

Policy

Income Management Policy

Date authorised	21 May 2019
Review date	2022

1. Introduction

Rosebery Housing Association relies on the income it receives from rents to fund its activities and services such as carrying out repairs and improvements. It is therefore extremely important that we minimise the loss of rental income in order to safeguard our financial position, whilst being mindful of our role as a social landlord. Rosebery aims to maximise income, minimise debt and act in a way that is supportive of sustaining tenancies.

We take an organisation wide approach to Income Management in order to ensure that Rosebery remains financially viable. By creating a 'rent first' culture the expectation on both residents and staff is made clear.

This policy establishes the framework for a consistent, sensitive, reasonable and yet robust approach to collecting income and debt. As a responsible social landlord, we must ensure that we balance our roles in debt prevention and debt collection to protect both our residents and Rosebery. Prevention is the driver for our approach and eviction is always the last resort.

This policy takes into account the Regulatory Code as defined by the Regulator of Social Housing.

The policy applies to all our properties and tenure types.

For the purposes of this policy the term "rent" applies to all charges inclusive of any service charges.

For the purposes of this policy the term "tenancy agreement" applies to all occupancy agreements including leases and licences.

2. Policy Objectives

We aim to:

- Make income management the responsibility of all staff. As a business, rent is our main source of income and it is the collective responsibility of all staff to ensure that our income streams are maintained

- Ensure that we maximise payment methods to make it as easy as possible for residents to pay their rent and other charges without exposing Rosebery to any unnecessary risk relating to cash or payment processing
- Ensure that prospective residents are aware of, and understand, their rent and other charges and their responsibilities before they accept an offer of housing
- Ensure that rent arrears are identified at an early stage and managed in a firm, fair, and proactive manner, with the focus on supporting residents to sustain their tenancies
- Ensure that residents are provided with accurate and appropriate information at all times; all information should be clear, accessible and tailored to the resident's communication needs wherever possible
- Offer a range of communication methods to make it as easy as possible for residents to get in touch
- Work with residents to maximise their income and minimise financial exclusion
- Encourage residents to contact us regarding any change in circumstances and/or if residents experience problems that will result in missed payments
- Tailor our approach to individual residents and families, responding sensitively and flexibly to their needs
- Work with other agencies as appropriate to ensure that residents understand their obligations with regards to their tenancy agreement and receive appropriate advice and support
- Use all legal remedies available to us when residents refuse to engage or reach an agreement to pay any debt
- Proactively pursue any former tenant and sundry debts

3. Policy Principles: Debt Prevention

Our approach to income collection is positioned within a culture where residents are expected to take responsibility for paying their rent in accordance with their tenancy agreement. Rent is a priority debt and it is the resident's responsibility to pay the rent in full and in advance, regardless of any benefit entitlement or tenure type.

In order to comply with the terms and conditions of their tenancy agreement, residents must ensure that all charges are paid in advance. At no point should an account fall into arrears.

In order to safeguard both us and our residents, we encourage all residents to have a credit on their rent account. This helps to promote a positive payment culture and will mean that residents have a small buffer should their circumstances change. This is especially important for anyone who claims, or is likely to claim, Universal Credit; which is paid monthly in arrears.

In order to apply for a Rosebery property, all applicants must make an advanced payment prior to sign up. This information will be included in any advert. Payment is required as follows:

- For weekly tenancies the first weeks rent should be paid in advance regardless of any benefit entitlement
- Where a resident is charged weekly but chooses to pay at any other interval, their advanced payment is expected to reflect their payment pattern
- Where rent is charged monthly, the resident must pay one months rent in advance
- Where charges are made quarterly, the resident must pay one quarter in advance
- These advanced payment requirements also apply to anyone wishing to transfer or mutual exchange.
- We may make exceptions to this policy if an applicant can evidence that they are facing extreme financial hardship. Any exceptions must be approved by the Income Team Leader and the Neighbourhood Team Leader.
- Rosebery provides a Tenancy Sustainment Service dedicated to maximising residents income and providing welfare benefits advice.
- If any staff member becomes aware that there is a risk that rent will not be paid, they will notify the Income Team immediately.

4. Policy Principles: Debt Collection

We believe that it is unfair to those residents who do pay their rent not to take a firm but fair approach to arrears management with those who do not.

At the same time, Rosebery recognises that residents may occasionally experience periods of financial difficulties and struggle to pay their rent. Rosebery will offer support and advice for residents who have genuine difficulties in paying their rent or other debts and who are engaging with us to try and resolve the problem. Where there are multiple debts, we will signpost residents to independent money and budget advice agencies.

Our aim is to take a positive and proactive approach to managing arrears and priority is given to preventative action in the early stages to ensure residents do not build up unnecessary debt. We will always attempt to make personal contact rather than rely solely on automated methods.

We will use every opportunity to discuss arrears with our residents. All staff are expected to have conversations about rent arrears if the opportunity arises; enforcing the message that rent is a priority.

Rosebery will, where appropriate, arrange for any benefit to be paid directly to us in order to safeguard a resident's home. In the case of Universal Credit, requests for Alternative Payment Arrangements (APAs) will be considered on a case by case basis.

Rosebery will make every effort to make an affordable and realistic agreement with residents to repay any outstanding arrears. We will make it clear to all residents that rent is the priority and that any arrangement must be adhered to in order to avoid

legal action. Any arrangements would normally include a lump sum plus a regular payment.

