



Rent Arrears and Income Collection Policy 2020

HOUSING

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1. Purpose

- 1.1. It is really important that you pay your rent as council housing is self-financing and rent is ring-fenced to spend on council housing only, the principal areas of spend being:
 - to pay for repairs and maintenance
 - to fund the building or modernising of council homes
 - to pay for managing the housing service
- 1.2. The Council intends to maximise rent collection by being proactive in the control, management and prevention of rent arrears and reduction of existing arrears. The emphasis is on the prevention of arrears building up by providing early intervention, information and signposting where appropriate for debt counselling/advice.
- 1.3. We recognise the economic and social cost of eviction and therefore we will take a preventative and proactive approach to dealing with rent arrears. However non-payment of rent is a breach of tenancy/licence and will not be tolerated. Failure to pay the rent when due will ultimately result in recovery action.
- 1.4. This policy applies to collection and arrears of rent and occupancy charges, including service charges, and to all our tenants in rented or licensed property. This policy does not apply to leaseholders who are covered in separate policies and procedures.
- 1.5. Where a tenant/licensee has other non priority debts with the Council it is expected that the tenant/licensee will pay their rent and Council Tax before any other Council debts
- 1.6. Linking into the Councils Corporate Debt Policy the ability to pay will be based on the disposable income in proportion to the level of debt, the extent of debts owing to the Council and the fact that Rent arrears and Council Tax are treated as equal priority debts. The initial intention of arrangements to pay will be to clear the debt(s) as soon as possible and as a rule of thumb, the minimum position as far as the Council is concerned, should be that individuals indebtedness to the Council does not worsen.

2. Aims

- 2.1. We aim to provide an effective rent collection service that maximises income and supports customers facing payment difficulties.

To achieve this we will:

- 2.2. Ensure that the tenant understands it is their responsibility to pay their rent

- 2.3. Provide assistance to new tenants/licensees and tenants/licensees with arrears around managing their tenancy
- 2.4. Explain how much rent they have to pay
- 2.5. Offer a variety of payment methods
- 2.6. Assist tenants/licensees to claim Housing Benefit ((HB)) and Council Tax Reduction (CTR) Refer tenants where they are making a claim for Universal Credit (UC) and provide advice on any other benefits they may be entitled to.
- 2.7. Issue a rent statement every three months
- 2.8. Give four weeks' notice in writing of any change to the rent (other than (HB) changes or (UC))
- 2.9. Write rents and arrears policy and letters in simple English. Where these are policies where possible we will consult with residents groups before translation and publication to ensure accessibility.
- 2.10. Ask our residents what they think of our service, and use this feedback to improve those services.

3. Prevention

- 3.1. We will promote a rent payment culture, encouraging early payment and preventing customers falling into arrears
- 3.2. At all times, deal with rent arrears in a confidential and sympathetic way and explain what will happen if the debt continues to increase
- 3.3. Help to clear arrears by entering into a reasonable and realistic agreement with the tenant/licensee
- 3.4. Provide advice and information on welfare benefits
- 3.5. Always signpost the tenant/licensee to agencies able to provide debt advice before taking court action
- 3.6. Ensure we act consistently and in accordance with the protocol for rent arrears possession claims.

4. Customer obligations

- 4.1. Customers are responsible for paying their rent, including any service charges, as set out in their occupancy agreement and for informing us if they are having any problems paying their rent or if they have fallen into arrears.

- 4.2. Customers who experience difficulties with paying their rent are able to discuss this directly with their Housing or Rent Officer via our Housing Contact Centre on 0208 547 5003.

5. Pre signup

- 5.1. It is essential that the culture of rent payment applies to all Council tenants and not just those in secure accommodation.
- 5.2. The ethos of rent and income collection starts on first contact with the prospective tenant. This will include advice on rent payment and encouraging that all benefit claims are completed in good time and all necessary information provided promptly.
- 5.3. Where a new customer is claiming Universal Credit and is identified as falling within a Department of Work and Pensions (DWP) Tier One or Tier Two Factor grouping then an immediate request for an Alternative Payment Arrangement (APA) may be made.
- 5.4. An affordability and vulnerability assessment will take place prior to applicants being housed.

