

Rent income and arrears policy

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THE ROYAL BOROUGH OF
KENSINGTON
AND CHELSEA

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2 Overview

- 2.1 This policy covers the aims and objectives of RBKC Housing Management in its approach to the recovery of rent arrears and associated charges.
- 2.2 This policy should be read in conjunction with the Pre-Action Protocol for Possession Claims for Social Landlords (available online: <https://www.justice.gov.uk/courts/procedure-rules/civil/protocol/pre-action-protocol-for-possession-claims-by-social-landlords> and RBKC's Income Rent and Arrears Procedure (available on request from the Rent Income Team). These details are provided in more depth in the stages in the process of managing and recovering rent arrears.
- 2.3 The term 'arrears' applies to outstanding rent payments due under the tenancy agreement, including rechargeable works, and court costs.
- 2.4 Collecting rent and housing income is vital to the Council's ability to deliver housing services to its residents. We are committed to improving the quality of our homes and neighbourhoods but rely on income to fund our services.
- 2.5 RBKC will collect rent and other charges and provide a holistic service to those facing difficulty paying their rent by closely looking at individual circumstances and tailoring our support accordingly. We will act early and use preventative measures to assist tenants in addressing any financial difficulties. We will give specialist advice and support to our tenants to sustain their tenancies through the dedicated Financial Inclusion team. The Council will adopt a fair approach concerning the payment of rent.
- 2.6 RBKC recognises that an effective strategy for managing its housing rental income is essential to the smooth operation of its housing management service. Therefore, effective measures must be in place to enable the service to appropriately manage rent arrears and achieve the objectives of maximising income collection, reducing historic rent arrears, and putting the organisation on a firm financial footing.
- 2.7 Non-payment of rent affects our ability to provide high-quality services and potentially has serious consequences for residents.
- 2.8 This policy reflects the organisational need for clear lines of accountability in the management of housing income.

3 Policy Objectives

- 3.1 This policy is designed to assist officers in the management of rent and arrears, to achieve RBKC's objectives of maximising income, reducing historic arrears and helping to move the service towards top quartile performance, while always ensuring that the Council and its staff are sensitive and responsive to the circumstances of our residents.

- 3.2 RBKC will seek to manage rent arrears in a proactive, efficient, effective and innovative manner, putting in place the documented systems required to deliver a timely, informative and customer focused service to our residents, along with the framework to ensure the appropriate management of information to enable our officers to take necessary arrears prevention and/or enforcement action within reasonable timescales.
- 3.3 RBKC will seek to maximise rental income through the consistent promotion of a payment culture amongst tenants to prevent tenants from getting into arrears in the first place and, where arrears already exist, to minimise and reduce the amount of arrears already owed.
- 3.4 RBKC will aim to sustain tenancies, using eviction as a last resort. We will focus on preventing arrears by providing tenants with the information, support and advice required to maximise their income and to prevent, minimise or manage debt. This is a key aim as many of our residents have been adversely affected by changes to welfare benefits that came into effect in April 2013, as well as by the outbreak of the Coronavirus pandemic in winter of 2020, outbreak of the war in Ukraine in 2022 and the resulting high energy prices which contributed to the ensuing and ongoing cost of living crisis.
- 3.5 RBKC will ensure that our residents and their representatives are treated equally, fairly and with respect by a customer focused service. Information in relation to rent arrears will be accurate, easy to understand, and contain clear information in relation to repayment options, available methods of payment, and relevant support and advice agencies.
- 3.6 RBKC will tailor our rent arrears actions to recognise the needs of vulnerable tenants.
- 3.7 RBKC will ensure that effective liaison arrangements are put in place with key partners such as RBKC Revenues & Benefits Service, RBKC Social Services and RBKC Legal Services to help provide a more efficient rent recovery service by promoting an ethos of cooperation and partnership working.
- 3.8 RBKC will ensure that appropriate targets are set and monitored for officers involved in rent recovery and that these are reviewed regularly as part of the local performance management process. We will also ensure that officers are provided with regular training on good practice in the management of arrears and receive regular updates in relation to legislative changes.
- 3.9 RBKC will endeavour to deliver an innovative rent arrears service that continuously looks to find ways of improving its performance. We will work closely with residents to achieve this and to ensure that the provision meets their needs and expectations.

3.10 RBKC will deliver direct and targeted communications to residents to raise awareness of their responsibilities for payment of rent and other charges, what support is available for them when they cannot pay, and what action will be taken against them if they do not pay.

4 Customer Obligations

4.1 The terms and conditions of the tenancy are set out within the Tenancy Agreement. It is a legal agreement which sets out the rights and responsibilities of the tenant.

