



# **INCOME COLLECTION POLICY**

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## **1.0 Scope**

This Policy sets out the approach to the management and collection of rent for properties and garages. This policy does not cover leasehold service charges, which are covered by a separate policy.

## **2.0 Purpose**

Broxtowe Borough Council recognises the importance of managing an income collection service, which ensures that the Housing Revenue Account can provide a range of quality services to tenants and enable the delivery of the Housing Business Plan. Broxtowe Borough Council aims to minimise the amount of arrears owed by its tenants.

We will apply this policy consistently and fairly and will ensure that at all times we act in a reasonable manner, and that our actions are proportionate.

We recognise the economic and social impact of being in arrears and will focus on taking a preventative approach to managing rent arrears. We will ensure that our approach is compliant with legal and regulatory requirements and meets good practice requirements. We will regularly monitor our performance to ensure that we meet the policy requirements.

## **3.0 Aims and Objectives**

The Income Collection Policy aims to minimise rent arrears by:

- Working proactively with tenants to prevent arrears accruing
- Ensuring tenants are fully aware of their obligations in regards to paying their rent
- Providing a range of options for tenants to pay their rent
- Utilising early intervention including phone calls and personal visits to support tenants to sustain their tenancies
- Supporting tenants through the in-house Financial Inclusion Service to maximise their income and sustain their tenancies
- Working in partnership with other agencies to provide services that will support tenants to maintain their tenancy
- Utilising appropriate legal remedies, where necessary, and proportionate, including seeking legal possession of a property.

## **4.0 Regulatory Code and Legal Framework**

This Policy is set within the context of relevant legislation such as:

- Housing Act 1985
- The Housing Act 1989
- Equality Act 2010
- Local Government Act 2000
- Human Rights Act 1998

- Pre-Action Protocol for Possession Claims by Social Landlords 2015
- Protection from Eviction Act 1977

## **5.0 Policy**

### **5.1 Pre-tenancy support**

At provisional tenancy offer stage, we will seek landlord references to confirm previous tenancy conduct and any former rent arrears. We will also review the housing application which may highlight any potential issues regarding tenancy sustainability. If issues are identified the allocations team will discuss this with the applicant in consultation with the Income Collection Team and where appropriate, support will be offered.

The obligation to pay rent in advance will be highlighted throughout the Allocations process, so that applicants are aware that this will be required.

We will ensure that tenants are aware of their rental obligations before they sign for a new tenancy. Support and advice will be provided to help prospective tenants understand which benefits they may be entitled to. Where appropriate an Income and Expenditure form will be completed.

### **5.2 Income Collection**

Officers will take a proactive approach to income collection by making early personal contact with all tenants whose accounts fall into arrears or experience a change in circumstances. Contact will be via telephone, text, letter or home/office appointment. The emphasis of the contact will be to understand the tenant's personal circumstances. Where accounts fall into arrears we will seek to make an arrangement to clear the outstanding debt as soon as possible in a sustainable way.

Income collection will follow a pre-set escalation process. The suggested action to be taken will be based on the level of arrears owed and the previous action taken. ICT systems will be used to support this work and ensure that income collection processes are applied consistently.

In determining the appropriate course of action, full account will be taken of a tenant's vulnerability including age or disability. Tenants with additional support needs will be referred to specialist agencies that may be able to assist.

Where all other means have failed, Broxtowe Borough Council will take legal action to recover rent owed. This will include seeking possession of a property through the County Court. We will ensure all legal action complies with the Pre-Action Protocol for Possession Claims by Social Landlords 2015.

We will ensure that a comprehensive record is kept of all action taken and ensure that all data is handled in accordance with the relevant Data Protection Legislation.

### **5.3 Introductory Tenancies**

Introductory tenancies provide a probationary period during which tenants can demonstrate their ability to sustain a tenancy. It is hoped the probationary period of the tenancy sets the tone for a long term relationship with a tenant therefore our approach to Income Collection needs to be particularly clear.

Given the 12 month length of an Introductory Tenancy, it will not usually be possible to agree an extended repayment plan and tenants will be expected to pay their rent in full. If, given the individual tenants circumstances, immediate repayment is impossible, a short repayment plan will be considered.

