

## **KEY POLICY: FINANCE**

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### **CORPORATE DEBT RECOVERY**

#### **1.0 Key Strategic Links**

This strategy links to all corporate objectives in that it seeks to be responsible with and accountable for public finances, which is a corporate value that underpins the achievement of all objectives. Specifically it links to community objectives (quality of life and access to services) by seeking to recover debts in a reasonable manner and offering choice of payment methods.

#### **2.0 Related South Lakes Housing Policies**

- Rechargeable Repairs Policy
- Anti Poverty Strategy
- Rent Collection Arrears and Eviction Policy

#### **3.0 Relevant Legislation**

- Housing Act 1985 – Part II of this Act allows for the provision of housing accommodation, and the application of Housing Management Provision. It further allows the local authority to make reasonable charges for the tenancy and occupation of their homes and recover possession should rent lawfully due from the tenant not be paid.
- Local Government and Housing Act 1989 – Part IV of this Act places a duty on the Authority to keep, in accordance with proper practices, the Housing Revenue Account, thus recording sums credited in respect of Houses and other buildings which have been provided under Part II of the Housing Act 1985. The Act further places a duty on the Authority to prevent debit balances on the Housing Revenue Account.
- Human Rights Act 1998 – This Act requires Public Sector Landlords to consider all relevant factors prior to issuing proceedings
- Commonhold and Leasehold Reform Act 2002 – This Act sets out the services that a Landlord is able to charge for and the tenants obligation to pay the same.
- Civil Procedure Rules 1999 – Sets down the rules for issuing all claims whether for money or a possession action.

- County Court Act 1984 – This Act provides for the rate of interest and costs that can be applied to overdue sums on the issue of a claim.

#### 4.0 Policy Standards

This policy covers South Lakes Housing's role as an arms length management organisation for South Lakeland District Council in carrying out the functions of :

- Effective maintenance and management of SLDC housing stock
- Collection of housing rent
- Provision of maintenance services to leaseholders and collection of the charges due

The policy also covers collection of income generated by the provision of services to external customers.

#### 5.0 Key Objectives

- Provide a fast and effective Rent Arrears Service that is based on arrears prevention, detection and recovery
- Be proactive in identifying barriers to rent payment early and intervening as soon as possible
- Provide an effective and efficient sundry debt collection service
- Use technological advances to best effect in offering a variety of methods of payment for both rent and sundry debts, provide comprehensive management information and enhance performance management.
- Promote and update good practice in relation to arrears recovery, incorporating analysis of causes, ongoing monitoring and contact, arrangements for debt counselling/ money advice and court action.
- Ensure that the level of debt owed by sundry debtors and both current and former tenants is minimised.

#### 6.0 Aims

South Lakes Housing aims to substantially reduce the level of all debt in a way that will contribute to the sustainability of the area by applying the following principles;

- **Early Contact** – being the positive action to be taken by all departments in relation to debt. Every opportunity should be used to make debtors aware of South Lakes Housing's sympathetic, humane, common sense and realistic approach to debt.
- **Consolidated Action** – being the essential exchange of information between departments to ensure that coordinated action is taken which recognises the importance of priority debts.

- **Money Advice Provision** – being the organisations ability to provide money advice both internally and by referral to money advice services in the voluntary sector.

South Lakes Housing aims to promote a culture where tenants and other customers value both their homes and the services we provide and this is reflected in their willingness to pay. This will be achieved by:

- **Working towards the achievement of excellence in Housing Management** through delivering the Service Improvement Plan.
- **Advancing the business planning process through effective performance management** and by maximising the income to the HRA from rent and benefits.
- **Promoting both the rights and responsibilities of being a tenant or leaseholder** through unambiguous and consistent messages and actions, and through regular and clear information
- **Combining the use of sanctions against those who do not pay** with rewarding those who consistently do.
- **Improving customer focus, consultation with stakeholders** and quality stakeholder involvement through the development of quality accreditation processes.

South Lakes Housing aims to continuously develop high quality staff, with clear goals and priorities to deliver the services and who are both respected and valued by tenants, leaseholders and customers. This will be achieved by:

- **Providing staff with the knowledge and understanding of the impact of debt** on both individuals and service delivery within the organisation and enabling them to deal more holistically with issues of debt recovery through encouraging partnership working with both external organisations and other internal departments.
- **Providing staff with clear and concise procedures** to be followed so that arrears recovery is approached in a consistent manner.
- **Involving staff in developing tools and processes** with which they can provide high quality and effective yet sensitive debt recovery.
- **Sharing individual and team good practice** to encourage consistently high standards across the area and to value staff efforts.
- **Supporting staff in their duties through performance appraisal,** review of management structures and through a comprehensive training programme.
- **Achieving standards of delivery** that meet the requirements of quality accreditation schemes.

## 7.0 Recovery Procedure

South Lakes Housing is committed to approaching debt recovery in a consistent and unambiguous way and to ensuring that all debtors understand the consequences of non-payment. Accordingly the recovery procedures followed must :

- Be sufficiently effective to ensure that whenever they have the means, people do pay their debts and are not able to avoid their obligations.
- Acknowledge the debtor's obligations and responsibilities to his or her dependants.
- Effectively distinguish between those who cannot pay their debts and those who will not.
- Allow for the proper holistic appraisal and consideration of debtors circumstances and provide sensible and realistic arrangements for those who genuinely need time to pay their debts.
- Protect debtors and their families from harassment and undue hardship.
- Attempt to assist the debtor in sorting out debt problems before they escalate out of control.
- Attempt to reach an agreement without resorting to action that might result in exacerbation of the debt situation.
- Allow for the differences that exist between the well-organised creditor and the badly organised debtor.
- Achieve a fair balance between the claims of competing creditors and recognise the need to address the demand of priority debts.
- Be efficient and cost effective
- Recognise and protect the debtor's rights at every stage of the process.
- Provide for timely money advice referral where early contact has identified financial difficulty.
- Accept that in some cases there is no prospect of the debt being paid.

## 8.0 Conclusion

There are two distinctly separate parts to debt recovery - managing the debts of the organisation as a whole and managing the debts of the debtor. By applying the following appended procedures, South Lakes Housing will be able to successfully manage and recover sums due.

<b>Appendix 1</b>	Rent Arrears Procedure – Current Tenants
<b>Appendix 2</b>	Rent Arrears Procedure – Former Tenants
<b>Appendix 3</b>	Rent Arrears Procedure – Write Offs
<b>Appendix 4</b>	Recovery Procedure – Sundry Debts
<b>Appendix 5</b>	Rent Collection Procedure – Money Advice Referrals

