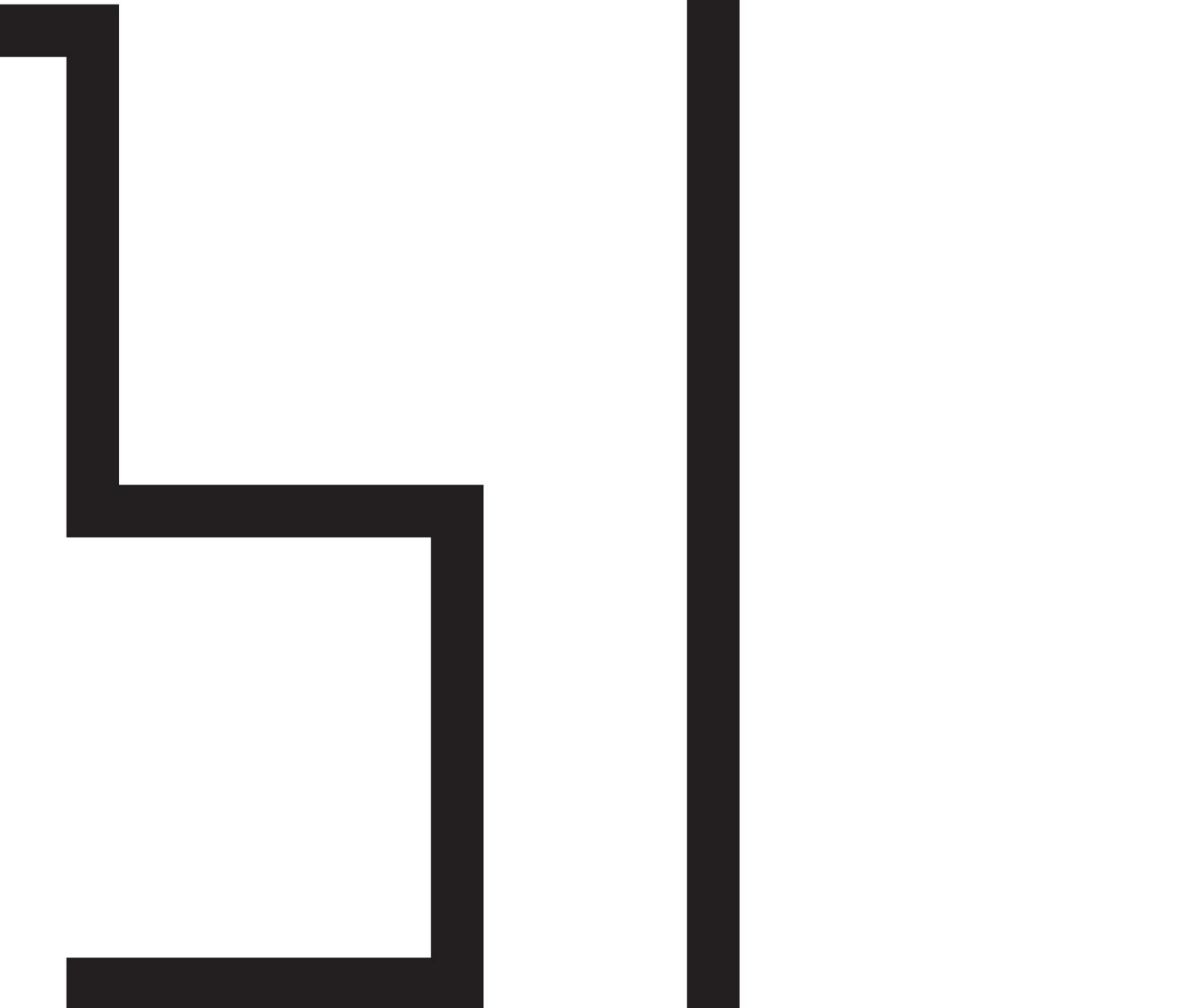


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Income and Debt Recovery Policy

