

## Income Management Policy

Title:	Income Management Policy
Person Responsible:	Head of Housing
Customer consultation arrangement:	
EIA required?	Yes/No
EIA Completed (date):	
Approved by:	Board
Business Strategy Objective:	1. Providing good cost-effective management of our properties 4. Improves the running of the business
Approval Date:	
Links to other Policies	Leasehold Management Policy, Anti-poverty Policy, Rent and Service Charge Policy, Allocations Policy.
Review Date:	May 2022

Document management		
Version	Date amended	Amendments
1	March 2018	HSGPOL06 Rent Collection and Arrears Recovery Policy
	January 2018	Credit Refund Policy HSGPLO17
	January 2018	Eviction Policy HSGPOL03
	April 2016	Former Tenant Arrears Recovery Policy HSGPOL08
2	May 2019	Income Management Policy Review

### 1. Purpose

This document outlines South Lakes Housing's (SLH's) policy for dealing with all aspect of Income Management, including:

- The prevention and recovery of rent arrears and other charges through effective enforcement actions
- Compliance with relevant legislation, guidance and regulation
- Through early intervention and support ensure tenants can maintain their tenancies, contributing to sustainable communities
- Treat residents with sensitivity and in a fair and non-discriminatory way
- SLH's approach to evictions as a last resort
- SLH's approach to former tenant arrears that is robust, effective and fair
- SLH's approach to dealing with credits is effective, efficient and consistent

## **2. Scope**

- 2.1 This policy addresses current and former tenant rent arrears. It also addresses recovery of leaseholder charges.
- 2.2 This policy does not address how rent and service charges are set. This is covered in SLH's Rent and Service Charge Setting Policy.
- 2.3 Neither does this policy address the specific leasehold charge arrangements. This is addressed in the Leasehold Management Policy.

## **3. Regulatory and Legislative Requirements**

- 3.1 This Policy complies with the Regulator of Social Housing's Governance and Financial Viability Standard (in relation to credit refunds) and the Rent Standard and Rent Standard Guidance.
- 3.2 Relevant legislation includes, but is not limited to:
  - Housing Act 1985
  - Housing Act 1988
  - Housing Act 1996
  - Protection from Eviction Act 1977
  - Limitation Act 1980
  - Pre-Action Protocol for Possession Claims based on Rent Arrears. Civil Procedure Rules, Ministry of Justice, 2006
  - Data Protection Act 2018

## **4. Definitions**

- 4.1 Rent, as well as service charges and all other regular charges related to the property, as specified by the tenancy, lease and licence agreement.
- 4.2 An eviction is defined as the recovery of property, owned or managed by SLH or property owned by SLH and managed on SLH's behalf by using the legal processes available.
- 4.3 Former tenant arrears are amounts of rent that remain outstanding on a property when the tenancy has ended.
- 4.4 A credit refund applies to any amount outstanding on a tenant or leaseholders service charge or rent account, once all liabilities, including sundry debts accounts have been met

## **5. Our Approach to Managing Rent Arrears**

- 5.1 Pre-tenancy
  - 5.1.1 A robust pre-tenancy process will be undertaken to gather all the information necessary to allocate, assign and then manage the tenancy; to impart all the

information necessary for the tenant to sustain the tenancy and pay the rent; and to identify any risks, vulnerabilities and therefore any support needs.

- 5.1.2 Prospective tenants will be expected to clear any former debts owed to SLH before being considered for the property but in exceptional circumstances debt can be written onto the new tenancy agreement.
- 5.1.3 A pre-tenancy affordability assessment will be carried out with all new tenants to ensure they can sustain the tenancy. SLH will explain to the new tenant that the rent is due in advance on Monday of each week.
- 5.1.4 At sign-up and before the tenancy is granted, new tenants will be required to pay rent in advance; (one month or one week depending on financial circumstances) confirm that a claim for Housing Benefit or the Universal Credit Housing Cost Element will be made and/or agree a Direct Debit arrangement; and agree a payment plan which specifies the rent payable; the payment method(s); and the rate and date of the first and subsequent payments.