6. At the Sign Up

At sign up a new tenant/licensee shall:

- 6.1. Where possible, unless the tenant/licensee is entitled to full (HB)/(UC). It is expected at the sign up that the tenant/licensee will provide one week's rent in advance. This payment can be made via debit card.
- 6.2. Rent is due weekly in advance each Monday and the tenant/licensee is obligated to pay the weekly rent promptly when due in accordance with the terms of the tenancy/licence agreement. The Council will accept rent weekly in advance.
- 6.3. Joint tenants/licensees are jointly and severally liable for the payment of the rent and the Council may seek recovery for all or part of any arrears from any individual joint tenant/licensee.
- 6.4. Tenants/licensees are encouraged where possible to pay their rent by direct debit.

7. Promoting a payment culture

- 7.1. Encouraging early payment and preventing customers falling into arrears will always be our first step. We understand the value of using a range of preventative measures to help sustain tenancies and minimise the use of possession action.

- 7.2. Prospective tenants/licensees may be offered access to the resettlement passport toolkit or similar service
- 7.3. We will signpost customers for support and advice with welfare benefit applications
- 7.4. Provide customers with a variety of convenient payment options
- 7.5. Closely monitor rent accounts to identify problems at an early stage
- 7.6. Keep customers informed about their rent account balance through regular rent statements
- 7.7. Aim to identify any vulnerabilities or additional needs of our customers and provide or refer the customer to appropriate support services as necessary
- 7.8. Identify any communication needs and provide information in alternative formats if required
- 7.9. Publicise potentially serious personal consequences of accumulating arrears, for example through newsletters and periodic media campaigns
- 7.10. Provide customers with clear and straightforward information on their responsibilities, payment methods and available support at sign-up. This will be followed up with a tenancy visit after a specified period where applicable
- 7.11. Take steps to maximise customers' income, including promoting benefit take-up, highlighting initiatives, referring to work coaches for training and employment support, referring to appropriate agencies where necessary for debt advice and assistance.
- 7.12. Customers should inform the Council of any change in personal circumstances and any likelihood of missing a payment.
- 7.13. We will consider making an application for an (APA) where a customer is in receipt of (UC) and falls within a DWP Tier One or Tier Two Factor grouping.
- 7.14. All publications on rent arrears and standard letters will provide information on how tenants can access support services, such as the Resettlement passport, Financial Inclusion Team, the Resettlement Team, The Housing for older People team, Kingston Citizens Advice Bureau, Housing Benefit and Council Tax . All staff will be encouraged to promote the use of these services.

8. Providing assistance for customers in arrears

- 8.1. If arrears do arise, we will engage with the customer to identify and tackle the causes.
- 8.2. If a customer falls into arrears we work with them to make arrangements to clear their debt with us, outlining the importance of maintaining regular payments to their account and highlighting the consequences of not doing so.
- 8.3. We do not offer our customers financial advice or debt counselling however our Housing Officers, rent income officers and Financial Inclusion Officers will offer signposting to appropriate agencies where appropriate.
- 8.4. Customers wishing to seek financial advice or debt counselling will be signposted to suitable independent agencies which may include the Citizens Advice Bureau, Stepchange or the Money Advice Service.
- 8.5. if a customer in arrears is identified as vulnerable or in need of debt advice we will liaise with the relevant support agencies and internal departments as appropriate
- 8.6. We may make an application for an (APA / direct deductions) where a customer is in receipt of Universal Credit and falls within a DWP Tier One or Tier Two Factor grouping.