Revised – October 2022



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| Service Director | Director of Operations |
| Date of Final Draft and Version Number | October 2022 |
| Policy Review Date | October 2025 |
| Officer Responsible for Review | Head of Housing Services |

Policy Review History

| Version | Action & Changes | Author | Date |
|----------------|---|---------------|-------------|
| 1 | <p>Policy Review August 2021</p> <ul style="list-style-type: none"> • Reference Material updated • Updated definitions to include current and former rent arrears to include all liabilities for rent and service charges • Updated outsourced stock definition to outsourced providers. • Section 4.2 updated to reflect the new tenancy support model. • 4.7 updated to reflect that tenants can review their account online through My Thirteen • 4.8 updated to reflect that payment method available can be viewed on our website. • 4.9.4 updated to reflect our new partnership status • 4.9.6 updated to non-essential repairs or services and removed non-urgent. • 4.9.7 Money Advice team removed to reflect the new ways of working and replaced with tenancy support team. • 4.10.4 Updated to remove ground 12 and information regarding breathing space included. • New section added to 4.14 added at point 4.14.2 To include where a tenant is in credit and owes a debt to the local authority or DWP • Policy Responsibility changed to: Chris Marshall, Head of Housing Services. Lead Manager Changed to | CM/CS/DC | 04/08/21 |

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| | Caroline Speirs, Head of Finance (Income) | | |
| 2 | <p>Policy Review September 2022</p> <ul style="list-style-type: none"> Point 4.14.5 credit write on updated to be carried out after 6 years previously stated 18 months, updated in line with audit requirements. Point 4.10.3 changed from will serve section 21 to may serve section 21. | CG/CM | 09/09/2022 |

1 POLICY STATEMENT

1.1 The maximisation of income for both customers and the organisation is a critical business priority. This policy sets out the Thirteen approach for maximising income, preventing and managing arrears and highlighting the support available to customers through a range of internal interventions or signposting to Thirteen partners.

1.2 The policy's key aims are:

- To deliver an efficient and effective approach to income management and debt recovery;
- To equip all staff members involved in income management with the right skills, capacity and resources;
- To provide an accessible and accountable income management service review;
- To deliver a fair and consistent approach that reflects a commitment to creating sustainable tenancies and which balances prevention support and recovery;
- To ensure that a value for money approach is embedded;
- To continually strive to understand and improve our performance;
- To ensure staff and customers are aware of the policy and understand its aims.

2 REFERENCE MATERIAL

The key areas of legislation and reference material in this policy are:

- Welfare Reform Act 2012
- Housing Act 1988
- Protection from Eviction Act 1977
- Data Protection Act 2018
- Equality Act 2010
- Coronavirus Act 2020
- Insolvency Act 1986
- Community Resilience Strategy
- Thirteen Lettings Policy
- Rent Setting Policy
- Service Charge Policy
- Complaints, Compliments and Feedback Policy

3 DEFINITIONS

- Tenant – Any Tenant or Leaseholder of a property or Commercial Unit Belonging to Thirteen.

- Current or Former Tenant Rent Arrears – includes all rent and service charge liabilities.
- Outsourced Provider – An organisation that manages general needs accommodation through a contract with Thirteen.
- Managing Agents – Organisations who manage properties on our behalf.
- Debtor – Someone who owes money to Thirteen.

4 POLICY CONTENT

- 4.1 All staff are provided with the right skills, capacity, and resources to deal with rent, and debt recovery. Sufficient time, capacity and resources will be committed to ensure income is collected consistently and effectively.
- 4.2 Thirteen will provide an accessible and accountable service to assist customers in various ways to pay any money owed. This includes direct debit, bank transfer, standing order, card payment via telephone, recurring card payments, online via the self-service portal and cash payments via paypoint. A payment can also be made through Stockton Borough Council's cash office.
- 4.3 A range of communication options are available, to ensure that tenants are provided with a choice and information on how to access help.
- 4.4 Outsourced providers are expected to deliver Income and Debt Recovery services to tenants in other Local Authority areas in line with the principles set out in Thirteen policies and procedures.
- 4.5 Tenants will be informed of changes to rent and other charges at least one month before these changes become effective. Tenants in properties managed by external outsourced landlords will be sent this information by this landlord. Tenants will be informed each year on how much their rent and charges will be and how many weeks this will be charged across. If non-collectable weeks are applicable tenants will also be advised of this.
- 4.6 On termination of a tenancy the outgoing tenant will be advised of any outstanding rent and settlement will be required.
- 4.7 Tenants who have signed up for My Thirteen can view their rent statement and payments online, rent statements are sent with all recovery letters.
- 4.8 A range of payment methods will be made available to tenants, these options can also be viewed through the Thirteen Website.

