

## **Housing Income Management Policy**

### **Introduction**

The purpose of this document is to set out the Council's overall approach to income recovery with regard to rent due from properties (temporary and permanent), garages, court costs and chargeable repairs.

The policy aims to ensure income streams are maximised by effective and efficient management of accounts. The Council aims to maximise income from tenants and licensees in order to deliver an efficient and effective housing management and maintenance service. We acknowledge that some households will face difficulty in managing their responsibility for rent payment. We will assist vulnerable tenants to receive the support they need to sustain their tenancies.

The Housing Revenue Account Business Plan is predicated on the collection of all available rental income streams, so it is essential that income collection performance targets are consistently delivered.

There are increasing budgetary pressures for Housing through both the General Fund (GF) and the Housing Revenue Account (HRA). The key drivers exerting and increasing these pressures are the ongoing welfare reforms.

SHDC manages a range of different tenures:

- Introductory tenancies
- Secure tenancies
- Licenses (interim and temporary accommodation)
- Shared Ownership leases
- Garage licenses
- Assured tenancies.

This policy applies to the income and debt recovery of:

- Current rent
- Garage license fees
- Service charges
- Use and occupation charges
- Court costs
- Chargeable repairs
- Former tenant arrears.
- Arrears write off.

Please note: reference to tenants relates to tenants and licensees

This section should be read in conjunction with the Council's Housing Repairs and Fitness for Habitation Policy and the Council's Debt Management Policy.

### **Legal Framework**

The statutory framework for income collection and recovery of council rent is set out in the following Acts:

- The Housing Act 1985 - secure tenancies
- The Housing Act 1988 - which provide legal grounds for seeking possession assured tenancies and shared ownership properties
- The Housing Act 1996 - introductory tenancies, demoted tenancies and temporary

accommodation.

Housing Services must also pay regard to related legislation including the Protection from Eviction Act 1977, the Law of Property Act 1925, the General Data Protection Act 2018, GDPR, 2018, Freedom of Information Act 2000, Human Rights Act 1998 and Equality Act 2010.

The County Court Civil Procedure Rules set out the requirements for making applications for possession, money judgments, and other debt recovery orders.

Legal casework also influences the approach to income recovery, and specific cases may restrict the extent to which debts may be recovered. For example, Harlow v Hall (2006) and bankruptcy, Individual Voluntary Arrangements (IVAs) and Debt Relief Orders.

Individual Voluntary Arrangements (IVAs) and Debt Relief Orders can cause delays in collecting rent arrears from tenants who seek these types of relief, in some cases postponing the date for long periods before we are able to recover some of the monies owed.

The Welfare Reform Act 2012 introduced welfare benefits reform aimed at reducing reliance on welfare benefits and promoting a back to work culture. In November 2016, the Benefit Cap reduced the amount of Housing Benefit a tenant could receive. South Holland became a live service for Universal Credit in July 2018. Once fully implemented, Universal Credit will require working age tenants to be directly responsible for paying their own rent.

### **Aims and Objectives**

The overall strategic aim is to apply a firm but fair approach to managing income, which takes account of individual tenant circumstances, and is sensitive to equality considerations including vulnerability, language spoken, age and literacy.

We aim to provide an income recovery and arrears management process that combines efficient debt recovery processes with arrears prevention. Housing Neighbourhood Officers will provide advice and assistance or signpost tenants to partner agencies. Advice may include income maximisation, benefit assessments, debt management, financial inclusion, impartial legal advice and floating support. We will engage with tenants to identify vulnerabilities at the earliest opportunity and will assist in identifying and securing appropriate support in order for tenants to manage their rent and sustain their home. We will pursue all possible avenues of recovery including legal remedies where tenants refuse to engage/reduce their debt and have the means to do so. Options available include debt recovery agencies, Money Judgment Orders, Attachment of Earnings and taking possession of homes. In accordance with good practice, the Council will not seize an individual's goods or possessions as a means of collecting debt.

