

INCOME MANAGEMENT POLICY

1.0 Introduction

- 1.1 The purpose of this policy is to provide clear guidance to all officers on the effective management, maximisation and collection of income.
- 1.2 Karin recognises the need to maximise income to meet its commitments in the business plan. An early and effective prevention strategy for arrears is key to ensuring financial stability and increasing Karin's prospects for future development and expansion of its property portfolio and the services it provides.
- 1.3 Karin intends to collect and manage all income efficiently, promptly and in the most convenient way for the customer, taking into account any particular requirements.
- 1.4 Karin will take robust action to recover any debts owed taking action in accordance with the association's procedures.

2.0 Policy Statement

- 2.1 Karin is committed to ensuring a minimum level of arrears through the development of a strong rent payment culture. Karin will take prompt action to prevent arrears occurring and accumulating.
- 2.2 Karin's primary aims in arrears recovery are to maximise income collection from tenants and to maximise income of tenant's, to ensure business plan objectives.
- 2.3 Karin will seek to create a payment culture where tenants prioritise rent payment and reducing their arrears where they exist.
- 2.4 Karin will adopt a firm approach to arrears recovery with a stress on early intervention to avoid and minimise the build up of arrears.
- 2.5 Karin will endeavor to act in a sensitive manner appropriate to each tenant's individual circumstances.
- 2.6 Karin will review and set annual targets for rent collection and arrears recovery in line with its business plan.

- 2.7 Karin recognises that from time to time tenants may experience financial problems and will not be able to pay their rent. Housing staff will offer to meet with tenants as soon as the problem arises and offer tenants appropriate support and advice, (e.g. debt counseling and welfare benefit advice.) Assistance and guidance will be given to tenants on the range of benefits available to them.
- 2.8 Housing staff will receive ongoing training to facilitate delivery of these services to a high standard and so promote rent payment and arrears reduction.
- 2.9 Karin will seek to reach mutually acceptable realistic arrears payment agreements with tenants in arrears to clear them over a reasonable period of time.
- 2.10 Where tenants' are un-cooperative or non-compliant, legal action will be taken. Karin will only use possession and eviction as a last resort.

3.0 Policy Objectives

- To provide clearly and timely notification to residents in arrears.
- To help residents who fall into arrears gain access to the most appropriate means of support.
- To supply residents with rent accounts and the means of payments before their tenancy starts.
- To provide tenants with clear rent account statements at least quarterly.
- To produce clear, accurate and useful reports for rent arrears monitoring.

4.0 Implementation

- 4.1 This implementation of this policy will be achieved through the consistent application of the rent and former tenant arrears procedure. Housing staff will be trained in the procedures. The important principles behind each stage of the procedure are set out below.

Debt Prevention

- 4.2 The focus is on sustaining tenancies through early prevention that aims to prevent arrears arising from the outset of the tenancy. New tenants will be advised at the sign up of the importance of keeping a clear rent account. The sign up process will be used to provide advice and assistance on how to pay rent; to possible entitlement to housing benefit (including offering help and assistance in making a claim), possible entitlements to other welfare benefits. Details will be provided of who to contact if they are experiencing problems with their rent.

At sign up new tenant's payment method must be established. Officers in addition will be required to;

- Complete a housing benefit form with of ID and income or proof of a housing benefit form handed into the relevant Council.
- Ensure one week rent payment if in work.
- Complete either a direct debit or standing order form if necessary and ensure that a cheque is provided to cover the rent until the start of the direct debit/standing order.

Rent statements will be automatically sent quarterly and can also be requested on tenants an ad-hoc basis to enable them to monitor their payments.

Payment Options

4.3 Tenants will be given access to a range of payment methods as listed below;

- Direct debit – paper or paperless.
- Standing order.
- Cash payments.
- Online payments via Allpay.
- Card payments via Allpay.
- Cheque payments.

Tenants in receipt of housing benefit will be encouraged to have it paid directly to Karin.

4.4 Karin does not offer generally a cash collection service for security and health and safety reasons. In exceptional circumstances e.g. impending eviction, cash will be accepted in accordance with our cash handling procedures.

4.5 Direct debit is the most efficient collection method and this will be promoted to all our customers with, wherever possible, all new customers paying this way who have bank accounts.

Housing Benefit

4.6 Karin recognises that a significant volume of tenants are either on low income or claiming state benefits. Karin is committed to ensuring residents maximise their housing benefit entitlement.

- 4.7 Karin will therefore help tenants in completing housing benefit applications at sign up. Staff will make follow-up enquiries with the relevant Local Authority whilst stressing to tenants that it is their responsibility to ensure that their Housing Benefit claim is processed.
- 4.8 Karin staff will liaise with the relevant Local Authority Housing Benefit Services in order to offer tenants appropriate advice and support. In line with the Pre-Action Protocol, we will endeavor to make direct contact with the Local Authority before taking enforcement action.
- 4.9 Karin will not start possession proceedings where arrears are due to an outstanding benefit claim and where the tenant can demonstrate a reasonable expectation of eligibility for Housing Benefit and provide proof of claim.

Action for Non-Payment

- 4.10 Karin's arrears procedures will detail the action to be taken at every stage and the timetable for actions.

