultation takes place and that revisions are reported to the Board for its approval.

6. Application

North Devon Homes' Board will delegate responsibility to the Head of Housing Services for ensuring that this policy is communicated and implemented.

Detailed procedures have been developed and are maintained by the Income Team in line with this policy to provide further guidance during delivery of rent arrears collection (Rents Arrears Manual)

We will provide training for staff to ensure that they fully understand the wider issues surrounding this policy and the procedure.

In establishing a clear policy position, we have identified each area of rents collection as a procedure or service area to the main policy which are summarised in the table below. They reflect the approach and consistency required by the service to meet the policy aims.

Policy Statement	Further Detail
All customers applying for housing with North Devon Homes will have a pre-tenancy affordability assessment prior to an offer of accommodation being made.	6.1
New customers will be informed of their obligation to pay rent and the full range of options about where and how the rent can be paid.	6.2
New customers (and existing customers) will be offered a review to enable us to support them in accessing their full benefit entitlement, manage household budgets and deal with debt.	6.3
We will offer a wide range of payment options and payment dates to support customers in paying their rent in a way that is convenient for them.	6.4
We will work with the Local Authority, the Department for Work & Pensions and/or Devon County Council to support housing cost payments being made as quickly and as easily as possible to support our customers	6.5
We require that all customers pay their rent in advance both at the beginning of the tenancy and throughout the whole term of the tenancy.	6.6
Where we identify potential rent arrears we will contact customers and clarify the situation, our expectation, and their options as soon as possible	6.7
We will be clear with customers about when and how we will take legal proceedings and support them to make this a last resort	6.8
Where we can, we will support customers in maintaining their tenancy and eviction will be considered and used when other options have been exhausted	6.9

We will periodically review the rent payment history for starter tenancies and develop action plans with customers who are at risk of failing to satisfactorily complete the starter phase of their tenancy.	6.10
We will pursue former customer debts including arrears to secure payment wherever this is possible, practical and cost effective	6.11
We will provide customers with the opportunity to provide feedback on the service that we provide and look to make improvements where they are fair and cost effective	6.12
We will recognise the individual characteristics of our customers and will work with them and / or support agencies to ensure that they understand this policy and how we apply it.	6.13

6.1 Policy Area: Affordability

All customers applying for housing with North Devon Homes will have a pre-tenancy affordability assessment prior to an offer of accommodation being made

Scope

All customers applying for housing, whether through Devon Home Choice, mutual exchange, transfer, discretionary succession or assignment.

Application

A pre-tenancy interview forms part of the customer's application for housing with NDH. This information may be verified or supplemented with landlords' references, credit reference and benefit check in order to establish whether the customer is likely to be able to sustain rent payments and basic household expenses.

Income staff will complete the assessment and make recommendations as to whether the tenancy is affordable and payments sustainable.

In some circumstances we will refuse an application based on income, debt, payment history or an assessment of benefit entitlement. In these circumstances we will provide advice on necessary actions to successfully apply for housing with NDH in the future. Refusals based on affordability will be authorised by the Income Manager or the Neighbourhoods Manager and recorded in a register which will be reviewed on a regular basis by the Head of Housing.

In some circumstances, an offer of accommodation may be conditional on the customer engaging with budgeting, benefits or debt support, or other support as identified to assist the customer with sustaining their tenancy.

6.2 Policy Area - Pre-tenancy

New customers will be informed of their obligation to pay rent and the full range of options about where and how the rent can be paid

Scope

All new customers of North Devon Homes

Application

New customers will be informed of their obligation to pay rent (and any other charges) and where and how payments can be made. They will be expected to pay one period of rent in advance (either one week or one month dependant on the tenancy type) and maintain this throughout their tenancy. They will be offered advice and assistance with claiming benefits

6.3 Policy Area - Financial Review

New customers (and existing customers) will be offered a review to enable us to support them in accessing their full benefit entitlement, manage household budgets and deal with debt

Scope

All new customers of North Devon Homes. Existing customers will be offered a review when required, requested or referred.

Application

Where appropriate, customers may also be offered a review via the Money Matters service to maximise benefits to which customers are entitled, provide support in managing household budgets, dealing with debts and referral on to appropriate partner support agencies.