We will accept the following rent payment frequencies:

- weekly
- fortnightly
- four weekly
- calendar monthly

Rent should be paid in advance.

The Council offers a wide range of payment methods:

- Direct Debit
- Standing Order
- Debit Card
- Allpay Card
- Post office
- SHDC automated telephone service
- SHDC online payments
- Internet Banking
- Credit Card is accepted in extenuating circumstances subject to approval from the Housing Services Manager or Housing Landlord Services Manager.

We will promote:

- a culture of rent payment responsibility with all tenants
- Direct Debit as the preferred payment method.

The foundation for effective income management begins from the first point of contact with a new tenant. We will ensure that:

- information about the importance of paying rent is profiled
- we are proactive in brokering support to complete benefit applications (where applicable)
- new tenants are informed of who to contact about rent payment, and where to get help if they get into debt
- we assess tenant's support needs, including income and expenditure, at the stage of offering the property to ensure that support agencies are in place before moving and the property is affordable
- we complete 3 home visits during the first 12 months – during this time a review of the households circumstances will be carried out and any support needs discussed
- we work proactively with tenants to assist them with complying with their tenancy terms and conditions, including signposting them for support and advice
- we comply with the provisions of the Pre-Action Protocol for rent arrears
- we set realistic repayment arrangements with tenants
- we get to know our tenants to understand their lifestyle and personal circumstances, where possible, to ensure that their support needs are being met and the best channels to communicate with them.

We will ensure that:

- direct personal contact is used as the preferred method of contact
- we keep tenants informed at each stage of the debt recovery process.
- we make effective use of new technology to inform tenants of money owed
- we confirm payment arrangements in writing
- we focus on supporting tenants with health or financial vulnerabilities
- we take enforcement action against those that have the ability to pay their rent but choose not to make payments/engage with us
- we consider the wider housing context when taking enforcement action that may lead to a larger cost elsewhere in the public system.

We will:

- maintain close working links with Housing Benefit and the Department of Work and Pensions (DWP)
- use in-house resources to help tenants to complete Housing Benefit, Universal Credit and Discretionary Housing Payment applications
- provide information about changes to welfare benefits
- refer tenants to advice and support agencies including arranging home visits from DWP for vulnerable tenants
- request direct payment of Housing Costs (from Universal Credit) to protect the

- tenancy for vulnerable tenants
- carry out basic benefit assessments to determine if the household is entitled to additional income that they are not receiving.

### **Tenants' Responsibilities**

The term 'tenant' includes sole and any joint tenants. If two or more people have signed the tenancy agreement (joint tenants), they are jointly and severally liable for the payment of rent. This means that each person is fully responsible for the payment of rent, charges and any other tenancy related debt. We may pursue one or both tenants for the full sum of arrears depending on circumstances.

Tenants have an obligation under the Terms and Conditions of their Tenancy Agreement to pay rent in full and on time - failure to do so puts their home at risk. It is the tenant's responsibility to notify the Council of any changes in their circumstances, which may affect their ability to pay their rent. It is also their responsibility to inform any agencies such as Housing Benefit and Universal Credit of a change in their circumstances.

Four weeks rent in advance is required to be paid up front for tenancies that commence on/after 1<sup>st</sup> July 2019 (as per new tenancy agreement terms). This payment is also required from existing council tenants if they are offered a property as a tenancy transfer through the Housing Register. This payment is required prior to signing the tenancy agreement – the tenancy will not commence until this payment is received. This will not be treated as a deposit. In extenuating circumstances, a Housing Manager has discretion to reduce the amount due, however tenants on a low income will be able to apply for Discretionary Housing Payment for a grant of this amount. This income protects the rent account when tenants have a change in circumstances, and allows them time to resolve the issue before falling into arrears on their account.

