

## INCOME COLLECTION AND RENT ARREARS POLICY

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## **1. Policy Statement**

- 1.1 Karibu Community Homes (KCH) must ensure the effective management of rent collection as this is crucial to our financial viability. To safeguard its position, KCH must endeavor to ensure that all rent payments are made in line with the residents required obligations, as detailed in the Tenancy Agreement, lease or licence.
- 1.2 KCH is committed to helping residents not fall into arrears through early intervention and financial inclusion support. If a resident does fall into arrears through financial difficulty, the rent arrears protocol will be followed to ensure the resident has adequate opportunity to sustain their tenancy.

## **2. Scope of this Policy**

- 2.1 This policy applies to KCH's rented accommodation let on secure, assured short-hold, assured tenancies, licences, shared ownership lease, leases and former tenants.

## **3. Aims**

- 3.1 The aims of this policy are to ensure that:
  - Rent arrears are kept to a minimum and rental income is maximised.
  - Residents are offered financial inclusion support to prevent rent arrears increasing.
  - Vulnerable residents are afforded appropriate support if they fall into rent arrears.
  - Legal guidelines and good practice ensure Karibu Community Homes adopt a firm but fair approach to rent recovery.
  - Former tenant arrears are dealt with promptly, and where there is a high probability that the debt is irrecoverable, that it is written off.

## **4. Rent Arrears Management**

- 4.1 The Teams work in partnership with relevant external agencies (e.g., local authority Housing Benefit Departments, DWP and Citizens' Advice) to deliver a comprehensive rent arrears management service.
- 4.2 The team works to an agreed set of service standards.

4.3 All rent accounts are managed securely on KCH's IT system.

## **5. Rent Collection & Arrears Prevention Services**

5.1 Karibu Community Homes offers a wide range of methods to make rent payments designed to meet the diverse needs of our residents. Current rent payment options include:

- Direct Debit
- Standing Order
- 'All Pay' swipe card which can be used in any pay point outlet
- Debit or Credit Card (over the telephone)
- Via internet banking;
- Online App/portal Payments

5.2 Direct Debit is the preferred method of payment.

## **6. New Tenants**

6.1 All new tenants are advised of their responsibilities to ensure their rent is paid in full and on time. They are also advised that it is their responsibility to ensure that they make and maintain claims for Benefit support, submitting all paperwork immediately when requested from either the local authority or DWP.

6.2 KCH will provide advice and assistance on rent payment responsibilities and benefits entitlements to any new tenant requiring such help. A pre-tenancy assessment will be carried out to ensure the rent is affordable. A prospective tenant may be refused for a property should the assessment prove unaffordable.

6.3 At sign up for a new property, 1 week rent payment is required before handover of the keys. An Income Officer will be present at the sign-up to stress the importance of the rent account being kept up to date. The Income Officer will be available to help complete Housing Benefit or Universal Credit claims as appropriate.

6.4 All new tenants will be visited at least once during the first year 6 weeks (about 1 and a half months) of the tenancy start to check they are settled in and to address any concerns.

## **7. Current Tenants**

7.1 Residents falling into rent arrears will receive notification of this from KCH. It is the tenants' responsibility to contact KCH should they see their account is in arrears. Tenants will receive a statement of their rent account to ensure that they are kept up to date.

7.2 Tenants can receive guidance on how to manage their rent payments, any rent arrears and other debts from Karibu Community Homes or debt advice agencies.

## **8. Housing Benefit / Universal Credit**

8.1 Residents must endeavor to ensure that any delays in the payment of Housing

Benefit or Universal Credit are kept to an absolute minimum. This includes the prompt provision of information when requested. Residents must ensure they inform the relevant Departments of any rent or service charge changes.

- 8.2 KCH insists that where rent is paid directly to the resident through Housing Benefit or Universal Credit that a Direct Debit is set up for the same day that money is received.
- 8.3 KCH will work with the local authority Housing Benefit Departments to ensure that there is a positive working relationship to affect the swift resolution. Where possible, KCH will establish service level agreements with Housing Benefit Departments to define their working relationship formally.
- 8.4 Where there is a claim of over-payment onto a rent account, KCH will ensure these comply with regulations and any service level agreement that is in place. Where repayments of over-payments are made, the affected resident will be informed immediately by the local authority and appropriate recovery action taken to recoup monies owed.

