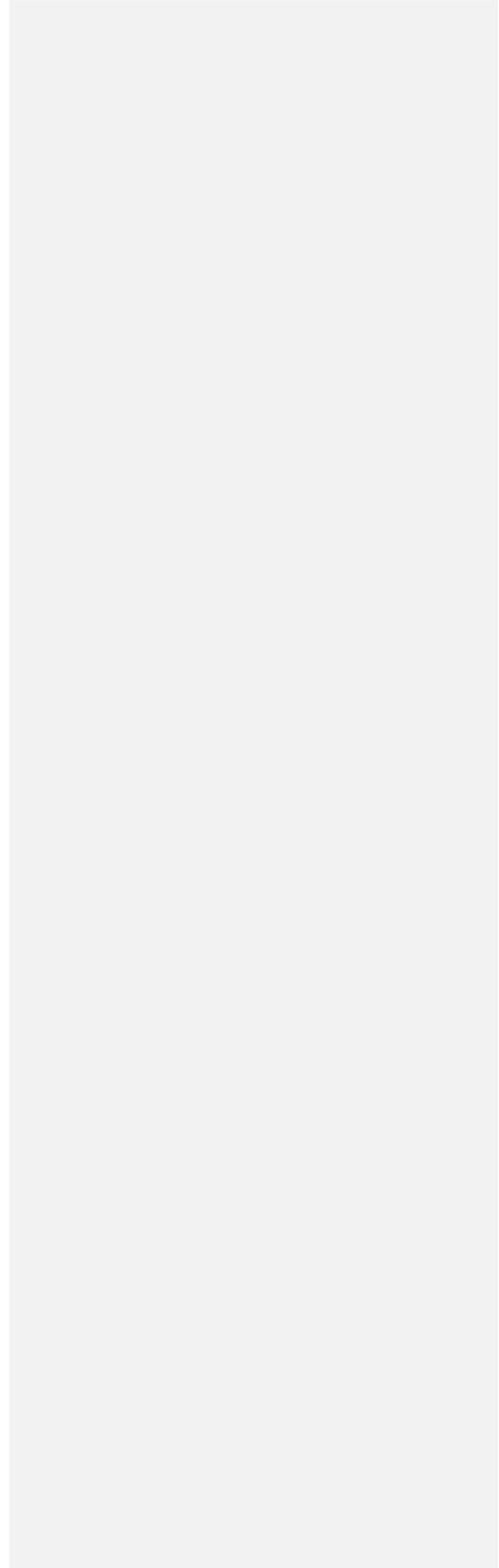


Mid Devon District Council

Income Management Policy

| Policy Number: HSG v~~3~~2.8

| ~~August~~January 201~~2~~09~~5~~



Version Control Sheet

Title: *Income Management Policy*

Purpose: To alter the title of the policy to Income Management Policy from Rent Arrears Management Policy so it reflects the changes made to the policy. In addition, the policy has been reviewed in accordance with good practice and legislation. The Housing Service must maximise income and this policy sets out the approach which will be taken by Officers to achieve this whilst also ensuring that the needs of vulnerable tenants are met.

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Date: ~~August January 20~~**2015**~~9~~

Version Number: ~~v~~**32-8**

Status: Review of Policy and title change

Review Frequency: **Every 410 years or sooner if required and in accordance with changes in good practice and legislation**

Next review date: ~~December 2029~~**June 2019**

Consultation This document was sent out for consultation to the following:

Cabinet Member
Staff
Tenants Together-
~~Management~~**Leadership** Team
~~Homes Policy Development~~
~~Group Decent & Affordable~~
~~Homes CAB, and CHAT and~~
~~Wiser£Money~~

Document History

This document obtained the following approvals.

Title	Date	Version Approved
Cabinet Member	05/2015 20/12/19	2.8
Tenants Together	11/06/2015	2.8
Management Leadership Team	28/7/15 07/01/2020	2.8
Homes PDG Decent & Affordable Homes	11/8/15 21/01/2020	2.8
Cabinet	27/8/15	2.8

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1. Introduction

This policy statement outlines Mid Devon District Council's (MDDC), Housing Services approach to the management of rent collection for Council dwellings, garages, garage ground rent plots (GGRP's) and other charges. The aim of this Policy is to create a rent payment culture, ensuring that rent and charges are collected quickly and effectively, whilst supporting our tenants in matters relating to financial inclusion and the ability to manage their money. This will include signposting and referring them to other agencies which may be able to help, as necessary.

2. Scope

This policy applies to how the Housing Service will oversee the management and recovery of arrears and other unpaid sums. A firm but fair approach to recovery of rent arrears will be adopted, which is sensitive to individuals' circumstances.

