



**STROUD  
DISTRICT  
COUNCIL**  
[www.stroud.gov.uk](http://www.stroud.gov.uk)

---

# Income Collection and Recovery Policy

---

June, 2018

---

Tenant Services

---

## **CONTENTS**

- 1. POLICY CONTEXT**
- 2. CURRENT TENANT RENT DEBT**
- 3. SHARED OWNERSHIP LEASEHOLD RENT DEBT**
- 4. LEASEHOLD SERVICE CHARGES**
- 5. CHARGEABLE REPAIRS**
- 6. FORMER OCCUPIER DEBT**
- 7. GARAGE RENT DEBT**
- 8. WRITING OFF DEBT**
- 9. EQUALITY**

## 1. POLICY CONTEXT

### Introduction

- 1.1 The Council aims to keep rent debt and other housing related debts at the lowest possible level, in order to maximise income to the Housing Revenue Account (HRA) and to demonstrate good financial management.
- 1.2 This policy will attempt to ensure that the Council offers relevant support and advice to tenants, licensees and leaseholders helping them to understand their responsibilities.
- 1.3 The policy acknowledges the existing and proposed changes of the Welfare Reform Act and the Housing and Planning Act stating how the Council will attempt, where it is possible and practical to do so, to proactively work with customers and partner agencies to sustain tenancies and minimise debt.
- 1.4 The policy states where a need for legal action may be considered and in what circumstances an eviction or other remedy may be considered or sanctioned.

### Key Principles of the Income Collection and Recovery Policy

2. The key principles of the Income Collection and Recovery Policy are:
  - To keep rent (current and former) and service charge debt at the lowest possible levels in order to maximise income to the HRA
  - To keep the amount of income outstanding from rechargeable repairs at as low a level as possible, in order to maximise income to the HRA
  - To place emphasis on effective prevention and firm fair action to tackle rent and service charge debt, in order to minimise debts and to sustain tenancies
  - To ensure appropriate options for escalation exist where prevention has been unsuccessful and to make use of the full range of enforcement powers available for debt recovery
  - To take action for repossession where it is proportionate to do so
  - To keep tenants, shared-ownership leaseholders and leaseholders informed about benefits and other financial help which may be available to them, and to maximise the take-up of benefits
  - To work in partnership with Revenues and Benefits and the DWP to ensure effective liaison and efficient administration and with Housing Advice to implement available prevention measures

- To take every opportunity, where it is possible or practical to do so, to support and assist tenants, shared-ownership leaseholders, licensees, and leaseholders to manage their accounts effectively to minimise the chances of debt occurring and the need to take formal action for recovery.
- To comply with all statutory and regulatory requirements regarding debt recovery.
- To treat tenants, shared-ownership leaseholders and leaseholders in a fair and non-discriminatory way, in accordance with the Council's Equalities Policy.

#### **Relevant legislation and regulatory compliance**

3. The Council will ensure that it recovers income and service charge debt in accordance with relevant policy and legislation.

## 2. CURRENT TENANT RENT DEBT

### Actions

- 2.1 We will provide accessible information about the importance of paying rent via leaflets, newsletters and on the website. Particular efforts will be attempted where possible to help those with specific needs (for example, those who lack basic skills in literacy or numeracy, or those who do not have English as their first language).
- 2.2 We will aim to carry regular articles in our tenants' newsletters on benefit advice and support available to those tenants who fall into rent debt. We will also where appropriate use other publicity campaigns including social media to give advice and information to our tenants.
- 2.3 With each offer of tenancy, we will:-
- Contact the prospective tenant and complete an Income Management and Vulnerability Assessment which is designed to identify any vulnerabilities or disabilities at the earliest opportunity
  - If required, directly refer or signpost the prospective tenant to any support agencies to assist with tenancy sustainment
  - Identify any financial incapacities and ensure a housing benefit or universal credit claim will be made at the sign-up stage
  - Offer advice and assistance as appropriate on applying for housing benefit or Universal Credit
  - Advice on where to obtain independent help with claiming welfare benefits or with debt counselling.
  - Explain the need for a rent payment in advance
  - Offer advice on our current tenant rent debt recovery policy and procedure
- 2.4 At the "sign up" we will:
- Offer advice to the tenant on their obligations for paying the rent and the consequences of not paying regularly
  - Offer advice on methods available for paying their rent
  - Confirm the method of payment to be used by the tenant for rent payment
  - Expect a rent in advance payment to be made
  - Sign-post the tenant to Housing Benefit or Universal Credit as appropriate
  - Identify and record the tenant's preferred method of contact
  - Provide the tenant with their Income Management Officer's contact details
- 2.5 At the "sign up" we may also:
- Identify the need for direct payments and arrange to have their rent paid directly to us as the landlord
  - Explain the dates for rent collection if paying via direct debit
  - Explain that joint tenants are legally jointly and severally liable for any debts.
  - Confirm a series of new tenant visits to check, amongst other things, that rent payments are being made and any benefit claims have been successfully processed