4.9 Approach to Income Management and Support

- 4.9.1 Thirteen is committed to help tenants to maintain a tenancy balanced by prevention, support, and debt recovery.
- 4.9.2 In preventing arrears and instilling a 'rent-first' culture Thirteen will place a particular focus on new tenants. Robust pre-allocation, affordability and vulnerability checks and procedures and a formal discussion at the sign-up stage will clarify tenant responsibilities regarding;
- Rent and other payments are being made consistently and regularly.
 - Rent is payable in advance.
 - Housing Benefit or Universal Credit is in payment.
 - An assessment of customers' income and a calculation of benefit entitlement.
 - Highlighting that whilst support will be provided, non-payment of rent is taken very seriously, and could lead to them losing their home.

- 4.9.3 Where required, applications for tenants' housing costs to be paid directly to the landlord will be made via an Alternative Payment Arrangement and for arrear payments to be collected via Third Party Deductions (of up to 20% of the non-housing element of their Universal Credit (claim)).
- 4.9.4 The introduction of Universal Credit means new relationships with a range of external partner agencies and new support services will be identified, strengthened and developed as these changes are implemented. New Service Level Agreements, Information Sharing Protocols and agreement of vulnerability criteria are established, as well as Partnership Status with the DWP for Universal Credit.
- 4.9.5 Thirteen provides a range of tenancy support services, both in-house and through partnership working, which cover money and financial inclusion advice and employment support. The approach taken to debt recovery is proportionate and flexible, considering individual circumstances and vulnerabilities.
- 4.9.6 Tenants will not be offered ancillary chargeable services such as non-essential rechargeable repairs or services if a customer has rent arrears or other debts.
- 4.9.7 Prior to legal action we will try to contact the tenant in a range of ways but not restricted to; text messaging, email, telephone, letters, and visits to their home. We will also try to engage tenants to provide advice and support. If tenants fail to engage, we will look to seek legal action to recover any debt owed.

4.10 Legal Action

- 4.10.1 Thirteen will always seek to assist the tenant and will seek legal action only as a last resort. In the event that all efforts being exhausted, recovery action will be taken which may ultimately result in eviction.
- 4.10.2 For all new tenancies, Ground 8 (Schedule 2 of the Housing Act 1988) will be included as an enforceable ground to apply for mandatory possession, in the event that the tenant owes a minimum of 8 weeks' arrears and has failed to engage with Thirteen to prevent the need for such action.
- 4.10.3 Where possession action is required, due to arrears on a Starter Tenancy Thirteen may issue a Section 21 Notice. Tenants will have the right of appeal. Starter Tenancies may be extended by a maximum of six months, if Thirteen believe there is a realistic chance that the tenant will modify behaviour or maintain future payments and clear any arrears that has prevented conversion to a full assured tenancy.
- 4.10.4 For tenants that are made subject to a Bankruptcy Order or Debt Relief Order, consideration will be given to seeking possession of the property as although the debt cannot be recovered, it remains a breach of tenancy as rent remains unpaid. Where a tenant is in the moratorium period of breathing space, we will not discuss arrears recovery during this time, we will engage with the debt advisor where appropriate and support the tenant.
- 4.10.5 Where tenants are in full time paid employment, and where appropriate we will seek to obtain an attachment of earnings order, this order will only be on the fixed debt at the time, however, should reduce the debt if successful, this will help prevent the need for possession hearings and evictions where successful.

