

HFI Policy

Income Collection

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1.0 Introduction

- 1.1 It is in the interests of both Homes for Islington (HFI) and all tenants that current and former rent arrears are kept to a minimum. Unpaid rent is a financial cost to HFI that affects its ability to provide high quality services to its tenants.
- 1.2 This policy and the related procedure set out how HFI will monitor, support and manage tenants who fall behind with their rent.
- 1.3 HFI aims to meet the rent arrears performance indicators relating to income collection as outlined in the HFI Business Plan.

2.0 Scope, definitions and related policies

- 2.1 This policy applies to both secure and non-secure LBI tenancies managed by HFI and its agents.
- 2.2 Other HFI policies and procedures linked to this policy are:
 - Rent Arrears
 - Former Tenant Account
 - Service Charge Collection
 - Service Charge Calculation
 - Major Works Collection
- 2.3 Through this policy HFI will contribute to the achievement of wider London Borough of Islington (LBI) strategies to reduce poverty, maximise income and combat worklessness.

3.0 Legal and regulatory framework

- 3.1 In managing rent arrears HFI will comply with the following legislation and related case law:
 - Charging Orders Act 1979

- Limitation Act 1980
- Housing Act 1985 (as amended)
- Rent Arrears Court Protocol, issued by the Civil Justice Council in 2006.

4.0 Equality and Diversity

- 4.1 In implementing this policy and related procedures HFI will have due regard for HFI's Diversity and Equality Strategy.
- 4.2 All customers will be treated fairly and without discrimination regardless of age, disability, ethnic origin, gender, religion or belief or sexuality.
- 4.3 Letters, leaflets and other publicity material will be available in alternative formats e.g. Braille and Large Print and can be translated into community languages or BSL, on demand. Initial stage arrears letters translated into HFI's six community languages are routinely sent by income recovery staff. Home visits are also available to current tenants. This is in line with the HFI [translation and interpretation procedure](#).
- 4.4 All income recovery action will be proportionate and sensitive to the customer's needs, particularly vulnerable customers. Additional advice, support and assistance in relation to managing rent, income and debt is available provided either directly by HFI or by referral to partner agencies.
- 4.5 In developing the rent arrears procedure HFI conducted an Equality Impact Assessment (EIA) of this service. The findings of this EIA have been incorporated into this policy and the related procedure to ensure no group is unfairly disadvantaged in its implementation.

5.0 Health and Safety

- 5.1 Income recovery staff may be required to visit a tenant in their home to discuss rent arrears. In line with the [lone worker procedure](#), the officer will make an assessment of the risks associated with any proposed home visit and take appropriate action to minimise the risk.

6.0 Responsibility

- 6.1 Income recovery teams and the former tenancy accounts team have responsibility for the implementation of this policy and the related procedures.
- 6.2 Income recovery staff work closely with their colleagues in the tenancy management, housing support, income control and court teams at various stages of the rent arrears and former tenant accounts procedures, dependent on the circumstances of the tenant.

7.0 Policy

- 7.1 HFI recognises the significant pressures that the burden of debt has on individuals and aims to help tenants avoid getting into unsustainable levels of debt.

8.0 Current rent

- 8.1 All new HFI tenants have a pre-tenancy interview with an income recovery officer when payment of rent is discussed, an initial assessment of any income maximisation opportunities is made and information on any potential vulnerabilities the tenant may have which may affect their ability to maintain rent payments is recorded. This ensures the prospective tenant can afford the rent of the property and has thought about how they will pay the rent thereby reducing the risk of rent arrears accruing at the start of the tenancy.
- 8.2 Vulnerable tenants, for example, those with mental health problems, learning difficulties, dependency issues or care leavers are at particular risk of falling into arrears and as a result losing their home. HFI recognises the importance of identifying vulnerable tenants, where possible at the start of the tenancy. HFI can offer vulnerable tenants the support and assistance of its own Housing Support Team and will work closely with partner agencies, e.g. the community health service, social services or the leaving care team to enable vulnerable tenants to successfully maintain their tenancy.
- 8.3 New rent accounts are set up and payment cards are issued prior to tenancies commencing. This helps to ensure new tenants do not fall into arrears at the start of their tenancy.
- 8.4 Current rent is due in advance as a condition of the tenancy agreement. Any current tenant not paying their rent in advance is deemed to be in rent arrears and is subject to the rent arrears procedure.
- 8.5 In order to minimise the risk to any tenant falling into rent arrears HFI provides a number of flexible rent payment options for tenants to use. These are:
 - Cash payments through the Post Office and Paypoints
 - Direct Debit
 - Standing Order
 - Internet payment through the HFI website
 - 24 hour telephone payment service
- 8.6 Homes for Islington encourages tenants to pay by Direct Debit, where possible and appropriate for their circumstances, because this is the most cost effective method of rent collection. A modest incentive is offered to customers setting up a new Direct Debit.
- 8.7 HFI routinely updates all current tenants on the status of their rent account. All current tenants receive quarterly rent statements.
- 8.8 Where a tenant falls behind with their rent HFI will attempt to make contact with the tenant at the earliest possible opportunity. This is done using a range of methods, including letters, telephone calls and homes visits. The use of new communications technology, for example, email and text message is also being used.

