

INCOME MANAGEMENT AND RENT ARREARS POLICY

1.0 SCOPE AND OBJECTIVES

- 1.1 Cambridge City Council (City Homes) currently provides social, affordable and shared ownership housing to approximately 8,400 tenants and leaseholders.
- 1.2 Paying the rent on time is a key condition of our tenancy agreement and City Homes is committed to providing an efficient and effective process for the prevention and collection of arrears.
- 1.3 Tenants are offered a variety of payment methods to choose from, but with an emphasis on Direct Debit as the preferred method in all cases.
- 1.4 Tenants wishing to pay by other methods will be advised of the options available to them, which currently includes payments online, by telephone, at a PayPoint, at a Post Office, at cash desks in Council Offices, by BACS (Bankers Automated Clearing Service), CHAPS (Clearing House Automated Payment System), Faster Payments or Bankers Order.
- 1.5 A dedicated rent advisor/ financial Inclusion Officer is available to give individual debt and benefits advice to those who need it via an appointment system. Tenants may also be referred to the rent advisor by other members of staff.
- 1.6 The City Council also has a tenancy sustainment team who offer specialist help and advice for tenants with mental health issues.
- 1.7 City Homes will closely monitor the effects of the introduction of Universal Credit on individuals, as well as other welfare reforms within the Welfare Reform Act 2012 that continue to affect our tenants.

- 1.8 City Homes will also consider, when taking possession action, the Housing Act 1996, the Human Rights Act 1998, the Equality Act 2010 and our duties under the Public Sector Equalities Duty within this Act, as well as any other relevant information or Acts, and will make assessments accordingly.
- 1.9 This policy relates to secure tenancies only, but will refer to other relevant policies in order to reflect a balanced and holistic approach to the collection and recovery of rent arrears across all tenure types.

Aims

- 1.10 The aim of this policy is to sustain tenancies by offering a fair and balanced approach to the collection of rental income, and to ensure that early intervention measures are adopted in all instances.
- 1.11 Possession action should be used as a last resort, and only where all other methods of intervention have failed.
- 1.12 The policy aims to be fair and consistent, whilst also being efficient and effective in its approach.

Objectives

- 1.13 To prevent rent arrears accruing.
- 1.14 To clarify the process for dealing with current tenant arrears.
- 1.15 To summarise the assistance City Homes can provide for tenants to assist them with paying the rent and clearing their debts.
- 1.16 To prevent homelessness and promote tenancy sustainment.

2.0 APPROACH

- 2.1 City Homes will work closely with other council departments and outside agencies to ensure early intervention measures are adopted and timely referrals are made where appropriate.
- 2.2 The Council's Housing Options Team, in line with the Homeless Reduction Act 2017, will be notified of all cases where the tenant may be threatened with homelessness.
- 2.3 Where a tenant is considered vulnerable City Homes will work closely with them to avoid possession action where possible, and each case will be referred to the Rent Arrears Panel (RAP) before any eviction order is sought. The panel will generally consist of (but not exclusively) a member of staff from City Homes Income Team, A Rent Advisor, a Benefits Advisor, a Housing Advice worker, a Legal Advisor, a Tenancy Sustainment Officer and a Chair.
- 2.4 Our primary aim is to recover the debt rather than taking possession action, and evictions are to be considered a failure rather than a success. However, it is recognised that there will be instances where possession action or evictions are unavoidable.
- 2.5 Where possession action is unavoidable, and recovery action becomes necessary, each case should be carefully considered and any specific details, ie affordability, disability, etc, taken into account.
- 2.6 City Homes will ensure that it fully complies with the Pre-Action Protocol for Possession Claims by Social Landlords before processing any court applications.
- 2.7 All possession action must be proportionate to the debt owed to prevent tenants from being unnecessarily drawn further into debt with the addition of court costs.