## **9. Debt Relief Orders (DRO)**

- 9.1 Any tenant stating that they have received a Debt Relief Order must provide a copy showing the rent arrears balance stated on the order. Once received by the Income Officer, the stated balance must be moved to a holding account. This request will be sent to the Finance team for action. This balance will remain in the suspense account for one year and will then be written off. Should the tenant fall into arrears, not inclusive of the DRO, then the Income Officer can proceed with collection in line with the Arrears policy.

## **10. Universal Credit**

- 10.1 Claimants should receive Universal Credit payments directly. However, to safeguard residents' properties, KCH may request the Department of Work and Pensions to pay the housing cost element of Universal Credit direct to KCH.
- 10.2 KCH will request direct housing payments should the resident be in any of the below situations. Discretion will be used by the Department of Work and Pensions as to whether this is approved:
- Claimant is currently in arrears for their rent of 2 or more months;
  - Claimant is subject/threatened with eviction and/or repossession;
  - The claimant is not in arrears but may have been within the last 12 months and was subject / threatened with eviction and/or possession.

## **11. Rent Arrears Recovery**

### **Early Intervention**

- 11.1 KCH believes that the best way of minimising rent arrears is by preventing them becoming a major, long-term problem.
- 11.2 It is KCH's policy to inform tenants of rent arrears as soon as they accrue, or payments are missed. Two letters will be sent to the tenant before a legal notice is sent, in addition attempts to telephone, contact by text message or emails and a home visit may be attempted.

## **Repayment Arrangements**

- 11.3 We require rent arrears are paid as quickly as possible. The full amount of the outstanding rent will be demanded in the first instance. If there is evidence that the resident may struggle clearing their arrears in one payment, we will consider staged payments (via an arrangement). Arrangements to repay arrears of rent that have accrued will be made according to an acceptable offer made by the resident or following a financial inclusion assessment. Should an acceptable agreement of repayment not be agreed, the case may be taken to court.

## **12 Vulnerable Residents**

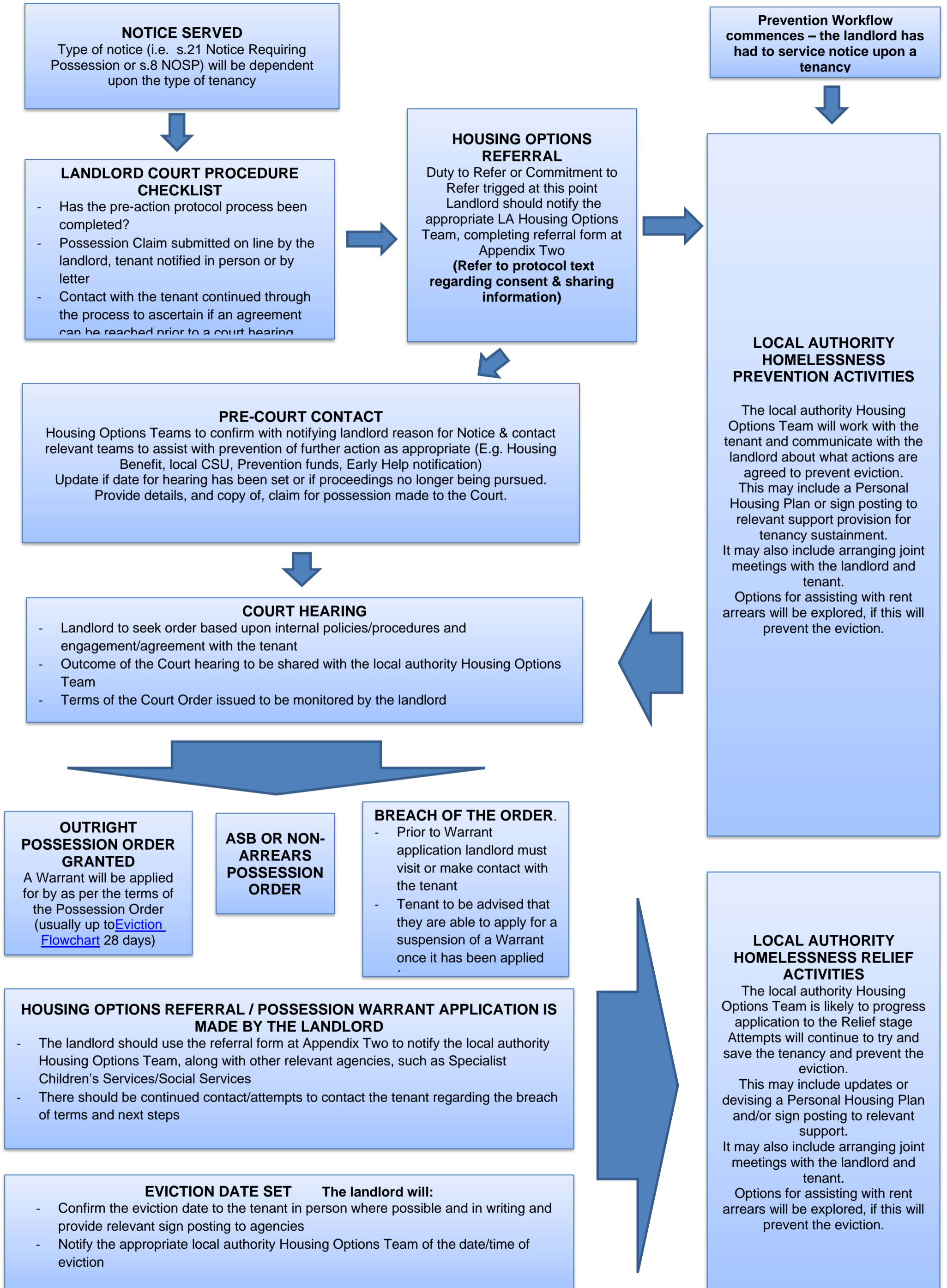
- 12.1 KCH recognise that some residents have difficulties maintaining their tenancy due to reasons often beyond their control. KCH will ensure that the needs of vulnerable tenants are considered when taking action to recover rent arrears. This may include liaising with appropriate external agencies and/or family to provide support.

