



Income Management Policy

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Policy Statement

This policy explains Brentwood Borough Council's approach to collecting Rent and Service Charges from Tenants in its housing stock.

Rent is charged on a weekly basis and the responsibility for rent collection and the chasing of arrears is a function of the Income Officers.

The maximisation of income for both customers and the organisation is a critical business priority.

This policy sets out Brentwood Borough Council's approach for maximising income, preventing and managing arrears and highlighting the support available to customers through a range of internal interventions or signposting to Brentwood Borough Council's partners.

It will ensure that legal guidelines and good practice are adhered to for legal and non-legal procedures.

Aims and objectives of the Income Management Policy

The policy's key aims are:

- To deliver an efficient and effective approach to income management and debt recovery.
- To equip all staff members involved in income management with the right skills, capacity and resources.
- To provide an accessible and accountable income management service review
- To deliver a fair and consistent approach that reflects a commitment to creating sustainable tenancies and which balances prevention support and recovery.
- To ensure that a value for money approach is embedded.
- To continually strive to understand and improve our performance.
- To ensure staff and customers are aware of the policy and understand its aims

Rent Setting

Rental charges can be increased annually and agreement to increase is written into our tenancy agreements. The method in calculating annual increases are prescribed by central government.

Annual increases are approved through the Council's approved committee procedure.

New increased rental charges will be applied at the beginning of each financial year, usually the first Monday in April.

We must conform with regulation and give tenants at least 28 days' notice in writing of an increase and can only increase a tenants rent once in a given 12 month period.

Any new Tenancy that begins during the financial year will be charged at formula rent; this may be higher than the previous Tenants rent charge.

Formula Rent is the maximum rent charge for a specific property and is set by Central Government formulas. By setting new Tenancies at formula rent, the Housing department is able to maximise income which can then be reinvested in our current stock and regeneration programmes.

Rent Collection

Rent is charged on a weekly basis and can be paid, weekly, fortnightly or monthly but in all cases, it must be paid in advance to ensure a clear balance.

A clear balance is defined as a zero-balance due as of the Sunday after rent is charged on the Monday. This gives you one week to ensure your account is up to date.

Brentwood Council offers a wide range of methods to make rent payments and are designed for the convenience of our residents.

Payment methods include:

- Direct Debit;

- Standing Order;

- 'All Pay' swipe card at any pay point outlet or All Pay phone app;

- Debit or Credit card (in person or over the phone);

- Via internet banking;

- Online Payments via council's website.

The council's preferred method of payment is Direct Debit and tenants are encouraged to set up this payment method.

New tenants at sign up and existing tenants are advised that they are responsible for paying rent. Regardless of the means in which the rent is paid, i.e. if paid through state benefits the tenant remains the sole responsible person to ensure the rent is paid.

Financial Support and Arrears Prevention

The council understands that at times people may have difficulties in paying rent and other essential debt.

We will adopt a sympathetic approach and provide guidance and assistance for people to manage their money. We will make referrals on their behalf to support agencies who can assist.

By instilling a 'rent-first' culture, The Council will place a particular focus on new Tenants. Conducting affordability checks, vulnerability checks and formal discussions at sign up stage will help identify any support needs or referrals that need to take place prior to the Tenancy starting.

The Council will continue to build relationships with Universal Credit and a range of external partners and support services such as Citizens Advice to provide the best support possible and referral processes for residents.

Arrears Management

In some instances, it will not be possible to prevent arrears. However, we will ensure that early intervention and dialogue with tenants newly in arrears is arranged to quickly identify problems so that people can be quickly referred to organisations that are able to help.

We will issue annual statements to all tenants and, to those in arrears when we individually write to them.

Where a tenant falls into arrears, we will follow a prescribed procedure and ensure compliance with the regulations in Pre-court Protocols.

If early interventions have not brought about a reduction in arrears, and where the resident is on Universal Credit, we will always apply for tenants' housing costs to be paid directly to the Council in the first instance. This is called an Alternative Payment Arrangement and allows for arrears payments to be collected via Third Party Deductions (of up to 20% of the non-housing element of their UC claim).

Where the Tenant has made no effort to clear arrears, does not engage with officers or breaks their payment arrangements, we will inevitably have to commence legal proceedings.

On an Introductory Tenancy, quarterly reviews will be conducted to ensure the conduct of the tenant/s has not breached conditions of tenancy and this includes payment of rent.

