



Rent Charges, Fees Incomes and Debt Management

1. Background

This policy is designed to set out a clear and consistent message based on our values. Abbeyfield The Dales (ATD) is committed to providing affordable housing, care and support that enhances the quality of life for older people.

To ensure this objective is met ATD is committed to managing its finances in a fair and transparent manner. The management of rent and charges income from residents and statutory funders (such as Housing Benefit) is a key responsibility for ATD. The collection of this income enables ATD to provide a high-quality service for current residents and to develop its services to meet future needs. In managing its rent and charges income ATD needs to address those occasions where rent and charges arrears arise, and debts are in existence.

2. Objectives

ATD is committed to providing services that enhance the quality of life for older people and developing services that will meet the needs of future generations. This commitment is based on the Mission and Values of ATD. ATD will also comply with all relevant and current legislation.

The aim of this policy is to:

- To set out in a clear manner ATD's policy in managing resident charges including where debts arise;
- To confirm ATD's approach to providing support to residents and enable them to access any benefits that will assist their meeting rent and charges obligations;
- To standardise ATD's approach to the identification of doubtful rent/charges arrears and debts and affecting their write off where, despite best endeavours, the debts remain unsettled with little or no prospect of ever being recovered; and
- To define the complementary roles of Operations and Finance in maintaining rent and fee records, decision making and managing arrears.

3. Scope

ATD directly managed houses and homes.

NB: for the purpose of this policy, the term Manager is used for all individuals who have accountability for managing a service.

4. Policy

ATD will regularly review its approach to the collection of rent, service charges and fees and minimising debt.

All care and Housing arrears will be calculated, monitored and managed within the Sage Sales Ledger module.

We organise our rent and charges procedure to ensure it is fair and transparent, that it helps residents to sustain their tenancies and agreements and reduce debt where this has developed, including focusing on supporting residents in claiming the benefits they are entitled to.

To achieve this, ATD shall provide clear and transparent information in 'non-technical' language to residents and/or their legal representative about the amount of rent, service charges and fees, methods of payment and the current position of the resident's account (including issuing of rent and other fee statements).

ATD will seek to provide relevant advice, support and guidance (including signposting to independent financial advice) if residents are having difficulties paying rent and charges.

4.1. Annual Review of Rents, Residential Care and other Charges

The Finance Director shall co-ordinate the annual rent and fees review to be implemented on the 1st April each year.

The Finance Director is responsible for discussing and agreeing the current and prevailing rent and fee levels for each house or home directly managed by ATD with the Senior Management Team of ATD.

A room rate is calculated for each flat, apartment or care suite and this is based on rent setting criteria as defined by the housing regulator, and the expected cost of providing the service; this is known as the target rent or residential care charge. In addition, the rent and fee levels are calculated for each tenancy or care resident individually, as this may differ from the calculated room rate; and these charges are the ones charged to residents and included in the budget. Target rents or residential care charges are charged to new residents when a flat or suite is relet.

The fee levels are presented to the Landlord of each house and care facility, for their review, and considers their wishes as part of the approval process.

The fee levels are presented to the ATD Board in the context of the annual budget review meeting in December, and the level of charges are agreed as part of the budget approval process.

The Head of Housing with the support of the Finance Director actively engages and consults residents to gain their feedback to make any changes to the agreed charge in advance of the statutory notification period to enable the fees to be uplifted on 1st April, and new direct debit amounts to be collected.

The charges are shared with the managers of each service once they are approved, and a detailed breakdown of the new charge is supplied to all residents for their information and to produce if they wish to claim Housing Benefit or other benefit support.

5. Finance, Value for Money & Social Value

Rents and charges need to be affordable for our residents and to meet the requirements of our regulator. In addition, consideration needs to be given to the market conditions so that the charges are comparable with those of local competitors, and attractive to new residents. Finally, the charges need to be sufficient to ensure there is sufficient income to cover operating costs and overheads and leave a return for future investment.

6. Supported Appendices

APPENDIX 1: Direct Debit Notification Letter

APPENDIX 2: Direct Debit Mandate and Arrears Management Process

APPENDIX 3: Payment Plans and Sample Letter

7. Linked Policies

Home Loss and Disturbance (R009P)
Post Death Repayments (R014P)
Data Protection (LG013P)
Safeguarding Vulnerable Adults (LG031P)
Care Home Fees (LG004P)
Delegation of Authority (LG014P)

8. Legislation/Regulation

The Regulatory Framework for Social Housing in England from April 2012 - Annex A: Rent Standard Guidance March 2012

The Rent Standard in The Regulatory Framework for Social Housing in England from April 2012 (for private registered providers).

The Care Act 2014.

Housing Associations must operate viable businesses, with adequate recourse to financial resources to meet their current and future business and financial commitments

9. Review

Every 3 years, subject to regulatory and legislative changes.

