



## Corporate Debt Policy

<b>Policy Name:</b>	Corporate Debt Policy
<b>Approved by:</b>	WCHG Board
<b>Drafted by:</b>	Stephen Jackson, Rents and Financial Inclusion Senior Manager
<b>Date approved:</b>	27th January 2020
<b>Date effective from:</b>	27th January 2020
<b>Linked Policies/Strategies:</b>	Lettings Policy Former Tenant Arrears Policy Rechargeable Repairs Policy Single Equality Scheme Financial Inclusion Strategy
<b>Next date of review:</b>	January 2022

## **1.0 POLICY STATEMENT**

The Corporate Debt Recovery Policy identifies where responsibility for collection of different debts lie, and sets out the principles and standards in relation to contact, recovery process, repayments and benefit / money advice.

## **2.0 SCOPE OF THE POLICY**

This policy covers all income and charges due from individual customers to the Group. This includes tenants, leaseholders, shared ownership properties, garages and other charges due to the Trust from individual customers for services received.

The Assistant Director of Finance shall be responsible for the review of this policy.

## **3.0 KEY OBJECTIVES**

To establish the aims, principles and values which will be followed by the Group in pursuing corporate debt recovery as to:

- To provide effective recovery of debts owed to the Group.
- Prevent arrears from accruing by using prompt and sensitive action, assisting our customers to maximise their income, manage any personal debt and to promote a payment culture
- Ensure that the Group's approach promotes sustainable tenancies and communities in which we operate
- Work with customers to resolve issues regarding their claims for welfare benefit and assist them with managing the changes to the benefits system
- Takes into account the individual's financial circumstances
- Determine the priority order of the debt to be pursued by the Group whereby a tenant or leaseholder owes more than one type of debt at any one time

## **4.0 STATUTORY AND LEGISLATIVE FRAMEWORK**

- Housing Act 1985
- Housing Act 1988
- Human Rights Act 1998
- Data Protection Act 2018
- The General Data Protection Regulation (GDPR)
- Protection from Eviction Act 1977
- TSA regulatory code and guidance
- Landlord and Tenant Acts 1985 & 87 (as amended)
- Commonhold and Leasehold Reform Act 2002

## **5.0 DEFINITIONS**

- 5.1** Rent – a regular payment by the tenant to the landlord for the right to occupy the property described in the tenancy agreement.
- 5.2** Service Charge - The specified portion that each tenant/leaseholder pays towards the housing service provision.
- 5.3** Housing Services - Repair, management, maintenance and provision of services for the estate/scheme, e.g. cleaning, gardening (including staff costs), and maintenance, repair, redecoration and renewal of all parts of the building which are not the responsibility of the tenant or leaseholder.
- 5.4** Garage charge – A regular payment by a tenant/leaseholder to rent one of the Group’s garages for use for a motor vehicle.
- 5.5** Court costs – costs incurred by the tenant or leaseholder as a result of legal action taken against them by the Group.
- 5.6** Housing Benefit/Universal Credit Overpayments – Housing Benefit/ Universal credit monies recovered from the tenant via the payments made to the landlord, typically known as an overpayment.
- 5.7** Recharges – Monies recharged to tenants or leaseholders (current and former) as a result of repairs completed by the trust due to neglect & damage caused by the tenant, deemed to be intentional or beyond normal wear and tear, or for additional services requested which are not part of the landlord obligation.
- 5.8** Former Tenant arrears – monies owed to the Trust by a former tenant or leaseholder who no longer is in a contractual relationship with the Trust.
- 5.9** Former tenant credits – credits owed to the former tenant or Leaseholder who no longer is in a contractual relationship with the Trust.

## **6.0 POLICY**

### **6.1 Effective Corporate Debt Recovery**

To effectively manage debts owed to the Trust it is vital that any debts owed by tenants, shared owners or leaseholders are addressed at the earliest possible stage, in order to prevent an escalation of the debt and potential loss of home and legal action recovery taking place, we will:

- Ensure we provide flexible and appropriate methods for tenants, shared owners and leaseholders to make payments for any monies outstanding to the Trust.

