



# INCOME & RENT COLLECTION POLICY

# DOCUMENT CONTROL

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Rochdale Boroughwide Housing Limited is a charitable community benefit society.

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# CONTENTS



Section	Page
<b>Introduction (Background to RBH)</b>	<b>4</b>
<b>Our Values</b>	<b>4</b>
<b>Our Corporate Objectives</b>	<b>4/5</b>
<b>Welfare Reform</b>	<b>5</b>
<b>Purpose of the Policy</b>	<b>5/6</b>
<b>Policy Aims</b>	<b>7</b>
<b>Roles and Responsibilities</b>	<b>7</b>
<b>Policy Statement:</b>	<b>8</b>
<b>Rental and Other Income Charges</b>	<b>8/9</b>
<b>Debt Hierarchy</b>	<b>9</b>
<b>Financial Inclusion</b>	<b>9/10</b>
<b>Housing Benefits &amp; Department for Work and Pensions (DWP)</b>	<b>10/11</b>
<b>Arrears Prevention Work</b>	<b>11/12</b>
<b>Arrears Recovery</b>	<b>13/14</b>
<b>Former Tenants Arrears</b>	<b>14/15</b>
<b>Value for Money</b>	<b>15</b>
<b>Monitoring</b>	<b>15</b>
<b>Review</b>	<b>16</b>
<b>Equality and Diversity</b>	<b>16</b>
<b>Links to Other RBH Strategies, Policies &amp; Procedures</b>	<b>16</b>

## 1. Introduction - Background to RBH

- 1.1 Rochdale Boroughwide Housing (RBH) is a mutual housing society co-owned by its members and employees. In March 2012 we took ownership of the homes formerly owned by Rochdale Council and we now own around 13750 homes in the borough. In June 2013 the legislative process was completed and we have now fully adopted the new mutual governance arrangements.

## 2 Our Values

- 2.1 Our core values are the heart of the business and are the principles and standards that influence the way we work and behave. They create unity amongst employees and tenants promoting membership and commitment to working together to make a difference in our communities through the delivery of exceptional services that are innovative, forward thinking and mutually beneficial. They are:

- **Responsibility** – We take responsibility for, and answer for, our actions
- **Equity** – We carry on our business in a way that is fair and unbiased
- **Democracy** – We give our members a say in the way we run our business
- **Pioneering** – We will seek to be a leader in the way we meet challenges and seek solutions
- **Openness & Honesty** – We will share information, do what we say we will do and when we make a mistake we will own up to it
- **Caring** – We will listen and respond to the needs of our members, tenants and employees
- **Championing** – We will encourage members to take responsibility for our communities and work together to improve them.

## 3. Our Corporate Objectives

- 3.1 Underpinning the RBH Corporate Strategy are 3 key organisational objectives. Everything we do as an organisation, projects, offer document promises or service delivery is done to meet these objectives:

### Objective 1 - Getting our Core Services Right

- 3.2 Two transformational projects sit under this Objective:
- P1 – To enhance the customer experience
  - P2 – To improve Business intelligence and Customer Relationship Management

## Objective 2 – Supporting People and Places

### 3.3 Two new projects sit under this Objective:

- P3 – Remodelling neighbourhoods and homes where needed
- P4 – Looking at different uses for our land

## Objective 3 – Membership and Business Resilience

### 3.4 Key projects are:

- P5- Increasing member engagement in neighbourhoods
- P6 – Business resilience

### 3.5 Income Collection is fundamental to meeting all of the above objectives, particularly P1, P2 and P6. As a mutual society it is essential that we maximise rent collection and other income, the future success and business resilience of RBH depends on it. RBH needs to create an income collection culture amongst all employees, creating understanding and responsibility for all areas of the business to promote ways to pay rent and other charges at every opportunity.

## 4. Welfare Reform

### 4.1 RBH recognises that there are challenges ahead. The changes to the Welfare system and to Council Tax benefit have had and will continue to have big impacts on both RBH's Business Plan and its tenants. April 2013 saw the introduction of the under occupancy charges and changes in council tax support, closely followed by the benefit cap. These changes have had a significant impact on RBH tenants; and on rent collection as tenants struggle financially and are unable to pay the extra bedroom charge or make up monies lost due to the benefit cap.

### 4.2 The national roll out of Universal Credit (UC), which replaces many existing benefits, is being introduced in stages and began in October 2013. The roll out in Rochdale began in October 2014. This combined benefit will be paid directly to tenants monthly in arrears and it will be their responsibility to pay the rent due to RBH.

