

## INCOME COLLECTION AND DEBT MANAGEMENT POLICY

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Policy Owner	Angela Currie, Housing and Care Director
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Proof Read	
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Approved by	Housing & Care Committee
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Effective Date	1 <sup>st</sup> April 2016
Internal References	<a href="#">Income Collection and Debt Management Pcedures.docx</a>
External References	Included at section 1.5
Comments	

## INCOME COLLECTION AND DEBT MANAGEMENT POLICY

### 1 POLICY STATEMENT

- 1.1 This policy will ensure that Blackwood maximises the collection of rent, service charge, care and support income and other income in an efficient and cost effective manner. Blackwood's main source of income is rent and care and support income received from customers and we are operating in an increasingly challenging financial environment. Maximising income collection and effective debt management is more important than ever before.
- 1.2 Blackwood will adopt a firm, fair and consistent approach to arrears recovery offering all our customers clear, practical repayment plans. Our approach to income collection and debt management is underpinned by recognition of best practice and legislative requirement. Our culture of improvement and reviews will result in good outcomes for our customers.
- 1.3 Blackwood will, at all times, seek to maintain and sustain our customers' tenancies and will only seek eviction as a last resort. Emphasis will be given to preventing arrears arising through promoting a rent payment culture, maintaining and developing links with financial inclusion support agencies. We comprehensively promote the availability of these services with our customers, and through early intervention focus on arrears occurring in the first place. This approach aligns with our four core organisational values of being Open and Honest, Taking Responsibility, Having Respect and Understanding and Keeping Our Promises.
- 1.4 Links to Other Blackwood Policies, Procedures & Guidance.

This Policy should be read in conjunction with the following Blackwood Policies, Procedures and Guidance (The rent arrears procedure underpins the policy and is mapped in our Housing system to ensure staff comply with the policy):

- Allocations
- Succession of Tenancy
- Tenancy Agreement
- Occupancy agreement
- Tenants Handbook
- Rent arrears procedure
- Recharge procedure
- Other income procedures (guest rooms and laundry facilities)

### 1.5 Regulatory and Legislative requirements

This policy has taken the following into account:

- Housing (Scotland) Act 2001
- Housing (Scotland) Act 2010
- Consumer Credit Act 1974 (amended by Consumer Credit Act 2006)
- The Scottish Social Housing Charter

- Housing (Scotland) Act 2014 – when this is fully enacted a light touch review will be required when guidance is issued to ensure compliance.
- Care Inspectorate guidelines

## **2. RESPONSIBILITY**

- 2.1 The Board is responsible for approving this policy and monitoring its outcomes and areas of improvement with support from the Senior Management Team (SMT).
- 2.2 The Housing and Care Director has the lead responsibility for the income collection and debt management policy and for maintaining clear and consistent procedures to support the policy. The Housing Services Teams have the responsibility for implementing the policy, performance monitoring and review relating to property income and debt. The Care Teams have responsibility for the policy, performance monitoring and review relating to care and support services.

## **3. PRINCIPLES AND SCOPE OF POLICY**

- 3.1 Blackwood's approach to income collection and debt management will place emphasis on proactive, preventative approaches rather than being focused mainly on reactive enforcement measures.
- 3.2 The principles underlying this policy are the increasing awareness of the importance of promoting a personal payment culture, both for new and existing customers. The approach we promote is a firm and consistent one which is sensitive and responsive to customer's needs. The key principles of the policy are consistent with the values of Blackwood and its strategic objectives. These then underpin this policy and associated procedures.
- 3.3 Blackwood seeks to create a good payment culture, which encourages customers and local authorities to be responsible for actively managing payments and other charges. Support will be provided to maximise customer income by offering advice on financial inclusion and assistance. Changes to welfare benefits will also bring about a change in how our tenants receive their housing allowance, with this being paid directly to them in the majority of cases. We will ensure that our tenants are supported to make their rent payment to Blackwood their first priority, ensuring that our payment culture is actively and promptly promoted.
- 3.4 Self-directed support allows care and support customers to receive funding from their local authority and choose and pay for services themselves. We will ensure that these customers are supported to make their care payment to Blackwood a priority, thus ensuring the continuation of the support they require.
- 3.5 Debts will be tackled promptly and consistently, with emphasis placed on early contact and intervention and preventing debts increasing. Blackwood's aim for our tenants will be to prevent homelessness and to enable people to sustain and enjoy their homes, eviction will only be considered as a last resort. Our aim for our care and support customers is to ensure the continuation of their care.

