

Income Management Policy

1.0 Aim

- 1.1. The overall aim of this policy is to maximise rent collection, minimise arrears and enable our customers to maintain their tenancies. To maximise income through preventative measures and firm but reasonable pursuance action whilst supporting vulnerable customers.

2.0 Scope

- 2.1 The policy covers all current and former customers of Onward Homes regardless of tenure type or frequency of rent and other charge.
- 2.2.1 For the purpose of this policy, arrears include current rent arrears, service charge arrears, former customer arrears and housing management sundry debts including associated court costs and debt recovery fees arising from the above.
- 2.2.2 Ensure the Income Management policy is followed at all times.

3.0 Policy detail

3.1 Payments and collection of charges

- 3.1.1 We encourage customers to pay via Direct Debit and also provide a range of accessible and cost-effective payment methods, ensuring PCI compliance.
- 3.1.2 We expect tenants to comply with the terms of the Tenancy Agreement and pay rent and service charges in advance. We expect customers to pay in advance in line with the frequency of the payments in their agreement, i.e. monthly payers must make their payments 1 month in advance, weekly payers 1 week in advance. This applies to new and existing tenants and includes any tenancies which incorporate rent free or non-chargeable weeks.

3.2 Prevention of rent arrears

- 3.2.1 Prior to being allocated a tenancy, applicants will undertake an affordability assessment. The applicant may be discouraged to take up the tenancy if they are assessed as unable to afford the rent for the tenancy.
- 3.2.2 The importance of paying rent as per the terms of the Tenancy Agreement will be reinforced to the customer pre-tenancy and at sign-up. The required payment will be taken from the customer during the sign up.
- 3.2.3 We will take prompt and effective early action as needed, with an emphasis on early intervention, personal contact and supporting new tenancies to prevent arrears.

3.2.4 We will place an emphasis on the prevention of debt with information and advice available in person and via our website and social media. Our Financial Inclusion Specialists will provide advice and support to enable tenants to be in the best position to sustain their tenancy. We will always ensure that any advice we provide or agencies to which we signpost are free of charge to the tenant.

3.2.5 Onward will use every opportunity, where appropriate to do so, to have a constructive rent conversation with a customer and discuss payments.

3.3 Current tenant arrears pursuance including legal action

3.3.1 We will take a firm approach to pursuing arrears and ensure that reasonableness and respect for the tenant is at the core of all arrears actions and decisions taken.

3.3.2 When a tenant misses a payment, they will be contacted at the earliest possible opportunity in order to enter into a mutually agreed and affordable repayment arrangement to avoid the need to take legal action. Each agreement made will have a review date.

3.3.3 Income Management Specialists may make flexible rent arrangements with customers as and when circumstances require. Referrals will be made to Financial Inclusion and other supporting teams where required.

3.3.4 We will tailor our service and communication with customers in line with their need and preference and we will ensure our service delivery complies with the Equality Act 2010.

3.3.5 We will utilise a variety of targeted communication methods to pursue arrears including letter, phone call, home visit, text and video conferencing, with the action taken recorded in the Housing Management system. We will make use of technology and automation to improve our ability to make contact with tenants in arrears at the earliest possible opportunity.

3.3.6 At least two attempts will be made to contact tenants who fall into arrears prior to the service of a Notice of Seeking Possession (or equivalent).

3.3.7 Court action will be taken as a last resort when extensive efforts to engage a customer have been exhausted. However, where customer will not pay their rent and fails to engage, we will progress court action.

3.3.8 For Assured tenants in addition to the discretionary Ground 10: Rent arrears and 11: Persistent rent arrears in Schedule 2 to the Housing Act 1988, as amended, we will also rely, where appropriate, on the mandatory Ground 8: where both at the date of the service of the Notice and at the date of the hearing, at least 8 weeks rent is unpaid.

- 3.3.9 For Secure tenants we will rely on Ground 1: Rent arrears or other breach of tenancy in Schedule 2 to the Housing Act 1985.
- 3.3.10 For Assured Shorthold tenants and other forms of tenancy we have the option to rely on all the grounds contained in the Tenancy Agreement, along with available legal remedies.
- 3.3.11 In all cases, including where Ground 8 is used, we will comply with the provisions contained in the Pre-Action Protocol for Possession Claims by Social Landlords.
- 3.3.12 Where applicable and required, Onward will use forfeiture for long leasehold leases, shared ownership leases and commercial leases.
- 3.3.13 We incur a cost when making Court applications, and in all cases, apart from where the case is withdrawn or dismissed, we will ask for an order for costs.
- 3.3.14 The Regional Director, with delegated authority from the Board will approve all bailiffs warrant applications, including where possession is being sought for Assured Shorthold tenants using Housing Act 1988 Section 21 provisions. Approval will last for a maximum of 12 months, after which new approval is required on which to base any action.
- 3.3.15 A risk assessment, signed off by the Team Leader will be carried out prior to evictions taking place.

