

Rent Collection and Debt Recovery Policy

1. Purpose

- 1.1 The purpose of this policy is to provide clear guidance for the collection of rental income from our tenants at Twenty11. It also provides information on the principles of debt recovery which will be applied for tenants of Twenty11 throughout their tenancy, and also former tenants if they leave without paying off any outstanding debt owed.
- 1.2 This policy applies to all tenants who rent Twenty11 homes irrespective of tenancy type (see Tenancy Policy for more information).

2. Definitions

- 2.1 **Rent** is the net rent and service charges which can be applied to our homes.
 - 2.2 **Current Tenant Arrears** is rent owed by our current tenants.
 - 2.3 **Former Tenant Arrears** is rent owed by former tenants.
 - 2.4 **Universal Credit** a single monthly payment for people in and out of work on low income. It replaces the six means tested benefits and tax credits, including, Jobseeker's Allowance, Housing Benefit, Working Tax Credit, Child Tax Credit, income-based Employment and Support Allowance and Income Support.
 - 2.5 **Housing Benefit** is a means tested benefit that is intended to help low income earners meet housing costs for rented accommodation.
 - 2.6 **Section 21 Notice** refers to the landlord serving a Notice Requiring Possession under Section 21 of the Housing Act 1988 in order to regain possession of a property at the end of the Assured Tenancy Agreement (AST) contractual period. It gives the landlord an automatic right of possession without having to give any grounds (reasons) once the fixed term has expired. The landlord is also able to issue the tenant with a Section 21 notice without giving any reason if the tenancy is within the "periodic" phase. The tenant has to be given a minimum of two months' notice.
 - 2.7 **Section 8 Notice** refers to the landlord serving a Notice Seeking Possession under Section 8 of the Housing Act 1988 and is the notice a landlord can give to a tenant to regain possession of a property if any one of the Grounds in Schedule 2 have been broken. It allows a landlord to seek possession using the specific grounds listed in Schedule 2 to the Housing Act 1988. It can be used before the fixed term of the tenancy has expired.
 - 2.8 The '**Tenancy Sustainment Licence approach**' is a points-based system whereby we will incentivise good behaviour as a way to deter poor behaviour. For further details please see our Tenancy Policy.
 - 2.9 '**Red line**' behaviour is when the tenant's behaviour is deemed so unacceptable that the tenancy will not be renewed and/or possession action will be taken, irrespective of positive Tenancy Sustainment Licence points.
 - 2.10 The '**End of Tenancy Review**' is the process that takes place prior to the end of a fixed tenancy period, to decide if the tenancy is being renewed and, if not, what the alternative options are.
- ## 3. Responsibilities and monitoring
- 3.1 The Head of Relationships is responsible for ensuring that this policy is kept up to

date and consistent with other Twenty11 policies.

- 3.2 The policy will be reviewed after the first year and/or pilot period and then every three years, or following a change in legislation, regulatory requirements or as a result of learning or good practice.

We will keep records of the impact of this policy, including the length and nature of tenancies offered, outcomes of reviews, and reasons for any non-renewals. These will be reported regularly to senior managers to ensure consistency and fairness in our approach.

- 3.3 Other Responsibilities;

Board	Monitoring rent arrears performance
Finance Committee	Approve, monitor and write off uncollectable debt
Executive Management Team (EMT)	Monitoring rent arrears performance and Approval of this policy
Head of Relationships	Reporting performance to EMT and Board Approving evictions and Section 21 referrals
Relationship Management Team Manager	Analysis performance data Recommending debt write off to Finance Committee Ensuring processes are in line with good practice Ensuring case management complies with this policy
Relationship Specialists	Managing rent cases in-line with this policy

4. **Legal & Regulatory Framework**

- 4.1 A tenancy agreement is a legal contract between a landlord and their tenant, specifying the terms of the individual tenancy, such as its length and the amount of rent that will be charged and the obligations of each party.
- 4.2 All tenancies will be managed in accordance with the provisions of relevant legislation, this includes but is not limited to the Housing Act 1988, the General Data Protection Regulation, Equalities Act and related guidance.
- 4.3 Twenty11 is registered as a Community Benefit Society regulated by the FCA (Financial Conduct Authority), under the Co-operatives and Community Benefit Societies Act 2014.

5. **Policy Statement**

- 5.1 We are committed to ensuring that our collection rate is optimised to guarantee we are able to achieve our objectives in our corporate business plan, as such we operate with a minimum level of rental debt. This will be achieved through an approach that can be described as developing a strong payment culture with a pro-active and debt prevention approach.
- 5.2 We aim to balance the needs of the community and the individual prospects of our customers, so we can realise the potential of our communities.

