



Weekly Maintenance Contribution and Service Charge Arrears Management Policy

December 2025 - 2028

Document Owner(s)
Home Services Director
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Manual Version Control

Version	Date Change	Description
1.0	2015	Maintenance Contribution (Rent) and Service Charge Arrears Management Policy and Procedure
2.0	June 2017	Revised
3.0	January 2018	Revised
4.0	May 2019	Revised
5.0	October 2020	Revised - Includes information on COVID-19, role of (IRFWO) and second affordability check at offer stage. Includes areas to cover the response to the recent tiaa audit - Assurance Review of Arrears Management Recommendation 1. – ‘That the policy be updated to include the date of the Board approval and to cross reference other linked policies, procedures and relevant legislation’.
6.0	December 2022	Full Review
7.0	December 2025	Full review. 4 – info on specialist support agencies in correspondence 5 – increase residents with 4-week advance

		<p>payments</p> <p>7 – reinforcing resident responsibility for HC claim and to pay WMC</p> <p>9 – Annual reporting to Directorate on arrears and financial inclusion.</p>
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Maintenance Contribution and Service Charge Arrears Management Policy

1. Policy Aims

1.1 Pickering and Ferens Homes (PFH) operates a fair Weekly Maintenance Contribution (WMC) collection policy and will offer every assistance to those residents who find themselves in arrears either due to financial hardship, difficulties with Housing Benefit, Universal Credit, or other issues. Service Charges may also be collected, for the purpose of this policy, services charges are included in the weekly maintenance contribution terminology.

1.2 PFH must ensure the effective management of WMC collection as this is crucial to both its short and long-term financial viability. PFH will endeavour to ensure that all WMC and service charge payments are made in line with the residents required obligations, as detailed in the Letter of Appointment (Licence).

1.3 PFH is committed to helping residents to avoid falling into arrears through early intervention and financial inclusion support.

1.4 However, when a resident fails in their obligation to pay us on time our aim is to collect all money owed by the resident. This will help us to provide excellent services to our residents and is imperative to the future financial strength of PFH.

1.5 The aims of this policy therefore are to ensure that WMC collection is optimised and arrears are kept to a minimum. We will do this by providing advice, guidance and support tailored to the needs and individual circumstances of the resident. We will work collaboratively with specialist organisations to ensure the best outcome possible for the resident.

2. Policy Statement

2.1 PFH is a housing association which operates in Hull and the East Riding of Yorkshire. PFH provides specialist homes and services to people who are mainly 60 years of age or older, or 50 or over in some areas. We are mindful of the needs and difficulties encountered by older people, however we need a robust approach to income management in order to secure the future of the organisation. Our aim is to collect 100% of WMC due.

2.2 WMC payments from residents is our main source of income and enables us to provide core and enhanced services including:

- Repairs and Maintenance
- Housing Management
- Resident Engagement
- Independent Living Services
- Business and Administration Services supporting the delivery of core and enhanced service.

2.3 Wherever possible, we will support residents through financial hardship, regardless of the reason for it. We will work with our residents in a variety of ways to ensure that they are aware of the support available and where possible provide practical solutions.

3. WMC Collection – New and Prospective Residents

3.1 We will undertake a proactive approach to preventing financial hardship by assessing the ability of new and prospective residents to pay their WMC. Any risks identified that suggest a prospective resident may not be able to afford the, may mean we cannot accept them as a new resident if the risks cannot be managed. To minimise risk, we will:

- Obtain references from the prospective resident's current landlord wherever possible
- Obtain an Applicant Declaration in addition to, or instead of, a landlord reference
- Ensure the prospective resident fully understands the WMC payment arrangements and that they are totally clear about their obligations.
- Undertake an affordability assessment with applicants to ascertain their ability to pay the WMC
- Encourage residents to pay four weeks' WMC in advance. This will be encouraged rather than enforced, taking into account our charitable aims and the residents' ability to pay
- Undertake a more advanced assessment of affordability via the 'Entitled To' platform, if the initial assessment highlighted affordability issues, or if existing residents fall into financial distress.
- Encourage new residents set up a Direct Debit to pay their WMC.