3.4 **Collection of charges**

Collection of charges is crucial to the effective running of Onward. We rely on our income to provide the service, pay loans, fund improvement works and undertake initiatives complimentary to our business. We want to collect as much as we possibly can of any charge that we make for any property. We will insist on maintaining the terms of the agreements we use. We will publicise our approach to the collection of charges.

3.5 **Prevention of Rent Arrears and Possession Proceedings**

Currently customers may have several accounts with Onward Homes, including the following;

- ❖ Current main rent account or ‘mesne profits” account (this term relates to a charge which becomes payable by persons in occupation of a property once a tenancy has ended – examples include but are not limited to a family member occupying the property following the death of the tenant or a former joint tenant who remains in occupation upon the expiry of a notice to quit served by their former joint tenant)
- ❖ Former tenants arrears
- ❖ Court costs sub account
- ❖ Injunction costs

- ❖ Garage account, if they rent a garage
- ❖ Chargeable repairs and other items
- ❖ Allotments / other charges
- ❖ Other Sundry Debts

3.5.1 Where a customer owes a number of debts to Onward, staff will ensure that that priority debts are always paid first. When a payment is made that payment will be credited to the accounts in priority order

3.5.2 If a payment is made to a lower priority account, staff will seek permission from the customer to re-direct to the priority account, unless a specific alternative agreement has been made.

3.5.3 The priority for the payments are:

1. Rent account or ‘mesne profits” account
2. Court costs – these are awarded by court orders which will remain enforceable until cleared in full unless the order states otherwise
3. Garage rent and arrears
4. Injunction costs
5. Chargeable repairs
6. Former tenant’s arrears
7. Allotment charges or similar
8. Other Sundry Debts

3.6 Former tenant arrears pursuance including legal action

3.6.1 All outstanding debts will be consolidated at the termination of tenancy and we will pursue all arrears outstanding from former tenants, including rent arrears and sundry debts, including, but not limited to chargeable repair and court costs.

3.6.2 We will utilise tracing agencies in the pursuance of former tenant debts and will take legal action and refer cases to external Debt Collection Agencies where appropriate.

3.6.3 We will consider the use of incentives to encourage payment of former tenant debts although the full debt must be cleared prior to the former tenant being considered for rehousing by Onward.

3.6.4 We will consider write-off or archiving of former tenant debts where pursuance avenues have been exhausted and reports will be prepared on a periodic, usually quarterly basis with delegated authority for write-off being provided by the Board.

3.7 Bankruptcy and Debt Relief Orders (DROs)

3.7.1 Tenants may be declared bankrupt or have a DRO made and this may impact on our ability to pursue rent arrears, but will not impact on our ability to apply

for a Possession Order, unless the tenant has been discharged from bankruptcy or the 12 month moratorium provided by the DRO has expired and there are no arrears outstanding that have arisen after the date of the DRO / Bankruptcy Order. A joint tenant who is not declared bankrupt or included on the DRO can still be pursued for the arrears

- 3.7.2 Dependent on the circumstances it may be appropriate to transfer any arrears which form part of a bankruptcy or DRO to a sub-account pending review and/or future write-off, and advice will be sought from the Team Leader and/or Solicitor on the most appropriate course of action to be taken.
- 3.7.3 We will make the tenant aware of potential solutions to rent arrears and other debts, including applying for Bankruptcy and/or a Debt Relief Order but will offer no support in making any application.

4.0 Responsibility and monitoring

- 4.1 The Customer Experience Director is accountable for ensuring this policy is legally compliant and reviewed and updated as required. The Income and Financial Inclusion Manager is responsible for producing the policy, ensuring the policy is implemented and work practices throughout the Onward organisation are compliant with the policy.
- 4.2 Performance information across a range of metrics, including year to date and rolling 12 month rent collection, current and former tenant arrears as a percentage of rent roll will be monitored against target by Income Management Team Leaders and the Income & Financial Inclusion Manager, with performance information provided to the Board and Senior Leadership Team on a monthly basis.

Linked documents:	Rechargeable Repairs Procedure, Allocations Policy, Rent Setting Policy, Equality Impact Assessment, Financial Inclusion Strategy, Bad Debt Policy.
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