- Request consent for the use of personal information such as telephone numbers and email addresses relating to their tenancy in line with GDPR.
- 2.6 We will make a wide range of payment methods available including (but not exclusively):
- direct debit
  - standing order
  - payment card at external payment points
  - direct payment of housing benefit/universal credit
  - telephone banking
  - on line payments
  - payment in cash or debit card via the automated payment system at Council office in Ebley Mill.
- 2.7 Where tenants raise the issue of financial hardship, we will use a variety of support mechanisms, including:
- Signposting to a debt management agency
- 2.8 A rent statement will be issued to tenants who are in debt as part of our escalation policy.
- 2.9 We will encourage tenants to register for Tenants Online so they have instant access to their rent account details allowing them to check payments received and account balances.
- 2.10 We will attempt to act promptly in contacting tenants who have rent debt. We will try to contact such tenants by letter, e-mail, telephone, text, office interview or home visits (planned or unannounced). Income Management Officers will endeavour to discuss rent debt with the tenant prior to instigating any legal proceedings. Home visits will always be offered for more vulnerable tenants or where it has not been possible to make contact by other means.
- 2.11 Where rent debt cannot be cleared in full with a single payment, we may agree affordable repayment arrangements with our tenants, based on the completion of an Income Management and Vulnerability Assessment, where we deem it reasonable to do so.
- 2.12 We will attempt to liaise with Revenues and Benefits (Housing Benefit) and the DWP (Universal Credit) to ensure that tenants are aware of their benefit entitlement and how to make enquiries.
- 2.13 Where appropriate, we will aim to provide a co-ordinated phase of support to enable tenants to make the transition from benefits into employment without suffering any financial hardship by signposting or directly referring them to a debt management or floating support agency.

### **Non – Legal Remedies sought**

- 3.1 We will use an escalation process based on a combination of time and monies owed, when taking action against tenants for non payment of rent.
- 3.2 The escalation process may, in exceptional circumstances, be shortened to limit the impact on the Council's resources and to reduce the possibility of higher levels of debt.
- 3.3 We may accept direct deductions from benefit as a repayment arrangement where appropriate.
- 3.4 We will not consider possession action against tenants where repayment agreements have been made and adhered to.
- 3.5 We may seek voluntary contributions from tenants, who are subject to a debt relief order.
- 3.6 Any current rent debt will be disclosed to other social housing providers as part of Homeseeker Plus policy, as appropriate.

### **Legal Remedies sought**

- 4.1 We believe that applying to the Court to seek possession of a tenant's home should be considered as a measure of last resort where all other reasonable efforts to recover debt have failed.
- 4.2 We will always inform tenants if possible, in writing and verbally, when legal action has been decided upon to try and ensure they are fully aware of the implications.
- 4.3 We will normally only seek an order for possession when we are satisfied that any outstanding Housing Benefit or Universal Credit issues have been resolved.
- 4.4 Tenants will be encouraged to attend any legal proceedings where they are the Defendant and we will always advise that they seek independent legal advice.
- 4.5 We will always request that any Court costs incurred for any legal proceedings are awarded to us as the Claimant
- 4.6 We will generally seek a money judgement order with every application for possession.
- 4.7 Where a tenant breaches the terms of a suspended possession order, we may consider applying to Court to seek a fixed possession date.
- 4.8 Any tenant subject to a Court order will normally be offered our continuing support in managing their finances from our signposting service.
- 4.9 When we return to Court to seek a warrant for the eviction of a tenant we will, where appropriate:

- Inform the Housing Advice team who will offer support to the tenant to try and ensure all avenues have been explored in their aim of preventing homelessness
- Liaise with Gloucestershire County Council's Community Adult Services Helpdesk where we believe there is a vulnerable adult living in the household
- Liaise with Gloucestershire County Council's Children's Social Care Referral and Assessment Team where we are aware that there are children residing in the home
- Inform the relevant councillor if an eviction has been scheduled
- Visit the tenant five working days prior to the eviction to confirm their intentions

4.10 All legal proceedings should normally be authorised by the Principal Income Officer or in their absence the Tenancy Operations Manager or Head of Service.

4.11 We will only consider a Court order to be satisfied when the rent debts, including any Court costs, have been repaid in full.

