



# INCOME MANAGEMENT AND BAD DEBT PROVISION POLICY

2024-2025



## **POLICY STATEMENT**

1. Rents are our main source of revenue income, and Community Gateway Association (CGA) recognise the importance that an effective income management service has on its ability to deliver value for money core services that are important to our tenants, and to keep rents affordable.
2. CGA aims to provide a fair and transparent service in relation to the collection of income.
3. This policy sets out our approach to the collection of rent and arrears, a clear pathway of how monies received are allocated, the support we will provide to our tenants to maximise their income and sustain tenancies, and the way we will manage write offs and provision for bad debts.
4. This policy applies to all properties owned or managed by CGA.

## **MAXIMISING INCOME**

5. CGA aims to collect the maximum amount of income to achieve its corporate objectives, ensuring that the provision of services to our tenants are protected, and CGA remains viable. This will include rent, service charges, heating charges, Intensive Housing Management charges (IHM), garage rent, court costs, rechargeable repairs, leaseholder charges, any other sundry debts, such as ex-employee debts and monies owed by other organisations as a result of works carried out by CGA.
6. To maximise income, CGA will proactively seek to prevent arrears, and aim to collect rent when due.
7. CGA will encourage tenants to contact us early if they are struggling to make payments, so that advice and support can be offered. See section 'Support'.

8. CGA understand the importance of choice and will have a range of convenient and accessible payment methods to suit the needs and preferences of our tenants.
9. CGA will from time to time run targeted campaigns to encourage tenants to use more cost effective payment methods, ensuring our income collection service provides value for money for CGA and its tenants.
10. CGA will be transparent in its approach to allocating payments received. Where a tenant owes money for more than one type of debt, payments will be allocated in the following priority order:
  - Rent Arrears, including IHM and service charges (or in the case of a Leaseholder, the service charge)
  - Court Costs (relating to a current tenancy)
  - Garage Arrears (relating to a current tenancy)
  - Rechargeable Repairs (relating to a current tenancy)
  - Former Tenant Arrears, including IHM and service charges
  - Court Costs (relating to a former tenancy)
  - Garage Arrears (relating to a former tenancy)
  - Rechargeable Repairs (relating to a former tenancy)
  - Commercial debt
  - Ex-employee debt
  - Any other sundry debt
11. CGA retain the right to change the priority order in relation to the allocation of payments, where the tenant has not made regular payments towards lower priority debt, and where the date of the debt is older than a higher priority charge.

12. In the case of joint tenancies, CGA will treat both tenants as jointly and severally responsible for any debts.
13. CGA will identify and alert tenants when accounts fall into arrears and will where feasible without causing undue hardship encourage tenants to pay off debts in full before offering an arrangement to repay arrears by instalments.
14. CGA will make agreements with tenants for the repayment of arrears based on an assessment of what they can afford. We will regularly review the terms of the agreement to make sure if they are still appropriate considering what we know of the tenant's income, their outgoings, and the level of debt outstanding
15. CGA reserve the right to instruct a third party debt collection agency to pursue debts relating to former tenants (where appropriate).

### **New Applicants**

16. CGA will carry out financial assessments with new applicants to ensure the property offered is affordable and that it will not cause undue financial hardship to the tenant.
17. Applicants for housing will be informed of all charges relating to a property so they can make an informed choice about whether to accept a property or not.
18. CGA will make it clear to the applicant the importance of making rent payments on time, the consequences of not doing so, and the support we can offer if they struggle to make payments.
19. CGA will request rent up front from the prospective tenant at the point of sign up for their new property.
20. Applicants who do not have the means to pay rent up front will be referred to the Tenancy Support Team to establish if any support can be offered.

21. The Tenancy Support Team will consider the applicant's individual circumstances when deciding the best course of action.

### **Rent Statements**

22. CGA will provide tenants with regular rent statements so they can see their current account balance and payment history.
23. Tenants can request ad-hoc rent statements at any time.

### **Support for Tenants**

24. CGA recognise that the cost of living crisis is having a substantial impact on many of our tenants and are committed to support those experiencing difficulty in paying their housing costs, whilst reinforcing the importance of maintaining payments for rent and other charges.
25. CGA will consider the tenant's personal circumstances when deciding the most appropriate method of arrears recovery, and tailor our services where resources allow.
26. CGA will provide appropriate translation and interpretation services where required and will ensure that appropriate technology solutions are in place to support tenants to access our services.
27. CGA will offer flexible appointments for tenants who need to speak to us about their payments or require welfare benefit advice, where they are unable to access our services during normal office hours.
28. CGA will communicate with tenants, providing information, advice, and support to help tenants to maintain their rent payments.

29. Specialist officers within the Income Management Team will receive the support and training they need to be able to provide the appropriate level of advice and support to our tenants to help them maintain their rent payments.
30. CGA is committed to provide advice and support to all its tenants through a specialist Tenancy Support Team.
31. The Tenancy Support Team will provide an extensive advice and assistance service in relation to claiming welfare benefits and grants, tailored around the tenant's individual needs, with the aim of maximising the tenant's income.
32. The Income Management Team will provide advice on budgeting, and where relevant will signpost tenants to organisations that provide free and impartial debt advice, with the expectation that the tenant will take the advice and attend appointments and keep to repayment arrangements.
33. CGA will work with Local Authorities (LA) and the Department for Work and Pensions (DWP) to resolve issues relating to direct payment of housing related benefits, and where appropriate, seek payment of rent and/or rent arrears direct from the DWP or LA.

