



TAI CANOLBARTH CYMRU MID-WALES HOUSING

Yn barod **amdani** **Equal** to the challenge

Income Collection and Recovery Policy

Strategic Aim:	To ensure the Association's income from rent, service charge and sundry debt is maximised by an efficient income collection service including prevention and recovery of rent and service charge debt.
Date of Issue:	January 2017
Next Review Date:	January 2020
Departments Affected:	Income Management Team, Community Housing Team, Finance Team, Customer Services Team
Approved By/Date:	Board of Management January 2017
Lead Officer:	Income Management Team Leader
Statutory Compliance:	<ul style="list-style-type: none"> • Regulatory Framework for Housing Associations registered in Wales under Part 1 of the Housing Act 1996 • The landlord and Tenant Act 1985 (as amended, most recently with the Housing and Regeneration Act 2008) • Housing Act 1988 as amended by the Housing Act 1996

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INCOME COLLECTION AND RECOVERY POLICY

1. Policy Statement

The Association's main source of income is the rents it collects from its tenants.

To provide financial stability it is essential that this income is maximised.

The Association also receives approximately £250,000 of service charge income a year. This income is to pay for the various services provided by the Association to tenants, leaseholders and shared-owners.

The Association will seek to recover the cost of a repair from the tenant (including past tenant) where the responsibility for the repair is clearly that of the tenant. The Association will seek to recover court costs where they are awarded by the court. Routine reactive maintenance repairs caused by fair wear and tear are the responsibility of the Association.

"The Association's policy is to pursue rent arrears by following procedures approved at the time (with some practical discretion)".

2. The Aims of this Policy

The aims of this Policy are to ensure that the Association:

- maximises income from rent and service charges by the administration of an efficient rent collection service;
- complies with the Welsh Government Regulatory Framework for Housing Associations registered in Wales, in keeping overdue rent and service charges to a minimum and to ensure 'we manage our homes effectively';
- offers welfare benefit advice to those tenants who need or request this service from our Welfare Benefit Advisors and has an effective signposting service to relevant agencies to assist those tenants who require advice on managing their money and maximising income;
- complies with the requirements of the Landlord and Tenant Act 1985, as amended, most recently, by the Housing and Regeneration Act 2008 and will comply with the Renting Homes (Wales) Act;
- maximises income from rechargeable repairs;
- maintains the financial viability of the Association;
- ensures that rents and charges are affordable and sustainable for new tenants;
- will abide by the Ministry of Justice Pre-Action Protocol.

3. The Objectives of this Policy

The objectives of this Policy are to ensure that:

- the Association's tenants are aware of their obligations and rights;
- assistance is given to tenants to claim the welfare benefits they are entitled to;

- The Association demonstrates best practice and strives towards continuous improvement in its collection of rents, service charges and other charges.

4. Payment of Rent, Service Charges, and Rechargeable Repairs

All tenants have a responsibility to ensure their rent and service charge is paid to the Association by the due date. Rent is due on the Monday of each week (in the case of weekly tenancies) or on the first day of each month (in the case of monthly tenancies) in accordance with the terms of the Occupancy Agreement. For leaseholders, service charges are raised annually.

i) New Tenants

All prospective new tenants will have to satisfy the following before the tenancy can commence:

- Pay a minimum of one week's rent;
- Hold a bank account;
- Completed an Income & Expenditure assessment;
- Provide a National Insurance number.
- Applicants will need to demonstrate that they have the resources to pay the rent.

ii) Current Tenants

Existing tenants will be expected to pay the rent at the start of the tenancy period and encouraged to pay by Direct Debit.

Tenants with rent arrears on a Starter Tenancy may be given a further period on a Starter Tenancy at the annual review stage in order to be given an opportunity to maintain a clear rent account. Should they still be in rent arrears at the second review the tenancy is likely to be terminated.

iii) Service Charges

A service charge is collectable within the gross rent for services that the Association provides. Details of the services provided and the calculation of the charge will be given to tenants at the commencement of their tenancies and also at each annual rent review. Leaseholders will make payments through service charges. Where separate contractual agreements are agreed in relation to a scheme, these will take precedence.

iv) Rechargeable Repairs

The Association has a range of standard charges for rechargeable repairs. In the case of non-contractual repairs, the tenant will be told the cost in advance and will need to pay the cost of the repair/improvement prior to commencement of the work, except in exceptional circumstances.

In the case of repair works for properties at the void stage, the outgoing tenant will be given the opportunity to remedy the “re-chargeable” work where possible.

Where a tenant has terminated the tenancy or abandoned the property with repairs and/or re-decoration outstanding (which are the former tenant’s responsibility), the Association will undertake the required works to meet the re-let standard and recharge the former tenant.

Comprehensive records including photographs will be taken for future reference.

Former tenants re-applying for housing will be expected to reach an agreement to repay any outstanding recharge and make payments for six months prior to being offered a further tenancy.

v) Methods of Payment

The Association will ensure that a variety of payment methods are available for tenants (and former tenants) to enable them to pay their rent, service charge and recharge in a manner which suits their circumstances.

vi) Welfare Benefit

Rent recovery action will always be taken by the Association in the event of delays in payment.

5. Rent Statements

An up-to-date rent statement is made available to a tenant at any time upon request.

Rent accounts are available for tenants to access at any time through the Tenants’ Portal on Mid-Wales Housing Association website.