- 8.9 HFI continually reassesses the written correspondence sent to tenant about their rent to ensure it is as customer friendly and easy to understand.
- 8.10 HFI does not let parking facilities to any tenant in arrears and will cancel any existing licence if a tenant falls into arrears. This is to ensure tenants do not accrue unmanageable debts and acts an incentive to paying rent on time.
- 8.11 Regular reports are generated in place that enable income recovery staff to identify HB claims that have closed. HFI income recovery staff use this information to contact the affected tenant to confirm the change in their circumstances.
- 8.12 There are a number of other rights that can be affected when a tenant has arrears including the right to transfer and the right to buy. Income recovery staff ensure all tenants in arrears are informed of the full consequences of owing rent.
- 8.13 HFI considers court action and eviction as a last resort and will seek alternative solutions to recover money owed, wherever possible. Where HFI has no alternative but to take court action it will seek to recover its legal costs from the tenant.

9.0 Advice and support

- 9.1 HFI works closely with partner agencies to provide additional specialist advice and support services covering income maximisation, welfare benefits, legal and housing support. Partner agencies include:
- Housing Benefit department
 - Housing Support Team
 - Welfare Rights Unit
 - Independent Advice Project
 - Christian Housing Advice Service (CHAS)
 - Capitalise (CAB)
- 9.2 Income recovery staff will advise both current and former tenants in arrears of the services available and make referrals to one or more of these agencies, as appropriate.

10.0 Former tenant arrears

- 10.1 HFI will take reasonable and cost effective steps to recovery money owed by former tenants.
- 10.2 HFI takes proactive steps when informed that a tenant is terminating their tenancy to contact the tenant and make arrangements for the collection of any outstanding debts.

- 10.3 HFI will use former tenant tracing services and debt collection agencies to recovery former tenant debt as appropriate and where the use of these services provides value for money.
- 10.4 HFI will use garnishee orders and attachment of earnings to recover former tenant debt.
- 10.5 The need to write off or set-aside unrecoverable debts will be kept to a minimum.

11.0 Homeowner charges

- 11.1 HFI sends regular service charge bills to homeowners detailing their contribution required to cover the cost of communal services provided to their property.
- 11.2 The service charge bill breaks the charge down into “heads of charge” showing the cost for each of the communal services provided to the homeowner.
- 11.3 A more detailed breakdown of charges can be provided to homeowners on request.
- 11.4 Homeowners receiving a major works bill are given a number of different incentives and options for payment. These are:
- 2.5% discount for payment in full within 12 weeks of receiving the estimate.
 - Opportunity to pay by monthly instalments over a two year period.
 - Owner-occupiers can pay by monthly instalments over five, seven or ten years, with interest being charged on the amount outstanding after three years.
- 11.5 Homeowners can pay their service or major works charges by:
- Direct Debit
 - Telephone
 - Online
 - Paypoint
 - Standing Order
 - Cheque

12.0 Additional assistance to homeowners

- 12.1 HFI can consider additional options for homeowners with a vulnerability or very low income to help them cover the cost of their major works bills. These are:
- Homeowners over the age of 60 or households with a disabled person can access loans through the House proud scheme.
 - HFI can consider placing a charge on the property, buying back the property or applying a hardship cap.

12.2 If a homeowner is having difficulty paying their service or major works charges a referral can be made to CHAS for budgeting, debt and income maximisation advice and assistance.

13.0 Other charges

13.1 Other types of charge including parking and rechargeable repairs are held in separate accounts.

14.0 Staff training

14.1 All income recovery staff employed by HFI are subject to regular training in relation to the effective collection of rent and recovery of rent arrears.

14.2 All Income recovery staff will complete an accreditation programme.

14.3 HFI continually reassesses the training and development needs of income recovery and leasehold management staff and where additional specific training courses are required these will be sourced and delivered in the most cost effective way.

15.0 Value for money

15.1 In 2008 a number of efficiency savings were achieved. The included:

- The income recovery service provided by HFI was subject to a service efficiency review. As a result of this review £64,000 of efficiency saving were identified and implemented.
- A number of legal services staff moved from LBI to HFI's Home Ownership Unit. This contributed to an overall saving to HFI on legal expenses of £435,000.

15.2 The number of payment options available to tenants has been increased with the objective of providing more flexibility for customers and also reducing the transaction costs of rent payments made. HFI will continue to consider the introduction of new and more cost effective payment options.

15.3 HFI competitively tenders the welfare advice and debt collection agency contracts.

15.4 HFI works in partnership with the Welfare Advice Unit and Capitalise (CAB) both of which provide advice services which benefit HFI tenants at no significant cost to HFI.

16.0 Partnership working

16.1 Homes for Islington works closely with the local county court service, housing benefit and council tax departments. Regular liaison meetings are held between HFI income recovery staff and representatives from these partners to share best practice information and resolve problems.

16.2 The former tenant account team chair a benchmarking club for similar services within other landlords.

17.0 Performance and monitoring

17.1 HFI routinely monitors the performance of its income recovery collection service. Targets set and performance achieved against these performance indicators is published in the HFI business plan.