Existing customers will be offered a financial review when contacted by Income Team staff dealing with arrears depending upon individual customer circumstances. Customers (whether in arrears or not) may also request a

financial review at any time by contacting the Income Team, Customer Care Team or Independent Living Team and we will promote the service on a case by case basis taking individual customer circumstances into account.

We will use customer credit reports and public data to identify the most financially vulnerable households and target support accordingly.

6.4 Policy Area - Rent Collection

We will offer a wide range of payment options to support customers in paying their rent (and other charges) in a way that is convenient for them

Scope

By providing as many payment options and dates as possible, customers will be able to make payments at a range of locations and using methods that best suit their requirements.

Application

The Company will provide a range of convenient, flexible and cost-effective rent payment methods. Please refer to Appendix 1 for list of payment methods currently available to customers for payment of rent and any other charges.

We will promote on-line and direct debit payments as these are more convenient for customers and cost effective for North Devon Homes. We will pro-actively encourage customers to switch to the most cost effective payment methods. We will move towards offering an online self-service facility for customers via our website.

6.5 Policy Area - Welfare Benefits

We will work with the Local Authority, the Department for Work & Pensions and/or Devon County Council to support housing cost payments being made as quickly and as easily as possible to support our customers

Scope

Payment of Housing Benefit by North Devon Council, payment of the Housing Cost element of Universal Credit by the Department of Work and Pensions, or payment of other charges by Devon County Council to North Devon Homes or direct to customers

Application

Although it is not a condition of tenancy that any Housing Benefit due to customers will be paid direct by the Local Authority to North Devon Homes, the Company has set up a contractual agreement with North Devon Council that formalises standards of service delivery on Housing Benefit and encourages customers to have their Housing Benefit entitlement paid direct to the Company.

The Income Team will advise Housing Benefit of all new tenancies. New customers will then be contacted by the Income Team to discuss their new rent account and payment options. Customers intending to apply for Housing Benefit will be offered assistance in completing housing benefit paperwork in a timely manner.

For customers on Universal Credit we will provide prompt and accurate rent and tenancy information to the DWP to allow housing costs to be paid. We will identify vulnerable customers (defined by the DWP as 'Tier 1') where payment direct to NDH may be possible in order to sustain a tenancy at risk. We will make appropriate support and information available for customers to effectively manage their own claims. We will offer additional support to vulnerable customers in effectively managing their Universal Credit claim.

6.6 Policy Area - Rent in Advance

We require that all customers pay their rent in advance both at the beginning of the tenancy and throughout the whole term of the tenancy

Scope

All customers, regardless of their payment method or entitlement to benefits for housing costs.

Application

New customers will be required to pay the first rent payment in advance and maintain their account in credit. We will actively work with all customers to keep a clear rent account at all times.

Customers whose housing costs are wholly or partially met by welfare benefits (which are paid 4 weekly or monthly in arrears) will also be required to maintain their account in credit (either one week or one month dependant on the terms of their agreement).

This may be achieved over time by installments where this presents affordability concerns for customers.

We will prioritise action and intervention for tenancies most at risk.

6.7 Policy Area - Advice and agreements

Where we identify potential rent arrears we will contact customers and clarify the situation, our expectations, and their options as soon as possible.

Scope

Any customer in arrears will have their account reviewed by Income Team staff and appropriate contact will be made with the customer.

Application

Customers are encouraged to contact our staff at the earliest opportunity to discuss any problem they have in meeting their financial obligations. Contact details are set out within our arrears letters in support of this aim. Rent account statements indicating all transactions will be sent to customers annually and additionally on request.

Where there are joint tenancies the Company will seek to ensure that both parties are aware of any arrears issues. Joint customers will be made aware that they are liable for the rent even if there has been an intentional non-disclosure of the arrears by the other party

Customers owing any outstanding amounts of rent will be sent early notification either by phone call, text or by letter. The Company will consider individual circumstances when making contact.

The objective of this contact is to notify customers of the outstanding amount of rent, invite contact (if letter / text sent) determine the reason for the arrears arising and take payment.

