



**Solihull**  
Community Housing  
Shaping our neighbourhoods

# **Income Management Policy**

September 2017

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## 1. Purpose

The purpose of this policy is to:

- Describe the activities and responsibilities involved for rent collection and where current tenant accounts are in arrears. The term "rent arrears" applies to rent and service charges.
- Work in conjunction with the Council's Corporate Debt Policy that covers Rent, Service Charges, Council Tax and Sundry Debts (general day to day business income including housing benefits overpayments, garage rents, water charges, rechargeable repairs and former tenant arrears).

## 2. Key Principles and Service Standards

Solihull Community Housing's has developed a 5 year Business Plan to improve service delivery. To achieve the vision we will be working around four key delivery themes to support the Council's priorities:

- **Team.** Developing the necessary staff attitudes behaviours and skills to deliver our Vision. We strive to provide value for money at all times, developing a commercial mindset to take advantage of opportunities to generate income and add value.
- **Service.** Developing a clear cost-effective and customer-focused service offer, with a particular emphasis on digitalisation.
- **Value.** Work collaboratively with the Council and our partners to strengthen communities and improve wellbeing.
- **Growth.** Explore prudent growth, maximise productivity and increase the supply and diversification of housing to meet local needs.

### 2.1 Rent Arrears Recovery Principles

The overall principle of the Income Management Policy is to minimise the level of rent arrears and maximise our income in a sensitive but effective manner.

The specific objectives of the Policy are:

- To offer early appropriate professional support and guidance to tenants to reduce rent arrears and maximise their income;
- To monitor levels of arrears and have early intervention mechanisms in place which prevent rent arrears arising;
- To take appropriate action in accordance with the level of rent arrears;
- To actively and rigorously pursue tenants for arrears owing;
- To sustain tenancies with support from the Council's Income & Awards Team, SCH's Tenancy Sustainment & Money Advice Teams and relevant Support Agencies.

The above objectives will be achieved by implementing the following principles:

- All reasonable measures will be taken to prevent arrears from occurring and escalating.
- Work with the Council's Housing Benefit team to ensure that Housing Benefit applications are processed efficiently;
- Making use of all available remedies with eviction as a last resort;

- To negotiate realistic and affordable arrangements to repay rent arrears where appropriate. In developing an arrangement, considering all priority debts and factors affecting payment;
- Ensuring that detailed procedures and agreed practices are applied uniformly across the service;
- Providing training to ensure that staff are competent and able to carry out the roles expected of them;
- Ensuring that communication with tenants is in 'Plain English' and providing contact references in the case of queries;
- Consider affordability when allocating a tenancy to minimise the risk of debt for tenants;
- Ensuring that tenants understand how much they need to pay – including additional service charges, rents not covered by housing benefit payments and insurance costs;
- Staff need to assist tenants who are claiming Universal Credit to ensure Housing Costs are paid as part of a total claim together with living costs.

### **3. Legal and Regulatory Framework**

The Council will ensure that the Rent Setting and Collection Policy meets with legislative and good practice requirements to enhance income collection and minimise rent arrears. These include, but are not limited to, some of the following:

- The Housing Act 1985.
- Housing Act 1996.
- Data Protection Act 1998.
- Housing and Regeneration Act 2008.
- Equalities Act 2010.
- Localism Act 2011.
- Homes & Communities Agency (HCA) Regulatory Framework for Social Housing.
- Welfare Reform & Work Act 2016.
- Housing & Planning Act 2016.

Any personal information provided to SCH regarding tenants' personal or financial circumstances will be dealt with in accordance with Council policies. All data held in respect of tenants will be recorded and processed in accordance with the Data Protection Act 1998 and Retention Policy.

### **4. Equalities Statement**

SCH recognises that Housing Revenue Account Services are delivered to communities within which there is wide social diversity, and are therefore committed to providing equal opportunities and valuing diversity.

Within the delivery of housing services we aim to treat all customers fairly, and with respect and professionalism regardless of their gender, race, age, disability, religion, sexual orientation and marital status. The approach adopted within this policy focuses on understanding individual circumstances in order to provide appropriate advice and support; this includes understanding the needs of tenants who have protected characteristics.

Consideration will therefore be given to language barriers, accessibility and cultural issues which may affect a tenant's ability to pay rent or seek advice, and resolutions will take account of the individual's beliefs and abilities.

SCH will enable all our tenants to have clear information and equal access to our available services and we will provide information in a range of appropriate languages and formats when requested. This policy has been designed to be fully inclusive regardless of the ethnicity, gender, sexuality, religious belief, or disability of service users or residents.