- Ensure we provide regular information to tenants, shared owners and leaseholders relating to the various main accounts and sub accounts they may have, detailing charges incurred, payments received and balances carried and brought forward.
- Ensure that we have well-trained and approachable staff to assist tenants, shared owners and leaseholders if they have queries, incur any debt or have welfare benefits or debt advice needs.
- Ensure we have the most cost-effective means of recovering debts through legal actions or third parties such as debt collection agencies for former tenant debts.
- Identify/acknowledge issues of vulnerability and take the appropriate action in relation to the tenants, shared owners or leaseholders' circumstances. Services will be delivered specific to the needs of the individual.
- Make customers aware of their responsibility for charges incurred as part of their tenancy or lease, where applicable, from the start of the tenancy or lease, including joint and several liability where it is a joint tenancy.
- Contact customers using their preferred method of contact as soon as their account is in arrears. Where previous contacts have not been successful we reserve the right to use any appropriate communication method.
- Make affordable and sustainable agreements based upon customer's financial circumstances. For those customers on a low income, the maximum arrangement to reduce arrears will match the Department of Work and Pensions (DWP) recommendation.
- Signpost customers with financial difficulties/ welfare benefit issues to the internal Financial Inclusion Team or to an appropriate service provider for assistance.
- Comply with the stipulations in the pre-court action protocol for arrears, ensuring all notices are served personally to all tenants.
- Comply with the stipulations of the pre action protocol (PAP) for other non-rent related debts.
- Follow the regulatory framework relating to the recovery of charges owed specific to the terms of the contract
- The Trust will ensure we respect tenant's and leaseholder's resident's rights to confidentiality and privacy and we will use plain English and not jargon when communicating with them.
- Ensure that customers are aware that we may use credit reference agencies (CRAs). CRAs do not require consent to process the personal data shared with them by WCHG. CRAs can use personal data without consent if there is a valid reason and as long as the customer has been told what is going to happen.
- Ensure that customers are aware that WCHG can share personal data with debt collection agencies without consent if there is a legitimate interest in recovering debt if it is owed. Hence to achieve this purpose it is necessary for the use of a debt collection agency to track down the customer for monies owed.

- We will make sure all residents are treated fairly with regard to the principles of Equality and Diversity, and are given the same opportunities to access the Group's services with regard to debt recovery and have an opportunity to influence the development and delivery of the service.

## **6.2 Financial Inclusion**

The Group recognises that some of our residents face financial exclusion and are denied access to bank accounts and mainstream financial services.

We cannot directly increase the incomes of residents, but we can work with our residents to increase their economic wellbeing and we are committed to ensuring that our practices are sympathetic to their circumstances.

In order to support the financial inclusion of our residents we will:

- Ensure rents are kept at affordable levels in line with Government guidance.
- Provide information to residents on charges and payments so they are aware of their financial liabilities.
- Make residents aware of changes to the welfare benefit's system, offering them advice and assistance in managing these changes.
- Assist residents in maximising their benefit uptake.
- Provide additional support to vulnerable residents.
- Promote a culture of prompt action and personal contact at the initial stages of debt.
- Ensure rent collection methods do not result in additional costs when payments are made.
- Complete financial health checks for potential tenants to ensure the property that have expressed an interest in is affordable.
- Work with other Registered Providers and community organisations to support and develop local financial inclusion schemes and products.
- Work with the DWP to manage the transition process from employment or legacy benefit's to Universal Credit.

The Group's approach to financial inclusion will focus on providing customers with information and advice on how to avoid getting into debt, benefits advice. Where customers have queries with either of these then we will provide appropriate advice and guidance.

## **6.3 Partnership Working**

Wythenshawe Community Housing Group will strive to develop working relationships with all third sector agencies operating in our area of business.

- We are Verification Framework compliant with Manchester City Council in relation to processing Housing Benefit claims.

- We meet regularly with Housing Benefit staff to discuss strategic and operational issues.
- Work within established frameworks for the exchange of information and prioritise cases where legal action has commenced.
- Identify and promote initiatives to address the issue of financial exclusion and worklessness.
- Advertise any agency offering welfare benefits and debt advice in the areas we operate.
- Promote the use of local credit unions amongst our customers.
- Work closely with support agencies and with our own tenancy support team to assist tenants with vulnerabilities.
- Seek to consult with our customers regarding the quality of the service provided and identify where it can be improved.
- Identify and work with organisations that can offer services, such as insurance or energy supply, where there is a demonstrable benefit to our customers.
- Work with the DWP and local Job Centre Plus to assist customers with managing the transition from legacy benefits to Universal Credit.