### 3. SHARED OWNERSHIP LEASEHOLDER RENT DEBT

#### Actions

- 1.1 We will collect Shared Ownership leaseholder rent over 12 months, payable on the first of the month, commencing on the 1<sup>st</sup> April in every financial year, in accordance with the terms of their Lease.
- 1.2 We will act promptly in contacting leaseholders who have a debt. We will contact leaseholders by letter, e-mail, telephone, and text. Home visits will be made for more vulnerable leaseholders (if necessary) or where it has not been possible to make contact by other means.
- 1.3 We will attempt to liaise with Revenues and Benefits (Housing Benefit) and the DWP (Universal Credit) to ensure that Shared Ownership leaseholders are aware of their benefit entitlement and how to make enquiries.
- 1.4 Non-payment of rent debt will be pursued as a breach of their lease. We will consider a sustainable payment agreement to repay any rent debt over a fixed period of time, based on the completion of an Income Management and Vulnerability Assessment, where we deem it reasonable to do so, prior to considering capitalisation of rent debt on to the mortgage balance,

#### Non-Legal Remedies sought

- 2.1 Where a Shared Ownership leaseholder has failed to make payment, thereby breaching the terms of their Lease and they have a mortgage, we will contact the mortgagee advising them of the non-payment of rent and request that they consider the issue as there could also be mortgage arrears to be considered.
- 2.2 We will always attempt to inform the Shared Ownership leaseholder, in writing, that this information has been disclosed
- 2.3 Any Shared Ownership leaseholder debts will be disclosed to other social housing providers as part of Homeseeker Plus policy, as appropriate.

#### Legal Remedies sought

- 3.1 We will always attempt to inform the Shared Ownership leaseholder, in writing, when legal action has been decided upon to ensure they are fully aware of the implications.
- 3.2 Where the Shared Ownership leaseholder no longer has a mortgage, or where the mortgagee refuses to capitalise the debt, we will initiate action in the County Court to recover the debt, via a Money Judgement or Court order. Any action taken will incur Court fees plus interest.
- 3.3 Shared Ownership Leaseholders will be encouraged to attend any legal proceedings where they are the Defendant and we will always advise that they seek independent legal advice.

3.4 We will always request that any Court costs incurred for any legal proceedings are awarded to us as the Claimant

3.5 If payment still remains outstanding following the Court's determination, one of the following enforcement measures may then be used:-

- Application to Court to Obtain Information
- Attachment of Earnings Order
- Charging Order
- Bankruptcy proceedings

We may also seek to recover the debt via repossession of the property and this could include forfeiture.

3.6 On initiating legal proceedings we will inform the Housing Advice team. They will offer additional support to the Shared Ownership leaseholder to ensure all avenues have been explored in their aim of preventing homelessness.

## 4. LEASEHOLD SERVICE CHARGES

### Actions

- 1.1 The Right to Buy team will provide leaseholders with a service charge invoice (in arrears) on an annual or six monthly basis, depending on the terms of the lease. The information will include details of how charges have been calculated.
- 1.2 The leaseholder will be given the opportunity to dispute the service charge if necessary. The dispute will be reviewed by the Right to Buy team and the leaseholder advised of the outcome.
- 1.3 Leaseholders will pay service charge invoices within 28 days, in accordance with the terms of their Lease.
- 1.4 We will make the following methods of payment available to leaseholders:
  - Direct Debit
  - Automated telephone payment by debit or credit card
  - On line
- 1.5 Non-payment of service charges will be pursued as a breach of their lease if not paid in full within 28 days. We aim to prevent leaseholders from accruing serious debts and in doing so will explore any legal remedies available.
- 1.6 We will act promptly in contacting leaseholders who have a debt. We will contact leaseholders by letter, e-mail, telephone, and text. Home visits will be made for more vulnerable leaseholders (if necessary) or where it has not been possible to make contact by other means.
- 1.7 Where the debt relates to planned major works, and it cannot be cleared in full with a single payment, we may consider agreeing a affordable interest-free payment arrangement over a fixed period of time (not exceeding 48 months), based on the completion of an Income Expenditure form.
- 1.8 Interest-free payment arrangements would only be available to a leaseholder occupying the property as their only or principal home.
- 1.9 Interest-free payment arrangements would not apply to the service charge element of any invoice.