10. Procedure/Guidance

10.1. Commencement of New Tenancy

Prior to an applicant being offered a tenancy, the Manager will check to ensure that the prospective tenant fully understands the tenancy charges and ensures as far as possible, that the tenancy is affordable for the applicant; a financial assessment is conducted for each prospective resident before a tenancy is granted.

Upon tenancy commencement, the Manager will ensure that each new resident is fully aware of and understands the rent and charges due, including the frequency with which such rent and charges fall due for payment. The first month's rent should be collected in advance from the resident and banked within 5 working days, informing the Finance Manager of the resident details (resident's title, initial, surname, unit number, address and amount paid) using the new resident notification form. The resident should be encouraged to complete a Direct Debit mandate (Appendix1b) for the monthly rent charge in advance on the 1st of every month thereafter. A Direct Debit notification letter (Appendix1a) will be issued to each resident.

Other charges billed to a resident's account will also be collected by Direct Debit, but on the 15th of every month, and following a statement of account being sent (see section 10.2 below).

Failing a Direct Debit being set up, the Manager should advise the resident of the ATD's bank account details and the resident should make payment through other means, at their bank on the 1st of every month.

The Manager should also, where appropriate, assist the resident to ensure that they make a claim for any Local Authority Benefits they may be entitled to, most specifically Housing Benefit. They will help the resident in the claim process if requested or inform them of the appropriate agencies that might assist them, for example, Age UK & Citizens Advice Bureau.

The Manager shall ensure that the resident is fully aware of their responsibility to continue to meet the non-eligible & other service charges in full, until such time that their benefit claim has been finalised by the relevant agency.

10.2. Statements of Account

The Finance Manager shall produce monthly statements of account detailing all outstanding charges on a resident's account which shall be sent to all residents 10 days before a Direct Debit collection on the 15th of every month. This 2nd Direct Debit collection is designed to collect for domiciliary care and other charges incurred in the previous month.

In addition to the monthly rent statements described above, where a process of resolving complex rent arrears cases are ongoing with a resident the Finance Manager will provide assistance and information to the Manager or Head of Housing to interpret the statement so that they fully understand the arrears position with regards to Housing Benefit payments, and adherence to agreed payment plans. The reconciliation and additional statements of account will aid the resolution of the debt collection.

In the case of complex long-standing rent account queries, the Manager / Head of Housing will provide the resident copies of statements of account in a comprehensible format, from the date that the arrears first arose, indicating all amounts of rent and other charges due, dates and amounts of all receipts, type of receipts e.g. housing benefit, residents' own contribution and the running total of the arrears.

10.3. Monitoring and Management of Rent Arrears – Current Resident

The Head of Housing is responsible for ensuring that arrears are followed up in a timely manner using the monthly aged debt report produced by the Finance Manager. Agreed actions will be identified at a monthly credit control meeting, and debt recovery actions will be issued to Managers (as appropriate) after each meeting and followed up by the Head of Housing.

At each meeting, each case will be discussed, and the appropriate debt recovery action to be taken will be discussed, agreed, allocated and recorded as appropriate. The monthly credit control meeting will be attended by the Head of Housing, Finance Manager, Finance Director, and Chief Executive Officer (at least once a quarter).

During a discussion with a resident (or their representative) about outstanding balances, it may come to light that a credit note should be raised for all or part of the outstanding balance; this may be due to the service being substandard or was never provided. Under these circumstances, a credit note request should be raised and approved in accordance with the delegation of authority schedule at Appendix 4.

10.4. Monitoring and Management of Rent Arrears – Former Resident

Termination of a tenancy by a resident is normally subject to 4 weeks' and 8 weeks' notice (depending on the individual tenancy), in the following exceptional circumstances a shorter period can be accepted:

- Where the resident's existing tenancy agreement indicates a requirement to provide 4 weeks' notice only;
- Where a tenancy ends due to the death of the resident, and the flat / room is clear, doesn't require significant repair and is within the notice period;
- Where a resident is transferring to another flat / room within the same property, another property managed by ATD, or another Member Society property; and
- The accommodation must be clear of all personal belonging on the agreed termination date.

The Finance Manager and Head of Housing are responsible for reviewing and collecting former resident arrears in a timely manner using the monthly aged debt report and using the appropriate debt collection method and process that is relevant and appropriate to the individual case.

10.5. Write-offs of Rent Arrears

Rent arrears may only be written off under the following circumstances:

- Where following a thorough investigation and several credit control actions, it is evident to the Head of Housing that the arrears are unlikely to be ever settled;
- Where the cost of continued pursuit of the debt will outweigh the benefit; even if the debt is successfully recovered later; or
- Where there is a significant risk of reputational damage to ATD if the debt was pursued further.

