



CORPORATE DEBT POLICY 2017

1.0 INTRODUCTION AND AIM

- 1.1 This policy is designed to provide a set of principles and a framework to manage the recovery of debt owed by customers of Weaver Vale Housing Trust (the Trust).
- 1.2 The primary aim of this policy is to collect and prevent debt in the most effective and efficient way possible whilst ensuring that the appropriate advice and support is offered to our customers.
- 1.3 The Trust adopts a 'firm but fair' approach towards debt recovery. Although the Trust recognises that a customer in debt often has other debts or personal difficulties, rent is a priority and our message to customers is 'rent first'.

2.0 SCOPE OF THE POLICY

2.1 The policy applies to debt related to:

- current rent
- current garage rent
- former tenant rent
- rechargeable repairs
- leaseholders
- shared ownership properties
- shops

- temporary accommodation
- Assistive Technology

2.2 There may be other debts, not included in the list in 2.1, which the Trust collects. All debts to the Trust should be managed through the principals in section 3 of this policy.

2.3 The policy complies with all relevant statutory provisions and will be updated to take into account any future relevant legislation.

3.0 PRINCIPLES OF THE POLICY

3.1 Hierarchy of debt

Where a customer has debts in more than one category, any payment made not specifying the breakdown, will be assumed to be against the debts in the following order:

- Rent and Service Charges
- Court costs
- Assistive Technology
- Garages
- Insurance
- Former tenant debt
- Rechargeable repairs

3.2 General principles

These principles will be applied to all debts unless stated otherwise.

The Trust will adopt a 'firm but fair' approach to the management of all debt.

Payments should be set up in advance with direct debit the payment method of choice.

For current tenants, if rent arrears exist, then additional services, e.g. Careline Assistive Technology or renting a garage, should not be offered until the arrears are cleared

The Money Matters Team will offer advice to current tenants only as per their referral process and scoring system.

The appropriate legal action will be taken in a timely manner and in accordance with relevant procedures.

3.3 Current rent and service charge processes

The Trust has a proactive approach to current rent arrears recovery and will provide customers in arrears, or danger of falling into arrears, with advice from the Money Matters Team or a referral to another appropriate agency, and make early personal contact with those customers whose accounts fall into arrears. Our proactive approach includes excluding applicants with a poor history of debt as per the Common Allocation Policy.

All new customers will be assessed for affordability before the start of their tenancy by the Early Tenancy Money Advisor (ETMA) using the standards of evidence as per the ETMA Interview Procedure. If the assessment proves the tenancy is unaffordable an offer will not be made.

New customers will be asked to bring their first rent payment to their sign up before they are allowed to sign their tenancy agreement. If a customer is claiming Housing Benefit a completed application and relevant proof must be provided as proof of payment. New customers must pay 4 weeks in advance, unless the ETMA deems this unaffordable and a week or fortnight in advance will be accepted.

Where arrears accrue, the Trust will carry out a full assessment of the customer's financial circumstances and will make realistic arrangements for the repayment of rent arrears.

In cases of persistent non-payment of rent, the Trust will pursue legal action to recover the arrears and legal costs of doing so and will repossess the property if appropriate, although eviction will always remain the last resort.

Rent is due weekly on Monday and customers are expected to pay in advance at an interval agreed with their Income Management Officer.

Where a succession or assignment is on-going, the Trust will ask for Use and Occupation to be paid by the person requesting the tenancy to maximise the income for the Trust and minimise arrears.

The Trust's rent arrears recovery procedure gives comprehensive details on the action which must be taken to recover arrears and the main points are:

- A Notice of Seeking Possession (NOSP) will be served when the outstanding arrears equate to 4 weeks or more net rent after payment of housing benefit. The upper limit whereby a NOSP should be in place is £500.
- County Court action will commence when the outstanding arrears equate to 8 weeks or more net rent after the payment of housing benefit. The upper limit whereby Court action should commence is £1,000.
- A Possession Order will be requested at the court hearing. If the customer has made and is adhering to a payment arrangement then a Suspended Possession Order should be requested.
- If there is no payment arrangement in place, the tenancy is unaffordable, the arrears are over £2,000 or the customer is a Starter Tenant then Immediate Possession should be requested.
- All requests for Warrants should be approved by the Director of Finance and Business Services or other EMT member.

Before issuing proceedings for rent arrears the principle of proportionality under the Human Rights Care Act 1998 should be considered and care should be given to the ensure that the Pre Action Protocol for Possession Claims has been followed.

3.4 **Former tenant arrears**

The Trust can use, where appropriate and economical, suitable court action including actioning Money Judgement Orders, the use of Small Claims Court and attachment of earnings.

Where Trust procedures have been exhausted, the Trust may pass the debt to an approved nominated Debt Recovery Agency in accordance with the Former Tenant Arrears Procedure.

3.5 **Garages**

A garage will only be let if a direct debit for payment is set up on signing the tenancy agreement and rent is paid in advance.

The Trust will serve a Notice to Quit on any tenant who is 4 weeks in arrears with their garage rent and will take possession of the garage on expiry of the Notice if the arrears have not been cleared.

A Notice to Quit may also be served if the garage account is clear but the customer has rent arrears which are not being paid.

3.6 **Rechargeable repair debt**

Reference should be made to the Recharge Policy of the Trust.