6. Policy Details

6.1 Pre-tenancy stage:

The pre-tenancy assessment is a critical opportunity to find out affordability and barriers a potential tenant may find in sustaining a tenancy and to help them get 'tenancy ready'. We will work with the incoming tenant to support any barriers to future debt occurring as well as offer a suitable payment plan that matches the tenant's needs.

6.2 Payment Options

- a) In accordance with the Twenty11 tenancy agreement we will ensure a tenant is paying one week in advance and will offer the most suitable payment plan through the preferred method of payment – Direct Debit.
- b) In accordance with the market rent portfolio we will ensure a tenant is paying one month in advance and will offer the preferred payment method of standing order. The payment date will be on or before the rent due date with no payment in arrears.
- c) Direct Debit will be set for the most appropriate date for the individual, if the tenant is in receipt of Universal Credit we will ensure payment date coincides with their Universal Credit payment date.
- d) It is not deemed acceptable to build up debt and then pay it off over a longer period. This will be deemed to be a breach of tenancy and will be acted on in accordance with this policy, its procedures and the law.

6.3 Monitoring of Accounts

- a) We expect all customers to pay their rent and other charges in accordance with their tenancy agreement. As such, we will monitor accounts regularly through a case management approach.
- b) We will use information from the pre-tenancy process where we have identified a potential risk and where the customer may need support from us or through signposting or referral to specialist services.
- c) The first six months of a tenancy is crucial to establishing a payment pattern that will negate future debt. We will actively monitor rent accounts in the early stages to ensure the accrual of debt is avoided.
- d) We will make contact with those customers whose accounts have fallen into arrears, but also with those who show signs of risk that they may do so in the near future.
- e) We will contact customers who we have reason to believe are experiencing financial difficulty even if their payment history with us is good, for the purpose of pro-actively avoiding debt from occurring. This may be due to our understanding of each customer's changing customer profile based on external data obtained through partners such as Housing Partners or credit reference agencies, or as a result of upcoming or recent changes in legislation.

6.4 Debt Recovery

- a) The importance of early intervention cannot be stressed enough. The smaller the debt the more likely the customer will be able to afford to pay the debt in full or extra every week until the debt is cleared. Once the debt gets higher, most customers would find it increasingly difficult to manage large sums of money, be able to repay them quickly or to understand the importance of making regular payments over a longer period.
- b) We believe it is important for our customers to sustain their tenancies and we recognise that losing a home has a high personal, social and financial cost. We are committed to helping our customers sustain their tenancies by identifying those who need support and/or intervention, offering them appropriate and timely advice, including helping them to maximise their income and working in partnership with other agencies. For those who are particularly vulnerable, we will identify and take account of their particular needs.
- c) There will be times when it may not be possible or practical to continue providing extra support, for example when a customer:
 - does not engage with us and/or partners;
 - does not inform us of their circumstances;
 - deliberately gives us incorrect or misleading information;
 - does not keep to acceptable standards of behaviour;
 - does not keep to a repayment agreement or clears their debt (see section 9 below); or
 - has breached their tenancy in other ways.
- d) In these situations, we will where practical, liaise with our colleagues, partners and agencies to engage with the customer to understand any support needs before moving to formal legal action.
- e) Where there is a history of non-payment or erratic payments, we will send a notification letter. This will result in negative points on the customers Tenancy Sustainment Licence.

6.5 Legal Action

- a) If a customer fails to clear the debt owed or to keep to their agreed repayment schedule and the period or /amount exceeds the guidelines in our procedures, we will take legal action through serving the appropriate Notice as follows:
 - Starter/Assured Shorthold Tenancies – These will be a Section 21 Notice, and it may be prudent to also use other discretionary grounds. This will result in negative points on the customers Tenancy Sustainment Licence.
 - Market Rent Tenancies – These will be a Section 21 Notice, and it may be prudent to also use other discretionary grounds.
- b) In certain circumstances, we will take action that is deemed “red line criteria” and apply for possession of the property. This will result in negative points on the

customers Tenancy Sustainment Licence. This is outlined in Section 6.8.

- c) Where reasonable attempts to arrange suitable repayments with the customer have been unsuccessful, or the tenant has not vacated the property, an application for possession will be made which may lead to the customer's eviction. This may occur irrespective of household circumstances (e.g. children/medical needs) and may occur even if by the time of eviction, the account is clear. This will also result in negative points on the customers Tenancy Sustainment Licence. However, any applications for eviction will only be carried out after careful consideration of the individual's circumstances and will need to be authorised by the Head of Relationships
- d) Any legal costs incurred by us in recovering debt will be added to the debt owed by the customer but will be applied to a separate category of debt for the purposes of reporting and management of rent accounts.