10.6. Write-off Authorisation Levels – Appendix 4

The Finance Manager and Head of Housing are responsible for identifying the arrears that have unsuccessfully been pursued. They will complete the formal request to write off arrears form including all the debt recovery action taken to-date and providing a reason why the balance should be written off.

The appropriate approval for the write off (see Appendix 4) will be secured prior to completing the necessary action on Sage.

10.7. Refund of Rent Overpayments

- The Head of Housing, Finance Manager, Finance Director shall review the aged debt report for each resident who has a debt with a view to identifying overpayments and arranging refunds where due. The request for refund should be checked prior to payment to ensure that the overpayment has not arisen because of accounting error.
- The refund is requested in favour of the appropriate party who has overpaid their contribution to the resident rent. If a resident pays their charges by Direct Debit, refunds will normally be made to the same bank account as defined on the Direct Debit Mandate.
- The refund requisition must be backed up attaching detailed rent reconciliation, demonstrating the existence of the overpayment.
- The requisition must be authorised in accordance with ATD's delegation of authority (see Appendix4) before a refund is made.
- Food Refunds and Home Loss Payments should be agreed with the resident and authorised in accordance with the company's authorisation policy and limits. Prior, to the refund/payment being processed by Finance, the Head of Housing or Manager needs to check the rent account to ensure it is not in arrears. Where an account is in arrears, the Head of Housing or Manager must inform the resident as the refund/payment will not be forwarded to the resident but offset against the arrears on the residents account.

Appendix 1a

Sample Direct Debit Notification Letter

Date:

Name:

Address:

Dear Mr/Mrs/Miss/Ms

SUN Ref: 866559 Abbeyfield The Dales Ltd

Payer's Account Name: (Name of the bank account as per the Direct Debit mandate)

Payer's Reference: (Our Ref, ie: first 3 letters of the surname followed by the account no)

Notification of Collection by Direct Debit

Direct Debit payments due in respect of the above Direct Debit Instruction will be collected on or immediately after the (insert date) for £(insert amount) and monthly on the 1st thereafter.

Any change to the date, amount and/or frequency of your Direct Debit collection will be notified to you at least 10 working days in advance.

In addition, there may be a Direct Debit collection for miscellaneous services, ie care charges, telephone, etc. A statement detailing the amount and a description will be sent to you at least 10 working days in advance, detailing the amount to be paid by Direct Debit and the date of the debit to the account.

Should you have any queries in respect of this notification please contact me on 01943 886010, otherwise the Direct Debit collection will be collected as detailed.

Thanking you in anticipation.

Yours sincerely

Appendix 1b

Sample Direct Debit Mandate



Instruction to your bank or building society to pay by Direct Debit

Please fill in the whole form including official use box using a ball point pen and send it to:

Abbeyfield The Dales Ltd
 Grove House
 12 Riddings Road
 Ilkley
 LS29 9BF

Service user number

8 6 6 5 5 9

FOR ABBEYFIELD THE DALES LTD OFFICIAL USE ONLY
 This is not part of the instruction to your bank or building society.

Name(s) of account holder(s)

Bank/building society account number

Branch sort code

Name and full postal address of your bank or building society

To: The Manager Bank/building society

Address

Postcode

Instruction to your bank or building society

Please pay Abbeyfield The Dales Ltd Direct Debits from the account detailed in this instruction subject to the safeguards assured by the Direct Debit Guarantee. I understand that this instruction may remain with Abbeyfield The Dales Ltd and, if so, details will be passed electronically to my bank/building society.

Signature(s)

Date

Reference

Banks and building societies may not accept Direct Debit instructions for some types of account

DD1

This guarantee should be detached and retained by the payer.

The Direct Debit Guarantee



- This Guarantee is offered by all banks and building societies that accept instructions to pay Direct Debits
- If there are any changes to the amount, date or frequency of your Direct Debit Abbeyfield The Dales Ltd notify you 10 working days in advance of your account being debited or as otherwise agreed. If you request Abbeyfield The Dales Ltd to collect a payment, confirmation of the amount and date will be given to you at the time of the request.
- If an error is made in the payment of your Direct Debit, by Abbeyfield The Dales Ltd or your bank or building society, you are entitled to a full and immediate refund of the amount paid from your bank or building society
 - If you receive a refund you are not entitled to, you must pay it back when Abbeyfield The Dales Ltd asks you to
- You can cancel a Direct Debit at any time by simply contacting your bank or building society. Written confirmation may be required. Please also notify us.

Appendix 2

Arrears Management Process

Owned by: Director of Finance. Reviewed by: Philip Birkinshaw
 Approved by ATD Board: 17/08/2018

A full detailed aged debt report is produced monthly for the Head of Housing, Finance Manager, Chief Executive Officer and Finance Director, and following the monthly credit control meeting an extract for each site / service is produced with credit control actions and sent to the appropriate manager.

