

Income Management Policy

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1 Policy information

Date of issue	July 2023
Replacing/Updating	Updating Income Management Policy 2020
Review Date	July 2026
Drafted by	Income Manager
Contributors	SLH Customers /Internal Managers
Responsible Director	Executive Director of Operations
Circulation List	Available electronically on SLH Intranet

2 Policy Statement

Income from rents is the primary income for SLH; therefore, through this policy, we seek to maximise. The income we collect from rent and other charges payable by tenants who live in our homes and for those who are not our tenants but access our services. An effective Income Management Policy prevents tenants from falling into debt and ensures that they can sustain tenancies and reduce their chances of tenants becoming homeless.

To maximise income, this policy set out our approach, which centres on early communication with individuals facing financial difficulty and providing them with information about our assistance. By fostering collaborative partnerships, we aim to achieve our goals collectively. It is vital to continue to stress to tenants the importance of paying and prioritising the charges owed. Responsible payment by tenants reduces the amount SLH spends pursuing the collection of income.

SLH work in some of the most deprived neighbourhoods in the UK; therefore, some of our tenants may find it difficult to pay their rent for many reasons, such as low income, benefit dependency, and debt owed to both traditional debtors and illegal money lenders. To address this and support tenants to understand that their rent is their priority, we offer a variety of welfare and financial advice as well as support for those seeking employment and training opportunities through our Reach service, providing our tenants and those tenants who are more vulnerable suffer mental health or addiction through our Health and Wellbeing Service. Tenants are offered this free and confidentially and will be expected to accept the offer of advice where their account falls into arrears.

With this advice and support service in place, SLH will assist tenants who cannot pay their rent to find solutions to enable them to remain in their homes.

This policy sets out SLH's approach to effective income management for new, current, and former tenants, explaining how proactive actions can maximise income for SLH whilst reducing the impact debt has on tenants. It does not cover rent or other charges. However, they are set but linked directly to such policies.

3 Policy Aims

This policy is aimed at ensuring rent and service charges are collected efficiently, and assistance is given to tenants to prevent debt from accruing, taking a firm but fair approach considering tenant's needs whilst ensuring SLH remains a viable business in keeping with regulatory requirements and corporate business objectives.

- Maximising income by collecting all money owed to SLH whilst minimising debt within an appropriate time frame.
- Offer financial and welfare advice.
- Reduce the number of tenancies that fail due to rent arrears and debt.
- Take a firm but fair action where arrears exist. Work with the tenants to identify any disabilities or vulnerabilities, and when required, make reasonable adjustments.

- Ensure that our debt recovery processes meet the court pre-action protocol, communicating with tenants at all stages during the arrears process.
- Work in Partnership with respective stakeholder partners, including Local Authority Benefits Services and the Department for Work & Pensions, to ensure that claims for Housing Benefits and Universal Credit are processed efficiently.
- Promote and publicise services available to tenants to increase financial confidence and capability.

4 Income Management

This policy covers income owed to SLH by current and former tenants and applies to income from:

- Rents
- Service Charges
- Court costs

It does not cover income from shared owners, pursued through the Home Ownership policy, nor does it apply to chargeable repairs, which has its policy and procedure.

Every tenant agrees to pay their weekly rent and other charges in advance by signing their tenancy agreement. This policy supports tenants to ensure that they manage their tenancies responsibly whilst also protecting SLH's income.

SLH operates a hierarchy for debt pursuance where multiple debts exist and will always prioritise debts owed by tenants in the following order.

- Current rent and service charge arrears
- Former tenant arrears
- Court costs
- Chargeable Repairs

4.1 Payment Methods

In line with SLH's tenancy agreement, rent and other charges associated with the tenancy are due weekly in advance. Rent is charged to accounts every Monday.

There are no circumstances where the tenant should withhold the rent and other charges, such as whilst complaints are dealt with or due to disrepair claims.

We provide tenants with various payment options to accommodate their preferences and enable them to make payments that best suit them.