### **5.4 Arrears Prevention and Support**

We will promote the services available to support tenants who are in arrears or experiencing financial hardship. This will include Broxtowe Borough Council's own Financial Inclusion Service and Citizens Advice Bureau (CAB).

We will also promote initiatives which support the maximisation of tenants' income, through newsletters, websites and individually where appropriate. Information including arrears letters will be written, as far as possible, in plain English, and will be provided in other formats and languages where required.

Tenants are required under the condition of their tenancy agreement to pay their rent in advance. Tenants who are not paying in advance will be encouraged to pay an extra amount each week to ensure they are not in arrears between payments.

### **5.5 Welfare Benefits**

Broxtowe Borough Council recognises that many tenants will be in receipt of welfare benefits. This will include Housing Benefit (HB) and Universal Credit (UC).

- HB – claimants will receive HB directly to their rent account each week. If payments stop, we will liaise with colleagues in the Revenues and Benefits Team to support the reinstatement of the claim.
- UC – in most cases is paid directly to the tenant. In cases where there are eight weeks' gross arrears, or where the tenants has support needs, we will request that the housing costs are paid directly to us through the Alternative Payment Arrangement.

The Council will work proactively with partners to mitigate the impact of any welfare reforms and chair the Welfare Reform Working Group, attended by CAB and Department for Work and Pensions representatives.

We will assist tenants to make an application for a Discretionary Housing Payment which is short term, temporary financial assistance towards housing costs. This allows the recipient time, to make alternative longer term arrangements to meet their housing costs.

## **5.6 Payment Options**

We will offer a range of payment options to support tenants to pay their rent. This will include:

- Direct Debit
- Payment Card
- Online, telephone and mobile phone payment
- Standing Order
- Payment Kiosk

We will promote Direct Debit to be our preferred payment method whenever possible.

We will monitor the ways that tenants pay their rent and review the payment options which are available. We will consider the different transaction costs and utilise new technology to expand the options available.

## **5.7 Rent Free Weeks**

Rents will be calculated over 52 weeks and collected over 48 weeks. There are four non-debit weeks per year, two at Christmas and two at the end of March.

Where there are 53 Mondays in the financial year, the rent will be calculated over 53 weeks and collected over 49 weeks.

Customers will be advised at the start of each financial year which weeks will be the rent free weeks.

Rent free weeks provide tenants with a clear rent account the opportunity to pay no rent during rent free weeks. Rent free weeks do not apply to tenants in arrears or who have a court order which requires rent to be paid every week.

## **5.8 Garage Arrears**

Garage rents are debited monthly and payment is due in advance. Garage income collection follows a pre-set escalation process and the suggested

action to be taken will be based on the level of arrears owed and previous action taken.

VAT is payable for garage tenants who are not also Council house tenants or leaseholders as the HMRC advises that the renting of a garage is a taxable supply.

## 5.9 Former Tenancy Arrears

Arrears which remain on the account, after the tenancy has ended are classed as former tenancy arrears. We will seek to collect former tenant arrears in a way that reflects best practice.

When an offer of accommodation is made to an applicant who has former tenant arrears they will be expected to clear the arrears prior to a firm offer being made. Where this is not possible an arrangement to clear the outstanding debt will be included as part of their new tenancy agreement.

## 6.0 Performance monitoring

The Council will monitor performance regarding income collection and rent arrears, and will report this through Members Matters updates.

## 7.0 Related Policies, Procedures and Guidelines

List of documents / associated policies / publications:

- Rent Setting Policy
- Financial Inclusion Policy
- Discretionary Housing Payment Policy
- Garage Management Policy
- Tenancy Policy
- Allocations Policy
- People with Additional Support Needs Policy
- Income Collection Procedure
- Risk Assessment Procedure

## 8.0 Review

The Income Collection Policy will be reviewed every three years or sooner if there is a change in guidance or legislation.

## 9.0 Document History and Approval

Date	Version	Committee Name
18/9/19	1.0	Housing Committee
19/7/22	2.0	Cabinet