9. Repayment Agreements

- 9.1. As a Social Landlord, it is accepted that tenants/licensees may suffer exceptional financial hardship from time to time. Therefore, the Council is prepared to accept reasonable repayment agreements. However, it will be made clear to tenants/licensees that non-payment of rent is not the equivalent of an interest free loan that can be paid back at their convenience, and therefore must be adhered to.
- 9.2. The agreements Rent Officers make with tenants/licensees for the repayment of arrears will be based on Rent Officer assessment of what they can afford. Rent Officer will regularly review the terms of agreements to see if they are still appropriate considering what they know of the tenant/licensee income, the tenants other outgoings and the size of the debt.
- 9.3. For tenants/licensees who are on Income Support, or an equivalent low income, the minimum weekly arrears payment we will agree to, will be the equivalent of the amount deducted by the Benefits Agency from benefit for direct arrears payments to landlords.

10. Third party deductions from benefits

- 10.1. If a tenant/licensee is in receipt of income support or Universal Credit, the Council can apply to have payments made direct from this to the rent account to cover a set amount towards any arrears. In some tenancies/licenses this includes a weekly water rate. The tenant/licensee must be at least 8 weeks in arrears before direct payments are applied for and agree to this in writing.

11. Loss of rights for customers in arrears

- 11.1. Customers in arrears for a specified period may not be granted a joint tenancy from a sole tenancy and will not normally be eligible for transfer, move-on or mutual exchange.
- 11.2. There may be situations where discretion can be used to allow a management transfer for a customer in arrears, for example, where the customer is being harassed or where the customer is experiencing severe financial hardship, depending on the severity and circumstances of each individual case.
- 11.3. The Housing Allocations Scheme 2017 provides details of exclusions from the register and offers of accommodation for customers with rent arrears.
- 11.4. Unpaid rent/service charge or other housing debts may also impact on: a tenants/ leaseholders/ licensee's ability to rent a garage or exercise the Right to Buy with RBK. It may also impact on the tenants/ leaseholders, licensees ability to obtain credit in the future if a County Court judgement is requested.

12. Vulnerable tenants/licensees

- 12.1. Vulnerable tenants (e.g. elderly, disabled, mentally ill, those with learning difficulties, drug and alcohol abusers, young people leaving care) may be entitled to various forms of financial assistance that they may not be aware of and therefore have not applied for or may be refusing to apply for.
- 12.2. Issues of vulnerability should not deter the Council from taking recovery action if appropriate. The recovery route will be the same as for non-vulnerable tenants only this will run in tandem with appropriate support, assistance and liaison with other Departments and appropriate external agencies and with regard to the Equality Act.
- 12.3. Third party communication or advocates working on behalf of tenants, who have provided written authorisation by post, fax or email, will be made aware of the tenant's rent arrears. They should also be encouraged to speak to their client to resolve the arrears.

13. Taking enforcement action

- 13.1. Seeking possession will continue to be the most common form of legal action taken against tenants/licensees who fall into rent arrears. Though the type of action taken will differ according to the type of tenancy. In all cases the tenant/licensee will be served with a Notice and a Court order must be obtained as part of the process. Where necessary the firmest possible legal action will be taken to deal with rent arrears.
- 13.2. All rent accounts are monitored on a weekly basis. Unless there are issues of vulnerability or other reasons to prevent routine recovery action, accounts in arrears the Council will take action to obtain a Court Order;
- 13.3. The customer will be kept informed of actions taken and will still receive advice on debt repayments, the requirements of court orders and where to obtain independent legal advice
- 13.4. Where tenants are in their introductory tenancy period, the Council has a responsibility as a social landlord and examine sympathetically the causes of rent arrears
- 13.5. The Council will only take possession action against an Introductory tenant as a last resort once other options have been fully considered and discounted or have been pursued in line with the introductory tenancy procedure and where one or more of the following applies;
 - The tenant has a history of rent arrears
 - The tenant has been negligent in respect of his/her (HB) / (UC) claim
 - The tenant has refused to cooperate with efforts to facilitate re-payment
 - The tenant has ignored correspondence / made no contact
 - The tenant has been fraudulent in respect of an (HB) / (UC) claim.
- 13.6. Whenever there is reason to believe that the tenant or a member of their family are vulnerable, then the terms of the joint protocol with (ASC) and/or (AFC) will operate to ensure that eviction proceedings are only taken once all other avenues are exhausted. This will include consultation with relevant support services to help determine any additional help and options available to the tenant to help retain accommodation and that only where these are exhausted and where that tenant is known to (ASC) and/or (AFC) that possession sought with the prior knowledge of those agencies. However, this will not be allowed to unduly delay the arrears collection process nor can tenants be allowed to live with an expectation that they can occupy a property rent free.
- 13.7. Where the customer is a licensee the Council will only serve notice against a licensee as a last resort, after all avenues have been exhausted, with the agreement of (AFC) and (ASC) that there are no safeguarding reasons