- 3.6 Blackwood will maintain and grow strong relationships with local authorities, money advice and welfare rights and any other relevant agency in the provision of advice to customers.
- 3.7 Our IT systems will be robust and ensure income is collected in the most efficient and cost effective method. Our IT systems will be updated daily to ensure rent and other income streams are recorded in "real time" and credible information is available to enable prompt and accurate responses to customer enquiries supporting our early intervention, effective and efficient debt management.
- 3.8 Blackwood will aim to achieve continuous improvement in our performance and in the standards of service provided to all our customers. Business Improvement in conjunction with EMT will set and monitor key performance indicators in relation to maximising income and recovering debts.
- 3.9 Blackwood will continue to develop relationships with external agencies, statutory bodies and new and existing Tenants and other Customer Groups to ensure that the aims of the Policy are met.
- 3.10 Blackwood will ensure that the income collection and debt management services are well planned, effectively budgeted for and managed to a high standard.
- 3.11 Blackwood will provide good quality information and advice about its income collection and debt management services to our customers and will seek to receive regular feedback from customers about our service delivery through customer surveys and other ways.
- 3.12 Blackwood aims to provide a fair and equitable income collection and debt management service to all of our customers and seeks to ensure that the Policy does not discriminate on grounds of age, disability, religion or belief, gender, sexual orientation, race or ethnicity, gender reassignment, pregnancy and maternity, and marriage and civil partnership. Blackwood is committed to embracing and valuing diversity amongst the communities in which it works.
- 3.13 The policy applies to the management of income and debt related to:
- Rent
  - Occupancy charges
  - Service Charges
  - Factor Fees
  - Other property or service related charges
  - Recoverable costs for repairs or maintenance
  - Recoverable legal or administration costs
  - Care and support charges

## **4. OPERATIONAL FRAMEWORK**

### **4.1 Rental income including occupancy and service charges**

- 4.1.1 Blackwood is dedicated to helping our customers avoid rent arrears by enabling and promoting a payment culture. This approach not only benefits our customers by helping them avoid the risks of accumulating debt, it also benefits Blackwood by maximising our income and also reducing the costs associated with rent arrears.
- 4.1.2 There will be active management of rent accounts and arrears as part of a holistic housing management service. This will support Blackwood's aim of early intervention of arrears and help to prevent individual arrears from building up. Furthermore, this will identify those customers in need of support and assistance from financial inclusion agencies and other partners to access money advice and assistance with housing and housing related debts and to maximise their incomes. Blackwood also recognises the need to work with Local Authority housing benefit departments and the Department of Work and Pensions to prevent delays in claims being processed.
- 4.1.3 Blackwood is committed to developing procedures which deliver a more proactive, preventative, customer centred approach to debt management. This will start at the pre tenancy stage by checks being made to identify where issues may arise if a tenancy is granted as well as emphasising Blackwood's payment culture to the prospective tenant. Support can be identified and put in place for the start of the tenancy if required.
- 4.1.4 Suitable payment methods will be discussed at the offer stage and again at sign up with direct debits being the preferred method of payment and when payment is due being made clear. Information will be given to the tenant on whom, how and when they should contact Blackwood should they find themselves in difficulties with their rent.
- 4.1.5 Early intervention is essential for effective arrears management if a customer finds themselves in difficulties with paying their rent. If there is an indication that the tenant may be experiencing financial difficulties they should be encouraged to seek assistance from one of our financial inclusion partners, or where we do not provide a service, the Housing Officer must provide information on local services in their area.
- 4.1.6 The escalation procedure details when and what action needs to be taken by staff who are managing the arrears. The emphasis is on early intervention to prevent the arrears rising out of control and to protect Blackwood's income. This procedure has to comply with the Pre-Court Action Requirements introduced in the 2010 Guidance before any Notice of Proceedings is served.

4.1.7 In the event that legal action has to be taken against a customer, the following levels of authorisation are required:

Notice of Proceedings	Housing Services Team Leader
Court Action	Housing Services Team Leader
Eviction	Housing and Care Director

The authorisation of the Housing and Care Director is required before an eviction is carried out, stopped, or a new tenancy is created.

4.1.8 The monitoring and reporting of arrears is done on a monthly basis and discussed at the Senior Management Team (SMT) meeting. Arrears are also discussed in greater depth at 1:1 meetings between managers and their staff.

## 4.2 Recharges

4.2.1 Occasions arise where our customers have to be charged for items that are not covered by the rent charge. Customers are advised at the time of the charge arising that this will be a recharge to them and that repayment will be expected. Such charges include rechargeable repairs, court costs, estate costs and bank charges.

4.2.2 Blackwood will take all appropriate action to recover any of the costs incurred which can be the responsibility of current or former tenants.

4.2.3 Identification of a recharge and early notification to the customer is essential. The recharge procedure will identify which member of staff is responsible for this, depending on the type of recharge.

