



# **Income Recovery Policy**

## **2020**

**Housing and Property Service**



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## **1. Policy statement**

- 1.1. Rental Income Recovery is critical in enabling the Council to maximise the resources available to the Housing Revenue Account, so that we can maintain and continue to improve our stock, fund the development of new stock and continue to provide a good quality service to customers.
- 1.2. The Council understands the high cost to both the customer and the organisation of evictions and as such will try to minimise the number of tenancies that end due to rent arrears.
- 1.3. The Council's overall approach to maximising rental income is:
  - 1.3.1. To prevent tenants from falling into arrears with their rent by allocating properties appropriately and providing reasonable support and assistance to those customers at risk of not paying their rent.
- 1.4. Where this preventative action fails, the Council will:
  - 1.4.1. Take action quickly and decisively to enforce the payment of rent in accordance with the tenancy agreement and will ultimately seek to end a tenancy.

## **2. Scope and purpose**

- 2.1. The purpose of this policy is to set out the Council's approach to maximising rental income through the prevention and recovery of current rent arrears. The scope encompasses the management of this activity and includes tenants, staff, partners and all related processes.
- 2.2. The reference to rent throughout the Policy is inclusive of service charges where these are payable.

## **3. Related documents and procedures**

- 3.1. The Council funds two Citizens Advice Bureau Debt Advisors each year to assist tenants dealing with debt issues.
- 3.2. Section 2 of the Council's Standard Tenancy Agreement (as amended 1 April 2014), states in respect of rent, and other charges that rent is payable fortnightly in advance and that two weeks inclusive rent is payable prior to the commencement of each fortnight.
- 3.3. The Council's Housing Allocations Scheme sets out its Local Eligibility Criteria with which applicants need to comply in order to be included on the Housing Register. The aspect that relates to this Policy is Paragraph 14.8 which states (in part) that any tenant in serious rent arrears will not be eligible.
- 3.4. The Council's Tenancy Policy explains that all new tenancies (excluding sheltered tenancies) will be 10-year flexible fixed term secure tenancies. In respect of Flexible (fixed term) Tenancies, at the end of the term Tenants are assessed against an Assessment Criteria which is set out in the Policy. The aspect of the Criteria that relates to this Policy is that any Flexible (fixed term) Tenant who has persistent arrears of rent will not be granted a further tenancy.

## 4. Preventative approach

- 4.1. Offer of accommodation
  - 4.1.1. New tenants are advised of their rent liability and that payment for the first fortnight's rent is due when they sign up for their tenancy.
- 4.2. Tenancy agreement
  - 4.2.1. Tenants are advised of the duty to pay rent and service charges in line with the tenancy agreement: fortnightly in advance. Advice on payment options is given on sign up and tenants are encouraged to pay by Direct Debit or online where possible.
  - 4.2.2. Advice on housing benefit or universal credit is offered at sign up to ensure that any application is submitted in a timely manner.
- 4.3. Tenant profiling
  - 4.3.1. We seek to identify the households who may need support from the start of their tenancy and consider what is likely to be the most effective support for them. We will use both the tenancy sustainability resource within the Income Recovery Team and our partner support agencies to work with these households to carry out preventative advice, support and guidance.
- 4.4. Rent statements
  - 4.4.1. Quarterly rent statements are issued (which may be via electronic format) in addition to the annual rent increase notifications. Rent statements are provided on request.
- 4.5. Communication
  - 4.5.1. The Income Recovery Team continues to communicate with customers via their preferred method of contact which includes letters, telephone calls and emails so that the management of their rent account is undertaken in an efficient and effective manner.
  - 4.5.2. The work of our tenancy sustainment partners is actively promoted so that our customers are encouraged to seek appropriate money management advice and guidance where necessary.
  - 4.5.3. We also promote the need to pay on time for our customers through campaigns of awareness raising, so that our customers continue to be encouraged to give their rent payments a high priority and make payments in a timely manner.
- 4.6. Visits
  - 4.6.1. Income Recovery Officers are committed to taking the service to the customer and will carry out interviews within the customers own home by default. This gives the opportunity to detect any safeguarding issues or vulnerabilities which might not be as apparent through an office visit.

## **5. Rent arrears recovery**

- 5.1. Where preventative measures have failed, the Council will take timely, decisive action in the recovery of the debt.
- 5.2. Auto escalation
  - 5.2.1. There is an automatic escalation of low-level rent arrears management with an associated portfolio of letters up to Notice of Seeking Possession stage. Income Recovery Officers are responsible for checking and managing this early stage of the recovery process.
- 5.3. Other policies which support the Income Recovery Policy:
  - 5.3.1. Tenants are only permitted to rent / keep a council garage if they maintain a clear rent account.
  - 5.3.2. Discretionary improvements to council properties are postponed until the tenant has a clear rent account.

## **6. General approach**

- 6.1. The Council will expect low level debts to be cleared in a single payment and will only agree to instalments where the tenant can demonstrate their inability to pay in a single payment. For higher level debts, the Council will accept repayment by instalment and will make agreements taking into account the tenant's personal circumstances and the time in which the debt will be paid in full.

## **7. Legal remedies**

- 7.1. Where agreements to repay a debt are not maintained, the Council will take court action in order to recover the debt. In most circumstances, this will be possession action. The decision will be made by the Income Recovery Team Manager. The Council will always request that the court costs are awarded against the tenant and that a Money Judgement is included in the order.
- 7.2. If a Suspended Possession Order is granted and subsequently breached by the tenant, no more than one opportunity will be given for the tenant to remedy the breach. Should the breach not be rectified quickly or if the order is breached on more than one occasion an application will be made to the County Court for a warrant for eviction.
- 7.3. The Council will oppose any application to stay the execution of the warrant. Once an eviction warrant has been raised, the Income Recovery Team Manager may only consider withdrawing the eviction on the payment of all outstanding arrears and costs.

## 8. Regulatory and legal considerations

- 8.1. This Policy and the corresponding work instruction procedures comply with the Possession claims based upon rent arrears', part 2 of 'Pre-Action Protocol for Possession Claims by Social Landlords' Civil Procedure Rules.

## 9. Review and monitoring

- 9.1. The success of this Policy and associated procedures is measured by:
- Measuring the level of current rent arrears owed to the Council on a monthly basis against annually set KPIs; and
  - Monitoring the number of evictions for non-payment of rent on an annual basis.
- 9.2. We will keep our rent arrears procedures under constant review to ensure that they remain robust and current.
- 9.3. A formal review of this Income Recovery Policy will be undertaken in consultation with the Epping Forest Tenants and Leaseholders' Panel in five years along with the Income Recovery Strategy.

### Version control

Version no.	Date	Details of changes included in update	Author
0.1	June 2020	First draft	Income Recovery Team Manager
0.2	August	Final draft	"

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