- 2.8 City Homes will ensure that all tenants with an entitlement to housing benefit (HB) make prompt claims, and where necessary will offer assistance to complete an application. Staff will then monitor each case regularly to ensure there are no delays within the claim where they could otherwise be avoided.
- 2.9 Tenants needing to make a claim for Universal Credit (UC) will be directed towards the Department for Work and Pensions website (DWP) to make their online claim. Where a tenant is identified as being vulnerable and unable to get alternative assistance to make a claim, the rent advisor / financial inclusion officer will offer assistance and will notify the DWP 'vulnerable work coaches' of the case.
- 2.9 Where appropriate, and in cases of under occupation, staff will assist tenants to make a Discretionary Housing Payment (DHP) claim to cover the shortfall in HB or Universal Credit (UC). It is recognised that this is a short term solution and may not be approved in all cases so alternatives such as moving to smaller accommodation should be discussed with the tenant at the outset.
- 2.10 Staff will closely monitor UC claimants to ensure they are paying the rent on time, and will offer guidance and assistance to the most vulnerable and those facing financial hardship.
- 2.11 Where appropriate staff will apply for an Alternative Payment Arrangement (APA) through the Landlord Portal for any tenant who is unable to manage their money or budget appropriately. These will be monitored and tenants will be removed from the service when, or if, it is felt they can take responsibility for paying the rent themselves.
- 2.12 All staff are trained in basic debt advice and are able to offer advice and assistance to any tenants falling into arrears, making arrangements with them to pay off the debt rather than seeking possession action where it is appropriate to do so.

- 2.13 Where tenants require more specialist debt advice they will be formally referred to the local Citizens Advice Bureau (CAB) or other specialist debt advisory services.
- 2.14 Tenants requiring additional support will be referred to the most appropriate agency for their needs.
- 2.15 Under General Data Protection Regulations (GDPR) which came in to force on 25th May 2018, tenants will need to consent to any support before a referral is made to an outside agency.
- 2.16 Any information relating to individuals will be dealt with sensitively and any searches involving social media accounts should be discouraged on the basis that they are not 'necessary and relevant' to taking possession action as part of GDPR compliance.

3.0 RELATED POLICIES

- Introductory Tenancies Procedure and Policy
- Former Tenant Arrears Policy
- Garage Use and Arrears Policy
- Housing Related Debt Policy
- Refund Policy
- Leasehold Income Management Policy
- Under Occupation Policy
- Long Term Absence (property) Policy
- Disposal of Possessions Policy
- Assignment and Mutual Exchange Policy
- Abandonment Policy
- Rechargeable Repairs Policy and Schedule of Rechargeable Works

4.0 PROCEDURE

- 4.1 City Homes have set comprehensive rent arrears recovery procedures and flowcharts to support the policy (Appendix 1), covering the process from early intervention to eviction. The procedures are reviewed on a regular basis to ensure they remain current and relevant.
- 4.2 The procedures provide detailed guidance for staff when dealing with rent arrears cases and comply with the Pre-Action Protocol for Possession Claims by Social Landlords (Appendix 2).
- 4.3 In line with our procedures all possession claims are entered onto the Possession Claims On Line (PCOL) website by staff after approval from the Income Manager.
- 4.4 Eviction requests are subject to rigorous checks, and a checklist completed, before approval is sought from the Strategic Director (Appendix 3).
- 4.5 Introductory and non-secure tenancies have their own policy and procedures and are separate to those for secure tenancies, but will still follow the Pre-Action Protocol for Possession Claims by Social Landlords as well as covering points 4.3 and 4.4 above.