A Fair Treatment Assessment covering the Rent Arrears process and welfare reforms agreed at Solihull Community Housing's Operational Management Team Meeting on 11 January 2017. The assessment helped to test the support SCH provides to its tenants who have been impacted by welfare reforms and also demonstrated how we support all our customers.

## 5. Policy Detail

### 5.1 Tenants and landlords responsibilities

5.1.1 The term 'tenant' includes sole and any multiple tenants.

5.1.2 If two or more people have signed the Tenancy Agreement, they are jointly and severally liable for the payment of rent. This means that each person is fully responsible for the payment of rent and any arrears of rent; SCH will not apportion the debt.

5.1.3 Tenants have an obligation under the terms and conditions of their Tenancy Agreement to pay rent when due. Tenants have a responsibility to notify SCH of any change that may affect their ability to make payments.

5.1.4 Homeless customers who are eligible to pay fees and charges for Temporary Accommodation are supported by SCH's Money Advice Team with Housing Costs, budgetary advice and affordability.

### 5.2. Tenants can pay by the following methods:

- **Direct Debit** - Rent payment by Direct Debit can be arranged either weekly, fortnightly or monthly. The option to pay monthly is for convenience. A tenant's legal obligation under the terms of the tenancy agreement will be to pay rent weekly and therefore, if paying monthly, tenants are likely to be in arrears.
- **Payment Office** - Tenants can personally pay their rent by cash, cheque, postal order, credit or debit card at any Solihull Connect Office either at the cash desk or via a Bill paying machine. Payments can also be made by debit and credit card. The opening hours will be prominently displayed at each payment point.
- **Postal Payment** - Postal payments of rent by cheque or postal order can be sent to any local centre.
- **Standing Order** - Rent payments by standing order can be arranged either weekly, fortnightly or calendar monthly in advance.

- **Telephone** - Payments can be accepted by credit or debit card through the Contact Centre ON 0121 717 1515 or 24 hour automated telephone service on 0300 4560502.
  - **Internet** - Payments can be accepted by credit or debit card through SCH's external website.
  - **Post Office** - Payment can be made by cash or cheque at any Post Office using the plastic swipe card issued to all tenants.
  - **Pay Point and Pay Zone** - Payment can be made by cash through any Pay Point and Pay Zone outlet using the plastic swipecard issued to all tenants.
- 5.2.1 Tenants are encouraged to set up a Direct Debit or Standing Order for rent payment as this is the most efficient payment method. SCH offers an incentive to encourage tenants to set up payment by Direct Debit.
- 5.2.2 Payments made by Direct Debit help tenants manage their finances better and ensures that priority debts, such as rent, are paid on a regular basis. Direct Debit payers are automatically entered into prize draws.
- 5.2.3 Where a tenant is in rent arrears and has maintained a payment arrangement, any winner of the Quarterly or Annual Prize Draw is used to offset 50% of the debt.
- 5.2.4 Where a tenant breaks the terms of a Direct Debit or Standing Order on two occasions, SCH will cancel the Direct Debit.
- 5.2.5 In addition to the above, Council tenants who are employees can have their rent paid directly from their wages or salary.

### 5.3. Prevention of rent arrears

- 5.3.1 At the start of a tenancy SCH will ensure all prospective tenants go through the Introductory Process at (Pre Tenancy). Every effort is made to ensure that customers are informed of all housing costs and service charges associated with their home. Assistance will be given to tenants to complete an 'online' Housing Benefit form, budgeting support via income and expenditure assessment, two weeks' rent in advance prior to signing a tenancy agreement, assistance with employment and training, advice on how to utilise services 'online' and information about welfare reform changes that may affect them.
- 5.3.2 Where tenants experience difficulty with the completion of a Housing Benefit application form, assistance will be given.
- 5.3.3 Tenants will be offered help and advice on money management and welfare benefits, including an assessment of their entitlement to Housing Benefit where appropriate (trial calculation). Staff will ensure the appropriate advice on rent-related and Housing Benefit issues are discussed at the outset of the tenancy.
- 5.3.4 At the tenancy sign up, we will issue a copy of the Tenant's Handbook and tenancy conditions and advise the tenant of their responsibility to pay their rent, ensuring they are aware of the potential consequences of non-payment.
- 5.3.5 All new tenants will receive a new tenancy home visit by prior arrangement from a Tenancy Sustainment Officer – normally no later than six weeks after tenancy has

commenced. This visit will confirm that rent is being paid and (if required) help to resolve any issues in relation to benefit payments. A final visit will be made at 13 weeks, after which all cases will be monitored by staff working in Neighbourhood Services.