#### **6.4 Arrears Procedure, Performance Management and Continuous Improvement**

We will:

- Ensure all customers are treated equitably and consistently.
- Monitor the application of the current tenant arrears procedure to ensure they are appropriately applied ensuring discretion is used where necessary.
- Ensure that customers are given every opportunity to address their arrears.
- Acknowledge customer obligations and responsibilities for their dependants
- Assist customers in identifying priority debts.
- Use legal action to recover arrears where appropriate to do so.
- Set targets for the Group with regard to the recovery of debts and publish recovery performance and arrears owed to the Group's residents and customers.
- Benchmark our performance and cost against other service providers and organisations.
- Research best practice and seek first-hand experience from practitioners delivering that service
- Review our policies/procedures to comply with any legislative changes.

#### **6.5 Priority Order of Debts owed to the Trust**

The Trust will pursue debts owed by current or former tenants and leaseholders as part of the Trust's approach to income recovery. Where only one debt is owed then the Trust will follow the relevant procedure to pursue the debt.

In the situation of more than one debt is owed to the Group by a tenant, shared owner or leaseholder then the Group will pursue action in accordance with the Group's approach to income recovery, taking into account the following priority order of corporate debt for pursuing the recovery of debts owed:

- 1 Rent owed (Tenants/Shared Owners) or in the case of leaseholders service charge owed
- 2 Court costs
- 3 Former Tenant Arrears
- 4 Housing Benefit/Universal credit overpayments reclaimed from the landlord
- 5 Rechargeable Repairs – (see exception noted in 6.6)
- 6 Gardening charges
- 7 Garage charges

The Trust will ensure that tenants, shared owners and leaseholders and the Trust's staff are aware of the corporate debt priority order and understand fully the potential implications of non-payment and the approach adopted by the Trust in pursuing these debts.

Where there is credit available, on one of the accounts held by a tenant, shared owner or leaseholder, then this can be transferred to other accounts where there is a debt outstanding in accordance with the priorities set out above.

## **6.6 Payment in Advance for Rechargeable Repairs**

In accordance with the Group's approach to requests for rechargeable repairs, the exception to the priority order for debts will be where a tenant pays in advance for a rechargeable repair to be completed.

Where there is a scenario of a tenant requesting a repair that is deemed to be rechargeable, but they also have rent arrears, court costs or housing benefit overpayment, the payment will be allocated to the cost of the repair. Any remaining balance for the cost of the repair will be managed in accordance with the priority of debts owed.

If the tenant is unable to pay the full amount of the rechargeable repair at the initial request and contacts the Group at a later date, specifically asking to clear the remainder of the debt then the payment will be allocated to the rechargeable repair.

## **7.0 DATA PROTECTION**

At WCHG, we take the safeguarding of information very seriously. One of the ways we do this is to adhere to the requirements of UK data protection legislation, including the General Data Protection Regulation (GDPR).

All data that flows into and out of WCHG are assessed to determine the legal basis under which that data is processed and the results of the assessment are documented. We are satisfied that we will have a legal basis for holding the personal data we hold, and that we will also have a valid legal basis for disclosing this personal data to third parties where this happens.

Privacy notices have been drafted to comply with GDPR requirements (and to reflect the legal basis of processing). Our Group privacy notice is freely available on our website and specific notices are made available when collecting personal data. We implement data processing agreements and data sharing agreements where required and these are reviewed periodically.

## **8.0 EQUALITY AND DIVERSITY**

The Group has responsibility to serve the needs and promote the interests of its entire staff and all its customers/service users. The Group works towards developing services, facilities and working practices, which are equally accessible to and appropriate for all its customers, irrespective of their gender, age, race, sexuality, disability, religion, marital status/civil partnerships or other protected characteristic.

A key element of the Equality Act involves carrying out an Equality Impact Assessment on all existing and, in particular, new policies to ensure they DO NOT have an adverse impact on people with a protected characteristic or have any impact that cannot be justified. An Equality Impact Assessment has been carried out in respect of this Policy and will be reviewed on an annual basis.

The Group will provide interpretation and translation services for customers where English is not their first language. Information can also be provided in Braille, Large Print and Audiotape. Mobile hearing loop systems will be available where required.

This Policy also complies with the Equality Objectives set up for the Group and will be monitored against those objectives.



## **9.0 ASSOCIATED POLICIES**

- Lettings Policy
- Former Tenant Arrears Policy
- Rechargeable Repairs Policy
- Single Equality Scheme
- Financial Inclusion Strategy