## 5. Purpose of the Policy

### 5.1 The purpose of this policy is to maximise income collection and minimise arrears in a sensitive but effective manner whilst recognising and responding to the social needs of RBH tenants. It is important we are approachable and supportive enabling tenants to talk to us whilst taking a firm approach when needed.

### 5.2 Income generated through rent and other charges is fundamental to Rochdale Boroughwide Housing (RBH) being successful in achieving its corporate

## Income & Rent Collection Policy

objectives and delivering its offer document promises. It has been recognised by RBH, Our Board and Representative Body that in order to maximise RBH rent collection it is necessary to have a robust rent and income collection policy that is clear, consistent and fair but firm. This will enable us to deliver service improvements that meet our objectives and ensure value for money.

- 5.3 The changes caused by Welfare Reform are and will continue to bring significant challenges for RBH tenants. Considering this, the RBH Representative Body and Board has developed a joint policy statement promoting Equity and Fairness. This statement recognises that whilst Welfare Reform will impact on the disposable income of tenants the rent charge remains the same and needs to be collected; as any unpaid rent will affect the services tenants need (for example letting homes, making repairs and improvements, tackling neighbour nuisance and anti social behavior, the rent & payments service, giving financial advice and support etc.).
- 5.4 We know a lot of our tenants are on low incomes with 70% being reliant on the welfare benefits system. RBH will support and guide tenants to resolve and manage their rent account effectively. We understand that managing to make ends meet on a low income is difficult and at some point tenants may face financial hardship and struggle to pay their rent. Therefore RBH will be flexible in its approach and be committed to making reasonable and affordable agreements to rent and arrears. We will work with our employees, tenants and members to promote a rent payment culture.
- 5.5 RBH will at all times seek preventative measures where possible, to assist tenants reduce their debts and remain in their homes. It will support and help its tenants to sustain their tenancies but when necessary will take legal enforcement action that may lead to eviction and result in tenants losing their home.
- 5.6 RBH will always adhere to its Rent Collection Procedure which encourages contact and communication before legal action is taken and provides a structure for employees to follow. RBH will use all methods of communication available to liaise with tenants as appropriate. We will ensure that the rent collection service is fair, equitable and transparent.
- 5.7 RBH is respectful of the confidentiality of its tenants and their circumstances when dealing with other agencies or individuals. Authorisation will be sought before sharing any information with any additional party.

## **6. Policy Aims**

The aim of the policy is:

- To embed RBH's approach to maximise income collection and reduce arrears by adopting a fair but firm approach that encourages early contact, support and intervention;
- To ensure that tenants are fully aware of their responsibility to pay rent and the implications of non payment;
- To ensure the Rent Arrears Procedure is adhered to at all times and that all employees are trained to utilise the procedure effectively;
- To meet the standards set by RBH and required by the Regulator.

## **7. Roles and Responsibilities**

7.1 RBH has the following responsibilities:

- To enforce the tenancy agreement to ensure that tenants maintain regular payments for their rent;
- To provide advice, assistance and support to tenants to claim benefits they are entitled to;
- To seek to maintain and sustain tenancies wherever possible and apply for eviction as a last resort.

7.2 RBH tenants have the following responsibilities:

- To ensure their rent is paid in a regular and timely manner;
- If entitled to claim Housing Benefit or the housing element of Universal Credit, it is their responsibility to make sure they have submitted a claim, provided all the necessary documentation to process the claim within the required timescales and that payments are in place for the rent;
- To notify RBH of any changes in circumstances which may affect their benefit and ability to pay the rent due;
- It is important tenants talk to us to enable RBH to help and support our tenants when possible.

## **8. Policy Statement**

### **Rental and Other Income Charges**

8.1 In order for RBH to maximise its income from rent and other charges it needs to be clear on its rent charging policy and tenancy conditions and ensure that information regarding rent is communicated clearly and effectively.