These may include the following.

- Issue rent cards on request for all new tenancies.
- Direct Debit with a flexible range of payment dates.
- Debit Card/credit card
- On-line payments MySLH self-service portal
- Allpay App
- Standing orders

- Recurring card payments

SLH will promote direct debit as the payment of choice for tenants, but we reserve the right to refuse to set up direct debits where tenant's payments are repeatedly returned. We reserve the right to increase direct debits at an affordable level when payments fall short of the rent due and to cover arrears owed. Recurring card payments are available as well as direct debits to avoid bank charges, and therefore further debt, should a payment fail.

We reserve the right to increase direct debits at an affordable level when payments fall short of the rent due and to cover arrears owed. We will ensure that facilities are in place for tenants to be able to make a payment during contact. Our arrears pursuance process focuses on frequent personal contact with tenants, so a tenant will always be asked to make an instant payment.

Through the introduction of universal credit, replacing direct housing benefit payments, SLH will seek to work with partners to identify alternative rent payment methods to support tenants in transitioning from rent paid directly to their landlord to all their benefits paid in a single payment directly to them.

4.2 Welfare Advice

SLH offers tenants free and confidential welfare advice. This is particularly promoted to new tenants and those that fall into arrears. The purpose of this advice service is to support tenants to improve their financial situation and maximise their income. Whilst SLH cannot insist on a tenant taking up the offer, failure to engage with the service will be used as evidence during any legal action SLH takes.

From a business point of view, welfare advice is crucial to successfully collecting rent, charges, and debt. This is because supporting a tenant to become financially capable should impact their ability to pay monies owed to SLH without the added cost of pursuing legal action.

Welfare advice is available to all SLH tenants at any time. Officers will be trained to provide advice and identify and respond to issues including fuel poverty and debt. We will target households and groups most likely to be at risk of failing to pay their rent due to welfare reforms. We will always encourage those in receipt of benefits to ensure that they are making payments in advance to bring their rent accounts into credit in accordance with their tenancy agreement.

4.3 Arrears Prevention

SLH will actively promote a positive payment culture to maximise income collection and ensure we support tenants from accumulating debt. We will ensure tenants know their payment responsibilities and that effective early intervention is standard practice. This will be achieved through the following:

- Support at sign-up includes helping new tenants make applications for housing benefits and DWP claims at sign-up, including verifying applications. Our Community Energy and Welfare Team will attend and sign up for specialist support where appropriate.

- We will collect weekly or monthly rent in advance at the tenancy commencement based on the tenant's preference. Discretion will be allowed for the Neighbourhood Manager to exercise discretion for rent in advance, i.e., in Homelessness cases or where a review has been carried out and approved.
- Early intervention through our escalation process, along with face-to-face contact with tenants, where necessary, as soon as arrears start to accrue on their account.
- Provide information to tenants on rent payments on request and through annual rent statements in a clear and accessible way. Information about paying rent is available on the SLH website, and tenants can register with My SLH, a self-service portal.
- Provide support through dedicated staff who work with those affected and pursue all options available to reduce and repay arrears in an affordable way.
- In recognising the tenant's individual support needs, such as safeguarding concerns, and mental health, including identification of domestic abuse, reasonable adjustments should be made to facilitate referrals to specialist support services.
- SLH also undertake targeted campaigns when changes are announced through welfare reforms to provide essential advice and help our tenants prepare for changes impacting them. This also allows us to signpost tenants to relevant agencies or inhouse teams for support, such as our Tenancy Support service for vulnerable tenants and our Community Energy and Welfare team for specialist advice maximising our tenant's income.

4.4 New Tenants

SLH promote a rent-first approach, and new tenants will only be given the keys to their new home if they provide weekly, fortnightly, 4 weekly or monthly rent in advance. We will proceed with court action for those new tenants who fail to maintain their payments in advance and may extend their new tenancy before conversion to ensure the debt owed is repaid.

New tenants will also be contacted frequently when they move into their new homes to promote responsible behaviour, particularly about the payment of rent in line with the starter tenancy policy.

