

# Income Management Policy

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### Version Control

Version	Reason for review (review date/legislation/process changes)	Effective Date	Review date
1.1	Review	16.09.2020	

### Approvals

Approved by	Date
Head of Housing	23/10/20
Housing and Community Services Committee	19/11/20

### Associated Documentation

Description of Documentation

## 1.0 Introduction

Effective income management is a key aim of South Derbyshire District Council (“the Council”) as this function secures vital housing management services.

The people who live and work in South Derbyshire are at the heart of what the Council does. The Council is continually looking to improve methods of engagement to enable independent and affordable living. This starts with Council’s pre-tenancy workshop and income and expenditure assessments prior to the offer of a property so people do not start off a new home in debt and have the reassurance of affordable security for their family.

## 2.0 Purpose

The Council will support and safeguard its most vulnerable tenants with referrals to partners such as:

- Money Sorted
- Towards Work
- Opportunity and Change

The Council can demonstrate that we have met the five core CIH principles relating to Income Management within this policy. These principals are:



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- The Policy has been developed using sector expertise
- The Policy is flexible and can be tailored to suit the incomes as per our corporate plan
- The Policy is focussed on outcomes, not processes
- The Policy drives sector-led improvement
- The Policy complements existing frameworks or initiatives

Strong Pre-Tenancy work forms the basis of a successful tenancy and working with both internal colleagues and external partners, the Council aims to give all of our tenants the best start in their tenancy journey with us.

The Council is committed to maximising income through the development of a strong payment culture, partnership working and taking prompt action to prevent arrears accumulating. In recent times, the collection of income has taken a channel shift, whereby the Council needs to be proactive in its collection methods doing more with less. However, the Council needs to ensure that these methods are appropriate for all our tenants.

Once accrued, arrears are costly and time consuming to recover. Court costs are passed to the tenant, increasing their debt and possibly decreasing their ability or motivation to clear the outstanding amounts.

The Council is committed to helping tenants not to fall into arrears through early intervention and financial inclusion and support. If a tenant does fall into arrears through financial difficulty, the Council's rent arrears procedure will be followed to ensure the tenant has had adequate opportunity to sustain their tenancy and avoid the possibility of becoming homeless.

The Council will support its tenants as much as possible to sustain their tenancies. However, it is ultimately the responsibility of tenant to pay their rent on time and in accordance with their tenancy agreement generally beginning with two weeks upfront upon tenancy sign-up.

The Council will always view legal action to recover arrears as a last resort and to be considered when all other alternatives have been exhausted.

The aims and objectives of this policy are that:

- Income to the Housing Revenue Account (HRA) is maximised
- Rent arrears are kept to a minimum and are challenged at the earliest opportunity
- Other income sources such as garage rents, service charges and re-chargeable repairs are collected effectively



- Legal guidelines and established best practice in the sector are observed and adhered to
- Former tenant debt is dealt with promptly. Tenants will be assessed where relevant to ensure affordability and to prevent setting people up to fail.

### 3.0 Scope

Government legislation has an impact on how the Council can implement its Income Collection Policy. Listed below are the key Acts that have been acknowledged in the creation of this policy.

- The Protection from Eviction Act (1977)
- The Landlord and Tenant Act (1985)
- The Housing Act (1985)
- The Housing Act (1996)
- The Human Rights Act (1998)
- The Equality Act (2010)
- The Localism Act (2011)
- The Care Act (2014)
- The Housing and Planning Act (2016)
- Welfare Reform Act (2012)
- Housing Benefit Regulations (2006)
- The Human Rights Act (1998)
- The Equality Act (2010)
- The Localism Act (2011)
- The Care Act (2014)
- The Housing and Planning Act (2016)
- Welfare Reform Act (2012)



#### 4.0 Equality Impact Assessment

The Council’s obligation as a public body is to have due regard for the following:

- Eliminate unlawful discrimination – harassment, victimisation and other conduct prohibited by the Equalities Act.
- Advance equality of opportunity between people who share a ‘protected’ characteristic and people who do not share it; and
- Foster good relations between people who share a ‘protected’ characteristic and people who do not share it.

In all sections and parts of the policy whether explicitly stated or not, officers must take full regard of equal opportunities, equality of access to services and human rights.