Proactive steps are to be taken to prevent and minimise the build-up of unpaid sums on rent and sub accounts where possible, recognising that from time to time tenants may experience financial difficulties. In these circumstances, Officers aim to support and work with tenants at the earliest opportunity to help tackle financial exclusion and to provide assistance to individuals experiencing financial difficulty.

This policy also covers the following points and should be read in conjunction with the related documents as stated below:

- Payment arrangements
- Preventive measures
- Recovery of current and former rent arrears
- Recovery of other unpaid sums
- Making an arrangement
- Claiming and overpayment of benefits
- Insolvency arrangements
- Writing off debts
- Legal action
- Changing possession orders

3. Related Documents

- Corporate Debt Collection Policy
- Tenancy Agreement
- Garage Agreements
- GGRP Agreement
- Pre-action Protocol for Possession claims by Social Landlords
- Recharge Policy
- Rent Arrears Management Procedures
- Service Standards
- Vulnerability Policy

4. Definitions

For the purposes of this policy the definition of rent is defined as a payment

amount, fixed by a tenancy agreement, by which a tenant is liable to pay at specified intervals in return for the right to occupy or use a dwelling, garage or garage ground rent plot.

- A current tenant arrear is when a tenant(s) owes the Council outstanding rent or charges for a dwelling or a garage / garage ground rent plot on a tenancy which is still in place.
- A former tenant arrear is when a former tenant(s) owes the Council any outstanding rent or charges from a terminated tenancy.
- Unpaid sums are any monies outstanding for rent, a service received or recharges, for example alarm charge, rechargeable repair, court costs.
- Charges include rechargeable repairs, court costs, sewage and/or alarm charges.

5. Payment arrangements

- 5.1 It is the responsibility of the tenant to pay their rent and charges on time, and to ensure that they do not go into debt, even if they are in receipt of benefits.
- 5.2 Rent and charges are payable by tenants over 48 weeks of the year although in accordance with the tenancy agreement, the Housing Service may raise these charges over 52 weeks of the year. Tenants should who pay their rent weekly, need to pay on the Monday of each week. and Tenants who pay rent on a fortnightly or monthly basis need to pay in advance ensure that their rent accounts do not go into arrears at any time during the fortnight or month.
- 5.3 There are a number of methods by which tenants can make payments, for example direct debit, online payments, automated telephone service, telephone calls to the office, payment at a Council cash office or the kiosk in Phoenix House, Post Office or Payzone outlets. Deduction direct from salary is also an option for employees of MDDC.
- 5.4 Officers will promote all payment methods to tenants.

6. Prevention of arrears

- 6.1 The Housing Service will take preventive measures to reduce prevent arrears and debts prevent them escalating.
- 6.2 **Early contact**
- Tenants will be contacted as soon as their rent account falls into arrears (for example, if payment is not received on the Monday of every week). They are expected to work with us as soon as there is a missed payment. There is an expectation that our tenants will make an arrangement with us to address any debt to reduce the risk of any arrears escalating.
- 6.3 **New tenants**
- When an offer of accommodation is accepted, the prospective tenant will be provided with clear information on their responsibility to pay rent on time, payment methods available to them, how to claim benefits for housing costs and the amount of rent and other charges payable.

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- In order to build a payment culture, the Council will ask new tenants to pay rent in advance based on the frequency of their payments. Therefore, they will be asked to pay rent one week's rent in advance if they intend to pay weekly, two weeks in advance if the intention is to pay fortnightly and one calendar month in advance if they intend to make monthly payments. If the new tenant is in receipt of benefits for housing costs, then the Council will ask for a small contribution towards the rent for the first week of the tenancy, and weekly payments thereafter every Monday until their benefit is in payment and/or their rent account is clear.
- We will invite new tenants to accept a home appointment approximately within six weeks of their new tenancy commencing. This is to see establish after they signed for their new home to see how they are settling into their new home including discussing rent payments and benefit claims. If it is

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not possible to meet with the tenant at that time, ~~they~~we will carry on trying to make contact, to carry out this visit. This is to ensure that new tenants have not breached their tenancy terms and conditions and provide an opportunity for new tenants to ask any questions which they may have.

- Tenants will be given the opportunity to be signposted to agencies that provide financial and debt advice, tenancy support or access to welfare assistance, where it has been identified that they may need assistance or have requested access to these services.