5 Arrears recovery process

Where a tenant falls into arrears, a four-stage process will be triggered, and (except where a mandatory ground for possession is relied on) SLH will comply with the Pre-Action Protocol for Possession Claims Based on Rent Arrears.

This process aims to alert tenants that their account has fallen into arrears and agree on a repayment plan to clear the debt promptly. By alerting tenants quickly, the debt should not increase to an amount which will become unmanageable.

Agreements will always be sought where debt cannot be paid in full. Whilst SLH aim to make these manageable for tenants, thought will always be given to how

long the debt will take to pay back and how long the tenant will remain in breach of their tenancy agreement. Adjustments should be used to facilitate referrals, risk assessments and arrangements for ongoing support in relation to safeguarding concerns, including identification of domestic abuse and referrals to specialist support services.

Alternative Payment Arrangement (APA) for those tenants in receipt of universal credit where court action is being recommended. This will prevent tenants from incurring court costs due to not maintaining their housing costs. Where APA payments are not approved within 5 weeks, SLH will proceed with court action.

5.1 Stage One

In this stage, a tenant has low level arrears, equivalent to one week's unpaid rent. Early intervention is critical to the management of debt. Therefore, constant contact with the tenant will be used. This is the most crucial part of responding to new debt as it is most likely that delivering an early intervention will prevent the escalation of debt and subsequent action. If initially no engagement from the tenant, officers will also send personalised letters to prompt response before escalating cases further.

5.2 Stage Two

This stage is instigated when a tenant has been given an opportunity to clear their debt and has failed to do so or has failed to enter into a repayment agreement. The arrears will be between two and five weeks. The initial part of the stage is about providing a second chance to the tenant to clear the arrears or come to an agreement before legal action starts. However, where this fails, a Notice of Seeking Possession (NSP), the first stage of the legal process, will be served.

5.3 Stage Three

Once the NSP becomes effective and the arrears continue to increase, the tenant will be advised that an application to the court to seek possession of the home will be made. By this stage, the tenant will owe over seven weeks rent.

The legal grounds for eviction for each tenancy type are outlined within SLH's Tenancy Agreements. We will principally rely upon Ground 10 to seek possession under schedule 2 Housing Act 1988 for those tenants in rent arrears.

5.4 Stage Four

This final stage of SLH's procedure is where eviction is pursued. SLH views eviction as the last resort when a tenant at stage four of the process has had a reasonable opportunity to clear the debt or maintain an arrangement to pay current rent plus arrears but has failed to do so. For those in receipt of benefits, we will proceed with eviction if they fail to engage with us and provide information on how their claim is progressing. We will apply for Alternative Payment Arrangement (APA) for those tenants in receipt of universal credit where court action is being recommended. This will prevent tenants from

incurring court costs due to not maintaining their housing costs. Where APA payments are not approved within 5 weeks, SLH will proceed with court action. The Income Manager will review all cases for Eviction for approval.

SLH, before an eviction notice, will seek to inform the Local Authority if there is a risk that the tenant may become homeless. If the household is vulnerable or the arrears levels are exceptionally high, SLH may use discretion to make a referral to housing options, without the approval of the tenant, before action is taken.

5.5 Ground 8

SLH reserves the right for Assured and Starter Tenancy agreements (except for those issued to tenants who transferred from Liverpool City Council in 1999) to allow for the use of Ground 8, a mandatory ground whereby if sought, the court has no discretion and must, grant possession if the arrears are equivalent to over eight weeks rent at the date of the Notice Seeking Possession and the date of the hearing.