No one should be excluded because of disabling barriers to a building or because a person speaks a different language from staff. Issues to bear in mind include:

- All documentation being available in different languages and formats (e.g. Braille, audio tape) upon request.
- Tenants & leaseholders will have access to an interpreter if and when required.
- The Council will monitor ethnicity and disability data and will record actions taken against all groups. The Council will assess trends and act appropriately to ensure that no group is placed at a disadvantage through the operation of this policy.

#### 5.0 Partnership Working

As well as working with internal partners, the Council seek advice and assistance from external partners to assist with income collection and utilise their specialities

Organisation	Purpose
P3 Homeless Prevention	To work with tenants who are at risk of homelessness and have a suspected or diagnosed mental health condition
D2N2 Money Sorted	To work with tenants who are unemployed or economically inactive to advise and assist with financial



	capability with a view of seeking employment, education and training
D2N2 Towards Work	To work with tenants and break down barriers to allow them to enter employment, education and training
D2N2 Opportunity & Change	To work with tenants who have multiple & complex needs and break down major barriers to allow them to enter employment, education and training
Citizen’s Advice	To work with tenants on a multitude of financial issues such as debt, budgeting and insolvency solutions

Before tenants move into their homes, they are asked to pay two weeks’ rent in advance so that their rent account starts in credit. The Council has an arrears recommendation workflow which is followed by all Housing Officers to ensure a fair and transparent application of arrears management with pre-set trigger points for actions ensuring consistency. Housing Officers will make numerous attempts via various methods to engage in person with tenants during the management of their arrears to stop arrears rising for example, by the agreed production of an affordable repayment plan over an agreed sustainable timescale and by referring to external partners for specialist advice and debt management.

Support is also available through the Tenancy Sustainment Officer to provide advice and assistance with welfare benefit claims and support appeals to ensure that our tenant’s income is correct. Expertise in income management is utilised to reflect and achieve outcomes which are in the best interests of both tenants and the Council.

**6.0 Roles and Responsibilities**

Authorisation	Scope
Head of Housing	All actions to implement the Authority’s arrears policy and achieve the required targets.
Housing Services Team Leader	Operate the arrears policy and procedures



Housing Services Supervisor	Operate the arrears policy and procedures including the service of Legal Notices of Seeking Possession and team performance
Housing Officer (Income)	Operate the arrears policy relevant to the collection of current tenant arrears, maximising tenant income and working with both internal and external partners.
Income Officer	Operate the arrears policy and procedures relevant to collection of former tenant arrears. Responsible for compiling and recommending former tenant cases for 'write off'
Tenancy Sustainment Officer	Operate the arrears policy and authorise pre-tenancy decision pertaining to affordability by completing affordability checks where relevant and working with existing tenants to sustain their tenancies
Tenant Services Team	Operate the arrears policy by providing call centre support to the Housing Officers.
Finance Team	Ensure that rent payments are credited to rent accounts in a timely manner
Customer Services Team	To provide advice to tenants on their rent accounts and any arrears
IT Team	Ensure that systems are live and fit for purpose

## 7.0 Content

### 7.1 Performance Monitoring





The Council will benchmark its performance and costs against comparable organisations through Housemark's benchmarking club to analyse areas of strength and opportunities for improvement. Rent and income performance is benchmarked quarterly and annually.

## 7.2 Payment Methods

To support our tenants to maintain their rent account and sustain their tenancy, the Council aims to support all tenants paying by Direct Debit in advance, or through other secure electronic payment methods. Where absolutely necessary, the Council may make other arrangements for rent payment which must be paid as a condition of the Tenancy Agreement.

## 7.3 Promoting a 'Payment Culture' and Disincentives to Arrears

Rent is a priority bill and failure to maintain payments will result in an increased level of homelessness.