### **Income & Rent Collection Policy**

- 8.2 RBH will stress the importance of rent payment as a condition of tenancy and promote a payment culture to our tenants through pre tenancy work, sign up and continued contact with tenants post sign up.
- 8.3 RBH will provide tenants with clear information regarding any other charges in respect of the tenancy agreement. This will include the frequency of the charge, amount payable and the reason for the charge.
- 8.4 Tenants will be provided with clear concise information relating to the amount of rent payable, the due date and the consequences for non-payment.
- 8.5 RBH's preferred method of payment is by Direct Debit or another form of regular electronic transfer. We offer additional payment options to tenants where this will assist in making payments on time. These include:
- Paypoint payment card / Barcoded Letter
  - Online via RBH website
  - Text message / SMS
  - Telephone payments
  - Payment Kiosk at St Albans House
- 8.6 Rent for homes (including water charges) and garage payments are due weekly in advance and at the start of the tenancy a minimum two-week advance payment is required in accordance with the tenants' ability to pay. Payments for multiple weeks are acceptable as long as the payment is made in advance of the rent being charged to the account.
- 8.7 Water charges are considered to be part of the rent charged weekly. The level of the water charge is set by United Utilities.
- 8.8 Court Costs, rechargeable repairs, water charges and other costs will be identified separately.
- 8.9 Tenants will receive clear and understandable information concerning their rent account and can access their account on-line at any time.
- 8.10 We will ensure all credits on rent accounts will be returned within a reasonable timescale following agreement between the tenant and RBH.
- 8.11 Tenants can expect RBH to conduct a thorough investigation with a detailed response where they feel there has been a mistake made on their rent account. Where appropriate a revised statement will be provided.

8.12 RBH will communicate with its tenants using the customers preferred method of communication. In situations where action is looming due to non payment, all methods of communication available will be used to endeavour to make contact with tenants prior to any legal action being taken.

### Debt Hierarchy

8.13 A tenant may have more than one payment account with RBH. Where a tenant has 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 (including water charges)
- Former Tenant Rent Arrears (including water charges)
- Current Garage Arrears
- Former Garage Arrears
- Court Costs
- Former tenant Court costs
- Rechargeable Repairs
- Former tenant Rechargeable Repairs.

### Financial Inclusion

8.14 To maximise and protect future income to RBH we will do all we can to ensure that tenants have the tools, information and support to manage their tenancy effectively.

8.15 RBH will ensure that a pre-tenancy assessment is completed for all prospective tenants to ensure that they are able to afford the property they have been offered and this will be a pre-condition to any offer being made.

8.16 Financial health checks will be provided to all new tenants when they accept a property with RBH. Dedicated employees will work with these tenants to provide support, information and guidance on benefit entitlement, budgeting, payment methods, access to banking, energy efficiency advice, access to affordable furniture, affordable credit alternatives and access to work and training.

8.17 If tenants are currently experiencing debt, we will offer information, support and advice and work in partnership with other support agencies locally specialising in debt advice and counselling and offer to make a referral.

8.18 We will help people to get banked and provide information and guidance on benefits of being banked and encourage tenants to use Direct Debit as the preferred method of payment for rent and other charges. In addition we will

### Income & Rent Collection Policy

promote 'Home Contents Insurance' to help tenants to plan for emergencies and forward plan.

- 8.19 We will support and advise our tenants with the transition to Universal Credit by helping claimants to access and use the on line UC gateway, other websites and online services, including banking, money advice services and cost comparison websites to increase tenants' disposable income and enable them to become more financially independent and digitally aware.
- 8.20 We will continue to offer and improve access to affordable furniture and decoration materials to help people stay in their homes.
- 8.21 Considering the volunteering principles of RBH we will identify support needs of new tenants and utilise the strengths of the volunteer base to help incoming tenants move into and settle in their new homes.

### Housing Benefits & Department for Work and Pensions (DWP)

- 8.22 RBH must continue to build and maintain excellent partnership working with RBC Housing Benefits Team and the DWP to ensure we can provide up to date advice, tenant focused services and effective HB/Universal Credit (UC) take up campaigns to maximise RBH income collection and minimise arrears for our tenants on low incomes.
- 8.23 RBH will continue to develop a strong working relationship with RBC's Housing Benefit Team (HB) and with the DWP locally. We will hold regular liaison meetings and continue to work together to continuously improve these relationships. RBH understands that the Welfare Reform agenda is and will continue to impact on the financial health of its tenants and will work in partnership with HB to maximise RBH tenant take up of benefits and Discretionary Housing payments where appropriate.  
We will continue to work with the DWP in order to assist our tenants to be able to continue making their payments to RBH, especially where our tenant is vulnerable.
- 8.24 RBH will continue to provide assistance to new and existing tenants who wish to claim Housing Benefit or the Housing Element of Universal Credit. This will include verifying documentation, forwarding and chasing required proofs to HB Team to support claims or giving advice and support in relation to a claim for Universal Credit.
- 8.25 RBH will endeavour to seek authorisation from tenants to liaise with HB Team on their behalf and will also seek authorisation to have all HB due paid directly to RBH on the tenant's behalf. We will review this as Universal Credit is more widely implemented.

