

# Income recovery and arrears policy

<b>Who's this for?</b>	Customers, colleagues, and stakeholders
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<b>Policy Owner</b>	Income Manager
<b>Other related documents</b>	<ul style="list-style-type: none"> <li>Arrears procedure + Coronavirus addendum</li> <li>Rent setting policy</li> <li>Leasehold management policy</li> <li>Service charge policy</li> <li>Former tenant debt writes off policy</li> <li>Lettings policy</li> <li>Tenancy policy</li> <li>Vulnerable customers policy</li> <li>Safeguarding policies</li> </ul>

# 1. Policy statement

At settle, our purpose is to help those who need a home to be able to stay comfortably in their homes to live the life they choose. Therefore, we take a supportive and preventive approach to debt management when customers are unable to pay their rent or other charges to us. We understand that if customers fall into debt, this can have a big impact on their wellbeing. We will support all residents to avoid debts building up in this way, by providing help and advice as soon as possible, being clear about our expectations and offering financial support.

Rent and service charges form the largest proportion of our income at settle, so we need to balance that approach with making collection of these charges a priority for the business. We need to maximise this income so that we can continue to provide landlord services to all our residents including repairs, maintenance and estate management.

## Current Position

- General Needs rent arrears of 2.56%.
- Home ownership arrears - 5.60%
- Customers paying by Direct Debit = 41%
- Garage tenants paying by Direct Debit = 1373
- First 6 months of 2021 number of telephone payments = 4,600
- First 6 months of 2021 number of online payments = 7,738
- Effort score for rent enquiries in March 2021 = 3.5
- Trust scores for rent enquiries in March 2021= 7.3
- Weekly casework completion rates average 80% +
- Financial Checks are offered to all new UC claimants
- Online services – Payment Gateway transactions total £340,00 per month
- Online portal membership 4,680 customers (54.1%)
- Online balance and rent statement views average 5,500 per month
- Affordability assessments are completed for 3 bedroom and above new build lets

## 2. Key principles

We will:

- Prioritise working with residents to prevent arrears
- We will always consider when a customer may need additional support from us. We have embedded the governments “Debt Respite Scheme” commonly known as “Breathing Space” which provides customers with time to receive debt advice into our processes through joint working with Citizens Advice. Further we only use mandatory grounds in exceptional circumstances (this is where the court has choice

but to provide us with possession) when considering action to repossess a customer's home

- Never act without good cause
- Take a fair and consistent approach when progressing legal action
- Take an active approach to monitoring any arrears and intervening early to support residents
- Proactively work with residents to reduce debt through early intervention, such as engagement when we are notified about a change of circumstances to ensure the customer has the support that they need, before it impacts on their rent account.
- Provide easy to use automated services for transactional activity
- To use eviction as a final resort only after exhausting all other options

### 3. Objectives

- Minimise customer debt
- Maximise income collection
- Work collaboratively with partner agencies to minimise homelessness resulting from debt
- Use specific plans to help mitigate the impact of welfare reform and migration to Universal Credit
- Increase use of direct debit and encourage payment of rent in advance
- Improve the services we provide by modernising our administration of them using automation for customers who are comfortable self-serving

### 4. Policy actions

- Develop a pre-tenancy offer for all new customers to help us understand where we can provide extra support
- To devise early interventions through predictive indicators, such as succession due to a bereavement or family breakdown
- Utilise customer feedback to innovate and improve the service experience for our customers
- Continue to focus on early intervention/prevention, making sure that payment agreements with customers are affordable
- Increase the use of payments online
- Grow the skills of colleagues working in specialist income recovery roles
- Continue to report on the impact of Welfare Reform and the longer-term impact of the pandemic through our arrears reporting.

### 5. Desired outcomes

- Reduction in overall rent arrears and the average debt for Universal Credit claimants
- Prevent homelessness through reduced number of evictions
- Increase advance payments from customers

- Increased numbers of customers using direct debit
- Increase the use of online payment options
- Evidence of how customer feedback has improved the overall customer experience of using our service
- Supporting customers to stay in their homes through access to benefits advice agencies, such as CAB

## 6. Performance indicators

- Annual rent arrears percentage targets achieved - 3.35% for general needs  
Increase in the number of residents paying by direct debit by 5% each year
- Increase levels of referrals for advice on benefits and other agencies
- Effort and trust scores improved by 0.1 per indicator
- Increased number of customers using self serve, with a 10% decrease in inbound calls relating to rental queries
- Number of evictions. Whilst we do not set a KPI around this, as we would take enforcement action where we need to, we aim for this number to be as low as possible.
- Increase in 10% (from 3934) of overall customer base using Direct Debits to pay their rent.
- Real time customer feedback showing overall satisfaction with the income service at over 80%
- Income recovery performance of welfare reform affected households

## 7. Key legislation

- The White Paper for social housing
- Housing Act 1985
- Housing Act 1988
- Civil Procedure Rules Pre-Action Protocol for Possession Claims for Rent Arrears.
- FCA Financial regulations
- Landlord and Tenant Act 1985
- Commonhold and Leasehold Reform Act 2002.
- Welfare Reform and Work Act 2016
- Regulator of Social Housing Rent Standard
- Debt Respite Scheme May 2021 known as “Breathing Space”

## Roles and responsibilities

### **The Executive Director of Customer Services**

- Has ultimate responsibility for ensuring the service offer is fit for purpose
- Our approach meets the required legal and regulatory responsibilities
- The service is driven by settled values and behaviours.
- Reporting to the settle Board

**The Director of Housing:**

- The development of policies and processes that fulfil the requirements of regulation and legislation, our vision and customer promise
- Delivering an effective and efficient income management service
- Reporting to the settle leadership team
- Overseeing the management of high-level legal decisions

**The Income manager:**

- Implementation of policy and procedures ensuring our approach meets legislative and regulatory requirements.
- Working in line with our values and behaviours
- Minimising the use of enforcement action
- Keeping up to date and adapting to changes in legislation
- Colleagues receiving relevant and quality training
- Performance management framework is in place
- Reporting to ...
- Audits

**Income Team leader:**

- Overseeing day to day case management
- Monitoring and managing performance issues
- Embedding values and behaviours into action and activities

**Neighbourhood Officers Income:**

- Managing a weekly list of escalations achieving over 80% completion rates each week
- Engaging with customers where arrears have arisen
- Seeking solutions without the need for enforcement action wherever possible
- Embedding a culture of payment in advance by Direct Debit
- Referrals and signposting?
- Court applications etc?

**Financial Inclusion Team- Specialist Money and Benefit Advisors through Citizens Advice**

- Supporting customers with benefits and debt advice
- Finding and securing debt solutions where needed
- Maximising customers income

**Home Ownership Team Leader: Management of Leaseholder and Shared Ownership Services**

- Ensuring rent and service charges are applied in accordance with legislation

- Implementation of policies and procedures
- Working in line with settle's values and behaviours
- Performance management
- Adapting to change in legislation and regulation

**Home ownership team:**

- Managing weekly list of arrears escalations
- Collecting ground rent and other leasehold charges
- Dealing with Leasehold and service charge enquiries
- Collecting major works/repairs costs

**Customer service centre:**

- Resolving low level arrears enquiries
- Taking payments
- Escalating serious casework

## 8. Review

This policy will be reviewed every 2 years or sooner if required by changes in legislation or regulation.