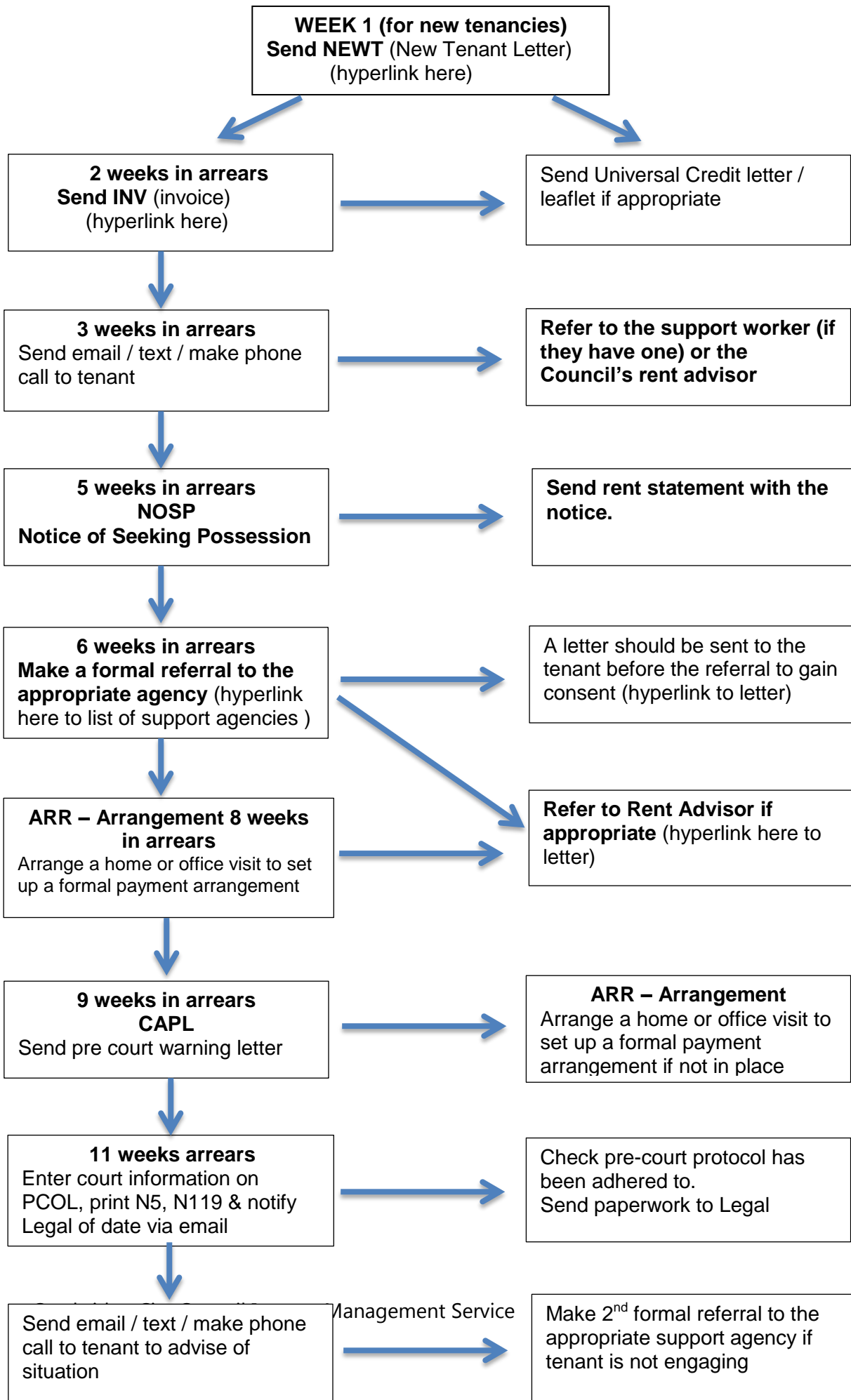
5.0 SERVICE STANDARDS

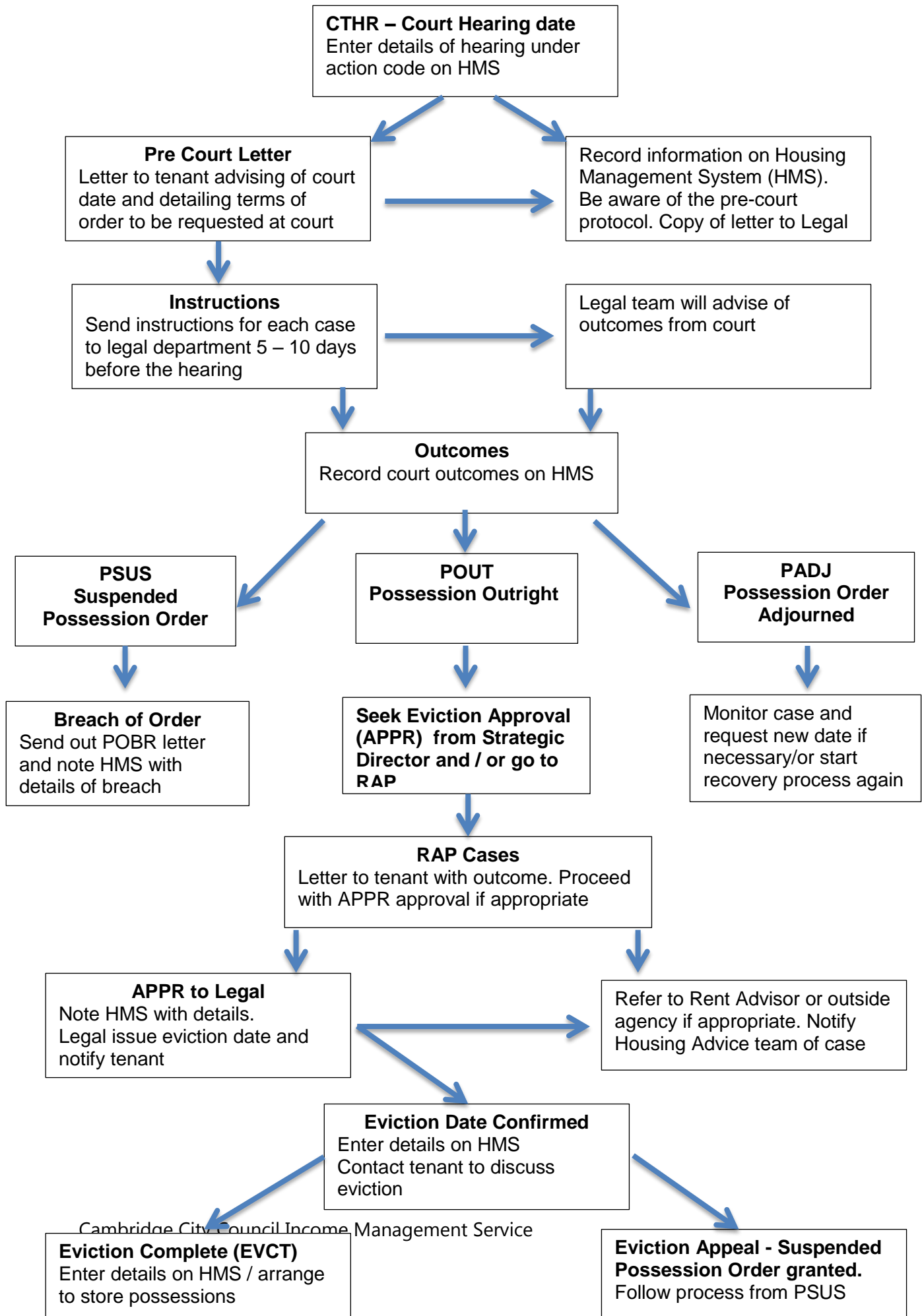
- 5.1 City Homes has developed a procedure to encourage early intervention and help for tenants to avoid accruing debt, and has adopted formal referral processes to ensure tenants are being sign posted to the most appropriate agency for their needs.
- 5.2 Staff are well trained and are able to offer basic advice and appropriate sign posting to any tenant in arrears that is seeking assistance.