## **13 Legal Action and Alternatives**

- 13.1 KCH will take legal action to recover rent arrears where the resident responsible is failing to take adequate steps to resolve the situation. KCH will do this to protect its position in the event of the resident defaulting on payments.
- 13.2 For shared owners and leaseholders, we will contact the mortgage lender for repayment of arrears, if following contact with the resident the full amount of arrears outstanding has not been recovered.
- 13.3 Initial legal action for assured tenants involves the service of a Notice of Seeking Possession (NOSP). This will only be done after we have attempted to contact the tenant in question in person. A NOSP will be re-served on a tenant without warning should the previous notice have expired.
- 13.4 Where a resident has a starter tenancy or assured short-hold tenancy, a Section 21 notice will be served. Section 21 notice equates to mandatory possession with a court order and gives 2 months' notice before the process of gaining the court order for possession. (This and all sections of the policy will be subject to any legislative changes)
- 13.5 Where a resident has a license agreement, a Notice to Quit will be served in line with the Protocol. A Notice to Quit equates to mandatory possession from the court and gives 28 days (about 4 weeks)' notice before the process of gaining the court order for possession.
- 13.6 Applying to Court for a possession hearing will be done only where a tenant has failed to make or maintain arrangements to repay the debt owed and/or failed to claim Housing Benefit/Universal Credit or provide relevant documentation or evidence of income to support a claim.
- 13.7 KCH will seek to regain possession of a property where there is a breach of the order set by the Court and disregarding offers of support. All eviction proceedings are signed off by the Director of Customers and Communities.

- 13.8 Rent is recoverable under the following Grounds for Possession: Grounds 8, 10 and 11 to be used when issuing Notices.
- 13.9 In all cases we will follow the stages as set out in the pre action protocol that has been developed by the Justice Department in order that in the event of a case going to court we can demonstrate compliance with good practice in terms of engagement and support for those in rent arrears.

**Eviction Protocol Process Map**







## **14 Residents affected by the Under-Occupancy Charge**

- 14.1 KCH will follow the pre action-Protocol when recovering debts because of the under-occupancy charge.
- 14.2 KCH will offer the following assistance to residents who are finding it difficult to cover the cost of the rent:
- All residents affected by the under-occupancy charge can access free financial assistance from Citizens' Advice.
  - Court action may be withheld at KCH's discretion if a resident has applied to downsize and is actively looking for suitable property through a mutual exchange of home-swapper or any other means.

## **15 Advice & Assistance**

- 15.1 KCH will provide signposting for financial advice and assistance on rent account management, debt advice and welfare benefits, as a standard service to all tenants who require support. KCH cannot provide in-depth assistance in cases going through the courts where KCH is the claimant.
- 15.2 KCH have developed relationships with external agencies to provide a referral service for tenants requiring support.
- 15.3 Such external agencies are also available to tenants wishing to obtain an independent opinion or legal advice on their rent arrears situation and any legal action Karibu Community Homes might be taking against them to recover unpaid rent.