The introductory tenancy can be extended for up to 6 months, if the Council believe there is a realistic chance that the tenant will modify their behaviour or maintain future payments and clear any arrears that has prevented conversion to a secure tenancy.

For these types of tenancies, a Notice of Proceedings for Possession will be issued should arrears be seen not to be decreasing.

For Secure Tenancies a Notice of Seeking Possession will be issued should arrears be seen not to be decreasing.

If there continues to be a problem with outstanding arrears, we will progress the case and apply to the County Court to seek possession.

At any time, these proceedings can be ended if an agreement to pay or the debt is cleared. We reserve the right to claim for our legal costs should the matter progress to court. These costs will be added to any existing debt.

For tenants that are made subject to a bankruptcy order or Debt Relief Order, consideration will be given to seeking possession of the property as although the debt cannot be recovered, it remains a breach of tenancy as rent remains unpaid. Where a tenant is in the moratorium period of breathing space, we will not discuss arrears recovery during this time, however, the resident should continue with basic rent payments, we will engage with the debt advisor where appropriate and support the tenant.

Where tenants are in full time paid employment, and where appropriate, we will seek to obtain an attachment of earnings order, this order will only be on the fixed debt at the time, however, should reduce the debt if successful, this will help prevent the need for possession hearings and evictions where successful.

As a last resort we will request the county court to award an outright possession order (eviction notice). This will result in the eviction of the tenant. We can decide not to go ahead with an eviction if the debt including court costs is cleared in full.

Where an eviction warrant is granted, the Income officer will always refer the tenant for Housing advice from the Housing needs department.

Welfare Reform

The Welfare Reform Act 2012 brought about a change in the way people can claim state benefits. From April 2013 the Government introduced the Under Occupancy Charge. Working age tenants who claim housing benefit will have a reduction in the money they receive if they under occupy the home. The shortfall between rent and housing benefit is payable by the tenant by other income they receive.

From March 2015 Universal Credit began to replace several existing benefits including housing benefit. The significant change is that residents now receive a single monthly household payment and rent payments are no longer be paid direct to the council.

From 2023, all residents on legacy benefits will begin to transfer over the Universal Credit and the Council will support these tenants as required.

Under Occupation

The council provides a financial incentive for people who are under occupying their home and wish to transfer and downsize. This may be as a consequence of a reduction in benefit under the Welfare Reform Act 2012 regulations.

Ordinarily, a Tenants rent account must either be clear for 3 months or not fallen into arrears greater than 4 times their liability.

However, a tenant in arrears wishing to transfer to a smaller home, can offset their downsizing payment against debt owed to the council. Providing the whole debt is cleared they will receive an additional level of priority to move.

Accounts in Credit

We will periodically review all rent accounts that have a credit balance. From time to time people's circumstances change and they pay an additional sum and their account accrues a credit balance.

As payments of rent must be made in advance, we will only refund credit balances that have accrued over and above 1 weeks rent liability. In addition, a rent refund will only be issued when officers are satisfied that this is a true amount. We will deduct any sum to cover any debt owed to the council, including the benefits department, when making the refund.

Former Tenant Arrears & Write Offs

Wherever possible when a tenant ends their tenancy, we will ensure that rent is fully paid. If this is not possible, we will seek to recover arrears. This will be done by a third party acting on behalf of the Council and be in line with the Former Tenant Debt Recovery Policy.

Where a debt is unrecoverable, this will be written off in line with the Former Tenant Debt Recovery Policy.

Authority to Evict

As previously mentioned, eviction is the last resort and the decision to evict will need to show that all possible actions and avenues have been explored.

The process to obtain authority to evict is contained within the council's constitution and requires the permission of selected Members before a warrant for eviction can be sought from the courts.

Hierarchy of Debt

Where a customer has arrears on more than one rental account, the following hierarchy of debt will be applied in relation to the collection of the debts:

- Current tenant rent arrears & Current garage arrears
- Court costs associated with legal action to recover rent arrears
- Former tenant rent arrears
- Former garage arrears
- Rechargeable repair
- Other Sundry Debts

To be eligible for a transfer they to either be clear for 3 months or not fallen into arrears greater than 4 times their liability.

Review

This Policy will be reviewed every 3 years to ensure it complies with current legislation.