4.2 Rent is a condition of the tenancy. When a tenant accepts a tenancy, they agree to pay a charge for occupying the property. The money received is used to pay for housing services, such as repairs, maintenance and cleaning, estate lighting, pest control, grounds maintenance, lifts, heating, housing management and so on. Some of the money is used to pay for improvements to tenants' homes.

4.3 The term tenant includes both sole and joint tenants who are both jointly and individually responsible for paying rent and any arrears.

4.4 Clause 5.2(1) of the tenancy agreement states:
"The tenant will pay the rent and any other charges due under the terms of this agreement every week in advance. Any other charges or payments arising from legal proceedings in connection with this agreement will be deemed to be rent due in connection with this tenancy and may be added to the rent account for the property".

4.5 The full rent or "gross" rent is the basic charge for the property.

4.6 Legally, RBKC must give tenants 4 weeks' notice of any rent changes. A "Rent Charge" letter is a notice of variation that is sent out before any increase can take effect.

4.7 Tenants may also be required to pay other charges as part of their tenancy agreement as follows:

- **Service charges**

The Council levy service charges for providing and maintaining estate services such as estate cleaning, grounds maintenance, estate lighting, CCTV, hot water tank maintenance and concierge schemes.

- **Heating and hot water charges**

Charges are added where the property benefits from a district heating and/or hot water system. These charges are not covered by Housing Benefit (HB) or Department for Work and Pension (DWP) within the housing costs element of Universal Credit (UC) but are paid for by the tenant.

5 Preventing Rent Arrears

5.1 RBKC recognises the seriousness of rent arrears for both the tenant and the Council and aims to prevent rent arrears from happening in the first place.

5.2 The Council recognises that people can get into rent arrears for several reasons. This can include:

- Problems with state benefits
- Loss of income due to changes in circumstances
- Low income
- Multiple debts
- Difficulty managing finances
- Bereavement
- Vulnerability
- Lifestyle choices

5.3 RBKC will:

5.3.1 Promote a payment culture.

When a new tenancy is agreed we provide clear advice to the tenant on the need to pay their rent, the amount of rent due and what services the rent pays for.

Tenants are sent quarterly rent statements to ensure they are kept fully informed of any arrears or credit on their account. More frequent statements are sent to tenants when requested.

The tenant is also given a new tenant's pack which contains information booklets 'About your tenancy' and 'Welcome to your home'. The tenant is advised on what to do if they are struggling to pay their rent as well as signposting to further information on welfare and housing benefits.

At this stage, the Rent Income Officer (RIO) will also determine if there are any vulnerability issues and record details of social workers and other support workers, if applicable.

Referral to the appropriate support service will also be considered if the tenant is vulnerable, has state benefit problems or has difficulty sustaining their home.

Further information can be found in the Rent Income and Arrears Procedure.

5.3.2 Provide a range of payment methods.

RBKC is committed to providing a variety of rent payment methods for its residents. These include both traditional and more modern payment options

and are designed to meet the needs of all our residents.

- Current methods of payment include:
 - Swipe Card via PayPoint.
 - Direct Debit (Council's preferred method of payment)
 - Standing Order
 - Internet payment via our website
 - Automated Telephone payment line
 - By Post via cheque payment
 - In person at an RBKC Payment Kiosk

RBKC will continue to develop its payment options to actively promote the most cost-effective methods of Income Rent and Arrears and evolve the scope of payment options available to our residents to reflect the continued advances in technology.

RBKC will regularly and proactively monitor credit balances on accounts and advise residents that they may request a refund where appropriate. We will consider all requests for a refund of surplus credit on an account. Requests must be made in writing and signed by residents, including all joint residents.

All refunds will be awarded at our discretion; we will take into consideration the payment patterns, payment method and relevant circumstances in calculating any surplus credit to refund to prevent the tenant from falling into arrears soon or if they have outstanding sundry account arrears.

5.3.3 Support tenants when they get into difficulty

RBKC will provide support to help tenants remain in their homes and sustain their tenancy as far as it is possible. To do so, the RIO will:

- set up a repayment plan with the tenant who fell into rent arrears
- make referrals to internal support services (Financial Inclusion team) which are aimed to help tenants maximise their income and pay their rent to sustain their tenancy. In addition, RIO will provide clear signposting to alternative external support and advice services as required
- consider applying for a direct deduction from a resident's benefits where this represents a viable option to reduce arrears and sustain their tenancy.

Further details are set out in the Rent Income and Arrears Procedure.

6 Vulnerability

- 6.1 RBKC will consider the specific needs of different groups of residents in considering the delivery of the rent arrears service and in determining the approach to arrears enforcement action taken.

