# Teachers Housing Association

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| **POLICY TITLE:** | INCOME COLLECTION AND MANAGEMENT POLICY | | |
| **BUSINESS AREA:** | HOUSING MANAGEMENT | | |
| **APPROVAL DATE:** | March 2025 | | |
| **APPROVED BY:** | SMT | | |
| **VERSION:** | 2 | **RENEWAL DATE:** | 2028 |

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| **LEGISLATION AND REGULATION** | The Regulator of Social Housing (RSH)<br>Housing Act 1988<br>Housing Act 1996<br>Protection from Eviction Act 1977<br>Pre-Action Protocol for Possession Claims by Social Landlords<br>Homelessness Reduction Act 217<br>Localism Act 2011<br>Equality Act 2010<br>Welfare Reform Act 2012<br>General Data Protection Regulation/Data Protection Act 2018<br>The Debt Respite Scheme (Breathing Space Moratorium and Mental Health Crisis Moratorium) (England and Wales) Regulations 2020 |
| **SUPPORTING DOCUMENTS** | Income Collection Procedures<br>Allocations and Letting Procedures<br>Reasonable Adjustments Policy |
| **SCOPE** | This Policy relates to income for all charges and arrears for all properties. |

## 1. PURPOSE

1.1 Teachers Housing Association (THA) is operating in an increasingly challenging financial environment so maximising income collection is more important than ever before. All tenancy agreements require rent and service

charges to be paid monthly in advance, with charges due on the first of the month.

1.2 Without a reliable income stream service delivery may be jeopardised, maintenance and improvements not carried out, loan commitments not met, borrowing can become more difficult and the organisation's reputation could suffer.

1.3 The Regulator of Social Housing regulatory framework sets out the Rent Standard which states registered providers must have clear policies outlining their approach to tenancy management, including interventions to sustain tenancies and prevent unnecessary evictions.

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## 2. INTRODUCTION

2.1 This Policy sets out how we will work with tenants to help them meet their obligations to pay their rent and other charges. The effective management of arrears through early preventive initiatives and continuing personal contact improves our relationship with tenants and our reputation as an effective landlord, as well as maximising our income.

2.2 It covers both income recovery and arrears, including former tenant and garage arrears, and covers rent and service charges, and other debts including recharges. We aim to:

- Prevent rent arrears through early intervention and ensuring that tenants are aware of their obligation to pay their rent in advance
- Create a rent first payment culture and ensure that rent is collected quickly and effectively
- Provide a tailored approach for vulnerable tenants and work with other agencies to ensure tenants can access any support necessary to help them manage their arrears
- Work closely with tenants in arrears relying on eviction action only as a last resort once all other reasonable steps for arrears recovery have been taken
- Always comply with all legislative and regulatory requirements and best practice. In cases where it applies, we will meet the aims of the Pre-Action Protocol for Possession Claims for social landlords

2.3 Tenants are encouraged to contact us as soon as they are aware they may experience difficulties in paying their rent. We will explore with tenants ways in which arrears can be prevented and reduced before debts escalate to an unmanageable level and provide support, or signpost to agencies that can provide relevant advice.

2.4 Rent arrears can happen for a range of reasons including:

- Low income and/or dependency on welfare benefits
- Lack of financial resources
- Lack of budgeting skills / financial literacy
- Cost of living
- Vulnerability and mental health
- Change in personal circumstances / loss of income

- Illness / bereavement
- Other debts

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## 3. POLICY STATEMENT

### 3.1 Arrears Prevention

3.1.1 THA recognise the significance of early and effective action to ensure that rent arrears are reduced and residents do not accrue serious levels of debt arrears. We will do this through a range of methods:

- Offering a range of flexible, accessible and convenient payment methods
- Having clear lines of responsibility and accountability at each stage of our income recovery procedures
- Ensuring a firm but fair, consistent and timely approach to debt recovery
- Following current legislation, regulation, best practice and pre-action protocols
- Adopting a ‘rent first’ culture to promote the need for timely rent payments
- Informing, assisting and communicating with residents using clear, concise and jargon free letters
- Early intervention to prevent accounts falling into arrears
- Undertaking affordability assessments as and when required
- Adopting a co-ordinated approach with other agencies to provide support to residents at risk of falling into arrears
- Pursuing outstanding debt in a cost-effective manner
- Ensuring reasonable adjustments and appropriate advice and assistance is given where customers are identified as vulnerable or having a disability
- Ensuring relevant staff are trained in all aspects of income management and resident support including welfare benefits, welfare reform, the legal framework for recovery and sensitive approaches to income collection
- Having IT systems that accurately monitor account transactions, identifying payments and arrears, enabling trends to be identified and allowing prevention initiatives to be implemented at an early stage
- Having clear published Service Standards on income management which are monitored

3.1.2 We will encourage tenants to inform us of any change in personal circumstances and any likelihood of missing a payment. If contact is not made and/or the individual makes insufficient payments or fails to agree or adhere to a repayment agreement, we will take swift action according to our procedure to ensure arrears do not increase.