SLH will consider using Ground 8 in the following circumstances:

- In cases where the tenant does not take responsibility for the processing, negotiation, and submission of evidence for their housing benefit or universal credit claim.
- Deliberate or long history of non-payment of rent.
- Where the tenant fails to properly engage with us and/or other relevant agencies (including the housing benefit department and Department of Working Pensions)
- Where the tenant refuses to make a reasonable proposal for the payment of the arrears or fails to comply with an agreed re-payment arrangement

In cases where housing benefits or universal credit is being claimed and if all the following factors apply, Ground 8 **will not** be used:

- Confirmation of this has been received from the housing benefit or DWP; and
- There is a reasonable expectation that the housing benefit claim or universal credit claim will be successful and that the arrears will be reduced to a level below that required by Ground 8; and
- The tenant is paying any part of the rent that is not or is not likely covered by housing benefits or universal credit.

Ground 8 will only be used in respect of vulnerable or disabled tenants in the following circumstances:

- When we have taken reasonable steps to assist the tenant in dealing with the arrears issues or have referred the tenant to an appropriate agency for this assistance to be provided
- After considering the tenant's vulnerability or disability and the impact that eviction would have on them
- When an NSP that includes Ground 8 is served, we will explain (in the letter accompanying the notice) why this has been done and will allow the tenant to challenge our decision to use Ground 8 by appealing in writing to us.

5.6 Exceptions to policy

SLH acknowledge that there are some circumstances in which a tenant needs additional support to bring their account back into line or circumstances outside of the tenant's control which means their account is in arrears.

Sometimes legal action may exacerbate the situation or may not be appropriate. The exception to policy will be applied and some examples are set out below, but this is not intended to be an exhaustive list.

- Tenant has made a claim for Housing Benefit or universal credit, and the Local Authority or DWP has delayed the claim, and further enforcement action is not appropriate at that time.
- Or, where tenants have disclosed an inability to cope due to poor mental health, they will be offered the services of our Tenancy Sustainability Team. The service will contact the tenant and, if they engage, will signpost them to appropriate internal and external agencies, such as benefits advice, mental health and wellbeing officer or a debt advice agency.

This will allow action to be suspended on the account for no more than four weeks. For example, a benefit claim is processed, or support packages are put in place to support any vulnerability issues. Once the exception process has been used, the usual arrears pursuance process will be applied where the arrears continue increasing, or the debt remains unpaid. In exceptional cases, more than one suspension period will only be allowed, subject to approval by the Income Manager. The enforcement action will continue if the tenant fails to engage with our Tenancy Sustainability Team.

5.7 Agreed Arrangements

We will aim to review our repayment arrangements made with tenants when appropriate, to consider our tenant's potential for changes in their financial circumstances, and to ensure timely repayment of debt owed to SLH. The review normally happens at least once a year.

6 Credits

As part of SLH's income management and to minimise the risk of fraud, accounts in credits will be monitored monthly, and refunds will be processed only for those with over 2 months of rent credit showing on the account. This monitoring will ensure that tenants do not build up large credits and that any credits caused by possible housing benefit overpayments are identified early.

Staff will follow procedures for handling and processing rent refunds, including checking all sub-accounts for any outstanding debts before processing a rent refund.

Where a former tenant not be traced, and there are no sub-accounts which are in arrears, credit balances will be written off; however, should the tenant be traced later, then the credit balance will be written back onto Orchard this may occur for example if a former tenant is re-housed by SLH at a future date.

7 Annual Rent Review

SLH reviews rents annually in line with the Rent Policy. Through this policy, tenants receive advance notice of the rent. The service charge is calculated in line with our Service Charge Policy. SLH's intention through this policy is that tenants do not fall into arrears due to the review.

We will ensure through the effective management and review of accounts in the month leading up to the change that tenants are aware of the review and change payments accordingly. SLH will also inform housing benefits and the DWP, where possible, of all eligible tenants' rent review outcomes and will affect any changes to tenant payments on direct debits.

8 Former Tenant Arrears

Where a tenancy ends, and arrears exist, SLH will pursue them as former tenant arrears (FTA). In line with the tenancy agreement, tenants must give four weeks' notice to end their tenancy. Where this is provided, and there are arrears, SLH will seek to make an agreement with the tenant for swift repayment of the debt.