The Company will make use of all available options for arrears recovery and have clear procedural guidelines as to what it considers to be the appropriate use of the various recovery methods such as:

- Housing Benefit or Universal Credit Housing Costs paid direct to the landlord
- Deduction from Benefits
- Repossession
- Attachment of earnings
- Debt collection agency

- Order to obtain information (order for questioning)
- Money order
- Rent direct
- Garnishee (third party payment arrangements)
- Charging order

Where customers are in arrears they will be required to clear this debt before we will approve consent to undertake alterations to their home; install satellite TV; keep a pet; etc.

We will use customer information to identify the most financially vulnerable households, and households where there is a risk to benefit or rental payments. The Company will address the specific support needs of all customers. We will support and advise customers on alternative agencies that may be able to assist.

The Company will work to apply its equality and diversity policy by ensuring all reasonable steps are taken to assist all customers.

6.8 Policy Area - Legal Action

We will be clear with customers about when and how we will take legal proceedings and support them to make this a last resort

Scope

Action we may take if customers who are in arrears do not pay their rent (and any other charges).

Application

We will comply with the Ministry of Justice Pre-Action Protocol for Possession Claims by Social Landlords. The Protocol aims to encourage more pre-action contact and exchange of information between landlord and tenant, avoid litigation if possible and make more effective use of Court time.

Legal action will be strongly considered and is likely to commence in the following circumstances:

- An agreement and re-payment schedule cannot be agreed with the customer in arrears
 - A Notice Seeking Possession will usually be served if a rent account is more than four weeks in arrears, however this policy provides discretion for a Notice Seeking Possession to be served where the rent account is two or

more weeks in arrears. (Individual circumstances will be taken into account – for example if benefits are being processed / size criteria / universal credit etc).

- Customers on Shorthold or Starter Tenancies in significant arrears may be served with a Notice Requiring Possession. This is the first step in accelerated possession proceedings where the Court is obliged to order possession.
- All stages of this policy will be given equal priority. The issue of a Notice is part of the continuum of rent arrears control and does not signify an end of less formal efforts (such as suitably revised agreements, benefits advice, negotiations with third party agencies such as Citizens Advice Bureau, solicitors or Housing Advice).
- The Notice will give a minimum of 14 days before possession proceedings can be begun.
- Permitted grounds for possession are expressly set out in our range of tenancy agreements. All applicable grounds will be included in the Notice. This may include both discretionary and mandatory grounds for possession.
- The serving of a Notice does not automatically signify that the Company will proceed to a Possession hearing in the County Court. However the serving of a Notice is the first formal legal stage of possession proceedings.
- Where all practicable methods have failed, possession proceedings through the County Court will be taken.
- Efforts to contact customers will continue right up to the hearing date in an effort to come to a repayment agreement including a mixture of telephone calls, texts, letters and visit(s) to the property if appropriate. If an agreement is reached at this stage a Suspended Possession Order or Adjournment will be sought on the terms of the agreement.
- Repayment terms will be agreed on the basis of a reasonable repayment timetable, usually no more than 2 years but never more than 6 years, and taking into account affordability and sustainability for the customer.
- Ultimately if having obtained a Court Order, the customer fails to comply with the terms of the Order, a Warrant for Possession will be sought and the customer evicted. This course will only be taken as a last resort and after internal review of each case. Whilst the Company would not wish to take action against its customers that could result in their eviction, it will do so if other attempts to recover arrears are unsuccessful.

- Any costs incurred in taking possession action will be added to the outstanding debt and will be required to be paid off once the arrears have been cleared.
- Court hearings will not be cancelled unless the customer has paid all of the arrears and the court issue fee. However, where arrears have been significantly reduced an adjournment with costs may be requested.

The Company will:

- Advise customers who are to be evicted for rent arrears that the local authority may consider them to be intentionally homeless.
- Notify the local authority's homelessness unit of forthcoming evictions for rent arrears, so that it is forewarned of possible homeless applications and has an opportunity to assist with sustaining the tenancy.
- Notify Social Services of a forthcoming eviction of a household where NDH is aware that a member of that household is known to be considered vulnerable.
- The Company has a duty to all its customers to keep costs to a minimum and will take possession action if a customer refuses help, fails to co-operate, or give proper priority to the payment of their rent.