6.4 Information and advice

- Information will be provided about rent accounts through the issue of quarterly rent statements. Up-to-date statements can also be requested at any time.
- All tenants will be advised of any changes to the rent or charges payable and reason for the changes; for example, we have a statutory duty to inform tenants 4 weeks in advance if we plan to increase or decrease their rent at the start of the new financial year.
- Officers aim to reach an agreement (repayment plan) with the tenant to pay off any unpaid sums over a reasonable period of time. This must be both achievable for the tenant and acceptable to the Housing Service. Income and expenditure information is required to ensure that any arrangement we set up is affordable to the tenant and acceptable to the Council. We specifically look at disposable income and priority debt; on occasions where the tenant has a deficit with regard to their surplus income, we will make an arrangement based on what the tenant advises is affordable to them.
- The Housing Service will work in partnership with agencies to facilitate the provision of independent advice to tenants about money management, debt, housing and welfare benefits.

7. Recovery of current rent arrears

- 7.1 The recovery of arrears will be dealt with in accordance with the Housing Service's Rent Arrears Management Procedures, with an emphasis on maintaining regular personal contact via telephone, letters and home visits throughout the recovery process. All contact made with a tenant will be recorded on our housing management system.

Personal contact allows Officers to gain a greater understanding of the circumstances of tenants who may be finding it hard to pay their rent or charges. Where necessary, text and email, or private message on social media may be used as methods of contacting tenants.

- 7.2 Where a tenant is claiming the housing cost element of Universal Credit and falls into rent arrears, contact will be made with the tenant. They will be advised that if they continue to remain in arrears then an application without notice to the tenant will be made to the Department of Works and Pensions (DWP) to claim direct payments for the rent and arrears by way of alternative payment arrangements (APAs). If an APA

Income Management Policy

is requested, the arrears are deducted at the rate of up to 20% of the tenant's Housing Cost entitlement, this is often more than the standard arrangement of current weekly rent plus £3.70 per week. It should be noted that the DWP will only agree APAs if the tenant meets the threshold which involves demonstrating that they have met the two specific sets of criteria specified.

- 7.3 If a tenant is in receipt of Housing Benefit and falls into rent arrears, then the Council will ask DWP for direct deductions to be made from other ongoing benefits in respect of the debt at the applicable rate.
- 7.4 Legal proceedings will commence where there is a record of persistent arrears and/or the tenant does not make or adhere to an agreement to reduce the arrears, or the agreement is breached at any time. We will encourage the tenant to make up missed payments to remedy any breach but where a tenant fails to engage we will use court action to secure the debt. This Court action will be used as a last resort.
- 7.5 Rent arrear cases are referred to the Eviction a Review Panel if it is our intention to seek Outright Possession of a property on the grounds of rent arrears. The review is carried out prior to applying to court for possession which may result in eviction. This is to ensure that the Officer managing them the case has followed the correct procedure and done everything possible to recover the debt. Cases are discussed in detail and a decision is made as to whether or not they we should be referred to court apply for outright possession. If seeking a suspended possession order through the court to secure the debt, a review panel will not be held.

The Housing Service will ensure that all cases progressed to court comply with the Pre-action protocol for possession claims based on rent arrears and relevant statutory requirements.

- 7.6 If a support agency is involved with a tenant, they may attend the meeting of the Eviction-Review Panel, with the tenant's permission, to provide an update on their financial and other circumstances, as appropriate. Our Officers will encourage tenants to engage with their support workers, as appropriate, in connection with these meetings with a view to ensuring that the support agency is made aware of the appointment and can attend, if possible.
- 7.7 At all stages of the legal process the tenant will be informed of the reasons for the action and where they can seek support and advice.
- 7.8 During legal proceedings, Officers will request a Possession Order, court costs will be recharged to the tenant. Where the court grants an Order for Possession, Officers will also seek to obtain a money judgement order, allowing future recovery of the debt after eviction.
- 7.9 It is the tenant's responsibility to notify us of any changes in their circumstances which may affect their ability to pay their rent.
- 7.10 Where a tenant holds an introductory tenancy and a Notice of Possession Proceedings has been served. They will have the right to have their case heard in front of an Appeals Panel where two senior Council Officers who have had no previous involvement will adjudicate. If the tenant requests an oral hearing, she/he has the right:

- to be heard and to be accompanied or to be represented by another person
- to call any person to give evidence, and ask her/him any questions.
- to advise of the reason the debt has accrued and how they may financially maintain their account going forward.

There should be an offer of arrangement made and if the Appeal Panel ~~is~~ find in favour of the tenant they should provide all relevant information to ensure an arrangement is in place and maintained.