3.1.3 Before an offer of accommodation is made an assessment of the applicant’s finances will be undertaken to ensure the property is affordable for them.

Those in receipt of welfare benefits or those intending to submit a claim will be required to pay their estimated monthly contribution from the start of the tenancy to prevent arrears accruing.

3.1.4 THA's preferred payment method is Direct Debit. Tenants will be encouraged to set up a Direct Debit at sign up. We will discuss alternative payments methods with them to ensure this is the best option for them.

### 3.2 Arrears Management and Recovery

3.2.1 The Pre-Action Protocol for Possession Claims by Social Landlords applies to residential possession claims brought by social landlords. Part 2 reflects the guidance on good practice given to social landlords in the collection of rent arrears. We will follow the proactive and preventative approach contained in the protocol when recovering monies owed by all our residents irrespective of their agreement type.

3.2.2 If a tenant falls into arrears we will work with them to agree a repayment plan to clear the debt, outlining the importance of maintaining regular payments to their account and highlighting the consequences of not doing so. First we will ask for the debt to be cleared in full and if they are unable to do this, we will seek to agree a repayment plan with them for a time period that they can afford.

3.2.3 We will communicate regularly with residents using any of the following methods - telephone, emails, text messages, letters, office interviews and home visits. We will accurately record all communication and correspondence with residents regarding their arrears on our Housing Management System.

3.2.4 THA will ensure that all arrears are pursued in a timely manner but we recognise that certain circumstances require more sympathetic and sensitive handling e.g. in the case of a recent bereavement or major illness, or where the tenant requires support in handling their affairs.

3.2.5 We will ensure that vulnerable tenants who fall into arrears are treated on a case-by-case basis. Vulnerabilities will not be used as a reason not to work to recover arrears. We will provide support to our vulnerable tenants where appropriate by:

- Referring to an appropriate support agency, including debt and benefit advice agencies
- Liaising with family members and/or those supporting the tenant where permission has been given
- Refer and keep in contact with any support worker, statutory or voluntary agency until such time the debt is cleared
- Ensure sensitive collection and recovery practices are used

3.2.6 We may delay taking enforcement action in some circumstances, these include:

- A death in the family
- Illness
- Change in circumstances
- Benefit claim pending

### 3.3 Debt Respite Scheme (Breathing Space)

3.3.2 Where we receive notification of a Breathing Space arrangement – either a Standard Breathing Space or a Mental Health Crisis Breathing Space - which relates to arrears of rent or other charges due, we will ensure that no action is taken in relation to enforcement or recovery of the debt whilst the Breathing Space is in force. This means that:

- We will not contact the tenant regarding payment of the debit during this period without permission from the court
- We will not collect a debt by way of third-party deductions from benefits
- We will not enforce any existing judgment without permission from the Court
- We will not serve a Notice of Seeking Possession on grounds of rent arrears or take possession of the property on rent grounds

### 3.4 Bankruptcy, Individual Voluntary Agreement (IVA) and Debt Relief Order (DRO)

3.4.1 We will not recognise a bankruptcy, IVA or DRO until the tenant has received an official copy or we have verified the order via the Insolvency Service Website. DROs usually last for 12 months after which the tenant (debtor) is discharged from all qualifying debts specified in the order.

3.4.2 The existence of a DRO does not prevent the court from making a possession order against the tenant on the grounds of rent arrears (or any other ground). We shall serve Notices and consider possession proceedings against residents who are in arrears and are bankrupt or have a Debt Relief Order (DRO).

### 3.5 Tenants in Arrears Wishing to Move or Renew a Tenancy

3.5.1 THA will not normally authorise an assured/secure tenant who is in arrears to complete an internal transfer except in exceptional circumstances. Some examples of exceptional circumstances are:

- Where a tenant has a medical need to move
- Where a tenant is fleeing domestic abuse

3.5.2 If a transfer is agreed the tenant will be notified of their arrears balance and advised that the full arrears balance up to the end of their current tenancy will be transferred across to their new tenancy once it has commenced if it is not cleared.

3.5.3 Assured shorthold tenants will not be able to transfer until all arrears are cleared. An assured shorthold tenancy will not normally be renewed where there are arrears on the account and/or there is not a repayment plan in place.