- 6.2 The Council will endeavour to provide or signpost appropriate housing support services to vulnerable residents and liaise with other agencies about their particular care and support needs.
- 6.3 Officers involved with the rent arrears process will assist vulnerable residents to ensure that appropriate support measures are put into place to assist them with managing their rent account and/or arrears, to prevent vulnerable residents from being put at risk of losing their home.

7 Legislative Changes to the Benefits System

- 7.1 RBKC recognises that the government's programme of welfare reform has impacted many of our residents. With due regard to the introduction of the Welfare Reform Act, RBKC implemented a Financial Inclusion Service. We will proactively review our resource allocation to best respond to future legislative changes and their impact on our residents.
- 7.2 We will continue to support residents through the transition and to sustain their tenancies. We will offer referrals, comprehensive and specialist welfare benefits advice and support to promote financial inclusion, maximise income and minimise the adverse impact of welfare reform.

8 Cost of Living Crisis, War in Ukraine and Increases in Energy Prices

- 8.1 RBKC recognises the devastating effect the ongoing cost of living crisis, war in Ukraine and increases in energy prices have had and continue to impact many households, some of which have never previously been regarded as vulnerable.
- 8.2 We will support all affected tenants through the provision and administration of a hardship fund, regular review and monitoring of the fast-changing individual circumstances, and assistance with applying for appropriate benefits.
- 8.3 The Financial Inclusion team works on offering holistic reviews of financial circumstances to all tenants. We aim to strengthen external links with support agencies such as Kensington & Chelsea Citizens Advice, as well as seek out new partnerships to create a more robust financial support offer, especially to those tenants who have suddenly lost their earning ability or are struggling to support themselves due to the decreased affordability of goods and services.
- 8.4 This policy will have a life that extends beyond the most immediate, direct impacts of the cost-of-living crisis, war in Ukraine and increases in energy prices. It is recognised that the long-term impacts on health and income are not easy to predict at the time this policy is being adopted, and that the Council and its tenants will likely need to work together for some years after the policy's adoption to respond to these wider impacts.

9 Process of monitoring rent and arrears

- 9.1 RBKC monitors the payment of rent weekly. If a payment is missed this will initiate our rent escalation process. We operate an escalation process that runs from initial contact and recovery through to eviction.
- 9.2 We will intervene early to recover any rent owed and help to prevent any rent arrears from becoming a more difficult problem for both the tenant and the Council.
- 9.3 Rent Income Officers (RIOs) will access weekly arrears action prompts via our bespoke CRM system and will act promptly in contacting tenants if a payment is missed. This will be in the form of either a letter, a phone call or a text message where rent payments have been missed. Lack of response to this contact, or any subsequent missed payments will result in a follow-up letter, telephone call or a home visit depending on the circumstances.
- 9.4 We will determine how and why the arrears have arisen, offer advice where necessary on budgeting and benefits claims, and aim to make an arrears repayment agreement with the tenant. Arrears agreements will be made in writing and will be for affordable payments of arrears in addition to weekly rent payments.
- 9.5 Contact with the tenant will be sustained throughout the arrears recovery. Alternative methods of contact will be tried before considering legal action. Assistance will be given by the RIOs to resolve any UC or HB issues within their remit. Where necessary the tenant will be referred to the Financial Inclusion Officer and/or voluntary advice agencies.

10 Repayment agreements

- 10.1 RBKC recognises that securing an affordable repayment arrangement that the tenant can maintain over a longer period until the debt is cleared is the preferred approach to sustaining the tenancy.
- 10.2 This approach benefits both the tenant in maintaining their tenancy and the Council which recovers outstanding money. RIO will:
- contact the tenant, if they fall into rent arrears, to discuss the cause of the arrears, the tenant's financial circumstances, entitlement to benefits and repayment of the arrears
 - agree on affordable sums for the tenant to pay towards arrears, based upon the tenant's income and expenditure (where such information has been supplied in response to the council's enquiries)
 - confirm repayment agreement in writing
- 10.3 Further information and guidance on the Council's approach to providing a repayment arrangement can be found in the Rent Income & Arrears procedure.

11 Escalation

- 11.1 Should we be unable to resolve any rent arrears issues, we will follow the arrears recovery actions that are set out in the escalation process within the Rent Income & Arrears Procedure. The escalation policy is designed to allow tenants in arrears to work with us to reduce their arrears and keep their homes, but we will follow our escalation procedure up to and including eviction if we are unable to recover rent income that is owed to us.
- 11.2 We will take account of individual circumstances but expect tenants in arrears to make a genuine effort to clear any rent owed to us.
- 11.3 The full escalation process is set out in the Rent Income and Arrears Procedure.