3.2 As part of our proactive approach to debt management, we will:

- Offer basic financial advice via our Resident Financial Wellbeing Officer (RFWO)
- Signpost residents to specialist agencies
- Ensure residents prioritise WMC payments
- Arrange and facilitate regular workshops with residents to provide advice on current issues, including helpful tips and money saving advice, as well as one-to-one individual support
- Build close working relationships with external agencies such as, but not limited to, Citizens Advice Bureau, Age UK, Housing Benefit Teams and DWP to ensure that residents have easy access to money advice, and appropriate lending arrangements
- Offer residents assistance with banking and budgeting services
- Ensure that former resident arrears are dealt with promptly and the full procedure is followed in all circumstances
- Escalate former resident arrears to our partner debt recovery agency where there is a high probability that the debt is recoverable
- Write off fully unrecoverable former resident arrear debts

4. Approach to Dealing with Arrears

4.1 When residents fall into arrears, we will take the following approach:

- All residents will receive a quarterly rentWMC statement to ensure that they are aware of the balance on their account
- Keep a record of all actions taken and correspondence relating to the arrears recovery

process

- Make early contact with them to identify the reason arrears have occurred, and communicate this effectively to the resident within two weeks of unpaid WMC, to prevent the debt from escalating (not including arrears resulting from expected HB payments).
- Initially ask for the full debt to be paid
- If necessary, agree and set up a repayment plan with the resident, this will take into account affordability.
- Repayment Plans (arrears agreements) will include a clear communication to the resident of the sanction should the plan fail.
- If circumstances prevent payment in full, we will make repayment agreements that ensure the debt is cleared within a 12-month period, wherever possible.
- Where a repayment plan fails, the residents will be given a month to bring the plan into line, unless there are exceptional circumstances.
- We will ensure written and verbal communications include information on specialist agencies which can provide debt-related support and advice.
- Eviction will always be a last resort after a resident has failed to reduce their arrears in line with previous agreements made, but where eviction is necessary we will proceed quickly so as to minimise the debt the residents will be left with (following the pre-action protocol).

5. Pre-Paid Amounts on Current Resident Accounts

5.1 The Letter of Appointment (Licence) which is signed by all residents, states that WMC is payable weekly in advance.

5.2 Residents will be encouraged to carry a credit balance of four weeks' WMC on their account at all times, to ensure any changes to their circumstances do not adversely affect the health of their WMC account. This will also help manage a clear account at the end of the licence, when Housing Benefit entitlement may cease.

5.3 We will set targets to increase the number of residents paying in advance.

5.4 If a new resident is unable to pay four weeks WMC in advance, an agreement may be set up so that an extra amount which is to be agreed with the resident, is paid on the account each week/month, until it is four weeks in credit.

5.5 If paying the four weeks' advance WMC in any form is unaffordable to the new resident, the resident is under no obligation to pay anything other than the one week's WMC in advance.

5.6 This advance payment is not taken as a deposit and is not enforceable under the terms of the Letter of Appointment or Charity Commission Scheme 2020.

5.7 Accounts showing a credit of more than 4 weeks may be refunded to the resident.

5.8 Current residents who at any point request a refund of any pre-paid WMC will be advised that a four-week WMC credit on their account is beneficial, and the reasons for this. If however the resident still requires a refund of any pre-paid WMC, this will be refunded to them within 28 days.

6. WMC Collection Methods

6.1 PFH offers a wide range of payment methods so that the different needs of our residents can be met. Current options include:

- Direct Debit (preferred and default method)
- Standing Order
- All Pay payment card which can be used in any post office and Pay Point outlet
- Debit or Credit Card (credit cards will not be actively promoted due to potential interest charges)

7. Benefits and Legislation

7.1 Housing Benefit Arrangements

7.1.1 Housing Benefit is in the main paid four-weekly in arrears. We will therefore not take action against a resident who is in arrears solely due to the timing and frequency of their Housing Benefit payments.

7.1.2 We will however ensure that residents are aware that it is their responsibility to ensure WMC payments are made and that they should pro-actively check on the progress of their HB claim. HB is paid 4-weekly in arrears, therefore we will also request that new residents pay, or make some contribution towards the WMC while the HB claim is being processed so as to actively build up a four-week credit.

