

**Mid Devon District Council**

**Income Management Policy**

Policy Number: HSG v2.8

**August 2015**

## 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.

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*Status:* Review of Policy and title change

*Review Frequency:* **Every 4 years or sooner if required and in accordance with changes in good practice and legislation**

*Next review date:* **June 2019**

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

Cabinet Member

Staff

Tenants Together

Management Team

PDG Decent & Affordable Homes

CAB, CHAT and Wiser£Money

### Document History

This document obtained the following approvals.

<b>Title</b>	<b>Date</b>	<b>Version Approved</b>
Cabinet Member	<b>05/2015</b>	<b>2.8</b>
Tenants Together	<b>11/06/2015</b>	<b>2.8</b>
Management Team	<b>28/7/15</b>	<b>2.8</b>
PDG Decent & Affordable Homes	<b>11/8/15</b>	<b>2.8</b>
Cabinet	<b>27/8/15</b>	<b>2.8</b>

## 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.

## 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

## 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 or alarm charges.

## **5. Payment arrangements**

**5.1** It is the responsibility of the tenant to pay their rent and charges on time even if they are in receipt of benefits.

**5.2** Rent and charges are payable by tenants over 48 weeks of the year. Tenants who pay their rent weekly, need to pay on the Monday each week and tenants who pay it on a fortnightly or monthly basis need to pay in advance.

**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 kiosk, 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 arrears and prevent them escalating.

### **6.2 Early contact**

- Tenants will be contacted as soon as their rent account falls into arrears. They are expected to work with us as soon as there is a missed payment.

### **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.
- In order to build a payment culture, the Council will ask new tenants to pay rent one week in advance. 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.
- We will invite new tenants to accept a home appointment approximately six weeks 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

not possible to meet with the tenant at that time, they will carry on trying to make contact.

- Tenants will be given the opportunity to be signposted to agencies that provide financial and debt advice where it has been identified that they may need assistance.

#### **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 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.
- 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 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 will be made to the Department of Works and Pensions (DWP) to claim direct payments by way of alternative payment arrangements (APAs).

**7.3** If a tenant is in receipt of Housing Benefit and falls into rent arrears, then the Council will ask for 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 the tenant does not make or adhere to an agreement to reduce the arrears. This action will be used as a last resort.

**7.5** Rent arrear cases are referred to the Eviction Panel prior to applying to court for possession or eviction to ensure that the Officer managing them has followed 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 should be referred to court.

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 Panel, with the tenant's permission, to provide an update on their financial and other circumstances, as appropriate.
- 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.

## **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 Court to recover any unpaid sums. This may affect a 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.
- 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 a sub account, for instance if a tenant has a debt relating to an outstanding rechargeable repair, they will be expected to 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 small claims court to recover the outstanding balance.
- 9.3** 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 time. 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 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.

## **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.
- 11.2** Joint tenants are 'jointly and severally' responsible for paying rent and any charges on time 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

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.

**11.4** Tenants are expected to pay any rent due which is not covered by benefits on time.

**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.

## **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.

## **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.
- 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.
- 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.

## **16. Equality and Diversity**

- 16.1** The Housing Service will tailor its service to meet the diverse needs of individuals. They will foster good relations with people when providing their services to eliminate discrimination and promote opportunity of equality.

## **17. Review**

This Policy has been written in line with good practice and current relevant legislation. Unless there are any changes to such legislation beforehand, the next review of this Policy is due June 2019 and every four years thereafter.