4.11 Bad debt provision and bad debt write off

- 4.11.1 Bad debt write off provisions exist to mitigate any write off relating to debt that has proved to be unrecoverable or become uneconomical to pursue.
- 4.11.2 Bad debt write off will take place quarterly prior to the end of each quarter, in line with Thirteen bad debt write off procedure.

4.12 Performance

- 4.12.1 Thirteen continually strives to understand and improve performance. There is an effective performance management framework in place to report, evaluate and review performance. Income recovery targets will be challenging, subject to regular review and contribute to ongoing improvement.
- 4.12.2 Tenants are encouraged and facilitated to hold Thirteen to account as to how the income recovery services are delivered. Tenants will be provided with regular information in an agreed format on costs, performance, and satisfaction, to enable them to make evidence-based, value for money judgments. Information obtained from tenant scrutiny will be to inform and drive service development.
- 4.12.3 Feedback about our income management approach including comments, compliments and complaints, and meaningful satisfaction information is encouraged. Feedback is used to help review and improve services. Benchmarking our services also allows the sharing of information and good practice from within and outside the sector.

4.13. Hierarchy of Debt

- 4.13.1 Where a customer has arrears on more than one rental account, the following hierarchy of debt will be applied in relation to the collection of the debts:
- Current tenant rent arrears & current garage arrears
 - Court costs associated with legal action to recover rent arrears
 - Former tenant rent arrears
 - Former garage arrears
 - Rechargeable repairs
 - Other Sundry Debts

4.14. Refunds of account credits

- 4.14.1 Where a tenant has credit on a particular account and requests a refund all other accounts relating to the tenant will be checked before a refund is authorised. Refunds will only be given if the tenant has no other outstanding debts due to Thirteen. If other debt exists any credits will be transferred to clear or reduce other debts owing to Thirteen using the hierarchy of debt as shown in 4.13.1 above.
- 4.14.2 Where a tenant owes a debt to the Local Authority or Department of Work & Pensions for an overpayment of Housing Benefit or Housing Costs to their rent account, any credit available would be offered before a refund being issued to the tenant.
- 4.14.3 Where a genuine credit exist, refunds will be actioned in line with our service standards. Refunds will be in the form of a cheque or a direct payment to the customer bank account.
- 4.14.4 Where a credit exists on a former tenant account following tenancy termination checks will be made for other outstanding debts owed to Thirteen and that there is no overpayment of Housing Benefit due to be paid back. Any credit due after these checks will be refunded in line with our service standards.

- 4.14.5 Where no forwarding address is available or Thirteen is unable to contact former tenants to repay any account credit due, credits will be held on the former account for a maximum of 6 years prior to being recommended for a “credit write on” against the bad debt provision.
- 4.14.6 Any credit balance which has been written off will be considered for a refund subject to former tenants producing satisfactory identification within the statutory period of limitations.

5 GOVERNANCE INFORMATION

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| Equality and Diversity | A comprehensive Equality Needs and Impact Assessment has been carried out in partnership with the Compliance Leader. This policy has not been found to be discriminatory towards any party. |
| Customer Involvement and Consultation | <p>Stakeholders who were instrumental in developing the Income Management and Debt Recovery Strategy were pivotal in developing the policy.</p> <p>The policy was also shared with other working groups and discussed during a wide range of corporate team meetings when first drafted and will be shared with tenant representative groups on a regular basis.</p> <p>Local Authorities and a range of third sector organisations via Financial Inclusion Forums have also heavily contributed to the policy’s development.</p> |
| Environmental Sustainability | An Environmental Impact Assessment has been carried. No environmental issues have been identified. |
| Monitoring and Review | <p>This policy will be reviewed every three years from the approval date, or in-line with impacting corporate, legislative, or regulatory change requirements.</p> <p>The review will be conducted by the Head of Housing Services and Head of Finance (Income).</p> <p>Performance that has been evaluated will be shared and discussed at Directors Forum.</p> |
| Responsibility | Head of Housing Services |