Where all attempts to reach an agreement to pay and reduce rent arrears have failed, or where residents fail to engage with us, we will take firm enforcement action and all available legal remedies to collect money owed will be used. Possession and eviction action will be used only as a last resort.

Rosebery is obliged to follow the provisions of the Pre-Action Protocol on rent arrears, which forms part of the Civil Procedure rules. Throughout the arrears process, all steps taken must be clearly documented and we must demonstrate that we have taken every possible action to support the residents and recover any debt in order to prevent eviction.

All applications to court must be approved by the Income Team Leader.

All evictions must be authorised by the Income Team Leader and the Head of Housing and Customer Experience.

Rosebery recognises the vulnerability of some of its residents and will always seek to understand the individual circumstances of each resident/family to ensure support is appropriate to their needs. We will work in partnership with residents, local authorities, voluntary organisations and other support providers to offer extra support and guidance where we know a resident/family may be vulnerable. However, whilst we accept that vulnerable residents may need additional support, we still expect rent to be paid on time and arrears repaid quickly. Where arrears action is necessary it needs to be commensurate with the level of debt, taking into account historical factors and personal circumstances; we will consider whether their disability or vulnerability is a factor in their non-payment of rent.

Rosebery has signed up to the Commitment to Refer and will ensure that we notify the Local Authority of anyone who meets the criteria and is at risk of homelessness.

Under its safeguarding duties, Rosebery will make a referral to Social Services regarding any children or vulnerable person who may become homeless.

We recognise that residents in rent arrears may also owe other debts to Rosebery, such as court costs, rechargeable repairs and other sundry debts. Where multiple debts exist we prioritise debts in the following order:

- Current rent and service charge arrears
- Court costs
- Current recharges and any other sundry debts
- Former tenant arrears
- Former tenant court costs, recharges and any other sundry debts

We aim to minimise loss from former tenant arrears by proactive early intervention in accordance with this policy. Failing that, we will take every reasonable step to recover former tenant arrears including any available legal remedies and the use of debt collection agencies. Distraint will not be used.

As per our allocations policy, if a resident leaves us with a debt we will not accept any future nominations for housing unless the debt is cleared in full.

We will only write off bad debts when all attempts to recover the debt have failed and we consider it uneconomical to pursue; write offs will be made in accordance with the Bad Debt Policy

5. Bankruptcy and Debt Relief Orders (DRO)

Any arrears accrued at the date of a Bankruptcy Order/DRO cease to be recoverable through legal enforcement.

We will consider writing off any debt included in a DRO or Bankruptcy Order after the moratorium period (usually 12 months). Any write offs must be approved in line with the Bad Debt Policy.

We reserve the right to apply for possession for a property on the basis of the arrears subject to the Bankruptcy or DRO. This will be dependent on factors such as (but not limited to) general conduct of tenancy, reasons behind the bankruptcy or DRO, history of payments post bankruptcy/DRO.

We will continue to take action on any new arrears that may accrue after the Bankruptcy or DRO.

6. Loss of rights for Residents in Arrears

Rosebery may remove certain rights for residents in arrears. These may include:

- Residents who would otherwise be eligible to join our transfer list will be disallowed from doing so until their account is clear
- Any residents who are on the transfer list and fall into arrears will be suspended from the list. Any exceptions must be agreed by the Head of Housing and Customer Experience
- Residents in arrears will not normally be able to carry our tenancy changes such as mutual exchanges and creating sole or joint tenancies until the arrears are cleared
- Residents in arrears may have any licence agreements ended or suspended
- Any compensation payments/rent adjustments will be offset against their arrears
- Planned improvements, e.g. new kitchens/bathrooms may be postponed

7. Garages

We will take a firm approach to any licensee who is in arrears. If they are unwilling or unable to repay the debt in an acceptable amount of time we will seek to terminate the agreement via a notice to quit.

8. Shared Owners and Leaseholders

We will take firm enforcement action and use all available legal remedies to collect any outstanding charges. When our internal process has been exhausted we will usually instruct solicitors to pursue these debts on our behalf. The costs of which are recoverable from the resident.

9. Procedure

This policy must be read in conjunction with the Income Management Procedure.

10. Confidentiality

Rosebery will treat all information on the personal circumstances of a resident as confidential. A resident's arrears position, forwarding address and other details will not be made known or implied to any other person, with the exception of any debt collection agency acting on our behalf, unless we are authorised by the resident, or required by law.

11. Performance and Monitoring

Rosebery sets annual arrears and rent collection targets. These targets are clear, challenging and reflect top quartile performance in the housing sector.

We submit our performance data to Housemark for benchmarking. This allows us to understand our position in comparison to our peers and ensure that we are maintaining high levels of performance.

Performance will be reported to the Executive Team monthly and to the Board on a quarterly basis.

We will review our Income Management Policy and Procedure every three years to ensure that we are adhering to current best practice and to enable us to continuously improve our services and performance.

12. Equality and Diversity

Rosebery recognises the needs of a diverse population and always acts within scope of its own Single Equalities Policy, the Human Rights Act 1998, and Equalities Act 2010.

Rosebery will ensure that this policy is applied fairly to all residents and will not directly or indirectly discriminate against any person or group of people because of their race, religion, gender, marital status, sexual orientation, disability or other grounds set out in our Single Equality Policy.