### Income & Rent Collection Policy

8.26 RBH will not take legal action against a tenant who has a completed HB claim (where all proofs required have been supplied to HB Section). RBH will only consider action where, despite reminders, HB claims have been incomplete and therefore cannot be paid.

We will advise tenants of their rights to appeal and provide information support and guidance on how to complete an appeal.

8.27 We will ensure that tenants know what other benefits they are entitled to and enable them to claim the right entitlement.

### Arrears Prevention Work

8.28 To maximise Income Collection and minimise rent arrears we must do all we can to collect the income when it is due and in advance where possible and appropriate. We will contact tenants early in the arrears collection process and encourage them to talk to us to enable them to get the right support and guidance at the right time.

8.29 RBH is committed to assisting our tenants avoid getting in arrears when they accept an offer of a property with RBH. Additionally RBH will focus attention on creating a culture of payment at sign-up and will only take legal action when there is no other alternative resolution.

8.30 RBH will make clear the responsibility of the tenant to make regular and timely payments that should be made weekly in advance. We will encourage tenants to pay in advance by taking their first payment at sign up and set up payment arrangements including Direct Debits, Standing Orders as the preferred option when they accept a property so they are able to make immediate payments. This includes tenants who will be claiming Housing Benefit or Universal Credit.

8.31 Other payment methods will be explained and alternative payment methods can be explored where there is reason to think a Direct Debit or Standing Order is not appropriate.

8.32 A BECS on-line Housing Benefit Application will be completed and tenants will be asked to supply all proofs required and then pay a minimum 2 weeks net rent in advance.

8.33 The information held on rent statements will be explained so that tenants will better comprehend their statement when received.

8.34 We will increase the amount of tenants that pay their rent through Direct Debit through the positive promotion of the benefits of Direct Debits and Direct Debit take up campaigns.

### Income & Rent Collection Policy

- 8.35 Direct Debits or other forms of electronic transfer are RBH's preferred payment options. We will continue to review RBH payments methods to enable tenants to pay their rent and to pay it on time and we will develop ways to make these more accessible to tenants where a Direct Debit is not appropriate..
- 8.36 We will provide effective, targeted and proactive rent information and support. We will develop a process that will allow RBH to understand the demographic profile of tenants more likely to get into rent arrears and put proactive and mitigating action in place to support these tenants.
- 8.37 We will review the way we contact tenants to understand the most effective communication. We will encourage tenants to talk to us and we will assess the feasibility of implementing a text messaging service and other less traditional methods of communication to increase the payment information provided by RBH.
- 8.38 RBH are and will continue to support tenants affected by the changes in Welfare Reform and Council Tax. We will develop and implement processes that will support the most vulnerable.
- 8.39 We will maximise other income streams including but not limited to garage rents, shop rents, leaseholder / major works charges, rechargeable repairs, service charges, former tenancy arrears and sundry debts, land disposals and RTB leases.
- 8.40 We will clarify to the tenant that payment of rent is taken very seriously. We will encourage tenants to talk to us and provide tenants with support and guidance. However, non payment will lead to action that could result in the loss of their home.

### Arrears Recovery

- 8.41 To manage, collect and minimise arrears we will take a proactive and preventative approach ensuring that tenants are provided with information, support and guidance. This approach is outlined in the Financial Inclusion Strategy.
- 8.42 RBH may in the future need to consider alternative legal action to support RBH to minimise arrears. However any changes to the policy will only be made after consultation with and approval of tenants and members.
- 8.43 RBH will contact its tenants within 1 week when accounts go into arrears, a payment is missed or an agreement to pay is broken and be clear about the balance outstanding. Reasonable agreements will be made with tenants to enable them to reduce their debt.