12 Former Tenants' Arrears

- 12.1 RBKC will attempt to recover former tenant and licensee arrears where these occur. The Council will consider all cost-effective means of recovery, including court action, and may employ external debt collection agencies to recover these debts where it considers this to be viable and appropriate.
- 12.2 Further information on this can be found in the Former Tenants Arrears Policy and Procedure.

13 Related Documents

- Pre-Action Protocol for Possession Claims for Social Landlords <https://www.justice.gov.uk/courts/procedure-rules/civil/protocol/pre-action-protocol-for-possession-claims-by-social-landlords>
- Rent Income and Arrears Procedure (including escalation process within the procedure)
- Financial Inclusion Action Plan
- Introductory Tenancy Procedure
- Hostel Income Management Procedure
- Former Tenant Arrears Procedure
- Former Tenant Arrears Policy
- [Housing and Social Investment Domestic Abuse Policy | Royal Borough of Kensington and Chelsea](#)

All of the above internal documents are available on request from the Rent Income Team.

14 Legal Context

14.1 RBKC has reviewed the Rent Income and Arrears Policy and Procedure to ensure that it is compatible with and compliant with current legislation, including:

- Housing Act 1985
- Housing Act 1996
- General Data Protection Regulation (GDPR)
- Data Protection Act 2018
- Human Rights Act 1998
- Freedom of Information Act 2000
- Pre-Action Protocol
- Welfare Reform Act 2012
- Universal Credit Regulations 2013
- Equality Act 2010
- Coronavirus Act 2020

15 Performance Monitoring and Reporting

15.1 RBKC will formally agree and publish annual performance targets for the management of rent arrears. These indicators will be based on local and national indicators. RBKC will regularly monitor its performance in relation to rent arrears to ensure that progress is being made against the annual performance targets and will share this information in various formats to meet stakeholders' requirements across the organisation.

15.2 RBKC will also ensure that a formal performance management structure is in place to ensure that officers involved in the rent arrears recovery process are set challenging performance targets, receive regular performance information, have regular casework compliance audits, one-to-one meetings with their line manager and are given an annual performance appraisal.

16 Equalities Statement

The Council is committed to promoting fair and equal access to services and equal opportunities in employment, the procurement of goods and as a community leader. The Council's policies, procedures and day-to-day practices have been established to promote an environment which is free from unlawful and unfair discrimination while valuing the diversity of all people.

Discrimination on the grounds of race, nationality, ethnic origin, religion or belief, gender, marital status, sexuality, disability and age is not acceptable: the Council will take action to ensure no person using the Council's premises or services receives less favourable treatment or is disadvantaged by requirements or conditions that cannot be justified. The Council will tackle inequality, treat all people with dignity and respect and

continue to work to improve services for all service users.

17 The General Data Protection Regulation (GDPR) and the UK Data Protection Act 2018

As a directorate of RBKC, Housing Management shares the commitment to ensure that all data is:

- a. Processed lawfully, fairly and in a transparent manner
- b. Collected for a specific and legitimate purpose and not used for anything other than this stated purpose, or as provided for in our privacy and fair processing notices
- c. Relevant and limited to whatever the requirements are for which the data is processed
- d. Accurate, and where necessary, kept up to date. Any identified inaccuracies will be amended or removed without undue delay
- e. Stored for as long as required, as specified within RBKC's Records Retention policy
- f. Secured with appropriate solutions, which protect the data against unauthorised or unlawful processing and accidental loss, destruction or damage.

For further information about the Council's commitment to GDPR, please see the Council's website at www.rbkc.gov.uk.

18 Training and Promotion

- 18.1 RBKC recognises that the success of this policy and the implementation of the Rent Income and Arrears Procedure is largely dependent upon the knowledge and ability of the Rent Income Team to deliver it. RBKC is committed to providing regular training to all rent income staff to ensure that they are suitably skilled and have the up-to-date legislative knowledge required to effectively deliver the policy and procedure requirements.

19 Implementation and Review

- 19.1 The effective implementation of the policy and management of the service in line with the policy will be the responsibility of the Head of Income and Financial Inclusion and appropriate managers. They will be responsible for checking that officers are taking appropriate action in accordance with the Rent Income and Arrears Procedure.

19.2 The Assistant Director of Resident Services will be responsible for reviewing this policy. This will enable RBKC to reflect any future legislative changes and demonstrate our aim of delivering a service that is based on continuous improvement. This policy will be reviewed in conjunction with the procedure every five years, or when legislative or regulatory changes take place that could affect it.

The next review will take place by:

October 2030