



Income Management Policy

Title:	Income Management Policy
Person responsible:	Income Manager
Customer consultation arrangement:	Tenants' Committee
EIA required:	Yes. In implementing our policy, we aim to treat all residents with fairness and respect. We offer a financial inclusion service to support residents to apply for benefits, maximise their income and manage debt, signposting to other agencies.
EIA completed (date):	TBC
Approved by:	EMT
Business Strategy Objective	1.Growing
Approval date:	July 2022
Links to other key policies:	Rent and Service Charge Policy, Cumbria Choice Allocations Policy.
Review date:	June 2025

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, HouseMark Review
3	May 2020	Covid 19 amendments to policy
4	Sept 2021	Covid 19 amendments removed
5	July 2022	Minor amends. Updated to reflect approach post Covid and responsibilities post OD.

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 to tenants to 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
- SLH's approach to dealing with recharges that is robust, effective and fair.

2. Scope

- 2.1 This policy covers current and former tenant rent arrears. It also addresses recovery of leaseholder charges. In addition, it covers the collection of other sundry income/ debt such as recharges and credits, although rents and service charges are prioritised.
- 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), the Rent Standard and Rent Standard Guidance and the Consumer Standards.
- 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 and service charges 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
- 4.5 Recharges apply where individuals request SLH to undertake works which are their responsibility, neglect their homes, cause intentional or accidental damage, lose items (such as keys and/or fobs) incur court costs through a breach of tenancy, store items in communal areas that require removing, require a property or garden clearing or cleaning, misuse the out of hours service or mis-direct us in respect to how we deliver our services.

5. Our Approach to Managing Rent Arrears

One of the strategic aims of SLH is to have rents that are affordable (no more than 35% of average income). Since the Covid 19 pandemic our approach has continued to evolve to a more person-centred approach, with a less prescriptive escalation. Legal action will only be taken if the tenant is not engaging with SLH to try and resolve rent and/or debt management issues.

The Income Team are guided when considering escalation and enforcement action by the "Pre- Action Protocol for Possession Claims by Social Landlords" .

We will use a third party rent analytic programme to optimise income collection, identify cases for action and make the best use of our resources.

We provide services to support tenants to maintain their tenancy and prevent unnecessary evictions.

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 their 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, with approval of the Income or Voids and Letting Managers, 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 customers, 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/Universal Credit and other benefits.
- 5.2.2 Where issues of vulnerability are identified the Income Team will refer the tenant to the Financial Inclusion Specialist and/or liaise with the appropriate care or support agency to ensure the tenant receives advice or 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.
- 5.2.8 Tenants can view their rent statements at any time via the My Account portal if they register or can request a copy from SLH.

5.3 Legal Action

- 5.3.1 Providing arrangements are maintained and the tenant is engaging with the Income Team, 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 is a last resort. It 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 Customer Experience, 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 advice team should be notified that a warrant of eviction has been applied for to see if they are able to offer advice/ assistance to prevent the household becoming homeless. 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 and will be liable for the cost.
 - 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 of their 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 Partner 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 should be sent. If there is no response a further letter should be sent to the next of kin. If no response is received the file should be referred to the Director of Customer Experience for write off.
- 7.3 All arrears cases over £100 should be written to. If the balance is under £100.00, the case should be referred to the Director of Customer Experience for write off. In cases over £100 if there is no contact the case should be sent to the debt collection agency.
- 7.4 Occasionally there will be cases where SLH holds a credit balance but has no forwarding address to send it to. These cases should be referred to the Director of Customer Experience for write off.
- 7.5 Criteria for cases to be written off:
- 7.5.1 **Tenant Deceased.** A communication from the next of kin confirming that there are insufficient funds in the deceased's estate will be accepted and account can be sent for write off.
- 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. Including all cases where no payments have been made a year after account sent to the debt collecting agency
- 7.5.6 **Special cases.** Including for example where an older person who is on full housing benefit cannot retain their tenancy and is moved into permanent care or hospital.
- 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.

7.8 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 Complaints Policy.