7.1.3 The association will ensure that all arrears are monitored, so that residents who are falling into arrears due to non-payment of their required contribution, or that they have not supplied the Housing Benefit department with the correct/relevant information required to calculate their claim, will be taken through the arrears recovery process.

7.1.4 The association will also work closely with Hull City Council and East Riding of Yorkshire Council Housing Benefit departments, to ensure that claims are calculated as quickly as possible, and that we are made aware of the reason for any delays.

7.1.5 Residents have a responsibility to make sure that any delays in the payment of Housing Benefit from the relevant local authority are kept to an absolute minimum by providing information promptly when requested, including any changes to circumstances that may affect their entitlement.

7.1.6 Where we are aware that a resident is receiving any Housing Benefit payment directly to themselves then a Direct Debit should be set up for the same day the benefit is paid.

7.2 Universal Credit

7.2.1 Universal Credit (UC) currently applies to anyone who is under the pension credit age.

7.2.2 In certain circumstances to safeguard residents' licence, PFH may request that the DWP pay the housing cost element of UC direct to PFH. This will apply where:

- the resident making the claim is 8 weeks or more in arrears
- the resident has been evicted for WMC arrears and/or failed a tenancy/licence in the previous 12 months
- the resident is subject to or threatened with eviction
- the resident is not in arrears but may have been within the previous 12 months and was

subject to or threatened with eviction/possession.

7.3 Under Occupancy Charge (also known as the Bedroom Tax)

7.3.1 Housing Benefit is restricted to allow for one bedroom for each person or couple living as part of the household. Any household deemed to have more bedrooms than they require, as defined by the criteria, will lose a proportion of their housing benefit.

7.3.2 The cuts to benefits are currently stated at:

- 14% cut in Housing Benefit for under-occupying by one room
- 25% cut in Housing Benefit for under-occupying by two or more rooms.

7.4 Local Housing Allowance

7.4.1 The government announced in 2017 that LHA will not apply to supported housing providers classed as providing 'exempt accommodation'.

7.4.2 PFH provides exempt accommodation by virtue of providing support to residents that meets the definition required to meet exempt accommodation standards. This is through services offered to all residents, and there being a reasonable expectation that resident will benefit from these services. Services offered include enhanced aids, adaptations & repairs services, financial well-being support, skills, health & wellbeing services, and proactive & reactive assistive technology systems.

7.4.3 The provision of exempt accommodation supports residents by ensuring a greater level of benefits being available (where eligible) and ensuring properties remain affordable.

8. Former Resident Arrears and Former Resident Pre-Paid Accounts

8.1 In the event that a resident moves into long-term care, PFH will ensure that the resident or their chosen representative are aware of any WMC outstanding, the reason for accrual of the arrears and when/how this must be paid. Arrangements will be made for payment.

8.2 In the event of a resident's death, housing benefit entitlement ceases the Monday following the date of death. Encouraging residents to pay their WMC four weeks in advance helps ensure that a debt does not accrue for their family during the notice period at this sensitive time.

8.3 In the event of the death of a resident, the next of kin will be offered a reduction in the four-week notice period, to two weeks. This will apply only if the property can be handed back to PFH within the first two weeks of the notice, and is offered with the aim of reducing the accumulation of debt.

8.4 In all circumstances, notice will be taken from the date PFH is notified of the death or move.

8.5 With all former resident debts, PFH will attempt to recover any outstanding debts from the former resident or their named contact. If the former resident passed away, evidence of insufficient estate will be required if the named contact advises they cannot pay the debt.

8.6 Trace and Debt Collection

8.6.1 If the debt is deemed substantial and an agreement cannot be reached with the former

resident or the former resident has not engaged with PFH, PFH will use the services of a debt recovery and tracing agency to maximise the likelihood of recovering the debt.