### Income & Rent Collection Policy

- 8.44 We will provide help, guidance and signposting in relation to benefit entitlement will be given.
- 8.45 Tenants will be advised that they should continue to make payments to clear their arrears during non rent weeks.
- 8.46 RBH will seek to keep tenants in their home and will only consider legal action where arrangements have failed and attempts to reach a reasonable agreement have been unsuccessful. Legal action is deemed as the last resort. Threats of legal action, where there is no intention to proceed, will not be made. Prior to any eviction application, the Rents and Payments Team liaise with the Homelessness Team and Legal Services to evaluate risks and the circumstances of the individual or family facing eviction and ensure that there is no other course or remedy available
- 8.47 If legal action is necessary, RBH will take action against all tenants named on the tenancy agreement and will provide copies of all legal documents to all named tenants. Where there is a sole tenant RBH will encourage the tenant to keep other interested parties (partner/spouse) informed of pending legal action.
- 8.48 Legal action for arrears will cease immediately when the arrears and any associated costs are cleared.
- 8.49 RBH will strive to maintain contact with the tenant throughout the legal process with a view to reaching an agreement on repayment rather than eviction.
- 8.50 RBH seeks to develop good working relationships with the courts and will participate in court user groups.
- 8.51 RBH will endeavour to locate tenants that appear to have abandoned their tenancies and have accrued arrears.
- 8.52 We will review and further develop IT systems to enable us to deliver an effective income collection service to support RBH income policies and procedures.
- 8.53 We will ensure that we have fully trained and capable employees in place to deliver an efficient income support and collection service to support RBH income policies and procedures.
- 8.54 We will provide employees with the ability to work in a flexible and agile way, supported with an IT infrastructure and income collection tools to allow them to maximise rent collection.
- 8.55 We may provide incentive schemes to encourage tenants to keep a clear rent account (for example prize draws for a clear rent account and prize draws for those who pay by direct debit and keep their accounts clear). In addition we will

## Income & Rent Collection Policy

investigate the possibility of other incentive schemes to encourage more non payers of rent to clear their rent and pay on time.

- 8.56 We will develop annual arrears action calendars and implement campaigns to prevent arrears and tackle persistent arrears offenders.

#### Former Tenant Arrears

- 8.57 It is important that RBH takes every opportunity to collect income owed to RBH and endeavours to maximise its income collection when tenants leave their home with rent due outstanding.
- 8.58 When terminating a tenancy, all tenants will be encouraged to clear any arrears on their current rent or sundry accounts. If the tenant is unable to clear the account in full, an affordable repayment plan will be agreed.
- 8.59 Where a former tenant fails to make an agreement or fails to pay in line with the agreement, we will refer the debt to a Debt Collection Partner to recover the debt on behalf of RBH.
- 8.60 Where the arrears are in respect of a deceased tenant, RBH will limit action to contacting next of kin or the executor to claim against the estate. If there is no estate, the debt will be considered irrecoverable.
- 8.61 If a former tenant requires rehousing, RBH will require that any outstanding debt to be cleared first.
- 8.62 In exceptional circumstances and considering Welfare Reform, RBH will consider rehousing a former tenant with debt provided that an acceptable payment arrangement has been made and adhered to. In such cases the debt will be transferred onto the current account.

## 9 Value for Money

- 9.1 Value for Money is a requirement for every successful organisation as it enables the delivery of high quality services, provides more choice and ensures needs and priorities are met. This then allows us to provide better homes, better services and safe and secure neighbourhoods. In order to embed Value for Money we will:
- improve the Income Collection service benchmarking and complete VFM Self Assessments.
  - eliminate non value adding processes, procedures and actions as part of the Lean Systems thinking approach.
  - review the water collection policy with United Utilities.

### Income & Rent Collection Policy

- complete VFM assessments on the services we buy in for example production of statements and FTA agency collection.
- investigate the possibility of charging an administration fee for arrears outstanding.
- review the rechargeable repairs policy.
- reduce any unnecessary tenant contact by the adoption of a right first time approach.

## **10. Monitoring**

10.1 RBH will periodically review and update its policies and procedures, taking into account legislative changes, the Regulatory Standards and best practice.

10.2 Monitoring will include:

- Individual account monitoring to ensure policy and procedure is being followed.
- Production of weekly and monthly performance reports to enable managers to monitor progress against agreed targets.
- Performance reports to the Senior Management Team.

10.3 RBH will invite tenants to engage in the monitoring and reviewing of its rents policies by the Customer Panel and through tenant consultation and satisfaction surveys.

## **11. Review**

11.1 This policy, including any other related procedures will be reviewed annually by the Rent and Payments Co-ordinator and Head of Income and Customer Support, in order to ensure its continued appropriateness. It will be formally reviewed and submitted to the appropriate 'approving body', in this case EMT, at least every three years. The date of the next annual review is November 2016.

## **12 Equality and Diversity**

12.1 The Income and Rent Collection Policy has been subject to a 'Relevance Test' and as a result a full Equality Impact Assessment has been undertaken.

12.2 The outcome of the assessment is that this policy has a low impact on our customers.

### **13. Links to Other RBH Policies and Procedures**

- Complaints, Compliments and Comments Policy
- Equality & Diversity Policy
- Financial Inclusion Strategy
- Former Tenants Recovery Procedure
- Rechargeable Repairs Policy
- Rent Arrears Recovery Procedure
- Tenancy Agreement
- Tenancy Policy