### **Recovery Action**

#### **Current Rent arrears**

South Holland District Council maximises income collected. Rent arrears are rent payments which are overdue, this includes service charges. Payment of rent is due in advance on the first Monday of each week, or as specified otherwise in the agreement. We will formally consider an account to be in arrears where rent due has not been paid by midnight on the following Sunday. We will actively encourage tenants to build a credit on the account in order to maintain a nil or credit balance at all times. New tenants are required to pay four weeks rent in advance before their tenancy commences.

Housing Neighbourhood Officers will:

- attempt to make personal contact with the tenant through a variety of means including telephone, text message, email, letter and home visits at every stage of the rent arrears escalation process (For legal reasons, some arrears actions must be put in writing)
- review tenants circumstances at each stage of the process, where possible, to ensure that, wherever possible, vulnerabilities/support needs are being met
- offer tenants support with maximising income by referring cases to Citizens Advice and partner support agencies

- post rent statements to tenants on an annual basis and with each arrears letter
- set reasonable repayment schedules
- deliver targeted communications to tenants to raise awareness of their responsibilities for payment of rent, support available and action taken if payment is not made
- clearly communicate with tenants the implications of failing to engage with us and, failing to reduce and clear arrears
- work closely with Housing Benefit and Universal Credit authorities where appropriate.

If tenants owe the Council rent, we will seek to establish the reasons why this has not been paid. Where tenants are vulnerable and have support needs, we will ensure that we have discussed ways to meet these needs and involve the relevant agencies. Where tenants have financial difficulties, we will offer benefit health checks and debt advice appointments. We will take enforcement action against tenants that refuse to engage and/or have the means to pay their rent. In the first instance, we will expect arrears to be cleared within 7 days in full. If this is not possible, we will give the tenant an opportunity to make agreements to repay the arrears, and should they keep to the arrangement, we will not take further action. We will make contact with tenants throughout the process, and when appropriate, will involve external agencies that we know are supporting the tenants. We will seek to reach realistic repayment agreements to clear arrears promptly and successfully. Agreements should be mutual, affordable and realistic and should reflect consideration of the tenant's financial circumstances. We will carefully explain the consequences of not reaching and maintaining a repayment agreement.

Housing Officers will ensure that introductory tenants have clear rent accounts at the point they are eligible to become secure tenants. Where rent arrears exist, the Housing Services Manager will review the case, including the personal circumstances of the tenant, and determine whether the tenancy should be extended for a further six months or a Notice of Seeking Possession served.

We will consider applying for direct deduction from a tenant's benefits where this is a viable option. We will also consider Money Judgment Orders, and may pursue an attachment of earnings or other enforcement action. We may still pursue eviction where this fails as a result in the reduction or elimination of arrears. We will take action to repossess a property due to rent arrears as a last resort, and where arrears are significant and persistent. Court action is necessary when tenants repeatedly refuse help, fail to engage/address their arrears, or cease to give appropriate priority to the payment of their rent.

We will act in accordance with Pre-Court Action Protocol and ensure that cases are reviewed by the Housing Services Manager before applying for a possession hearing, and all requests for eviction are authorised by the Housing Landlord Services Manager. In the case of an SHDC staff member, consideration will be given that all other appropriate recovery options have been exhausted and the Housing Landlord Services Manager will be involved before applying for a possession hearing. Where requested, we will support

informal request for direct wage deductions for staff members. We will encourage tenants to attend Court hearings and advise them to seek impartial legal advice. We will seek to recover Court costs from tenants, except in extenuating circumstances.

### **Former tenant arrears and charges**

Arrears remaining once tenancies have been terminated are known as Former Tenant Arrears (FTAs). The recovery of FTA's will be managed by the Housing Services Team in conjunction with the Business Support Team. The recovery of charges will be managed centrally by the Housing Business Support Team in conjunction with Public Sector Partnership Services Ltd (PSPS).

Outgoing tenants will be advised of the requirement to pay all rent due (plus any charges including repairs and court costs) at the exit interview, and in the letter acknowledging the termination. We will seek a forwarding address for all tenants.