## **Refunds**

34. CGA will ensure tenants are aware of any credit balance on their account by providing regular rent statements.
35. CGA will issue a refund to the tenant at their request, and after relevant checks have been carried out, in line with our Credit Balance Procedure.

36. The Income Management Team will actively monitor accounts that have a balance greater than £1,000 and where the credit is due back to the tenant, will contact the tenant to arrange a refund.
37. CGA will not refund a credit to the tenant where it is believed that the monies are due back to the LA or DWP.

## **Legal Action**

38. CGA are committed to preventing evictions where tenants demonstrate they are actively working to address their arrears and consider repossession of a property as a last resort.
39. CGA will explain clearly the implications for the customer of any action we are taking to recover debts.
40. CGA will only take legal action where the tenant/debtor does not enter into, or, keep to an agreed repayment plan.
41. CGA will fully comply with the Pre-action Protocol for Possession Claims based on rent arrears. The aim of the protocol is to encourage engagement between landlords and their tenants, ensuring rent is paid promptly and any difficulties are resolved wherever possible without the need for court proceedings.
42. When serving Notices of Seeking Possession, CGA will use discretionary grounds for possession, however, retains the right to use mandatory grounds where there is evidence that arrears have arisen as a result of a deliberate act or omission. Our interpretation of deliberate will have regard to the tenant's personal circumstances and the facts of the case.
43. CGA will consider all available facts of the case when considering the type of court order to pursue.

44. CGA will look to recover any court costs incurred, and request that these costs are included in any order made by the Court.
45. Where we are concerned about a tenant’s continuing support needs, CGA will signpost them to agencies that may be able to assist.
46. Eviction will be pursued where a customer fails to comply with any grounds of possession ordered by the Court, and where the customer fails to respond to CGA’s attempts to provide support.

**Arrears Write Offs**

47. Former tenant debts will be subject to write off once the relevant recovery procedure has been exhausted, and as set out in CGA’s Financial Regulations approval will need to be obtained based on the level of debt.
48. Authorisation levels are set as follows:

Current Tenant Arrears	Former Tenant Arrears	Write-off authorised by:
Less than £1,000	Less than £1,000	Head of Income
£1,000 - £5,000	£1,000 - £5,000	Head of Income in conjunction with the Head of Finance
Over £5,000	Over £5,000	Executive Director of Resources

49. Debts relating to current tenants will only be subject to write off in extreme circumstances.
50. A record of all debts subject to write off will be maintained and made available for inspection by Board Members, the Association’s Auditors or such other persons who may be entitled to review the data.

51. The Board will review the level of bad debt write off on an annual basis.

### **Bad Debts Provision**

52. As outlined in our Financial Regulations, CGA will make a provision for bad debts as follows:

<b>DEBT TYPE</b>	<b>PROVISION</b>
Former Tenant Debt	100%
Housing Benefit Overpayment	100%
Current Tenant Arrears	
1-4 weeks	NIL
5-8 weeks	10%
9-12 weeks	25%
13-25 weeks	50%
26+ weeks	100%

53. For non-housing debt, CGA will make a provision based on the age of the bad debt as follows:

<b>AGE OF DEBT (DAYS)</b>	<b>PROVISION</b>
Less than 121 days	NIL
121 - 180 days	25%
181 - 270 days	50%
271 - 360 days	75%
Greater than 360 days	100%

### **Responsibilities**

54. The CGA Board and Chief Executive will be responsible for the provision of adequate resources to enable full implementation of the Income Management and Bad Debt Provision Policy.

55. The CGA Board are responsible for overseeing the level of bad debt write off and shall receive an annual update on rent arrears performance (including the level of bad debt write-off) in accordance with agreed policies.
56. The Director of Customers and Communities in conjunction with the Head of Income Management is responsible for the overall performance of income collection.
57. The Head of Income Management will be responsible for ensuring that appropriate management arrangements and procedures are in place to deliver the requirements of the Income Management and Bad Debt Provision Policy.
58. The Head of Finance will be responsible for ensuring that the level of bad debt provision aligns with operational and business plan targets.
59. The Rent Recovery Manager will be responsible for the day to day management of the Income Management Team, ensuring that all specialist officers have the skills and knowledge to carry out their role.

## **Data Protection**

60. Personal data will be stored on the basis of legitimate business interest and pursuant to current GDPR legislation. Customer information will be stored for the whole term of the tenancy plus six years.

## **Monitoring and Reviewing**

61. This Policy will be reviewed on a regular basis, with a full review taking place every 2 years, to ensure accuracy and that CGA complies with relevant legislation.
62. CGA will ensure robust and systematic procedures are in place to identify, control, reduce and collect monies owed.

63. Targets will be set and monitored in line with CGA's strategic objectives and performance management framework, and performance will be reported to the CGA Board on a quarterly basis.
64. Operationally, targets will be monitored weekly at a department and individual officer level.
65. CGA will benchmark performance against other organisations.

**END**