## **16. Disincentives to Arrears**

- 16.1 Residents, who are in rent arrears, are failing to maintain the responsibilities of their tenancy. The Association will withhold certain services from residents in rent arrears. Examples of services that may be withdrawn are below:
- Residents wishing to transfer will not be permitted to move if they are offered a property and in arrears.
  - Mutual exchanges assignments will be delayed until all arrears are cleared.
  - Planned maintenance and improvement work (such as new kitchens and bathrooms) may be withheld.

*\*Except where health and safety requirements demand the work takes place.*

## **17 Miscellaneous**

### **Joint Tenants**

- 17.1 Joint tenants are jointly and severally liable for any arrears. This means that each joint tenant can be individually and separately responsible and pursued for rent

arrears, e.g., where one joint tenant leaves without terminating their tenancy, the remaining joint tenant will be liable for all of the rent, not 50% and vice versa. For this reason, assignments are not allowed where there are arrears.

- 17.2 KCH will endeavor to contact joint tenants separately in the event of serious arrears occurring, prior to and during any possible or actual legal action.

## **18 Death of a Tenant**

- 18.1 The full rent for a property remains payable following the death of a tenant until possession of the property is returned to the Association (i.e., when the keys are returned) and there is no successor to the tenancy. Any Housing Benefit entitlement will cease at the end of the week after the date of death.
- 18.2 The Association will seek to recover outstanding rent from the former tenant estate. Where there is no estate and/or no resources available to settle the account of the deceased KCH will move to write off the monies owed.
- 18.3 Where there is a successor to the tenancy, any arrears owed by the deceased will remain on the tenancy and will be recoverable from the successor once the tenancy is assigned. Should the successor remain in a property, under use of occupation, any outstanding arrears from the deceased and ongoing use of occupation payments must be made.

## **19 Rights to Buy and Right to Acquire**

- 19.1 All rent and other monies owed must be paid at completion or the Association will not agree to proceed.

## **20 Former Tenant Arrears and Write-Offs**

- 20.1 KCH will ensure residents end their tenancies with a clear rent account. If this is not possible, KCH will seek an agreement to be in place before the tenancy term is ended. In situations where we do not have the forwarding address (such as evictions or abandonments) KCH will send it to a debt collection agency for the former tenant to be traced.
- 20.2 If an agreement cannot be made before a tenancy term ends, a letter will be sent to the resident requesting they make an agreement with us to clear the debt.
- 20.3 All former debts that prove to be irrecoverable by the agency will be written off with the permission of the Customer Committee and / or the Board. The debt will remain with the agency should it become recoverable at any future point.
- 20.4 Former arrears of deceased tenants without funds in the estate will be written off immediately, as well as arrears under £50 where it is not in the Associations financial interest to pass them on to the debt recovery company. Write-offs for deceased residents and amounts under £50 will need approval from the Executive Team.
- 20.5 Records of written off debts are maintained by the Association so that future recovery action is still possible if the former tenant reapplies for housing.

Former debts are subject to write offs twice a year

## **21 Market Rent Tenants**

- 21.1 Tenants with market rent tenancies are subject to this policy's terms under an Assured Short-hold Tenancy.
- 21.2 All such tenants are expected to maintain regular monthly payments of rent in advance, preferably by Direct Debit, a month in credit.
- 21.3 A deposit is held in an independent tenancy deposit scheme. This deposit may not be used in lieu of rent at any stage during the tenancy.
- 21.4 Failure to maintain regular rent payments will result in appropriate notice being served to terminate the tenancy and legal action commenced to recover all monies owed by the serving of a S21 notice at 1-month arrears.

## **22 Legislation**

- a. Housing Act 1998
- b. Housing Act 2004
- c. Housing Act 2013
- d. Coronavirus Act 2020

## **23 Equal Opportunities**

- 23.1 KCH undertakes all rent arrears and debt recovery action in accordance with its Equality and Diversity Policy, ensuring that appropriate advice and assistance is given to those disadvantaged in the community, and that adequate translation and interpretation services are available and utilised. We may also have our written communication available in large print or braille.
- 23.2 Tenants with support needs, including those with mental health problems, drug, or alcohol misuses may be likely to accumulate arrears. Staff will aim to identify specific needs that make tenants more likely to fall into arrears and will adapt services to respond as effectively as possible to that need.

## **24 Monitoring and Review**

- 24.1 The Association monitors a range of key performance indicators for its income collection service.
- 24.2 The Association produces regular performance reports for review by management, staff, board, and committee member.