8.7 Writing off Unpaid WMC

8.7.1 If all attempts to reclaim the debt owed have been exhausted, the IRFWO may request that the debt be written off. Debts below £1999.99 can be written off by SLT, and debts over £2000 are submitted to board for approval. The details of all write-offs are managed in accordance with the Financial regulations

8.8 Refunding Pre-Paid Accounts on Former Resident Accounts

8.8.1 In the event that a former resident's account is pre-paid (in credit) and checks have been made to ensure that the balance is unlikely to change, PFH will refund the former resident or their named contact. Amounts under £999.99 can be refunded following satisfactory completion of the pre-paid form. For amounts over £1000, claimants must obtain the signature of a Solicitor, Commissioner for Oaths, Justice of the Peace, or authorised County Court Official.

9. Performance Management

9.1 The target for WMC collection will be set and agreed by the Board on an annual basis. This will take into account our benchmarked position and the financial challenges and risks facing residents and PFH.

9.2 The IRFWO will monitor arrears on a weekly basis. Monthly and fortnightly reports will be automated from the housing management system and reviewed by the IRFWO.

9.3 It is the responsibility of the RFWO to bring to the attention of the RSM any key issues that may require imminent action or further direction. The RSM will where necessary liaise with the Head of Home Services or the Home Services Director regarding important issues or proposed legal actions.

9.4 The Head of Home Services will ensure operational services relating to arrears collection and financial inclusion are delivered.

9.5 It is the responsibility of the HSD to monitor overall arrears levels ensuring that actions are consistent and in accordance with the policy and to report the arrears figures to the Senior Leadership Team and the Board.

9.6 The IRFWO will present an annual report to the Home Services Directorate. The report will include data on the previous year's arrears performance, comparisons on previous years performance and other trend analyses. It will also include information of welfare support assistance provided and hardship applications.

9.7 The Board will receive an updated performance dashboard at each meeting.

10. Equality, Diversity and Inclusion

10.1 PFH seeks to ensure that their actions do not lead to unlawful discrimination. Deliberate acts of discrimination, including victimisation, harassment, instruction or pressure to discriminate, will result in disciplinary actions and/or termination of contracts with external agents.

10.2 We can provide access to interpreters for minority languages including sign language, and we can arrange written material in large print, Braille and first languages where necessary.

10.3 PFH will aim to ensure that no individual or group is treated less favourably on the grounds of age, disability, gender, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion and belief, sex and sexual orientation. We aim to recognise the needs of individuals and treat each person through the complaints process with dignity and respect.

10.4 We will consider the individual needs of residents who may require additional support and make reasonable adjustments in line with the Equality Act 2010 and in accordance with our EDI Policy.

10.5 PFH will take account of the individual needs of residents who may require additional support and services in its WMC and Service Charge Arrears Management Policy and procedures so as to provide a service that best suits the individual's needs.

10.6 Residents may choose to appoint an advocate to act on their behalf or may complete a Resident Representative consent form which allows staff to discuss matters concerning the resident's WMC account with the person named on the form.

11. Audit

11.1 A periodic internal audit of this policy in action will be undertaken in order that the Board may be satisfied that the policy is being enacted appropriately.

12. Data Monitoring

12.1 The association will collect and use data in line with the General Data Protection Regulations and use the data to assess the impact of its income collection work on its residents in terms of their protected characteristics. The association may therefore provide periodic reports of WMC arrears cases against protected characteristics.

13. Related Policies and Procedures

- Allocations
- Complaints Compliments and Suggestions
- Equality and Diversity
- General Data Protection Regulations
- Safeguarding
- Licence Management and Sustainment

14. Review

14.1 The policy will be reviewed every three years by the SLT, or sooner if there is a change in regulation, legislation, or codes of practice.

15. Responsibilities within this Policy

PFH Board

The Board has responsibility for approving this policy in the first instance, any major revisions and gaining assurance from the Leadership Team that it is being delivered effectively.

Chief Executive & Leadership Team

The Chief Executive and SLT have ultimate accountability in ensuring the policy is delivered and will approve any minor amendments or revisions of PFH's WMC and SC Arrears Management Policy.

Head of Home Services

Responsibility for implementation of the WMC and SC Arrears Management Policy falls to the Head of Home Services.

Resident Services Manager

The Resident Services Manager will manage by the arrears recovery processes and ensure compliance with the policy, also undertaking regular reviews of the Policy, ensuring compliance with current legislation and regulatory requirements.