### Non-Legal Remedies sought

- 2.1 Where a leaseholder has failed to make payment, thereby breaching the terms of their Lease and they have a mortgage, we will contact the mortgagee advising them of the non-payment of service charges and request that they consider the issue.
- 2.2 We will always attempt to inform the leaseholder, in writing, that this information has been disclosed

### Legal Remedies sought

- 3.1 We will always attempt to inform the leaseholder, in writing, when legal action has been decided upon to ensure they are fully aware of the implications.
- 3.2 Where the leaseholder is the outright owner of the property, or where the mortgagee refuses to capitalise the debt, we will initiate action in the County Court to recover the debt, via a Money Judgement or Court order. Any action taken will incur court fees plus interest.
- 3.3 If payment still remains outstanding following the Court's determination, one of the following enforcement measures may then be used:-
  - Application to Court to Obtain Information
  - Attachment of Earnings Order
  - Charging Order
  - Bankruptcy proceedings

We may also seek to recover the debt via repossession of the property and this will include forfeiture.

- 3.4 On initiating legal proceedings we will inform the Housing Advice team. They will offer additional support to the leaseholder to ensure all avenues have been explored in their aim of preventing homelessness.

## 5. CHARGEABLE REPAIRS

### Actions

- 1.1 Payment will be required in full before any repairs work, which is rechargeable, is carried out.
- 1.2 Where an occupier incurs an out-of-hours rechargeable repair we will send them an invoice for the outstanding amount.
- 1.3 The occupier will be given the opportunity to dispute the invoice if necessary. The dispute will be reviewed by the Maintenance and Voids team and the occupier advised of the outcome within 10 working days.
- 1.4 We will attempt to act promptly in contacting occupiers who owe monies for out-of-hours rechargeable repairs, following the dispatch of the invoice. We will contact occupiers by letter, e-mail, text and telephone. Home visits will be attempted for more vulnerable occupiers (if necessary).
- 1.5 Where rent debt cannot be cleared in full with a single payment, we may agree affordable repayment arrangements with our tenants, based on the completion of an Income Expenditure form, where we deem it reasonable to do so.
- 1.6 We will make a wide range of payment methods available to our occupiers, including:
  - Direct debit
  - Standing order
  - Telephone banking
  - On line payments
  - By cash or debit card at our Ebley Mill office

### Non- Legal Remedies Sought

- 2.1 We will use an escalation process based on a combination of time and monies owed, when taking action against tenants for non payment of any outstanding debt.
- 2.2 We may accept direct deductions from benefit as a repayment arrangement where appropriate.
- 2.3 We will not consider possession action against tenants where repayment agreements have been made and adhered to.
- 2.4 Any outstanding chargeable repair debt will be disclosed to other social housing providers as part of the Homeseeker Plus policy, where appropriate.

### Legal Remedies Sought

- 3.1 We will always attempt to inform the occupier, in writing, when legal action has been decided upon to ensure they are fully aware of the implications.
- 3.2 Where an occupier fails to pay the sum outstanding for a rechargeable repair, we will consider initiating action in the County Court to recover the debt, via a Money Judgement or Court order. Any action taken will incur court fees plus interest.
- 3.3 Where the Court makes a judgement in our favour, we will take appropriate action to enforce the judgement.
- 3.4 If payment still remains outstanding following the Court's determination, one of the following enforcement measures may then be used:-
  - Application to Court to Obtain Information
  - Attachment of Earnings Order
  - Charging Order
  - Bankruptcy proceedings

## 6. FORMER OCCUPIER DEBT

### Actions

- 1.1 We will attempt to obtain the new address of all former occupiers (including former tenants and leaseholders), who have left the property owing us an outstanding debt (rent debt, service charge debt, court costs, occupancy charges and rechargeable repairs).
- 1.2 We will send them an invoice for the sum outstanding (service charge debt, occupancy charges and rechargeable repairs).
- 1.3 We will send a letter to the former occupier, should they not respond to the invoice.
- 1.4 Where a former occupier makes contact with us in relation to a debt, we will provide them with information about how the debt accrued and make arrangements for them to repay the debt.
- 1.5 Where the debt relates to a former occupier who has died, we will contact their next of kin or the executor of the estate to establish whether the former occupier's estate had sufficient funds to cover the debt. Where there are sufficient funds to repay the debt, we will seek to arrange with the executor of the former occupier's estate repayment of the debt from the estate. If there are insufficient funds in the Estate and this has been verified in writing by the next of kin or executor, the debt will be written off.

### Non- Legal Remedies Sought

- 2.1 We will use an escalation process based on a combination of time and monies owed, when taking action against tenants for non payment of any outstanding debt.
- 2.2 The escalation process may, in exceptional circumstances, be shortened to limit the impact on the Council's resources and to reduce the possibility of higher levels of debt.
- 2.2 We may accept direct deductions from benefit as a repayment arrangement where appropriate.
- 2.3 We will not consider possession action against tenants where repayment agreements have been made and adhered to.
- 2.4 Any former occupier debt will be disclosed to other social housing providers as part of Homeseeker Plus policy, where appropriate.