which apply.

14. Introductory Tenants, New Council Tenants and Demoted Tenants

- 14.1. A demoted order is an order the Council may apply to the Court for, usually in cases of Anti social behaviour. If granted this order lasts for 12 months.
- 14.2. Introductory/demoted tenants in arrears will be treated the same as secure tenants in terms of the progression of the case and action taken save for the fact that they will be served with a Notice of Proceedings for Possession (NOPP) and have a right to review the (NOPP).
- 14.3. The Council will only take possession action against an Introductory tenant as a last resort once other options have been fully considered and discounted or have been pursued in line with the introductory tenancy procedure
- 14.4. The introductory/demoted tenant has 14 days to request a review and possession proceedings may be commenced upon expiry of the (NOPP) (28 days after service).

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15. Former Tenants

- 15.1. We aim to minimise losses from former customers who leave owing rent by: pro-active early intervention while the customer is still in residence, as outlined in this policy;
- 15.2. Making every effort to ensure that when a tenancy/licence is terminated the debts are cleared and a forwarding address is received.
- 15.3. A significant amount of rent is owed by former tenants/licensees. It is clear that having an effective recovery process for this aspect of rent arrears is a major area of concern to most local authorities and Registered Social Landlords.
- 15.4. Former tenants/licensees leaving with monies owed for previous rent will be written to by the Council, in accordance with the current policies. Appropriate resources (e.g. tracing agents) will be used to track down tenants/licensees who have either abandoned their homes or who have been evicted with no forwarding address.
- 15.5. If the council already has a money judgement as part of the possession order enforcement options will be pursued
- 15.6. Where the tenant/licensee abandoned the property before a money judgement was obtained full payment will be requested but staged payments for a period not exceeding 12 months may be accepted.

- 15.7. Any cases where a former tenant/licensee can be traced will be passed to Legal Services for recovery and enforcement.

16. Confidentiality

- 16.1. All interviews regarding arrears will be carried out in confidence. The details of a customer's rent account will not be made known to people outside of the Council without the written permission of the customer.
- 16.2. When dealing with a phone query, we will not disclose personal information without first confirming the customer's identity.
- 16.3. Where we have identified that a customer is vulnerable and is at risk of eviction, we may contact their relevant support services, as appropriate. This will only be done on a case by case basis, with the approval of a manager and in line with our data protection policy.
- 16.4. We may release information on customers who are at risk of homelessness to local authority homelessness teams as part of our duty of care to prevent homelessness.
- 16.5. We will share information with (DWP) where relevant

17. Credits

- 17.1. Customer Credits If there is a credit balance on a customer's account, the customer must apply for a refund. Where a credit refund has not been requested by a customer within 6 years of termination of the tenancy, we will submit the credit for write back.
- 17.2. The customer will be able to view their rent account balance in their rent statement or they can contact their rent account officer for the up to date balance.