8. Recovery of former tenant rent arrears

- 8.1 All former tenant arrears will be pursued. Every effort will be made to trace and contact debtors and make an arrangement to recover the debt. Where the debt remains unpaid the Housing Service may use debt recovery agencies or initiate proceedings through the County Small Claims Court to recover any unpaid sums. This may affect a former tenant's credit rating.
- 8.2 When a tenant terminates their tenancy, Officers will make contact with the tenant prior to the tenancy ending to advise of any amounts that need clearing prior to termination. If it is not possible for the tenant to pay the balance in full, a repayment plan that is affordable and sustainable will be agreed. If this arrangement is breached at any time the Council reserves the right to review and to decide on the

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[appropriate recovery action.](#)

- 8.3 Former tenants also will be signposted to where they can seek independent advice and support.
- 8.4 If there is an outstanding debt relating to a deceased tenant, the next of kin, administrator or executor will be notified that there will be a claim against the estate.
- 9. **Recovery of other charges**
- 9.1 The Housing Service are responsible for recovering other charges, for example

rechargeable repairs, court costs, sewage or alarm charges.

9.2 ~~If there **is** are no outstanding arrears on the main rent account but there is an unpaid sum on a sub account, then the tenant is expected to pay or make an arrangement to clear any amounts outstanding.~~

9.29.3 ~~If there is a sub account, for instance if a tenant has a debt relating to an outstanding rechargeable repair, they will be expected to **make an arrangement on all accounts that are showing a debt. This means that we will look at a tenant's disposable income (money left over after priority debts have been paid), and split the repayments over all accounts showing a debt. If an arrangement is not made to repay all outstanding debts, this could clear any outstanding arrears on their main rent account first. Once arrears from the main account have been settled, the tenant must make arrangements to clear their sub account/s; failure to do so may result in the Council applying to the County Court for possession of our property or the Small Claims court to recover the outstanding balance on any sub account.**~~

9.39.1 ~~If there is no outstanding arrears on the main rent account but there is an unpaid sum on a sub account then the tenant is expected to pay or make an arrangement to clear any amounts outstanding.~~

9.4 Payment of alarm charges are due weekly on **a Mondaytime**. When a tenant falls into arrears with their alarm charge and they have failed to engage with us or make an arrangement to clear any unpaid sums. They will be advised in writing that the alarm service will be removed from their property and they will be required to find alternative support.

10. Arrangements

10.1 When arrears are present, Officers will consider the circumstances of the tenant, their payment history, current financial situation and their ability to pay when agreeing a repayment plan. Income and Expenditure forms will be completed where possible. Alternatively, a tenant may work with a partner agency who will complete a **common standard** financial statement and this will be taken into account if passed to our Officers. This is to ensure that the arrangement is affordable and manageable.

10.2 Tenants will be advised that court action may be taken to recover unpaid sums if payments are not made on a regular basis or an agreed arrangement is broken **or the debt is at a high level which would require securing by Court Order.**

11. Claiming benefits and overpayments

11.1 It is the responsibility of the tenant to make a claim for benefit to cover their housing costs. It is important that tenants talk to Officers straight away if they experience benefit delays. Where a tenant is claiming the housing cost element of Universal Credit, the Housing Service will provide the relevant paperwork to the tenant to support any claims they make. If a tenant is claiming Housing Benefit, the Housing Service can only liaise with Officers in the Benefits team about the case if the tenant has authorised this. Therefore, tenants must not assume that any issues relating to

their Housing Benefit will be resolved without any input from them and furthermore should understand that their claim is their responsibility.

- 11.2** Joint tenants are 'jointly and severally' responsible for paying rent and any charges weekly on ~~time~~ as a Monday as well as any unpaid sums. This means that if one joint tenant does not pay, the other is fully liable. This will still be the case where Universal Credit is only paid to one member of the household, or where one joint tenant has left the property.
- 11.3** The rent arrears process will still be followed where there is a debt due to an outstanding benefit claim or delay. However, cases will be referred to the Eviction Review

Panel where a decision will be made whether or not court proceedings will commence. Where a tenant is entitled to benefit to cover their full rent and they have not been responsible for the delay and can satisfy us that they have provided all supporting evidence to support their claim, court proceedings will not commence. Court proceedings may commence in those cases where the tenant has delayed making a claim for benefits and it is unlikely that the Housing Costs will be backdated (such as those tenants claiming Universal Credit as they will only be paid from the date of the claim).