- 5.3.6 We will also provide details of the incentive offered for paying rent by direct debit; and the other payment options available.

## **5.4 Assessment, support and liaison with other agencies**

- 5.4.1 We will offer assistance to all tenants when it is identified that their account is in arrears in order to make an affordable arrangement and ensure amounts are paid when due.
- 5.4.2 During the assessment, possible sources of support will be identified. These may include:
- Family/household members
  - Appointees/Power of Attorney
  - Friends
  - Social Services
  - Council's Income & Awards Team
  - SCH's Money Advice Team
  - Citizens Advice Bureau
  - Floating Support Teams
  - Any other appropriate agency
- 5.4.3 We also recognise how changes to welfare benefits such as the spare bedroom rules, the Benefit Cap, introduction of Universal Credit and Council Tax charges may impact on tenants. We will offer help and advice to those affected and will consider transferring tenants to smaller accommodation if this is requested and is achievable. Help and support is offered to all tenants affected by welfare reforms including a Priority Banding to assist tenants who wish to downsize, help via Discretionary Housing Payments, help with employment and training, Money Advice and assistance to access services 'online' through our Digital programme.

## **5.5 Rent arrears recovery**

- 5.5.1 Rent arrears recovery will be based on a staged escalation process, up to and including repossession for non-payment of rent.
- 5.5.2 The process will be designed around a preventative approach that seeks to maximise tenants income, ensure Housing Benefit and other benefits are correctly assessed, assistance given towards the payment of service charges (via Department of Works and Pensions) and ensure payments are made when due. Emphasis will be placed on early intervention whilst arrears are at a relatively low level in order to prevent the escalation of arrears.
- 5.5.3 We will take legal action where appropriate to recover rent arrears due to non-payment

## **5.6 Early action**

- 5.6.1 We will do all we can to contact tenants so that there is early intervention with arrears cases before a debt becomes unmanageable.
- 5.6.2 Arrears control and recovery action will be activated as soon as an account falls into arrears.
- 5.6.3 Detailed procedures for income management and arrears action ensure that each case is regularly monitored and appropriate action is taken. Tenants who go into arrears will be contacted via telephone, text, visit, face-to-face, email or letter.
- 5.6.4 We will maintain a comprehensive record of all action taken and contact with a tenant in arrears.

## **5.7 Serious/persistent arrears action**

- 5.7.1 Where the payment of rent and arrears is not made on a regular basis, or the agreed arrangement is broken, either a Notice of Possession Proceedings for an Introductory Tenant or a Notice of Seeking Possession for a Secure or Fixed Term Tenancy in arrears will be served and action taken in the County Court by way of possession proceedings and seeking a money judgement for the outstanding rent. With regard to Homeless Customers residing in Temporary Accommodation, a Notice to Quit will be served for persistent failure to pay daily charges.
- 5.7.2 The Court can make the following decisions:
  - An order for recovery of outright possession
  - an order for Suspended Possession giving a set time to pay the rent arrears after which if not paid possession will be granted
  - a money judgement for the amount owed
- 5.7.3 Where costs are incurred as a result of taking legal action to recover rent arrears, and where this is provided for within the Court Order, the full costs of such actions will be recharged to the tenant and added to a sub account of the rent account. Legal charges for action in County Court can add significantly to the debt that tenants may have and Court Orders are not discharged until all court costs are paid in full. It should also be noted that we will not initiate court proceedings where a debt is less than the court costs.
- 5.7.4 Evictions will only be considered as a last resort and where all other alternatives for recovering amounts owed have failed.
- 5.7.5 Support and advice will be made available to try to prevent someone losing their home, or to put the appropriate support in place and signpost if eviction is likely to be considered.
- 5.7.6 Advice will also be given with regard to accessing Benefits if required and a referral can be made to our Money Advice Team (MAT). When an eviction is likely, we will offer advice on housing options and the implications of becoming homeless.
- 5.7.7 Even if the tenant is only a small amount behind on their Court Order obligations, contact will be made and the tenant advised that they need to bring their court order



up to date. Every effort will be made to help the tenant pay any amounts due and avoid being evicted.

- 5.7.8 Where an eviction occurs, the tenant remains responsible for the full amount of rent arrears and all court costs.
- 5.7.9 In the event of there being no current rent arrears and there are debts in the sub account, including rechargeable repairs, consideration will be given to the debt being recovered in the Small Claims Court.
- 5.7.10 Some tenants get into significant debt and following specialist debt advice through our Money Advice Service, they may be subject to a Bankruptcy Order or a Debt Relief Order. Proceedings cannot be used to recover rent arrears which are subject to Bankruptcy or Debt Relief Order rules. Such debts are effectively lost within write-off provisions. However, action for eviction can still be sought against an insolvent tenant, but any rent arrears listed within a Bankruptcy Order or Debt Relief Order cannot be part of the possession order.