### Legal Remedies Sought

- 3.1 We will always attempt to inform the occupier, in writing, when legal action has been decided upon to ensure they are fully aware of the implications.

- 3.2 Where a former occupier owes a debt in excess of a sum which is to be agreed annually and has failed to make arrangements to repay the debt, or has failed to comply with the terms of a repayment agreement, we will seek a legal remedy. Any action taken will incur Court fees plus interest.
- 3.3 If payment still remains outstanding following the Court's determination, one of the following enforcement measures may then be used:-
- Application to Court to Obtain Information
  - Attachment of Earnings Order
  - Charging Order
  - Bankruptcy proceedings
- 3.4 Where a Court has granted a money judgement order, we will normally seek to enforce it.

## 7. GARAGE RENT DEBT

### Actions

- 1.1 We will provide accessible information about the importance of paying rent in our tenant's handbook, leaflets, newsletters and on the website. Particular efforts will be made to help those with specific needs (for example, those who lack basic skills in literacy or numeracy, or those who do not have English as their first language).
- 1.2 We will make the following payment method available:
  - Direct debit
- 1.5 Where garage tenants raise the issue of not being able to pay via Direct Debit, alternative payment methods may be considered.
- 1.6 We will review garage rent debt on a weekly basis as part of the standard escalation process.
- 1.7 Upon request, we will send a rent statement showing any debt since the date it accrued.
- 1.8 Where debt cannot be cleared in full with a single payment, garage tenants will be expected to supply us with information in relation to their financial circumstances by completing an Income and Expenditure form in order to agree affordable repayment arrangements that are reasonable to us.

### Non-Legal Remedies Sought

- 2.1 We will use an escalation process based on a combination of time and monies owed, when taking action against a garage tenant for non-payment of rent. This could result in possession of the garage.
- 2.2 In the case of repeat debtors the escalation process may be shortened to limit the impact on the Council's resources and to reduce the possibility of higher levels of debt for the tenant.
- 2.3 We will not take legal proceedings against tenants in relation to any monies specifically identified in a bankruptcy or debt relief order.
- 2.7 We will oppose any debt relief order where we believe it is inappropriate to incorporate garage rent debt into the order.
- 2.8 Any garage debt will be disclosed to other social housing providers as part of Homeseeker Plus policy, where appropriate.

### Legal Remedies Sought

- 3.1 We will always attempt to inform the garage tenant, in writing, when legal action has been decided upon to ensure they are fully aware of the implications.

- 3.2 Where a garage tenant owes a debt and has failed to make arrangements to repay it, or has failed to comply with the terms of a repayment agreement, we will seek a legal remedy. Any action taken will incur Court fees plus interest.
- 3.3 If payment still remains outstanding following the Court's determination, one of the following enforcement measures may then be used:-
- Application to Court to Obtain Information
  - Attachment of Earnings Order
  - Charging Order
  - Bankruptcy proceedings
- 3.4 Where a Court has granted a money judgement order, we will normally seek to enforce it.

## 8. WRITING OFF DEBT

### Actions

- 1.1 The Council will consider writing off debt in exceptional circumstances. Debts may be written off for the following reasons (this list is not exhaustive):
  - The debt is uneconomic to recover
  - The debt is over 6 years old and is statute barred
  - The Council has been unable to trace the former occupier or the former occupier died leaving no funds in their estate
  - Recovery action has proven unsuccessful
  - Recovery of the debt would cause severe financial hardship
- 1.2 All debts will be written off by the Council's Audit Team. Recommendations in relation to the writing off of debt will be made by the Principal Income Officer.

## 9. EQUALITY

### Introduction

- 1.1 The Council is committed to providing services which embrace diversity and promote quality of opportunity. The Council's goal is to ensure these commitments are reinforced by the Council's values and statutory and legislative requirements, ensuring these are embedded in our day to day working practices.

### Actions Taken

- 2.1 The Council's staff and contractors will operate in such a way to ensure that their procedures and practices are sensitive to the needs of individual residents and to ensure that they do not discriminate on the grounds of any strand of the Equality Act 2010.
- 2.2 Income collection and recovery action will be tailored to meet the needs of individuals as appropriate. All cases will be considered on an individual basis and the Council will work with Support Workers, Social Workers and advocates of the tenant where necessary.
- 2.3 The Council will, in all reasonable circumstances, make information available in a variety of information formats, including (but not exclusively):
- Large print
  - Audio CD
  - Community languages