6.9 Policy Area - Tenancy Sustainment

Where we can, we will support customers in maintaining their tenancy and eviction will be considered and used when other options have been exhausted

Scope

In most cases, the aim of arrears possession action will be to recover the debt and sustain the tenancy. In cases where a customer repeatedly refuses help, fails to co-operate or to give proper priority to the payment of their rent the aim of possession action may be to both recover the debt and the property.

Application

Income Team staff will take all reasonable steps to engage with the customer to identify support options tailored to each individual case. Where a need is identified, staff will work together with our partner agencies to ensure customers are sign-posted and supported through their difficulties. Support will be offered either internally or through partner agencies.

Eviction is a last resort and will be considered when all other options have been exhausted.

Where the terms of a Suspended Possession Order have been breached and the Court has suspended a Warrant for Possession on terms, we will oppose any subsequent application to stay Warrants for Possession.

In addition, where we have taken two or more separate possession cases within the past 6 years, third and/or subsequent possession action will seek to recover both the debt and possession of the property. This potential outcome will be communicated to the customer at each contact from service of Notice onwards. Where the tenancy agreement allows, the following grounds for possession may be used:

Ground 8 (mandatory) – where the tenant is in arrears of rent

Ground 10 (discretionary) – where some rent lawfully due from the tenant remains unpaid

Ground 11 (discretionary) – where the tenant has persistently failed to pay rent.

Where mandatory grounds are proved, the Court is required to make an order for possession.

6.10 Policy Area - Starter Tenancy Reviews

We will periodically review the rent payment history for starter tenancies and develop action plans with customers who are at risk of failing to satisfactorily complete the starter phase of their tenancy

Scope

Customers who have a starter tenancy which leads to either an assured or 5 year fixed term tenancy on satisfactory completion of the starter period.

Application

Customers who have a starter tenancy have a 12 month assured shorthold tenancy which can be converted to either an assured or fixed term tenancy on satisfactory completion of the starter period. The starter period can be extended for a maximum of two further periods of 6 months.

These tenancies are subject to periodic reviews which inform a decision about the next steps. These are either:

- Convert the starter tenancy to a secure or fixed term tenancy, or
- Extend the starter period, or

- Terminate the tenancy

Where there are rent arrears, or other debts to NDH, or the payment history has been unsatisfactory, the Income Team will make recommendations which will be considered as part of the review process.

Where a starter tenancy is to be extended because of debts, the Income Team will work with the customer to identify an action plan which details the breaches to be remedied, the action to be taken by the customer, any action to be taken by NDH and the support available. The potential outcomes are included in the action plan.

6.11 Policy Area - Former Tenancy Debts

We will pursue former customer debts including arrears to secure payment wherever this is possible, practical and cost effective

Scope

All former customers owing rent or other charges at cessation of their tenancy.

Application

Where a tenancy ends with a debt outstanding, Income Team staff will make contact through a variety of methods such as by telephone, text, letter or visit to arrange repayment. Each case will be dealt with on its own merits and payment arrangements may be offered to ensure effective recovery.

For higher level debts, full and final settlements will be considered by the Income Manager as the collection of a lower lump sum may be more cost-effective to collect than the full amount payable in small weekly payments.

Where no forwarding address is available, Income Team staff may use external tracing agents to identify debtor address and identity.

Where collection is unsuccessful, Income Team staff will use external collection methods including staff visits, debt collection agency or small claims court action to recover payments. Small Claims Court options include order for questioning, attachment of earnings or distraint via bailiffs although this action would only be considered as a last resort. We are not able to deduct payments from benefits for former tenancy debts.

For low level debts of two weeks rent or less where initial contact is unsuccessful or for all debts where the cost of collection is deemed too high, write off will be considered to ensure collection costs are controlled.

Any future offer of accommodation with NDH will be conditional on clearing outstanding debts to the Company.

6.12 Policy Area - Feedback

We will provide customers with the opportunity to provide feedback on the service that we provide and look to make improvements where they are fair and cost effective

Scope

All customers who wish to provide feedback are able to do so.

Application

All customer feedback is forwarded to the Customer Service Co-Ordinator and incorporated into the quarterly performance reports. Feedback received for other departments is passed to the appropriate line manager.

All feedback received through the income team will be considered by the Income Manager and where necessary action taken. This may involve (but is not limited to) team training, change to process, change to documentation or responding to customers within corporate time frames with resolutions.