The Council will endeavour to promote a 'payment culture' by:

- Outlining rental responsibilities to tenants as soon as they are accepted onto the waiting list
- Encouraging tenants on the waiting list to save up a deposit to put their account into credit when they are allocated a property
- Providing dedicated financial support for current tenants and delivering training on financial independence to tenants on the waiting list. This support is delivered both in-house and by the Council's external partners
- Ensuring that tenants on the Housing Register with rent arrears have cleared their account before they are offered a property. The Council understands that there may be exceptional circumstances where a tenant in rent arrears would need to move house. These cases will be considered on case by case basis and may be offered another property if this will increase their ability to pay their rent and comply with their tenancy agreement
- Mutual exchanges will be refused in line with s. 92 of The Housing Act (1985) where tenants have rent arrears
- Assignments to the tenancy will be refused where tenants have rent arrears
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## 7.4 Communicating with Tenants

Effective communication is essential to ensure that current and former tenants understand their role in reducing their arrears. To this end the Council will:

- Ensure that personal contact is prioritised as a first response to rent arrears
- Make use of all communication channels to ensure effective dialogue is maintained including e-mail text messaging and social media



- Ensure that the Council use 'plain English' techniques in all written correspondence and documents
- Use home and office visits as appropriate, and in line with the County Court pre-action protocol. Further information can be found at <https://www.gov.uk/council-housing-association-evictions>
- Make use of 'out of hours' contacts (such as home visits and phone calls)
- Ensure contact is appropriate to each tenant's needs

Our communications will include the following:

- The amount owed
- Detail the advice and support available (including internal & external partners)
- Encourage payment and encourage contact
- Give strict deadlines for making payment and contact
- Clearly advise of the consequences of non-payment or non-engagement
- Aim to support tenants to permanently resolve payment issues

The Council is keen to encourage tenants to become involved with the Council in a variety of ways and for tenants to have their say on issues that affect their homes and communities. The Council will do this as per the terms of the Tenant Engagement Strategy 2020-2025.

#### 7.5 Recovering Rent Arrears

The Council considers a tenant to be in arrears once the tenant has missed one payment of rent. The Housing Team are responsible for the amount of arrears in the district and will apply the Council's arrears collection procedure to collect arrears without delay.

Tenants will be asked to clear the amount in full immediately. If this is not possible a payment plan will be agreed to clear the debt to avoid legal action.

The Council's Housing Teams will offer practical support to those tenants in arrears who require assistance with managing their finances in conjunction with partners.

#### 7.6 Universal Credit

In August 2018, Universal Credit was rolled out in the district bringing with it numerous changes and challenges with the possibility of increased debt, reduced financial capability, greater demand for IT skill and provision and a potential increase in housing debt and homelessness.

The Council are working with external partners to offer to mitigate these issues and support tenants in maintaining their rental payments

The Council works closely with the Department of Work and Pensions (DWP) as a "trusted landlord" and is able to apply through the online Landlord Portal for managed payment of rent or direct payment of arrears if the circumstances meet DWP requirements.



The Council will apply for Managed Payment in cases where (but not limited to):

- The tenant has rent arrears of over 8 weeks
- The tenant has sustained an underpayment of rent (e.g. underpayment on social size criteria payment) in the last 12 months and has accumulated arrears equal to that of a full month's rent
- The tenant shows signs of an issue with addiction or has a diagnosed or suspected mental health condition which would affect their ability to pay
- The tenant has learning difficulties including problems with literacy and/or numeracy

#### 7.7 Legal Action to Recover Arrears

If a tenant fails to clear the arrears owed or fails to make a suitable arrangement to repay their arrears, then possession action will be taken. The appropriate Notice of Seeking Possession (NOSP) will be served if one (or more) of the following circumstances apply:

- Arrears stand at four weeks rent or above\*
- There has been no by the tenant response to initial contact
- A repayment agreement has been broken
- A previous NOSP has expired (usually after twelve months) and arrears remain

The Council reserve the right to take appropriate action up to and including NOSP in the event of a tenant awaiting their first universal credit payment. Tenants can opt for 'an advance' of their first payment. If required, this should be taken as an option to manage their rent account and prevent any arrears from accruing.

#### 7.8 Possession Proceedings

Applying for possession of a property will always be the last resort as the only way to protect against unmanageable levels of debt.

Before applying for possession of a property, alternatives methods to recovering the debt will be pursued. This includes other legal avenues and applying for direct payments from a tenant's benefit entitlement.

#### 7.9 Support for Vulnerable Tenants

The Council recognises that some tenants may require additional support to sustain their tenancy, however vulnerability cannot be used as a defence for a tenant to fail to maintain their tenancy agreement.



Tenants in arrears who are care leavers will be supported through the relevant sections of the 'South Derbyshire District Council Care-Leavers Protocol'.