- 5.3 Where a tenant requires specialist debt advice a referral will be made to the most appropriate agency.
- 5.4 Staff will be proactive in their approach and will contact tenants at all stages in the rent arrears recovery process.
- 5.5 Staff will liaise with other departments where necessary and take a holistic approach to ensure that the tenant receives a seamless service.
- 5.6 Recovery of all debts owed to the council will continue to be a high priority, and every effort will be made to recover the debt before any legal action is taken.
- 5.7 Any debts left at the end of a tenancy, following eviction, will be subject to the Former Tenant Arrears Policy and Procedures, and any items left in the property will be dealt with under the Disposal of Possessions Policy.
- 5.8 Any recharges as a result of damage to the property at the end of the tenancy will be dealt with under the Rechargeable Repairs Policy and Schedule of Rechargeable Works.

September 2018.

Next review: September 2020





Secure Tenancies

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1. At the start of any new tenancy, during week 1 and before the tenant gets into arrears, a [New Tenant Letter](#) (Action code **NEWT**) should be sent out welcoming the tenant to the property and explaining how they can make payments. If you are aware that the tenant is claiming Universal Credit (UC) then an information leaflet about UC should be included.
2. In **week 3** (2 weeks in arrears) the tenant should be sent an [Invoice](#) demanding payment (Action code **LTR1**). If the tenant is claiming (UC) then a UC letter and information leaflet should be sent to the tenant along with the LTR1.
3. In **week 4** (3 weeks in arrears) the tenant should be called on the telephone to chase the debt, or sent an email or a text if you are unable to speak with them. If the tenant has a support worker they should also be contacted, or a referral to the rent advisor should be made. Any contact should be recorded on the Housing Management System (HMS).
4. In **week 6** (5 weeks in arrears) a **Notice of Seeking Possession** (Action code **NOSP**) should be raised. This will need to be authorised by the Housing Officer for Income Management or another manager if the Income Manager is unavailable. The NOSP should then be sent out by first class post or hand delivered to the tenant along with a rent statement showing the payment history covering a period of up to 3 months. Part B goes to the tenant along with the payment advice part and Part C is retained by City Homes.
 - a. A statement of Service should be prepared using the correct format on Word and should be signed by the person who served the NOSP.

- b. Part C of the NOSP, along with the Statement of Service, should be filed using the electronic document management system.
 - c. The rent account should be noted under the NOSP action code with details of when the NOSP was served and by whom.
 - d. The Rent Advisor NOSP letter should be sent to the tenant within one week of the NOSP being served and should be recorded on the HMS using the **RAV5** action code.
5. In **week 7** (6 weeks in arrears) a formal referral should be made to the appropriate support agency. **NOTE:** A letter should be sent to the tenant for explicit consent before the referral is made. Under GDPR laws you cannot make referrals to outside agencies without this.
6. In **week 8** (7 weeks in arrears) a home or office visit should be arranged to set up a formal payment arrangement (Action code **ARR**) with the tenant. A referral should be made to the rent advisor if appropriate.
7. In **week 10** (9 weeks in arrears) a pre-court warning letter (Action code **CAPL**) should be sent. Arrange a home or office visit to set up a formal payment arrangement if this is not already in place.
8. In **week 12** (11 weeks in arrears) a court application (Action code **CAP**) should be entered on the HMS. You must check that the [pre-action protocol](#) has been adhered to before raising the application.
- a. The paperwork should be prepared and passed to the Housing Officer for Income Management, or another manager if the Income Manager is unavailable, for authorisation.