## **5.8 Provision of Rent Account Statements**

- 5.8.1 Tenants in arrears will receive rent statements at quarterly intervals, to comply with the requirements of the Pre-action Protocol for Possession Claims.
- 5.8.2 If a tenant specifically requests that statements are sent out more frequently, or they wish to receive statements by e-mail or another method, then this will be accommodated wherever possible with regard to reasonableness, overall demand and costs. Individual one-off statements will also be produced on the specific request of the tenant.
- 5.8.3 Each rent account statement will show the following information:
  - The name and address of the tenant.
  - The transaction details for each collection week, which will include rent charged, Housing Benefit entitlement, rent paid and any adjustments made.
  - The balance at the end of each collection week and total indebtedness.

## **5.9 Approaches towards Vulnerable Tenants**

- 5.9.1 A sensitive approach towards rent arrears recovery will be taken in respect of tenants who are deemed to be vulnerable including those who are disabled as defined by the Equality Act 2010 or who do not have English as a first language and who may require additional support to understand what is required to maintain rent payments
- 5.9.2 Our Officers may identify further vulnerabilities and needs which will be addressed by working with Support Agencies who can assist.

- 5.9.3 We will recognise any legitimate situation whereby a third party accepts responsibility to help a vulnerable person meet their rent payment obligations.
- 5.9.4 We will pursue enforcement in cases where support needs have been identified but the tenant is not engaging in their support plan.
- 5.9.5 In carrying out our income collection responsibilities we will have regard to safeguarding and promoting the welfare of children and vulnerable adults.

## **6. Links to Other Policies**

The Rent Arrears and Collection Policy is the key policy document relating to income for the Housing Revenue Account. The policy is closely aligned but not limited to support the delivery of a range of strategic plans and their associated policy framework within the Allocations and Tenancy and Estate Management Policies, including:

- HRA 5-year Strategic Business Plan
- Homelessness Strategy
- Corporate Debt Policy
- Bad Debt and Write-Off Policy
- Allocations Policy

## **7. Measuring Performance**

Rent collection is a vital element of measuring the financial viability of the Housing Revenue Account and is reported through the performance framework for Housing Operations Committees and the Council and is routinely reported through SCH's Executive Management Team and Board.

It is important to keep levels of rent arrears under control and monitor performance, with a long-term aim of keeping arrears below the measures set out within the performance framework for Housing. Weekly arrears figures are provided to housing management staff so that progress can be measured and trends quickly identified. We will monitor current (in-year) performance against previous year's performance and make improvements wherever possible.

A number of additional operational measures and reports are provided to enable staff to manage rent arrears.

## **8. Complaints and review process**

We have a Complaints Procedure that is available to any customer who is not satisfied with the way in which their case has been dealt with. Details of the Complaints Procedure can be obtained from our website.

## **Glossary / Definitions**

Throughout this policy document, it is inevitable that words or phrases are used that are readily understood by some readers, but which are new to other readers and their meaning is not immediately apparent. The meanings of some words/phrases used in this document are given below:

**Benefits** – refer to all money paid by the government to support people who are ill, poor, or have no job.

**Welfare Reforms** – As defined within the Welfare Reform Act 2012

**Social Sector Size Criteria** – refers to tenants ‘under-occupying’ their home where they lose 14 or 25% of Housing Costs (applies to Housing Benefit and Universal Credit)

**Benefit Capping Levels** in line with the Welfare Reform Act & subsequent amendments.

**Universal Credit** for tenants who are accessing claims, via DWP Job Centres

**Debt Relief Order (DRO)** – this is an alternative to bankruptcy. DROs are available to people who have very little surplus income and very few assets which could be sold to clear the debt. Once a DRO has been made, there is a suspension period – usually 12 months – during which creditors cannot take enforcement action against with permission from the Court. Once the suspension period has ended, any debts included in the DRO will be discharged.

**Eviction** – occurs when a Court of Law has awarded a possession order. The tenant will be told the date when they must leave the property. If they do not leave by that date, the court bailiff will be instructed to take possession of the property.

**Money Judgement** – is a County Court Judgment (CCJ) which requires tenants to pay back rents owed, even if they have left the property.

**Possession Order** – this is an order from a Court of Law which compels all occupants to leave the property and remove all personal belongings by a set date.

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