4.2.4 All rechargeable costs will be set up as a separate sub account on the tenant's account in our management system as soon as the cost is confirmed. This will allow monitoring of the debt and actions taken will be recorded.

4.2.5 The Housing Officer will be responsible for pursuing the debt and recording actions taken. Any debt identified as a recharge cannot be pursued through the rent arrear procedure and different actions are required for pursuing this type of debt.

4.2.6 Debt collection agencies will be used for debts over £25 and when all other means of recovery are exhausted. Escalation procedures are found in the recharge procedures document.

4.2.7 Monitoring of recharges are done on a monthly basis by managers with their staff in their 1:1 meetings.

## 4.3 Former tenant debts

4.3.1 Two types of debt can arise at the end of a tenancy, arrears of rent and recharges for work to the property.

- 4.3.2 When a tenant gives notice to terminate their tenancy every effort will be made by the housing team to ensure that new contact information is available following the end of the tenancy. Tenants will be advised of the balance on their rent account and will be expected to leave a clear account at the end of their tenancy. Arrangements to clear any arrears after the end of the tenancy will only be agreed as a last resort.
- 4.3.3 Every effort is made during the termination period to ensure a pre termination inspection is carried out to identify repairs required to the property. This enables any work that is the responsibility of the tenant to be identified and advised to the tenant. The tenant will be expected to make an arrangement to pay the charge for any work required.
- 4.3.4 Debt arising from either or both of these circumstances will be held on the former tenant file. Every effort will be made to contact the former tenant to make an arrangement to clear their debt. Former tenants' debts will be monitored in the same way as current tenants' debts but the action taken to recover the debt is restricted to passing the debt to a debt collection agency.
- 4.3.5 Debt collection agencies will only be used when all other means of contacting and making a repayment plan with the former tenant have failed.

#### **4.4 Other property income**

- 4.4.1 Other income is received by Blackwood for charges for various property related facilities in some developments such as guest rooms and laundry facilities.
- 4.4.2 Guest rooms can be booked for friends or relatives of residents living in the development that has the guest room. Charges are reviewed annually in consultation with the residents. The bookings and payments are made through the housing teams.
- 4.4.3 Payment for guest rooms are made in advance and held in a sundry account. The amount collected for the guest room in each development is credited against the communal service charge in that year, for that development, resulting in a lower communal service charge for each resident in the development.
- 4.4.4 Laundry facilities are available in some developments and are paid by coin operate machines. The income from this is credited against the repairs and maintenance of the machines.

#### **4.5 Care and support charges**

- 4.5.1 Blackwood has an existing care home business, housing support business and an expanding business in care at home. The majority of the income comes through Local Authority contracts which can be for a number of customers collectively, or for individual customers.

- 4.5.2 The majority of charges have to be invoiced on a four weekly basis to the Local Authority. Care staff prepare and send the invoices and will monitor for payments. In the event of non payment from a local authority, care staff will promptly make contact to ensure debt does not arise.
- 4.5.3 The introduction of self-directed support has allowed some customers to elect to manage their own care budget and select the care provider for themselves. These customers will also normally be invoiced on a four weekly basis, again prepared by care staff. Blackwood's aim is to ensure that individual customers pay for their care in a timely manner and do not get into debt.
- 4.5.4 Debts will be tackled promptly and consistently, with emphasis placed on early contact and intervention and preventing debts increasing. This will support Blackwood's aim of early intervention of arrears and help to prevent individual arrears from building up. Furthermore, this will identify those customers in need of support and assistance from financial inclusion agencies and other partners to access money advice.
- 4.5.5 Care and support customers who fail to pay for the cost of their care despite the support and assistance of Blackwood staff will be advised that their care will be withdrawn and 28 days notice will be given in writing to the customer. The relevant section of the Local Authority will be given a copy of this letter and every assistance will be given to ensure that a timely re-provisioning of the care takes place.
- 4.5.6 Any outstanding debt from the provision of care will be pursued in a similar way to the former tenant arrears outlined in section 4.3.

## **5. COMPLAINTS AND APPEALS**

- 5.1 Blackwood aims to provide high quality, responsive services although accept that complaints are one way of receiving feedback on our services. There may be occasions when a customer is not happy with the level or quality of service. We recognise that complaints are key opportunities for us to improve our services and actively promote that complaints are like Gold Dust to Blackwood.
- 5.2 All staff are aware that customers have a right to complain and we accept complaints in a positive manner.
- 5.3 The complaints procedure is open to any Blackwood customer or prospective customer and can be made by any person representing a customer and will be treated sympathetically and in confidence.

## **6. REVIEW OF POLICY**

- 6.1 This policy will be reviewed every three years or earlier as required.