- 11.4 Tenants are expected to pay any rent due which is not covered by benefits. ~~on~~ time-weekly on a Monday.
- 11.5 Tenants are responsible for paying back any overpayment of benefit that covered their housing costs.
- 12. **Insolvency Arrangements – Bankruptcy, Individual Voluntary Arrangements (IVA) and Debt Relief Orders (DRO)**
 - 12.1 Where a tenant has an insolvency arrangement they remain liable to pay current rent as usual. Written confirmation of any arrangements will be required and once received, Officers will update the rent account with details. This is because people subject to such arrangements are advised not to contact their creditors, instead, MDDC should be working with the Receiver who can provide all relevant information.
 - 12.2 Where a tenant is bankrupt, rent arrears are not written off. Any repayment of rent arrears which are not kept to will be dealt with in accordance with the Rent Arrears Management Procedures.
 - 12.3 Rent arrears accrued prior to a DRO being granted will be dealt with differently. If there is a DRO, creditors are prevented from pursuing debts for a period of 12 months. Tenants with a DRO are still liable to pay rent, and rent arrears incurred after the DRO has been made are not covered by the moratorium. Repayment of these arrears will be dealt with in accordance with the Rent Arrears Management Procedures.
 - 12.3.12.4 It is important to note that applying for an Individual Voluntary Arrangement (IVA), Bankruptcy or Debt Relief Order does not stop the Council from proceeding to Court to apply for possession of our property. A decision on whether to proceed to Court for possession will be made on a case by case basis and in line with the processes outlined in the policy.

13. **Write offs**

- 13.1 In some circumstances, we will write off irrecoverable debts where they are uneconomic to pursue, for example where there are arrears outstanding after the death of a tenant and there is no estate to recover the debt.
- 13.2 Prior to any unpaid sums being written off, Officers will carry out the relevant recovery actions before seeking approval to write off the debt.

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~~13.2~~13.3 Current tenant debts including sub accounts will not be written off under any circumstances, this is because there is an ongoing liability for current tenants to pay their rent and charges under the tenancy terms and conditions.

14. Legal action

- 14.1 Tenants will be referred to court to secure formally any amounts owing where they have failed to engage with us or keep to an arrangement. This is a serious step which puts their tenancy at risk and will result in the tenant having to pay for court costs.
- 14.2 Procedures laid out by the Pre-Action Protocol for possession claims based on rent arrears will be followed by Officers when court action is being considered.
- 14.3 In cases where the tenant has failed to keep to a court order and where it is deemed

appropriate, repossession proceedings will be undertaken. Tenants will be encouraged to attend court and will be signposted to where they can seek independent advice and support.

15. Changing possession orders

- 15.1 A tenant may be able to request a possession order be varied. This will depend on whether or not the judge had a choice when making the possession order in the first instance, for example in some situations the judge has no choice about making an order and cannot change it once made, as long as the landlord followed the correct legal procedure to obtain the order. This applies to introductory or demoted tenancies, whereby a judge does not hold discretion as possession is sought on a mandatory ground.
- 15.2 Where a tenant requests to make a change to a possession order, they will be advised to seek independent advice about applying to the court to either have the possession order set aside, suspend or postpone the date for possession or vary the terms of the order. It will be the responsibility of the tenant to supply the relevant evidence (for example the reason they missed a rent payment, details about change in income, details of an outstanding housing cost claim) in their application to have a case re-heard or the possession order to be varied, set aside or delayed. It should not however be assumed that the landlord/Council will agree to new terms, or postponement or adjournment, ultimately it will be judged on a case by case basis and the tenant is responsible for a Court application to vary, postpone or adjourn any Court Order (Information relating to the schedule of fees is available on the Gov.Uk website).
- 15.3 Any application to the court to set aside a possession order, does not automatically stop the court bailiff carrying out an eviction. It is the responsibility of the tenant to request the court to stay or suspend any warrants at the same time they apply for an order to be set aside or varied. It should not be assumed that the Council will be in agreement with suspending, adjourning or setting aside a Warrant to Evict. There is also an application fee payable to the Court by the tenant and but should someone choose to apply, this can be waived for those demonstrating financial hardship. The County Court makes the decision to waive fees.

16. Equality and Diversity

- 16.1 The Housing Service will tailor its service to meet the diverse needs of individuals, for example sending documents in different formats and offering home visits or office appointments. ~~They~~ It will foster good relations with people when providing their services to eliminate discrimination and promote opportunity of equality.
- 16.2 The Council will consider the Equality Duty prior to the commencement of any possession proceedings. This means that Officers will give consideration to the reasons as to why a tenant may not be paying their rent, or their ability to do so. Where a tenant has been offered adequate support to enable them to pay their rent, a decision to proceed to Court can still be made.

17. Review

This Policy has been written in line with good practice and current relevant legislation. Unless there are any changes to such legislation and/ or other guidance or good practice beforehand, the next review of this Policy is due June-December 20129 and every fourten years thereafter, unless changes in legislation require an earlier review.

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