The cost of pursuing the debt will be balanced against the likelihood of recovery and the level of debt. We will consider all cost effective means of recovery, including writing to the individual (where we have a forwarding address), employing an external debt collection agency to recover the debts and taking court action. Payment arrangements will be considered.

The Allocations and Lettings Policy states that an individual will not be able to access the Housing Register whilst they have a housing related debt, unless they have entered into an acceptable payment arrangement.

Rent remains payable following the death of a tenant until the required 28 days' notice has expired and the tenancy legally terminated. Housing Benefit or Universal Credit will cease payment on the Sunday following the death of a tenant, and the tenant's estate will be responsible for meeting the rent payment and clearing any arrears due. We will not charge rent during the notice period in cases where the tenant was in receipt of full Housing Benefit/Housing Costs. Communication will be with the next of kin, executor of estate, or the Public Trustee.

We will seek to recover all outstanding debt. However there are particular circumstances where debt is irrecoverable and the Council has no alternative but to consider write off. We will not write off debts without taking appropriate steps to recover them. We will set the same debt categories and principles of recovery as specified in the SHDC/PSPS Ltd Debt Write Off Operational Policy. Please note – debts relating to garage fees, properties that we manage on behalf of a private landlord e.g. Broadgate Homes and temporary accommodation will be pursued and written off outside of the HRA. Debts will be presented to the Section 151 Officer and/or Cabinet for consideration of write off.

### **Rent refunds**

We will monitor credit balances on account and advise tenants of the option to request a refund. We will consider all requests for refund of credit on account. Requests must be made in writing and signed by tenants.

Refunds will be awarded at our discretion; we will take into consideration the payment method, payment patterns and circumstances in order to prevent the tenant from falling into arrears in the future. When refunding money, will ensure that the rent accounts remain a minimum of 4 weeks in credit for tenancies that were signed up to our new

tenancy agreement on or after 1<sup>st</sup> July 2019. We will offset recoverable debt from a credit balance before issuing a refund – this includes former tenant arrears, court costs, chargeable repairs and Housing Benefit overpayments. We will not normally refund credits that are statute barred and have been written on to our financial accounts.

### **Chargeable repairs**

Chargeable repairs includes repair work that may be required due to tenant damage, non-standard alterations, or for the cost of clearing redundant possessions that are left by tenants when they vacate the property.

We aim to improve the recovery of costs associated with chargeable repairs and to deter misuse or neglect of Council property by tenants. By identifying and recovering these costs, it enables the Council to reinvest the money to help improve services and properties which will ultimately benefit our tenants.

With the support of PSPS, Housing Officers aim to recover the cost of:

- repairs due to damage, neglect, misuse or abuse by tenants, their family or visitors to their property
- clearing tenants' redundant possessions when a property is vacated
- any work carried out by the Council or its contractors to repair or maintain the property that would normally be the responsibility of the tenant.

Note: tenants will have the option to arrange for chargeable repairs to be completed themselves but the work must be to Council standards. If it isn't up to the required standard, the Council will charge the tenant for the necessary alterations.

Chargeable items will be identified by a number of means including:

- when a customer reports a repair by telephone via Customer Services
- when a contractor goes to a property to complete a repair
- when a Council representative visits a property to undertake an inspection or to meet with a tenant
- when a Council representative undertakes a void (empty home) inspection.

The following are examples of when a tenant would be charged:

- repairs needed because of deliberate or wilful damage or loss caused by the tenant to any part of the structure or fabric of the building that extends beyond normal wear and tear
- repairs carried out by the Council which are the responsibility of the tenant
- alterations made to the property without permission or are not carried out to a reasonable standard, and the Council is required to reverse the alteration and make good
- the home has become empty due to bereavement and the Council is required to empty the property - this would be charged to the deceased estate
- clearing out void properties - this includes any waste or redundant tenant possessions that may be left in the home, roof space or any outbuildings
- costs incurred from carrying out work associated with fumigation/disinfestations of a property
- cost to restore gardens to an acceptable and manageable condition
- blocked drains that are inside of the property boundary and the cause of the blockage has been established as being through the negligence of the tenant e.g.

cooking fat down the sink, baby nappies and/or baby wipes flushed down the toilet etc.