Where four weeks' notice is not provided, the rent due during the notice period will be charged to the tenant for failure to end their tenancy correctly. Where a forwarding address is not provided, a tracing service will be used to track the whereabouts of tenants who end their tenancy owing SLH money. SLH will place the debt with a debt collection agency to recover any debt owed if necessary.

8.1 Action to recover former tenant arrears.

SLH will take appropriate action to recover the former tenant's arrears. This includes using debt collection agencies and, where appropriate, legal action pursued. The pursuance action that SLH uses will be proportionate to the debt owed to SLH but will include frequent contact and pursuance through small claims courts.

To support increased payment and support effective pursuance, SLH can offer the following incentive for payment of former tenant debt, where the former tenant has vacated the property over 12 months from their termination date:

No incentive must exceed more than a 50% discount on the debt owed. The Incentive options are as follows:

- 50% discount of the total debt outstanding, including any sub account debt owed, if the tenant pays immediately.
- 35% discount will be applied once the former tenant agrees to set up payment by direct debit and maintains payments until 65% of the original FTA debt is cleared.
- 25% discount on the total debt outstanding at the end of the tenancy if the tenant pays 75% of the debt within 28 days or later with the agreement.

Once a tenant has entered the direct debit or repayment incentive options, these payments must be maintained consistently, or the agreed incentive offer can be withdrawn.

8.2 Former tenant arrears write offs.

There will be occasions where a former tenant debt is uneconomical to pursue either because of the amount of debt owed, because of the tenant's circumstances or because the tenant cannot be traced.

Circumstances where debt might be written off include:

- Tenant has left the UK and cannot be traced in their new location.
- Where a bankruptcy or debt relief order has been made, and evidence is received that the debt has been included in the Order.
- Where the former tenant has entered residential care permanently, and there are no means to pay after attempting to secure payment, a write off may be requested on compassionate grounds.

SLH's Executive Management Team has the authorisation to approve a write-off. All requests must be sought by presenting the reasons for write off and a summary completed for all cases over £1k on what action SLH has previously taken to recover the debt.

Where circumstances change, and it becomes apparent that the former tenant can repay the debt or if the former tenant brings a claim against SLH, we will write the arrears back and arrange collection of the debt. Typical examples are when a former tenant establishes contact with SLH when looking for a new home.

8.3 Other Debt Charges

We will pursue recovery of other charges owed to us, such as court costs, chargeable repairs etc. If there is a sub-account debt, for instance, a tenant has a debt relating to an outstanding chargeable 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 clear other charges owed. If there are no outstanding arrears on the main rent account but an unpaid sum on a sub account, the tenant is expected to pay or make an arrangement to clear any outstanding amounts. Those who move on an internal transfer with arrears will be asked to complete an addendum to allow those arrears to transfer to a sub account attached to their main account to ensure repayment of their debt owed. Those tenants who leave us with a main account debt and other recovery charges or who only have sub-account debt will be pursued in line with our FTA Procedures.

8.4 Bankruptcy Orders

The tenant may apply for a Bankruptcy Order to free themselves from overwhelming debts. SLH will manage such applications by Insolvency Act 1986 as amended by the Enterprise Act 2002 (in effect from 1 April 2004) and SLH's income Management Procedures.

8.5 Debt Relief Orders (DROs)

The Tribunals, Courts and Enforcement Act 2007 introduced Debt Relief Orders (DROs) on 6 April 2009 to provide a bankruptcy alternative. Unlike other forms of debt relief, DROs involve a partnership between the Insolvency Service and the professional debt advice sector. Advisers from the debt advice sector act as 'approved intermediaries' and help debtors to apply for a DRO. The Official Receiver (not the court) will consider the application and, if the application meets the criteria, grant the DRO. Where SLH is advised or becomes aware that a tenant is considering applying for a DRO, SLH will also review taking legal action to recover the property if rent payments are not maintained. On notification of such an Order, SLH will move the applicable debt to a sub-account.