The service delivered and any key changes will be considered as part of NDH customer involvement activity and feedback taken into account in developing policy.

6.13 Policy Area - Equality and Diversity

We will recognise the individual characteristics of our customers and will work with them and/or support agencies to ensure that they understand this policy and how it will be applied

Scope

We will review what we know about a customer when applying this policy to ensure that customers are given the best possible support to engage with us and our partner agencies appropriately.

Application

We aim to ensure that all of our customers are treated fairly and equally. This is regardless of race, colour, gender, religious beliefs, age, disability, sexual orientation, marital status or appearance and to foster good relations between people sharing a protected characteristic and people who don't.

We will seek to apply this policy sensitively in line with what we know about our customers' circumstances. Specifically, where we are aware or made aware of issues associated with a customers mental health, sensory deprivation and / or literacy levels we will seek to provide appropriate support.

We undertake to produce this document or parts of it on request in other languages or formats such as large print to ensure that everyone is able to access the policy.

Language Line provides all corporate translation services who can be contacted on 0800 169 2879

7. Equality Impact Assessment form – to be completed

7.1 Income Collection and Debt Recovery Policy

7.2 Aims of the Policy being assessed

To provide a consistent framework for the collection of rent, recovery of arrears and any other charges that our customers incur

7.3 Who has been consulted in developing the Policy?

Date	Consultation methodology	Challenge / impact / result
28.2.2017	Customer Forum	Approved revisions without change

7.4 Identification of potential impact on each of the diversity “groups” shown below:

Strand	No impact	Negative impact	Positive impact	Comments/evidence
Race	x			
Physical difficulties	x			
Mental Health issues	x			
Learning difficulties	x			
Gender	x			
Transgender	x			

Sexual orientation	X			
Religion or belief	X			
Age	X			
Rural issues	X			
Social Inclusion issues	X			

7.5 Does the Policy promote equality of opportunity?

The proposed changes to the policy will be applied consistently and support will be offered or signposted to any customer where appropriate

7.6 If “adverse impact” identified in table (4) above is it?

Legal (i.e not discriminatory) N/A

What is the level of impact?

7.7 Full EIA (or if you decide full EIA is not necessary but some changes should be considered)

N/a.

7.8 If actions/suggestions for improvement have been suggested, what should the positive outcome be for North Devon Homes’ customers and stakeholders?

If any vulnerable customers are identified we will fast-track their case to the local Citizens Advice Bureau for assistance

Review/new EIA	
Name of person/s completing form	Alison Myhill
Date assessment completed	6.3.2017
Name (and signature) of manager approving	Miles Sellick

Appendix 1

The following methods are currently available (as at February 2017):

- Office – cash / cheque / postal order / debit & credit card
- Direct debit
- Standing Order
- Swipe card at any Post Office (nationally)
- Swipe card at any Paypoint outlet (nationally)
- Swipe card at selected Payzone outlets
- Credit / debit card (Visa Debit, Visa Electron, Solo, Switch, Maestro & MasterCard) by telephone, in person, via the NDH website
- Post cheque to North Devon Homes Ltd, Westacott Road, Barnstaple, Devon. EX32 8TA
- Internet banking
- 24 hour telephone banking

Appendix 2

Ref	Reported to Board	Description of PI
RRN1		Number of households in arrears at HB payment cycle end
RRN2	YES	Current rent arrears as % of the rent roll at HB payment cycle end
RRN2.a	YES	Current arrears (affordable rents) as % of the rent roll at HB payment cycle end
RRN 2.b	YES	Current arrears (size criteria) as % of the rent roll at HB payment cycle end
RRN3	YES	Former rent arrears as % of the rent roll at HB payment cycle end
RRN4	YES	Rent collected as % of net rent due (excl arrears) at month end
RRN5		% of tenants with >7 weeks arrears at HB payment cycle end
RRN6	YES	% of tenants with >13 weeks arrears at HB payment cycle end
RRN8		% of tenants evicted for rent arrears at month end
RRN11		Rent written off as % of rent roll at month end
RRN12		Number of cases referred for Welfare Support at month end
RRN13		Number of customers taking up Benefit Entitlement Assistance at month end
RRN14		Current garage arrears as % of the garage rent roll at month end
RRN15		Garage rent written off as % of garage rent roll at month end