



South Derbyshire District Council

Income Management Policy

Directorate	Housing & Environmental Services
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Income Management Policy

1.0	Policy Statement
	Effective income management is a key aim of the South Derbyshire District Council (SDDC) as this function secures vital housing management services.
	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.
	Therefore, the Council is committed to maximising income through the development of a strong payment culture and taking prompt action to prevent arrears accumulating
	The term "rent arrears" applies to rent, service charges and planned leasehold charges.
	The Council is committed to helping residents not to fall into arrears through early intervention and financial inclusion support. If a resident does fall into arrears through financial difficulty, the Council's rent arrears procedure will be followed to ensure the resident has had adequate opportunity to sustain their tenancy and avoid the possibility of becoming homeless.
	We will support our tenants as much as possible to sustain their tenancies. However, it is ultimately the responsibility of the tenant to pay their rent on time and in accordance with their tenancy agreement.
	We will always view legal action to recover arrears as a last resort, and to be considered when all other alternatives have been exhausted.
2.0	Policy Aims and Objectives
	The aims of this policy are that;
	<ul style="list-style-type: none"> ○ 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.
3.0	Legal and Regulatory Framework
	Government legislation has an impact on how South Derbyshire District Council can implement its Income Collection Policy. Listed below are the key

	Acts that have been acknowledged in the creation of this policy.													
	<ul style="list-style-type: none"> ○ 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 Welfare Reform Act (2012) ○ The Care Act (2014) ○ The Housing and Planning Bill 													
4.0	Responsibility & Decision Making													
	The tables below illustrate the structure for responsibility and decision making within the Council in relation to income management													
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		performance
	Neighbourhood Officer	Operate the arrears policy and procedures including the service of Legal Notices of Seeking Possession.
	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'

5.0 Performance Monitoring

We will use the following performance indicators to monitor our income management activity. Indicators marked (P&S) are reported to the Council's performance and scrutiny committee on a regular basis.

Indicator Reference	Description	Frequency Collected
H24 – A (P&S)	Rent collected 'in year' (excluding arrears brought forward)	Monthly
H26 (P&S)	Rent Debt of current tenants excluding FTA's (excluding direct debit)	Monthly
H25	Number of tenants with more than seven weeks (gross) rent arrears as a % of the total number of tenants (SNAPSHOT)	Monthly
H26 – A	Current Garage Debt (including Plots) excluding FTA's	Monthly
H32 (P&S)	Number of evictions for rent arrears (Cumulative)	Monthly
H29 (P&S)	The number of contacts made by staff with tenants in arrears	Monthly
H5	% of temporary accommodation where B&B arrears have been recovered	Monthly
H27 - A (P&S)	% of FTA debt collected against debt owed	Monthly
H27 - B (P&S)	Former Tenant Debt (including all sundry debt)	Monthly
H26 - C	Former Garage Debt (Including Plots)	Monthly

We will benchmark our performance and costs against comparable organisations through Housemark's benchmarking club to analyse areas of strength and opportunities for improvement

6.0	Payment Methods
	The Council's preferred method of payment is direct debit, paid in advance and tenants will be encouraged to pay by this method.
	Other payment methods are available including;
	<ul style="list-style-type: none"> ○ Standing Order ○ Pay Machines (located at Civic Offices) ○ Online via the Councils website ○ Payment via credit or debit card ○ Direct payment by Housing Benefit or Universal Credit ○ Third Party Payment Options (e.g. specialist direct debit provision)
7.0	Promoting a 'Payment Culture' and Disincentives to Arrears
	We will endeavour to promote a 'payment culture' by;
	<ul style="list-style-type: none"> ○ Outlining rental responsibilities to applicants as soon as they are accepted onto the waiting list ○ Encouraging applicants 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 applicants on the waiting list ○ Provide incentives to those tenants who pay their rent in advance, and pay by automated methods (e.g. direct debits)
	However, tenants in arrears are failing to maintain their responsibilities of their tenancy as detailed in the tenancy agreement.
	We will withdraw certain services to prevent tenants falling into arrears. For example,
	<ul style="list-style-type: none"> ○ Residents are allowed to register on the transfer list should they have rent arrears. If they reach the top of the list, they will be contacted to see if they can clear their rent account as a property has become available. If a resident cannot clear their account within the required allocation time scale, they will be bypassed for that property. ○ Arrears due to a proven delay in awarding Housing Benefit or Universal Credit will not be used as a barrier to withholding a transfer and tenants will be offered a property should they be next in line. ○ 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