8.6 Breathing Space

The Debt Respite Scheme (Breathing Space) Regulations 2020, which new regulation came into force on 4 May 2021, will give someone in problem debt the right to legal protection from their landlord or creditors.

There are two types of breathing space: a standard breathing space and a mental health crisis breathing space. Where there is a difference between them, we'll refer specifically to either a standard breathing space or a mental health crisis breathing space. Where there is no difference, we will simply refer to a breathing space.

- A standard breathing space is available to anyone with problem debt. It gives them legal protections from creditor action for up to 60 days. The protections include pausing most enforcement action and contact from landlords and freezing most interest and charges on their debts.
- A mental health crisis breathing space is only available to someone receiving mental health crisis treatment and has some stronger protections. It lasts as long as the person's mental health crisis treatment, plus 30 days.

Anyone can apply for Standard Breathing Space but must owe a qualifying debt (rent arrears is one). The "breathing space" includes joint liabilities and covers the non-breathing space partner based on the debt included in the process, not the individual.

The tenant will not qualify for a breathing space if they have a Debt Relief Order, an Individual Voluntary Arrangement (IVA), or active bankruptcy or had a "breathing space" in the last 12 months. For a Mental Crisis Breathing Space, the debtor must also receive help from an Approved Mental Health Professional. A Mental Health Breathing Space can be commenced upon evidence by an approved mental health professional.

SLH will cease any enforcement action on notification of the breathing Space but can continue communicating with the tenant about ongoing rent liability. If the tenant fails to do this, SLH can contact the debt advisor and request a review of the Breathing Space with a view to its ending. If legal proceedings

have already commenced, SLH must immediately inform the Court of the breathing space in place.

9 Customer Standards & Performance Monitoring

The following customer standards apply to this policy:

- Tenants will receive 14 days' notice of any change to their direct debit payment.
- New tenants will receive confirmation of their rent and other charges within one week of their tenancy starting.
- Letters will be responded to within five working days. As email is an instant form of communication, aim to respond to an email enquiry within 24 hours, subject to the officer being available to respond.

The collection of rent and percentage of arrears form part of SLH's business critical performance indicators. These are monitored monthly by both Executive Management Team and the Scrutiny Panel and reported to Board by exception. In addition to the line top-line indicators, intense monitoring of the arrear's pursuance procedure will also be undertaken, which includes:

- Cases managed in line with policy.
- Exceptions to policy – including any repeat exceptions.
- Number of cases at each stage of the policy.

The Income Enforcement Manager and, in the absence of the Manager, a named officer will undertake a monthly 10% quality check on all arrears cases to ensure cases are being actioned in line with Policy.

10 Policy Review Considerations

10.1 Equality Impact Analysis

The policy also considers the Human Rights Act (HRA), ensuring that no person or group of persons will be treated less favourably than another person or group regarding the equality strands. Nothing in the HRA relieves a tenant of paying rent and other charges in relation to the tenancy. SLH's policy is to recover rent and other charges due without infringing on the tenant's human rights by taking proportionate measures to encourage and enforce payment.

10.2 Policy Assessment

A service review was undertaken before the policy was developed to ensure that the most efficient and effective service delivery model is in place to deliver the policy's aims. SLH's risk map has been updated.

10.3 Tenant Influence

Tenants have been involved in reviewing the Income Management policy and procedures and learning from customer complaints, which supports implementing this policy.

10.4 Statutory and Legislative Framework

This policy has operated within the regulatory framework for social housing in England since April 2010 and the Tenancy Standard.

The policy operates within the following legislative framework:

- Housing Act 1988
- Housing Act 1985
- Protection from Eviction Act 1977
- Insolvency Act 1986
- Landlord and Tenant Act 1985
- Limitation Act 1980
- Welfare Reform Act 2012
- Equality Act 2010

Links to other SLH Policies

- Rent Policy
- Service Charge Policy
- Chargeable Repair Policy
- Home Ownership Policy
- Allocations & Lettings
- Customer Feedback
- Tenancy Management Policy