1. The aged debt report will be produced by the 3rd week of each month following a month end by the Finance Manager. This will enable all invoicing, including charges for private domiciliary care, and other miscellaneous charges and fees to be raised, and payments to be recorded on the ledger.
2. The Finance Manager will collate all known debt recovery actions, and reasons why the debt has arisen to support the monthly credit control meeting.
3. The monthly credit control meeting will be attended by the Head of Housing, Finance Manager and Finance Director. The Chief Executive Officer will attend when available, but at least once each quarter. The credit control meeting will be held by the end of the 3rd week of each month.
4. Each outstanding debt will be reviewed and appropriate actions will be agreed, and recorded. The actions may be directed to the Finance Manager or relevant Operations Manager as appropriate, and the Finance Manager will co-ordinate and distribute the actions.
5. Operations Managers are responsible for carrying out their actions, and reporting outcomes to the Finance Manager as appropriate. The Head of Housing will make sure Operations Managers carry out their actions in a timely manner.
6. The Finance Manager is responsible for debt recovery actions associated with Local Authority commissioned services.
7. The Finance Manager is responsible for sending all credit control letters where it is agreed and appropriate to do so, and for liaising with solicitors where a resident is deceased and their estate is subject to probate. The letters follow a recognised 1, 2, 3 formats, but each may be tailored as appropriate to the individual circumstances.
8. The Head of Housing will engage with Solicitors to carry out debt recovery actions should this be necessary.
9. Where there a small debt has arisen, and a resident normally pays for their fees through Direct Debit, 10 working days' notice will be given to the resident, and the outstanding amount will be collected with their next scheduled Direct Debit.
10. Any refunds or write offs identified will be agreed at the meeting and the procedure identified in 10.5, 10.6 and 10.7 above will be followed.
11. Where a payment plan already exists, attention will be given as to whether the resident has maintained their payments in line with the agreed plan, and a discussion will identify the expected payments due. The Head of Housing is responsible for investigating any deviation from the payment plan with each resident, and agree how this will be resolved.
12. The Head of Housing will discuss and agree all new payment plans with residents in line with Appendix3.

Appendix 3a

Payment Plans

Visiting a Resident to discuss setting up a Payment Plan

1. Setting a Payment Plan with a resident will be either directly managed by or overseen by the Head of Housing.
2. A Payment Plan discussion will normally be carried out directly with the resident, but the resident may wish for a member of their family or other recognised representative to attend the meeting to support them as necessary.
3. An initial assessment of the resident's financial circumstances will take place where ATD will establish whether there is a need or requirement for financial support and if the resident is eligible.
4. The length of the plan depends on the resident's circumstances; however, each plan should preferably be no longer than 24 months. If a longer term is required refer to the Chief Executive Officer.
5. Set up a separate Direct Debit or other method of payment for the Payment Plan amount.
6. Residents should be made aware of the consequences of not maintaining payments in line with the plan, and in accordance with their tenancy or residential care agreement.
7. The Head of Housing will write to the resident detailing the terms of the payment plan, and the actions that may ensue, in line with their tenancy, if they do not maintain their payments. In addition, the Head of Housing will agree a Payment Plan review date with the resident; this should be no more than 6 months following the first payment being made.

NB: The debt levels and adherence to the payment plan will be monitored at each credit control meeting as identified above.

Appendix 3b

Payment Plan Notification Letter

Name and Address of Resident

Date

Dear name of resident

Resident Account Number XXXX – Payment Plan

Following my visit to you on xx/xx/xx where we discussed payment arrangements to clear your outstanding arrears balance, this letter confirms the terms of the Payment Plan agreed.

Current Arrears (as at xx/xx/xx) - £x

The payment schedule as agreed is as follows:

£x per month Start Date xx/xx/xx End Date xx/xx/xx

The payment terms agreed are over xx months, and I confirm that I am in receipt of your signed Direct Debit Mandate, enabling Abbeyfield the Dales to collect the first payment on xx/xx/xx.

If you fail to make your set payments, this arrangement will be cancelled and any debt outstanding on your account will become due immediately.

Failure to keep to your agreed payment plan could affect your ability to obtain this form of payment arrangement in the future.

You will need to make additional payments to cover any period when a set payment will be missed due to any unforeseen circumstances.

Please contact me if you are struggling to make scheduled payments to discuss alternative arrangements. If you need to discuss any details of the Payment Plan further, please do not hesitate in contacting me.

Yours Sincerely

Appendix 4

Delegation of Authority – Authorisation Levels

Refunds, credit notes and write offs

This relates to the approval of the credit note and/or refund and not the processing element.

Position	Limit	Notes
ATD Board	More than £5,000	
CEO	Up to £5,000	
SMT member	Up to £1,000	
Manager	Up to £100	