6.6 Monitoring by Management

- a) The Relationship Management Team Manager is responsible for setting targets and conducting regular monitoring of true arrears cases with the Relationships Specialists. This is to ensure that the appropriate action has been taken at the correct stage in the process.
- b) ***Underlying Arrears/Debt'*** - A customer will be considered to be truly in debt when they have missed one or more payments (against whatever frequency that may be – i.e. weekly, monthly etc) and as a result they have a negative account balance at the time of their next payment being made.
- c) The Relationship Management Team Manager will carry out reviews in line with performance guidance acting on any issues that arise through regular monitoring of team and individual performance.
- d) The Relationship Management Team Manager will audit a percentage of each Relationship Specialist's cases in order to ensure compliance with the procedures that underpin this policy.
- e) The Relationship Management Team Manager also analyses the data and provides monthly reports to the Head of Relationships which in turn are utilised to inform the EMT level and Board level update reports.
- f) The Finance Committee oversee the write off for uncollectable debt.

6.7 Renewal of tenancies

- a) An end of tenancy review will be conducted before the fixed term of the tenancy comes to an end, to ensure a fair assessment has taken place with all relevant facts considered. Such reviews will begin at least three months prior to the end of the tenancy term, and normally be concluded no later than one month prior to the end of that term, in order to provide the tenant with notice of what will happen next. Our tenant is expected to co-operate fully with this review and timescale.
- b) The Tenancy Sustainment Licence will be a significant factor in assessing whether to renew a tenancy. The Tenancy Sustainment Licence has sections reflecting both good and bad behaviour to give a balanced view of a tenant's conduct throughout their tenancy.

- c) We will re-assess a tenant's financial circumstances and pattern of rent payments at the end of each tenancy period and decide on the level of discount (if any) for the next tenancy period. Further details are in the Twenty11 Rent Setting Policy.

6.8 'Red line' criteria

- a) In certain circumstances, we may decide not to renew a tenancy and/or will decide to take possession action due to unacceptable 'red line' behaviour in relation to rent collection. Some examples of tenant behaviour in relation to rent are:
 - The tenant owes rent or other charges or debts to us and is not keeping to an agreed payment plan
 - The tenant has or has attempted to, obtain a tenancy or a lower or discounted rent by deception, for example, by giving false or misleading information

For other red line behaviour that are not rent related please refer to the Tenancy Policy.

6.9 Former Tenant Arrears

- a) All former tenants will be written to in order to request payment of the outstanding debt at their new or forwarding address in accordance with our Former Tenant Arrears Debt Procedures.
- b) Where payment is not immediately made, we will continue to pursue a former tenant debt that is economical to pursue, as defined in our procedures, and carry out actions in accordance with the procedures. This will include referring higher value cases to a debt collection agency to pursue on our behalf on a 'no win no fee' basis.
- c) Any former tenant debt which is considered to be 'uneconomical to pursue' will be written off so long as our initial low-level former tenant debt collection process has been followed and has not yielded repayment within three months of the tenancy end date.

7. **References**

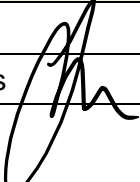
This policy has been written in line with our vision and values, relevant legislation and best practice.

8. **Related documents**

- Twenty11 Allocations Policy
- Twenty11 Rent Setting Policy
- Twenty11 Tenancy Policy
- Twenty11 Realising Potential Approach
- Twenty11 Appeals Process

Staff roles listed in the **Competency Standards section** must be acquainted with contents of this document and have had documented instructions and training on its use. Authority to amend can only be undertaken by the **Process owner** with the relevant **Delegated approvals**.

For information on interpretations and instructions staff should contact the **Subject Matter expert** or **Process owner** and under no circumstances should any deviation be permitted without prior approval as above.

Document Controls			
Version:	1	Effective date:	September 2020
Subject Matter expert drafter:	Relationships Management – Team Manager	Process owner:	Head of Relationships
Related Pod	Relationships Pod	Related Policy	<ul style="list-style-type: none"> • Twenty11 Allocations Policy • Twenty11 Rent Setting Policy • Twenty11 Tenancy Policy • Twenty11 Realising Potential Approach • Twenty11 Appeals Process
Review period	1 Year	Next review due by:	September 2021
Delegated approvals			
<i>The 3 lines of defence have been checked within the framework and are valid</i>			<input checked="" type="checkbox"/>
Approved by AD	N/A	Approved Date:	N/A
Approved by EMT	Alan Keers 	Approved Date:	12 th April 2021
Approved by Board/Committee/RRT	N/A	Approved Date:	N/A