## 5.2 Contact and Advice

- 5.2.1 The Income Team will establish direct contact with tenants, assess their income/expenditure and agree realistic arrangements for repayment. It is essential at this stage that the Income Team ensure that tenants are receiving appropriate support/advice/assistance and, establish their eligibility for Housing Benefit and other benefits.
- 5.2.2 Where issues of vulnerability are identified the Income Team will refer the tenant to the Income & Financial Inclusion Team Leader (IFITL) and/or liaise with the appropriate care or support agency to ensure the tenant receives proper support.
- 5.2.3 SLH will carry out income/expenditure analysis before agreeing repayment instalments, so that agreements are made only where it is appropriate, and that any agreement is tailored to individual circumstances.
- 5.2.4 Whenever contact is made in writing, the Income Team will write separately to each named tenant.
- 5.2.5 SLH will support customers with Universal Credit claims and future migration from legacy benefits to Universal Credit and use Alternative Payment Arrangements (APA) and Third-Party Deductions (TPD) where appropriate
- 5.2.6 SLH will use plain language when discussing and corresponding about arrears.
- 5.2.7 SLH will ensure that personal information is handled in accordance with the provisions of the Data Protection Act 2018.

### 5.3 Legal Action

- 5.3.1 Providing arrangements are maintained, no further action will be taken but in the event of default, the appropriate legal notice will be served subject to individual circumstances.
- 5.3.2 Where practical methods have failed, repossession proceedings through the County Court will be taken. We will act in accordance with the Pre-Action Protocol when seeking possession due to rent arrears.
- 5.3.3 If having obtained a Court Order the tenant fails to maintain a regular payment plan to reduce the arrears a Warrant of Eviction will be sought, and the tenant evicted. This is addressed in Section 6 below

### 5.4 Bankruptcy and Debt Relief Orders

- 5.4.1 SLH will not recognise a bankruptcy or Debt Relief Order (DRO) until they have received an official copy or verified the order via the Insolvency Service website. Only debts listed within the order will be dealt with within our guidelines.
- 5.4.2 DRO's usually last for 12 months and at the end of the year the debtor is discharged from all qualifying debts specified in the order. SLH will usually write off the debt.

## **6. Our Approach to Evictions**

- 6.1 Eviction will be considered by the Income Management team in the following circumstances:
  - 6.1.1 Where the Court has granted an order for possession on one or more of the grounds as set out in the Tenancy Agreement and Schedule 2 of the Housing Act 1988 and SLH is entitled to outright possession or the tenant is in breach of the terms of a suspended possession order.
  - 6.1.2 The above grounds now include, but are not limited to, Ground 8 Notices where a tenant is more than eight weeks in arrears with their rent and the court has granted outright possession on mandatory grounds, and Section 21 Notices where the courts have given outright possession for Starter Tenancies.
  - 6.1.3 Evictions must be authorised either by the Director of Customers and Communities, or the Chief Executive in the above Director's absence, who will review the case in detail to ensure that all appropriate actions have been carried out in line with SLH's policies and procedures. Authority to evict will be valid for a period of twelve months from the point of approval unless there has been a significant change of circumstances.
  - 6.1.4 Once authority to evict has been given, an application will be made to the court for a warrant of eviction. This can be done via Possession Claim on-line (PCOL) or on a N325a form. A Bailiff Risk Assessment, EX97a form must be completed and sent to the appropriate court. At the same time SLDC's

Homelessness team should be notified that a warrant of eviction has been applied for. Where there are dependent children or elderly or vulnerable people the relevant Social Services Department will be contacted.