8.0	Communicating with Tenants
	Effective communication is essential to ensure that current and former customers understand their role in reducing their arrears. To this end we will;
	<ul style="list-style-type: none"> ○ Ensure that personal contact is prioritised as a first response to rent arrears ○ Ensure that we use 'plain English' techniques in all written correspondence and documents ○ Ensure our written correspondence is clear, concise and free of jargon ○ Make use of all communication channels to ensure effective dialogue is maintained including e-mail text messaging and social media. ○ Use home and office visits as appropriate, and in line with the pre-action protocol ○ Make use of 'out of hours' contacts (such as home visits and phone calls)
	Our written letters will include the following;
	<ul style="list-style-type: none"> ○ The amount owed, and why (missed payment, benefits suspended etc.) ○ Detail the advice and support available (including external agencies such as the local citizens advice bureau) ○ Encourage payment and encourage contact ○ Give strict deadlines for making payment and contact ○ Advise of the consequences of non-payment or non-engagement ○ Detail the range of payment options available
	All of our standard letters will have the option to be tailored by staff to personalise messages to individual customers and their circumstances
	We will actively encourage customers to be involved in how we develop the service and will achieve this through the following channels;
	<ul style="list-style-type: none"> ○ Performance and Scrutiny Panel ○ Customer Surveys ○ One off Events ○ Specific 'Task and Finish' Projects
9.0	Recovering Arrears
	The Council considers a tenant to be in arrears once they have missed one payment of rent.
	Neighbourhood Officers are responsible for the amount of arrears (including former tenant arrears) on their patch 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 we will agree a payment plan to clear the debt to avoid legal action.
	The Council's Financial Inclusion Officer will offer practical support to those tenants in arrears who require assistance with managing their finances.
10.0	Legal Action to Recover Arrears
	If a tenant fails to clear the arrears owed, or come to a suitable arrangement to repay the 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.
	<ul style="list-style-type: none"> ○ Arrears stand at 4 weeks rent or above* ○ No response to letters RA1 and RA2 ○ A repayment agreement has been broken ○ A previous NOSP has expired and arrears remain
	<i>*We will not serve a NOSP whilst a tenant is waiting for their first award of Universal Credit. However, we will serve a NOSP once the initial payment has been made to the tenant and the account owes the equivalent of 4 weeks rent or above.</i>
11.0	Possession Proceedings
	Applying for possession of a property will always be the last resort, but we will not delay eviction action to protect against unmanageable levels of debt.
	Before applying for possession of a property we will always consider alternatives to recovering the debt owed. This includes other legal avenues and applying for direct payments from an individual's benefit entitlement.
12.0	Support for Vulnerable Tenants
	Whereas vulnerability in itself cannot be used as a defence for a tenant to fail to maintain their tenancy agreement, we recognise that some tenants may require additional support to sustain their tenancy.
	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, we will ensure that any known vulnerabilities are explored, and actions put in place to mitigate the effects of enforcement action where possible.
	We will work in partnership with others, such as social services and third sector organisations to achieve this
	Where there is no alternative but to take legal action against a vulnerable tenant, the tenancy services manager will authorise the action and ensure

	that all reasonable steps have been taken to avoid enforcement action.
13.0	New Tenant Strategies
	Arrears prevention work starts prior to the tenancy commencing. In order to ensure new tenants understand their responsibilities we will;
	<ul style="list-style-type: none"> ○ Undertake a financial and vulnerability assessment on all applicants who are offered a property to ensure they have the resilience to pay their rent and service charges. ○ Offer a 'housing options' appointment to applicants to discuss their housing requirements and match those to their income and expenditure when they apply for housing. ○ Ensure that rent accounts are set up before the tenancy commences
	Sign Ups
	Sign up meetings provide an ideal opportunity for the landlord to engage with the tenant and discuss the payment arrangements for the rent. At every 'sign up' meeting we will;
	<ul style="list-style-type: none"> ○ Advise the customer of the amount of rent and service charge(s) due ○ Provide assistance and advice for claiming benefits where applicable ○ Take a deposit to ensure the account commences 'in credit' ○ Advise when the rent is charged (e.g. weekly or monthly) and when payments from the tenant are due ○ Provide details on payment methods / locations ○ Stress the importance of making a timely application for benefits 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
	New Tenancy Visits (NTV's)
	All NTV's will be completed within 4 weeks of the tenant moving in to their home. We 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.
14.0	Equal Opportunities
	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:
	<ul style="list-style-type: none"> ○ 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.
15.0	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 and the person’s individual circumstances have been considered and taken into account.
	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 Councils’ Income Officer will follow the Council’s Former Tenant Arrears procedure to ensure that former tenant debt is recovered without delay.
	The Council will employ a reputable collection agency to assist in the recovery of former tenant arrears. This will be reviewed as necessary to ensure value for money.
	All former debts that prove to be irrecoverable by the agency will be prepared for write off with the permission of the Corporate Management Team (CMT) except those debts which are in excess of £5,000.00 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.
16.0	Information Technology (IT)
	We recognise that IT allows landlords to effectively manage and benchmark their performance but also allows staff to work effectively to manage arrears in the office and out on their patch.
	We will invest in our housing management software to ensure it supports staff in the collecting arrears and monitoring accounts.

	Where a business case is identified, we will consider making use of separate IT solutions to assist staff to pro-actively manage accounts and prevent arrears.
17.0	Creativity and Innovation
	We will embrace creativity and innovation to ensure that the service meets the needs of our customers, whilst remaining cost-effective
	We will empower our staff to think creatively, and to suggest new ways to deliver the service.
	We will learn from others who deliver 'leading edge' solutions to collecting income and share our own experiences with other landlords who may seek to learn from us.
18.0	Policy Review
	We will review this policy every two years, or in the event of legislative change, to ensure that our income recovery service remains 'fit for purpose'

Version Control			
Version	Date	Author	Details
1.0	December 2015	Chris Holloway	New Document
1.1			