- inappropriate emergency call outs including where no emergency work is needed, the emergency was reported during office hours but the tenant failed to provide access, or where the repair had already been reported and logged, and the resident has been informed that it is not an emergency. (Where an emergency call is made to report a repair out of hours, the Council will inform the tenant that they may be charged the cost of the call out if, on inspection, the call out is inappropriate)
- repeat missed appointments with contractors.

The following items will not be recharged to a tenant:

- where damage has been caused by a third party who is not a member of the household, or visitor, for example, a break in or vandalism. The tenant will not be charged the cost of the repair as long as they have reported the crime to the Police and obtained a crime reference number. If this number is not obtained, the cost of the repair will be charged to the tenant.
- blocked drains outside of the property boundary. In these instances, tenants should contact Anglian Water as they will usually have responsibility to unblock the drain.

We will set the cost of chargeable repairs in one of following ways:

- repairs will be charged at Schedule of Rates charges plus 15% admin fee. VAT will be applied to this fee when items are the responsibility of the tenant and the tenancy is current. A summary of the most common items will be made available to tenants.
- property clearance will be recharged at cost plus 15% admin fee. VAT will be applied to this fee when items are the responsibility of the tenant and the tenancy is current.
- where call out charges are applicable, they will be charged at the Schedule of Rates plus 15% admin fee. VAT will be applied to this fee when items are the responsibility of the tenant and the tenancy is current.

There are two ways that the Council will recharge;

- payment will be required before the repair is carried out for minor repairs such as lost keys, damaged internal doors, damaged wall plaster, broken light fittings etc. Where a tenant is unable to make the necessary payment prior to works being booked, the call will not be booked until the tenant is in a position to be able to afford the charge. In exceptional circumstances, the call will be referred to a Housing Manager for discretionary authorisation. (Repairs required in an emergency or for health and safety reasons will be completed and invoiced).
- invoices will be raised after major repairs have been completed such as replacement front entrance door, damaged kitchen units, broken double glazed window. This includes cases where:
  - unlicensed alterations have been carried out
  - emergency health and safety repairs have to be ordered
  - the recharge is identified after a repair is carried out.
- if the tenant has ended or seeks to end their tenancy they will be allowed 28 calendar days, to settle the invoice before action is taken to enforce the outstanding invoice.

These sundry debts will be pursued by PSPS in line with the Council's Debt Management Policy.

In certain cases, the Council may decide not to charge the tenant. The Property Asset Manager, Housing Repairs Manager or the Housing Services Manager (or the Housing Landlord Services Manager) may exercise discretion as outlined below:

- where damage has been caused to a property accidentally and all the evidence supports this
- households where all members have either a learning disability, a registered physical disability (that prevents them from carrying out their obligated repairs), or a debilitating medical or mental health condition. Where households do not have the ability to maintain their property, we will support rehousing to a more suitable property e.g. a property with a smaller garden
- where the repair is due to everyday wear and tear and/or is a Health and Safety concern
- where a property is void following the death of a tenant and the tenant was in receipt of full Housing Benefit/Housing Costs prior to death.

### **Priority order for paying back debts**

When people have multiple housing related debts and are paying them back, debts will be credited in the following order:

- a) Rent arrears on current tenancy
- b) Court costs relating to current tenancy
- c) Other housing debts in order of oldest debt first/debt most practicable to recover.

### **Performance Monitoring**

The targets for rent arrears and chargeable repairs are set annually, and performance is kept under review through individual and team meetings, and performance reports.

### **Data Protection**

Officers will treat all information about customers and service users with the utmost confidentiality and comply with the requirement of the General Data Protection Regulation Act 2018 (and subsequent amendments).