- 6.1.5 The tenant will receive written notification that the eviction is to proceed from both County Court and SLH. SLH will inform the tenant of the date and time of the eviction. Once an application has been made for a warrant the only way the eviction will be cancelled by SLH is by clearance of the whole debt. The tenant may apply to the court to have the warrant suspended. South Lakes Housing's usual position will be to oppose any application to suspend the warrant where arrears remain outstanding.
- 6.1.6 If the eviction takes place and furniture is left in the property, if a tenant does not want their belongings they should complete a permission to dispose of personal belongings form.
- 6.1.7 If the tenant still wants belongings from the property after the eviction then access will be provided, under supervision, for up to two weeks after the end of the tenancy. After that period, the ex-tenant should be contacted and permission should be sought to remove the rest the belongings.
- 6.1.8 If the eviction takes place and the tenant is not contactable, any goods left behind by the tenant are still the property of the tenant. They do not become the property of SLH. In law SLH becomes an involuntary 'bailee' of such goods and cannot simply dispose of them. SLH is covered by the general provisions of Torts (Interference With Goods Act 1977). This requires reasonable efforts to be made by SLH to trace the tenant(s) but, if these fail, the possessions may be sold or destroyed.
- 6.1.9 The Income Officer should prepare and serve a Tort Notice. The Notice must be secured to the front of the property. In addition, if any contact details or email addresses for the tenant(s) or relatives are known, a copy of the Notice must be sent to them.
- 6.1.10 The belongings should be stored for one month after the date the tenancy has ended. Once this date has passed the property may be disposed of or, if they are considered to hold any value, they can be sold and the proceeds used to cover any costs or arrears.

## **7. Our Approach to Former Tenant Arrears**

- 7.1 To maximise the chances of arrears recovery, prompt action must take place upon notice of tenancy termination to inform the former tenant of the arrears outstanding. This will be followed by early referral to an external debt collection agency where payments or agreements are not made.
- 7.2 In all deceased cases a death certificate is required and a next of kin details should be recorded on our database. When the tenancy ceases an appropriate letter and statement of account should be sent. If after two weeks there is no response a further letter and statutory declaration form should be

sent to the next of kin. If after six weeks no response is received the file should be referred to the Director of Customers and Communities for write off.

- 7.3 All arrears cases should be written to. If the balance is under £100.00 and no contact has been made, the case should be referred to the Director of Customers & Communities for write off. In cases over £100 if no there is no contact after seven days the case should be sent to the tracing agent.
- 7.4 Occasionally there will be cases where SLH holds a credit but has no forwarding address to send it to. These cases should be referred to the Chief Executive for write on.
- 7.5 Criteria for cases to be written off:
  - 7.5.1 **Tenant Deceased.** A copy of the termination, death certificate as well as any information requested via the standard letter should be held on file. All 'Statutory Declaration forms' must be supported by a letter from the next of kin. In cases where a signed declaration cannot be obtained, approval for write off should be sought from the Chief Executive.
  - 7.5.2 **Tenant declared Bankrupt.** Official documentation must be received and kept on file.
  - 7.5.3 **Unable to trace.** No forwarding address can be traced and all traces have been completed in accordance with the escalation procedure.
  - 7.5.4 **Uneconomical to pursue.** If the amount owed is below £100 (estimated to be less than the cost of recovery).
  - 7.5.5 **All recovery action has been exhausted.** Incorporating cases returned by the tracing agent which are unable to trace/collect or when it is uneconomic to pursue through legal recourse. All relevant recovery procedures have been completed without success and the likelihood of further recovery is considered negligible.
  - 7.5.6 **Special cases.** Where an older person who is on full housing benefit cannot retain their tenancy and is moved into permanent care or hospital. A declaration form giving evidence of the facts should be completed by a care worker or nominated representative and held on file.
  - 7.5.7 **Statute barred.** If the debt is six or more years old and circumstances are such that it is inappropriate to seek leave of the court to enforce the debt.
- 7.6 Re-Instated Cases
  - 7.6.1 If circumstances should occur that lead to a fresh opportunity to recover debt previously written off. The debt will not be written back onto the account until the debt has been satisfied.
- 7.7 Before any debts are written-off SLH will consider the option of making an application to the small claims court, to recover the debt.