All service charge payers receive an annual service charge statement. This is normally issued in September each year.

6. Period of Notice to Terminate a Tenancy

In accordance with the tenancy agreement, one calendar month’s notice is required to terminate a tenancy. Rent and service charges are charged up until the date on which the keys to the property are returned to the Association or the date of termination, whichever is the later.

In exceptional circumstances (e.g. where a tenant has to leave their home in an emergency), the Association may agree to charge less than one calendar month’s rent should it be able to re-let the property within the notice period and with the outgoing tenant’s consent.

There is no adjustment in charge to reflect the date the leaseholder or shared-owner may sell the property. Any adjustment in service charge is a matter for the buyer and seller of the property and any adjustment made as part of the property transaction, and therefore, this does not involve the Association.

7. Deceased Tenants

Rent and service charges are charged up to the date on which keys to the property are returned to the Association by relatives or friends of the deceased tenant even if this is less than one calendar month. This will be charged to the deceased estate only. The Association reserves the right to charge a month's rent in lieu of notice following the death of the tenant and/or seek any outstanding rent from the deceased's estate. The Association will operate in accordance with its four values of Caring, Community, Equality, Excellence when engaging with bereaved families and operate in a sensitive manner.

8. Unoccupied Property

If a property is unoccupied for a period of time, up to a maximum of six months due to hospitalisation or imprisonment, the following will apply:

- i) Providing rent and service charges are paid (whether or not through welfare benefit) the tenant will be allowed to retain the tenancy;
- ii) If rent and service charges are not paid, the tenant will be asked to terminate the tenancy. If this proves unsuccessful, a "Notice of Seeking Possession" will be served.

Rent and service charges will be due up until the date on which the keys to the property are returned to the Association or the property is re-possessed whichever is the later. The situation will be reviewed by officers should a property be unoccupied for more than six months.

9. Collection of Unpaid Rent, Service Charge and Rechargeable Repairs

Unpaid rent, service charges and rechargeable repairs will be monitored within agreed procedures.

All effort is made to discuss outstanding rent and service charges with the individual tenant. If rent and service charges remain unpaid, the Association will follow its procedures in this regard.

The Association will use a variety of methods to contact tenants and former tenants with debt, including letters, telephone calls, emails and text messages. The Welfare Benefit Advisors will deliver Notices of Seeking Possession and will offer assistance to maximise incomes and clear debts.

10. Court Action and Eviction

Court applications for possession and warrants for eviction are only applied for as a last resort. The Director of Customer Services or Income Management Team

Leader authorises the Notices of Seeking Possession, court applications and eviction of a tenant in relation to non-payment of rent and service charges.

11. Definition of a Rechargeable Repair and Right to Carry Out Work

A rechargeable repair occurs when any damage caused or expenses incurred as a result of deliberate or negligent damage by tenants and/or their visitors and will be recharged to the tenant.

The Association will recharge for reactive maintenance:

- when there is wilful damage or negligence by the tenant or his/her visitors or family;
- when there are unsatisfactory home alterations;
- when tenants' appliances cause electrical faults;
- for call-outs for emergency repairs that were not essential;
- at its discretion, for works specified as the tenant's responsibility in the Tenants' Handbook, by mutual agreement with that tenant.

Tenants will be given the opportunity of arranging for the work to be undertaken at their own expense. Where this is not possible/practicable then the Association will undertake the repair and arrange for the cost to be recharged to the tenant.

All works arranged directly by the tenant are required to be undertaken in a professional manner and where necessary will be inspected by the Association once they are completed.

Key Performance Areas:

1. The Director of Customer Services will oversee the management and control of the collection of rental, service charge and recharge income.
2. The Director of Customer Services will oversee that the Association's rent is maximised by the prompt and proper letting of vacant properties.
3. The Income Management Team Leader will report within the Covalent reporting system to the Board of Management on:
 - gross percentage of rent outstanding compared with the actual rent due; and
 - sundry debt outstanding;
 - former tenant debt outstanding;
 - leaseholder and owner-occupier debt outstanding.

Any issues arising are also discussed at the weekly and monthly Performance Management Team meetings.

Strategic Risk Factors		
Equality Impact Audit	How does/will this policy ensures needs is met fairly, particularly with regard to race, gender, disability etc.?	This policy has been reviewed and amended by the Equality Review Group.
	Is it felt that this Policy might affect different groups adversely. If so what is the justification for this, and is it legally permissible?	The emphasis by courts on proportionality with regard to action against tenancies helps to ensure that if there are any protected characteristics present then it will be taken into account.
	Have any representative groups in the locality been asked for their opinion and if so what was the outcome?	This policy has been taken to the Tenants' and Residents' Forum in October 2013 it will be taken to the meeting in October 2016.
Tenant Engagement	How does/will this policy ensure the needs of tenants are met?	By ensuring that a fair policy is implemented it will ensure that the Association is financially viable and respects the legal position of tenants.
	How is it felt this Policy will impact on the rights and obligations of tenants?	Income collection is a contractual relationship between the Association and its tenants. The proposals above are within the terms of the tenancy agreement.
	Have tenants been consulted and were the outcomes of that consultation taken into account when considering the introduction of this Policy?	Yes, the Tenants' and Residents' Forum as well as the 50+ group have been consulted and their views taken into account.