- b. When you have a few cases these should all be entered on the Possession On Line system (PCOL). **Follow PCOL [procedures](#) for details of how to do this and what to include.**
 - c. PCOL paperwork should be scanned and sent to legal and then filed using the electronic management system.
9. Enter the court date on the FMS system as part of the PCOL process.
10. While you are waiting for the court date to arrive you should:
- a. Text or make a phone call to advise the tenant of the situation and see if a payment arrangement can be agreed.
 - b. Make a 2nd formal referral to the appropriate support agency if the tenant is not engaging as per point 5.
 - c. Visit the tenant, leaving a visiting card if they are not at home, to inform them of the court date, and ask if there have been any changes in their circumstances.
11. A **Pre-court letter** should be sent to the tenant advising them of the court date and detailing the terms of order that we will be requesting at court.
- a. Record the information on the HMS.
 - b. Send a copy of the letter to legal via email and file in the electronic management system.
12. Court instructions should be sent to legal approximately 5 – 10 days before the hearing is due to take place.

- a. The legal team will advise the income team of the outcomes from court via email.
13. The outcome and terms from the hearing should be entered on the HMS:
- a. **PSUS** (Suspended Possession Order)
 - b. **POUT** (Possession Outright)
 - c. **PADJ** (Possession Order Adjourned)
14. If the order is a **PSUS** (Suspended Possession Order) you should monitor the order and if it is breached a possession order breached letter should be sent out to the tenant (Action code **POBR**).
- a. If the tenant does not catch up, or is significantly behind, with the order then you should raise the paperwork for the eviction (Action code **APPR**) and seek approval from Housing Advice and the Strategic Director before sending to legal to issue the warrant. Refer to [checklist](#) for gathering information prior to sending.
NOTE: Legal will need to write to the Courts seeking permission to apply for the warrant before it can be issued.
 - b. You will need to send the case to **RAP** (Rent Arrears Panel) using the appropriate [paperwork](#) if the tenant is vulnerable, or has children living in the property.
NOTE: The case will need to be heard and approved at RAP before seeking approval from the Director.

15. If the order is a **POUT** (Possession Outright) you should raise the paperwork for the eviction (Action code **APPR**) and seek approval from Housing Advice and the Strategic Director before sending to legal to issue the warrant.
- a. You will need to send the case to **RAP** (Rent Arrears Panel) using the appropriate [paperwork](#) if the tenant is vulnerable, or has children living in the property as per 14b note above.
16. If the order is **PADJ** (Possession Order Adjourned) you should note the HMS with the terms of the adjournment and monitor the case.
- a. If the arrears increase again, or the terms of the adjournment have been broken, the case should be referred back to legal to ask for a new court date. If this falls outside of the time limits set through the adjournment terms.
- b. If the case has been adjourned to allow the tenant to complete an action, for example apply for HB or make a large payment, and the terms state the case will be heard 'on the next available date after.....' You should monitor the case closely and prompt / chase legal for the new date.
17. When the approval for the eviction has been agreed and sent back a copy of the paperwork, along with an up to date rent statement, should be emailed to legal requesting them to issue the warrant.
- a. A referral to the rent advisor or an appropriate outside support agency should be made.

- b. The Housing Advice Team should be notified that the case is waiting to be issued so that they can contact the tenant in line with legislation contained within the Homeless Reduction Act 2017.

Warrant checklist**Name****Address****Please confirm you have attached the following to the email for the Director:****APPR sheet with comments from housing advice**☐**Account history with at least 12 months rent showing**☐**Notes from Orchard for at least the last 12 months**☐**Has the case been referred to Trailblazers?****Yes**☐**No**☐**If yes, have they engaged with them?****Yes**☐**No**☐**Does the tenant have mental health issues?****Yes**☐**No**☐**Have they been referred to Tenancy Sustainment?****Yes**☐**No**☐**If yes, are they engaging?****Yes**☐**No**☐**Have referrals been made to any other organisation?****Yes**☐**No**☐**If yes, which one?****Yes**☐**No**☐**Are they engaging?****Yes**☐**No**☐**Is there any other relevant information?****Yes**☐**No**☐**If yes, give details**