## 7.8 Re-housing tenants with FTAs

7.8.1 There may be occasions when applicants with arrears need to be re-housed, including where the local authority has a statutory duty. SLH will adopt a discretionary approach to exceptional circumstances. These include:

- Applicants with a very serious medical need for immediate rehousing or those awaiting discharge from hospital
- Applicants whose current accommodation is inappropriate for their assessed needs and there is an imminent risk of exploitation, abuse or significant loss of daily living skills
- Applicants who are unintentionally homeless, or about to be homeless and in a category of priority need
- Where a member of the household requires extensively adapted accommodation and their present home is not adaptable due to cost or structural issues identified by the community occupational therapy / adaptations team and needs to move to a property that either meets their needs or has the potential to meet their needs through adaptation.

## 7.9 Appeals Procedure

7.9.1 If a tenant is not satisfied with the decision to pursue a former tenant arrear, they have a right to appeal. Any appeal will be dealt with in accordance with SLHs Appeals Procedure for Customers.

## **8. Our Approach to Credit Refunds**

### 8.1 Pre-Refund Checks

8.1.1 SLH will consider customer requests for refunds assuming no other debt is owed by the tenant in relation to any rent or sundry account. This includes; recharges, court fees, and invoices for additional services (e.g. the assisted gardening scheme or garage rent).

8.1.2 In addition, where rent is being paid by housing benefit a check will be made to ensure no overpayment of housing benefit exists. If this is the case any credit refund should be amended to reflect the overpayment.

### 8.2 Current Tenant Credit Refund Requests

8.2.1 Where appropriate the Income Officer should explore the possibility of the customer reducing their regular payments. This, for example, could be useful where a customers' income and expenditure assessment is deemed to be a risk to future payments.

8.2.3 Thereafter the following guidelines should be used to determine the agreed level of a refund that can be granted. Staff will consider the customers' regular payments patterns and the requirement to make payments in advance.

- Monthly payers will be refunded the full credit on their rent account, less four weeks rent

- Weekly payers will be refunded the full credit on their rent account, less one weeks rent
- Tenants who have their rent paid by housing benefit or via an Alternative Payment Arrangement from Universal Credit will be refunded the full credit on their rent account, less one weeks rent

### 8.3 Former Tenant Credits

8.3.1 Subject to all other SLH accounts being clear a full refund of the credit will be made.

8.3.2 If the tenant is deceased, the next of kin or executor of the estate will be asked to provide appropriate documentation proving they are the next of kin or the executor to release any credit.

### 8.4 Applying for a Refund

8.4.1 Tenants and Former Tenants must request a refund in writing to our Customer Services Team via email or via the enquiry form on our website.

8.4.2 The request will be forwarded to the Income Management team as a CRM 'Income' case and the relevant Income Officer will action the request within 10 working days.

### 8.5 Requesting a Refund from Finance

8.5.1 Once all appropriate checks have been made Income Officer/Income Manager will email Finance with request for refund and stating what amount will be refunded based on the above conditions. The Finance Officer will raise the credit refund and update the CRM case with the agreed 10 working day timescale.

8.6.2 Once the credit refund order has been raised it will be approved and signed by the Head of Housing or Director of Customer & Communities and returned to Finance for payment to the tenant.

## 9. Service Standards

9.1 SLH's Service Standards in relation to Rents are:

- SLH will provide a clear information to demonstrate the breakdown of charges for tenants, sheltered housing tenants and for leaseholders
- SLH will consult tenants before issuing any new service charges
- SLH will provide annual service charge letters to leaseholders

## 10. Performance Management

10.1 Our performance is reported to SLH's Board, Senior management Team, and Tenants' Committee on a regular basis to assess progress against SLH's service standards.

10.2 SLH will monitor performance using a range of performance indicators agreed as part of SLH's performance management framework.

## **11. Monitoring and Review**

11.1 This policy will be reviewed by the SMT every three years, or where there has been significant changes to regulation or legislation to warrant a further policy review. The policy may also be reviewed sooner where there is a need to address operational issues or where best practice has evolved and there is a need to incorporate this.