### 3.6 Former Tenant Arrears

3.6.1 We aim to minimise losses from former tenant who leave with arrears through:

- Early intervention while they are still in residence

- Ensuring they are aware of all debts and that they must be cleared before the tenancy ends and a forwarding address is obtained at they advise us they wish to end their tenancy
- Informing benefits agencies promptly if a claim is in payment
- Initiating the former tenant arrears procedure promptly

3.6.2 Where we have a forwarding address we will attempt to recover the debt. Debt collection agencies will be used to trace former tenants with no forwarding address. If a former tenant fails to respond to our early attempts to recover the debt we may refer the debt to a debt collection agency to recover.

### 3.7 Garages

3.7.1 Garages are let on a monthly licence and must be paid for in advance. Existing tenants are not liable for VAT on a garage rent, other applicants will be charged 20% VAT. All garage payments must be made by Direct Debit and payments must be made one clear month in advance.

3.7.2 If a tenant is more than two months in arrears with the rent on their home the licence on a rented garage will be terminated. Garage licences will also be terminated for tenants who are consistently in arrears with their rent. Arrears must not be allowed to accumulate on a garage, with all garage licences ending within three months of non-payment or persistent late payments.

3.7.3 If a garage is not left clear and free from belongings and rubbish a charge will be made for the cost of any clearance and/or lock change if keys are not returned promptly.

### 3.8 Enforcement

3.8.1 We are committed to preventing evictions where tenants demonstrate they are actively seeking to address their arrears and will provide support and advice to those in arrears signposting when appropriate to do so. We will take the following actions to recover arrears:

- Service of a Notice of Seeking Possession if there is at least one-month arrears on the account, or if the account is not cleared each month and a persistent arrear of at least £200 is left on the account
- No contact has been established, and/or no agreement to pay has been made, or an agreement has made and consequently broken
- If arrears continue to increase then we may make an application for possession.
- We will only consider eviction as a last resort and all steps have been taken to recover the debt and sustain the tenancy

### 3.9 Recharges

3.9.1 Recharges can be applied to all residents and licensees, both current and former. Damage caused by household members or visitors to a property will be recharged to the lead tenant.

3.9.2 A recharge can be raised in the following circumstances:

- Tenant responsibility - repairs that are not landlord responsibility caused through damage, or neglect, and clearance of dumped items

- Void property works - recharges will identified during the pre-termination process or during the void inspection
- Legal costs - when court action has been required due to breach of tenancy including income, anti-social behaviour and occupancy related matters

3.9.3 Recharges will be set up in a sundry account linked to the principal account. Transfers or issue of a new tenancy may not be granted while there is a debt outstanding. Garages will not be allocated to an applicant with a debt to THA.

3.9.4 Invoices should be raised as early as possible and issued with a covering letter setting out expected terms of repayment. Legal action may be taken to recover payment.

### 3.10 Write offs

3.10.1 Write offs will be considered on a case-by-case basis and debts only recommended for write off if:

- The recovery process has been exhausted
- The former tenant is untraceable
- The former tenant is deceased and there is no estate
- The former tenant has been placed in residential care, is terminally ill or extremely vulnerable
- It is not cost effective to pursue

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## 4. ROLES AND RESPONSIBILITIES

4.1 The Operations Director is responsible for the implementation of this Policy with the support of the Housing Managers and Housing Team.

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## 5. EQUALITY AND DIVERSITY

5.1 THA are committed to ensuring fairness and equality for all regardless of colour, race, ethnicity, nationality, gender, sexual orientation, marital status, disability, religion or age.

5.2 Our aim is to ensure our policies and procedures do not create an unfair disadvantage for anyone, directly or indirectly. We aim to provide support for all those in rent arrears who need it.

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## 6. PERFORMANCE CONTROLS AND BUSINESS RISK

6.1 SMT is responsible for arrears control and monitoring levels of arrears and trends and action not being taken if arrears recovery is not meeting agreed targets.

6.2 Regular reports on arrears will be provided for SMT and the Board to manage financial risk through potential failure to ensure sufficient income is collected to cover operation costs.

6.3 Financial assessments will be carried out at the start of a tenancy and when a tenant falls into arrears they are unable to clear.

6.4 Data relating to the financial circumstances of tenants is covered by GDPR and all staff must be mindful of the sensitivity of the information provided.

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## 7. MONITORIING

7.1 Performance will be regularly monitored and targets set and reviewed annually. Reports will include information on:

- The total tenant arrears outstanding as a percentage of gross annual debit
- The total number of tenants in arrears and the percentage of tenants in arrears
- The number of Suspended and Outright Possession Order obtained
- The number of evictions
- The total former tenant arrears outstanding

7.2 We will provide regular reports on levels of arrears and write off for the Board.

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## 8. REVIEW

8.1 The Income Collection and Management Policy will be reviewed every 3 years or earlier in response to regulatory or legislative changes.