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 Partner 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 may request a refund in writing to our Customer Services Team via email or via the enquiry form on our website. In addition the Income Partner may instigate a credit refund after communicating with the tenant

8.4.2 The request will be forwarded to the Income Management team and the relevant Income Partner will action the request.

9.0 Our Approach to Recharges

9.1 SLH will raise a recharge for any damage caused accidentally, deliberately or because of neglect by the tenant or other members of the household, including visitors, pets or contractors hired by the tenant. This also applies to the removal of any fixtures and fittings that have been provided by South Lakes Housing, for example internal doors or banister rails.

9.2 Rechargeable Repairs

9.21 SLH's repairs and maintenance service is funded from rents paid by all our tenants. To be fair and consistent we will recharge those individuals who neglect their homes, cause intentional or accidental damage or loss of items such as keys.

9.22 Tenant responsibilities and a 'menu of charges' is contained within the Repairs Handbook. This will be available on our website.

9.23 The cost of a rechargeable repair will be charged upfront and includes an admin fee. In the case of an emergency or Health and Safety risk SLH will undertake the work, raise the recharge as a sundry debt and the tenant will be invoiced.

9.24 If a member of staff or a contractor, carries out a routine inspection and notices any damage, neglect, or misuse of a property, we will in the first instance give the tenant the opportunity to make good the property. Thereafter, or in the event of a H&S concern a recharge will be raised as a sundry debt and the tenant will be invoiced.

9.3 Mutual Exchange or Transfer Requests

9.31 SLH will inspect all properties where customers have applied for a mutual exchange or transfer, prior to a move being approved.

9.32 Repairs that are identified as rechargeable will need to be completed prior to the exchange. SLH will undertake these repairs where full payment is made in advance.

9.33 Any requests to carry-out a mutual exchange or transfer will be refused until all recharges are paid in full.

9.4 Void/Former Tenant Properties

9.41 Rechargeable repairs may be identified at the pre tenancy termination inspection and/or during the void inspection.

9.42 For repairs identified during the pre-tenancy termination inspection, SLH will advise the customer to carry-out the repairs before leaving the property.

9.43 Any rechargeable repair work that is undertaken by SLH during the void, will be raised as a sundry debt and the former tenant will be invoiced.

9.5 Recharges Identified Through Tenancy Management

9.51 Any costs incurred through a breach of tenancy will be classed as rechargeable. This includes, but is not limited to;

- Court Costs and legal fees
- Property cleans or clearances
- Garden cleans or clearances
- The misuse of communal areas
- Instances where the Police force entry to your home to detect or prevent crime.

9.6.1 Exemptions to the Recharge Policy

In some circumstances it may be necessary to exempt certain customers from the recharge policy. This may be a result of a person's vulnerability, different needs, or exceptional circumstances. SLH's Heads of Services have the discretion whether a recharge should be raised.

9.7 Recovery of Recharges

Where possible charges will be recovered by payment in advance and all charges will include an admin fee of £10+VAT.

SLH will offer a 30% reduction for the full payment of a voids recharge – if paid within 30 days.

SLH's Income Partners will have the discretion to setup payment arrangements to collect outstanding recharges.

SLH's Neighbourhood team will have the discretion to setup payment arrangements to recover charges relating to tenancy improvements (such as property or garden clearances).

10. Service Standards

10.1 SLH's Service Standards in relation to Rents and Service Charges are:

- SLH will provide clear information to explain rents and the breakdown of charges for tenants, sheltered housing tenants and for leaseholders
- SLH will provide any required notice if it intends to increase rents
- SLH will consult tenants before introducing any new service charges
- SLH will provide annual service charge letters to leaseholders

11. Performance Management

- 11.1 Our performance is reported to SLH's Board, Executive Management Team, and Tenants' Committee on a regular basis to assess progress against SLH's service standards.
- 11.2 SLH will monitor performance using a range of performance indicators agreed as part of SLH's performance management framework.

12. Monitoring and Review

- 12.1 This policy will be reviewed every three years, or where there has been significant changes to regulation, legislation, operations or best practice to warrant a further policy review.