18. Service Charges, Heat and Other Utilities

- 18.1. If you are in licenced accommodation there may also be charges for heating and other utilities included in your rent. The charge for these can be found in your licence agreement

19. Recharges

- 19.1. For all recharges we will follow our rechargeable repairs procedure

20. Equality Act 2010

- 20.1. The Equality Act has been taken into account when writing this policy and this policy complies with the Equality Act 2010

21. Legislation, regulation and guidance

- 21.1. Protection From Eviction Act 1977
- 21.2. Housing Act 1985 (as amended by the Housing Act 1996)
- 21.3. Housing Act 1988 (as amended by the Housing Act 1996)
- 21.4. Housing Act 1996
- 21.5. Homelessness Act 2002.
- 21.6. Deregulation Act 2015

22. Further reading

- 22.1. [Pre-action Protocol for Possession Claims Based by Social Landlords. Civil Procedure Rules. Ministry of Justice. 2015](#)
- 22.2. [DWP Tier One and Tier Two APA Factor Groupings](#)

23. Related internal documents

- 23.1. Housing Allocations Scheme 2017
- 23.2. Rent arrears procedure
- 23.3. Introductory Tenancy Policy
- 23.4. Introductory tenancy procedure
- 23.5. Rechargeable repairs policy (draft)
- 23.6. SLA between Housing and Adult Services
- 23.7. SLA between Housing and Learning disability team
- 23.8. Joint Protocol between Achieving for Children and Community Housing and Landlord Services of the Royal Borough of Kingston
- 23.9. Data protection policy
- 23.10. Corporate Debt policy
- 23.11. Write offs - financial regulations: corporate and Commercial Directorate Scheme of Management.
- 23.12. Residential Leasehold Service Charges

Revision History			
Version	Description of change	Author	Effective Date
1	New Policy following internal rental income audit	Theresa Mayers	Sept 2020
Consultation and Approval			
Name	Title/ Committee	Signature (if required)	Date
	Jenny Metcalfe Head of Finance Operations and Resident Support		
	Richard Goodwin Finance Housing Income & Collection Manager		

Consultation with:	Lorna Brooke Corporate Head of Community Housing Assistant Head of Law, South London Legal Partnership Residents reading panel		
Approved by:	Councillor Emily Davey		22.04.2020
Authorised by:	Housing Board		22.04.2020
Committee approval:	N/A		
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Annex 1 definitions

Definitions

Tenant/Licensee - A tenancy has the legal effect of passing an “interest” in land from the landlord to the tenant. A licence creates no interest in land. The licensor only allows the licensee to use the land, not to exclusively occupy it.

Rent / Charges for accommodation - A payment due to us by the customer, as established in their occupancy agreement.

Arrears - Debts owed to us by the customer when payments have not been made under the terms of the occupancy agreement.

Housing Benefit (HB)- a means-tested benefit to help you pay rent if you are on a low income.

Universal Credit (UC)- a benefit for working age people who are on a low income or out of work which may be claimed instead of certain benefits

Council Tax Reduction (CTR)- support towards paying your Council Tax. If you have a low income, you may be entitled to a reduction on your Council Tax.

Notice of Proceedings for Possession (NOPP) - A formal document telling you that your landlord intends to go to court to evict you and take possession of the property for introductory tenants.

Notice of seeking possession (NOSP) - A formal document telling you that your landlord intends to go to court to evict you and take possession of the property for secure tenants.

Notice to Quit (NTQ) - a notice, required by law, enabling the tenant or landlord to terminate a periodic tenancy, and ultimately gain possession of the property. For all other tenancies.

Demoted tenancy - a type of tenancy created by a court when a demotion order is ordered by the court.

Excluded Licence - In some circumstances persons with a licence are excluded from certain parts of the Protection of Eviction Act 1977 by section 3A.

Discretionary grounds for possession – Grounds for possession we use when serving a notice in which the court can make a discretionary decision to repossess the property from a tenant.

Mandatory grounds for possession – Grounds for possession we use when serving a notice in which the court must make a mandatory decision to repossess the property from the tenant.

Alternative Payment Arrangements (APA) – An arrangement where Universal Credit can be paid in an alternative way to one monthly payment, this may include paying the Universal Credit more often than monthly, splitting it between the claimant and their partner, or paying Universal Credit for your rent directly to the landlord.