Prior to taking legal action, the Council will ensure that any known vulnerabilities are explored and actions put in place to mitigate the effects of enforcement action where possible, including referrals to the Homeless Prevention Service Derbyshire County Council and third sector organisations to achieve this.

Where there is no alternative but to take legal action against a vulnerable tenant, the Council reserves the right to authorise such action and ensure that all reasonable steps have been taken to avoid enforcement action.

#### 7.10 New Tenant Strategies

Arrears prevention work starts prior to the tenancy commencing. In order to ensure new tenants understand their responsibilities the Council will:

- Undertake a financial and vulnerability assessment on all tenants who are considered to be a risk, ensuring they have the resilience to pay their rent and service charges.
- Invite all tenants (wherever this is possible) to a Pre-Tenancy Workshop which aims to outline the tenant's rights and responsibilities while being a Council tenant.

##### 7.10.1 Pre-Tenancy Support/Advice

Pre-Tenancy Workshops are aimed at both improving the education of prospective tenants. Wherever possible these will be held in person although where this not possible the Council will endeavour to deliver these through an online presentation or workshop session.

The Workshops are delivered to a cohort of up to 14 new tenants who have been offered a property and the workshops will cover the following:

- Saving for a rental deposit
- Priority & Non-Priority debt
- Universal Credit
- Payment of rent
- Enforcement procedures relating to non-payment
- Tenancy Visits
- Repairs Issues

The workshops also give tenants the opportunity to speak directly to staff and to ask any associated questions prior to collecting keys.



### 7.10.2 Key Collection

Key Collection appointments will allow tenants to provide all relevant documentation (e.g. payment forms, personal details sheets etc) and make their first payment in advance. They also provide an opportunity to

- Advise the tenant of the amount of rent and service charge(s) due
- Give advice and make relevant referrals for the basis of claiming benefits where applicable
- Advise when the rent is charged (e.g. weekly or monthly) and when payments from the tenant are due
- Provide details on payment methods
- Stress the importance of making a timely application for benefit to ensure income is maximised
- Advise the tenant of the Council's procedure and consequences for non-payment of rent (for both introductory and secure tenants)
- Ensure the tenant's contact details are correct and ensure systems are updated

### 7.10.3 New Tenancy Visits (NTV's)

All NTV's will be completed within 6 weeks of the tenant moving into their home (unless there is good reason why they cannot be carried out). The Council will use this meeting to discuss any outstanding housing or repair issues but also to ensure that the rent information provided at sign up is understood.

### 7.11 Former Tenant Arrears and 'Write Offs'

The Council's policy is to pursue all former arrears except where to do so is not cost effective.

In all cases, the prospects of potential recovery of any former tenant debt will be assessed initially, and cases will also be reviewed and monitored regularly together with cost of any legal action to ensure value for money.

The Council's Income Officer will follow the Council's Former Tenant Arrears procedure to ensure that former tenant debt is recovered without delay.

All former debts that prove to be irrecoverable will be prepared for write off (with the permission of the Executive Team) except those debts which are in excess of £2,500 which will require approval from the Housing and Community Services Committee. All former debts are subject to write offs twice a year in September and March.

Records of written off debts are retained by the Council so that future recovery action is still possible if the former tenant reapplies for housing at a later date.



### 7.12 Information Technology (IT)

The Council recognises the need for IT effectively manage and benchmark their performance. IT also allows staff to work effectively to manage arrears in the office and out in the district. The Council will invest in software and other technology to ensure it supports staff in the collecting arrears and monitoring accounts.

The Council will embrace creativity and innovation to ensure that the service meets the needs of our tenants, whilst remaining cost-effective.

### 7.13 Policy Review

The Council will review this policy every three years or in the event of legislative change, to ensure that the Council's income recovery service remains 'fit for purpose'.

### 7.14 Data Protection

The Data Protection Act 2018 gives our tenants the right to ask the Council for a copy of their personal information that the Council holds about them for the purposes of providing services. Tenants are also entitled to additional information including:

- the identity and contact details of the controller and Data Protection Officer
- the purposes of the processing and the legal basis
- additional rights in respect of the data
- right to complain
- the categories of personal information
- to whom data has been with and will be shared with
- data source - where the data has not been collected directly from the data subject

This is known as a Subject Access Request (SAR). There is no charge. Tenants will need to enclose the appropriate identity to ensure the security of their personal information.