For current tenants, rechargeable repairs should be paid for in advance unless the work has been classified as an emergency when an arrangement to pay will be agreed. Any rent arrears should be cleared before the rechargeable debt is pursued.

Former customers with rechargeable repair debt from void works will be contacted and a payment arrangement agreed. Any former rent debt should be cleared before the rechargeable debt is pursued.

Where Trust procedures for recovery have been exhausted, the Trust may pass the debt to an approved Debt Recovery Agency in accordance with the Rechargeable Repair Procedure.

3.7 Assistive Technology

The Assistive Technology and Partnership Team Leader is responsible for the management of arrears relating to Assistive Technology.

The service will only commence when a monthly advance payment has been set up.

When one payment has been missed initial contact will be made via a letter and personal contact to the customer and/next of kin.

Following this, if the account is not brought up to date, 4 weeks notice will be given of removal of the service.

3.8 Shared ownership

The Legal and Commercial Services Team are responsible for the recovery and management of shared ownership arrears. If the owner of a shared ownership property falls into arrears with their rent the Trust may commence legal proceedings to repossess the property, if no agreement can be reached, in line with the relevant procedures.

A mortgage company will contact the Trust as the landlord of the property if possession proceedings are contemplated for arrears of mortgage.

3.9 Leasehold service charges and ground rent

Reference should be made to the Leasehold Policy.

Action for arrears recovery will be taken by the Legal and Commercial Service Team which may include reaching a payment agreement, contacting the leaseholder's lender to seek payment, instigating legal proceedings which include a money judgement order or a charging order or forfeiture of the lease.

Leaseholders will be required to clear any arrears at the date of any future sell on.

3.10 **Shops**

The Legal and Commercial Services Team are responsible for managing the leases of shops owned by the Trust, including taking any steps to recover outstanding rent and service charges.

Tenants will be contacted to establish the cause of the arrears and asked to enter into a repayment plan. If an agreement is not reached or maintained methods of recovery will be considered. The legal methods of recovery will include forfeiture and making a claim in the County Court.

3.11 **Temporary accommodation**

The Service Manager is responsible for managing arrears from unpaid rent and service charges at Cotswold House.

Residents not entitled to Housing Benefit are expected to pay 4 weeks in advance.

Any rent or service charge owing must be paid on a weekly basis.

The Cotswold House Arrears Management Procedure sets out details of the recovery action and timescales to recover arrears but the main points are:

- At 2 weeks arrears a first formal written warning will be issued with subsequent warnings at 4 and 6 weeks.
- At 8 weeks arrears, 7 days Notice to Quit will be issued.

3.12 **Negotiations**

The Trust recognises that there are occasions where a customer is unable to pay the debt in full but in these circumstances a view may be taken that it is better to recover some money rather than be inflexible and either recover nothing or recover the full amount but the cost of recovery exceeds the amount recovered.

Negotiations can be undertaken for all debt with former tenants if one of the following applies:

- The value of the debt makes it uneconomical to take recovery action
- The debt is in dispute and the customer has reasonable grounds for the dispute
- The negotiations are part of a Trust initiative or there are other strategic or operational reasons to negotiate.

This applies to former debt of any kind and rechargeable repairs.

The authority to write off debt follows the authorisation included in 3.13.

3.13 **Writing off debt**

Write offs should only be considered for former tenant and rechargeable repair debt where the debt has been found to be irrecoverable for the following reasons and it is in the best interest of the Trust:

- The debt is uneconomical to recover
- A customer has died leaving no estate
- We are unable to trace the customer
- The debt is statute barred
- There has been a failure of two Debt Recovery Agencies
- The debt is the subject of Bankruptcy or Debt Relief Order
- The recovery would be a reputational risk to the Trust

Where the debt of a former customer has been written off, but we now have an address or contact has been made, the debt will be recreated and pursued as appropriate.

The relevant Director has the authority to write off individual debts up to £500.

The relevant Director countersigned by the Director of Finance and Business Services has authority to write off individual debts between £500 and £3,000.

The Director of Finance and Business Services and the Chief Executive have authority to write off debts over £3,000.

Only in exceptional circumstances will the debts of current customers be written off.

4.0 RESPONSIBILITY

4.1 The Director of Finance and Business Services is responsible to the Chief Executive and the Board for ensuring the effective implementation of this policy.

5.0 CUSTOMER PROFILES AND ACCESSING SERVICES DATA

Data from the following sources, regarding Customer profiling and the way in which they access the Trust's services, was utilised in implementation / review of this policy (as indicated by √)			
Star Survey		Customer Satisfaction Surveys	√
Scrutiny Group		Tenant Inspectors	√
Customer Involvement Group (CIG)		KPI's (service performance)	
Complaints Panel		Other (specify)	
Community Groups			

6.0 CUSTOMER INFLUENCE (CONSULTATION)

The Trust has been influenced by the following customer groups regarding the implementation / review of this policy (as indicated by √)			
TCC	√	Resident Involvement Group (specify which)	
CIG Welfare Reform	√	Community Groups	
E Voice		Other (specify which)	
Questionnaire		Other	

Author of Policy	Date of Review	Approved by i.e. EMT/Board	Review Date
Sarah Seward	May 2017		May 2021