



Income Management Policy

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Introduction

This policy explains Brentwood Borough Council's approach to collecting rent and charges from its housing stock and reflects national best practice

Rent is charged on a weekly basis, the responsibility for rent collection and the chasing of arrears is a function of the generic housing officers.

This policy sets out the various facets of setting and collecting rent, the support and the debt recovery process

This policy takes account of appropriate legislation and prescribed legal processes involved in collecting debt.

Aims and objectives of the Income Management Policy

This policy is intended to maximise the income for the housing department from rental charges and to ensure rent arrears are kept to a minimum.

In collecting rent and chasing for arrears, the overriding objective is to sustain a person's tenancy. Every effort is made to assist people to manage their money and pay their rent to remain in their home. Ending a tenancy by way of eviction is always a last resort.

Rent Setting

Rental charges are increased annually; the agreement to increase is written into our tenancy agreements. The method in calculating annual increases are issued in guidelines produced 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 comply with regulation and give tenants at least 28 days notice in writing of an increase and can only increase a tenant's rent once in a given 12 month period.

Rent Collection

Rent is charged on a weekly basis we encourage tenants to pay in advance.

The 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 housing benefits the tenant remains the sole responsible person to ensure the rent is paid.

Financial Support

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

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 that can assist i.e. Citizens Advice Bureau, local contact: 01277220248, National debt helpline: 03454040506

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 organizations that are able to help.

We will issue quarterly statements and when individually writing to people who have fallen into arrears.

Where a tenant falls into arrears, we will work with the tenant to set up an affordable agreement following an income and expenditure assessment and ensure compliance with the regulations in the Pre-court Protocol.

If early interventions have not brought about a reduction in arrears, i.e the agreement has been broken we will inevitably have to commence legal proceedings.

We will ensure that where tenants are in receipt of benefits; that we liaise with the appropriate department/agency to ascertain the status and the correct level of benefit that should be paid.

For new Tenants who have an Introductory Tenancy, quarterly reviews will be conducted to ensure the conduct of the tenant/s has not breached conditions of tenancy this includes payment of rent. If it is considered appropriate the introductory tenancy can be extended for up to a further 6 months in which time the arrears will need to be cleared.

We will adopt a Cant Pay; Wont pay approach – There is a need to identify the tenants who are struggling to pay and evaluate the need for support and/or extension of the introductory period; and those tenants who Won't pay .This early intervention and action should avoid tenants accruing large arrears.

Our systems will be more robust to deal with tenants who won't pay and have been assessed as able to pay. Obtaining court judgments to pay will be obtained more quickly, again reducing our burden of debt.

For Introductory 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. There will still be an opportunity for the tenant to arrange an agreement to clear the arrears.

Our pre-tenancy service will assist new tenants to understand their obligations to pay rent and provide essential advice on how to make claims for housing benefit and general money matters.

If the agreement to clear the arrears is broken following the serving of the Notice we will apply to the County Court for a possession hearing.

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.

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.

A tenant may apply as homeless to the Housing needs section within 28 days of threatened or actual homelessness. The tenant would have to pass the five statutory tests, Homelessness, eligibility, priority need, Intentionality, local connection. The most relevant tests for these purposes will be priority need and intentional homelessness. If a tenant is in priority need then consideration would be given to whether they had done

something or failed to do something which as a result has lead to the loss of suitable accommodation which would have otherwise been available for them to occupy. As part of this test we will consider whether their actions have been made in bad faith or not. For example, if they have failed to maintain rent payments they may be found to be intentionally homeless. If any applicant is found to be intentionally homeless there is no legal duty under the homeless legislation to provide permanent accommodation.

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 will replace a number of existing benefits including housing benefit. The significant change is that residents will receive a single monthly household payment. Rent payments will no longer be paid direct to the council.

We can request the Department for Work and Pensions pay the housing cost element of Universal Credit direct to Brentwood Borough Council. There are a number of set criteria laid down by the Department for Work and Pensions, and can be explained as the following:

- Claimant is currently in arrears with their rent for an amount equal to or more than two months of their rent.
- Claimant has continually underpaid their rent over a period of time, and they have accrued arrears of an amount equal to or more than one month's rent.
- Claimant has been evicted for rent arrears within the last 12 months.
- Claimant is subject to/threatened with eviction and/or repossession.

Universal Credit factors are continuously under review as the new system is put in place. The Policy will be updated to take account of changes of legislation.

Under Occupation

The council provides a financial incentive in an Under Occupation Allowance 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 tenant is required to have a clear rent account for 6 months to qualify for a transfer. 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 circumstances change and pay additional sum and their account accrues a credit balance.

We will refund all credit balances providing that we are satisfied that this is a true amount. We will deduct any sum to cover any debt owed to the council 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 up. If this is not possible we will seek to agree an arrangement and have in place to pay the debt before the tenancy has ended.

Where there is no agreement we will write to the former tenant if a forwarding address has been given requesting that they repay the debt or agree an arrangement to pay.

If in the case of no forwarding address or eviction, we will pass the debt to a collection agency to recover. We will keep under the review the use of collection agencies, to ensure a good return on our debt and ensuring value for money.

Where the debt is on a deceased tenants account, we will seek funds from their estate, via their executor and/or next of kin.

We will only consider to write off a debt in the following circumstances:

- There are no funds in a deceased tenants estate;
- The recovery agency have not been able to trace the former tenant and we are satisfied that all avenues have been exhausted;
- The level of debt is of such a low sum that our recovery costs will exceed the debt owed.

We will agree write offs in accordance to the council's constitution.

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.