The main features of the procedures are as follows;

1. Tenants will be advised of any change to the rent and methods of payment at least one month before the changes come into force.
2. Housing officers will verify that the debt due is genuine before commencing the arrears recovery process.
3. Karin will treat all joint tenants as jointly and severally liable for rent arrears.
4. Karin will monitor rent accounts regularly so that problems can be identified at an early stage and arrears levels minimised.
5. Karin will inform tenants of their debt and advise them of the consequences of continued non-payment.
6. Karin will make all attempts to make personal contact with tenants who are in arrears at key stages, either by visiting, inviting them for interview or telephoning so that the arrears position can be discussed. This is to ensure that they are aware of the debt and given opportunities to come to arrangements to clear the debt. The consequences of not reaching an agreement and maintaining it will be carefully explained.
7. Housing staff will ensure that appropriate advice and assistance is offered, including advice on welfare and housing benefit, where appropriate signposting to an appropriate agency.

8. During the arrears recovery process, housing staff will ascertain the full circumstances of the tenant and where possible help the tenant to address any factors immediately contributing to the arrears (e.g. Relationship breakdown, ill health, loss of employment etc).
9. Karin will, where necessary advise and sign-post tenants with multiple debt problems to the appropriate agency.
10. Karin will endeavor to reach mutually acceptable, realistic arrears payment agreements with tenants taking into consideration their financial circumstances.
11. Karin will encourage direct payments from employers (attachment or earnings) or the DSS where this is practicable.
12. Karin will check if other agencies are involved with the tenant (e.g. social services). These agencies will be requested to offer support if appropriate.
13. Karin will check the Housing Benefit Section to ensure that any outstanding benefit is credited to the tenant's account or to verify the reasons why any outstanding benefits are not being paid.

Legal Action

14. Karin will serve any Notice of Proceedings for Possession in accordance with its procedures, and in line with current regulations.
15. Karin will use Ground 10 Housing Act 1996 where the arrears are less than eight weeks.
16. Karin will consider use of Ground 8, Ground 10 and Ground 11 of Housing Act 1996 where arrears are eight weeks or more.
17. Karin will begin court action in accordance with its procedures when circumstances dictate.
18. Karin will request the appropriate order at court, depending upon the individual circumstances of the tenant and the case.
19. Karin will always request an award for costs at court where appropriate.

Leaseholders Responsibility

- 4.11 The income management policy makes some provision for leaseholders in respect of their responsibility and service charges.
- 4.12 Leaseholders have a responsibility to pay ground rent, the service charge including buildings insurance, communal repairs, and planned and major works costs as demanded.

- 4.13 Leaseholders are required to observe all the terms and regulations set out in accordance with their lease.
- 4.14 Charging Orders (an order of the court placing a 'charge' on the leaseholder's property) will be considered as a last resort for leaseholder debts. This in effect means that the debt would be secured against the property.

Service Charge Recovery

- 4.15 The following provisions apply in respect of service charge recovery. Service charges are;
- Payable in advance in accordance with the occupancy agreement or Lease.
 - Are recovered at the same time as rent when relating to a tenancy.
 - Recovered within 18 months of costs being incurred.
 - Recovered in line with full written procedures.

Vulnerable Tenants

- 4.16 Where tenants are vulnerable Karin will offer additional services such as extra home visits, referrals to external support agencies and help with translations.
- 4.17 This support will be provided in accordance with our Vulnerable Persons Strategy.
- 4.18 Karin will address the specific needs of ethnic groups, people with disabilities, the infirm, the elderly and the housebound in its implementation of this policy. Support will be offered wherever appropriate, which might include interpreters and referral to Social Services or Voluntary Agencies.

Former Tenant Arrears

- 4.19 Karin will seek through its arrears recovery procedures to control the level of arrears at all stages prior to tenancy termination so that former tenant rent arrears are minimised.
- 4.20 Karin will use its Abandonment Procedure to end tenancies where properties have been abandoned without the use of the courts, so that arrears do not accrue unnecessarily.

- 4.21 Karin will pursue all recoverable former tenants' arrears. Emphasis will be placed on the establishment of early contact with the debtors and reaching agreement for the repayment of the debt.
- 4.22 Karin will involve the services of debt recovery agencies where that are considered to be appropriate. They will be members of the Credit Service Association, the recognised trade body which maintains a code of practice for this type of work.
- 4.23 Where a debt is uneconomic to pursue and/or where all reasonable attempts to recover the debt have failed, the debt may be written off in accordance with the write-off policy and Karin's Standing Orders.

More details of the various steps involved in the pursuance of former tenants' arrears are contained within the former tenant arrears procedure.

5.0 Legislation

- 5.1 The Tenant Service Authority expects all Registered Social Landlords (RSLs) to Provide a Local Offer that is consistent with its national standard on rents. RSLs are required to provide housing management services efficiently and effectively in order to meet their obligations and requirements as landlords. They need to ensure that residents understand their obligations, to support tenants to sustain their tenancies; and to liaise with other agencies about the related of their residents both as individuals and communities.
- 5.2 The Civil Justice Council has provided a pre-action protocol relating to proceedings for claims made by an RLS against a tenant for possession due to rent arrears.

6.0 Responsibility

- 6.1 It is the responsibility of the Chief Executive to ensure that this policy is in place.
- 6.2 The Head of Housing is responsible for the effective implementation of this policy.
- 6.3 The Head of Housing is also responsible for ensuring that staff involved in the recovery of arrears, are trained.

7.0 Review and Board Approval

7.1 This policy will be reviewed every 3 years taking account of any changes to legislation that may occur.

Person responsible for the review of this policy: Ibrahim Ali

Date of this review: March 2012

Date of Board Approval: May 2012

Date the next review is due: March 2015